

EMBLEM

OFFICE MANUAL **(First Edition)**

**PRINCIPAL DIRECTOR OF AUDIT
SOUTH WESTERN RAILWAY
HUBLI**

2010

P R E F A C E

This Manual is issued for the guidance of the staff in accordance with Paragraph 81 of Railway Audit manual and it must be considered as subject and subsidiary to the rules in Manual of Standing Orders (Admn.), Manual of Standing Orders (Technical) and the Railway Audit Manual. The Manual should not be quoted as an authority in any correspondence outside the Office.

The omissions or inaccuracies noticed in this Manual may be brought to my notice with a view to taking corrective action. Suggestions for improvement of the Manual are welcome.

Hubli
March, 2010

(M.NANJUNDASWAMY)
Pr. Director of Audit

C O N T E N T S

Paragraph

Chapter I – Organisation

Organisation	101 to 105
Chapter II – Departmental Regulations	
Powers and responsibilities of Principal Director of Audit	201 & 202
Transfer of Charge	203
Powers of Director/Deputy Director	204
Fixing Headquarters and Posting of IA & AS Officers	205
Entrusting Headquarters and posting of IA & AS Officers	206
Appointment of Group “B” Officers	207
Distribution of work	208
Handing over notes of officers and staff	209
Tour Programme	210
Returns and sanctions regarding transactions relating to property	211
System of Payments to Group “A” Officers	212
Appointment of Non-gazetted staff	213
Oath of Allegiance	214
Conditions of service	215
Award Scheme	216
Promotion of an Asstt. Audit Officer as Audit Officer	217
Transfers from one office to another	218
Deputation	219
Permission to join officially sponsored Organisations	220
Permission to join Educational Institutions	221
Representations	222
Maintenance of Secrecy in official matters	223
Conviction of Government Servant in a Court of Law	224
Government servants arrested on criminal charge	225
Confidential Reports	226

Gradation List	227
Casual Leave	228
Authority to sanction Casual Leave	229
Station Leave	230
Compensatory Leave	231
Special Casual Leave	232
Restricted Holidays	233
Passes/PTOs	234
Custody of Passes and PTOs	235
Verification of Passes and PTOs	236
Passes and PTOs to IA&AS Officers	237
Non-Railway Deputationists	238
Passes on Sports Account	239
Non- entitlement of concessions to Railway Audit Staff	240
Availing of passes / PTOs from outside Offices/Railways	241
Declaration of family members/dependent relatives	242
Counting of past service rendered in the civil offices for determining the class of accommodation	243
Period of availability of Pass/PTO to those who are about to retire	244
Medical attendance	245
Residential Accommodation	246
Traveling Allowance	247
Children's Educational Allowance, Reimbursement of Tuition Fee and payment of Hostel subsidy	248
Advances	249
Staff Associations	250
Inspection of Principal Director of Audit's office by the Principal Director of Inspection	251
Annexure I (Para 204)- Powers of Deputy Director of Audit (Administration)	
Annexure III (Para 210)-	
(i) Format I- Handing over report of Branch Officer	
(ii) Format II- Handing over report of SO/AAuO.	

Chapter III – General Office Procedure

Hours of work and holidays	301 (a)
Closure of Government Offices in the event of death of high dignitaries	301 (b)
Attendance Register	302
Late Attendance	303
Absence from Office	304
Inward Dak	305
Registration of Inward letters	306
Disposal of letters	307
Typing Work	308
Stenographers	309
Submission of files to Pr.DA/Directors/Dy.Directors	310
Signing of letters	311
Despatch of letters	312
Stamp account	313
Weekly Arrear Report of Letters	314
Supply of copies of orders and circulars to various sections	315
Maintenance of files	316
Custody of confidential and secret files	317
Maintenance of records	318
Weeding and destruction of records	319
Maintenance of registers – general instructions applicable to all registers	320
Sectional Register	321
Calendar of returns	322
Pending cases register	323
Register of outward correspondence	324
Registers of reminders	325
Register of Audit Notes and Special Letters	326
Codes, Manuals and other publications	327 (a)
Supply of Codes/Manuals at concessional rates to examination candidates	327 (b)
Correction slips	328
Office library	329

Gazettes	330
Furniture	331
Dead stock registers	332
Telephones	333
Newspapers and periodicals	334
Office Orders and Office Order Registers	335
Departmental Security Instructions	336
Security arrangements of the office	337
Closing of the Audit Recreation Club	338
Issue of keys of tables, cupboards etc. and custody of duplicate keys	339
Annexure I (Para 306) – Central ‘A’ Dak Register, ‘B’ Dak Register of routine section & ‘A’/ ‘B’ Dak	
Annexure V (Para 314) – ‘A’/ ‘B’ Dak Arrear List	
Annexure VI (Para 316) – Model List of Major and Minor Heads by which files should be classified	
Annexure III (Para 319) – Statement showing the period of preservation of the various kinds of records maintained in this office which do not appear in Appendix II to the Railway Audit Manual	
Annexure IV (Para-323) – Register of Pending Cases	
Annexure V (Para 326) – Register of Special Letters/Part I Audit Notes	
Annexure VI (Para 328) – List of Code Books/Manuals etc. assigned to various headquarters sections for upkeep	
Annexure VII (Para 331) – Scale of Furniture	

Chapter IV – Administration

Administration Section	401
Staff Proposals	402
Creation of Posts	403
Sanctions	404
Register of Sanctions	405
Sanctioned Strength	406
Recruitment of Auditors, Clerk/Typists and Stenographers	407
Recruitment of Group “D”	408
Relaxation of Age Limit	409
Extension of time limit for joining duty for new recruits	410
Appointments on Compassionate Grounds	411

Recruitment against Sports Quota	412
Offer of appointment and appointment orders	413
Verification of Identity	414
Communal Roster	415
Training of Auditors	416
Departmental Examination for auditors	417
Section Officer's Service	418
Sections Officer's Grade Examination(SOGE)	419
Selection and training of candidates for SOGE	420
Statement of Candidates for SOGE	421
Withdrawal from the examination	422
Conduct of the examination	423
Grant of Leave to SOGE Candidates for preparation	424
Pass and Travelling Allowance to SOGE Candidates	425
Seniority in Asstt.Audit Officer's cadre	426
Revenue Audit Examination for AAuOs	427
Conditions of eligibility to sit for the examination	428
Maximum number of chances	429
Incentive to Candidates passing the examination	430
Travelling allowance to the candidates for training	431
Training of candidates	432
Syllabus for examination	433
Statement of candidates permitted to appear in the examination	434
Departmental examination for promotion as Stenographer	435
Limited departmental competitive examination for matriculate Group 'D' staff for promotion as Clerk/Typists	436
Promotion of Auditors as Senior Auditors	437
Promotion of Clerk/Typists as Auditors	438
Promotion of Group 'D' employees	439
Seniority	440
Confirmation	441
Transfers	442
Applications for employment elsewhere	443

Compulsory retirement	444
Pension	445
Family pension	446
Nomination	447
Settlement bills	448
Budget and Revised Estimates	449
Estimates for Deposits and Loans, Pensionary charges	450
Register of Expenditure	451
Register of contingent expenditure	452
Control statements	453
Register of liabilities	454
Appropriation Accounts	455
Appropriation Accounts of Pensionary Charges	456
Preparation and registration of bills	457
Abstract of attendance	458
Salary bills of Gazetted and Non-gazetted Officers	459
Signing of Pay Bills	460
Increment Register	461
Drawal of HRA & CCA	462
Income Tax	463
Recovery of rent for Railway Quarters	464
Recovery Register	465
Supplementary Bills	466
Arrear Bill	467
Last Pay Certificate	468
Disbursement of Pay and Allowance	469
Maintenance and verification of Service Registers and Leave Accounts	470
Office Order Books	471
Travelling Allowance	472
Advance of Travelling Allowance on Tour/Transfer	473
Festival Advance	474
Cycle Advance	475

Table Fan Advance	476
Grant-in-aid to Recreation Club	477
Audit Bulletin	478
Communication of Government of India's Orders to the field Officers	479

Chapter V – General Audit Procedure

General	501
Programme of Audit	502
Selection of Documents for Audit	503
Requisition and collection of vouchers / documents	504
Completion of Audit	505
Original Audit by Gazetted Officer and Asst.Audit Officer	506
Current Review	507
Post Review	508
Rising and pursuance of objections	509
Register of recoveries effected at the instance of Audit	510

Chapter VI – Expenditure (Works) Audit Section

General	601
Audit Sanctions	602
Audit of Estimates	603
Tenders and Contracts	604
Earnest money deposit	605
Constitution of Tender Committee	606
Execution of Agreements	607
Review of Tenders and Contracts	608
Record of Tenders and Contracts reviewed	609
Audit of Work Orders	610
Check of Contractor's bills	611
Contractor's Ledgers	612
Labour Pay Sheets	613
Register of Works and FA 760	614
Completion Reports	615

Test to judge the productivity of Capital Expenditure	616
Review of Completed Contracts	617
Private siding and Assisted siding Accounts	618
Agreement for sidings	619
Rent- Railway Buildings	620
Capital and Revenue Accounts of Residential Buildings	621
Recovery of water charges from Officers occupying Railway Quarters	622
Fixation of rate of Supply of Electric Energy	623
Proforma Accounts of Holiday Home etc.	624
Grants-in-aid	625
Audit of Journal Vouchers including scrutiny of adjustment Memo	626
Audit of Contingent Vouchers	627
Objectionable items registers	628
Land Registers	629
Law Charges and arbitration cases	630
Pay Orders/other vouchers not falling under any other category	631
Rent Registers	632
Review of Suspense Registers	633
Register of serious irregularities, losses and over payments waved	634
Check of Permanent way balance Returns	635
Imprest Account , Dead stock Accounts, Pass & Privilege Ticket Orders issued, Stamp & Stationery of Accounts Office	636
Fuel Accounts (General)	637
Check of Receipts (HQrs Units only)	638
Review of Suspense Registers	639
Sanctions	640
Check of Account Current :Fuel Monthly	641
Bills for Rent of Telephone wires	642
Review of Hospitality fund operated by PRO	643
Staff Benefit Fund	644
Annexure (Para 608) – Review of Tenders and Contracts – Awarded and Review of Completed Contracts	

Chapter VII – Establishment and Provident Fund and Pension Audit Section

General	701
Audit Sanctions	702
Pay Bills	703
Audit of Pay Bills	704
Increments	705
Fixation of Pay on first appointment and re-fixation of Pay	706
Officiating appointments	707
Arrears of Pay	708
Leave Salary	709
Subsistence Allowance	710
Additions to pay –dearness allowances, House Rent and other compensatory Allowance	711
Provident Fund recoveries	712
House Rent, Water & Conservancy Charges	713
Changes in Audit Procedure as a result of Computerisation of Pay Bills	714
Electrical Energy Charges	715
Diet Charges Statements	716
Other Recoveries	717
Recovery of Advances	718
Scale of Cadre Check	719
Allocation etc.	720
Labour Pay Sheets	721
Travelling Allowance Bills	722
Points to be seen during Audit of TA Bills	723
Pay Orders from payments of Unpaid Wages	724
Workmen’s Compensation Act Payments	725
Advance of Pay , Travelling Allowances and Other interest bearing advances	726
Festival Advance Bills	727
Medical Attendance Bills	728
Children’s Educational Allowance & Reimbursement of Tuition Fees Bills	729
Hostel Subsidy to Railway Employees	730
Contingent Vouchers(Accounts Department)	731

Pay Orders and other Vouchers not falling under any category	732
Annual Contribution of Staff Benefit Fund	733
Leave application of Gazetted Officers and Leave accounts of subordinates including Leave Salary Certificates.	734
Points to be seen on the check of Leave Accounts	735
Register of Foreign Service Contribution	736
Recovery of Government share of Fees received by railway Servants	737
Disallowance lists	738
Register of irregularities, losses and over payments waived, maintained in the Accounts Office	739
Journal Vouchers including Scrutiny of adjustment memo	740
Miscellaneous Advances including House Building and Motor Car Advance and Deposit Miscellaneous	741
History of services of Officers of the Railway Department	742
Appropriation Accounts	743
Administrative Report, Office Manuals, POOs and Correction Slips there to issued by the Accounts Offices	744
Working of Accounts Department	745
Audit Notes Part-II	746
Cost of Order Police	747
Provident Fund Audit	748
Pension Audit	749
Audit of Pension Sanctions and Payments	750
Points to be borne in mind in the Audit Of	751
Commutation of Pension	752
Ex-Gratia Pension	753
Pension Paid Vouchers	754
Gratuity	755
Death-Cum-Retirement – Gratuity	756
Family Pension	757
Audit of Productivity Linked Bonus and Adhoc Bonus Bills	758
Audit of Transactions relating to the Railway Employees Insurance Scheme	759

Chapter VIII –Appropriation Audit

Annual Budget	801
Appropriation Accounts	802
Check of Appropriation Accounts	803
Check of civil Grants: Loans and Advances by Central Government	804
Explanations in the Accounts	805
Framing of Audit comments on Individual Grants/Annexures etc	806
Annexure ‘A’- Statement of Unsanctioned Expenditure	807
Annexure ‘B’- Statement of undercharges detected by Accounts and Audit and recovered	808
Annexure ‘C’- Statement showing remissions and abandonment of claims to Revenue	809
Annexure ‘D’: Review of Expenditure on Important Open Line works and new constructions	810
Annexure ‘G’ –Block Account, Capital statement (comprising loan account)	811
Balance sheet and profit and Loss account	
Annexure H- Statement of Losses etc	812
Annexure ‘I’- Statement of Irregular Re-appropriation	813
Annexure ‘ J’- Statement of Misclassifications and other Mistakes	814
Annual Statement of ‘ Voted’ and ‘ Charged’ Expenditure	815
Statement showing changes in Form and classification of Accounts	816
Statement of Stores and Stock Adjustment Account	817
Statement showing Percentage of working expenses to earning	818
Statement of credits to capital for retired assets	819
(i) Profit and Loss account of catering Department; and (ii) Profit and Loss Account of Grain shops	820
Statement of suspense Balance	821
Statement of ex-gratia payments to be shown as foot- notes to the Appropriation Accounts	822
Statement of Defects in Budgeting	823
Note on control over Expenditure	824
Audit Certificate	825

Chapter IX – Stores Audit

Audit of Stores Accounts	901
Stores Bills	902
Ports and customs charges (Fright Insurance and Clearing Charges-Clearing Agent's help sought on payment of Commission upto 2%)	903
Receipt Returns	904
Delivery Notes	905
Priced Ledger/ Transaction Register	906
Monthly Statement of Stores transactions	907
Account current and Out-turn Statement of the Printing Press	908
Sales Abstracts	909
Suspense Registers	910
Funds Register	911
Stock verification Reports	912
Auction Sale Account	913
Yearly statement of Stores Transaction	914
Yearly statement of Stores Purchases	915
Stores in Transit Register	916
Stock Adjustment Account Register	917
Inspection of the accounts of the of the Receiving and Dispatching Sections	918
Purchase Orders	919
Scrutiny of Larger Contracts and Tenders	920
(a) Review of execution of completed contracts and purchase order. Particular attention should be paid to the following points	921
Security Deposits Register	922
Stores Adjustment Sheets	923
Price Lists	924
Accounts, Custody and Disposal of Scrap materials	925

Chapter X – Traffic Audit

Duties of the Section	1001&
	1002
Sanctions	1003
Central Audit of stations and out-agency accounts	1004
Station/Out-agency, City/Town Booking Office-Balance Sheet	1005
Coaching Accounts	1006
Excess Fare Returns	1007
Luggage Returns	1008
Horse, Carriage and Dog Returns	1009
Left Luggage, Demurrage and Wharfage Returns	1010
Government Passengers, Soldier's Baggage, etc.	1011
Parcels Traffic	1012
Parcels Traffic-I	1013
Special Trains	1014
Sundry Earnings	1015
Telegraph Traffic Receipts	1016
Terminal Tax Statements	1017
Cash and Vouchers	1018
Overcharge Sheets and Refund Lists	1019
Special Credit	1020
Closing Balance	1021
Goods Accounts	1022
Check of Invoices	1023
Wharfage and Demurrage Returns	1024
Comparison of outward and inward traffic returns and review of lists of unaccounted for items (Non Government Railways)	1025
Sundry Earnings	1026
Cash and Vouchers	1027
Overcharge Sheets and refund list	1028
Special Credits	1029
Closing Balance	1030
Check of Credit Noted and Credit Note Register	1031

Apportionment of Earnings between Main and Worked Lines	1032
Audit of Remission and Refund cases	1033
Compensation for Goods lost etc.	1034
Postal Bills	1035
Apportionment of earnings from interchanged telegrams	1036
Handling and Transshipment Bills	1037
Rebate of Freight	1038
Terminal Taxes and other charges collected on behalf of local bodies, State Governments etc.	1039
Cashier's Station Cash Book	1040
Rate Circulars and Tariff changes	1041
Returns of Tourist Agencies	1042
Pay orders and other vouchers not falling under any specific category of Audit	1043
Journal Vouchers including scrutiny of adjustment Mema	1044
Write off Registers	1045
Statement of Siding Charges	1046
Office Manuals and POOs of Accounts Office and Correction slips thereto	1047
Administrative Reports and Manuals	1048
Review of Accounts Officer's Inspection Reports	1049
Traffic Suspense Accounts	1050
Traffic Book and Accounts Office Sheet	1051
Review of Tenders and Contracts	1052
Registers of serious irregularities, losses and over payment waived	1053
Inspection Report and Test Audit Notes	1054
Register of Miscellaneous Receipts	1055
Pooling Traffic Agreements	1056
Appropriation Accounts	1057
Working of Accounts Department and Report on the efficiency of Internal Check	1058
Capital and Revenue Accounts	1059
Proforma Accounts of work done on behalf of other Government Departments, local Bodies etc.	1060
Identity Cards- cum Railway Passes issued to Members of Parliament	1061
Traffic in Railway Materials and Stores	1062

Demurrage charges due from big firms having sidings of their own	1063
Changes in Audit procedure as a result of computerisation of Traffic Accounts	1064
Station Inspections	1065
Supervision of Station Inspection by Audit Officer	1066
Composition of the party and man-days allowed for Inspection	1067
Points to be seen during Inspections	1068
Progress Register of Inspection	1069
Receipt Audit	1070
Audit of amendments to Tariffs, Rate Circulars etc.	1071
Concessions granted under delegated powers	1072
Check on misuse of authorised concessions	1073
Awards of Railway Rates Tribunal	1074
Station Inspections	1075
Special Investigation	1076
Review of the working of Marshalling Yards by Audit	1077
Annexures	
Transshipment Shed	
Coaching	

Chapter XI –Audit of General Books & Accounts

General	1101
Sanctions	1102
Check of Journal vouchers including scrutiny of Adjustment Memo	1103
Check of JV's	1104
Tracing of the posting from Journal vouchers into Journal	1105
Tracing of the posting from Journal vouchers into works and computers print out(FA 760)	1106
Pay Orders and Miscellaneous vouchers not falling under any specific category	1107
Budget Registers and Re-appropriation Statements	1108
Check of Monthly Accounts with schedules and journal capital and Revenue	1109
Office manuals issued by the Administration	1110
Procedure Office Orders issued by the accounts Office	1111
Register of irregularities, register of serious irregularities and losses and register of overpayments foregone.	1112

Settlement of inter departmental and inter Government transactions	1113
Transfers within the Railway and transfers between Railways	1114
Audit Notes and Inspection Reports	1115
Irregularity statement issued by post audit section in respect of paid vouchers	1116
Miscellaneous advances and Deposits Miscellaneous Registers	1117
Demands Payable Register	1118
General Cash book	1119
Cashier's Cash Book including the pay Master's Cash Book of some pay clerks	1120
Surprise Verification of cash	1121
Recovery of guarantees from provincial Governments and district Boards	1122
Debt head Report (Review of Balances)	1123 to
	1130
Statement I. Statement of Capital Outlay authorised	1131
Statement V Details of Capital Expenditure for the year	1132
Statement VI. Statement showing Estimates of further Expenditure on Capital Account	1133
Statement No VIII Capital Account Open Line and construction	1134
Statement No IX Revenue Account	1135
Statement No IX distribution of the actual earning and proportionate share of working expenses of the various lines comprising the Railway system	1136
Statement No XI Summary of working expenses	1137
Statement No XII Detailed Accounts of Working Expenses	1138
Statement No XIII Detailed accounts of Revenue Earnings	1139
Statement No XIV Statement of outstanding Earnings for the year	1140
Statement No XV Net Revenue account for the year	1141
Statement No XVI Account of Total Net Receipts	1142
Statement No XVII- Dividend Account	1143
Statement No XVII-B Subsidy received from General Revenues	1144
Statement No XVIII: Depreciation Reserve Fund Account	1145
Statement No XVIII-A: Railway Pension Fund	1146
Special Railway Safety Fund	1147
Statement No. XIX Statement of Expenditure under Major Head 345	1148
Statement No. XX. Statement of Expenditure charged to development fund and Statement XXI Statement of Expenditure charged to Open Line Works Revenue	1149

Finance Accounts	1150
Schedule A	1151
Schedule B	1152
Schedule C	1153
Schedule F & G	1154
Schedule 'H'	1155
Appendix 'A' to the finance Accounts	1156
Audit certificates	1157
Audit certificate on the balance sheet	1158
Audit Certificate on Appropriation Accounts	1159
Audit Certificates	1160
Audit Certificate on March Accounts	1161
Certificate of comparison to be recorded on the March Accounts before their submission to the Railway Board	1162
Important Orders	1163
Certificate on Capital and Revenue accounts, finance accounts and Debt Head Reports	1164
Certificate on expenditure incurred by the Railways on Family Planning	1165
Statements showing transfers without financial adjustments	1166 to 1168
Statement showing the calculation of dividend payable to general Revenue	1169
Statement of deferred Dividend	1170
Statement of Investments of the central govt. in shares of private companies and statutory corporations up to the end of the year.	1171
Loans and Advances granted to Private Parties etc	1172
"New Services" and "New instruments of services" not contemplated in the Budget	1173 to 1174
Contingency fund-Exhibition of Transactions in the combined Finance & Revenue Accounts	1175
Review of the Audit Reports - Appropriation Accounts and Finance Accounts of other State Govts. etc.	1176
Circulation of Rly.Board's narrative Reports/Public Accounts Committee Reports etc.	1177

Chapter XII –Workshop Audit

Workshop audit	1201
General	1202
Audit of Sanctions	1203
Audit of Estimates	1204
Completion Reports	1205
Stores bills and contractors bills	1206
Incentive bonus and Piece work bills	1207
Points to be seen while checking various cards	1208
A) Bonus bills for Maistries	1209(A)
B) Bonus bills for Chargemen	1209 (B)
Booking of Overtime in incentive and Non-incentive shops of the workshop	1210
Capital works Registers and Revenue allocation Registers	1211
Miscellaneous Advances and Deposits Misc.Registers	1212
Muster Rolls, Labour Pay sheets and time sheets	1213
Check of Gate Attendance Cards	1214
Workshop Manufacture suspense (WMS)	1215
Sub-Ledgers for Labour	1217
Classification of Stores: Stores sub-Ledger	1218
Workshop General Register	1220
On cost	1221
Calculation of on cost	1222
Distribution of on cost charges amongst work orders	1223
Out-turn statement	1224
Workshop Account Current	1225
Reconciliation of Monthly Account Current of stores with sub-ledgers	1226
Transfer statement or Memo	1227
Advice Notes of Returned stores	1228
Foundry Accounts	1229
While checking Foundry accounts it should be seen that	1230
Account, Numerical or otherwise of stores received into workshop and charged Off to work orders but not actually used therein	1231
Accountal of materials spare from work orders	1232

Accounts- custody and disposal of scrap material	1233
Rolling Stock Programme	1234
Records of Rolling stock	1235
Record of Plant and Equipment	1236
Work orders	1237
Proforma Capital and Revenue Accounts of Saloons reserved for the exclusive use of other departments	1238
Job Costing system	1239
Review of statistics of periodical overhaul and cost of unit repairs	1240
Local Inspection of shops	1241

Chapter XIII – Co-ordination Section

Duties of the Section	1301
Draft Para on the outstanding Audit Objections	1302
Report on the Efficiency of Internal Check	1303
Recoveries effected at the instance of Audit	1304
Audit Planning, Execution, Reporting and Follow-up	1305
Annual Inspection Programme of Divisions/Units	1306
Comprehensive Monthly Arrear Report	1307
Arrears in respect of letters received from DAI/Railways	1308
Quarterly Progress Report	1309
Procedure Office Order Register	1310
Charge Reports of Principal Director of Audit, Director and Deputy Director	1311
Conference of Accountants General/Principal Directors of Audit	1312
Tour Notes of Principal Director of Audit	1313
Papers/Registers meant for submission to Principal Director of Audit	1314
Issue of Correction Slip to the Office Manual	1315

Chapter XIV – Reports Section

Duties of the Section	1401 &
	1402
Selection and Presentation of material	1403
Issue and pursuance of Special letters, Inspection Reports with Draft Para potential	1404

Processing of cases for inclusion in the Audit Report (Railways) goes through the following stages	1405
Review for inclusion in the Audit Report (Railways)	1406
Monthly Progress Report of Draft paras/Reviews	1407
The Administration's final replies and their recommendation	1408
Draft Paras appearing in Audit Report (Railways)	1409
Circulation of Audit Reports (Railways)	1410
Papers / Registers meant for submission to Director of Audit	1411

Chapter XV – Internal Audit

Organization and staffing of Internal Audit	1501
Main Objectives of Internal audit	1502
Arrangements for Internal audit	1503
Preservation of Records	1504
Checks to be conducted	1505
Inspection by the DGOI	1506
Review of rosters for SC/ STs maintained by Administration Section	1507
Annexure (B) List of Audit Activities to be Computerised as per HQrs.	

Chapter XVI – Electronic Data Processing Audit (EDPA) Section / I.T. Audit

Introduction	1601
Objectives	1602
Functions and duties of EDP Audit Section	1603
Documentation	1604
Audit Review of Planning and Acquisition of EDP Facilities and use of Resources	1605
Installation of equipment and Adequacy of Testing	1606
Post Implementation Review	1607
The use of Computering Resources	1608
Audit review of EDP Installation controls	1609
Audit Review of Systems Under Development	1610
Audit Review of Production Systems	1611
Audit Trail and its Objectives	1612
Audit of Database Systems	1613

Review of Microcomputers/ Office Automation	1614
EDP Audit Techniques	1615
Test Deck Method	1616
Work Papers of EDP Audit	1617
Training of Staff	1618

Chapter XVII –Railway Claims Tribunal and Railway Recruitment Board

The Railway claims Tribunal and the Railway Recruitment Board	1701
Functions of Railway Recruitment Board	1702
Checks to be conducted by Audit	1703
Railway Claims Tribunal	1704

CHAPTER XVIII-Construction Audit

Duties	1801
Periodicity of Audit	1802
“Audit of Accounts of subscribers to PF”	1803
Audit of Contractors Bills	1804
Check of contractor’s Bills	1805
Inspections of construction offices and works reviews	1806

CHAPTER XIX-Costing Cell Section

Duties of Castings	1901
Review of Work Study Reports	1902

CHAPTER XX-Rail Wheel Factory

Organisation	2001
Production Section (workshop Audit)	2002
Inspection Section	2003
Costing	2004
Elements of cost	2005
List of documents to be checked as per New Norms are listed below	2006

CHAPTER XXI- Performance [Efficiency Cum Performance] Audit

Duties of the Section	2101 & 2102
Investigations based on published Railway Statistics	2103
The following reports are to be reviewed by the ECPA as and when received and the results bringing out important points, if any, put up to Principal Director of Audit	2104
Railway Budget	2105
Comptroller and Auditor General of India's References(C&AG References)	2106
Review of Periodical Confidential D.Os (PCDOs)	2107

CHAPTER - I

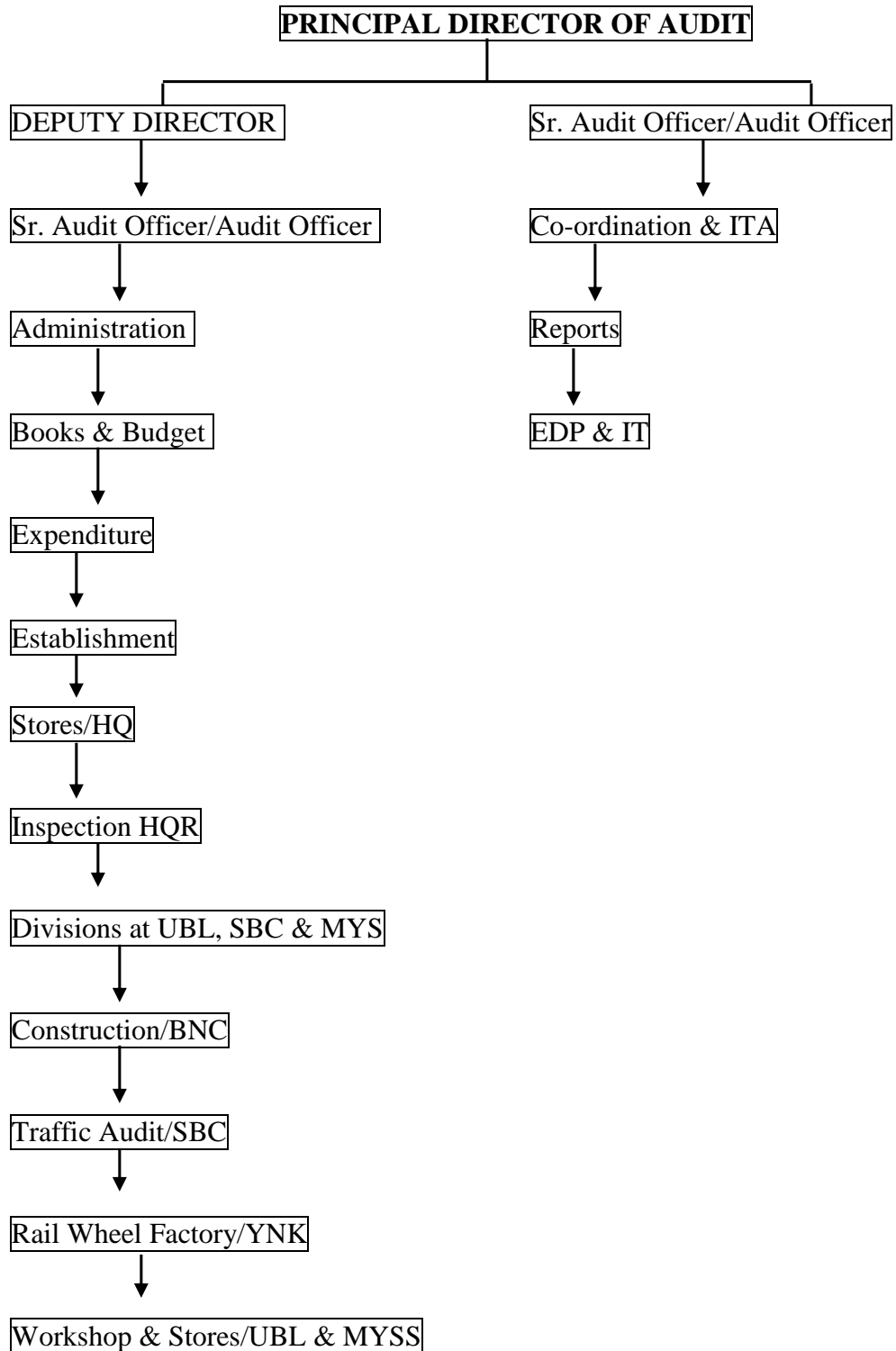
ORGANISATION

101. The Comptroller and Auditor General of India (C&AG) is the Head of the Indian Audit and Accounts Department and is the supreme audit authority in India. He is assisted by the Deputy Comptroller and Auditor General of India for audit and administrative purposes. For coordination of audit related work, there is a Principal Director (Railways) at HQrs. In the field, there are seventeen Principal Directors of Audit who are assisted by Directors and Deputy Directors.

102. The Office of the Principal Director of Audit, South Western Railway, was constituted with effect from 1st April 2006 to coincide with the formation of the new zone comprising Bangalore and Mysore Divisions, Workshop & Stores, Ashokapuram, Mysore South and Rail Wheel Factory of the erstwhile Southern Railway and Hubli Division and Workshop & Stores, Hubli of the then South Central Railway.

103. The Principal Director of Audit, South Western Railway is responsible for auditing all accounts relating to the South Western Railway. Principal Director of Audit is also responsible for auditing the accounts relating to Rail Wheel Factory, Yalahanka, Railway Recruitment Board, Bangalore and Railway Claims Tribunal, Bangalore which are independent units functioning directly under the control of the Railway Board. The operation, management and accounting of the South Western Railway is organised on Divisional and Unit basis. Consequently, the Office of the Principal Director of Audit and its subordinate offices are correspondingly organised in a similar way for effective functioning.

104. The Principal Director of Audit is assisted by one Director/Deputy Director. The various sections and Branch Offices constituting the Office of the Principal Director of Audit, its organisational set up and the functional distribution of charges are indicated below.



The Principal Director of Audit is in direct charge of Reports, Co-Ordination and EDP & Information Technology Audit Sections and in overall supervision and control of the whole office including Divisional and Branch Audit Offices at Headquarters and outstations.

105. The details of work entrusted to the sections are as follows:

I. I. Headquarters Sections

Administration: Deals with personnel and managerial issues of the entire office including Branch Offices at outstations.

Reports: Processes/finalises Draft Paras/Reviews for Audit Report and attends to further queries and Action Taken Notes thereon

Co-ordination: Co-ordinates the audit work among the various auditing units and deals with related technical matters.

EDP & Information Technology Audit Group: Responsible for the preparation and updation of managerial information systems on computer and finalization of computer training programme.

Books and Budget Audit: Checks General Books and other connected documents, audits consolidated Appropriation Accounts, Debt Head Report, Finance Accounts, Capital and Revenue Accounts.

Establishment Section: Audit of transactions relating to Gazetted and Non-Gazetted Establishment of the Headquarters offices of the South Western Railway and Coordination work relating to Establishment matters.

Expenditure Section: Audit of transactions dealt with in the Central Expenditure Section of the Office of the Financial Adviser and Chief Accounts Officer, Fuel Accounts, review of tenders and contracts entered into at Headquarters level and co-ordination work relating to Expenditure Audit.

Inspection Section: Local inspection of the executive and administrative branches of the Headquarters offices of South Western Railway.

Internal Test Audit Section: Chapter 24 of CAG's MSO (Audit)II Edn.2002.

This section conducts the Internal Audit of all the Branches and sections of this office. It also acts as liaison in connection with the inspections carried out by the Director General of Inspection of Comptroller & Auditor General's Office.

Stores Audit: Audit of transactions dealt with by the Stores Section of the FA & CAO's Office, Review of purchase orders issued by COS/SWR-UBL including implementation of Stores Contracts/Purchase Orders.

Costing Cell : Costing Cell has been formed to review the reports of the costing cells of SW Railway.

(Para No.3.7.3 of Report of Committee on Railway Audit Norms)

II. Divisional Audit Offices at Hubli, Bangalore and Mysore

Audit the accounts maintained by the Sr. Divisional Financial Managers in respect of Establishment, Expenditure, Books and Budget and undertake local inspections and review of major works of their respective Divisional and subordinate offices. Divisional Audit Office at Bangalore also undertakes the audit of Railway Recruitment Board, Bangalore and Railway claims Tribunal, Bangalore.

III. Construction Audit Office at Bangalore Cantonment

Audit the accounts maintained by the Sr. Asst. Financial Advisers in respect of Establishment, Expenditure, Books and Budget and undertake local inspections and review of major works relating to construction projects executed by Civil, Signal & Telecommunication and Electrical Engineers. Review of Tenders & Contracts/Purchase Orders relating to Construction.

IV. Traffic Audit Office at Bangalore City:

Deals with audit of goods and coaching accounts both local and foreign and miscellaneous earnings which are dealt with in the Traffic Accounts Branch of the FA& CAO's Office and reviews compensation claim cases. It also

undertakes review of cases of remission of wharfage and demurrage charges foregone by the Chief Commercial Manager and other higher authorities.

V. Workshop and Stores Audit:

Hubli: Audits the accounts of Loco, Carriage and Wagon Workshops, General and Mechanical Stores Depots/Hubli and conducts inspections of shops and stores depots.

Ashokapuram: Audits the accounts relating to activities of POH of BG coaches, AC coaches and manufacture of Brake Blocks, Mechanical & General Stores Depot/Ashokapuram, Divisional Stores Depot/Bangalore and General Stores Depot/Krishnarajapuram and conducts inspections of shops and stores depots.

VI. Rail Wheel Factory/Yalahanka: Rail Wheel factory administration is under the direct control of the Railway Board and has its headquarters at Yalahanka with a General Manager as its Administrative head. Audit of the transactions of the factory are done by this office. This branch consists of Establishment, Production, Stores, Expenditure, Books and Budget and Inspection sections.

CHAPTER - II

DEPARTMENTAL REGULATIONS

201. Powers and responsibilities of Principal Director of Audit: The functions of the Principal Director of Audit are detailed in *paras 7 to 10 of the Railway Audit Manual*.

In the discharge of his/her duties, the Principal Director of audit is assisted by one Group Officer (Director/Deputy Director), Senior Audit Officers and Audit Officers.

202. The powers of the Principal Director of Audit relating to technical matters are derived from the *Manual of Standing Orders (Audit) - (Paras 1.1.19 and 1.1.20)*, and those relating to the scope and extent of audit are detailed in the Secret Memorandum of Instructions and the orders issued by the Comptroller and Auditor General of India from time to time. Principal Director of Audit may relax the prescribed extent of audit as laid down in para 3 Chapter I of the Secret Memorandum of Instructions (Railways) for the reasons specified therein. The Principal Director of Audit has been declared as the "Head of the Department" for purposes of exercising powers under Fundamental Rules, Supplementary Rules and General Financial Rules. The financial and administrative powers of the Principal Director of Audit are given in Comptroller and Auditor General's Manual of Standing Orders (Administrative) Volume II.

203. Transfer of charge: When the Principal Director of Audit is to hand over his/her charge, the Co-ordination Section should collect the material from the various sections/divisions and prepare the draft memorandum of transfer of charge for his/her approval, bearing in mind the instructions contained in *para 21 of Railway Audit Manual*.

(Paras 1.19 to 1.19.4 - Manual of Standing Orders (Administrative - Vol. I))

204. Powers of Director/Deputy Director: The Principal Director of Audit has declared the Group Officer in charge of Administration to be the Head of the Office. He will exercise the specific powers which have been laid down in

General Financial Rules and other orders as applicable to Heads of Offices, given in Annexure-I.

205. Fixing Headquarters and posting of IA & AS Officers: Fixing the Headquarters and posting of I.A & A.S Officers are made by the Comptroller and Auditor General of India.

(Authority: Paras 1.14.2 and 3.26 of Manual of Standing Orders (Admn.) Vol.I)

Operation of In Lieu Post

(Authority: Paras 3.29.3.1 and 4.6.1 of Manual of Standing Orders (Admn.) Vol.I)

206. Entrusting the charge of Deputy Director to Audit Officer: The Audit Officer appointed to perform the current duties of Deputy Director can exercise administrative and financial powers vested in the Deputy Director but can not exercise statutory powers whether derived direct from an Act of Parliament or rules, regulations and bye-laws made under the authority of the Constitution (Fundamental Rules, Classification, Control and Appeal Rules, Civil Service Regulations, Delegation of Financial Powers Rules etc.)

(Ministry of Home Affairs O.M.No. F7/14/61-Ests.(A) dated 24.1.1963).

207. Appointment of Group 'B' Officers: Principal Director of Audit is the appointing authority for Group 'B' Officers and is empowered to fix their Headquarters.

208. Distribution of work: The distribution of work among the Gazetted officers is decided by the Principal Director of Audit subject to the general directives on the subject issued by the Comptroller and Auditor General from time to time. A return showing the distribution of charges among the Principal Director of Audit, Group Officers, Senior Audit Officers and Audit Officers as on 1st of October is to be sent to the Comptroller and Auditor General on 31st October every year.

Handing Over Notes

209. Handing over notes of officers and staff: When any officer is relieved of his charge, a detailed handing over note in the proforma prescribed (Annexure II) should be prepared for the information of his successor. Confidential files and other records and articles in his personal custody should be separately listed in the handing over note. The handing over note should be put up to the immediate superior.

Auditors/Senior Auditors should also prepare a detailed handing over note indicating the state of work in respect of his/her folio and submit to the immediate superior.

Tour Programme

210. Tour Programme: The Senior Audit Officers and Audit Officers should draw up their monthly Tour Programme and submit them to the Principal Director of Audit through the Group Officer concerned before the 15th of the previous month, for approval.

Prior approval should be obtained, for any change in the approved tour programme.

Property Return

211. Returns and sanctions regarding transactions relating to property: Annual returns due from Gazetted Officers under *Rule 18 of the Central Civil Services (Conduct) Rules 1964* regarding movable and immovable property should be sent to the Principal Director of Audit in the first week of January. The returns relating to Officers of the I.A & A.S should be sent to the Assistant Comptroller and Auditor General (Personnel).

The sanction of competent authority as laid down in *Rule 18 of the Central Civil Services (Conduct) Rules 1964* should be obtained for transactions in movable or immovable property, subject to the monetary values contained therein.

Payment to Group 'A' Officers

212. System of payments to Group 'A' Officers: The pay and allowances of Group 'A' Officers of this office are drawn by this office in the same manner as for staff and Group 'B' officers and sent to Pay and Accounts Office (IAD). Payment of pay and allowances (including Travelling Allowance, Medical reimbursement etc.) is arranged by Pay and Accounts Officer (IAD), Accountant General (A&E), Karnataka, Bangalore. While the Pay and Accounts Officer (Audit) is responsible for maintaining General Provident Fund accounts and detailed accounts of loans and advances drawn by the Group 'A' officers, the Service Registers and leave accounts are maintained by this office. On transfer of an officer, this office will issue Last Pay Certificate to the drawing and disbursing officer of the new office and also send Service Registers duly completed.

Pension papers of the retiring Group 'A' Officers working in this office shall be prepared by this office and sent to the Pay and Accounts Office (IAD) for verification and issuing pension payment order/gratuity payment order.

The pay book supplied to Group 'A' Officers will be completed by the drawing officer every month and returned to the officer(*CAG's letter No. 363-TAI/197-82 dated 23.3.1983*).

213. Appointment of Non-Gazetted staff: Director/Deputy Director incharge of Administration is the appointing authority for all Group 'C' staff. The Senior Audit Officer/Audit Officer in charge of Administration is the appointing authority for Group 'D' staff.

Oath of Allegiance

214. Oath of Allegiance: At the time of initial appointment to Government service, every individual is required to take the oath of allegiance to the Republic of India as prescribed in *Para 6.2.13 - Manual of Standing Orders (A) Volume I*.

A record should be maintained of such oath taken by all Government servants of this office.

215. Conditions of Service: The Officers and staff of the Railway Audit Departments are governed by the conditions of service prescribed in *Fundamental Rules and Supplementary Rules* except for Travelling Allowance for which they are governed by the *Railway Travelling Allowance Rules*. For purposes of scales of pay and leave, they are governed by the *Central Civil Services (R.P) Rules, 1996* and *Central Civil Services (Leave Rules) 1972* respectively. All the officers and staff of South Western Railway Audit Office are governed by the *Central Civil Services (Pension Rules) 1972* and *Family Pension Rules, 1964*.

216. Award Scheme: "Award Scheme" intended to stimulate original thinking among the members of staff has been introduced by the Government of India with a view to improving the efficiency and productivity in the field offices. This scheme has been communicated by the C&AG for implementation in IA & AD offices in December 1999. Under this scheme, the suggestions made by staff and officers have two components viz. (i) award for suggestions from employees and the public and (ii) high performance award for Central Government operational staff.

The scheme covers all categories of staff technical/non-technical below the rank of Joint Secretary to the Government of India (i.e. equivalent of HOD rank in IA & AD). Awards will be given for specified categories i.e. financial savings through reduction of man power, efficiency in providing the services through reduction of time taken, procedural improvements, reduced travel, lesser paper work etc.

Awards will be by way of cash awards as mentioned below:

- i) The amount of award would be 10 percent of the saved amount and upto an amount of Rs.1 lakh per suggestion after financial savings are realized with the implementation of the suggestions. In case the Departmental Evaluation Committee determines the suggestion prima-facie as productive of savings, an immediate award for the suggestion can be given upto Rs.10,000 and subsequent award upto Rs.1 lakh (i.e. advance

award and final award together) can be considered after the savings are actually realized.

- ii) In case of other suggestions accepted, an amount upto Rs.10,000/- per suggestion would be given.
- iii) In case of outstanding performance, an amount of Rs. 10,000/- per employee would be given.

All suggestions would be scrutinized by the Departmental Evaluation Committee headed by the Principal Director of Audit and two Directors/Deputy Directors (one of whom may be the officer concerned with the subject matter of the suggestion under consideration).

Only viable suggestions should be forwarded to the Principal Director of Audit so as to reach by end of April each year. Suggestions found worthwhile by the Departmental Evaluation Committee would be forwarded to the Department of Administrative Reforms and Public Grievances through C&AG's office.

(Authority: CAG's Lr. No. 662-Audit/ O&M/ 248-99 dated 27.12.1999)

217. Promotion of an Assistant Audit Officer as Audit Officer: On promotion of an Assistant Audit Officer as Audit Officer or an Audit Officer as Senior Audit Officer a notification of the promotion should be forwarded for publication in the Gazette of India.

(Para 30 of Railway Audit Manual).

Transfers & Deputation

218. Transfers from one office to another: Asst. Audit Officers including Section Officers' Grade Examination passed Auditors/Senior Auditors are not ordinarily transferred to any other Audit and Civil Accounts Offices. However, the Comptroller and Auditor General may transfer such persons to any other office within I.A & A.D or to any office under the Central Government on such

terms and conditions as may be determined by him in each case. Mutual transfers of other staff from one office to another of the I.A.& A.D are permitted in deserving cases. Seniority appropriate to the lesser of the two lengths of service as Auditor/Senior Auditor/Clerk-Typist/Group-D (as the case may be) should be given to both the employees in the new offices to which they are transferred.

(C & AG's letter No. 2200-NGE.III/41-6511 dated 13.9.1965).

The scheme of Unilateral transfer in all cases within IA & AD and from Ministries/Departments to IA & AD has been dispensed with.

(C & AG's letter No. 1005-N(App)/24-97 dated 27.08.1997).

219. Deputation: Deputations, including those on foreign service terms, of officers and staff are governed by the general conditions prescribed by the Government of India from time to time, (Appendix 5 to FR/SR).

The following is the rate of Deputation (Duty) allowance. W.E.F 01 SEPTEMBER 2008

- i) 5% OF PAY PAY BAND +GP subject to maximum of Rs. 2000/- P.M. for transfer within the station; and
- ii) 10% OF PAY, PAY BAND +GP subject to maximum of Rs. 4000/- P.M. in other cases.

While the initial selection for deputations of Senior Audit Officers, Audit Officers, Assistant Audit Officers and Section Officers will be done by the Comptroller & Auditor General, the formal sanctions to the transfer on foreign service as well as to extension of tenure on foreign service to Central/State Governments etc. will be issued by the Principal Director of Audit.

In respect of members of staff deputed on foreign service terms, contributions towards pension and leave salary are to be recovered.

(Authority : Deptt of Personnel & Trg OM No. 2/22(D)/2008-Estt.(Pay-II) dated. 03.09.2008).

220. Permission to join officially sponsored Organisation: Permission to join officially sponsored organisations such as Home Guards, St. John Ambulance Brigade etc. is granted to members of staff subject to the condition that it does not interfere with the efficient discharge of their official duties.

221. Permission to join Educational Institutions: Permission to join Educational Institutions outside office hours is granted to staff by the Principal Director of Audit in deserving cases subject to the condition that it does not interfere with the efficient discharge of their official duties and may be withdrawn at any time without assigning any reason whatsoever. Such permission does not in itself exempt the employee from transfer to another station during the course of the academic year.

Representations

222. Representations: The representations from Government servants on service matters may be broadly classified as follows:-

- (1) Representations/complaints regarding non-payment of salary/allowances or other dues;
- (2) Representations on other service matters;
- (3) Representations against the orders of the immediate superior authority; and
- (4) Appeals and petitions under statutory rules and orders (e.g. Classification, Control and Appeal Rules and the petition Instructions).

In regard to representations of the type at Sl. Nos. 1&2 above, if the government servant has not received a reply thereto within a month of its submission, he could address or ask for an interview with the next higher officer for redressal of his grievances.

Representations of the type at Sl.No.3 above would be made generally only in cases where there is no provision under the statutory rules or orders for making appeals or petitions.

In regard to representations of the type at Sl.No.4 above, although the relevant rules or orders do not prescribe a time limit for disposing of appeals and petitions by the competent authority, all such appeals and petitions are disposed off within reasonable time. In case it is anticipated that it cannot be disposed off within a month, an acknowledgement or an interim reply should be sent to the government servant within a month.

As such, submission of representations directly to higher authorities by-passing the prescribed channel of communication would be viewed seriously and appropriate disciplinary action taken against those who violate the instructions under rule 3(1) (iii) of the CCS(Conduct) Rules 1964.

The representations should be couched in polite and courteous language.

(Authority: Deptt of Personnel & Trg OM No.11013/7/99-Esstt(A) dated 01.11.1999)

223. Maintenance of Secrecy in official matters: A government servant may not communicate directly or indirectly to other Government servants or to non-officials or to the Press any documents or information which may have come into his possession in the course of his public duties. Retention of such documents or information by a Government servant in his personal custody for use in the furtherance of his personal interest e.g. in making representations to the authorities concerned, is not only objectionable but also an offence *under Section 5 of the Official Secrets Act, 1923*. A person contravening the provisions of this Act renders himself liable to prosecution and/or departmental action under Discipline and Appeal Rules. No information or document or copy thereof, in contravention of the above instructions or infringing the provisions of the Official Secrets Act, should be furnished to outsiders even with the permission of a Gazetted Officer.

Conviction

224. Conviction of Government Servants in a Court of Law: A government servant convicted in a Criminal Court should inform his official superior of the fact of his conviction and the circumstances connected therewith as soon as it is possible for him to do so. Failure to do so will be regarded as suppression of material information and will render the employee liable to disciplinary action on this ground alone, apart from the penalty called for on the basis of the offence on which his conviction was based.

(Authority: Government of India, Ministry of Home Affairs O.M. No.25/70/49-Ests. Dt.26.12.1949).

As soon as a Government servant is convicted in a criminal charge, he may, in appropriate cases, be placed under suspension, if not already suspended.

Dismissal, removal or compulsory retirement in cases of conviction is not automatic; each case should be examined on its merits and orders passed imposing the appropriate penalty only where a Government servant has been convicted in a court of law of an offence which is such as to render his further retention in public service prima-facie undesirable.

(Authority: Government of India, Ministry of Home Affairs O.M. No.F.43/57/64-AVD(III) dt.29.11.1966 and O.M. No.371/3/74-AVD(III) dt.19.9.1975)

225. Government servants arrested on criminal charge: A government servant who is arrested for any reason should intimate the fact of his arrest and the circumstances connected therewith to his official superiors promptly even though he might have subsequently been released on bail. On receipt of the information from the person concerned or from any other source, the departmental authorities should decide whether the facts and circumstances leading to the arrest of the person call for his suspension. Failure on the part of any Government servant to so inform his official superiors will be regarded as suppression of material information and will render him liable for disciplinary action on this ground

alone, apart from the action that may be called for on the outcome of the criminal case against him.

(Government of India, Ministry of Home Affairs O.M. No. 30/59/54-Ests.(a) dated 25.2.1955 received under D.R.A's endorsement No. E.8-29/55 dated 26.3.1955.

226. Annual Performance Assessment Report: Existing old form of Annual Confidential Reports is replaced by new form of Annual Performance Appraisal Report pertaining to the regular cadres. These instructions will be applicable from the appraisal year 2009-10 onwards exclusively for all Group 'C' and 'B' posts of the Indian Audit and Accounts Department.

(Authority: C&AG's Circular No. 04 NGE/2010 No. 151-NGE (Disc) /42-2007 dated 08.03.2010)

227. Gradation List:

- a) A gradation list of Officers and staff as on 1st March of every year should be prepared for the general information of the office. The list should be forwarded in triplicate to the Comptroller and Auditor General before 15th June of every year.
- b) The pay scales (*Central Civil Services (Revised Pay) Rules 1997*) attached to the Group 'A', 'B' 'C' and 'D' posts of this office are as under:

<u>GROUP</u>	<u>DESIGNATION</u>	<u>SCALE</u>	<u>PAY BAND</u>	<u>GRADE PAY</u>
Group 'A'	Principal Director of Audit	37400-67000	PB-4	10000
Group 'A'	Director SG of Junior Time Scale	37400-67000	PB-4	8700
Group 'A'	Director Junior Administrative Grade	15600-39100	PB-3	7600
Group 'A'	Deputy Director Senior Time Scale	15600-39100	PB-3	6600

Group 'A'	Junior Time Scale	15600-39100	PB-3	5400
Group 'B'	Senior Audit Officer	15600-39100	PB-3	5400
Group 'B'	Audit Officer	9300-34800	PB-2	5400
Group 'B'	Asst. Audit Officer	9300-34800	PB-2	4800
	Section Officer	9300-34800	PB-2	4800
	Supervisor	9300-34800	PB-2	4800
	Welfare Assistant	9300-34800	PB-2	4800
GROUP-C	ACP to SR.AUDITOR	9300-34800	PB-2	4600
	STENO	9300-34800	PB-2	4200
	SR.AUDITOR	9300-34800	PB-2	4200
	AUDITOR	5200-20200	PB-1	2800
	CLERK/TYPIST	5200-20200	PB-1	1900
GROUP-D	GROUP-D and RECORD KEEPER	5200-20200	PB-1	1800

LEAVE

228. Casual Leave: Every Government servant is entitled to a maximum of 8 days casual leave in a calendar year. Casual leave is treated as duty for all purposes. Casual leave should not be availed of without the prior sanction of the competent authority, except under unavoidable circumstances such as sudden illness. Not more than 5 days casual leave may be granted at a time except under exceptional circumstances and with the prior approval of the Director / Deputy Director. Casual leave can be combined with holidays compensatory leave and Restricted Holidays. However, when the total period of absence exceeds 8 days at a time, the prior sanction of the Deputy Director is necessary. Casual leave cannot be combined with regular leave. (*Government of India, Ministry of Personnel, PG & Pensions, Department of Personnel and Training O.M .No. 28016/3/98-Estt(A) dated 15th June 1998*).

A casual leave account register in the prescribed form given below should be maintained by each section. One page should only be used for whole

year for all the employees in one section, appropriate indication being given in the relevant column against the date on which the Casual leave or Restricted Holiday is availed of by an individual and the entry should be attested by the Sanctioning Authority promptly by means of dated initials.(CAG's letter No. 3687-N.3/88/85 dated 18.10.1985).

Proforma

CL and RH account for the year _____

Section/Division _____

S. No	Name	<u>CL taken on (dates)</u>	<u>RH taken on (dates)</u>	Remarks
		1 2 3 4 5 6 8	1 2	

229. Authority to sanction Casual Leave: a) Applications for Casual Leave and Restricted Holidays of the Branch Officers are to be submitted to Dy. Director/Director of Audit for sanction.

b) Director/Deputy Director has been delegated with full powers to sanction Casual Leave to Senior Audit Officers/Audit Officers.

The Principal Director of Audit has delegated his powers to sanction all kinds of leave (except Special Casual Leave, Special Disability Leave and Study Leave) to the authorities mentioned in Column - 3 as indicated below, under the authority vested in him by CAG vide letter No.2991-GE.II/109-84 dated 04.01.1985.

Nature of Power		Extent of Powers	Remarks
1(a)	Grant of EL to non-gazetted staff and AAuOs (including Sr. DP)	(i) Full powers to Sr. AuO/ AuO upto 30 days (ii) Full powers to Dy. Director / Director beyond 30 days and upto 3 months	Wherever the leave period exceeds 30 days requiring officiating arrangements to be made or otherwise, approval of Director/Deputy Director/UBL has to be obtained.
(b)	Other than EL	No powers to Sr. AuO/AuO	
2	Grant of CMTL, HPI, LND, EOL, ML and PL upto AAuO's cadre (including Sr. DP)	Full powers to Director/Dy. Director upto 2 months	Wherever officiating arrangements are required to be made approval of the Principal Director of Audit has to be obtained
3 (a)	Grant of EL, CMTL, HPL and EOL to Sr. AuOs	Full powers to Director/Deputy Director upto 30 days	Wherever officiating arrangements are required to be made approval of the Principal Director of Audit has to be obtained
(b)	Grant of LND, ML and PL to Sr. AuOs/AuOs		

230. Station Leave: Permission to leave Headquarters during holidays or casual leave should be specifically applied for, furnishing leave address, and obtained from the authority competent to sanction casual leave. During regular leave also, address should be left with the office, but no formal permission to leave Headquarters is necessary.

A monthly reconciliation of the attendance register with the leave advices and Casual Leave account should be carried out in the first week of the following month.

231. Compensatory Leave: Whenever staff are required to work on Sundays or other public holidays at Headquarters or at out-stations during inspection, such staff may be granted compensatory leave, by the authority competent to grant casual leave. When such attendance is required for half-a-day, only half-a-day's

compensatory leave is admissible. The compensatory leave granted to staff should be recorded in the Casual leave Register.

(Para 86 of Railway Audit Manual)

The accumulation of compensatory leave will not be subject to any limit, but such leave should normally be availed of within a month of its becoming due. A compensatory leave granted in lieu of duty performed can be prefixed or suffixed to regular leave or casual leave.

(Ministry of Finance letter No. F.9(17)E.II(B)/65 dated 27.11.1965).

232. Special Casual Leave: Central Government employees are eligible for Special Casual Leave in respect of the following:-

- (1) Sports events.
- (2) Cultural activities.
- (3) Mountaineering/Trekking expeditions
- (4) Family Planning
- (5) Re-employed ex-servicemen
- (6) Union/Association activities
- (7) Natural calamities and bundhs etc.
- (8) During elections and other purposes.

The maximum number of days in a calendar year admissible and the conditions under which special casual leave is to be sanctioned are given in Chapter 4 of “Swamy’s Complete Manual on Establishment & Administration”.

The grant of special casual leave will be subject to the general principles laid down in the FRs/SRs Part III. The power of granting special casual leave will be exercised by the head of the department.

Special casual leave can be combined either with regular leave or casual leave, but not with both types of leave.

233. Restricted Holidays: Every Government servant is entitled to avail himself of two Restricted Holidays from out of the list of Restricted Holidays for the year. The Restricted Holiday should be got sanctioned by the sanctioning authority, in advance, before availing it. The authority competent to sanction leave can also grant permission to avail of Restricted Holiday. Restricted Holiday can be combined with other holidays, Casual leave and regular leave, prefixed or suffixed.

234. Passes/P.T.Os: The staff are eligible for passes/PTOs as applicable to Railway employees of the corresponding status. The issue of Passes/PTOs is also subject to the instructions issued by the General Manager, South Western Railway. Applications for passes/PTOs should be submitted in the prescribed form, normally 3 days in advance, except in emergent cases.

The authority empowered to issue the Passes/PTOs to the officers/staff is as under:

<u>Officers authorised</u>	<u>Units</u>	<u>Type of Passes/PTOs</u>
Audit Officer/Sr. Audit Officer (Administration)	All the sections at Hubli	Privilege and duty passes of Group 'A' Officers, duty card passes school passes, passes on transfer account, complimentary passes, passes on sports account etc. to all officers and staff.
Asst. Audit Officer (Administration)	All the sections at Hubli	Privilege passes/PTOs to Group 'B' , 'C' and 'D' officials.
Asst. Audit Officer to be nominated by Divisional Audit Officer/Hubli	UBL DIVN.	Privilege passes/PTOs and duty check passes both Foreign and Home lines to Group 'B' , 'C' and 'D' officials.
Branch Officers at outstations	Divisions/Construction/ Workshop and Stores	i) Privilege passes/PTOs to the nominated Assistant Audit Officer, ii) Renewal of card passes. iii) School passes, transfer passes, passes on sports account and complimentary passes. iv) Duty check passes to Group 'B', 'C'

and 'D' officials both Foreign and Local lines (Headquarters permission may be obtained before issuing the duty cheque passes on Foreign line).

Asst. Audit Officers at Divisions/Construction/ Privilege passes/PTOs to Group 'B', 'C' out-stations. Workshop and Stores and 'D' officials.

NOTE : (1) Railway Audit Officers/Staff are debarred from taking Rly. Passes from offices/branches of Zonal Railway Administration under all circumstances.

(Authority : Hqrs. D.O. No. 507 Rly./Passes-PTOs/17-11/2005, dt 18 Aug 2005).

(2) Duty check passes will be issued on the authority of written requisition signed by the Branch Officer.

(3) Passes/PTOs for the nominated Asst. Audit Officer will be issued by any Gazetted Officer other than himself.

(4) The Asst. Audit Officer authorised to sign the passes shall sign on behalf of the Principal Director of Audit (i.e. for Principal Director of Audit).

(5) In places where a Branch Officer is not Headquartered, the nominated Assistant Audit Officer may sign the duty check passes (Local and foreign) to Group 'C' and 'D' officials on the basis of approved inspection programme subject to ratification by Branch Officer subsequently.

Before issue of passes/PTOs, the Auditor/Senior Auditor dealing with the issue of Passes/PTOs should scrutinize the application with reference to the rules contained in the *Pass Manual* and the declarations of family members obtained from the employees. The pass account should be posted simultaneously, and the entries attested by the Pass Issuing Officer. All applications for cancellation of passes and credit to pass account should be submitted to the Branch Officer concerned for orders and those received from the Branch Officers

to the Deputy Director/Director in charge of (Administration). After the expiry of the admissibility period of passes, the employees should return the passes to the pass issuing authority and also a declaration in the prescribed form regarding utilisation or otherwise of Passes. The Auditor/Senior Auditor will watch their receipt and take action to call for them, if not received in time.

All the Passes and P.T.Os issued during the last quarter should be counter checked by a Sr. Audit Officer and a report will be furnished to Headquarters for correct accountal / issue of Railway Passes. The officer nominated for the check of Railway Passes / PTOs issued during the preceding quarter will be held responsible for any irregularity noticed subsequently in the entitlement of Railway Passes / PTOs to any applicant. Any interpretation of the rules on the entitlement of Railway Passes may be referred to Headquarters so that a decision may be taken in consultation with the Ministry if required. No officer / staff may obtain any Railway Passes / PTOs from officers / branches of Zonal Railway Administration. In addition to the checks, it may also be ensured that used / expired Passes are being returned by the employees in time and pasted to block foils as per rules.

(Headquarters Lr. No. 508/Railway/Passes-PTOs/17-11/2005 dated 18.08.2005. read with Lr. No. 2507/Railway/Passes-PTOs/17-11/2005 dated 14.11.2006)

Metal Passes: The Audit Officers are eligible for Metal Passes as applicable to Railway Officers of the corresponding status. The applications for issue of Metal Passes to the Audit Officers should be forwarded to the General Manager's office after obtaining the specific sanction of the Head of the Office {Deputy Director (Administration)}. *(Authority - C&AG's D.O. Letter No. 121-RA.IV/17-21/89 dated 19th July 1993).*

235. Custody of Passes and PTOs.: The Stock Register, Pass/PTO books in use, unused blank Pass/PTO books and blank card passes etc. should be kept in the custody of the Audit Officer/Sr. Audit Officer (Administration) and the Branch Officer concerned. Duty Card Passes in use will be in the custody of the Pass Issuing Authority who will maintain the Register of Movement of Card Passes.

A Register of Residential Card Passes should also be maintained recording the issue of such passes to staff whose acknowledgement should be obtained. The Stock Registers should be preserved permanently.

VERIFICATION

236. Verification of Passes and PTOs: On receipt of Pass and PTO books from the Railway Administration, the continuity of the number of the foils should be checked and a certificate to this effect recorded on inner page of the outer cover of the books and also in the Stock Register. Pass and PTO books required by Divisions/Unit offices will be supplied by Audit Officer/Sr. Audit Officer (Administration).

The verification of all blank foils of books in stock or in use should be done half-yearly i.e. in January and July each year and a certificate to this effect recorded in the Stock Register as also on the outer cover of the books. Similar verification should also be carried out whenever there is a change in the incumbents responsible for the custody of these books and a certificate to this effect recorded in the Stock Register by the Officers handing over and taking over respectively.

237. Passes and Privilege Ticket Orders to Officers/staff including I.A.&A.S. Officers: Officers, including I.A.&A.S. officers and other members of staff, working in Railway Audit Department are entitled to Passes and PTOs at the scales prescribed from time to time for the Railway employees of corresponding status. Privilege Passes and PTOs may be issued to I.A.&A.S. officers proceeding on leave for more than four months provided they have completed not less than one year service and the Comptroller and Auditor General of India certifies that the Officer is likely to return to the Railway Branch on the expiry of leave. For periods of leave not exceeding four months including leave preparatory to retirement, there is no objection to the issue of the Passes before or during the leave period, to be availed of during the leave period. However, this privilege cannot be granted either before or during the leave after it becomes known that on expiry of the leave, the officer is being posted out of the Railways.

(Railway Board's letter No. E(G)58P55-20/1, dated 14th April, 1960 and Comptroller and Auditor General of India's endorsement No.512-RAI/T-17-2/63 dated 16th February, 1963 and Comptroller and Auditor General of India's letter No.431-87-RAIV/T/17-11/84 dated 24.8.1984).

238. Non-Railway Deputationists: Non-Railway Officers and staff on deputation to the Railway Audit Offices are eligible for Passes and PTOs as admissible to serving Railway employees from time to time provided the period of deputation is expected to last for one year or more.

(Railway Board's letter No. E(W)93/PS.5-1/1 dated 31.07.1998 as amended vide Railway Board's Letter No. E(W)93/PS5-1/1 dated 3.9.1998).

Officers and staff of the Railway Audit Department on deputation to Non-Railway Offices are eligible for privilege passes and PTOs as admissible in their parent office for a maximum period of four years.

However, in the case of deputation to Public Sector Undertakings, the eligibility is as under:-

- i) Posts which are declared to be top posts - 2 years
carrying the pay scale of Rs.18400-22400
and above
- ii) Other posts - 3 years

(Railway Board's letter No. E(W)75PS-5/15 dated 18.3.1976).

239. Passes on Sports Account: Passes on sports account are admissible to the staff of Railway Audit Department for participating in sports organised by the Central Sports Committee of the Indian Audit and Accounts Department.

(Railway Board's letter No. E(Trg.)63-PS5-20 dated 16.1.1963).

240. The Railway Audit staff are not entitled to the following concessions which are admissible to Railway servants only.

- i) Passes on first appointment.

- ii) Special passes to office bearers of Staff Association.

(Railway Board's letter No. E(G)58PS-5-20/1 dated 6.6.1961)

241. Counting of non-railway service for issuing of Post-retirement complimentary pass: Period of service rendered by employees in non-railway departments or establishments prior to joining railway service will not count except where such non-railway service has been counted along with railway service for pensionary benefits. In respect of Railway servants whose past non-railway service has been counted along with railway service for pensionary benefits, a weightage equivalent to half of such non-railway service will be taken on to account for the purpose of making good the shortfall in the minimum required 20 years of railway service in order that they become eligible for post retirement complementary passes and in such cases the number of post retirement complimentary passes shall be as admissible on completion of minimum required twenty (20) years of Railway service only.

(Advance correction slip No.56 to the Railway Servants (Pass) Rules, 1986 (Second Edition, 1993) -issued in MoR-Rly. Brd. RBE.No.65/2008 with Circular No. E(W)2006 PS 5-1/28 dated 08-05-2008.

242. Declaration of family members/dependent relatives: A declaration of family members and dependent relatives of officers/staff for the purpose of privilege passes/PTOs should be obtained in the prescribed form and kept on proper record. The declaration is to be submitted even for self also. Declaration from new entrants should be obtained soon after their appointment. Bonafide certificates from the Recognized Educational Institutions should be submitted at the beginning of every academic year viz. June/July in respect of student sons/daughters/dependent brothers of age 21 years and above, if they are to be included in the Privilege Pass/PTO. As and when an employee is transferred, the declaration form should be sent to the office of transfer along with pass account of that year. The pass account register should be maintained duly indicating the details of family members, dependent relatives, age etc. based on the declarations furnished.

In cases of issuance of Privilege pass in favour of a Railway Servant along with family including dependant son who is neither a scholar nor invalid and is about to complete 21 years of age during the validity period of the Privilege pass, the pass may be issued in the following manner: (i) The privilege pass may be issued in favour of a Railway Servant with validity period up to the date preceding the date on which the son will be attaining the age of 21 years: or (ii) Privilege pass may be issued with validity of full 4 months excluding the name of the son of the employee. (Authority : Rly. Brd. letter Nos.E(W) 2008 PS 5-1/44 dated 15-01-2009)

243. Counting of past service rendered in the Civil Offices for determining the class of accommodation: The concession of eligibility for first class Pass/PTO on crossing the pay of Rs.5000/- allowed to the Railway Audit staff who have been appointed prior to 1.8.1969 is not admissible to those appointed in Civil offices prior to 1.8.1969 and subsequently appointed to Railway Audit Department on transfer basis. In those cases the pay limit of Rs.5375/- will apply.

(Comptroller and Auditor General of India's letter No.991-RA.III/RA.II/T/17.12/77 dated 17.9.1982, Railway Board's letter No. E(W)87/06/781/3 dated 27.3.1987 and Railway Board's letter No. E(W)97/PS5-1/62 dt.1.2.1999 and E(W) 97-PS-5-1/30 dt.14.1.2000).

PERIOD OF AVAILABILITY

244. Period of availability of Pass/PTO to those who are about to retire: Privilege Passes/PTOs to those who are about to retire may be issued for the normal period of availability admissible under the rules even if it is beyond the date of superannuation of the employee subject to the condition that the total number of passes issued to an employee in service as well as after retirement should not exceed the total number to which the employee was entitled for, while in service.

(Railway Board's letter No. E(W)78-PS-5-2/3 dated 28.4.1980).

MEDICAL ATTENDANCE

245. Medical Attendance:

- (i) The officers and staff are governed by the *Central Services (Medical Attendance) Rules, 1944* as amended from time to time. They are entitled to reimbursement of medical expenses incurred in connection with the treatment of themselves and members of their family as defined in the said rules.
- (ii) However, Officers and staff working at Bangalore are governed by the Central Government Health Scheme. C.G.H.S. Dispensaries are functioning at different places within the Municipal limits of Bangalore. All those employees who are residing within the localities covered under C.G.H.S. dispensaries prescribed, are governed by the C.G.H.S. A compulsory monthly contribution on a graded scale shall be levied on all entitled classes of Government servants.

(Director General of Health Services circular No.35-1/76-CGHS dated 25.2.1976).

- (iii) As per the compilation of CGHS (Orders and instructions), a Government servant cannot opt out of the CGHS if he/she is eligible to be covered under the scheme.

(Director General of Health Services letter No.12011-1/83-CGHS dated 28.1.1983).

- (iv) The Railway Audit staff are not eligible for Medical Attendance in Railway Hospitals except to the extent provided in *Railway Board's circular letter No.E/46-ME-39/3 dated 24.6.1946(Para-18 – Railway Audit Manual)*. However, Comptroller and Auditor General of India has clarified that even though the normal entitlement of an employee in Railway Audit is the Central Services(MA) Rules or the CGHS (where in operation), the employee can exercise an option to avail of the Railway Medical facilities for himself and dependents in terms of *Para-18 of*

Railway Audit Manual. An employee will be governed either by Railway medical facilities or the Civil Medical facilities but not both simultaneously. The option once exercised is final except where there is a change of residence or station on account of transfer.

(Comptroller and Auditor General of India's letter No.3309-NGE.I/112-78 dated 24.9.1980).

Para 476 Medical Attendance Rules: Compilation of Central Service (Medical Attendance) Rules, 1944 and orders issued by the Government of India from time to time should be referred to in dealing with the claims for reimbursement of medical expenses.

Audit Officers / Sr. Audit Officer (Bills) is delegated with powers to countersign the Medical reimbursement claims of Non-gazetted staff subject to the following conditions.

- (i) That the bills for more than Rs. 200/- requires the counter signature of Deputy Director / Director in charge of Administration.
- (ii) Cases of the Government servants whose progressive total of bills exceeds Rs. 1,000/- per annum should be brought to the notice of Deputy Director / Director in charge of Administration.
- (iii) Reports of Internal Audit and replies thereto should be submitted to Deputy Director /Director in charge of Administration, for information.

(CAG's letter No. 57-NGE.I/78-80 dated 15.01.1982)

All bills for charges on account of medical attendance and treatment should be countersigned by the Controlling Officers who are authorized to countersign traveling allowance bills of the government servant concerned.

A Register of Medical Claims should be maintained in the Bills Section allotting separate pages for the various employees. The register should be submitted to the Audit Officers / Sr. Audit Officers (Bills) / Deputy Director /

Director fortnightly showing the position of the claims received but not passed within a week. Giving also brief reasons for the delay in disposal of the claims.

246. Residential Accommodation:

- (i) Although bungalows and quarters cannot be built specifically for the Railway Audit Department, the Railway Board have decided that the Railways should take into consideration these staff also for building quarters except at places where the Central Public Works Department takes the responsibility for providing houses for the Audit Department and the existing Railway quarters may be allotted to the Railway Audit staff as available and circumstances may permit.

(Railway Board's letter No.53/W/190/28 dated 5.2.1955 and 59/WII/RR/45 dated 28.11.1960).

- (ii) The allotment of Railway quarters to the Officers and staff of Railway Audit Department and recovery of rent, water charges, electric current etc. is on the basis of the same criterion as applied to the Railway staff.

(Railway Board's letter No. F(X)I-59-RNS/2 dated 9.7.1959).

- (iii) The staff of the Railway Audit Department occupying Railway accommodation may be permitted to retain the Railway accommodation as per the provisions contained in Railway Boards instructions No. E(G) 85 QR 1-9 dated 15.01.1990 in the case of transfer of Railway Audit Staff from one place to another.

(Railway Board's letter No. E(G)2005 QR 11-13 dated 06.03.2006 and para 10.5 of E(G)2006 QR 1-6 dated 20.04.2007).

- (iv) The Railway Audit staff doing Railway Audit work and in occupation of Railway quarters at the time of their retirement/death are allowed to retain the Railway accommodation as under:

- (a) **Retirement:-** For a period of four months from the date of retirement on payment of normal rent and the next four months on

educational or sickness account on payment of double the assessed rent or double the normal rent or ten percent of the emoluments whichever be the highest.

- (b) **Death:-** The family of a Railway Audit staff who dies while in service may be permitted to retain the Railway quarter for a period of 24 months on payment of normal rent from the date immediately after the date of death of an employee.

(Railway Board's Lr .No. E(G)98 QR 1-11 dated 22.1.99).

Retention of Railway quarters for the prescribed periods as indicated above may be allowed by the General Manager of the Railway Administration concerned on receipt of proper requests therefor.

(Railway Board's letter No. E(G)83-RN-2-6 dated 31.12.1986 received under Comptroller and Auditor General of India's endorsement No.18-RAII/14-1/78 dated January 1987).

TRAVELLING ALLOWANCES

247. Travelling Allowance: Officers and staff of the Railway Audit Department are governed by the Railway Travelling Allowance Rules. This also applies to an Accountant General holding additional charge of the post of Principal Director of Audit for his tours as Principal Director of Audit.

Non-Railway Deputationists to Railway Audit Offices are governed by the Railway Travelling Allowance Rules during their term of deputation. Deputation allowance is also reckoned as 'pay' for determining the grade of employee.

Officers and staff of the Railway Audit Department proceeding on or returning from deputation are governed by the Travelling Allowance Rules of the borrowing department.

248. Children's Educational Allowance, Reimbursement of Tuition Fee and payment of Hostel subsidy: All members of staff, irrespective of pay limit are eligible for Children's Educational Allowance, reimbursement of Tuition Fee and Payment of Hostel subsidy in accordance with the Government of India's orders contained in Ministry of Personnel, Department of Personnel and Training O.M. No.12011/03/2008-Estt. (Allowance) dated 2nd September 2008.

ADVANCES

249. Advances: The following are the advances permissible to the Railway Audit Staff:

a) Interest bearing Advances for :

- i) Purchase, extension or construction of a house/flat, including acquisition of land therefor.
- ii) Purchase of Motor Cars, Scooters etc.
- iii) Purchase of Personal Computers.
- iv) Purchase of other conveyances.
- v) Purchase of Fans.

b) Interest free advances:

- i) Advance of leave salary.
- ii) Festival Advance.
- iii) Advance to Government servants affected by floods cyclones etc.
- iv) Advance of pay on transfer.
- v) Advance of Travelling Allowance on tour/transfer.

250. Staff Associations: Recognition to the staff associations is granted by the Comptroller and Auditor General of India. :

Representations from staff associations addressed to higher authorities may not be forwarded if:

- i) they contain disrespectful or improper language.

- ii) the representation is on matters of local interest on which Principal Director of Audit can take a decision.
- iii) the representation merely repeats old demands/grievances rejected or not accepted or on which definite policy decision exists.

Contents of telegraphic representations should be approved by the Head of the Office.

Apart from routine notifications relating to

- (a) holding of meetings
- (b) elections and results thereof
- (c) statement of accounts of association, and
- (d) reminders to members about their dues,

the display of notices by the recognised association in the office premises requires prior permission. Such notices shall be displayed on the notice board specified for the purpose.

INSPECTION OF OFFICE

251. Inspection of Principal Director of Audit's office by the Principal Director of Inspection: Principal Director of Inspection attached to the Comptroller and Auditor General of India's office inspects this office periodically (generally once in two years). The inspection will generally consist in examining office administration and other procedural aspects.

(Para No.1.17 – MSO(A) Vol.I).

Replies to Draft Observation Slips should be approved by the Principal Director of Audit, if not issued over his signature except in the case of Branch offices where the replies should be signed by the Head of that office.

Annexure I (Para 204)

The administrative and financial powers of the Comptroller and Auditor General and the Heads of Departments, contained in various publications of the Central Government, are shown in *Sections A to I of the Manual of Standing Orders (Admn.) Vol. II.*

The administrative and financial powers specifically delegated to the Head of the Office are given below. The Deputy Director of Audit (Administration) has been declared to be the Head of office vide *P.O.O. No.2, dated 4.10.1966 (See item No.8 of Section "A" to Manual of Standing Orders (Admn.) Vol. II.*

S. No	Nature of Powers	Extent of Powers	Authority
1.	To act as Appointing and Disciplinary authority for Group "C" (upto Sr.Auditor)	Full	Section 'E' of MSO(A) Vol. II (Page 78)
2.	Terminating the services of a temporary Government servant.	Full	Item No.1 of Section G of MSO(A)-Vol. II
3.	Requiring a non-gazetted Government servant to furnish a statement of movable or immovable property held or acquired by him/her or on his/her behalf or by any member of his/her family including the details of the means by which or the source from which such property was acquired.	Full	Item No.21 of Section F of MSO(A) Vol. II.
4.	To sign the communal roster where Principal Director of Audit himself/herself is the appointing authority.	Full	
5.	Grant of increments to Non-Gazetted staff (other than Section Officers).	Full	Fundamental Rules 24 and 25
6.	Grant of leave of all kinds other than special disability and study leave to Group 'B' Officers, 'C' and 'D' staff.	Full	Para 36 of Railway Audit Manual. (Branch Officers can sanction EL upto 30 days to

			AAuO Officers and other Group 'C' staff). Also see Para 229 of the manual
7.	Advances/part final withdrawals, under Rule 12/15 of GPF(CS) Rules to Group 'B', 'C' and 'D' staff.	Full	Item No.1 & 2 of 5 th Schedule to GPF(CS) Rules 1960 and Notification No.13(2)/8—Pen. dated 20.5.83 of Govt. of India, Ministry of Home Affairs, Department of Personnel and Administrative Reforms, New Delhi.
8.	Advance in lieu of leave salary to Group 'B', 'C' and 'D' staff.	Full	Rule 259 of G.F.Rs.
9.	Controlling Officer under S.R.191 for purpose of Travelling Allowance to Group 'B', 'C' and 'D' staff.	Full	Item 30- section 'C' of MSO(A) Vol. II.
10.	Countersigning of medical claims of Gazetted staff.	Full	P.O.O.No.62 dated 6.6.1980.
11.	Power to sanction advances of (a)Travelling Allowances on tour and (b)advances of Pay and Travelling Allowance on transfer to permanent and temporary Government servants.	Full	GFRs 231 & 222.
12.	Grant of advances for the purchase of bicycle.	Full	G.F.R.191(2)
13.	Grant of Festival Advance to non-gazetted staff drawing basic pay of not exceeding Rs.8300/- per month.	Full	G.F.R. 236
14.	Grant of Fan Advance to Group 'D'	Full	G.F.R. 221 A
15.	Repair and Purchase of spare parts for office machines.	Rs.2000 p.a.	Item No.18 sub-section-Section 'A'(xiv) of MSO(A) Vol. II.

16.	Conveyance Hire or other conveyance charges to gazetted Government servants.	Upto Rs.50/- in any one month	No.850-NGE.I/ 122-67 dated 14.5.69, F1(4)-EII(A)/76 dated 11.6.76 (Page 157) (Page 58 of File No.Au/A/IX/ 23/Vol.I).
17.	Local printing and binding in emergent cases	Rs.2000 p.a.	Item No.18(IX) of Section A of MSO(A) Vol.II and CAG's letter No.3838-NGE.I/84-78 dated 20.12.79 (Page 219 of Au/A/IX/23/ Vol.I)
18.	Local purchase of petty stationery stores	Heads of offices in JA Grade Rs.4000 p.a. Heads of Offices in time scale Rs.1500 p.a.	Item 21(B) of Schedule V of Delegation of Financial Powers Rules.
19.	Contingent expenditure on items other than those in respect of which specific limits/scales have been prescribed by Government.	Heads of offices in time scale of IA&AS upto Rs.2000 p.a. (Recurring) upto Rs.5000 p.a. (non-recurring). Other Heads of Offices upto Rs.200 p.a. (Recurring) upto Rs.1000 in each case (non-recurring).	Item No.14 Section 'A' of MSO(A) Vol. II C & AG's letter No.3229-NGE.I/81-79 dated 30.10.79 (Page 210 of File No. Au/ Admn/IX/ 23/Vol.I)

Auditorial:

<p>To waive raising formal objections</p>	<p>Subject to conditions given in Para 7.1.14 Manual of Standing Orders (Audit)</p> <ul style="list-style-type: none">(i) Upto Rs.150/- in the case of irregular expenditure.(ii) Upto Rs.200/- in the case of expenditure which though otherwise justifiable in itself.<ul style="list-style-type: none">(a) is objectionable on the ground that it is not covered by requisite sanction, but where there is no reason to believe that such sanction would not be forthcoming if sought for.(b) Where full proof of the regularity of the expenditure is not forthcoming although there is no reason to doubt that the disbursement has been actually made.(iii) Upto Rs.5/- in the case of under charge in items of earnings.(iv) Upto Rs.250/- in the case of mistake in the apportionment of earnings between Government Railways (See Note under Para 183 of Railway Audit Manual).(v) Upto Rs.5/- in the case of under charge or over charge in Government Traffic.	<p>Para 7.1.14 of Manual of Standing Orders (Audit)</p>
---	--	---

Annexure II (Para 210)
FORMAT - I
HANDING OVER REPORT OF BRANCH OFFICER
(To be prepared in quadruplicate in respect of each section separately)

Handing over Report of Shri/Smt./Ms. _____, Sr. Audit Officer/Audit Officer,
 _____ Section, Dated _____

1. (a) Name of the Branch Officer : _____ (b) Event for handing over: _____
 Handing over: _____
 Taking over: _____

2. Name of the Group: _____

3. Name of the Controlling/Coordinating Section: _____

4. Brief Narration of the work attended by the section: _____

5. Position of staff:

		Asstt. Audit Officer	Auditor/ Sr.Auditor	Clerk/Typist
i)	Sanctioned strength			
ii)	Men in position			
iii)	Shortages, if any			
iv)	Action taken to fill up the shortages			

6. Comparative position of arrears (in terms of mandays):

Particulars	At the time of taking over charge on _____		At the time of handing over charge now		Increase(+) Decrease (-)		Reasons for increase with action taken and or suggestions for over-taking the arrears.
	Internal	External	Internal	External	Internal	External	

- a) At Branch Officer's Level:
 i) Reviews
 ii) Any other item

Total (a) _____

In the Section
 (Items as per monthly/
 quarterly Arrear Report
 to be specified)

Total (b) _____

Grand Total (a) + (b) _____

Note: Detailed position of outstandings under Suspense Heads/Broadsheets/Difference between ledger and Broadsheets may be appended.

7. Internal Test Audit/Principal Director of Inspection Reports Pending:

- | a) | Year | Total No. of paras | No.of paras pending disposal | Suggestions for Expeditious disposal of o/s paras |
|----|---|--------------------|------------------------------|---|
| b) | Internal Test Audit Reports. | | | |
| c) | Principal Director of Inspection Reports. | | | |

8. Important letters/periodical adjustments/
cases pending disposal (together with
action/suggestion if any)

Year upto
which due

Year upto which
sent/done

Reasons for arrears and
action taken so far

9. (a) Position of consignment of old Record section:
(b) Position of physical verification of dead stock

(Specific mention may be made of excesses/shortages
noticed and action taken therefor).

10. Books/Pamphlets/Files etc. handed over:

Note: Specific mention may be made of MSO(Audit),
MSO(A) and Memorandum of Secret Instructions etc.

11. Valuables: (Cash, Service postage stamps, if in charge).

12. Furniture: (including keys and locks etc.)

13. Nominations in custody handed over.

14. Confidential papers/cases (including confidential note on appraisal
of work and dependability of staff) handed over.

15. Special Remarks:

- a) A summing up of the state of work in section, non-closing of Calendar of Returns, areas of weakness and other issues which need personal attention, sanctions of long period of currency cases of investigation by SAG, Field parties etc.

Handed over/date

Taken over/date

Relieved Branch Officer

Relieving Branch Officer

Remarks of Group Officer:

Remarks of Principal Director of Audit

F O R M A T - II

Handing Over Report of Asstt. Audit Officer

(To be prepared in triplicate)

Handing over Report of Shri/Smt./Ms. _____, Asstt. Audit Officer, _____

Section, Dated _____

1. (a) Name of the Asstt. Audit Officer: (b) Event for handing over: _____

Handing over: _____

Taking over: _____

2. Name of the Group: _____

3. Name of the Controlling/Coordinating Section: _____

4. Brief Narration of the work allotted to the section: _____

5. Position of staff:

		Auditor/ Sr.Auditor	Clerk/Typist
i)	Sanctioned strength		
ii)	Men in position		
iii)	Shortages, if any		
iv)	Action taken to fill up the shortages		

6. Comparative position of arrears (in terms of mandays):

Particulars	At the time of taking over charge on _____		At the time of handing over charge now		Increase(+) Decrease (-)		Reasons for increase with action taken and or suggestions for over-taking the arrears.
	Internal	External	Internal	External	Internal	External	

a) At Branch Officer's level:

i) Reviews _____

ii) Any other item _____

Total (a) _____

In the Section:

(Items as per monthly/quarterly Arrear Report to be specified)

Total (b) _____

Grand Total (a) + (b) _____

Note: Detailed position of outstanding under Suspense Heads/Broadsheets/Difference between ledger and Broadsheets, Sealing down of differences, non-receipt of utilization certificate etc. may be appended.

7. Internal Test Audit/Principal Director of Inspection Reports Pending:

	Year	Total No.	No. of	Suggestions for
		of paras	pending	Expeditious
			disposal	disposal of
				outstanding paras

a) Internal Test Audit Report

b) Principal Director of Inspection Reports

8. Important letters/periodical adjustments/
cases pending disposal (together with
action/suggestion if any)

Year upto	Year upto which	Reasons for arrears and
<u>which due</u>	<u>sent/done</u>	<u>action taken so far</u>

9. (a) Position of consignments of old records

(b) Position of physical verification of dead stock

(Specific mention may be made of excesses/shortages noticed and action taken therefor).

10. Books/Pamphlets/Files etc. handed over(a list may be appended):

Note: Specific mention may be made of MSO(Audit),

MSO(A) and Memorandum of Secret Instructions etc.

11. Valuables:_____

12. Keys/locks/furniture etc. (transfer of charge certificate in terms of Para 6.3.4 of Manual of General department and office procedure)
13. Confidential papers/cases (including a confidential note to the successor regarding quality of auditors under his charge).
14. Calendar of Returns, Attendance Register, Monthly and quarterly Arrear Reports, Register of good and bad work, Register of Valuables, duty lists etc.
15. Machines, cycles, typewriters, calculators, duplicating machines etc. if in charge.
16. Any other item requiring special mention.
17. (Heavy pendency in particular areas, action taken for missing books/ files/keys/machines etc. sanctions of long period of currency, cases of investigation by SAG and/or field parties etc.)

Encl: As mentioned above.

Handed over/date

Taken over/date

Relieved AAuO.

Relieving AAuO.

Submitted to Branch Officer

Remarks of Branch Officer

Remarks of Group Officer

CHAPTER - III

GENERAL OFFICE PROCEDURE

301. (a) Hours of work and holidays: Hours of work and holidays observed by the Railway audit office will conform to those obtaining in the corresponding local Railway offices. The working hours followed are from 9.30 A.M. to 6.00 P.M. with half an hour interval for lunch from 1.30 to 2.00 P.M.

Divisional Audit Offices at outstations will submit an approved list of Holidays and Restricted Holidays for the year pertaining to their divisions immediately on its receipt from the Divisional Railway Manager concerned.

“The workshop Audit Offices at Hubli and Mysore and Rail Wheel Factory/ YNK will observe Office timings of their respective Railway Accounts Offices.

In so far as holidays are concerned the Workshop Audit Offices will follow the list of holidays as observed by their respective Accounts Offices.”

(Paras 82 and 83 of Railway Audit Manual)

(b) Closure of Government Offices in the event of death of high dignitaries: The intimation of the death of the President or Prime Minister through All India Radio and Door Darshan should be treated as authentic and offices closed accordingly. If intimation of the death is received after office hours, offices will be closed on the following day, if it is a working day. If intimation is received during office hours late in the afternoon, offices will be closed for the rest of the day; but if it is not possible to close the offices for more than 3 hours on the day, offices will be closed on the following day also on the instructions of the Home Ministry.

(MHA O.M. No.3/2/97-Public dated 21.11.1997)

302. Attendance Register: Members of staff should be punctual in their attendance. On arrival, they should initial against their names in the Attendance Register. The Asstt. Audit Officers should close the Attendance Registers

promptly at 9.40 A.M. and submit them to Branch Officers concerned after marking a circle in red ink against the names of those who had not come to office by that time. In the absence of Branch Officer, they should submit the Attendance Register to the nominated link officer. Members of staff attending office late should initial in the Attendance Register in the presence of Branch Officer indicating the time of arrival. In outstations where no Branch Officer is headquartered or when the Branch Officer is absent, the compliance of these instructions should be ensured by Asstt. Audit Officers concerned. The Branch Officers shall ensure that the Attendance Registers reach them from the respective sections in time for the check as prescribed.

The Branch Officers and supervisory staff should also ensure that the prescribed half-an-hour lunch break is scrupulously observed by one and all. Surprise check of one or two sections daily may be conducted by the Deputy Director/Director to ensure that the procedure of closing the Attendance Registers is being followed strictly.

Group 'D' staff should attend office by 8.45 A.M. daily for opening the office, dusting furniture, arranging drinking water etc. before the office starts functioning at 9.30 A.M. Similarly, at the close of the office hours, Group 'D' staff should ensure that all the lights and fans are put off, doors and windows are securely closed before they leave the office. The key is deposited in the RPF office.

303. Late Attendance: Half a day's casual leave will be debited for each late attendance. Late Attendance not exceeding one hour due to unavoidable reasons may be condoned by the Asstt. Audit Officers in respect of staff working under them and by Branch Officers in respect of Asstt. Audit Officers working under them, upto two occasions in a month. A monthly review of late attendance should be done for its regularisation. Disciplinary action may be taken in cases of habitual late attendance.

If an official, who has no casual leave to his credit, comes late without sufficient justification and the Administrative authority concerned is not prepared to condone the late coming but does not at the same time propose to take

disciplinary action, he may inform the official concerned in writing that he will be treated as on unauthorised absence for the day on which he has come late and leave it to the official himself either to face the consequences of such unauthorised absence or to apply for Earned Leave or any other kind of leave due and admissible for the entire day. The same may be sanctioned by the competent authority.

(GI, DP&AR O.M. No.28034/3/82-Estt.(A) dated 5.3.82)

The case of a Government servant who leaves office early without permission before the time for closing of office should also be treated like late attendance and half-a-day's casual leave should be debited to the Casual Leave account for each such early departure from office.

(G.I., D.P &A.R., O.M. NO.28034/10/75-Estt (A) dated 27.08.1975)

304. Absence from Office: Absence by members of staff from office without proper permission or getting leave sanctioned will tantamount to unauthorised absence entailing disciplinary action.

305. Inward Dak: Excepting secret, confidential and demi-official letters, all letters, on receipt, are date stamped in the Routine section. The letters received from the Comptroller and Auditor General of India, Railway Board, Government of India, State Government and Sanctions of the General Manager and general telegrams are sorted out in one pad ('A' Dak) and the others kept in another pad ('B' Dak). The dak pads are circulated to the Principal Director of Audit and Director/Deputy Director and other specified Officers.

Secret, confidential and demi-official letters will be opened by the officers concerned. However, in the absence of Principal Director of Audit, such letters addressed to the Principal Director of Audit will be opened by the Director/ Deputy Director. These letters are entered in the diary maintained by Private Secretary to Principal Director of Audit/Stenographers and where necessary sent to the Asstt. Audit Officers of the section concerned and their acknowledgement is obtained in the diary maintained by the Private Secretary/

Stenographers. Asstt. Audit Officer concerned should then get them entered in a diary of confidential and secret letters to be maintained by each section. Such letters duly entered in the confidential diary should be put up to the Branch Officer for his information on the same day. Progress of disposal and the position of outstanding of such letters should be put up to the Branch Officer every Monday as in the case of 'A' dak letters. While submitting the confidential inward diary periodically to the Principal Director of Audit, Private Secretary should obtain the remarks of the Branch Officer concerned in respect of outstanding letters. Letters on which Principal Director of Audit has raised queries should also be dealt with in the above manner.

Orders passed/queries made by the Principal Director of Audit/Director/Deputy Director in the inward letters are to be noted in a separate register by the Private Secretary/Stenographers to watch the action taken by the sections concerned.

306. Registration of Inward letters: After circulation among the Officers, the dak pads are returned to Routine section. The Routine Section, after verifying the correctness of the number of letters received back with those shown in the circulation slip, will register all letters in the 'A' dak pad, individually in a Central Register in the form given in Annexure-I to this Chapter. The total number of 'B' dak letters received every day and their distribution among the various sections will be recorded in another register ('B' dak Register) in the form given in Annexure I to this Chapter. Every section including those in the Branch Offices should maintain separate 'A' and 'B' dak registers in the form given in Annexure I to this chapter.

Letters pertaining to respective sections will be sent to them under dak slips. The Clerk/Typist attached to the sections should submit the letters to the Branch Officers after verifying the letters with the Dak slip. Letters received directly in the sections from other sections or offices should also be submitted to the Branch Officers along with the Head Office Dak. After perusal by the Branch Officers, the letters should be registered in 'A' and 'B' dak registers by the Clerk/Typist/Record Keeper.

The out-turn fixed in respect of diarising of letters (including registered letters) is 310 letters per day per Clerk.

(Comptroller and Auditor General of India's letter No.100-O&M/39-86 dated 30.1.1987)

307. Disposal of letters: On receipt of the Inward Register with letters, the Asstt. Audit Officer will go through the letters and mark them to the Auditor/Sr.Auditor concerned for disposal. The Auditor/Sr.Auditor will acknowledge the letters received by him in the Inward Register. Asstt. Audit Officer should ensure that the staff receive the letters promptly without allowing the letters to accumulate. Reference to the file in which the letter is filed should be given against each entry in the Inward Register ('A' and 'B' Daks) with the dated initials of the Auditor/Sr.Auditor concerned.

The Auditor/Sr.Auditor entrusted with the disposal of letters will attach the letter to the file concerned and submit the disposal in a note on a separate sheet. Office notes should contain full references to previous notes, letters/orders. On the letter under disposal, the page number of the letter to which it is a reply and also the page numbers of the letters referred to in it should be indicated. In the case of letters received from higher authorities, copies of letters (enclosed), which are not available should be obtained either locally or from the offices from where the letters under disposal were received and linked up.

When cases are put up for disposal, all the relevant files should be page numbered and referenced. References to correspondence in such files may be made in the margin of the note.

While putting up drafts for approval, the following points should be observed:

- i) The case or file number should invariably be given at the top.
- ii) The subject (which should ordinarily be the case title) should be given as the heading in the draft.
- iii) If there has been previous correspondence on the subject the draft should, if necessary, commence with a reference thereto.

- iv) Nothing should be written in the margin and sufficient space should be left between the lines to admit corrections being made in the draft. Both sides of the paper should be used and the paragraphs numbered. Only recognised abbreviations should be used.
- v) Enclosures accompanying the letter should be indicated in a notation on the left hand side below the body of the letters whenever there are too many enclosures.
- vi) Drafts should be written on separate sheets and not in continuation of notes.
- vii) The person comparing the fair copies should initial in the manuscript copy with the remarks 'Fair copy compared'. Fair copies of all correspondence addressed to the Comptroller and Auditor General should be compared and initialed by the Asstt. Audit Officer. When copies of letters are sent along with these, they should be certified as true copies by the Asstt. Audit Officer under his/her signature.

TYPING WORK

308. Typing Work: When papers are sent for typing, the number of copies required should be indicated. The typing section should type out promptly and neatly so that the fair copy can be issued the same day. Abbreviations should be avoided in the fair copy. The typist should type his initials at the left hand side below the letters or statements. Items of work which are marked to typing section as 'Urgent' 'Express' 'Immediate' 'Out-today' etc. should be typed immediately on receipt. Draft telex messages sent to typing section should be dealt with at once. All work should as far as possible, be dealt with on the day of receipt and the files returned to the section concerned for comparison and issue of the fair copy of the letter on the same day.

Each typist should type 860 lines (7500) words per day.

(CAG's letter No.100-O&M/39-86 dated 30.1.1987)

Each typist should maintain a diary to record the number of lines typed every day. He/she should submit the diary to the Asstt. Audit Officer in charge on every Monday and to the Branch Officer on the first Monday of every month.

A Clerk/Typist is attached to every Divisional Audit Office/Branch Office. At Headquarters, the typing work is distributed among the Clerk/Typists by the Audit Officer/Sr. Audit Officer(Administration) from time to time according to the availability of men and the work load.

STENOGRAPHERS

309. Stenographers: In addition to attending to officers to whom they are attached, Private Secretary to Principal Director of Audit/Stenographers deal with confidential files and documents with Principal Director of Audit/Director/Deputy Director etc. and maintain inward diaries of confidential and demi-official letters received by these officers and mark their disposal.

Confidential and demi-official letters, including all enclosures thereto, are typed by the Stenographers concerned. The typing work of important letters addressed to D.A.I. and other letters marked by Principal Director of Audit/Director/Deputy Director and Branch Officers, shall also be typed by the Private Secretary to Principal Director of Audit/Stenographers concerned. They may also be given other typing work as and when necessary.

Stenographers shall remain in office till the officers to whom they are attached leave the office.

FILE SUBMISSION

310. Submission of files to Principal Director of Audit/Directors/ Deputy Directors: The sections which originate the files should keep track of these files through their "File Movement Registers and the Despatch Register". In case the files or the registers are of Confidential/important nature, the sections may send them through the transit register which may be got acknowledged by the personal staff. The return of the files by personal staff should also be done with equal care and by obtaining the acknowledgement of the concerned members.

The Private Secretary to Principal Director of Audit will ensure that the files disposed of by the Principal Director of Audit are sent to the Director/Deputy Director and the Stenos to the Director/Deputy Director will

ensure that the files received from the Principal Director of Audit and also those disposed of by the Director/Deputy Director are sent to Branch Officer concerned. The Branch Officer concerned will initial the documents received back from Principal Director of Audit/Director/Deputy Director in token of his having seen it and the same should be sent back to the Asstt. Audit Officer and not directly to the dealing Auditor/Sr.Auditor. In case the files etc. on return have not been seen by the Asstt. Audit Officer, the Auditor/Sr.Auditor concerned should bring the same to the notice of the Asstt. Audit Officer/Branch Officer promptly.

Files, Notes etc. received from out-station offices for submission to either Principal Director of Audit/Director/Deputy Director should be handed over by the receipt clerk to the respective stenos. The Private Secretary/Stenographer should submit the papers to the Principal Director of Audit/Director/Deputy Director for approval and later on arrange to send the same to the despatch clerk for their return duly obtaining the acknowledgement of the despatch clerk.

COMMUNICATION

311. Signing of Letters: Communications of the following nature should not be issued except with the previous approval of the Principal Director of Audit.

- (i) Letters implying dissatisfaction or censure;
- (ii) Letters to Government (State or Union);
 - (a) having a bearing on important questions of audit and accounting,
 - (b) challenging decisions or orders,
 - (c) questioning the validity of any sanctions otherwise than for merely technical defects, and
 - (d) containing proposals for writing off or waiving off recovery of over payments;
- (iii) Letters to the Comptroller and Auditor General of India other than on routine matters;
- (iv) Letters to General Manager of the Railway or outside officers except on purely routine matters;

- (v) Letters to the Financial Adviser and Chief Accounts Officer of the Railway or any other officer.

Such communications will ordinarily be signed by the Principal Director of Audit himself. In his absence from Headquarters, the letters referred to at items (i), (ii) and (v) of the preceding paragraph may be signed by the Director/ Deputy Director but they should bear sufficient indication that they are being issued under direction of the Principal Director of Audit. In this regard, however, letters to authorities referred to at item (iv) above, an Audit Officer/ Sr. Audit Officer may sign communications “for Principal Director of Audit”, which ordinarily means that the Principal Director of Audit himself has passed the draft or has issued unmistakably explicit orders on the subject of the letters.

As regards item (iii), the letters shall be sent over the signature of the Principal Director of Audit except in special circumstances in which the Principal Director of Audit is not available for signing the letters. In such cases letters should be signed by Director/Deputy Director as “for Principal Director of Audit” clearly indicating the fact of the Principal Director of Audit being on tour or absent otherwise and also stating that the case will be shown to him on his return to Headquarters.

(CAG's letter No.1969-GE.II/87.86 dated 21.7.1986 and No.30-Audit/O&M/ 213-98 dated 2.2.1999)

All letters/returns and statements forwarded by the Divisional or Branch Offices to the Headquarters Office will be signed by the Divisional Audit Officer/Branch Officer concerned. However, routine returns may be signed by the Asstt. Audit Officers. When the Divisional Audit Officer is out of Headquarters on tour or on leave, the letters, returns etc. may be issued under the signature of the Asstt. Audit Officer if the drafts were approved by the Branch Officer.

All Part I Audit Notes/Inspection Reports and Special Letters should be issued with the prior approval of the Principal Director of Audit and a copy sent to ‘COR’ section. Special Letters should be closed only with the prior approval of the Principal Director of Audit.

Asstt. Audit Officers are authorised to file 'nil' reports and interim replies under their own signature.

(Para 2.17.4. - Manual of Standing Orders(Admn.) Vol. I)

312. Despatch of letters: After signature by the Officer concerned, the letters to be despatched will be sent by the sections concerned to the Routine section. On receipt, these should be examined by the Routine section to see if they are complete with all the necessary enclosures. These will then be registered in the Despatch Register. The despatch serial number should be suffixed to the letter number and the date of despatch recorded on the office and fair copies. The office copy bearing the despatch stamp and the dated initials of the despatch clerk will be sent back to the section immediately thereafter. The letters intended for the same office should be despatched in one cover. Care should be taken in addressing the letter and noting the references outside the covers.

In the case of letters not typed on printed office letter heads, the office stamp should be affixed.

The letters despatched will be numbered serially from April to March. The citation of the subject in the Despatch Register must be brief but fully informative. A separate Despatch Register should be maintained for demi-official letters.

Secret and Confidential letters despatched will also be registered in a separate register kept for the purpose. These letters will be placed in a cover, sealed with the personal seal of the officer concerned, marked 'confidential' or 'Secret' and handed over by the Stenographer to the Despatch Clerk. The Despatch Clerk should place the sealed cover in another cover which should be sealed with office seal. The outer cover should not be marked 'Secret' or 'Confidential'. The office copies of the letters despatched bearing despatch stamp and the dated initials of the Stenographer will be returned to the section concerned. The following points should be borne in mind by the Despatch Clerk.

- 1) D.O. letters to local officers should be delivered to the Stenographers attached to the officers.

- 2) Bulky Parcels and insured articles should be sent invariably in cloth lined cover.

(CAG's letter No.2432-NGE.III/9-67 dated 20.11.1967)

- 3) Service Registers when sent by post should always be insured.

Letters despatched to other Railway Offices or other sections situated at Hubli need to be routed through the 'Routine' section.

Papers to be despatched to the Divisional/Branch Offices will be listed by the 'Routine' section in a transit memo, prepared in triplicate. Two copies of the memo will be sent to the Divisional Branch Offices with the papers and one of these will be received in due course with the acknowledgement. The receipt of these should be watched by the Routine section clerk and the receipted copies will be attached to the original memo. The original and acknowledged copies of the transit memo should be preserved carefully. Letters to be sent to the Railway Offices outside the Headquarters and to the Divisional/Branch Offices will be sent through the Railway Free Service as far as possible.

The same procedure as mentioned above will be followed in the Divisional/Branch Audit Offices in forwarding correspondence/files etc. to the Head office or other Divisions/Branches.

The out-turn in respect of despatch of letters fixed by the Comptroller and Auditor General of India is 310 letters per day per clerk.

(CAG's letter No.100-O&M/39-86 dated 30.1.1987)

STAMP ACCOUNT

313. Stamp Account: Wherever possible, letters will be sent by Railway Dak. In other cases, service postage stamps may be used.

Particulars of letters sent by post and value of postage stamps used should be noted in the Register of Stamp Account. The stamp account should be checked daily by the despatch clerk and the stamps on hand verified by the Asstt. Audit Officer in charge on the last working day of the month. The register should be put up to the Branch Officer on the first day of every month.

In the case of letters sent by registered post, the postal receipt should be pasted in the Register of Stamp Account.

Whenever the stamp imprest is to be recouped, a cheque should be obtained from the Financial Adviser and Chief Accounts Officer through a pay order in favour of the Post Master and sent to the Post Office along with the indent for stamps in form T.R.35 indicating the denominations. Service stamps required by the Divisional and Branch Offices may be obtained from Headquarters office.

The value of the stamps on receipt will be entered in the stamp account.

MAINTENANCE OF FILE / RECORD

REGISTER OF FILES CUSTODY WEEDING AND DESTRUCTION

314. Weekly Arrear Report of letters: One week for 'A' Dak and 15 days for 'B' dak are allowed for clearance of letters. An arrear report in the form given in Annexure-II to this Chapter should be submitted to the Branch Officer every Monday.

Confidential Inward Diary and D.O. Diary maintained by the Stenographers, should be closed every Friday taking into account the communications received upto the previous Friday and put up to the Principal Director of Audit/Director/Deputy Director on the following Monday, after ascertaining the disposal of confidential / D.O. letters.

315. Supply of copies of orders and circulars to various sections: Copies of orders and circulars of the Ministries of Government of India, Railway Board, Comptroller and Auditor General of India, General Manager etc. on subjects pertaining to more than one section will be initially received by the Headquarters Sections concerned. Copies of these orders will be furnished by these sections to the other sections.

Letters dealing with special investigations will, however, be initially received by the SAG section as the Principal Director of Audit may direct, and further action will be coordinated by the section.

316. Maintenance of Files: Each section should maintain a manuscript Register of Files containing columns to indicate

1. Date of opening
2. Number of the file
3. Subject
4. Date of closure
5. Due date of destruction

The register of files should be kept as a permanent record.

No new file should be opened without the approval of the Branch Officer. The files should be opened in such a way that orders and important decisions on a subject are filed separately from routine correspondence on the subject. Correspondence dealing with clarifications or amendments should, however, be dealt with in the order file itself. Only one copy of the letter should be kept in the files, spare copies being preserved separately.

In all important files, notes and correspondence should be filed separately. No noting should be made on the PUC. In such files, in addition to numbering the pages, the correspondence (viz. receipts and issues) should also be serially numbered, this number being quoted on the note side, before the number and date of the letter while putting up disposal. The file should not be allowed to become too bulky, and a second volume of the file should be opened when a file contains about 200 folios. When a second volume of a file is opened, the first and second volumes should be distinctly marked as Volume I and Volume II. In respect of all orders files, an index sheet should be prepared in the following proforma:

S. No.	Page No.	Lr. No. & Date	Gist of the orders
--------	----------	----------------	--------------------

When a file is closed, clear remarks should be made on the cover of the file to indicate the number of years for which the file should be preserved, in accordance with the period of preservation indicated in *Appendix I to Railway Audit Manual* and further orders issued on the subject. Necessary entry in the relevant column of the Register of Files should also be made.

The Register of Files should be submitted to the Branch Officer every month indicating the numbers of files opened and closed during the previous month.

317. Custody of Confidential and Secret Files: Confidential and Secret correspondence, documents etc. should be placed in files marked as such, and kept in the personal custody of Asstt. Audit Officer. These files should be given separate numbers in the Register of Files and a list thereof maintained separately by Asstt. Audit Officer of the section. When the Asstt. Audit Officer is transferred from a Section, these files and the list should be handed over to the successor and the fact mentioned in the handing over note. Confidential and secret papers relating to Administration Section, should be kept in a separate locker.

318. Maintenance of Records: Files should be neatly arranged in almirahs or racks according to major and minor heads and current files being segregated from others not frequently required.

Asstt. Audit Officers should keep a close supervision over the work of Auditors/Sr. Auditors and general up-keep of records.

319. Weeding and destruction of old records: A review of the records for the purpose of destruction should be conducted by all sections quarterly in March, June, September and December. The old records which are due for destruction should be entered in a register and submitted every quarter as mentioned above to Deputy Director/Director for approval. After approval, all confidential papers should be destroyed under the supervision of the Branch Officer and the rest sold as waste paper to the highest bidder duly obtaining the required quotations from

the local waste paper merchants. The records need not be sent to Administration section.

A list of items not included in Appendix I to Railway Audit Manual for which period of preservation has been fixed by the Principal Director of Audit is given in Annexure III to this Chapter. Orders of the Principal Director of Audit should be obtained for destruction of such records as are not included either in Appendix I to Railway Audit Manual or in Annexure III.

The period of preservation of a closed file or register should be reckoned from the end of the financial year in which the file or register is closed. For example, if a file is closed in August 2007, and it is required to be preserved for three years, the period of 3 years should be reckoned from 1st April, 2008.

REGISTERS

GENERAL INSTRUCTIONS SECTIONAL REGISTER CALENDAR OF RETURN PENDING CASES REGISTER REGISTER OF OUTWARD CORRESPONDENCE DEAD STOCK REGISTER OFFICE ORDER REGISTER REGISTER OF LIST OF TABLES / KEYS

320. Maintenance of Registers – General Instructions applicable to all Registers: All registers should be maintained in the prescribed form, code words assigned to the registers such as C.R. for Calendar of Returns, S.R. for Sectional Register etc. should be indicated above the title of the register. Name of the Section, year, due dates of submission to Branch Officer/Deputy Director/Director and period of preservation also should be indicated on the cover of the registers as in the specimen below:

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
SOUTH WESTERN RAILWAY
HUBLI

Administration Section

Calendar of Returns 2009-2010

To: B.O. every week

To: Deputy Director/Director once in a month

To be preserved for 2 years (upto 31.03.2012)

Reference to the authority such as para number of Railway Audit Manual, P.O.O. etc. requiring the maintenance of the register should be quoted on the first page of the register. The registers should be page numbered and the first and third pages set apart for index and record of submission.

Whenever new registers are opened, the Asstt. Audit Officer should record a certificate on the first page of the Register to the effect that all items have been correctly carried forward from the old register.

321. Sectional Register: Each Section should maintain a Sectional Register indicating the following:

- (i) Sanctioned strength;
- (ii) Nominal Roll in the prescribed proforma including Residential address;
- (iii) Duties of the section as a whole;
- (iv) Duties of each individual member;
- (v) Summary of important orders affecting the work of the section;
- (vi) Residential address of the officials

Duty list of Auditors/Sr. Auditors and Asstt. Audit Officers should be got approved by the Deputy Director/Director. Subsequent changes, if any, should have the prior approval of Deputy Director/Director. Signatures of the staff posted to the section should be obtained in the register in token of having noted the duty list.

As and when required, additional items of work may be allotted to staff by Branch Officers by written orders which should be filed separately and preserved permanently like Sectional Register.

The Sectional Register should be maintained properly and in such a way that fixing of staff responsibility in cases of failure will be rendered easy. It should be preserved permanently. As and when changes occur in the section due to transfer etc. an entry may be made in the register and the register submitted to the Branch Officer by 15th of each month.

(Para 110 of Railway Audit Manual)

322. Calendar of Returns: Each Section of the office should maintain a Calendar of Returns for each financial year showing the due and actual dates of despatch of returns or submission of reports and registers to the Branch Officer, Principal Director of Audit, Comptroller and Auditor General of India etc.

The returns/reports etc. should be classified as weekly, fortnightly, monthly, quarterly, half-yearly, yearly and occasional, and entered in separate sections of the Register. Under each section, the returns should be entered in chronological order. Particulars such as due date, to whom due, authority for the submission of the return should be indicated in the register. Wherever the date on which a return should reach Comptroller and Auditor General of India/Principal Director of Audit is specified, this should be indicated in the Calendar of Returns. Sections which receive returns from other sections/offices, should maintain an Inward Calendar of Returns to watch the receipt of returns. This may be maintained in the Calendar of Returns of the Section by allotting separate pages.

Asstt. Audit Officers should personally make entries of dates in the Calendar of Returns. Branch Officers should test check the dates at the time of every submission of the Calendar of Returns in such a manner that all items are covered in a year. Branch Officer should indicate the items test checked in a separate folio of the register.

Sections at Headquarters should put up their Calendar of Returns to Deputy Director/Director once a month. Units located at outstations may put

up the Calendar of Returns to Deputy Director/Director/Principal Director of Audit during their local visits.

The Calendar of Returns in respect of one or two units at Headquarters selected by the Principal Director of Audit monthly should be test checked by the Internal Audit Section and results of test check submitted to Principal Director of Audit for perusal.

Particulars of delayed/pending returns should be indicated in a separate section of the register in the following proforma and the reasons for delay explained, while putting up the register to the Branch Officer.

Part 'A' Delayed Returns					
S. No.	Category of return & Page Number	Name of the section and to whom due	Due date	Reasons for delay	Date of actual submission/ despatch

Part 'B' Pending Returns				
S. No.	Category of return and Page Number	Name of section and to whom due	Due date	Reasons for delay and action taken to speed up matters.

(Para 97 of Railway Audit Manual)

323. Pending Cases Register: Cases on which action is required to be taken at a later date as well as other cases which, owing to any reason, could not be disposed off finally should be noted in the pending cases Register. Only one entry should be made on a folio of the register so that sufficient space may be available for recording the progress of the case from time to time. The register should contain brief history of the case, reasons for keeping it pending, the date when further action is required to be taken and the position of the case from time to time. When a case is finally disposed off, this fact should be indicated in the register and attested by the Asstt. Audit Officer. The fly-leaf for submission of the register to the Branch Officer should indicate the opening balance, additions,

and deletions during the month, and the closing balance, with the serial numbers of the outstanding cases. The register should be submitted to the Asstt. Audit Officer every week and to the Branch Officer on or before the 5th of every month.

The proforma of the register is given in Annexure IV to this Chapter.

324. Register of Outward Correspondence: All letters for which replies are due should be entered in the Register of Outward Correspondence. The register should be put up to the Branch Officer on the last working day of the month indicating the Opening Balance, number of letters issued during the month, number closed during the month and the balance.

For the letters not replied to, upto first two, monthly reminders shall be issued by the Asstt. Audit Officer and the first three reminders shall be issued at Branch Officer's level as D.O. reminders at intervals of 15 days. Important cases where no replies are forthcoming inspite of the D.O. reminders should be put up to Director/Deputy Director/Principal Director of Audit, to be taken up at higher level.

325. Register of Reminders: A reminder register indicating the action taken on all the reminders received should be maintained in the following proforma and submitted to Branch Officer on every Monday.

S. No.	Reminder No. and date	From whom received	Subject	Connected file No.	Action taken
--------	-----------------------	--------------------	---------	--------------------	--------------

(Para 102 of Railway Audit Manual)

326. Register of Audit Notes and Special Letters: Each auditing section should maintain two registers to deal with:

- (i) Draft Audit Notes and Part II Audit Notes
- (ii) Part I Audit Notes and Special Letters

The registers should be maintained in the form given in Annexure V to this Chapter. These registers should be submitted to the Branch Officer on or before 5th of every month.

CODES / MANUALS

SUPPLY CORECTION SLIPS / POOS GAZETTE

327. (a). Codes, Manuals and other publications: Copies of the various codes issued by the Railway Board are supplied free for official use by the Manager of Publications, New Delhi.

Subject to the limitations in the Schedule of Powers and other rules or orders of competent authority, Principal Director of Audit is empowered to purchase from the allotments for contingencies books and periodicals required for the Head Office and Branch Offices.

All Codes, Manuals etc. received in the office are distributed to various sections.

(b). Supply of Codes/ Manuals at concessional rates to Examination candidates: Staff who are preparing for the Departmental Examinations are eligible to obtain the books of general use in the office at concessional rates only once.

(Para 2.12 of Manual of Standing Orders(Admn.) Vol. I)

328. Correction Slips: (a) For the efficient functioning of audit, it is essential that all Codes and Manuals and other books of reference are kept corrected upto-date. For this purpose, the Headquarters sections have been made responsible for the maintenance of master copies of Code Books, Manuals etc. as indicated in Annexure VI to this Chapter. Correction slips will be initially marked in the dak to the Headquarters section concerned which will supply copies to other sections.

The Branch Officers should also personally ensure that the above instructions are invariably complied with by the sections in their charge and furnish a certificate to that effect to 'COR' section quarterly (on 15th of April, July, October and January). The Headquarters Sections concerned should also

furnish the List of Correction Slips (both advance and printed) received during each quarter to all Divisions/Sections on the same dates as specified above under advice to 'COR' Section. The distribution of the correction slips as and when received and the quarterly list of correction slips may be confined to only such publications which are commonly required for reference by the auditing units.

In order to update the Manual, the nominated sections should review the existing provisions with reference to further instructions issued through circulars on the subject, changes in accounting procedure and suggest issue of Correction Slips wherever necessitated through COR Section.

For this purpose, the earmarked sections should send quarterly a report to COR Section indicating the paras requiring correction and the correction slips proposed. The report should reach COR Section by 15th of April, July, October and January every year.

The sections indicated in Annexure VI to this Chapter should initiate action for the issue of correction slips through 'COR' section to the Office Manual as and when necessary.

(b) P.O.Os. issued by Financial Adviser and Chief Accounts Officer: The scrutiny and distribution of P.O.Os. issued by the Financial Adviser and Chief Accounts Officer to all sections/divisions devolve upon the Headquarters Auditing sections concerned.

OFFICE LIBRARY

329. Office Library: Each Divisional Audit Office, Branch Office and Sections at Headquarters will have an office library. Principal Director of Audit and Directors/Deputy Directors have separate libraries. The library of the Administration Section and Principal Director of Audit's and Director's/Deputy Director's libraries will be maintained by a clerk nominated for the purpose. Libraries in the Divisional/Branch Offices will be maintained by the Clerk/Typist attached to those offices.

The clerk entrusted with the maintenance of the library should maintain a register indicating particulars of books or publications in the library with details such as year of publication, date of receipt etc. A separate register should be maintained for noting down issue of books to the staff and their return. The office library will contain all the codes, manuals etc. The libraries of the Principal Director of Audit/Director/Deputy Director will consist of only such of the Railway and Civil Codes and Manuals which are required for day-to-day reference. The books in stock on 31st March every year in the office library and the Principal Director of Audit and Director/Deputy Director libraries should be verified by a Asst. Audit Officer to be nominated by the Deputy Director/Director in charge of Administration. The result of such verification should be submitted to Director/Deputy Director (Administration). Certificates of verification of books in the libraries in Branch/Divisional Offices should also be submitted to the Director/Deputy Director (Administration). When codes, manuals etc. are found missing during such verification, immediate action should be taken to fix the responsibility for the loss, and orders of the Principal Director of Audit obtained for recovery/write off.

(Paras 2.15.1 to 2.15.2 of Manual of Standing Orders(Admn.) Vol. I)

330. Gazettes: Routine section will keep the gazettes filed carefully, section-wise in serial order, after they are seen by the Gazetted Officers. Other sections to whom the Railway Gazettes are supplied should file them carefully, section-wise in serial order, after taking necessary action on matters with which each section is concerned.

331. Furniture: Furniture required for general use in the office such as almairah, racks etc. may be provided according to the requirements of each office. Supply of furniture for the use of the individual staff or officers is governed by the scales laid down by the Comptroller and Auditor General of India as indicated in Annexure VII to this Chapter.

Furniture required for the office may be purchased locally, subject to availability of funds. In regard to purchase of steel almairahs, safes, chairs,

tables etc. rate contracts entered into by the D.G.S.&D. with the manufacturers of repute should be taken advantage of.

332. Dead Stock Register: Asstt. Audit Officers are responsible for the maintenance of the furniture available in their sections. The list of dead stock items handed over by Administration Section may be displayed and kept in each section for easy verification. If, at any time, any of the dead stock items in one section is transferred to another section, it should be shown as “issue” in the remarks column of the list and intimated to Administration section for necessary adjustments in the Master Dead Stock Register as well as in the Guard File maintained in Administration Section. Similarly, the receiving section should make necessary entry in the list as “receipt”.

The furniture available in each section should be entered in the respective Sectional Registers.

An annual certificate of verification of dead stock items available in each section, should be sent to Administration section by the end of December, every year through the respective Branch Officers, after recording necessary certificate of test check.

(Para 108 of Railway Audit Manual)

333. Telephones: Calls on the P&T Telephone should be kept to the minimum, and the Railway Telephone should be used wherever available. Private calls should not be made on the P&T Telephones except when urgently required. Trunk calls on private account from the office telephone should be made only in exceptional cases with the prior permission of the Audit Officer/Sr. Audit Officer (Administration)/Branch Officer. A record of such private calls should be made in the ‘Register of Trunk Calls and Phonograms’ maintained in the Administration Section. Charges for the private trunk-calls should be deposited by the staff concerned as soon as the Telephone bill is received. Sr. Audit Officers/Audit Officers, Asstt. Audit Officer (Administration) and Private Secretary to Principal Director of Audit and Personal Assistants to Director/Deputy Director will be responsible to see that no unauthorised use of the P&T Telephone is made.

The Administration Section will send once in a year i.e. as on 1st January, a report to the Comptroller and Auditor General of India regarding distribution of Gazetted posts and telephone list of Group 'A' Officers in the prescribed proforma.

(CAG's letter No.4633-GE.I/79-86 dated 9.9.1986)

Similarly, every half-year on 15th January and 15th July, information regarding telephone numbers of officers upto the level of Assistant Audit Officers in the prescribed proforma should also be furnished to Comptroller and Auditor General of India.

(CAG's letter No.661-RAI/17-50/83 dated 27.12.1983)

The Stenographers should keep the telephone directories corrected upto-date.

334.(a). Newspapers and Periodicals: Newspapers and periodicals shall be received by the Library Clerk who after noting their receipt in the register maintained for the purpose, shall stamp them and hand over to the Private Secretary to Principal Director of Audit. After the periodicals have been seen by the Principal Director of Audit and Director/Deputy Director, they will be sent to Secretariat for scrutiny and cutting out important and interesting matters for an examination. Thereafter, the papers will be sent to Administration Section for disposal.

(b) Newspapers clippings appearing in the local newspapers (English and vernacular) relating to coverage of Audit Reports or which may be of importance from an Audit point of view, should be sent in the prescribed format as and when they appear, by Secretariat section to the Comptroller and Auditor General of India.

(CAG's D.O. Letter No.F.66/O&M/87 dated 7/8.7.1987)

335. Office Orders and Office Order Register: (i) Office Order: Appointments, transfers, promotions, leave and other personnel matters of members of staff are notified through Office Orders. These O.Os. should be entered in the O.O.

Register maintained in the Administration Section and should be serially numbered. A separate register should be maintained for Office Orders issued in connection with appointments, transfers etc. of Gazetted Officers.

(ii) Procedure Office Order: Orders dealing with changes in procedure, interpretation and modification of rules etc. received from the Comptroller and Auditor General or approved by the Principal Director of Audit for implementation, are notified through P.O.Os. These P.O.Os. affecting audit procedure and P.O.Os. on other matters will be entered in the P.O.O. Register maintained in Co-ordination Section and serially numbered.

P.O.Os. emanating from other sections should also be routed through Co-ordination Section which will arrange to obtain the approval of the Principal Director of Audit and assign the serial number with reference to the P.O.O. Register.

If a P.O.O. warrants a correction to the Office Manual, the 'COR' section should simultaneously draft the correction slip and obtain the approval of the Principal Director of Audit. The correction slips should be serially entered in the Register of Correction Slips maintained.

Orders or decisions of a transitory nature like posting of Group 'D' to sections, temporary re-distribution of work among Clerk/Typists etc. need not be notified through P.O.Os and should be issued through Office Orders or Circulars, as the case may be.

336. Departmental Security Instructions: Detailed instructions contained in Ministry of Home Affairs, Office Memorandum No.21/1/56 Poll.1 of 6.5.1957 should be borne in mind by the members of staff who are required to deal with classified documents.

337. Security arrangements of the Office: The following procedure relating to security arrangements of the office has been laid down so as to conform to the directives issued by the Ministry of Home Affairs (Government of India) and the Comptroller and Auditor General of India.

The Clerk nominated for the supervision of the closing of the main office building should ensure that the office is locked every day at 18.15 hours. The keys are deposited with RPF. The clerk should enter the time of opening and closing of the office in a register maintained for the purpose.

The procedure outlined above should be followed by the sections situated in, Divisional Audit Office, Construction Audit Office, Rail Wheel Factory/ YNK and Workshop and Stores Audit Office. Whenever the office is required to be opened during Holidays permission of Deputy Director/Director should be obtained and Audit Officer/Sr. Audit Officer (Administration) informed accordingly. The staff who are permitted to open the office should also follow the procedure for opening and closing of office mentioned above.

338. Closing of the Audit Recreation Club: The Audit Recreation Club should cease its activities for the day by 20-00 hours sharp. The club room should be locked and the key placed in a box, sealed and signed by the last member present in the club. The sealed box should be handed over to the Chowkidar of the office and in token of it, the member should sign in the register kept for the purpose indicating the time of closure. Similarly, when the club is to be opened, the member should obtain the sealed box containing the key of the club after signing in the register maintained for the purpose.

(CAG's letter No.1229-NGE.I/119-68 dated 15.5.1968)

339. Issue of keys of tables, cupboards etc. and custody of duplicate keys: A register will be maintained by the Asstt. Audit Officer (Administration) in which complete particulars of all tables, cupboard, etc. with locking arrangements, such as description, maker's name, painted number, name of the official to whom the furniture is issued and key number will be recorded. The signature of the official to whom the original key is issued will be obtained in this register at the time of initial allotment and whenever there is a change in the person using the furniture. Duplicate keys of tables, cupboards etc. in use by Audit Officers/Sr. Audit Officers will be kept in the custody of the Deputy Director/Director. Duplicate keys of tables/cupboards etc. used by staff will be kept in the custody of the Branch Officers concerned. The Deputy Director/Director and the Branch

Officers will arrange to maintain registers for recording the particulars of the duplicate keys in their custody. Acknowledgement of the Chowkidar/Group 'D' concerned will be obtained by the Senior Auditor in charge of care-taking (Administration) in the register maintained by him, for the keys of garages, lavatories etc.

In the event of loss of a key, the official concerned should intimate the same to the Audit Officer/Sr. Audit Officer (Administration) and to the Officer with whom the duplicate keys are kept. The duplicate keys will be issued after obtaining the signature of the official in the register maintained.

When replacements for lost keys are obtained, the cost of the same will be recovered from the official responsible for the loss of the original key.

Annexure I (Para 306)

CENTRAL 'A' DAK REGISTER

Date of receipt and Sl. No.	Letter No. and Date	From whom received	Subject in brief	Section to which given
--------------------------------	------------------------	-----------------------	------------------	------------------------

Annexure I (Para 306)

'B' DAK REGISTER OF ROUTINE SECTION

Date:

No. of 'B' Dak letters received	Distribution of 'B' Dak letters										

	COR	Admn	Reports	IHQ	EHQ	XHQ.	TA	BHQ	EDP	DN	W&S
								UBL	UBL		

Annexure I (Para 306)

A/B DAK

Date of receipt	Sl. No.	Lr.No. and date	From whom received	Subject	Initials of Auditor	Ref. To File No.	Initials of Auditor
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Annexure-II (Para 314)

'A' & 'B' DAK ARREAR LIST OF SECTION OF OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT, SOUTH WESTERN RAILWAY

Letters received during the week/fortnight:	'A' Dak from	To	Receipt Nos.	but not disposed of by
	-----	-----	-----	
	'B' Dak from	To	Receipt Nos.	
Total Nos.				

'A' Dak / 'B' Dak:		'A' Dak / 'B' Dak	
(A) Letters outstanding for previous period :		(D) Letters kept pending	
(B) Letters received during the period :		i) for less than a month	
Total :		ii) for over a month of receipt(Details below)	
(C) Letters disposed of finally :		(E) Letters on which action is outstanding	
Balance(Details at D & E)		i) over one week/15 days but less than 15 days/month of receipt.	
		ii) Over 15 days/month of receipt (details below)	

Category D(ii) & E(ii)	Receipt No. & Date	Lr.No. & Date	From whom received	Subject	Explanation for delay
---------------------------	--------------------	---------------	--------------------	---------	-----------------------

Statement showing the period of preservation of the various kinds of records maintained in the Principal Director of Audit's Office, South Western Railway, which do not appear in Appendix I to the Railway Audit Manual.

Sl.No.	Description of records	Period of preservation in complete account years
<u>I. REGISTERS:</u>		
1.	Register of Railway Board's sanctions	20 years
2.	Register of General Manager's sanctions	20 years
3.	Register of Head of Department's sanctions	20 years
4.	Register of reminders	02 years
5.	Register of recoveries at the instance of Audit	03 years
6.	Register of review of contracts	05 years
7.	Register of common defects noticed in Administrative Offices	02 years
8.	Register of review of Accounts Office work	03 years
9.	Register of original audit by Gazetted Officers/Assistant Audit Officers	03 years
10.	Register of cases for possible inclusion in Audit Report	02 years
11.	Register of draft paras	10 years
12.	Register of Railway Board's Dak Summary	3 years for COR & 2 years for others
13.	Register of progress of inspections	06 years
14.	Register of important cases	05 years
15.	Register of review of productivity of outlay	Permanent
16.	Register of points to be seen at inspections	Permanent
17.	Register of sanctioned strength (Administration Section)	Permanent
18.	Audit expenditure register (Administration)	05 years
19.	Cash receipt and remittances register	05 years
20.	Register of Liabilities	05 years

Sl.No.	Description of records	Period of preservation in complete account years
21.	Register of Typewriters	Permanent
22.	Hindi Roster	Permanent
23.	Register of O.Os.	03 years
24.	Stationery account Register	02 years
<u>II. FILES ETC.:</u>		
1.	Requisitions for vouchers	06 years
2.	Dak Slips	02 years
3.	Inspection Programme File	03 years
4.	Man-Hours Statistics (Except Orders)	02 years
5.	Setting up of Benevolent Fund	Administration Section - Permanent, Others - 5 years
6.	Review of Court Cases	03 years
7.	Monthly Statistics of repairs to Locomotives, Carriages and Wagons etc. (Published by the Railway Board)	05 years
8.	Annual Statistics of Locomotives, Carriage and Wagons etc. (Published by the Railway Board)	05 years
9.	Review of published statistics of Railways - File	05 years
10.	File regarding Power cost statements	03 years
11.	File regarding wagon-building programme (sanctions of the Railway Board)	20 years
12.	File regarding arbitration awards	10 years
13.	File regarding division of rolling stock between India and Pakistan	Permanent
14.	File regarding the introduction of uniform cost accounting in Railway Workshops (Sarkar's report)	Permanent
15.	Rolling stock statements of Ex.B.L. Railway	Permanent
16.	Incentive Schemes papers etc.	10 years
17.	Material for all India Civil List	01 year

Sl.No.	Description of records	Period of preservation in complete account years
18.	Annual Returns regarding deputationists	3 years after the deputationists return to parent office.
19.	South Central Railway Fortnightly Gazettes	02 years
20.	Papers relating to Gazetted Officer's meeting	COR-5 years, Others-2 years
21.	Petty works programme	10 years
22.	Quarterly/Half yearly progress reports of Major works received from the Administration and similar statements	02 years
23.	Returns to COR and other Headquarters Sections	COR-3 years, Others-2 years
24.	'A' dak and 'B' dak Arrears lists	02 years
25.	Correspondence with other Audit Offices	03 years after case is closed
26.	Statistics of volume of work done	03 years
27.	Papers relating to certification of eligibility of leave to Gazetted Officers of the Accounts Department and check of their service statements	02 years
28.	Copies of quarterly printed list of Gazetted establishment received from the Railway Administration	05 years
29.	Report on the check of L.P.R. cases	03 years
30.	Paper relating to review of Foreign Service Contribution	02 years
31.	Monthly Lists of Tenders	02 years
32.	A.Ts. received from COS	02 years
33.	Copies of Auction Sale orders	02 years
34.	Copies of Tenders placed by the Railway Board	03 years
35.	Survey Board Reports	03 years
36.	Head of Department's sanctions	05 years
37.	SOG Exam File	05 years
38.	Answer Books of departmental examination (confirmatory)	1 year after the declaration of results if no petition is pending

Sl.No.	Description of records	Period of preservation in complete account years
39.	Arrear Claims	3 years or 1 year after completion of Audit whichever is latter
40.	Festival Advance	1 year after final recovery
41.	Advance of pay on transfer	1 year after final recovery
42.	General Inward & Outward Index registers	05 years

(Authority: HQrs., Office's Circular No.05-O&M/1993 No.673-O&M/62-90 dated 15.10.1993)

- Note:1. Subsidiary selection registers are being maintained by sections in some cases viz. for JVs, stores bills etc. The period of preservation of these should be the same as for selection Registers. Similarly, papers on which selection is taken separately in some cases should be preserved for the same period.
2. S.No.23 of the list: 'A' and 'B' Dak returns sent to 'COR' section for consolidation etc. may be preserved in that section for 3 months only.

REGISTER OF PENDING CASES

To Asstt. Audit Officer : Every Monday
Branch Officer : 5th of every month
To be preserved for two years

Record of Submission

Month of Submission	Date	Opening Balance	No. issued during the Month	Total	No. closed during the month	Closing Balance (Sl. Nos. of cases)	Initials of		
							Ar./ Sr. Ar.	SO/ AAuO	B.O.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Contd.....

PARTICULARS OF CASES

Sl.No.	Case No. and File No.	Subject and action required	Action taken
(1)	(2)	(3)	(4)

1.

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
SOUTH WESTERN RAILWAY
HUBLI

.....

_____Section.

Register of Special letters/Part I Audit Notes (2000-01)
(To be preserved for 5 years)

I N D E X

1. Record of submission.
2. Issue of Special letters
3. Issue of Part I Audit Notes

In the record of submission, particulars such as opening balance, (No. & Items) issued during the month, closed during the month and outstandings at the end of the month should be given.

Special letter

(Not more than 2 letters should be noted on each page)

Sl. No.	Lr.No. & Dt. and subject	To whom issued	No. of Paras involved & brief particulars of the Objection (use catchwords)	Money value involved	Ref. to inward diary, if any	Date of Reminder/ Rejoinder	No. & Dt. of final reply	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	9.

Contd.....

Part I Audit Notes

(Not more than 2 cases should be noted on each page)

Sl. No.	Lr.No. & Dt. and subject	To whom issued	No. of Paras involved & brief particulars of the Objection (use catchwords)	Money value involved	Ref. to inward diary, if any	Date of Reminder/ Rejoinder	No. & Dt. of final reply	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	9.

Contd.....

Part II AUDIT NOTES

Sl. No.	Ref. to RAN No. & Date	Pt. II Audit Note No. & date	Particulars	No. of Paras	Money value if known	Action taken
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Note: The Register of Progress of Inspections and the disposal of Inspection Reports should be maintained as indicated in Chapter XVI (Inspections) of the Office Manual

LIST OF CODE BOOKS/MANUALS ETC. ASSIGNED TO VARIOUS
HEADQUARTERS SECTIONS FOR UPKEEP

.....

Sl. No.	Headquarters Section	Particulars of Code Books/Manuals etc. assigned
I.	Administration	<ol style="list-style-type: none"> 1) CAG's Manual of Standing Orders(Admn.) 2) FRs., SRs and CSRs 3) GPF Rules 4) Medical Attendance Rules 5) GFRs 6) Delegation of Financial Powers 7) CCS (Conduct) Rules 8) CCS (Control, Classification and Appeal Rules)
II.	Coordination	<ol style="list-style-type: none"> 1) Secret Memorandum (Railways & Civil) 2) Railway Audit Manual 3) Manual of Standing Orders (Audit) 4) Office Manual 5) Introduction to Indian Government Accounts and Audit 6) Audit Reports (State and Central) 7) PAC's Reports and connected publications 8) CAG's quarterly Audit Bulletins
III.	ECPA	<ol style="list-style-type: none"> 1) Railway Board's Manual of Statistical Instructions Vol.I and II 2) General Manager's Annual Reports 3) Report of the Railway Board on Indian Railways 4) History of Indian Railways 5) Domestic Statistics 6) Constitution of India
IV.	Books and Budget	<ol style="list-style-type: none"> 1) Railway Accounts Code - Part I 2) All volumes of Civil Account Codes 3) CAG's list of Major and Minor heads of Accounts 4) Compilation of Treasury Rules 5) Pay and Accounts Office Manual and Forms 6) Railway Budget Papers including Pink Books, Demand for Grants, Explanatory Memorandum on Railway Budget, Printed Appropriation Accounts and connected publications

V.	Establishment Headquarters	<ol style="list-style-type: none"> 1) Railway Establishment Code Vol.I and II 2) Railway Board's Establishment Manual 3) Schedule of Powers (Establishment matters and Accounts Department) 4) FA&CAO's Manual (Establishment and P.F. Sections) 5) Pension Manual 6) Workmen Compensation Act 7) Minimum Wages Act 8) Hours of Employment Regulations 9) Payment of Wages Act
VI.	Expenditure Headquarters	<ol style="list-style-type: none"> 1) Railway Engineering Code 2) Schedule of Rates 3) Hand Book of specifications 4) Schedule of Powers (Works, Catering, Miscellaneous and Public relations matters) 5) Railway Board's Way and Works Manual 6) Central Public Works Department Accounts Code 7) Open Line Works Programme 8) Railway and Finance and Administration Code (F & G)
VII.	Traffic Audit	<ol style="list-style-type: none"> 1) Railway Traffic (Commercial) Code 2) Railway Accounts Code Part II - Traffic Accounts 3) Rate Tables, Tariffs, Supplements and other publications issued by I.R.C.A. and Railway Administration 4) I.R.C.A. Conference Rules 5) Schedule of powers (Traffic matters) 6) Publication on simplification of traffic accounts
VIII.	Workshop	<ol style="list-style-type: none"> 1) Railway Mechanical Code 2) Railway Board's Rolling Stock Programme 3) FA&CAO's Manual (Workshop Accounts) 4) Factories Act
IX.	Inspection Headquarters	<ol style="list-style-type: none"> 1) Pass Manual, FA&CAO's Manual (Inspection Section)
X.	Stores Headquarters	<ol style="list-style-type: none"> 1) Railway Stores Code 2) Schedule of Powers (Stores Matters) 3) FA&CAO's Manual (Verification Section)

Scale of Furniture

The following are the scales of furniture laid down for the offices of the Indian Audit and Accounts Department.

For Principal Director of Audit:

Cotton Durry	..	1
Woolen Carpet	..	1
Table Officer's	..	1
Side Table	..	1
Armed Chairs	..	6
Chair Armless	..	1
Easy Chair	..	1
Door Mat	..	1
Side Rack	..	1
Hat Stand	..	1
Book Case(Revolving or glazed)	..	1
Foot Rest	..	1

For Deputy Director/Director:

Woolen Carpet	..	1	(12'x9')
Table Officer's	..	1	
Side Table	..	1	
Side Rack	..	1	
Armed Chairs	..	3	
Cotton Durry	..	1	
Door Mat	..	1	
Hat Stand	..	1	
Chair Armless	..	1	
Book Case(Revolving or glazed)	..	1	
Foot Rest	..	1	

For Sr.Audit Officer/Audit Officer:

Officer's Table	..	1
Side Table	..	1
Side Rack	..	1
Armed Chairs	..	2
Chair Armless	..	1
Cotton Durry	..	1
Book Case	..	1

Asstt. Audit Officer (Audit):

Table (Supdt.)	..	1
Side Rack	..	2
Armed Chairs	..	2
Armless Chair	..	1

For Auditors / Stenographers / LDCs / Daftries:

Clerk's Table	..	1
Clerk's Chair	..	1
Side Rack	..	1 (for Auditor & Stenographer only)

For Typists:

Table Typist	..	1
Chair Clerk	..	1

For Group 'D' Staff:

One Stool each

(Authority: Comptroller and Auditor General of India's Lr. No. 80-NGE.I/26 dated 15.01.1965)

CHAPTER - IV

ADMINISTRATION

Para 401. This section deals with the personnel and administrative matters relating to the office which are generally indicated below:

(a) Administration:

- (i) Appointment, transfers, promotions, deputations, grant of leave and grant of advances etc. of staff upto Audit Officers/Sr. Audit Officers' grade.
- (ii) Recruitment of Group 'D' and casual labour.
- (iii) Office accommodation.
- (iv) Section Officers' Grade Examination and other departmental examinations.
- (v) Maintenance of Service Registers and Leave accounts.
- (vi) Preparation of Pension Papers.
- (vii) Maintenance of casual leave account of all Branch Officers of staff of HQrs/UBL.
- (viii) Issue of Privilege Passes/PTOs, Duty cheque passes and maintenance of accounts thereof of all the Group 'A' & 'B' officers, Group 'C' and 'D' officials of Administration, Co-ordination, EDP, Reports, SAG and Inspection Headquarters Sections. Issue of complimentary passes, school passes, card passes, transfer passes, sports account passes etc. of all the officers and staff at Headquarters.
- (ix) Procurement and upkeep of furniture and office machinery.
- (x) Indenting and supply of Stationery and liveries.
- (xi) Receipt and Despatch.
- (xii) General Maintenance and Upkeep of Office Library.

(b) Bills:

- (i) Settlement of personal claims of the members of staff, including officers.
- (ii) Passing of miscellaneous bills.
- (iii) Maintenance of Recovery Registers.

(c) Budget and Control over Expenditure:

- (i) Preparation of temporary staff proposals, and Budget proposals.
- (ii) Registers of expenditure and their reconciliation.
- (iii) Submission of Control Statements and other returns to Comptroller and Auditor General of India.
- (iv) Appropriation Accounts relating to the accounts of this office.

(d) Welfare and Caretaking: Welfare Assistant: To assist the Welfare Officer, a post of Welfare Assistant is operated in the Administration Section. He is entrusted with the following duties.

(a) Staff matters:

- (i) Assisting the Welfare Officer in looking into the difficulties or grievances of members of the staff and arranging for personal hearing, wherever possible.
- (ii) Providing assistance to members of the staff who become suddenly ill or those who are chronically ill. To assist staff members in securing accommodation facilities in Hospital and to help, in case of need, families of persons on protracted tour.
- (iii) Helping, where essential, the members of the staff in securing admission of their children in schools, colleges and other educational institutions.
- (iv) Assisting staff members in connection with staff welfare, such as Benevolent Fund etc. as may be entrusted from time to time. Liaison with staff Benevolent Fund Committee in providing financial help.
- (v) Initiating action for providing immediate monetary relief to the members of the bereaved family in case of death while in service.
- (vi) Ensuring that payment of settlement dues of retiring officials etc. is effected promptly by the day following the date of retirement by contacting the Accounts Officers concerned and the pension payment orders are also issued expeditiously by the Accounts Officers.

- (vii) Attending to the complaints regarding the delays in the payment of dues to the members of staff and ensure that such payments are effected promptly.
- (viii) Assistance to staff members in arranging for procurement of life-saving drugs.
- (ix) Helping the staff to obtain blood from blood banks in urgent need, promoting donation of blood.
- (x) To attend to representation of Group 'D' personnel.

(b) House Keeping:

- (i) Cleanliness of office premises and bath-rooms including adequate water supply as also drinking water supply.
- (ii) Neatness of work place and proper maintenance of furniture.
- (iii) Removal/weeding and destruction of unwanted records and elimination of congestion in sections.
- (iv) Adequacy of light and ventilation in the offices.
- (v) Arranging parking lots for cycle and scooters and ensuring their safety and protection against sun and rain, to the extent possible.
- (vi) To assist Administration in local purchases by obtaining quotations/ tenders and scrutinizing the same.
- (vii) Supervision and maintenance of the garden.

(c) Care-Taking:

- i. To ensure proper opening and closing of the office buildings.
- ii. Marking attendance of the Group 'D' staff, their deployment, control and making arrangements during the periods of their leave.
- iii. To attend to the representations of Group 'D' personnel regarding the supply of uniforms and other aspects.
- iv. Supervision of the work of maintenance of gardens by the Malis.
- v. Maintenance of the duty rosters of Chowkidars and making arrangements for the work when any of them is suddenly absent.

- vi. Tight control over the day-to-day security arrangements, especially checking the functioning of the Chowkidars outside office hours.
- vii. To look after the cleanliness of the office as a whole.
- viii. Inspection of sections from time to time and suggesting ways for improving the facilities in the sections in regard to furniture, adequacy of space, provision of lighting etc.
- ix. To be in constant touch with the Signal and Telecommunications Department regarding failure of telephones and the Electrical Department for failure of electricity and replacement of defective fans and bulbs.
- x. Maintenance and verification of dead stock items.
- xi. Any other duty in connection with the upkeep of the office as entrusted to him from time to time.

(d) Cultural and Recreational Activities:

- (i) To act as liaison in conducting Inter-Audit/Central Government Employees Welfare Coordination Committee Tournaments in various games arranged by the IA&AD/CGEWCC.
- (ii) To encourage players to participate in games.
- (iii) Liaison with the Recreation Club.
- (iv) To help in issuing notices regarding grant of permission to staff for leaving office early to attend sports events and for closing of office as a mark of respect to deceased employees, arranging for condolence meetings and despatch of condolence resolutions to the families of the deceased.
- (v) Any other work that may be entrusted by the Principal Director of Audit.

Para 402. Staff Proposals: Staff proposals:

The proposals for the creation of additional temporary posts/continuance of existing temporary posts supported by man-hour statistics is discontinued. Vide Comptroller & Auditor General of India letter No.1831-brs/sp/16-2007 dt.2007.

Para 403. Creation of Posts: All proposals for additional establishment should be scrutinised personally by the Head of the Office. Except in most exceptional and urgent cases, no proposals for additional staff or expenditure will be forwarded to the Comptroller and Auditor General during the first six months of the financial year, unless it has been specifically provided for in the Budget Estimates or the extra cost can be definitely met from savings within the budget provision of the office. In that case, it should be clearly stated that the cost involved will be met from savings in the budget. After the first six months of the financial year, proposals may be made if the expenditure is unavoidable. In making these proposals, it must be clearly explained why the provision could not be made in the Budget Estimate and why the expenditure cannot be postponed.

Para 404. Sanctions: All sanctions relating to gazetted posts are accorded by the Comptroller and Auditor General. The Principal Director of Audit is empowered to accord sanction for the creation of posts in Group 'C' grade which have already been approved unconditionally by the Comptroller and Auditor General for creation during the next year and have been included in the Budget. As provision for such posts will be made only for four months, the delegated powers are to be exercised within these financial limits.

(Comptroller and Auditor General's letters No.1267-BRS/60-69 dated 12.5.1970 and No.1269-BRS/60-69 dated 13.5.1970).

The annual review for conversion of temporary posts into permanent posts may be conducted in the first week of July each year.

(Comptroller and Auditor General's letter No.1224-N.III/64-82/IV dated 28.4.1983).

Sanction for the conversion of temporary posts of Group 'C' and 'D' into permanent ones, is accorded by the Principal Director of Audit, subject to the following conditions:

1. The posts are required for the work of a permanent nature and have been in existence for a period of not less than three years.
2. 90% of these temporary posts under each category upto Section Officer's level may be converted into permanent posts.

3. In case the calculation of posts at 90% result in fraction of post, the formula to be applied is that one half of more than half should be taken as one and less than half should be ignored.

Where the total number of posts which otherwise qualify for conversion into permanent posts exceed 90%, then the posts upto 90% may be converted into permanent posts by the Principal Director of Audit and proposals for the posts exceeding 90% may be sent to the BRS Section of Comptroller and Auditor General's office for seeking approval to the conversion of temporary posts into permanent ones.

The Principal Director of Audit is empowered to sanction continuance of temporary posts up to that of Supervisors and the creation of such posts on a temporary basis for seasonal work and for temporary work of an emergency nature subject to the following conditions.

A. Conditions for the continuance of the posts:

1. That all the circumstances justifying the original sanction by the Comptroller and Auditor General continue to exist.
2. That funds have either been provided in the budget/revised estimates or can be found by valid reappropriation from within the sanctioned budget allotment; and
3. That a report will be submitted to the Comptroller and Auditor General of having extended the posts, with brief reasons for such extension.

B. Conditions for the creation of Temporary Posts for seasonal/emergent work of a temporary nature:

1. That all the instructions issued by competent authorities regulating staff composition and standards of work are strictly observed.
2. That funds to meet the cost of the temporary posts can be found by valid appropriation or reappropriation from within the sanctioned budget allotment and that no expenditure is involved in future years.

Note: In respect of seasonal temporary posts that may be created by the Principal Director of Audit, there should be specific budget provision while for temporary posts required for emergent work it would be sufficient if funds can be found by valid appropriation or reappropriation.

A half-yearly report showing the sanctions issued in exercise of these powers should be submitted to the Comptroller and Auditor General in September and March every year (Nil report need not be furnished).

C. Creation/Continuance of posts required for clearance of arrears: Sanction of the Comptroller and Auditor General should be obtained for the continuance or creation of posts required for clearance of arrears.

(Comptroller and Auditor General's letter No.2781-NGE.II/59-61 dated 21.9.1961 and Ministry of Finance's (Government of India) letter No.F.20(7)-EG.I/61 dated 5.9.1961).

Para 405. Register of Sanctions: All sanctions for permanent and temporary posts should be recorded in a register, exhibiting therein permanent and temporary posts separately. The register should contain detailed information about the posts, date of sanction, purpose for which sanctioned etc. The entries in the register should be attested by the Audit Officer/Sr. Audit Officer (Administration).

Para 406. Sanctioned strength: A statement showing the sanctioned strength and staff in position as on first of every month and another showing the additional regular temporary posts sanctioned by the Principal Director of Audit under his powers as on the last day of the preceding month should be sent to the Comptroller and Auditor General so as to reach him on 10th of every month.

Para 407. Recruitment of Auditors, Clerk/Typists and Stenographers: The recruitment of staff in the above cadres in this office is done through Staff Selection Commission, Bangalore. The requisitions for the vacancies proposed to be filled in may be sent to Staff Selection Commission, Bangalore, according to the periodicity prescribed. The requisition should clearly indicate the requirements both under General and Reserved categories. A note may be kept in the Calendar of Returns maintained in the Administration Section to ensure the timely despatch of the requisition to the Staff Selection Commission.

The list of persons recommended for appointment along with the dossiers of each person in original and copies of various certificates submitted by

the candidates to the Staff Selection Commission is furnished by the Staff Selection Commission in response to the requisitions placed.

On receipt of the dossiers from the Staff Selection Commission, action should be taken to check the original certificates of the candidates regarding their age, educational qualifications, claim regarding membership of SC/ST or an Ex-servicemen, Physically handicapped person etc. and to issue offers of appointment. If some of the candidates do not respond to the offers of appointment sent to them, the vacancies thus remained unfilled may be included in the next requisition to be sent to the Staff Selection Commission. An intimation may also be sent to the Staff Selection Commission about the persons who did not respond to the offers made, returning the dossiers of such candidates to the Commission.

The candidates should be medically examined before they are appointed.

Para 408. Recruitment of Group 'D': For filling up of vacancies in Group 'D' cadre, requisition should be sent to the local Employment Exchange, in the prescribed format, keeping in view the extant instructions.

Minimum educational qualification for recruitment to Group 'D' posts (Peons) is a pass in the 8th Standard or equivalent examination. The possession of the minimum educational qualification of 5th standard is desirable for recruitment of Sweepers, Farashas, Chowkidars etc.

Applications sponsored by the Employment Exchanges and those who are already working as contingency paid labour in the office, provided they are registered with the Employment Exchange and possess the requisite qualifications for recruitment to the Group 'D' cadre should only be considered for appointment.

(Authority: (1) Comptroller and Auditor General's letter No. 3193-NGE.III/ 52-83 dated 16.01.1984 (Page 44 of Au/A/VI/2/Vol.III/ Orders., (2) Comptroller and Auditor General's letter No.4561-NGE.III/34-86/Vol.I-KW.3 dated 30.12.1987 (Page 104 of Au/A/Confdl/16/Orders)).

Para 409. Relaxation of age limit: The upper age limit for recruitment is 27 years for Group 'C' and 25 years for Group 'D' staff. The upper age limit may be relaxed upto 3 years in the case of OBC candidates and five years in the case of Scheduled Caste/Scheduled Tribe candidates.

(Page 247 of Au/A/16/O/Vol.II, Page 60 of Au/A/16/O/Vol.III, Page 121 of Establishment and Administration Manual, 2000 Edition)

The upper age limit in respect of persons who are within the prescribed age limit and placed in the panel may be relaxed upto one year by the appointing authority for their appointment *(Para 6.2.5 and 8.2, – Manual of Standing Orders (A) Vol.I)*. Relaxation of age limit requiring Comptroller and Auditor General's approval should be referred to him.

Para 410. Extension of time limit for joining duty for new recruits: Principal Director of Audit is empowered to grant extension of time to the extent indicated below:-

- (i) Without any limit where the delay is due to non-completion of medical formalities in respect of the candidate himself. In such cases, the panel seniority will remain intact;
- (ii) In all other cases, extension upto a maximum period of two months beyond the last date indicated in the offer of appointment can be granted. Seniority will be fixed with reference to the date of appointment of the candidate.

(Para 6.2.10 of Manual of Standing Orders(Admn) Vol.I)

Para 411. Appointments on Compassionate Grounds: Appointments in Group 'C' & 'D' Cadres of dependents of Government servants who die in harness (while in service including death by suicide) or who retire on medical grounds, will be considered by the Heads of Departments based on the following criteria :

- a) When a Government servant, appointed on regular basis, dies in harness or retires on medical grounds, leaving his family in penury and without any means of livelihood and in the event of there being no other earning member in the family.

- b) The appointment on compassionate grounds of a spouse/son/daughter/brother or sister (in the case of unmarried Government servant) of a Government servant will be considered even when there is an earning member in the family of the deceased Government servant, if the Principal Director of Audit is satisfied that the grant of concession is justified having regard to the number of dependents, assets and liabilities left by the Government servant, income of the earning member etc.

The concession of compassionate appointment in the case of Government servant retired on medical grounds will not, however, be allowed in cases where the Government servant has retired after attaining the age of 55 years for Group 'C' staff and 57 years for Group 'D' staff.

The appointment of spouse/son/daughter etc. of the deceased Government servant could be considered by relaxing the upper age limit wherever found to be necessary. The lower age limit shall, however, in no case be relaxed below 18 years of age.

In the matter of exemption from the requirement of passing the typing test, those appointed on compassionate grounds to the post of Clerk/Typist will be governed by the general orders issued in this behalf.

In the case of appointment of widows of deceased Government servants as peons, they will be exempted from the requirement of the educational qualifications provided the duties of the post can be satisfactorily performed by her without possessing such educational qualifications. She will be allowed to continue in service even after remarriage.

Compassionate appointments will be made upto a maximum of 5% of vacancies falling under direct recruitment quota in Group 'C' & 'D' cadres and will be adjusted in the recruitment roster against the appropriate category.

A person appointed on compassionate grounds should give an undertaking in writing that he/she will maintain properly the other family members who were dependent on the Government servant in question and in case it is proved subsequently that the family members are being neglected or are not

being maintained properly by him/her, the appointment may be terminated forthwith.

Cases of missing Government servants are also covered under the scheme for compassionate appointment subject to the following conditions:-

A request for compassionate appointment can be considered only after a lapse of atleast 2 years from the date from which the Government Servant has been missing, provided that

- (i) FIR to this effect has been lodged with the Police,
- (ii) the missing person is not traceable, and
- (iii) the competent authority feels that the case is genuine.

(Authority: Dept. of Personnel & Training O.M. No. 14014/6/94-Estt(D) dt.9.10.1998 received under CAG's Lr. No. 678/N(APP)/18-99/Vol.V dt.14.6.1999).

Para 412. Recruitment against Sports Quota: Appointments of meritorious sportsmen can be made by the Principal Director of Audit to any post in Group 'C' or Group 'D' as per the extant orders of Comptroller and Auditor General of India.

Recruitment against vacancies reserved for sports quota should be made only after calling for applications from eligible candidates inserting advertisements in the leading Newspapers and Employment News.

Clerk/Typists appointed against sports quota would not earn any increment nor become eligible for confirmation and promotion, until he qualifies in the requisite type test. Failure to qualify in the prescribed test will result in adverse consequences as laid down in CAG's *Lr.No.301-N.2/46-87 dated 1.4.1987.*

Para 413. Offer of appointment and appointment orders: Before appointment, the candidates are required to submit the following documents with the letter of acceptance of offer of appointment.

1. Certificate of character in the prescribed form from the Head of the Educational Institution last attended or from a Gazetted Officer duly

attested by a District Magistrate, Sub-divisional Magistrate or Stipendiary First Class Magistrate. This certificate should have reference to the 2 years immediately preceding.

2. Attestation form, in the prescribed form duly completed.
3. SC/ST and OBC certificate from a Magistrate/Tahsildar/Sub-Divisional Officer (In cases of SC/ST and OBC candidates only).
4. Declaration indicating whether he/she has more than one wife/husband living.
5. No objection certificate from his/her employer and release order from his/her employer accepting his/her resignation from that service (In cases of employed persons only).
6. Displaced person certificate from a Gazetted Officer of the Central Government etc. (In cases of displaced persons).

Para 414. Verification of Identity: The identity of the candidate is verified at the time of appointment by comparison of the photograph affixed on the attestation form and the signature in the joining report with that on the original application and other records received from Staff Selection Commission.

Para 415. Communal Roster: A communal roster indicating the number of reservations to be made for Scheduled Caste and Scheduled Tribe candidates in respect of recruitment and confirmations should be maintained in accordance with the orders issued by the Government of India from time to time. Reference should be made to the “Brochure on Reservations for Scheduled Castes and Scheduled Tribes in services” issued by the Ministry of Home Affairs.

After the introduction of Post based reservation rosters w.e.f. 2.7.1997, the size of the roster shall be kept equal to the sanctioned strength in a cadre. Dereservation is necessary only when a point in the roster proposed to be filled up is earmarked for reserved category for which no eligible candidate from that community is available for promotion. Even if, there is shortfall in the representation of reserved category candidates in a particular cadre, in case the

point which is proposed to be filled up falls on an unreserved point, the question of dereservation would not arise.

(C & AG's letters No.1082-NGE(App)/3/97 dt.10.9.97, 1285-NGE(App)/3-98 dt.4.12.98 and 276-NGE(App)/3-2000 dt.25.2.2000 – Page Nos. 16,86 and 95 of AuA/VI/10/PBR/Vol.I).

Para 416. Training of Auditors: New recruits will be posted initially to regular sections so that they may gain rudimentary knowledge about the office work. They will be given training for a period of three months.

The training classes will be conducted in the forenoons and the trainees will be sent to their respective sections in the afternoons for practical training.

The trainees will maintain diaries to record briefly what they learnt during their training period. These diaries will be submitted daily to the Asstt. Audit Officer(Training) who will submit them to the Deputy Director/Director every Monday.

The lectures will cover all items of work done in the various sections of the office. As part of the practical training the trainees will be taken to Railway Stations, Engineering Offices, Workshops, Stores Depots and different sections of the Accounts Office to explain to them in detail how the initial records are maintained.

Tests will be conducted periodically on each subject and results thereof put up to the Principal Director of Audit.

The Asstt. Audit Officer(Training) should indicate in his weekly diary the progress of training with reference to:

- I. Syllabus covered,
- II. Tests held,
- III. Items covered in practical training, and
- IV. General remarks on the receptivity of the trainees.

Cases of trainees showing want of interest or progress in work should be put up confidentially to Deputy Director/Director/ Principal Director of Audit.

Training should be imparted to new recruits and promotees before they complete one year's service in Auditor's cadre and before they become eligible to appear in the Departmental Examination for Auditors.

(Comptroller and Auditor General's letter No.1933-NGE.II/100-67 dated 24.9.1968).

The Clerk/Typists promoted to Auditors' cadre should also be given suitable training for a period of six weeks in not more than two batches in a year.

(Comptroller and Auditor General's letter No.54-NGE.II/100-67 dated 8.1.1968)

Para 417. Departmental Examination for Auditors: All direct recruits as well as Clerks/Typists promoted as Auditors should pass the Departmental Examination which is a pre-requisite for confirmation and promotion as Senior Auditor. The Examination will be held twice a YEAR IN February and August each year. Proposals should be put up to Principal Director of Audit in January and July for nominating the Officers for setting all the 3 question papers. The dates of the examination will be determined by the Principal Director of Audit. The Syllabus for the examination is given below:

Paper	Duration	Maximum Marks
Paper I - Railway Audit	2½ Hours	100
Paper II - General Rules and Procedure	2½ Hours	100
Paper III - Revenue Audit (Railways)	3 Hours	100

Note: Candidates will be declared to have passed if they obtain 40% of marks in each of the papers. A candidate who fails to pass the examination but obtains in any paper atleast 50% of marks will be exempted from appearing again in that subject.

(Comptroller and Auditor General's letter No.301-Exam./22-84 dated 3.4.1984 and 3-Exam/160-86 dated 2.1.1987)

The honoraria admissible to the examiners are as under:

1. For setting the question papers	3 hours paper	Rs.160/-
	Less than 3 hours paper	Rs.130/-
2. For Valuation	3 hours paper	Rs.3.30 per paper
	2 ½ hours paper	Rs.2.80 per paper
	2 hours or less	Rs.2.20 per paper

If the amount of honorarium computed on the above basis is less than Rs.10/-, an amount of Rs.10/- will be granted as Honorarium.

(Authority: 263-NI/48-84 dated 13.2.89 - C.S. No.123 dt.13.12.89 to Para 313.A to MSO(A) Vol.I Second Edition)

Auditors who have rendered atleast one year's service as on 1st February and 1st August are eligible to appear in the Examination. Auditors transferred from other offices who have already passed the examination in their offices need not sit for the examination again. The Principal Director of Audit may at his discretion condone deficiencies in the prescribed service upto a limit not exceeding 60 days as on 1st day of the month in which the examination is held.

(CAG's Lr.No.527-Exams/20-84/IV dt.20.8.91)

The Auditors and promotee Clerk/Typists are allowed six chances in six consecutive examinations to pass the examination. Absence in any examination for whatever reasons will also be taken as chance availed. Failure to pass the Departmental Examination within the stipulated time/number of chances will entail discharge from service in the case of direct recruits and reversion to Clerk/Typists in the case of promotees. The reverted Clerk/Typist will have three more chances to clear this examination within two years of the reversion.

Note: Two additional chances for appearing at the Departmental Examination can be considered on merit alone for those who have exhausted all the six chances but could not avail of one or two chances due to genuine reasons like national calamity, compelling family circumstances, illness of self and family and any other such circumstances considered by the Head of the Department to be genuine.

(Para 9.4 to 9.4.2 of Manual of Standing Orders(Admn) Vol.I)

The promotee Clerk/Typist who was reverted to the post of Clerk/Typist for having not passed the Departmental Examination within the stipulated number of chances will be considered for re-promotion, with others, only after completion of 5 (five) years from the date of reversion.

While issuing the orders of promotion, this condition shall invariably be incorporated in the promotion order itself.

(C&AG's letter No.654-NGE/App/53-90 dated 17.6.98 Page No.16 of AuA/Confdl/O/15 Vol.I)

(Para 57 of Railway Audit Manual and Paras 287 and 288 - Manual of Standing Orders (Admn) Vol.I and M.I.R. 4.3.1., 4.3.2. and 4.3.3.)

Para 418. Asst. Audit Officer's Service: Appointments to the cadre of Asst. Audit Officers are made mainly by promotion of Sr. Auditors of the Railway Audit Offices who have passed the Section Officer's Grade Examination.

Para 419. Section Officers' Grade Examination: Section Officers' Grade Examination is held once a year, on the dates fixed by the Comptroller and Auditor General. Persons who have put in a minimum of three years service in one or more of the following capacities will be eligible to sit for the examination.

- i) As Clerk/Typist, Auditor, in an Audit Office.
- ii) As a Stenographer in an Audit Office.

The Head of Offices may recommend to the Comptroller and Auditor General for consideration suitable and deserving cases for condonation

of deficiency, not exceeding 2 months in each case in the minimum qualifying service of three years required for eligibility to appear in the examination.

The maximum number of chances for Part I of the Section Officer's Grade Examination will ordinarily be 6. Indefinite number of chances in Part I shall, however, be allowed to those candidates who secure 30% marks in aggregate in any one of the last two chances availed of by them.

There will be no limit to the number of chances for Part II of the Examination.

Para 420. Selection and training of candidates for Section Officer's Grade Examination: After the results of the Section Officer's Grade Examination are announced, names of intending candidates for the next examination should be obtained in the prescribed proforma.

A Preliminary test will be conducted for those who are appearing for the first time to select the candidates who will be allowed to sit for the examination. The test will consist of two papers each of three hours duration - one on "General English/General Hindi and Constitution of India" and the other on "Omnibus Paper (without books)" covering the subjects on Establishment and Expenditure, prescribed for Part I of Section Officer's Grade Examination.

Candidates qualified in the Preliminary Test but not sitting for the examination should again have to pass the Preliminary test if he is to appear for the examination in the subsequent year.

Lectures will be given to the Section Officer's Grade Examination candidates for Part I and II Examinations by Asstt. Audit Officers and Audit Officers/ Sr. Audit Officers nominated by the Principal Director of Audit. The maximum number of lectures to be given is 10 in the case of 'Précis and Draft' and 12 in the case of other subjects.

The lectures should be of not less than 75 minutes duration and should be given within the office hours. Honorarium at the rates prescribed by the Comptroller and Auditor General will be paid to the lecturers.

Para 421. Statement of candidates for Section Officer's Grade Examination:

A list of candidates eligible for Section Officer's Grade Examination Part I and II, approved by the Principal Director of Audit, will be sent in the form prescribed in Para 9.2.3 of the Manual of Standing Orders(Admn.) Vol.I so as to reach Comptroller and Auditor General's Office by 15th August each year. An indication whether a particular candidate belongs to Scheduled Caste or Scheduled Tribe should be given. The following information should also be indicated invariably in the list of candidates.

In the case of a candidate who has secured the concession of another chance in Part I of the Section Officer's Grade Examination, by virtue of his having secured 30% of marks in the aggregate in any one of the last two chances, actually availed of by him, the month and year of that examination, the index number then allotted and the marks obtained should be indicated against his name in the 'Remarks' column of the statement.

The list compiled by the Administration Section should be checked in detail by a Asstt. Audit Officer and an Audit Officer/Sr. Audit Officer other than those who are responsible for the compilation. As soon as an advice is received from the Comptroller and Auditor General about the programme of the examination and the index numbers allotted to the candidates, the candidates should be notified and a copy of the instructions also supplied to them. Candidates who secure exemption marks in two subjects in Part I will be allowed to take the third subject along with Part II Examination. Candidates who have passed Group I of the final examination of I.C.W.A. will be exempted from Accountancy paper in Part II.

Note: For the subject 'Open-line Revenue', I.R.C.A. Coaching and Goods Tariff and General Classification of goods in force on 1st April preceding the examination will be the test books. (*Comptroller and Auditor General's letter No.389-Exam/151-67 dated 25.7.1968*).

Para 422. Withdrawal from the examination: Candidates who wish to withdraw from the examination, whether Part I or Part II, should apply for permission to do so before the lists of eligible candidates are sent to Comptroller and Auditor General i.e. 15th August.

Applications received afterwards will not be considered unless there are very compelling reasons in support of the request. Permission to withdraw one's name should be applied for in any case before the commencement of the examination.

Para 423. Conduct of the Examination: The examination will be conducted by the I.A.&.A.S. Officers nominated by Comptroller and Auditor General. A list showing the particulars of candidates who have been allowed by the Principal Director of Audit to withdraw from the examination should be forwarded to Comptroller and Auditor General after the examination is over.

Para 424. Grant of leave to Section Officer's Grade Examination candidates for preparation: Leave may be granted to Section Officer's Grade Examination candidates for preparation subject to administrative convenience and with due regard to the principles enunciated in S.R.232.

Para 425. Pass and Travelling Allowance to Section Officer's Grade Examination Candidates: The Section Officer's Grade Examination is treated as an obligatory examination for the purpose of Travelling Allowance. Journeys performed in connection with the examination are treated as journeys on tour. No daily allowance will, however, be paid for the days of halt at the place of examination. Travelling Allowance for the journeys may be given only for the first two attempts of a particular examination.

(Comptroller and Auditor General's letter No.Admn/15-44/56/10638 dated 18.11.1960)

Para 426. Seniority in Section Officer's Cadre: The promotion of Section Officer's Grade Examination passed Auditors is based on the recommendations of the Departmental Promotion Committee constituted for the purpose, taking into account the extant orders on communal roster.

Para 427. Revenue Audit Examination for Asstt. Audit Officers: A Departmental examination called "Revenue Audit Examination for Section Officers" of the Railway Audit Department has been introduced from the year 1974.

The examination will consist of 2 papers each of 3 hours duration and carrying 150 marks each. (Paper I deals with Income Tax and Paper II deals with Revenue Receipts of the Department). The minimum marks required for a pass in the examination will be 40% in each paper but candidates who obtain 60% or more marks in any paper will be exempted from appearing in that paper in the subsequent examination. The examination will be held once a year on the dates to be determined by the Comptroller and Auditor General.

(Comptroller and Auditor General's letter Nos.902-Exam/102-72 dated 31.10.1973, 266-Exam/102-72 dated 3.6.1974 and 170-Exam/8-1985 dated 18.3.1987)

Para 428. Conditions of eligibility to sit for the Exam: The completion of the prescribed course of training will be an essential condition for eligibility for appearing in the examination. Section Officer's Grade Examination passed Auditors who have not been promoted and those officiating as Asst. Audit Officers in purely temporary leave vacancies will not be allowed to sit for this examination.

(Comptroller and Auditor General's letter Nos.266-Exam/102-72 dated 3.6.1974 and 372-Exam/102-72 (III) dated 10.7.1974)

Para 429. Maximum Number of Chances: The maximum number of chances allowed for passing this examination will be 6 (six) without any age restriction. Permission accorded to appear in any particular examination shall count as one chance irrespective of the fact whether the candidate actually sits for the examination or not, unless he is specifically allowed by the Head of Office to withdraw his candidature. Such withdrawal shall not be allowed unless the circumstances of the case fully justify the concession. Permission to withdraw one's candidature should be applied for as early as possible and in any case before the commencement of the examination.

(Comptroller and Auditor General's letter No.1115-Exam/183-80 dated 14.10.1980 and Para 9.3.3. of Manual of Standing Orders (Admn.) Vol.I)

Para 430. Incentive to candidates passing the Examination: Such of those Asstt. Audit Officers who pass the Revenue Audit Examination will be allowed

one advance increment in the Asstt. Audit Officer's scale (as the case may be) in which the pay is drawn at the time of writing the examination taking effect from the day following the last day of the examination. The next increment will accrue on the normal date of increment of each official. In the case of Asstt. Audit Officers passing this examination, the advance increment has to be sanctioned by the Comptroller and Auditor General.

(C&AG's letter No.920-Exam/102.72 dated 31.10.73 and No.4093-GE.II/217-86 Vol. II dated 4.12.87)

All the departmental officials, on passing intermediate and final examination of I.C.W.A. are eligible for lump sum incentive of Rs.4,000/- and Rs.8,000/- respectively.

(Department of Personnel and Training O.M. No.1/2/89-Estt.(Pay-I) dt.9.4.99 received under CAG's No.184-Audit(Rules)/86-90/IV-99(41) dt.13.5.99)

Para 431. Travelling Allowance to the candidates for training: The candidates who have to proceed for the training to a center at a place other than their Headquarters will be entitled to Travelling Allowance as on tour and the period of training will be treated as duty.

(Comptroller and Auditor General's letter No.484-Rev-Rec(iv)/29-71 dated 27.6.1974)

Para 432. Training of candidates: The Asstt. Audit Officers who desire to appear in the examination would be given intensified training. The training will be in the form of concentrated full time course spread over a period of 10 working days consisting of 25 lectures. Training will be arranged by the Accountant General (Audit), Karnataka, Bangalore.

Para 433. Syllabus for examination: Syllabus for examination is given in Manual of Standing Orders (Admn.) Vol.I. The candidates will have to equip themselves with the copies of codes etc. prescribed in the syllabus both for training as well as for reference in the examination.

Para 434. Statement of candidates permitted to appear in the Examination:

Particulars of candidates permitted to appear in the examination should be intimated to Comptroller and Auditor General in Form No.9 given in Manual of Standing Orders (Admn.) Vol.I.

(Para 9.3.2. of Manual of Standing Orders(Admn.) Vol.I).

Immediately after the close of the examination, a certificate to the effect that all the candidates who were allowed to appear in the examination had completed the prescribed course of training should be furnished to Comptroller and Auditor General

Para 435. Departmental Examination for promotion as Stenographer: A

Limited Departmental Competitive Examination for Clerk/Typists for promotion as Stenographers will be held once a year in the month of August. Any permanent or temporary regularly appointed Clerk/Typist who has completed 2 years continuous service as Clerk/Typist in the I.A.&.A.D. and who has passed the Matriculation examination will be eligible to appear in the examination.

The crucial date to determine the eligibility will be the first day of the month in which the examination is held. There is no limit on the number of chances which may be availed of by a candidate. The examination consist of 2 parts viz. Part 'A' - written test and Part 'B' - Shorthand test. The subject of the examination, time allowed, the maximum marks for each subject and the standard and the syllabus will be as follows:

Part 'A' - Written Test:

	Subject	Time allowed	Maximum marks
Paper I	General English	1 hour	75
Paper II	Essay	1 hour	50
Paper III	General Knowledge	1 hour	75

(Minimum qualifying marks will be 40% in each of the papers).

Part 'B' :

Shorthand test in English/Hindi (80 words per minute)	10 Minutes passage	200 marks
--	--------------------	-----------

(Minimum qualifying marks will be 55%).

(Comptroller and Auditor General's letter Nos.186-190/N.2/40.84 dated 6.3.1984, 1259-Exam/21-84 dated September 1984 and Para 9.5 to 9.5.4 of Manual of Standing Orders(Admn.) Vol.I).

Para 436. Limited Departmental Competitive Examination for Matriculate Group 'D' staff for promotion as Clerk/ Typists: (i) Group 'D' staff who are Matriculates and who have put in 3 years continuous service on the first day of the month in which the examination is held are eligible to appear for this examination. The examination will be held once in a year in September and will consist of 3 written papers on:

	Subject	Duration	Maximum marks
1.	English/Hindi	2 hours	100
2.	Arithmetic and Tabulation	2 hours	100
3.	General Knowledge and Office Procedure	1 hour	100

(ii) The pass marks required is 40% in each of the 3 papers. The number of chances shall be limitless. The candidates who pass the written papers of the examination become eligible for promotion as Clerks/Typists. Candidates securing 45% marks in any paper(s) would be exempted from appearing in that paper(s) in subsequent examinations.

(Comptroller and Auditor General's letters No.341-Exam/161-83 dated 30.4.1984, No.691-Exam/161-83 dated 5.7.1984, 833-Exam/161-83 dated 23.7.1986, No.242-Exam/161-83 Vol. II dated 23.4.1987 and Para No.9.6 of Manual of Standing Orders (Admn.) Vol.I)

(iii) Failure to qualify in the type test by Clerk/Typist - adverse effects: Promotee Group 'D' should not be reverted for failure to qualify in the requisite type test. However, such of the candidates who do not qualify in the prescribed type test would not earn any increments nor become eligible for confirmation and promotion. They are also not eligible to appear at any departmental examination on passing of which promotion is given, i.e. Section Officers' Grade Examination etc. They are however, eligible for exemption from passing the type test on their reaching the age of 45 years.

On passing the type test, their increments held over will be released but arrears prior to passing are not payable.

If any period of probation is prescribed in the post of Clerk/Typist, such period of probation cannot be deemed to have been successfully concluded, till the type test is passed.

In cases where exemption from type test is granted either on reaching the age of 45 years or on medical certificates, the above mentioned disabilities due to non-passing of type test will cease to be operative on such exemptions.

(Comptroller and Auditor General's letter No.301-N.2/46.87 dated 1.4.1987)

Para 437. Promotion of Auditors as Senior Auditors: Auditors in the Pay Band of 5200-20200 (PB-1) with Grade Pay of Rs. 2800 who have completed 3 years of regular service in the grade as on 1st January and have passed the Departmental Examination for Auditors will be eligible for promotion as Sr. Auditors.

(Comptroller and Auditor General's letter No.718-N.2/41-84 dated 23.7.1984)

Para 438. Promotion of Clerk/Typists as Auditors: The vacancies in the Auditors' cadre shall be filled as follows:

- a) 40% of vacancies by promotion of Clerks with 5 years regular service in the grade on seniority basis subject to rejection of unfit; and
- b) 10% of vacancies by promotion from the following:
 - (i) Clerks on passing Part I of S.O.G.E.
 - (ii) Graduate clerks with 3 years regular service in the grade on passing the Departmental Examination for Auditors; and
 - (iii) Graduate Group 'D' officials with 3 years regular service in the grade on passing the Departmental Examination for Auditors.

(Authority: Amendment of Recruitment Rules received vide C&AG's letter No.72-NGE(App)/ 40-99 dt.31.5.2000 - Page 78 of AuA/16/O/ Vol. III)

Consequent upon notification of Indian Audit and Accounts Department (Auditor) Recruitment (Amendment) Rules, 2008, in the Gazette of India the Recruitment Rules for the post of Auditor is now vacancy based. Therefore, the unfilled vacancies of the year should be pooled with the new vacancies in the next year and the total vacancies so arrived at should be apportioned between direct recruits and promotees in accordance with the roster commencing on 1st January of the next year. In other words, if there is a shortfall in direct recruitment or promotion, this is not to be carried over to the next year as such in the same channel but merged in the overall vacancies.

[Authority : Hqrs. Office Letter No.973-NGE(App)/34-2008, dated 24.12.2008] / CAG Office Circular No.231/NGE/2008]

Seniority of Clerk/Typist transferred from other offices at their own request will be placed at bottom most seniority for the purpose of promotion as Auditor.

The promoted Clerk/Typist will have to pass the Departmental Examination for Auditors within two years of his promotion but if an examination is to be held within 90 days of the promotion, he may not take it, but may instead take the six consecutive examinations held immediately thereafter. If he does not pass the examination within the number of chances allowed, he will be reverted and the seniority again for promotion is regulated from the date of reversion.

Clerk/Typists who came out successful in the Asst. Audit Officer's Grade Part I Examination may be appointed as Auditors against the direct recruitment vacancies immediately available thereafter. For this purpose, the requirements of age and minimum educational qualifications prescribed for appointment of Auditors may be deemed to have been relaxed in their favour. On their appointment as Auditors, such Clerk/Typists will be exempted from passing the Departmental Examination and their pay will be fixed under the normal rules of pay fixation.

(Comptroller and Auditor General's letter No.2165-NGE.III/54-68 dated 30.9.1969 - Page No.115 of file No.AuA/Con/15).

Para 439. Promotion of Group 'D' employees:

a) 5% from among Group-D staff with 5 years regular continuous service in the Grade who possesses a qualification of matriculation or equivalent on seniority basis.

b) 10% among matriculate Group-D staff qualifying in the LDCE as prescribed by C&AG of India. Preference will be given to those who qualify in the prescribed Typing Test.

Matriculate Group 'D' employees who have completed 3 years regular service on the 1st day of the month in which the examination is held are eligible for promotion against 5% vacancies in the cadre of Clerk/Typists on seniority basis. The promotee Matriculate Group 'D' will have to pass the requisite type test. The conditions prescribed in *Para 436 (Official Manual)* will apply *mutatis mutandis* in case the candidates who fail to pass the type test.

{(1) Comptroller and Auditor General's letter No.290-N.2/46-87 dated 27.3.1987 - Page 290 of AuA/V/46/Ord. Vol.I); (2) CAG's letter No.242-Exam/161-83/Vol.II dt.23.4.87; (3) CAG's letter No.301-N.2/46-87 dt.1.4.87 (Page. 294)}

c) As per the revised recruitment rules notified by CAG of India vide their Circular NO.07-NGE-2009/No.66NGE-App/18-2006/Pt II dated 28 January 2009, the vacancies that fall due on 1st January of each panel year will be apportioned between various methods recruitment instead of posts as prescribed under Col. 11 of recruitment rules. As per revised roster, Point No. 01 in the 20 point roster will continue to be in operated for promotion under seniority quota and Point Nos. 02 and 12 for promotion under Departmental Examination quota.

Para 440. Seniority: (1) The inter-se seniority of direct recruits will be regulated in accordance with the position assigned to them by Staff Selection Commission. If a new recruit does not join within the prescribed period, the seniority of such candidates will be reckoned on joining duty as mentioned in *Para 410(Office Manual)*.

(2) The seniority of Auditors who are reverted as Clerk/Typists on account of their failure to pass the Departmental Examination and who are subsequently promoted as Auditors will be fixed with reference to the date of their re-promotion to the Auditors' cadre. No weightage for past service in the Auditors' cadre will be given to such Auditors for the purpose of seniority.

(3) The seniority of the persons promoted from the Clerk/Typists cadre to the Auditors' cadre should be determined with reference to the date of promotion. However, in cases of advance promotions, the seniority will be determined as if they had been promoted against the appropriate points in the register.

(Comptroller and Auditor General's letter No.D.O.F.3-OSD(P)73 dated 5.3.72 and No.776.F.3.OSD(P)/73 dated 23.4.73 (48) of AuA/V/46/Order)

(4) When promoted Clerk/Typists who fail to pass Departmental Examination are reverted, their total service as Auditor and Clerk/Typist will be counted for seniority of Clerk/Typists.

(Comptroller and Auditor General's letter No.1867-NGE.III/32-68 dated 5.9.1968)

(5) In the case of mutual transfers, both the staff transferred will be assigned seniority for the lower of the two lengths of service.

Para 441. Confirmation: A revised procedure for confirmation, retention of lien etc. has been introduced with effect from 1.4.88 and accordingly confirmation will be made only once in the service of the official, in the entry grade without linking the confirmation with availability of permanent vacancy in that grade after successful completion of probation of 2 years and passing the departmental examination in case of Auditors.

Confirmation in the grade to which initially recruited will be placed before DPC and a specific order of confirmation will be issued when the case is cleared from all angles.

As no officer otherwise eligible will have to wait for confirmation pending availability of permanent vacancy, the need for following the procedure for declaring a person quasi-permanent ceases to exist.

The benefits of having a lien in a grade will be enjoyed by all officers who are confirmed in the grade of entry or who have been promoted to a higher post declared as having completed the probation where prescribed or those who have been promoted on regular basis to a higher post where no probation is prescribed under Rules, as the case may be.

The present distinction between permanent and temporary employees for grant of pension and pensionary benefits will cease to exist.

The need for reservation at the time of confirmation in posts and services filled by direct recruitment will cease to exist, as everyone who is eligible for confirmation will be confirmed.

(Authority: C&AG's No.2536-NGE.III/43-88 dt.20.7.88 NGE Group Circular No.N/56/1988)

Para 442. Transfers: The staff are liable for transfer to any of the units including the Branch offices.

No member of the staff, including the Audit Officer/Sr. Audit Officer should normally be kept in the same group beyond five years. Retention in a particular group beyond five years will be allowed only in exceptional circumstances and with the specific orders of the Head of Department.

(Comptroller and Auditor General's letter No.215-PC(COORD)/3-87 dated 17.11.1987 – Page 211 of AuA/V/55/Vol.II).

By the due date prescribed, the sections should furnish an annual return to Administration section indicating the section and the periods during which the staff have worked during the year under report. A register called “Staff Movement Register” showing all the particulars regarding movement of staff should be maintained in the Administration Section.

Para 443. Applications for employment elsewhere: Applications for posts under Central or State Government and Statutory Corporations should be sent to the Administration Section for transmission to the prospective employer. No application should be sent direct.

Applications other than those in response to advertisements in newspapers or circulars from Comptroller and Auditor General's office will not be forwarded.

Applications from purely temporary employees may be forwarded unless there are compelling grounds of public interest for withholding them. In the case of permanent employees, however, only four opportunities in a year may be given to apply in response to advertisements, unless in the interest of public service, they have to be withheld.

A written undertaking accepting the conditions stipulated in the Government of India, Ministry of Home Affairs O.M.No.70/62/62-Ests.(A) dated 22.1.1966 should be obtained before forwarding applications from permanent Government servants for posts in Public Sector Undertakings/Autonomous Semi-Government Organisations. The foreign employer should also be informed of this. Quasi-permanent employees appointed to such posts should be treated as on foreign service for a period of two years and given the same treatment as permanent employees.

Before forwarding the applications of temporary employees for posts in public sector undertakings/organisations, a written undertaking to the effect that in the event of selection to the posts applied for they will resign from Government service, should be obtained from them.

{(1) Ministry of Home Affairs, O.M. No.70/62/62-Ests.(A) of 22.1.66; (2) Department of Personnel and Training O.M. No.28016/5/85-Estt(C) dt.31.1.86, and No.4(12)85-P&PW dated 31.3.87 as amended from time to time}

Para 444. Compulsory retirement: Extension of service and Refused Leave: The provisions of FR.56 regarding the age of superannuation are applicable to staff of this office.

In terms of FR(56)(J) appropriate authority, if it is of the opinion that it is in the public interest to do so, have the absolute right to retire any government servant by giving him notice of not less than three months in writing or three months' pay and allowances in lieu of such notice.

The power to relax three months notice period vests in the President.

(Comptroller and Auditor General's letter No.1603-NGE.I/313-65 dated 29.7.1967)

- (i) If he is in Group 'A' or Group 'B' service or post in a substantive or temporary capacity and had entered Government service before attaining the age of thirty five years, after he has attained the age of fifty years.
- (ii) In any other case, after he has attained the age of fifty five years.

This proviso will not apply to Group 'D' Government servants, who entered Government Service on or before 23rd July, 1966.

For the purpose of application of Fundamental Rule 56(J) it is necessary to determine if retention of Government servants beyond the age of 55 years will be in public interest. For this purpose, the following procedure has been laid down.

(Ministry of Home Affairs O.M. No.33/15/66-Estts (A) dated 10.11.1966)

1. Case of a government servant should be reviewed six months before he attains the age of 55 years and decision taken thereon by the appropriate authority.
2. Once a decision is taken by the appropriate authority to retain a government servant beyond the age of fifty five years in public interest, the employees concerned will continue in service automatically till he attains the age of compulsory retirement. If, however the appropriate authority subsequently considers that further retention of the government servant will not be in public interest, that authority may take necessary action to serve three months notice in terms of clause (J) of Fundamental Rule 56. No proposal for

extension of service/re-employment beyond the age of superannuation will, ordinarily, be considered. Detailed instructions regarding grant of extension of service (re-employment) contained in Ministry of Home Affairs O.M. No. 26/11/68 Ests.(B) dated 17th June, 1969 should be borne in mind in recommending extension of service to staff. All proposals for extension of service should be submitted to the Comptroller and Auditor General.

(CAG's letter No.75-NGEI/150-67(I) dated 10.1.1968)

Para 445. Pension: The payment of superannuation pension should in all cases commence on the first of the month in which they are due. The Head of Office responsible for preparing the pension papers will initiate the pension case 2 years before the date of retirement of the Government servant. Deficiencies, imperfections and omissions in the Service Book should be removed and the service book completed in good time, at any rate, not later than 8 months in advance of the date of retirement of the Government servant. The actual work of preparation of pension papers should be taken up 8 months before the date of retirement.

It shall be the responsibility of the officer maintaining the Service Registers to make annual verification and also to complete and certify the service book in respect of previous service on the 25th year of service or 5 years before the retirement and communicate to the Government servant the period of qualifying service so determined in consultation with the Principal Director of Audit, Eastern Railway.

(Ministry of Finance O.M. No. F.11(3)-EV(A)/76 dated 28.2.1976)

The progress of pension cases should be watched by means of the following monthly, quarterly and half-yearly statements.

1. Statement No1: This is a monthly statement and should cover cases of all government servants due to retire within the succeeding 8 months. It will indicate the progress of the cases with reference to various stages and this should be submitted to Principal Director of Audit by 5th of each month.

2. Statement No.2: This statement covers the cases of those who became due for retirement in the preceding month and this should be submitted to Principal Director of Audit by 3rd of each month.

3. Statement No.3: This is a quarterly statement and is meant to cover provisional pension and/or provisional Death-cum-retirement-gratuity cases which are to be made final after the expiry of the period of 6 months. This should be submitted to Principal Director of Audit by 10th of April, July, October and January for the quarters ending 31st March, 30th June, 30th September and 31st December respectively.

4. Statement No.4: This is a quarterly statement and should indicate the details of the presumptions made in favour of the retired Government servants because of incomplete/improper maintenance of Service Registers. This should be submitted to Principal Director of Audit by 15th of April, July, October and January for the quarters ending 31st March, 30th June, 30th September and 31st December respectively.

In addition to the above, a six monthly report (Statement No.5) showing the particulars of Government servants in whose cases pension was not determined within 6 months of the retirement should be submitted to Principal Director of Audit by 15th July and January for the half-year ending 30th June and 31st December.

(CAG's letter No.414-NGE.I/107-1976 dated 24.2.77)

The Head of Office shall undertake the work of preparation of pension papers in Form No.7, 2 years before the date of retirement and obtain particulars in Form No.5 from the Government servant 8 months before the retirement. The Head of Office shall complete Part I of Form No.7 not later than 6 months prior to the date of retirement of the Government servant. Thereafter, the following documents shall be sent to Principal Director of Audit, Southern Railway with the pension case of every non-gazetted and Group 'B' officer for verification.

1. Details of service and the order of the pension sanctioning authority.
2. Medical certificate for invalidation (if the claim is for invalid pension)

3. Service Book.
4. Statement of average emoluments, reckoning for pension.
5. Form No.5
6. Form No.7
7. Statement showing calculation of pension, DCRG and Family pension.

In respect of Group 'A' officers, the pension papers should be processed as indicated above and sent to Pay and Accounts Officer, Office of the Accountant General (A&E), Karnataka, Bangalore, for verification and arranging payment.

In dealing with pension cases, the procedure laid down in Chapter VIII of CCS (Pension) Rules, 1972 may be kept in view.

Para 446. Family Pension: Family pension is also verified and sanctioned along with the superannuation pension and Death-cum-retirement gratuity and communicated to the Accounts Officer.

Para 447. Nomination: Every employee shall execute nominations for Family Pension and Death-cum-retirement gratuity. The nominations for Death-cum-retirement gratuity should be executed on completion of five years of qualifying service. These nominations are scrutinised and put up to the Deputy Director (Head of the Office) for counter-signature. Thereafter, necessary entries regarding the date of nomination for family pension/death-cum-retirement gratuity are made in the Service Register of the individual and lodged in the confidential file kept in the custody of the Audit Officer/Sr. Audit Officer (Administration). A remark that the nomination is kept in the confidential file with the Audit Officer/Sr. Audit Officer is also to be made in the Service Register. Acknowledgement shall also be given to the individual concerned. In the case of employees who have elected to be governed by the Family Pension Scheme, 1964, it is necessary to obtain particulars of composition of the family and separate nominations for Family Pension are not necessary. These particulars must be kept in the Service Register of the employee.

Para 448. Settlement bills: When an employee retires from Government service, resigns or is relieved on transfer to some other department or is

retrenched or dismissed from service, the pay and allowances due to him for the part of the wage period ending with the date on which such event occurs should be drawn in a separate pay bill, marked prominently “settlement pay-bill”. Before drawing such a bill, it should be ensured that there are no dues outstanding against the employee.

Para 449. Budget and Revised Estimates: The instructions contained in Paras 72 to 78 – Railway Audit Manual and Chapter IX of Comptroller and Auditor General’s Manual of Standing Orders may be seen.

The Budget Estimates and Revised Estimates in respect of Group ‘A’, ‘B’, ‘C’ and ‘D’ posts and office expenses shall be prepared in the following forms:-

1. Group ‘B’/Non-Gazetted Establishment - Forms ‘A’ to ‘D’
2. Group ‘A’ Officers - Forms ‘E’ to ‘H’

While formulating the monetary estimates, the following instructions may be kept in view, besides those issued from time to time.

The provision for men-in-position should be accurately estimated.

Provision for those posts out of the vacant ones which can be filled-in during the remaining part of the year should only be proposed.

Provision for additional posts should not be made in the estimates. No provision for additional posts under the head- “Travel Expenses” should be made.

The requirement under the head “Salaries” should be computed with reference to actuals for the first 6 months and under other heads on the basis of actuals for the 5 months.

Provision for the purchase of items like Accounting Machines, Staff Car, Water Coolers, Grants-in-aid etc. should be separately indicated.

Provision for Cash Awards to employees under the Hindi Teaching Scheme may be provided under the sub-head “Other Charges” and shown distinctly.

Provision for special construction works and ancillary requirements should be made under the sub-head “minor works”.

Explanations for variations should invariably be furnished in the estimates.

The estimate of funds required under the head “salaries” in the Budget will be framed on the basis of trends over the preceding 3 years taking into account other relevant factors like changes in rates of pay, allowances, number of posts and their filling and economy instructions issued from time to time. With effect from 1987-88 provision for “Festival Advances” should be made under salaries. The provision will be on a net basis i.e. net of recoveries under the head “salaries”.

(CAG's letter No.2013-BRS/42-2000(Email) dt.10.9.2000 Circular No.6-BRS/2000)

Para 450 Estimates for Deposits and Loans, Pensionary charges: *See Paras 78 and 79 of Railway Audit Manual.*

REGISTERS

Para 451. Register of Expenditure: All Pay, Travelling Allowance and other bills relating to claims of staff for each month classified under the detailed heads of account should be posted in this register. The bills should be serially numbered and entered in the register before the fair copy of the bills are put up for signature of the Branch Officer.

(General Financial Rules-66)

Para 452. Register of Contingent Expenditure: This register is intended to watch the adjustments of debits pertaining to contingent expenditure such as telephone charges, electricity charges, cost of stationery forms, books, periodicals, liveries and charges for repair of furniture and office equipment. Before putting up these bills to the Branch Officer for signature, the expenditure relating to this should be posted in the register. Total expenditure booked on contingencies for a month should be posted in the expenditure register under the detailed head “02-614-18-PDA/SWR/UBL-A4(4)-Office expenses” monthly.

Every month, the particulars of expenditure booked in the accounts of a month should be ascertained from the Financial Adviser and Chief Accounts Officer and the same reconciled with the expenditure booked in the Register of Expenditure.

Para 453. Control Statements: The Comptroller and Auditor General controls the expenditure under the major head “216-Audit” incurred in the several Audit and Accounts Offices. Principal Directors of Audit are responsible to keep the expenditure within the limits of appropriation. For the purpose of exercising proper control over expenditure, a monthly review of expenditure as specified in Paras 367 to 369 of the Manual of Standing Orders should be prepared commencing from the month of September, and sent to the Comptroller and Auditor General. The monthly review of expenditure in respect of Group ‘A’ officers and Group ‘B’/non-gazetted establishment should be prepared separately. The monthly reviews of expenditure are required to reach the Comptroller and Auditor General’s office by the middle of the month succeeding that to which they relate.

Only the amount of bills which have been actually passed for payment in a particular month should be shown in column 3 of the monthly review of expenditure. As the accounts of a particular month are not generally closed before the due date for the submission of the control statement, statement of expenditure booked as also the expenditure proposed for inclusion by Accounts Office in the accounts of that month has to be ascertained. This expenditure, and not the expenditure as noted in the Expenditure Register, should be included in Column 3 of the control statement.

The purpose is to review the expenditure up to-date and adopt special measures to limit the expenditure on items which tend to exceed the estimate, or approach Comptroller and Auditor General for a supplementary provision. The control statement upto January due by 15th February, should be specially scrutinised to surrender any unwanted provision.

(Paras 11.12 to 11.15 of Manual of Standing Orders (Admn.) Vol.I 3rd Edition).

Para 454. Register of Liabilities: A Liability Register should be maintained with a view to keeping a systematic watch on the liabilities to be met. The register should be maintained in the form given below:

Sl. No.	Particulars of indent cost for supplies	Approximate	Date of receipt and reference to issue vouchers	Reference to voucher debit or bill		
				No.	Date	Amount
1.	2.	3.	4.	5.	6.	7.

When accepted	Reference to the entry in Contingency Register	Remarks
8.	9.	10.

The register should be reviewed every month and suitable action taken to see that supplies are made without undue delay and that bills are received and accepted in respect of supplies made.

The register should be put up to the Audit Officer/Sr. Audit Officer(Admn.) every month.

Para 455. Appropriation Accounts: After the close of the accounts for the year, the Appropriation Accounts of the expenditure pertaining to this office booked to the Civil Head '216-Audit' will be prepared. In preparing the Appropriation Accounts, instructions issued by the Principal Director of Audit, Central Revenues should be followed.

The accounts will be compiled in the proforma prescribed in *Para 4 of the Comptroller and Auditor General's Manual of Standing Orders (Technical) Vol. II*. The explanations for variations should be drawn up carefully. The explanations for variation should conform to the explanations given in the various control statements, especially the last control statement. After approval

by the Principal Director of Audit, the accounts will be forwarded to the Principal Director of Audit, Central Revenues, by the date advised by him. Copies of the Appropriation Accounts will be endorsed to the Comptroller and Auditor General and General Manager(Budget), South Western Railway.

The audit certificate in the form prescribed will be signed by the Principal Director of Audit after obtaining the necessary certificate of Audit from the Principal Director of Audit, Central Revenues, in respect of expenditure relating to Group 'A' officers and from the Principal Director of Audit, Southern Railway, in respect of Group 'B'/Non-gazetted establishment and forwarded to the Principal Director of Audit, Central Revenues.

(Para 80 of Railway Audit Manual)

Para 456. Appropriation Accounts of Pensionary Charges: The Appropriation Accounts in respect of pensionary charges will be compiled and sent to the Financial Adviser and Chief Accounts Officer, of this Railway.

Para 457 Preparation and registration of Bills: All bills received in the office from the staff or from outsiders should be entered in chronological order in the Register of Bills to be maintained separately for different categories of bills such as Travelling Allowance Bills, bills for Medical Reimbursement, Reimbursement of Tuition Fees. At the time of passing the bills each entry in the register of bills should be attested by the Branch Officer. Remarks regarding passing of the bills or otherwise should also be given in the remarks column of this Register. A progress report showing the details of the bills outstanding for more than a week should be put up to the Branch Officer on every Monday.

Para 458. Abstract of Attendance: The Branch/Divisional Audit Officers are required to send to the Administration section by the 16th of each month abstract of attendance of all the Asstt. Audit Officers and non-gazetted staff in that Branch/Division for the period from the 15th of previous month to the 14th of the current month. The abstract of attendance forms the basis for the preparation of pay bills.

Para 459. (a) Salary bills of Gazetted and Non-gazetted officers: The preparation of all the pay bills of officers and staff (Group "B", "C" & "D") of

this office has been taken over on the computer by the EDP Centre of South Western Railway with effect from 01.04.2006, using the same programme followed by the Railway Administration. Bills are being prepared for Gazetted and Non-gazetted officers separately. Bills in respect of Headquarters, Hubli Division and W&S –Hubli are passed and payment arranged by the Financial Adviser and Chief Accounts Officer, South Western Railway. The Bills in respect of all other units are passed and payments arranged by respective Accounts Officers.

(b) System of Payment to Group “A” Officers: The pay and allowances of Group “A” Officers of this office are drawn by this office in the same manner as for staff and Group “B” Officers and sent to the Pay and Accounts Officer, Office of the Accountant General (A&E), Karnataka, Bangalore.

Para 460. Signing of Pay Bills: Pay Bills after check by the Asstt. Audit Officer should be submitted to the Audit Officer/Sr. Audit Officer (Bills) nominated for the purpose with the accompaniments for approval and signature. The specimen signature of the officer authorised to sign bills will be sent to the Financial Adviser and Chief Accounts Officer. Whenever there is a change in nomination, the specimen signature of the officer should be sent to the Financial Adviser and Chief Accounts Officer cancelling the authority delegated to the outgoing officer.

(Para 94 of Railway Audit Manual)

Para 461. Increment Register: All increments accrue as a matter of course in terms of Fundamental Rules 26 unless withheld as a disciplinary measure.

The Register of Increments will be maintained in Form-SY.299. There will be uniform date of annual increment, mainly viz., 1st July of every year. Employees completing 6 months and above in the revised pay structure as on 1st of July, will be eligible to be granted the increment. In the first week of every July, cases of all staff whose normal increments fall in that year should be reviewed taking into account all factors which may have the effect of postponing the increment, and the actual date of next increment and the rate of pay after such date worked out and noted in the respective columns against the names of the staff concerned. The Increment Register should be put up through the Audit

Officer/ Sr. Audit Officer (Bills) to the Deputy Director/ Director incharge of Administration by the 10th of every July.

Newly recruited clerk/typists (on sports quota and compassionate grounds) including those promoted from Group 'D' cadre will not be granted increment unless they pass the prescribed type test.

(Para 290 of Manual of Standing Orders (Admn.) Vol.I and Para 103 of Railway Audit Manual) and Ministry of Finance (Department of Expenditure) Gazette Notification dated 29.08.2008.

Para 462. Drawal of H.R.A. and C.C.A. : HRA and CCA will be paid in the various pay ranges at the rates fixed by the Government of India from time to time.

H.R.A. at the prescribed rates may be paid to all employees (other than those provided with Government accommodation) without requiring them to produce rent receipts. However, they should furnish a certificate to the effect that they are incurring some expenditure on rent/contributing towards rent. H.R.A. at these rates will also be paid to Government employees living in their own houses subject to their furnishing a certificate that they are paying/contributing towards house or property tax or maintenance of the house.

Para 463. Income Tax: The amount of income tax to be deducted monthly from each member of the staff whose income is taxable should be calculated twice in a year i.e. first in August (approximately) and finally in February. In the Pay bill of February, the final adjustment of the income tax recovery will be made taking into account the total amount recovered till then on approximate basis. Particulars such as amount of Life Insurance premia, amount of Postal Cumulative Time Deposit etc. should be called for from the staff for making the final assessment.

At the close of the financial year, a statement of income tax deducted at source for the financial year should be made out in triplicate from the office copies of the pay bill register. Quarterly statements of Income Tax deducted at source should be submitted to the Income Tax Department.

(Ministry of Home Affairs O.M. No.24/10/64-AB dated 26.3.65 and Sec. 139A of Income Tax act 1961)

Para 464. Recovery of rent for Railway Quarters: Rent, electricity charges, and water charges are required to be recovered from the staff who are in occupation of Railway quarters at the same rate as are applicable to the railway staff. A rent roll in the form prescribed should accompany the Pay Bill.

Para 465. Recovery Register: Separate Recovery Registers should be maintained for each category of recovery. Only one register should be maintained for the whole office in respect of each category of recovery. The following are the recoveries for which the registers are maintained.

1. Advance of pay on transfer.
2. General Provident Fund Advance.
3. Advance for conveyances.
4. Festival Advance.
5. Fan Advance.
6. House Building Advance.
7. Loans due to Co-operative Credit Society.

Entries in respect of items (1) to (6) are made from office orders/sanctions and entries in respect of item (7) are made from the debit schedule received from the Co-operative Credit Society. Actual recoveries effected through the pay bills should also be noted in the register monthly under the various headings and attested by the Asstt. Audit Officer.

Para 466. Supplementary Bills: The pay and allowances of any member of the staff (when not drawn through the main pay bill) will be drawn through a supplementary bill. This will be prepared in the same manner as that of the main pay bills.

Para 467. Arrear Bill: Arrears of pay, allowances or leave salary etc. if more than three months old, will be drawn through a separate pay bill giving indication to the main pay bill in which it was not drawn. A note of the arrear bill should be made in the office copy of the bills for the period to which the arrears pertain

duly attested by the Asstt. Audit Officer(Bills) to obviate the arrears being claimed for the second time. The certificates mentioned in *Para 276 of the Treasury Rules Vol.I* should be recorded on the arrear bill.

Para 468. Last Pay Certificate: Last Pay Certificate is required to be prepared only when the staff are transferred out of this office i.e., to the jurisdiction of another Accounts Office.

Para 469. Disbursement of Pay and Allowances: For payments on other than pay day, the procedure laid down by the Financial Adviser and Chief Accounts Officer from time to time should be followed. In terms of correction slip to *Para 72(2) of Railway Audit Manual*, audit of expenditure relating to this office is done by the Principal Director of Audit, Southern Railway.(PD-Railways letter No. 2319-Rly/C-ord/17-58/2005, dated –Oct’2006) Copies of all sanctions and office orders should invariably be endorsed to the Audit Officer. Comptroller and Auditor General has fixed 25th of every month as the due date for receipt of paid vouchers for the previous month by the Audit Officers (*CAG’s letter No. 1149-TAI/ 239-66 dated 20.4.1967*).

Para 470. Maintenance and verification of Service Registers and Leave Accounts: The maintenance of service registers and leave accounts of the Group ‘A’ and Group ‘B’ officers and non-gazetted staff of this office is the responsibility of Administration Section. The posting of all office orders concerning the official events of an employee in his service register should be done as and when they occur. Asstt. Audit Officers are authorised to attest entries in the service book of Non-Gazetted staff other than those on the first page of the service book and annual verification of service. These powers will not, however, be exercised by them in respect of entries in their own service register. The Audit Officer/ Sr. Audit Officer (Admn.) who is delegated with powers to attest entries on the first page of the service register, should verify 10% of the other entries in the service books and initial them in token of their having done so.

The Audit Officer/Sr. Audit Officer (Admn.) is delegated with powers to attest the entries in the Service Register and the leave account of all the

gazetted officers and these entries should be verified to the extent of 10% by the Deputy Director/Director (Admn.) every year.

(Ministry of Finance letter No.3(3)-E-G.I/67 dated 20.04.1967 received under CAG's letter No.1384-Tech.Admn.I/698.66 dated 3rd May, 1967 and CAG's letter No.2888-Tech.Admn.I/51-60 Volume III dated 23rd August, 1968).

The service of each pensionable employee must be verified from the pay bills every year and a certificate regarding such verification recorded in the service register soon after the close of the financial year. A report to the Comptroller and Auditor General that such certificates have been recorded should be sent by 10th July.

Service registers of staff who may be permanently transferred from other Audit Offices should be reviewed on receipt to see that the certificate of verification of pensionable service till the end of the month preceding their transfer has been recorded and attested.

All service books and leave accounts of staff should be thoroughly checked by Internal Audit Section and that of the staff of the Internal Audit section should be checked by an Asstt. Audit Officer nominated by the Deputy Director/ Director, once a year.

The service books should be verified and attested by the staff concerned once every year and an annual certificate to this effect submitted to the Comptroller and Auditor General by 30th September every year. A programme should be drawn up for the verification of the service registers of the staff, in batches early in August.

(CAG's letter No. 2515-NGE.I/68-67 dated 20.11.1967 and SR.197 to 203)

Para 471. Office Order Books: Separate Office Order Books should be maintained for Gazetted Officers and Non-Gazetted Officers in which the Office Orders are pasted in chronological order.

Para 472. Travelling Allowance: Audit staff are governed by the Travelling Allowance rules contained in the *Indian Railway Establishment Code Vol. II*. The provisions in Supplementary Rules will, however, apply to the Railway Audit staff in respect of journeys on deputation to and from non-railway offices.

The staff are required to present their travelling allowance claim in Railway Travelling Allowance Journal Form, in duplicate, to the Bills section. Separate travelling allowance journal should be prepared for every month, even though the same tour may be continued extending over different calendar months.

The travelling allowance journal should be scrutinised and submitted to the Controlling Officer, i.e. Audit Officer/Sr. Audit Officer in charge of Bills in the case of non-gazetted staff, and Deputy Director/Director in the case of gazetted officers for counter-signature, after entering full details in the Register of Travelling Allowance Claims, to be maintained separately for gazetted officers and non-gazetted officers.

Particulars regarding the claims viz. date of commencement and completion of journey, number of days, rate of travelling allowance, gross claim, advance of travelling allowance, net claim, date of passing the advance, and the month in which the travelling allowance claims have been included will be noted therein. The register should be put up to the Audit Officer/Sr. Audit Officer (Bills) along with the claims of non-gazetted officers which he countersigns. Those of the gazetted officers should be put up to Deputy Director/Director through Audit Officer/Sr. Audit Officer (Bills).

The travelling allowance claims of Group 'B' Officers and non-gazetted officers are paid through pay sheets. The amount of the claim in each journal will be entered under the column 'Travelling Allowance' in the monthly pay sheets. The original travelling allowance journal should be attached to the pay bill and the duplicate travelling allowance journals filed separately in Bills Section. Travelling allowance journals received in the Bills Section upto 10th of a month will be included in the pay sheet of that month.

Para 473. Advance of Travelling Allowance on tour/transfer: Applications for advance of Travelling Allowance on tour should be submitted in the prescribed

form. Advance of Travelling Allowance on tour is normally admissible upto 75% of the anticipated claims. A temporary employee should furnish surety bond from a permanent employee, alongwith his application for advance. The advance of Travelling Allowance will be adjusted in the Travelling Allowance Bills to be submitted immediately on the completion of the tour or on 31st March whichever is earlier. The advances granted in the month of March should be adjusted before 30th April.

Advance of Travelling Allowance should be noted in the Register of Travelling Allowance claims passed and attested by Audit Officer/Sr. Audit Officer (Bills).

Para 474. Festival Advance: Festival Advance is granted to the non-gazetted employees whose basic pay does not exceed Rs.8,300/- p.m. for the festivals nominated by the Principal Director of Audit. This advance is admissible for any one festival during the calendar year and is recoverable in ten equal installments. No Festival Advance for the next year will be granted until the advance granted in the previous year is recovered fully.

Para 475. Cycle Advance: Cycle advance is granted to the non-gazetted employees whose pay does not exceed Rs.5,000/- p.m. The exact date of receipt of the advance by the employee should be intimated to the Administration Section immediately after the drawal. The advance is recoverable in not exceeding 30 installments. A second advance for the purchase of a bicycle will not be granted to an employee until the completion of three years since the drawal of the previous advance.

Para 476. Table Fan Advance: Group 'D' staff who apply for fan advance should submit the electricity bill (receipts) and also produce a certificate in the following form:

“I certify that:

- i. The portion which I occupy is electrified.
- ii. A plug point exists for the use of a table fan.
- iii. I do not have a fan in my house, and

- iv. Sri/Smt. _____ in whose name the electricity bill has been made out is my house owner/father/wife.”

The amount of advance which may be granted should not exceed Rs.1,000/- or the anticipated price of the Table Fan, whichever is less.

A second advance for the purchase of a fan is not granted within ten years of the first one. To ensure this, a record of the grant of the advance should be made in the service register of the employee.

Para 477. Grants-in-aid to Recreation Club: Grants-in-aid for provision of amenities or recreational or welfare facilities to the staff of the Central Government Departments will be regulated in the manner indicated in *Ministry of Home Affairs Office Memorandum No. 2/167/59-Welfare dated 10th March, 1961, as amended in Office Memorandums No.24/2/62-Welfare dated 12.10.1962 and Memorandum No. 2/8/67 - Welfare dated 11.5.1967 and Ministry of Finance (Expenditure) O.M. No. F (14)(2)-E-II(A)/89 dt.19.9.89.* Proposals for annual grant-in-aid should be formulated in accordance with the orders issued by the Comptroller and Auditor General of India from time to time.

The Recreational Clubs should submit their accounts to the Principal Director of Audit immediately after the close of the financial year in the form given in the Annexure to Comptroller and Auditor General's letter *No. 890-NGE/III/114-63 dated 23.4.1963* (duly audited by their Internal Auditor).

The accounts should be accompanied by all vouchers. Such of the items of expenditure which are not supported by vouchers should be certified by the President/Secretary/Treasurer of the club to the effect that the expenditure was actually incurred and it was not possible to get a receipt.

The accounts of the clubs should then be examined by an auditor nominated by the Principal Director of Audit and signed by the auditor concerned in the prescribed proforma.

Grant-in-aid for the first quarter of the year will be released in the beginning of each financial year. The balance will be released only after the submission of the accounts for the previous year.

An illustrative list of items on which expenditure can be incurred out of the grant-in-aid is given in *Ministry of Home Affairs O.M. No. 2/14-61-Welfare dated 7.12.1961*. The grants are intended only for provision of amenities or of recreational or welfare facilities and would not cover within their scope any compassionate objects such as death benefits.

No expenditure should be incurred out of grant-in-aid for organization of excursion trips.

Principal Director of Audit is empowered to sanction recurring grants-in-aid for provision of amenities to the recreation clubs on the terms and conditions stipulated in the *Ministry of Home Affairs O.M. No.2/167/59-Welfare dated 10.3.1961* subject to budget provision having been made. Copies of the sanctions issued by the Principal Director of Audit should be endorsed to the Comptroller and Auditor General. The expenditure on grants-in-aid is chargeable to the head “216-Audit-grants-in-aid”.

(Rule 153 - G.F.Rs. as amended from time to time).

Para 478. Audit Bulletin: The Audit Bulletin will be uploaded on the CAG’s Website no copies will be printed and issued to the field Offices. EDP Section of Headquarters are to be obtained printed copies by downloading from website and circulated to all units. The material for incorporation in the Audit Bulletin is collected from sections/divisions and a report furnished to Comptroller and Auditor General on the 10th of the month following each quarter.

(Authority CAG’s Circular No. 124 Audit(Rules)-48/2007 dated Nov-12-2007.)

Para 479 Communication of Government of India’s Orders to the field offices.

- 1 Headquarters have decided that for the sake of promptness, convenience and economy, the Government of India’s orders will henceforth be uploaded in the Public of Exchange Server under Audit Wing and an intimation to this effect will be sent to the officers in Headquarters Office and concerned field offices by e-mail at their official e-mail address. Hard copies of such orders will not be circulated by Audit Wing.

- 2 The offices and officers shall make appropriate arrangements for promptly downloading such orders and circulating them to the concerned officers, staff and sections.
- 3 The concerned Ministries of Govt. of India also place such orders on their websites. These orders can also be downloaded/ viewed / printed from the websites of the concerned Ministries.

(Authority CAG letter No. 112-Audit (Rules)/26-2007 dated Nov.13.2007)

CHAPTER V

General Audit Procedure

501. The general principles and rules of audit for the different classes of transactions laid down in the Comptroller and Auditor General's Manual of Standing Orders (Audit) Vol.I to the extent they can be applied to Railway Audit Procedure as detailed in the CAG Regulations for Audit & Accounts 2007 and the detailed instructions contained in Railway Audit Manual should be followed.

502. Programme of Audit (Paras 122 & 123 R.A.M) :

The Secret Memorandum of Instructions (Railway Audit) contains the programme of Audit and also the extent and scope of check in respect of various items of audit. The extent of audit prescribed should not ordinarily be deviated from, but where the Principal Director of Audit considers that a relaxation would be useful for utilising the staff thus released on special inspection reviews or investigations, he may order a temporary relaxation against individual items in regard to which accounting and internal check are satisfactory. Experience has shown that the extent of audit may be reduced with comparative safety. A record of relaxation so ordered with brief reasons indicating the justification therefor and the manner in which the staff released is to be utilised should be maintained. A brief note of the results achieved should also be kept on record.

503. Selection of documents for Audit:

- a) The detailed instructions contained in Chapter X of the Railway Audit Manual should be carefully followed. In respect of monthly items of audit, the vouchers and documents relating to the third previous month are ordinarily audited e.g. in December, the vouchers and documents relating to September are audited. However, in respect of Completion Reports, those sanctioned in the second previous month are audited. In the case of Traffic Audit, the accounts of the fourth previous month are audited. As regards the quarterly

and half yearly items of audit, the check is done with reference to the transactions of the previous quarter/half year. The audit of quarterly, half-yearly and annual items, other than those which have been divided into monthly units for being checked throughout the year, should not be crowded into the closing months but should be distributed evenly during the whole period by taking up a few items of work each month. One month's account selected is to be taken up for detailed check. A general review of the transactions of the other months is also to be done.

- b) As regards annual items, the month of accounts will be got selected by Books & Budget Section in Headquarters office and advised to all the units. In the case of annual items which are not dependent on the closing of the accounts of the year, they may be taken up for audit sufficiently early. The audit of all items should be completed within two months after the closing of the accounts of the year so as to enable the necessary Audit Certificate being issued to the Comptroller & Auditor General of India by the 15th September.
- c) Selection of paid vouchers for audit is based on the Register of Bills passed (CO7). The PMR No. and amount of the vouchers included therein should first be listed out separately for each item of audit and memorandum indicating the total number of vouchers in each category, the extent of check applicable and the number of vouchers to be audited should be prepared. This should be submitted to the Branch Officer for selecting the required number of vouchers for audit. If the application of the prescribed percentage results in a fraction, it should be rounded off to the next higher number. The above principle should also be applied while obtaining selections for Current Review/Post Review by Assistant Audit Officers and Gazetted Officers.
- d) The listing of vouchers done monthly by the Auditor/Senior Auditor for purposes of selection for audit should be subject to a surprise test check by the Assistant Audit Officer at least four times a year with a view to ensuring its correctness and completeness and any defects found in the system brought to the notice of the Branch Officer. The fact of his having done the above checks

should be indicated in the Memorandum before submission to the Branch Officer as well as in the Selection Register.

- e) The audit work is to be conducted under the personal supervision of the Branch Officer and the selection of units/documents/vouchers for test audit should be done by him except in cases where it may not be possible for him to do so. In such cases, the initial selection made by the Assistant Audit Officer should be submitted to the Branch Officer for confirmation at the earliest.
- f) In selecting the vouchers for audit, the Branch Officer should aim as far as possible at a method under which the accounts of all the spending departments come under audit within the prescribed periodicity of audit and no particular class of voucher is left out.
- g) The selection of vouchers and documents by the Branch Officer should be completed by the 20th of the month preceding that in which the audit is to be taken up so that the selected vouchers and documents can be collected well in time to commence the audit on the first day of the month.

504. Requisition and collection of vouchers/documents:

- a) Soon after the selection of vouchers and documents for audit, requisition calling for the same should be sent to the Accounts Office without delay over the signature of the Assistant Audit Officer. The requisitions should be prepared in duplicate by the concerned Senior Auditor and one copy thereof sent to the Accounts Office. Requisitions for the rejected tenders and confidential files/documents should ordinarily be issued over the signature of the Branch Officer. The Office copies of the requisitions should be preserved for two years.
- b) The documents called for should be collected expeditiously and any difficulty in getting them should be brought to the notice of the Assistant Audit Officer. Cases of inordinate delay should be brought to the notice of the Branch Officer. If the documents due for Audit in a month are not made available by the 1st of the month, an official reminder should be issued. If this has no effect a demi-official letter should be sent to the Accounts Officer by the 15th of the month

over the signature of the Branch Officer. Thereafter, the Branch Officer should keep a watch on the receipt of the vouchers due and every effort should be made by him to obtain the vouchers. All the vouchers and documents requisitioned upto the end of the previous month but not made available should be shown under “arrears due to non-receipt of vouchers from Accounts Office” in the monthly arrear report.

- c) In the case of vouchers not made available at all and reported to be lost etc. by the Accounts Office, the procedure laid down in Note 2 below Paragraph 145 of R.A.M. should be followed. For taking necessary action in the matter, the Branch Officer should send a report to the Co-ordination Section detailing the particulars of vouchers not made available etc.

505. Audit Execution:

The audit execution process broadly includes the following:

- entry conference;
- determination of the audit approach;
- developing and executing audit tests through evidence gathering, evaluating evidence, developing audit opinions;
- developing findings and ensuring that replies/responses from the management are received;
- developing recommendations; and
- exit conference.

- (i) The audit process begins with a restatement of our understanding of the entity. This requires domain knowledge of the entity, the control framework within which the entity operates, and the external environment. The focus of audit would be on the key risk areas and audit objectives already identified so as to be able to provide higher levels of audit assurance on the functioning of the entity. This may be explained to the head of the auditee unit at the time of entry conference and his/her input obtained. However, the audit team would continue to have the flexibility to

examine other risk areas that emerge during the audit, with proper documentation and approvals.

(ii) **Audit test programmes:** Testing of the audit objectives is the task of carrying out a series of procedures and/or activities with reference to the audit criteria already developed, and obtaining relevant and reliable evidence in respect of these procedures/activities during the course of audit. The audit tests are the key link between the audit objectives and criteria and the conduct of an audit leading to credible and objective findings.

Instructions, detailed checklists and formats as contained in the Manuals/guidelines, etc. of the Department or as prepared at the stage of audit planning are to be referred to while framing the audit test programme. Selection of the sample to be tested should be done in a transparent manner, and where possible, with the help of appropriate sampling techniques. The sample drawn should be commensurate with the assurance levels required in the audit. Adequate documentation is required for the method of selection of the sample (e.g. random, judgemental etc.), its size and the audit criteria/objective with which the sample is linked.

(iii) **Developing audit findings:** Audit findings/observations are based on the analysis of information or evidence drawn from the sample for audit, with computer assisted audit techniques and tools (CAATTS) applied wherever possible. Audit evidence should be valid, appropriate, reliable, sufficient, accurate and complete so as to be able to frame audit opinions and draw effective conclusions. The opinion and assessment of the auditor is to be based solely on the analysis of facts. Audit findings and conclusions should be an accurate reflection of actual conditions of the matter being examined.

(iv) **Documentation and maintenance of working papers:** Complete and detailed working papers must be maintained in respect of the audit, appropriately cross referenced and supported by evidence. The working papers should be accurate, clear and relevant and should bring out the inputs made by the different members of the audit team including supervision and review, as determined in the audit plan. The

working papers should also include information relating to monitoring / review of the work of a consultant/expert, if any, as outlined in departmental orders or guidelines.

(v) Supervision of audit: Supervision could involve assigning of responsibilities, providing guidance, reviewing the work, staying informed about and addressing significant problems, and obtaining periodic feedback. There should be frequent communication with staff so that they all understand their roles and tasks within the overall aim and context of the task assigned. Critical points in the audit programme should be identified to ensure that audit aims are met.

(vi) Monitoring & Review of audit operations: Regular monitoring of the work at suitably senior levels would enable anticipation of problems and early intervention with appropriate action and solutions. Improved electronic and online monitoring of the progress of audit and providing guidance and clarification to field parties would substantially improve the quality of audit product. A comprehensive and timely review would also ensure that all conclusions are based on and supported by reliable and sufficient evidence.

(vii) Exit Conference: Before the audit is completed, management/auditee responses to the audit findings and observations should be obtained. All connected key documents may also be obtained, especially in respect of important observations which are likely to feature in the audit report. The report should also be discussed in detail with the head of the auditee before concluding the audit programme.

Audit Reporting and Follow up

The audit product includes all reports/appraisals/comments/opinions/findings that emerge from the audit process and its follow up. All findings should be evaluated in the context of the audit evidence seen, and the response of the auditee. Observations and conclusions are expected to be logical and based on valid audit evidence. The audit report should comment specifically on the audit objectives, scope and methodology and the results of the audit which include finding, conclusion and recommendations. Audit recommendations should be

framed in the manner suggested in separate guidelines issued by the Department. The reporting should be in accordance with the 'Reporting Standards' of the Department.

(i) Reporting for financial and compliance audits: For attestation or certification audit, the auditor's opinion on a set of financial statements is generally in a concise, standardised format in accordance with standards/orders/ guidelines of the Department. Opinions should be appended to and published with the financial statements to which they relate. For compliance audits which are primarily concerned with compliance with laws, regulations and procedures and with probity and propriety of decisions, the reporting and communicating the audit results should be in accordance with the policies, guidelines and instructions of the Department.

(ii) Reporting for performance audit: Performance audit is wide-ranging in nature and is more open to judgment and interpretation. For performance audits, the report should be on the economy and efficiency with which resources are used, and the effectiveness with which objectives are achieved. The reporting structure will have to be in accordance with the Performance Auditing Guidelines of the Department.

(iii) Characteristics of a good audit report: The audit report should be complete, accurate, objective, convincing, clear and concise. It should contain the audit objectives, scope and methodology and the results of audit which include findings and conclusions, and recommendations where applicable. Special attention is to be given while framing audit comments relating to fraud and corruption, as laid out in departmental instructions on the matter.

506. Completion of Audit:

At the close of the month, details of completion of Audit should be recorded in the Selection Register indicating the following:

(a) In respect of paid vouchers which are listed out from the CO7 and Journal Vouchers listed out from the monthly Capital & Revenue Journal for selecting items

at the prescribed percentage and originally audited by the Sr. Auditor/Auditor monthly:

1. Total No. of vouchers passed/prepared
2. Extent of check
3. No. of vouchers to be selected
4. No. of vouchers received
5. No. of vouchers outstanding
6. Arrears in Man-days
7. Date of Completion
8. Initials of Sr. Auditor/Auditor
9. No. of vouchers due for current review by Asst. Audit Officer
10. Details of vouchers selected for Current Review
11. Current review remarks of Asst. Audit Officer
12. Date of completion of current review
13. Initials of Asst. Audit Officer

(b) In the case of Pay Bills where the mode of selection is made based on the units:

(i) Gazetted Officers:

1. Details of unit selected
2. No. of vouchers due for audit
3. No. of vouchers received
4. No. of vouchers outstanding
5. Arrears in Man-days
6. PMR No. of the voucher
7. No. of Officers
8. Date of completion
9. Initials of Sr. Auditor/Auditor
10. No. of items due for current review
11. Details of items selected for current review by Asst. Audit Officer
12. Current review remarks of Asst. Audit Officer
13. Date of completion of current review

14. Initials of Asst. Audit Officer

(ii) Non-Gazetted Officials – Accounts:

1. Details of unit selected
2. No. of vouchers due for audit
3. No. of vouchers received
4. No. of vouchers outstanding
5. Arrears in Man-days
6. PMR No. of the vouchers
7. No. of staff (separately under Pay & TA)
8. Date of completion
9. Initials of Sr. Auditor/Auditor
10. No. of items due for Current Review (separately under Pay & TA)
11. Details of items selected for current review by Asst. Audit Officer
12. Current review remarks of Asst. Audit Officer
13. Date of completion of current review
14. Initials of Asst. Audit Officer

(c) In the case of Scale Check Register, Cadre Register etc. of General Review

1. Details of unit selected
2. Date of completion
3. Initials of Sr. Auditor
4. Current Review remarks of Asst. Audit Officer
5. Date of completion of current review
6. initials of Asst. Audit Officer

(d) In case of leave accounts of Gazetted Officers, Non-Gazetted Officials, Service Registers, Verification of Pensionable service etc.

1. Details of unit selected
2. No. of documents due for audit
3. No. of documents received
4. No. outstanding

5. Arrears in Man-days
6. Date of completion
7. Initials of Sr. Auditor
8. No. due for current review by Asst. Audit Officer
9. Details of items selected for current review by Asst. Audit Officer
10. Current Review Remarks of Asst. Audit Officer
11. Date of completion of current review
12. Initials of Asst. Audit Officer

(e) In respect of other items of works which are audited by the Sr. Auditor Quarterly, half-yearly and yearly and concurrently reviewed by the Asst. Audit Officer and items audited by Asst. Audit Officer, on completion of the work, a specific report should be put up to the Branch Officer indicating the results of audit for Post Review by him.

(f) In respect of items which are to be originally audited by the Asst. Audit Officer in addition to the unit selected for his original audit, the details of documents/vouchers selected and audited may be indicated in the respective Original Audit Review Register of the Asst. Audit Officer and details of items current reviewed by the Branch Officer therein.

(g) Every voucher audited whether at headquarters or during local inspections, should bear an audit encasement and dated initials of the person (Whether Auditor/Senior Auditor/Asst. Audit Officer) who audited it, as indicated below:

Audited
 Initials
 Date

(h) At the end of the month a certificate regarding completion should be given in the Selection Register in the following form:

(i) selection of vouchers due for audit for the month has been completed
 and

(ii) all vouchers, documents selected for audit and review have been audited and reviewed and those required to be submitted to the Asst. Audit Officer/Branch Officer for review have been submitted except those which have been shown as outstanding in the selection register.

(i) In order to keep a watch on the receipt of vouchers and documents which were not received during the month a Subsidiary Register is to be maintained in the following form.

SUBSIDIARY REGISTER

Month of Audit	Particulars of documents/ vouchers	When received for Audit	OA by Sr. Ar./AAO	Date of completion	Initials of person who conducted audit	CR by BO/AAO	CR Selection	Initials of person who did CR	Date of completion
1	2	3	4	5	6	7	8	9	10

The particulars of vouchers and documents are to be entered in detail in the Register under three distinct categories given below indicating also the total number of man-hours against each category.

- Arrears in Accounts Office
- Arrears due to non-availability of vouchers and documents
- Arrears in Audit Office.

These figures should agree with those shown in the Selection Register. Audit is conducted as and when the vouchers etc. are received and the reduction in arrears in man-hours indicated against each category. At the close of the month, the total of arrears is indicated in the certificate to be given in the Selection-cum-Progress Report Register. The Selection Register and the Subsidiary Register should be submitted to the Branch Officer on the 5th of every month.

507. Original Audit by Gazetted Officer and Asst.Audit Officer (Pars 140 - 143 of R.A.M.)

- a) Gazetted Officers and Asst.Audit Officers are required to do original Audit work as part of the monthly duties amounting to not less than 2 days in a month, the percentage of check being that prescribed in the Memorandum of Instructions regarding the extent of Audit (Railway Audit). For this purpose, the audit work in the Division/Unit is divided into 12/24 units. The selection of items for Original Audit to be done by the Branch Officer and by the Asst. Audit Officer should be made by the Branch Officer, before the commencement of the month of audit. The results of Original Audit should be recorded in a separate register to be maintained for each Branch Officer/ Asst. Audit Officer in the form prescribed in para 162 of the Railway Audit Manual. The registers containing the results of Original Audit by Gazetted Officers and Asst.Audit Officers should be submitted before the 5th of every month to the Dy. Director/ Principal Director of Audit by the Headquarters Units. In respect of units outside Headquarters, the Register should be submitted to the Dy. Director/ Principal Director of Audit during their local visits.
- b) If in a particular month there are no transactions relating to the unit selected for audit, the Gazetted Officer may take up the vouchers or documents relating to the same unit in any previous month for which there are transactions which have not been audited. A suitable remark to that effect should be made by the officer in the Register.

508. Current Review (Paras 151 – 153 and 162 of R.A.M.)

- a) As soon as possible after the audit is completed by the Auditor/Senior Auditor, the branch officer should select the items for current review by the Asst. Audit Officer in the selection register.
- b) The items originally audited by the Asst. Audit Officer should be current reviewed by the Branch Officer and the items so reviewed together with the remarks should be recorded in the Original Audit Register of Asst. Audit Officer. During the Current Review, a test check should be made to see that the arithmetical check and the other

routine processes for which the Auditor/Senior Auditor/ Asst. Audit Officer is primarily responsible have been correctly done.

c) The selection register containing the results of current review by Asst. Audit Officer should be submitted half yearly by 10th April and 10th October to the Principal Director of Audit in respect of units in Hubli area and outstation units during his/her visit to the unit. For this purpose, the selection register may be maintained separately for the period from April to September and October to March.

509. Post Review (Paras 154 - 162 of R.A.M.)

a) In addition to the current review, a post review of the work done during the month is also carried out by the Branch Officer and the Asst. Audit Officer in the following month. The method of selection is similar to the procedure for selection of Original Audit and the field being divided into 12 units. One half of the review work of the Branch Officer should be devoted to a re-check of the Current Review done by the Asst. Audit Officer. The documents should be submitted to the Branch Officer before the 15th of the month.

b) For the purpose of Post Review by Asst. Audit Officer, one unit is selected (out of 12) by the Branch Officer. The Post Review is done every month by the Asst. Audit Officer (Audit) in charge of the section, with the exception that where there is more than one Asst. Audit Officer in the Division/branch/Section, the Post Review is done by the local Asst. Audit Officer other than the one in charge of the Section whose unit is selected. If an item marked for Post Review becomes infructuous (such cases should be rare) it should be the duty of the Asst. Audit Officer concerned to bring the matters to the notice of the Branch Officer in time and arrange for some other unit to be assigned. In cases where one or more items in the units selected for review becomes infructuous in the month, voucher or vouchers of the same category last audited should be post reviewed by the Branch Officer or the Asst. Audit Officer (Audit) concerned and the fact recorded in the Post Review Register.

c) In case no voucher/documents are available in an item in the unit selected for Post Review in a given month or in the months immediately preceding it, a suitable

note should be kept of the same and if any vouchers/documents are available in the subsequent months of the financial year they should be subjected to Post Review.

d) In the case of an item in the unit subjected to Post Review in the subsequent months as suggested in (c) above, the item need not be shown as in arrears. If, however, no documents/vouchers are available in the entire units selected for Post Review, alternative selections should be obtained.

e) During the course of the Post Review, the Asst. Audit Officer should devote his attention to vouchers other than those current reviewed by another Asst. Audit Officer. Where, however, only one Asst. Audit Officer is stationed in a Division/unit, a second Asst. Audit Officer from another unit need not be deputed for this purpose. But, where only one Asst. Audit Officer are there in the case of headquarters office sections, Asst. Audit Officer from another section, may be nominated by the Dy. Director /Director.

f) The results of Post Review should be recorded in separate registers by the Branch Officer and the Asst. Audit Officer in the following form.

REGISTER OF POST REVIEW BY _____

Date of selection/ completion of review	Unit selected	Particulars of documents checked or reviewed	Details of items current reviewed	No. due for post review	Details of items selected for PR	Remarks of the Reviewing Officer
1	2	3	4	5	6	7

g) In respect of units in Hubli area, the register containing the results of post review by the Branch Officer should be submitted to the Principal Director of Audit monthly before the 5th while the register of post review of Asst. Audit Officer should be submitted half-yearly (i.e.) in April and October.

Arrears, if any, should be specifically brought to the notice of the Principal Director of Audit. As for outstation units, the Registers should be submitted to Dy. Director during his visits.

510. Raising and Pursuance of Objections:

- a) The instructions contained in *Chapter XXII* of the Railway Audit Manual shall generally be followed keeping in view the general principles and rules laid down in paras 7.1.1 – 7.1.22 and 7.2.2 of the Manual of Standing Orders (Audit).
- b) The points noticed during the course of central audit through Test Audit Notes. Objections of an important nature are to be included in Part I and submitted to the Dy. Director for approval and objections of a minor and routine nature through Part II Notes. The Part I TA Notes issued are to be submitted to the Principal Director of Audit quarterly in April, July, October & January each for perusal.
- c) The points noticed during local audit should be issued in the form of Preliminary Observation Slips. As frequently as possible and at least once a day, the POS covering objections should be given to the person in-charge of the office under inspection for offering his remarks on the same day or on the next day. The Draft Inspection Report should be prepared from the POS before the inspection party leaves the station and shown to the Officer-in-charge of the office inspected and discussed with him. The Inspecting Officer should record the fact of his having discussed the report with the Head of Office in the Inspection Report itself. Points of primary importance, irregularities of a serious nature and questions of principle and procedure which have not been explained satisfactorily or settled by discussion should be included in Part I and submitted to the Principal Director of Audit for approval. Final Inspection Reports should be issued within 30 days from the date of completion of the inspection.

The Part-I Inspection Reports and Audit Notes where the Railway Administration has taken appropriate action may be closed by the Branch Officers.

Very serious irregularities should be brought to the notice of the Administration in the form of Special Letters and should be issued only with the approval of the Principal Director of Audit. When a Branch Officer comes across an important objection or a case, which, in his opinion, has sufficient potential for a Draft Paragraph, he should take action to collect details and copies of relevant correspondence and should arrange to issue special letters, duly obtaining the

approval of the Principal Director of Audit, to the Accounts Office with necessary key documents, calling for the remarks of the Railway Administration. All such cases are required to be reported to the Reports Section which should maintain a Register of Potential Draft Paragraphs. Such cases are required to be pursued vigorously.

d) All objections and special letters should be signed by the Branch Officer. Part II Audit Notes of minor importance may, however, be issued by the Asst. Audit Officer under his signature.

e) Petty and frivolous objections should be avoided and the objections once raised should be pursued vigorously till they are settled to the satisfaction of audit. All pending objections (both part I and part II) should be reviewed once in every six months and special attention of the Accounts Office drawn to the old outstanding items. Items for which satisfactory replies are not received within a reasonable time should be brought to the notice of Principal Director of Audit, for being taken up with the F.A.&C.A.O.

511. Register of Recoveries effected at the instance of Audit:

Auditing sections should maintain a register showing the following details to record the particulars of recoveries effected or agreed to be effected by the Railway Administration at the instance of Audit.

1. Serial Number
2. Particulars of the case (Reference to Para of TAN/IR/SL No.& Date, nature of objection)
3. Amount pointed out by Audit for recovery
 - (a) as a result of audit of transactions already checked by Accounts Office
 - (b) other than those mentioned in column (a)
4. Amount actually recovered or agreed to be recovered by Accounts Office
 - (a) as a result of audit of transaction already checked by Accounts Office
 - (b) other than those mentioned in column (a)
5. Amount recovered as a result of further review by the Administration
6. Reference to the acceptance by Accounts Office.

The above register should be submitted to the Branch Officer 5th of every month.

A statement showing the above details should be sent to Accounts Office monthly by 5th in duplicate for vetting and return of one copy to Audit after vetting. The receipt of vetted statement should be watched and if there is any difference in the amount pointed out in the statement and the actual amount accepted as recovery at the time of vetting, the matter should be sorted out with Accounts and only the amount as per the vetted statement should be furnished in the Quarterly Progress Report sent to Co-ordination Section.

(Procedure Office Order No. 14 of September 2006)

CHAPTER – VI

EXPENDITURE (WORKS) AUDIT SECTION

601. General : This Section deals with the scrutiny, generally of all expenditure incurred by the Railways, other than those audited in the Establishment, Workshop, Stores and Traffic Audit Sections. The audit is conducted in accordance with the general instructions given in Chapter XVI of Railway Audit Manual which supplements the appropriate provisions of MSO (Audit) in guidelines issued under Audit Quality management System. The pattern of work in the Expenditure Audit sections in the Headquarters, Divisional and other Branch Audit Offices generally follows the nature of work done in the corresponding internal checking sections of the FA & CAO's office and the subordinate Accounts Offices. The expenditure Audit comprises audit of sanctions, estimates, tenders and contracts, execution of works, completion reports and other miscellaneous items important among which are audit of law charges, Accounts of assisted sidings, Accounts Bills for rent on telephones and, payment to local bodies, etc. fuel accounts, capital and Revenue Accounts of residential buildings, contingent vouchers and review of various registers maintained by the Accounts Offices in connection with the different accounts mentioned above.

602. Audit of Sanctions: (Paras 132, 133 and 250 of Railway Audit Manual)

(a) Sanctions are issued on behalf of the President of India by the Railway Board, General Manager, Additional General Managers and their subordinates. As per the revised Audit Norms, sanctions on other than Establishment matters are to be audited cent per cent as under:

S. No.	Monetary limit	To be checked by
1.	Upto Rs. 50 lakhs	Auditor/Sr. Auditor
2.	Above Rs. 50 lakhs upto Rs.1 crore	Asst. Audit Officer
3.	Above Rs.1 crore	Branch Officer

(b) The extent to which each authority mentioned in the above para can incur expenditure is contained in the relevant codes and Delegation of powers issued by the General Manager, South Western Railway from time to time.

(c) Sanctions pertaining to more than one Railway will be received from the Deputy Comptroller and Auditor General of India (Railways) duly accepted by him. Copies of these sanctions will be endorsed to the concerned Branch Officers for information and guidance. Sanctions relating to more than one accounting unit of the South Western Railway will be scrutinised by the Headquarters Expenditure Section, whereas sanctions pertaining solely to individual accounting units will be audited by the respective Audit Officers of the units. Even in respect of sanctions pertaining to more than one Railway issued by the Railway Board, the local Principal Directors of Audit have to scrutinise them and bring any special feature to the notice of the DAI (Railways).

603. Audit of Estimates: Audit of estimates as a separate item is not necessary. This should be done at the time of auditing contracts, completion reports and Review of Major Works. The scope and justification for works of magnitude should also be reviewed during the audit of sanctions and review of Annual Works Programme. Linking of estimates with contracts may be confined to works contracts only. In respect of contracts reviewed by Sr. Audit Officers/Audit Officers and Asst. Audit Officers, the detailed checking of estimates may be done by Auditors/Sr. Auditors.

(C & AG's letter No.3428-RAI/8-7/66 Vol.I dated 19.11.1966 and No.2334-RAI/8-7/66 Vol.I dated 5.6.1968)

604. Tenders and Contracts:

(a) Works executed on the Railways through the agency of contractors generally fall under any one of the following categories:

(i) Zonal works: Such as ordinary repairs and maintenance and other petty works in a particular zone.

(ii) Special works: Such as construction of bridge formation of embankment etc.

(iii) Supply of building materials: Such as bricks, ballast etc.

The monetary limits for classifying limited tenders and contracts and the extent of audit to be exercised against each have been indicated in the Revised Audit Norms.

(b) For obtaining competitive rates, in respect of works to be executed through the agency of the contractors, the Railways adopt a system of calling for tenders according to the monetary value of the work. Paras 1212 to 1214E may be referred in this connection. Under the limited tender system the Divisional Officer issues tender notices to the contractors in his Division who are on the approved list while in the case of open tenders, widest publicity should be given by inserting advertisement in the Newspapers etc. Notice for inviting tenders shall be in the form prescribed by the Railway Administration and shall embody the stipulations contained in para 1238-E. Tender forms shall embody the contents of the contract documents either directly or by reference. The tender notice should specify the last date of receipt of tender, date of opening the same etc. In particular, the tenderers should be asked to specify the period of validity of their offers. The terms and conditions specified in the tender notice should invariably figure in the contract condition without any change. The tenderers should deposit with the Railway Administration earnest money as stipulated in Para 1241-E.

605. Earnest money deposit : The tenderer has to deposit earnest money with the tender for the due performance with the stipulation to keep the offer open till such date as specified in the tender, under the conditions of the tender. The earnest money deposit shall be 2% of the estimated tender value as indicated in the Tender Notice.

The earnest money shall be rounded to the nearest Rs.10. This earnest money shall be applicable for all modes of tendering. The practice of allowing Standing EMD has been dispensed with for all tenders.

The Earnest Money should be in cash or in any of the following forms:

- (i) Deposit receipts, pay orders, demand drafts. These forms of earnest money could be either of the State Bank of India or any of the nationalized banks.

- (ii) Deposit receipts executed by the Scheduled Banks (other than the State Bank of India and the Nationalised Banks) approved by the Reserve Bank of India for this purpose. The Railways shall not, however, accept deposit receipt without getting in writing the concurrence of the Reserve Bank of India.

(Railway Board's letter No.2003/CE-I/CT/4/PT.I dated 12.5.2006)

SECURITY DEPOSIT : Unless otherwise specified in the special conditions, if any, the Security Deposit/rate of recovery/mode of recovery shall be as under:

- (a) Security Deposit for each work should be 5% of the contract value.
- (b) The rate of recovery should be at the rate of 10% of the bill amount till the full security deposit is recovered.
- (c) Security Deposits will be recovered only from the running bills of the contract and no other mode of collecting SD such as SD in the form of instruments like BG, FD etc. shall be accepted towards Security Deposit.

Security Deposit shall be returned to the contractor after the physical completion of the work as certified by the Competent Authority. The Competent Authority shall normally be the authority who is competent to sign the contract. If this Competent Authority is of the rank lower than JA Grade, then a JA Grade Officer (concerned with the work) should issue the certificate.

(Railway Board's letter No.2003/CE-I/CT/4/PT.I dated 12.5.2006)

The extent of powers in regard to acceptance of tenders relating to works is given in Annexure II to Chapter V. Indian Railways Financial Code Vol.-I and the schedule of powers issued by the Railway Administration.

PERFORMANCE GUARANTEE : A clause regarding Performance Guarantee has been introduced in the General Conditions of Contract vide Railway Board's letter No. 2003/CE-I/CT/4/PT.I dated 12.5.2006. As per this clause:

- (a) The successful bidder should give a Performance Guarantee in the form of an irrevocable bank guarantee amounting to 5% of the contract value.
- (b) The Performance Guarantee should be furnished by the successful contractor after the letter of acceptance has been issued, but before

signing of the agreement and should be valid upto the expiry of the maintenance period. The agreement should normally be signed within 15 days after the issue of the LOA and Performance Guarantee should also be submitted within this time limit.

- (c) Performance Guarantee shall be released after satisfactory completion of the work and maintenance period is over. The procedure for releasing should be same as for Security Deposit.
- (d) Wherever the contracts are rescinded, the security deposit should be forfeited and the Performance Guarantee shall be encashed and the balance work should be got done separately.
- (e) The balance work shall be got done independently without risk and cost of the original contractor.
- (f) The original contractor shall be debarred from participating in the tender for executing the balance work. If the failed contractor is a JV or a partnership firm, then every member/partner of such a firm would be debarred from participating in the tender for the balance work either in his/her individual capacity or as a partner of any other JV/partnership firm.

606. Constitution of Tender Committee : (Schedule of powers may be referred to)

(a) A tender Committee is formed for consideration of tenders involving a certain minimum amount. The Tender Committee should necessarily include one Accounts Officer, and will have to be so constituted that an authority holding powers for recommending the tenders by virtue of his position as a member shall not be the accepting authority also for such tenders. The Tender Committee besides their generally known responsibilities has a special responsibility to scrutinise carefully the rates tendered with reference to the scope of the various provisions in the agreement governing the contracts. Such a scrutiny should be done with the object of ensuring that no unintended benefit accrues to the contractors on the basis of certain clauses in the agreement which may be appropriate for one kind of contract and may not be so for another

category. Normally, only the lowest tender should be accepted. In all cases where the lowest or lower tenders are rejected, the reasons there for should be recorded. In cases, where all the tenders are considered to be unreasonably high in value and it is felt that re tendering would not secure better advantage to the Railway and/or where the lowest tender is technically not acceptable or is rejected because of unsatisfactory credentials, inadequacy of capacity or unworkable rates, and the next higher offer to be considered in accordance with the established procedure is found to be unreasonably high, all the tenderers excluding those whose tender was rejected because of unsatisfactory credentials, inadequacy of capacity or unworkable rates or whose tender was not accompanied by Earnest Money should be asked to re-quote by a specified date. Further, negotiations based on the re-entered rates should be conducted with not less than two of the lowest tenderers and an Accounts Officer should be associated in all such negotiations. Tenders should be considered without delay and should be finalised within the period of validity of offers, clarifications should not be sought, piecemeal from the tenderers and all the information necessary for consideration of offers should be called for at one time leaving no occasion for seeking further extension of time.

(b) The tenders relating to Divisions are invited and finalised at the Divisional level. Tenders requiring acceptance by Heads of Department/General Manager are sent to Head Office for consideration at Headquarters level. After finalising the tenders, all the tender papers including Tender Committee proceedings and rejected tenders are returned by the Headquarters to the Divisions. In certain cases, the papers are retained at Headquarters.

607. Execution of agreements : (Schedule of Powers may be referred to)

(a) After the finalisation of tenders, the Railway Administration should take steps for the execution of an agreement with the tenderer whose rate has been accepted. The agreements should be executed in the standard form prescribed and any special conditions peculiar to the contract worded clearly and without ambiguity. In cases, where provision has been made for making advances, the agreement should contain a penalty clause for recovery of the amount with interest.

(b) After the execution of agreements, work orders are issued on the contractors to start the work. In the case of Zonal contracts, the Divisional Officers are empowered to issue work orders as follows:

Sl. No.	Name of the Officers	Limit of Sanction
1.	DRM/EDRM/SAG Officers in field units	Upto Rs.2,00,000/- each case
2.	Officers of JAG level	Upto Rs.1,00,000/- each case
3.	Sr. Scale Officers (Holding Independent Charge only)	Upto Rs.50,000/- each case

608. Review of Tenders and Contracts: (Para 267 of Railway Audit Manual)

(a) The audit of the tenders and contract devolves on the Divisions/Unit audit officers concerned. In respect of tenders and contracts for which complete papers are available at Headquarters, the audit of contracts will be conducted by Headquarters Expenditure Section. The review of tenders and contracts relating to Medical department for bulk purchase of articles will also be conducted by Headquarters Expenditure Section.

(b) The review of tenders and contracts should be conducted quarterly. (i.e. agreements entered into in one quarter should be reviewed in the next quarter to the extent prescribed in the Secret Memorandum). The percentage of check is to be applied to the individual departments of the Railways and the various departments should not be grouped for this purpose.

(c) The review of contracts should be carried out in accordance with instructions given in Para 267 of Railway Audit Manual and Chapter XI of the Indian Railway Code for Engineering Department. The following additional points should also be borne in mind.

(i) While scrutinising the tenders, care should be taken to see that the instructions laid down by the Railway Board in the matter of calling for and acceptance of Tenders have been observed by the Administration. Particular care should be taken to see that reasons for non-acceptance of the lowest tender have been recorded and that such reasons are acceptable. In cases where tenders had to be

called for a second time for the same work, the reasons there for should be investigated and it should be seen that loss has not occurred due to delay in acceptance of original tender or for any other reasons.

(ii) The scrutiny of contracts should be directed to see whether the fundamental principle relating to contracts have been duly followed and the best financial advantage has been secured to the Railway. The rates in the accepted tender in all cases should be compared with the rates incorporated in the agreements. It should also be seen that the date of completion is clearly indicated in the contract.

(iii) In cases where the quantities/rates in the original agreement are to be varied or extension of time is to be given to the contractor for completion of the work, rider agreements are entered into. Such rider agreements should be scrutinised with reference to the original tender papers to see that the principle of calling for tenders and accepting the lowest of the most advantageous tender is not vitiated by the increase in rates/quantities allowed subsequently or by granting extension of time. It should also be ensured that extension of time is granted on the basis of a “no loss certificate” and the reasons adduced are acceptable.

(e) The tender Register maintained in the executive office should be reviewed occasionally and lists compared with the particulars recorded therein to ensure that there are no omissions. Any abnormal delay noticed in the execution of agreement after tenders have been accepted, should be commented in audit.

609. *Record of Tenders and Contracts reviewed:*

(a) With a view to ensure that the audit sections do not miss any essential point during their review each Division/Unit should maintain a register in Form No.808 to record the results of review of contracts done by the Section Officer, Assistant Audit Officers and Audit Officers. The registers should be submitted to the Deputy Director /Pr. Director of Audit quarterly by X/HQ and Hubli Division through the Co-ordination Section. The outstation units should submit this register during the visits of Dy. Director/ Pr. Director of Audit. Contracts reviewed by the Branch Officers and to be current reviewed by the Group Officer should be sent to the Dy. Director/ Hubli quarterly or during his visit to the unit whichever is earlier. Similarly contracts due to be reviewed by the Group Officer should be sent to him as and when received or during his visit to the unit

whichever is earlier and submitted to the Principal Director of Audit quarterly or during his/her visit to the unit whichever is earlier.

(b) Further action taken on the notes of review should also be recorded in the register giving particulars of the reference no. and the date of the letter issued to the Administration. Any contract involving peculiar features should be reported to the Efficiency cum Performance Audit Section for further scrutiny.

610. Audit of Work Orders:

As regards monetary limit fixed for divisional offices for issue of work orders, schedule of powers may be referred to. After the execution of agreements, work orders are issued by the Divisional Officers upto Rs.1 Lakh in each case on the zonal contractor. In the case of special agreements, orders to start the work are issued by the executive offices concerned to the contractor. It must be seen in audit that the work is not commenced before the execution of the agreement and the works are completed within the date of completion as stipulated therein. It must also be seen that materials etc. outside the terms of contract are not given and if given, recoveries are effected at the rates prescribed in the Engineering Code.

611. Check of Contractor's bills : (Paras 270 & 271 of Railway Audit Manual)

Selection should be made in the two categories viz. on Account bills and Final bills. As per the extant Audit norms, **selection** should be made upto 10 lakhs and above Rs.10 lakhs for the On Account bill and upto Rs.1 lakh, above Rs.1 lakh and upto Rs.1 crore and above Rs.1 crore for final bill. All on account bills relating to the final bills selected for audit should also be audited along with the audit of final bills. The particulars of previous on account bills viz. voucher No. and amount etc. relating to each of the final bills audited along with the final bills should be kept on record separately in the Selection Register. In the Original Audit Review registers also, suitable references regarding the previous on account bills should be given in case it is not possible to list out the items individually under each final bill.

The detailed instructions given in Paras 270 and 271 of the Railway Audit Manual are to be followed. It should also be seen that:

- (i) the total quantity charged for in all the connected 'on-account' bills, plus the quantity executed since the last certificate, agree with the total up-to-date quantity and the necessary entries have been made in the contractor's ledger;
- (ii) the amounts paid in all the previous on account bills have been deducted from the total of the final bill;
- (iii) there have been no abnormal delays in taking the measurements, or in preparing the bills after the measurements were taken;
- (iv) the date of the work order is not later than the date of the measurement;
- (v) the rates claimed in the bills are those laid down in the Agreement. In case refund of freight charges for some material brought from an outstation has been allowed to the contractor, the railway receipt in favour of the contractor or his authorised agent and no one-else and a certificate to the effect that the materials were wholly used on the work and were not available at or near the site of the work has been given;
- (vi) double payment is not made in respect of one and the same item of labour and stores;
- (vii) in the case of bills for works, for which estimates have not been sanctioned, or the estimates of which have been exceeded, it should be seen that the conditions laid down in the Engineering code have been fulfilled;
- (viii) the quantity of materials issued to the contractor is commensurate with the quantity of work executed by him. When charges for labour alone are claimed for items of work for which inclusive rates were quoted, the recovery for cost of stores issued has been correctly made; For this purpose, a statement is sent by the Assistant Engineer along with the final bills; showing -
 - (a) the issue of material to the contractor, the cost of which is recoverable from him, in accordance with the conditions laid down in the Work Order/Agreement and a reference to the recovery slips issued by the Assistant Engineer.

- (b) the description and quantities of stores issued to the contractor, for items of work for which labour rates only were quoted in the Work Order. In juxtaposition to these quantities, the drawing office is required to show the quantities of material actually required for the work on the basis of the quantum of work executed, as shown in the measurement book, or in the completion plan. Discrepancies between the two, if any, should be taken up. For items for which material at site account is maintained, a statement of Stores utilised on the works is prepared in the Divisional Office by the Stores Section from the material at site account returns received from the Subordinates monthly, and made over to the staff checking the final bills, so that a comparison can be made between the quantities shown as issued in the statement, and the quantities as worked out from the details of measurement or from the plans. This statement is filed with the statement sent by the Assistant Engineer and is also compared with it.
- (ix) Supervision and freight charges on stores issued to the contractor have been recovered, if due.
- (x) Hire charges for plant and machinery lent to the contractor have been recovered at appropriate rates.
- (xi) In cases where labour has been provided by the Administration, appropriate recovery of charges is effected from the contractor.

612. Contractor's ledgers : (Paras 272 & 273 of Railway Audit Manual)

This ledger is maintained to show the personal accounts of the railway contractors exhibiting all transactions with them whether relating to one or several works or to materials purchased from them or made over to them. This should be checked at the time of checking the contractors' bills.

613. Labour Pay Sheets : (Paras 275 & 276 of Railway Audit Manual)

Labour Pay sheets need not be checked in central audit. It is sufficient if these are checked during local inspections (CAG's letter No.647-590-RAI/8-11/73 dated : 05.03.1974)

614. Register of works and FA 760:

(a) For recording expenditure on sanctioned works, detailed register of works in the prescribed form is maintained. Works Registers enable the Railway Administration to watch the progress of expenditure month by month and to control the expenditure against sanctioned estimates and budget allotments. Revenue Allocation register - now a computerised statement called FA 760 is maintained for recording expenditure on Administration of several departments, repairs and maintenance etc. indicating the expenditure booked under each sub-detailed heads of account under the various Revenue Abstracts. Control over expenditure against allotment is exercised through the medium of Revenue Allocation Registers. In the open line only one set of Works Registers and Revenue Allocation Registers is maintained by the combined Accounts section which is under the control of both the Accounts and Executive Officers. The Works Registers and FA 760 are periodically reconciled with the General Books. For this check, the working sheets prepared by Accounts office should be referred to. In the construction organisation, however, two sets of Registers are maintained both for works as well as Revenue (i.e.) one in executive office and the other in the Accounts office. In those cases, it should be seen that the two sets of documents are reconciled and action taken to set right the discrepancies etc.

(b) The review of the reconciliation of works and FA 760 should be conducted to the extent prescribed in the Secret Memorandum of Instructions.

The annual general review of the Registers of Works and Revenue Allocation Registers should be conducted by dividing the field of audit into 12 suitable units and one unit should be taken up during the course of a month. During the 12th month (March each year) the units already covered should be examined again to see that the entire field has been completely covered.

(c) An entry should be made in the Calendar of Returns of the Divisions/Sections for carrying out this review during the month of March. The instructions contained in Paras 280 and 281 of the Railway Audit Manual should be borne in mind while conducting the review.

(d) Tracing of vouchers into FA 760:

The statement (FA-760) gives actual expenditure for a month and to end of the month, Demand wise, sub-head wise and primary unit wise. In addition, computer print out FA.770 is also maintained in the Accounts Office. This print out gives the date wise bookings of expenditure under each demand, sub-head and primary unit wise. In such cases, when a CO7 contains vouchers each allocable to a different head of account tracing the same directly in the computerised statement FA 770 is done. If, however, more than one voucher included in the CO7 is allocable to the same head, the tracing may be done in the CO7 in which the voucher is included and the consolidated posting in the computerised statement checked, as the cumulative total of vouchers corresponding to a single head of account only is exhibited in the computerised statement.

615. Completion Reports (Paras 284 of Railway Audit Manual)

- (a) After the work has been completed and all the charges brought to account, a completion report bringing out the actual expenditure incurred and the quantity of work executed vis-à-vis the sanction is prepared as laid down in the Engineering Code. Brief explanations for variations (excess/savings) over the sanctioned amounts and quantities should be furnished in the completion report. The completion reports are submitted to the authority who sanctioned the original estimate.
- (b) List of completion reports issued by the Heads of Departments and Divisional offices etc. are received in the Audit Sections/Divisions concerned periodically. Audit is conducted with reference to the completion reports sanctioned during the 2nd previous month.
- (c) The audit will be conducted to see whether the provisions of Para 1712-E have been complied with. The figures of expenditure shown in the completion reports should be verified with the expenditure recorded in the register of works. Entries in the Register of Buildings/Sidings should also be referred to check the accuracy of the certificates furnished in the completion reports. Apart from the checks prescribed in the Railway Audit Manual, it should be seen that the excesses and savings are satisfactorily explained. In addition, it should be seen whether the monetary limits fixed by the Railway Board, for each type of

quarters, have been adhered to. In the case of deposit works, the correctness of the levy of departmental charges should be checked and it should be seen whether the cost of coal as and when used on deposit works, in lieu of earth work has been valued and charged to the party for whom the work was executed.

616. Test to judge the productivity of Capital Expenditure: (Para 292 of Railway Audit Manual)

(a) In accordance with the existing orders, the following categories of work will be subjected to productivity test and to productivity review:-

(1) Productivity Test: (i) All works costing over Rs. One crore which have been accepted as financially justified, when they were sanctioned.

(ii) Items of works selected by General Manager out of works costing Rs.10 lakhs to one crore which have been accepted as financially, when sanctioned.

(2) Productivity Review: (i) Works costing over Rs. One crore each which were not financially justified, but give some return on the capital which are selected by the Railway Board and advised to the Railway Administration, for carrying out the review.

(ii) Items of works costing between Rs.10 lakhs and one crore which were not financially justified, but give some return on the capital which are selected by the General Manager.

(b) In respect of selection for productivity review made by the Board, an indication to this effect will be given in the sanctions issued by the Board. In respect of works for Productivity Test/Productivity review for which the selections are made by the Railway Administration, the selection will be made by the General Manager in consultation with Financial Adviser and Chief Accounts Officer. It should be seen whether works in respect of which these tests have to be applied are duly selected by the Administration and the selections made are representative in nature and character.

(c) The reviews prepared by the Administration should be examined generally to see inter-alia, whether

(i) all the relevant factors affecting the financial results have duly been taken into account.

- (ii) the results have been correctly worked out as laid down in the code.
- (d) A special report should be made to the Deputy Comptroller and Auditor General of India (Rlys.) when the examination of productivity tests conducted by Railway Administration reveals any important or peculiar features or when there is any doubt or difference of opinion in regard to the interpretation of Railway Board's orders or in regard to information that should be supplied.

617. Review of Completed Contracts:

- (a) In addition to the scrutiny of larger tenders and contracts a review of completed contracts should also be done periodically. All completed contracts to the extent prescribed in the Secret Memorandum, are to be selected quarterly and performance of these reviewed to see whether -
 - (i) There has been any large variation of quantities which has led to the accepted value of the contract proving to be not the lowest vis-a-vis other tenders.
 - (ii) Large scale unauthorized aid has been given to the contractor.
 - (iii) Extension of time has been given only for valid reasons and penalties have been duly imposed for the unsatisfactory progress of work, wherever necessary.
 - (iv) Contractors accounts have been promptly closed; Defects and Deficiencies in the contracts, if any noticed in audit are to be taken up with Administration. Any important irregularities should be brought to the notice of the Comptroller and Auditor General of India.
- (b) The review of completed zonal contracts, should be taken up soon after the currency is over, without reference to the final bills. During the course of review the list of work orders not complied with, not executed should be specially considered for comment.
- (c) The results of review of the completed contracts done by the Assistant Audit Officers and Audit Officers must be recorded in the Register maintained for this purpose. The register should be submitted to the Deputy Director of Audit/Director of Audit periodically through the Co-

ordination Section as applicable to Registers on review of Tenders & Contracts.

618. Private siding and Assisted siding Accounts: (Para 285 of Railway Audit Manual)

(a) The list of sidings is divided into a number of units and one unit selected every month so that the whole field is covered in a year. It should be ensured that the list of sidings maintained is complete and upto date duly calling for the list of sidings annually from the Traffic Audit Section.

NOTE: No new Railway sidings will be constructed on assisted siding terms. Only in case any existing assisted siding is required to be extended/alterd the work can be taken up on assisted siding terms provided the cost of recoverable materials to be borne by the Railways is less than Rs.5 lakhs. In case this cost is Rs. 5 lakhs and above the work should be carried out on private siding terms. (Railway Board's letter No.83/W1/SP/45 dt: 1-12-86)

(b) It should be seen that the rate of recovery of interest and maintenance charges has been fixed correctly with reference to Railway Board's orders issued from time to time and that recoveries are being effected promptly. A review of the files relating to the recovery of charges from the siding owners maintained in the Accounts Office would be useful to see that the interests of the Railways have been safeguarded. It should also be seen that the entries contained in the siding register maintained in the Accounts office are being duly verified annually with the statements of sidings obtained from the Divisional Engineers.

619. Agreements for sidings: New agreements and amendments to the existing agreements executed during the year should be checked fully while the existing agreements should be thoroughly checked every year to the extent prescribed in the Secret Memorandum.

620. Rent - Railway Buildings : Flat rates of licence fee for the different types of quarters fixed based on Railway Board's letter No. E(X) I-87/11/6 dt.25.9.87, are revised once in 3 years. At the time of revision, the Railway Board forwards a statement showing category of accommodation, standard plinth area, proposed area for slab range of each group and the revised standard rent (licence fee) for

each sub group. The recovery of rent/revised rent should be watched by concerned Sr. Audit Officer/Audit Officer. In this connection, recovery of dues from officers who are occupying leased accommodation may be watched with reference to orders issued from time to time.

621. Capital and Revenue Accounts of Residential Buildings : (Para 259 of *Railway Audit Manual*)

(a) With a view to enable the Railway Administration as well as the Railway Board to see that the return of rent obtained on residential buildings does not fall below the percentage, as fixed from time to time, a proforma Capital and Revenue Accounts of Residential Buildings will be prepared by the Accounts Office every year, for Gazetted and non-Gazetted staff quarters. The same shall be reviewed in Audit to the extent prescribed in the Secret Memorandum. It is to be seen in Audit that:

- (i) All new residential buildings completed during the year as well as additions made to the existing buildings have been taken into account and any buildings condemned have been omitted.
- (ii) Buildings hired by the Administration for residential purposes have been included.
- (iii) The quarters are not reclassified from one group to another to cover up cases where the minimum economic rent is not realised. Municipality and charges are paid direct to that agency by the Officers, such payments to the Municipality according to the rates levied by it should continue. In respect of cases where water is supplied from Railways' own water works or water is supplied by an outside agency to the Railway Administration and is paid for by the Administration, the recovery should be made on the actual consumption of water, on the basis laid down by the Railway Board. The Board have also instructed that a periodic review of the adequacy of the rates should be undertaken in consultation with the Financial Adviser and Chief Accounts Officer at the end of every three years. It should be watched in Audit that this periodic review is conducted by the Railway Administration and if the review shows that expenditure is much more than the recoveries, the mater should be

reported to the Comptroller and Auditor General of India/Railways. (*C& AG's endt. No. 2731-RAI-A-12-29/52 II dated 23rd September 1959*).

- (iv) Where the prescribed minimum return has not been realised on any class of quarters from year to year the Railway Administration may be asked to examine the reason for the same.
- (b) The rates for recovery are finalised by the General Manager/Works/Hubli in consultation with the FA&CAO. The correctness of the rates will be scrutinised by Expenditure Section/Hd. Qrs. However, as some of the details for fixing the rates are furnished by the Divisions the correctness of these details will have to be reviewed by the Divisional Audit Officers concerned. The check of recoveries towards water charges from the Pay bills will be watched by the Establishment section.
- (c) The check of Capital and Revenue accounts of Residential Buildings will be conducted both in Expenditure and Establishment Audit section. The Expenditure audit section is responsible for checking the correctness of the Capital outlay and the Establishment Audit Section is to see that the amount of rent shown as realised is correct. For this purpose, the Branch Officers will check the statement prepared by the concerned Accounts Officers in respect of Non-gazetted staff.. A copy of the audited statement together with the remarks, if any, shall be furnished to the Expenditure Section of Headquarters office.
- (d) In regard to the statement relating to Gazetted staff quarters, however, it will be enough if the Capital cost as advised by the Accounts Officer is audited by the respective Audit Officers. A copy of the statement together with the comments of the Branch Officer thereon, will be forwarded to the Expenditure Section of the Headquarters office. The Expenditure Section is responsible for Co-Ordinating the work relating to the audit of capital and Revenue Accounts and for sending the final comments to the Administration.

622. Recovery of water charges from Officers occupying Railway quarters:

(a) As per extant orders issued by the Railway Board the Gazetted Officers should be charged for water supplied to them by the Railway Administration and the charges should be adequate to meet the cost incurred by the Railways in this respect. In cases where water is supplied direct by an outside agency viz. Municipality, and charges are paid direct to such an agency by the Officers, the Railway Board have stated that no change is necessary and the present arrangements under which Officers pay water charges direct to the Municipality according to the rates levied by it should continue. In respect of cases where water is supplied from railways own water works or water is supplied by an outside agency to the Railway Administration and is paid for by the Administration, the recovery should be made on the actual consumption of water and the basis for rate of recovery has been laid down in Board's letter dated 2nd September 1959. The water charges are to be revised once in 5 years. The check of recoveries towards water charges from the pay bills will be watched by the Establishment section.

623. Fixation of rate of supply of Electric energy:

(i) With effect from 1-1-1987, the Railway employees residing in the Railway colonies are to be charged at the rate as they would pay if they had taken supply direct (i.e. they will pay at the same rate as the residents of adjoining colonies are billed for domestic purposes from the local supply authorities.

Note: For new quarters wherever possible and practicable direct service connections from local authorities/electricity lines is to be arranged by the Administration in a phased manner that the occupants can be billed individually and they can clear their electricity charges without coming to Railway channel.
(Railway Board's letter No.84/Elec.1/150/2 dated 21.1.1987)

(ii) The recovery of electricity charges from outsiders/other Government departments by the Railway Administration will be as under:-

From outsiders: A service charge of 40% over and above the average purchase of electricity as on 1st January of every year.

From Govt. Depts. : A service charge of 32.5% over and above average purchase rate of electricity as on 1st of January of every year.

Note: The service charge worked out as above is after taking into account the departmental charges, line losses etc. These rates should be made applicable from 1st April of every year. (Railway Board's letter No.85/Eleckt.I/137/6 dt: 19.2.87).

a) The pooled flat rate applicable for both electric energy consumption for lights/fans as well as that consumed for domestic appliances by staff residing in Railway Quarters should be fixed yearly for each Division separately based on average of the purchase rates of electricity purchased from the State Electricity Boards or other agencies covered by the Railway Division concerned. The average of the purchase rates should include such taxes and duties including electricity duty as levied by the Electricity Boards. 10% over such average rate should be added for arriving at the pooled rate applicable for the Division concerned. The maximum demand charges levied by the Electricity Boards/agencies and cost of generation by standby sets not feeding the staff colonies need not however be taken into consideration for calculation of the average purchase rates. The tariff as applicable on the 1st January of every year is to be taken as the basis for computation of the pooled rate applicable with effect from 1st April of each year.(Railway Board's letter No.79/Elec/I/150/2 dt: 13.12.82).

(b) The correctness of the yearly revision of the pooled rates should be reviewed by the Division concerned annually.

624. Proforma Accounts of Holiday Home etc. : The yearly proforma accounts prepared by the Railway Administration to judge the financial implications of the Holiday Home etc. should be generally reviewed by the respective divisions as soon as the March Accounts are closed and comments if any along with a copy of the accounts furnished to Headquarters Expenditure Section. The review will be directed to see that the conditions laid down by the Railway Board from time to time for the opening of these homes and the recovery of charges is fulfilled in each case. It should also be seen that suitable machinery exists for the prompt recovery and accountal of the amounts due from the occupants of these homes. The general review should be conducted to judge

whether the number of Railway staff who are availing themselves of the amenity is substantial enough to justify the provision. The Headquarters Expenditure Section will scrutinise the reports from the Divisions and forward a consolidated report to the Comptroller & Auditor General of India if there are any important points.

625. Grants-in-aid : (*Chapter 5 of Sec. III of M.S.O. (Audit) Vol.I*) The payments made by the Railway Administration as Grants-in-aid to various institutions will be audited to the extent prescribed during the local inspections of the respective institutions as per the revised Audit norms. While scrutinizing these bills in audit, it should be ensured that the instructions issued by the Railway Board from time to time in regard to certain cases e.g. payment of grants-in-aid to non-railway schools, have been taken into account by the Administration. Besides, the following points should be specially looked into:

- (i) Whether in the case of grants-in-aid for which certain conditions are attached, necessary arrangements have been made by the Administration for ensuring that the grants have been utilised by the recipients only for the purpose for which the amount was granted.
- (ii) Whether the utilisation certificate in regard to such grants has been obtained from the recipients by the Executive;
- (iii) One of the important points to be borne in mind by the Administration before sanctioning grants-in-aid to institution etc. is to see that no grants are sanctioned in cases where there is a reasonable suspicion of corrupt practices unless the bodies concerned are cleared of allegations. In Audit, it should be seen that a specific certificate to the effect that the above aspect has been considered before sanctioning the grant and that there is no reason to believe that grantee institutions are involved in corrupt practices duly signed by the Officer on whose signature or countersignature to the bill the grants-in-aid bill is drawn is attached.

626. Audit of Journal vouchers including scrutiny of adjustment Memo :

(Para 278 of Railway Audit Manual): The journal vouchers relating to expenditure section (including the fuel accounts section) will be checked to the extent prescribed in the Secret Memorandum. In addition to the instructions contained in Railway Audit Manual, the following special points are also to be seen :-

- (i) Cases of delayed adjustments involving large amounts and pertaining to the previous years will be noted for check regarding provision in the Budget grant during audit of appropriation accounts.
- ii) Cases of misclassifications, important mistakes in accounting and any other important points affecting the appropriation accounts noticed during the check will be noted in a separate register to be looked into at the time of check of appropriation accounts.
- (iii) Adjustments involving heavy amounts made in the accounts of March of every year will be reported with full details to the Efficiency cum Performance Audit Section, if further examination at Headquarters level is considered necessary.
- (iv) In regard to the debits raised by the Postal and Telegraphs Department towards rent of Telegraph wires and adjusted in the accounts through journal vouchers, the correctness of the amount should be checked.
- (i) Audit of journal vouchers includes tracing of the same to the extent prescribed in the programme of audit into the Works and Allocation Registers.

627. Audit of contingent vouchers: *(Para 227 of Railway Audit Manual)*

As per the new audit norms Contingent vouchers of accounts department have to be centrally audited and that of other than accounts departments during local inspection by the Inspection section.

Selection for audit should be taken for 'Accounts Departments' and audit completed to the extent prescribed in the programme of audit. The advertisement charges incurred by the Administration will come under this category. The procedure for audit is the same as those prescribed for Establishment Audit.

628. Objectionable items registers (*Para 283 of Railway Audit Manual*) :

During the review of the objectionable items Registers, it should be seen that the expenditure is not kept under objection for unduly long time and effective steps are taken by the Accounts office for the early regularisation of the expenditure. During the review of the Works Register, it should be seen that the amount under objection has been correctly noted in the Register. Any more cases of 'excess over estimate' or 'want of estimate' coming to notice during the review will be pointed out to the Accounts office for inclusion in the objectionable items register. Further, any other objections, raised by Audit regarding irregular payments will also be recorded in the objectionable items registers till these payments are regularised. In regard to other miscellaneous objectionable items, it should be seen whether such items reveal any special features to be further investigated in audit. Finally, at the time of the check of Appropriation Accounts, it should be seen that the amounts held under objection during the year are correctly shown in the statement of unsanctioned expenditure.

629. Land Registers: (*Para 282 of Railway Audit Manual*)

The whole field will be divided into 12 units and one unit reviewed monthly as prescribed in the programme of Audit. In regard to the lease of land for Grow More Food Campaign, it is to be seen that the Registers maintained in the Engineering Branch are reviewed periodically by the Accounts Office. It is to be seen in Audit that credits for amounts due from the State Governments are promptly received.

630. Law charges and Arbitration cases : (*Para 277 of Railway Audit Manual*)

The primary audit to be exercised over the expenditure incurred in connection with the law charges is to see that the financial power of the officer sanctioning the amount has not been exceeded. The record maintained to note the charges incurred in each case should be consulted in this connection. Important cases of disputes in which Railway is involved may be considered for making suitable comment in the Railway Audit Report.

631. Pay Orders and other vouchers not falling under any other category:
(Para 288 of the Railway Audit Manual)

As per the new audit norms miscellaneous pay orders of Accounts department have to be centrally audited and that of other than accounts department during local inspection by the Inspection section.

Only vouchers not falling under any other category in the programme of Audit are included under this Category and audit conducted to the extent laid down in the Secret Memorandum. While auditing these vouchers, the points to be seen during the audit of vouchers for payments contained in Para 269 of Railway Audit Manual will be borne in mind. The bills relating to the payment of service charges to Local Bodies will also be audited under this item of audit.

632. Rent Registers: (Para 221 of Railway Audit Manual) : It should be ensured in audit that a register is maintained in the Accounts Office showing particulars of all Railway Buildings let out to outsiders so as to watch the recoveries due from them. The recoveries made in each case shall include rent for the accommodation, rent on electrical sanitary installation, Municipal tax, cost of electrical energy, water and conservancy charges. It should also be seen that recoveries are made at the rate fixed by the General Manager from time to time, and that residential buildings let out to outsiders are included in the Capital and Revenue Accounts of Residential Buildings. In cases of delay/non-recovery of heavy amounts, it is to be considered whether any suitable comment can be made in the Railway Audit Report.

633. Review of Suspense Registers: The review in respect of Suspense Registers maintained in the Expenditure Section of the Accounts Office is to be conducted to the extent prescribed in the Programme of Audit and as per instructions laid down in the Railway Audit Manual.

634. Register of serious irregularities, losses and Overpayments waived:
(Para No. 475 to 477 of Railway Audit Manual)

The Registers maintained in the Expenditure Section of the Accounts office should be reviewed quarterly. In the case of items noted therein, it should be seen that the write off in each case has been sanctioned by the competent

authority. The papers of the Accounts Office should be perused to see whether the subject is fit for mention in the Railway Administration, wherever necessary, is thorough and adequate and whether safeguards exist to obviate the recurrence of the irregularity.

635. Check of Permanent Way Balance Returns: The Permanent Way Balance Returns submitted by the Section Engineers (Permanent Way) need not be checked in Central Audit as an independent item. However, these Balance Returns may be examined during Inspection of Executive Officers. During the Half yearly review of suspense balances and audit of Journal Entries the clearance of outstanding balances may be watched and if necessary, may be commented upon. As regards charged off stores, the accounts should be checked during local inspections.

636. Imprest Account, Dead Stock Accounts, Pass and Privilege Ticket Orders issued, Stamp and Stationery account of Accounts office:

The details of items viz. results of verification of imprest cash, stamp account etc. should be kept on record.

637. Fuel Accounts: (General)

(a) The responsibility for initial accounting of receipts and issues of coal/diesel rests with the Chief Mechanical Engineer in the case of coal/diesel required in workshops and with the Chief Operating Superintendent in the case of coal/diesel required for the running of engines. The procedure for accountal of fuel transactions by the FA&CAO is set out in detail in the fuel circulars issued by the Administration. The centralised fuel section at Hubli is responsible for the accountal of payments made in respect of all coal/diesel received for the railway as a whole, including raising of debits against the various divisions and workshops for the coal/diesel supplied to them. The adjustment of foreign railway freight bills and maintenance of suspense registers is also done centrally. The work connected with the check and accountal of coal/diesel issued to the various services, maintenance of coal/diesel suspense accounts and priced ledgers for coal/diesel and problems covering storage and handling of coal/diesel will devolve on Divisional and Workshop offices.

(b) The extent and periodicity of the audit of fuel transactions will be the same as applicable to similar stores items. This monthly audit is in addition to the items specifically provided for coal in the programme of audit and would be applicable to other fuel items also.

(CAG's letter no.806-RAI/8-1/68 dt: 16-3-68 and 1364-RAI/8-3/68 dt: 8-4-69)

(c) The audit of fuel accounts is conducted by the Expenditure Section at Headquarters and Divisional/Branch Audit offices by obtaining separate selections for coal/HSD oil. The items of audit to be conducted are set out in the succeeding paragraphs.

638. Check of Receipts: (Headquarters unit only)

(i) During the audit of supplier's bills, the general principles laid down in Chapter XVII of the Railway Audit Manual in regard to check of Stores suppliers bills will be borne in mind. In addition, while auditing coal bills it is to be seen in that -

(ii) the bills are checked in the Accounts office with the wagon disposal statements for verifying the quantity and grade of coal received.

(iii) the rate claimed in the bills agrees with the rate given in the price control order.

(iv) the quantity of coal supplied and grade authorisation certificates are covered by the programme issued by the Chief Mining Officer.

639. Review of Suspense Registers:

The following suspense Registers are to be reviewed as laid down in the programme of Audit.

(i) Purchases - Fuel (Headquarters unit only)

(ii) Sales (Fuel)

(iii) Stores-in-transit (Fuel)

(iv) Deposits Miscellaneous-Revenue (Fuel)

(v) Stock Adjustment Account-Fuel.

The review may be conducted on the lines indicated in Paras 320 & 321 of Railway Audit Manual.

640. Sanctions: Sanctions for the write off of losses of fuel due to transit shortages, stock shortages etc. should be scrutinised in full.

641. Check of Account Current: Fuel Monthly:

(I) The instructions contained in Para 319 of Railway Audit Manual should be borne in mind, during the check of this item.

(ii) (a) Receipt Returns, Monthly - Other Receipt returns: (*Para 312 & 314 Railway Audit Manual*)

(b) Delivery Notes - Monthly (Paras 315-316 of Railway Audit Manual)

For conducting audit, the transactions of one day per month of all the depots should be taken up. Different dates may be selected for (a) & (b) above and current review exercised to the extent prescribed of the number of vouchers audited.

(iii) **Priced Ledgers/Transaction Register: (Annual item to be done monthly)** (*Para 317 of Railway Audit Manual*)

Separate priced ledgers are maintained for each class of coal and HSD oil in respect of each shed. All the priced ledgers should be reviewed once a year selecting a few ledgers for audit each month. In addition to the general review of the ledgers, the following points are to be seen:

- (a) The receipts and issues as per the monthly returns submitted by the sheds have been correctly abstracted for each grade of coal shed wise and posted in the priced ledger.
- (b) The value of the receipt side is posted as per debits raised by the Central Fuel Accounts Section.
- (c) Issues are valued at the rates advised by the CFA.
- (d) Cess, Excise duty, Sales tax, freight charges, haulage incidental and supervision charges are added to the pits mouth cost of coal in the case of sales.

(iv) **Locomotive Energy Account: (Para 329 of Railway Audit Manual)**

A complete check of the month's fuel transactions should be carried out as prescribed and this will be in addition to the checks laid down separately for each item. For this purpose the number of sheds in a division may be divided into 12 units and one unit taken up for audit each month. Current review may be exercised to the extent prescribed on the number of sheds/depots audited.

(v) **Local Review of initial records during inspection of Loco sheds:**

The issue vouchers after check in respect of scale of consumption as fixed should be traced into the statement of daily issues which should in turn be traced into the Monthly statement of fuel transactions submitted by the sheds. Any issues in excess of the scale laid down; should be taken up with the Administration. The total receipts shown in the monthly statement of fuel transactions should be tallied with the total debits raised by the Centralised Fuel Accounting section. While checking the Account Current the allocation for issues of coal should also be verified with reference to the statements showing coal issues to different services submitted by the sheds.

642. Bills for rent of Telephone wires: (Para 287 of Railway Audit Manual)

The bills are adjusted through Journal vouchers. While auditing the Journal vouchers it should be seen that the bill has been accepted by the department concerned regarding mileage etc. of wires and that the rates and calculations are correct.

643. Review of Hospitality Fund operated by PRO:

A general review of the accounts of the Hospitality Fund operated by the Public Relations Officer should be conducted every year to see that the expenditure has been incurred for the purpose for which the Fund is intended and the financial and other restrictions imposed by the Railway Board for incurring expenditure from this fund have been observed. (ADAI's endt. No. RAI/7-11/56 dt: 11-4-57)

644. Staff Benefit Fund: (Para 247 of the Railway Audit Manual and Chapter 12 of the Indian Railway Establishment Code Vol.I)

The accounts of the Staff Benefit Fund will be audited annually, one month's account being selected for this purpose. The various items of receipt and expenditure relating to this Fund will be scrutinised and linked with the relevant documents viz. the sanctions, pay orders, journal vouchers, etc. The rules governing the grant of expenditure to be met from Staff Benefit Fund and the rules for crediting the Staff Benefit Fund etc. and the Board's orders received from time to time should also be borne in mind.

The accounts of grantees where the Grants-in-aid are Rs. 3,000/- and above should be checked. (C/Sec.Memo/VI/6690 dt: 23-6-67).

Annexure

PARA 608

FORM

Review of Tenders & Contracts - Awarded:-

- I. (a) Name of the Work/Service/Supply/Sales.
 - (b) Name of the Contractor/Firm to whom awarded.
 - (c) Value of the Contract.
- II.(a) Whether the lowest tender was awarded.
 - (b) If not, whether reasons for rejecting the lowest tender have been placed on record by the competent authority.
- III. Whether Audit has questioned the exercise of discretion by the Officers accepting the tenders.
- IV. Whether all the points mentioned in Para 267 of the Railway Audit Manual have been seen.
- V. Reference to Special letter/TA Note issued regarding the comments made as a result of serial Nos. III & IV above.
- VI. Signature of the Officer who audited the contract.
- VII. Signature of the Officer who reviewed the Audit.

Review of Completed contracts:

1. Name of the work/service supply/sales.
2. Name of the contractor/Firm.
3. Value of the contract
 - (i) as per the original agreement; and
 - (ii) as finally executed.

4. Whether the work/supply/
Sales etc. was completed
satisfactorily.

Whether extension of time has been sought
for by the contractor and if so, remarks
therefore.
5. Audit comments/Special features, if any.
6. Reference to Special letter/T.A. Notes,
if any.
7. Signature of the Officer who audited the contract.
8. Signature of the Officer who reviewed the audit.

CHAPTER - VII

ESTABLISHMENT, PROVIDENT FUND AND PENSION AUDIT SECTION

701. (a) General : The Establishment, Provident Fund and Pension Audit Section is responsible for the Audit of all charges relating to the Railway Establishment both Gazetted and Non-Gazetted of the Headquarters offices falling within the purview of the internal check of the Central Establishment Section of the Financial Adviser and Chief Accounts Offices and other unit Accounts Offices. The section at Headquarters is also responsible for the coordination of the work of the Establishment Audit in the Divisional and Branch Audit Offices.

(b) Duties: The duties of the Establishment and Provident Fund Audit Section can be broadly classified as under:

I. Establishment and PF & Pension Audit Section at Headquarters:

(i) Audit of Pay and TA bills and other personal claims of all Gazetted Officers coming within the purview of the internal check of the Central Establishment section of the FA & CAO's office at Hubli.

(ii) Audit of Pay, TA and other personal claims of Accounts Office staff of FA & CAO's Office at Hubli. Those relating to the Non-gazetted staff of other departments will be checked by Inspection/Headquarters section during local audit (Inspection).

(iii) Audit of Provident Fund accounts of Gazetted & Non-Gazetted establishment coming within the purview of the internal check of the Central Establishment Section of the FA& CAO's Office at Hubli is done annually as a local inspection after closure of P.F ledgers during October/November every year.

iv) Audit of pension cases of all Gazetted Officers on this Railway and subordinate staff attached to Headquarters offices.

II. Establishment and PF Audit sections in Divisional and Branch Audit Offices :

(i) Audit of Pay, TA Bills and other personal claims of Gazetted Officers attached to Divisions/Branches (both Accounts and other than Accounts Department).

(ii) Audit of Pay, TA and other personal claims of all sub-ordinate staff of Accounts Department including Group 'D' staff under the control of Branch/Unit offices. Those relating to the Non-gazetted staff of other departments will be checked by Inspection section of the respective during local audit (Inspection).

(iii) Check of Provident Fund Accounts and payments there from relating to staff coming under the internal check control of Accounts Office of the Division/Branch is done annually as a local inspection after closure of P.F ledgers during October/November every year.

(iv) Check of Pension cases of staff coming under the internal check control of Accounts Office of the Division/Branch (Accounts as well as other than Accounts department.)

(c) The instructions contained in this chapter will generally be applicable to the audit of Establishment charges conducted by the Divisional and Branch Audit units. Copies of all relevant orders received from time to time should be furnished, wherever necessary to other audit units and there should be close coordination between the various audit units in raising audit objections of a general nature.

(d) Instructions for the audit of the Establishment charges are contained in Chapters 2, 3, 6 and 11 of CAG's Manual of Standing Orders (Audit) and Chapter XV of the Railway Audit Manual. The relevant rules on the subject, viz. payment of various Establishment charges are contained in the Indian Railway Establishment Codes, Indian Railway Financial Code Vol.I, Chapters, IV-VI of the Indian Railway code of the Accounts department Vol.I, Indian Railway Administration Finance & Accounts Code Vol.I, Indian Railway Establishment Manual and Manual of Railway Pension Rules, Special Procedure Orders issued by competent authorities for individual railways should be borne in mind during the audit of Establishment charges.

(e) Orders on financial and staff matters issued by the Finance and Home Affairs Ministries of the Government of India will be received in the Administration Section of the Office either direct or through the Comptroller and Auditor General of India. Where these orders are applicable to the Railway Department also, copies of such letters will be endorsed to the Railway Ministry (Railway Board) who will communicate them or issue orders under their authority to the Railway Administration. The Administration section of this office should generally bring such orders, wherever, necessary to the notice of Establishment Audit section and other audit units conducting establishment audit to enable these units to watch whether the orders have been applied to the Railway Administration. Copies of important orders on Establishment matters which will have to be borne in mind during local inspections of the Departmental offices should be furnished to the Inspection Sections of the several audit units.

702. Audit of Sanctions : Paras 2.2.34 to 2.2.45 of MSO(Audit) II Edn. 2002 Paras 69, 132, 133 & 202 of the Railway Audit Manual (V Edn.) Paras 804 to 809 A.I. - 1984 Edition.

(a) The sanctions dealt with in the Establishment section generally relate to :

- (1) Creation, extension to currency or abolition of posts.
- (2) Fixation of pay of Railway staff.
- (3) Honoraria & Fees granted to Railway employees.
- (4) Rewards to Railway employees.
- (5) Retention of quarters.
- (6) Advances to Railway employees.
- (7) Withholding of special contribution to PF.
- (8) Write off of overpayments made to Railway staff.
- (9) Ex-gratia payments made to Railway staff.

In respect of the above categories, sanctions relating to Railway employees accorded by the Railway Board/President and the General Manager/Authorities subordinate to him are to be scrutinised by Audit. As per the revised Audit Norms sanctions on Establishment matters are to be audited to the extent of 25%

(b) Railway Board/President's Sanctions:

(i) Sanctions of a general nature having financial effect accorded by the Railway Board/President are received directly from the Ministry of Railways. These sanctions are scrutinised by the CAG's office and no formal acceptance in audit of the same is communicated. Though the CAG's office is primarily responsible for the audit of such sanctions with reference to the President's/Railway Board's files, codal provisions etc., the Principal Director of Audit should not refrain from conducting the scrutiny of such sanctions just merely because the primary responsibility of the scrutiny in audit rests with the CAG's office. Any objectionable features noticed during the scrutiny by the Pr. Director of Audit in addition to those indicated by the CAG's office should be referred to them for taking up the matter with the Railway Board.

(CAG's confidential letter No.316-RAII/17-3/79 dated 30.5.80)

(ii) Likewise sanctions having financial effect accorded by the Railway Board/President received directly from the Railway Board/President received directly from the Railway Board pertaining solely to the South Western Railway and concerning more than one audit will also be scrutinised by the Headquarters Establishment Audit section with reference to the papers relating to the consolidated proposals emanating from the General Manager/Headquarters. Sanctions pertaining solely to the Divisional and Branch Offices based on the proposals emanating from the Divisions/Units with the concurrence of the Divisional Accounts Officer/unit Accounts Officers are to be dealt with by the respective audit units.

(c) **General Manager's Sanctions :** Sanctions to the creation/extension of posts accorded by the General Manager from time to time pertaining to Headquarters Offices and / or to more than one division should be audited in the Headquarters office and acceptance in audit communicated to the respective audit units. Sanctions pertaining to catering Department, Railway Protection Force, are also to be scrutinised by the Headquarters Establishment section.

(d) All sanctions pertaining to one unit alone accorded by the General Manager/ Divisional Railway Managers etc. should be scrutinised by the respective audit units to which they relate.

(e) (i) All sanctions should be fully audited with reference to the canons of financial propriety, the schedule of Powers and the scales of pay sanctioned by the Railway Board from time to time.

(ii) All the sanctions for the creation or abolition of posts and those for conversion of temporary posts into permanent ones should, after acceptance in Audit be traced in scale check/cadre registers maintained by the Accounts Office.

703. Pay Bills : Para 210 to 218 & 221 of the Railway Audit Manual - Chapters VIII of Indian Railways Financial Code Vol.I Chapter VI of IREM - Chapters XII to XIV of Accounts Code Vol. - I. – (1984 Edition) Paras 3.2.9, 3.2.10, 3.3.10 to 3.3.13 of MSO (Audit).

The extent of check is 2 ½ % and pay bill units should be divided into suitable units separately for GOs (Accounts & Other than Accounts) and NGOs (Accounts) to ensure that the entire field is covered in a cycle of 40 months. It should be ensured that the units are divided in such a way that the no. of staff in the pay bill units grouped is more or less same. If the units could not divided into 40, the same may be divided into lesser number and the audit of a particular unit selected may be completed in 2 months or 3 months. For example, if the units could be divided only in 20, audit of one unit may be completed in 2 months. The addition of a new pay bill unit or deletion of an existing pay bill unit should be ensured periodically and suitably incorporated to ensure that the new units are also covered in the cycle of 40 months.

704. The Audit of pay bills of GOs and NGOs will be carried out on the lines indicated in para 210 of the Railway Audit Manual. In addition to the points to be seen during the audit of vouchers in general (vide para 269 of Railway Audit Manual) the check of pay bills will include the scrutiny of the following to the extent occurring in or relating to the selected pay bills.

- i.** Increments.
- ii.** Fixation of Pay on first appointment & re-fixation of pay,
- iii.** Officiating appointments.
- iv.** Arrears of pay.
- v.** Leave salary.
- vi.** Subsistence Allowance.

- vii. Dearness, House Rent Allowance, Compensatory allowance etc.
- viii. Provident Fund Recoveries.
- ix. Rent, Water conservancy etc. charges.
- x. Electrical energy charges.
- xi. Diet charges, statement.
- xii. Other recoveries.
- xiii. Recovery of Advances.
- xiv. Scale/cadre check.
- xv. Allocation.

705. Increments (Para 211 of Railway Audit Manual): During the check of Pay bills of the Accounts Department, the increments drawn in the pay bills selected for audit should be checked with reference to the service records as the same will be available for scrutiny at Headquarters. In other cases, it should be checked during local inspections.

706. Fixation of pay on first appointment and re-fixation of pay : In regard to appointments it should be seen that the provisions contained in para 1207 A.I. are observed. As regards re-fixation of pay other than that due to general revision of pay, all cases in the pay bills selected for audit will be scrutinised with reference to the rules regarding fixation of pay issued by the Railway Board from time to time. In regard to general revision of scale of pay, orders of the Pr. Director of Audit will be obtained in regard to the extent of check.

707. Officiating appointments (Para 212 of Railway Audit Manual.) : It should be seen that officiating appointments for short term vacancies are for a period of not less than 21 days duration and as per instructions issued by the Railway Board from time to time. As regards officiating appointments of running staff it should be seen that they are governed by the rules issued from time to time.

708. Arrears of Pay : While auditing the arrears of pay, the provisions contained in Indian Railway Administration & Finance Code should be borne in mind. As regards Gazetted Officers, the entries in the Salary Register in regard to the payment of arrear claims should be traced to avoid double payment. As for

NGOs, it should be seen that a note of the arrears has been made in the original vouchers.

709. Leave Salary: The correctness of the leave salary drawn should be verified.

710. Subsistence Allowance: The subsistence allowance claimed in the pay bills selected for audit will be checked. It should be seen that the subsistence allowance claimed is in accordance with Para 2043-IREM. The subsistence allowances vouchers should be indicated separately and the current review to the required percentage applied.

711. Additions to Pay-Dearness Allowances, House Rent and other Compensatory Allowance (Para 213 of Railway Audit Manual) : It should be seen in audit that all the allowances such as Dearness Allowance, House Rent Allowance, City Compensatory Allowance, overtime Allowances, Running Allowance, Night Duty Allowance, are drawn correctly in the pay bills selected for audit keeping the following points in mind

- (i) The employee is actually eligible for such an allowance.
- (ii) The rates at which the allowances are drawn are those sanctioned by the Railway Board from time to time.
- (iii) The conditions prescribed for the grant of these allowances have not been infringed.

In the case of Overtime Allowance and Running Allowance the check exercised in the pay bills selected for audit covers mainly the arithmetical accuracy of the calculations. The detailed check of the correctness of the amount earned with reference to the initial documents is to be carried out to the extent of a month's accounts during local inspections. The instructions contained in the OT and Running Allowance rules issued by the Railway Administration should be borne in mind while checking such bills.

712. Provident Fund Recoveries : It should be seen that recovery towards compulsory portion at eight and one third percentage has been correctly made and the recovery including the voluntary contribution does not exceed one month's emoluments. The Provident Fund deductions shown in the pay bills

should be traced into the Provident Fund deduction sheets accompanying the pay bills.

713. House Rent, Water and Conservancy Charges : (Para 221 of Railway Audit Manual):

(a) Rent Rolls accompanying the pay bills for April pertaining to the unit selected should be completely checked. In respect of pay bills of other months, variation statements relating to the unit selected for audit should be linked with the Rent rolls of April and also with the variation statements of previous months if necessary. The correctness of water and conservancy charges recovered should be checked with reference to the types of quarters and the rates fixed by the Railway Administration.

(b) In addition, comparison of the Residential Buildings shown in the Register of Buildings with those included in the Rent rolls for the month of April shall also be conducted every year by the unit Audit Officers in respect of quarters coming under their control, so as to see whether rentable buildings are correctly included in the rent rolls. For this purpose the comparison may be limited to 10% of the total number of residential buildings shown in the Register of buildings. The work relating to the comparison should be completed before 20th September every year.

714. Changes in Audit procedure as a result of computerisation of Pay bills : (Para 203 of Railway Audit Manual) : Consequent on computerisation of pay bills, some marginal changes in audit procedure have become necessary for which orders have been issued by the Comptroller & Auditor General of India from time to time. While checking the computerised pay bills the instructions contained in CAG's letters Nos. i) 2038-161-RAI/8-7/71-II dt. 22.6.71 ii) 571-RAI/8-7/71-II dt.17.2.72 iii) 1192-RAI/8-7/71-II dt. 10.5.74 should be borne in mind.

715. Electrical Energy Charges : It should be seen that in respect of staff occupying electrified quarters, where direct billing system has not been introduced, recoveries are effected in the pay bills at the rate fixed by the Railway Administration.

716. Diet Charges Statements : In respect of the items covered by the pay bills selected for audit, it should be seen that recoveries have been correctly and promptly effected as per the statements sent by the Medical Officer and that there are no outstanding. The correctness of recovery of Diet charges wherever due should be checked during the local inspections of Medical department.

717. Other Recoveries : In regard to miscellaneous recoveries made, such as school, fee, Railway Institute fee, Court attachments etc. it should be seen that the amount actually recovered in the pay bill agrees with the amount shown in the deduction sheet. In regard to school fee, it should also be seen that the rate of fees is correctly based on the orders issued by the Railway Administration from time to time.

718. Recovery of Advances :

(a) It should be seen that recoveries of advances of pay, leave salary, festival, conveyance, House Building etc. are affected promptly in the pay bills as per extant orders issued from time to time. The entries in the statements of recoveries should be checked with reference to the actual recoveries in the pay bills.

(b) The advance of pay granted to a Railway servant under orders of transfer should be recovered in 3 monthly installments. No advance of pay should be sanctioned in respect of mutual transfers.

(c) The Register of TA advances and the Register of leave salary advance maintained in the Accounts Office should be reviewed along with the pay bill.

719. Scale or Cadre Check : (Para 223 of Railway Audit Manual)

(i) While auditing the pay bills, the posts actually operated should be traced into the scale or cadre check Register and any excess operation of posts without proper sanction should be traced into the Objection Book.

(ii) The scale check registers should be reviewed monthly dividing the entire field into 12 units. Similar procedure will apply to cadre registers also in respect of Gazetted Audit. While exercising the check under this item, it is not necessary to trace the postings in these registers from the scale check statements.

720. Allocation etc :

(a) The correctness of allocation should be checked. The salary bills of Accounts Office when selected for Audit should be audited with reference to the Attendance Registers. The memorandum of differences and absentee statements should be checked with attendance registers, office orders etc. wherever available. The unpaid amounts in the bills selected for audit should be traced into the unpaid wages statements.

(b) The bills on account of (i) payment of cash equivalent of leave salary to family of a Government servant who dies in harness and (ii) cash payment in lieu of unutilized leave on average pay on the date of retirement should be checked to the same extent as supplementary pay bills in respect of unit selected for monthly audit of pay bills of officers and staff.

721. Labour Pay Sheets : The check of Labour Pay Sheets in central audit has been discontinued and this should be checked during the local inspections. Posting of 50% of Labour Pay sheets so checked should be traced in the works & Revenue Allocation Registers.

722. Travelling Allowance Bills : All the TA claims included in the pay bills selected for audit during the month are to be audited completely with reference to the relevant TA journals. In cases where TA Bills have been passed for payment separately instead of the same being included in the pay bills, such TA bills pertaining to the unit selected for pay bills audit should also be checked.

Note :

(i) Transfer Travelling Allowance :

The Transfer Allowance bills of officers/staff are to be covered in audit under the category of Travelling Allowance bills.

(ii) Arrear bills of Gazetted Officers:

Normally there will not be any arrear TA bill. In cases where arrear bills are claimed, these items should be covered by proper sanctions of the competent authority. In such cases these bills pertaining to sanctions should be called for specially and audited.

(iii) Bills of Non-Railway officials:

Generally, the Railway Administration passes bills of Members of Parliament, Members of State Legislature etc. in connection with the journeys performed for participating in Regional Committees. These items should be included in the category of “Miscellaneous Vouchers” and one or two items selected for audit wherever such bills are included in the CO7 by the Accounts Office.

723. Points to be seen during audit of TA Bills:

The audit of TA bills will be conducted as laid down in Para 222 of the Railway Audit Manual and with reference to the provisions of the TA rules of the Railway Administration and the canons of Financial Propriety.

(1) The rate of pay indicated in the TA Journals of the employees concerned should be checked with the pay bills. It should be seen that the executive or the controlling officers countersign all the TA journals invariably.

(2) Taxi Hire: It should be seen whether Taxi Hire charges claimed in the TA bills are in accordance with codal provisions/other orders in force.

(3) In respect of journeys by air, it should be seen that the sanction of the competent authority has been obtained for the journey.

It should be seen that a certificate in connection with each TA bill stating whether the officer was allowed for transit by Railway or by sea or river steamer whether on a Free Pass or otherwise or he performed a journey by road whether he was provided with the means of transportation at the expense of the Government/ local fund is invariably attached to the Travelling Allowance bill.

724. Pay Orders for payments of unpaid wages: Para 386 of Railway Audit Manual) : The payments should be linked with the entries in the concerned unpaid wages statements.

725. Workmen's Compensation Act Payments (Para 232 of RAM - 1201 A.I and Chapters XXIII of the Indian Railway Establishment Manual) :

The audit is to be exercised with reference to the provisions of the workmen's Compensation Act, Railway Administration's files containing the original accident report, medical report and enquiry committee's reports if any, it should be seen inter alia that :

(i) the person concerned belongs to the category of staff eligible for compensation under the Act.

(ii) the fact of the injury and the nature of the injury have been properly certified and the injury has not been due to his own negligence.

(iii) in the case of temporary disablement the monthly wages for assessing the compensation, the amount of half monthly payment and lumpsum compensation have been worked out correctly in accordance with the schedule given in the Act.

(iv) in the case of permanent disablement not resulting in death, the percentage of loss of earning capacity has been correctly assessed with reference to the schedule given in the Act and the amount of compensation has been worked out correctly.

(v) the interim payments made under the Act have been adjusted against final payments. The amount should be debited direct to the final head in the accounts of the month in which the payment are made vide Note to paragraph 1021-A.I.

(vi) It should be ensured that two compensation one under WC Act and another under Railways Act are not paid (i.e.) in cases of Railway accidents in respect of Railway men working on the train they should be paid compensation either under WC Act or under the Railways Act. The correctness of the wages shown in the statement of average wages will have to be looked into during inspections.

Note : The check of arithmetical accuracy of the statement of average wages will ordinarily be sufficient. In cases where lump sum compensation under the Act is paid the wages shown in the 'Statement of Average Wage' should be verified with the payments.

726. Advance of Pay, Travelling Allowances and other interest bearing advances (Para 220 of Railway Audit Manual) The audit is to be exercised to see mainly that advances have been sanctioned in accordance with the rules by the authorities competent to do so that the payments have been duly posted in the Advance Register to ensure that recoveries of the amounts from the employees in question are promptly and correctly made. In respect of Travelling Allowance advances, drawn in the month of March, it should be verified whether they have been adjusted on completion of journeys or by the 30th April whichever is earlier.

727. Festival Advance Bills : It should be seen that the advance has been drawn by the employee before the date of Festival and not later than that date and that the advance is not paid to any employee in receipt of pay exceeding Rs. 8300/- (with effect from 01.04.2004). It should also be seen that payments had been made only to the persons covered in the sanction.

728. Medical Attendance Bills: (Para 230 of Railway Audit Manual):

The Medical Attendance Bills of Gazetted Officers are to be checked to the extent prescribed, along with the pay bills. It should be seen that the officer was duly authorised to undergo treatment under the Government Hospital in question and that the bills have been countersigned by the Chief Medical Officer. In checking the bills the following points should also be borne in mind.

(i) that the claim for reimbursement of charges is supported by vouchers and certificate by Authorised Medical Attendant.

(ii) that the reimbursement is admissible under the rules.

(iii) that in the case of reimbursement of the cost of medicines a separate certificate of essentiality under the extant orders has been furnished.

729. Children Educational Allowance and Reimbursement of Tuition Fees bills (Para 233 of Railway Audit Manual) : Educational Assistance/ Reimbursement of Tuition Fee bills in respect of children is admissible to all Railway employees without any pay limit including persons on deputation to State/ Central Govt. If both husband and wife are Railway employees/ Central Government employees, the assistance will be admissible to one of them only. If

the husband of wife is employed outside the Central Government, the assistance is admissible only if that spouse is not entitled to the benefit from his/her employer and a declaration to that effect is furnished by the official. The assistance is admissible only if the children study in a recognized school.

- a) Children Education Allowance and Reimbursement of Tuition Fee which were hitherto payable separately will be merged and will henceforth be known as 'Children Education Allowance Scheme'.
- b) Under the Scheme of Children Education Allowance, reimbursement can be availed by Government servant upto a maximum of 2 children.
- c) Reimbursement as indicated above will be applicable for expenditure on the education of school going children only i.e., for children from classes Nursery to Twelfth, including classes Eleventh and Twelfth held by junior colleges or schools affiliated to Universities or Boards of Education.
- d) Henceforth, the reimbursement of Children Education Allowance shall have no nexus with the performance of the child in his class. In other words, even if a child fails in a particular class, the reimbursement of Children Education Allowance shall not be stopped.
- e) Reimbursement for the following items can be claimed under this scheme:

Tuition fee, admission fee, laboratory fee, special fee charged for agriculture, electronics, music or any other subject, Fee charged for practical work under the programme of work experience, fee paid for the use of any aid or appliance by the child, library fee, games/sports fee and fee for extra-curricular activities. This also includes reimbursement for purchase of one set of text books and notebooks, two sets of uniforms and one set of school shoes which can be claimed for a child, in a year.

- f) The annual ceiling fixed for reimbursement of Children Education Allowance is Rs. 12000.
- g) Under this scheme, reimbursement can be claimed once every quarter. The amount that can be claimed in a quarter could be more than Rs. 3000,

and in another quarter less than Rs. 3000, subject to the annual ceiling of Rs. 12000 per child being maintained..

- h) The above limits would be automatically raised by 25% every time the Dearness Allowance on the revised pay structure goes up by 50%.

730. Hostel Subsidy to Railway Employees : As per the extant orders Hostel Subsidy shall be payable to all permanent/ temporary Railway servants who have put in not less than one year's service belonging to Group A, B C & D (without any upper pay limit) who on account of their transfer are obliged to keep their children in the hostel of a residential school away from the station at which they are posted and/ or residing. Hostel subsidy will be reimbursed upto the maximum limit of Rs. 3000 per month per child subject to a maximum of 2 children. However, both hostel subsidy and Children Education Allowance **cannot** be availed concurrently. The hostel subsidy bills are to be audited separately to the extent prescribed.

(Govt. of India Department of Personnel and Training Circular No. 12011/03/ 2008-Estt. (Allowance) New Delhi, dated : 02.09.2008).

731. Contingent vouchers (Accounts Dept) (Para 227 of Railway Audit Manual) : The selection for audit of contingent vouchers of Accounts department in respect of contingent bills passed by Establishment and P.F. Accounts Sections are to be scrutinised by the Establishment Audit Section. The provisions in the manuals, codes etc. relating to contingent expenditure should be generally borne in mind while auditing these vouchers. It should be seen inter alia.

(a) that only types of expenditure falling under the category of "contingent expenditure" are treated as such

(b) that each class of expenditure :

- i. is a proper charge against the grant concerned.
- ii. has received such sanction as is necessary;
- iii. has been incurred by an officer competent to incur it;

(c) that no canon of financial propriety is infringed;

(d) that no bills are paid from imprest cash which ordinarily should have been submitted for pre-audit and payment like other bills.

732. Pay orders and other vouchers not falling under any category : (*Para 288 of Railway Audit Manual*) : The vouchers relating to Accounts Department will be listed from CO7 every month and selections to the extent prescribed for audit obtained. Vouchers which fall under any of the definite categories shown in the Programme of Audit should not be classified as “Miscellaneous” and brought under this category. In scrutinizing such vouchers the rules or authority for payment should be looked into in each case. Propriety of expenditure may also have to be examined if the nature of the expenditure suggests it may also have to be examined. The instructions contained in Para 269 of the Railway Audit Manual in regard to audit of vouchers of payments should also be borne in mind.

733. Annual Contribution of Staff Benefit Fund: (*Para 247 of Railway Audit Manual*) : The annual contribution is credited at the beginning of every financial year to this Fund by debit to the Revenue Abstract J-Staff Welfare and Amenities. The correctness of the amount credited to the Fund, should be verified, annually with reference to the strength of staff on the Railway on which it is based. The annual contribution to this fund should be checked with reference to Para 805-R1. It should be seen that balance of loans from the fund against individual is reconciled with total balance as per accounts.

734. Leave application of Gazetted Officers and Leave Accounts of subordinates including leave salary certificates : (*Para 228 of Railway Audit Manual*) *Paras 3.3.3, to 3.3.4 of MSO (Audit)* The check exercised in Establishment Audit Headquarters covers all the Gazetted Officers of Accounts Department of this Railway, Officers of other Departments and staff of Accounts Department of FA& CAO’s office whose leave accounts and service records are maintained in the Accounts Office.

a) Gazetted Staff : A list of all Gazetted Officers whose bills are passed by the concerned accounts officers and whose leave accounts are kept in their custody will be maintained by the respective Establishment audit sections and selections to the required percentage obtained for the audit of Leave accounts of Gazetted

Officers. All the checks applied in the case of Non-Gazetted staff will be exercised in the case of Gazetted officers also.

(b) Non-Gazetted staff : The leave accounts of staff of the Accounts Department which are available in the Accounts office should be subjected to continuous test audit. For this purpose, a complete list of the personnel will be maintained, and the checks carried out to the extent prescribed. This list should be kept up-to-date and modifications in the number of items to be checked monthly made as and when necessary. The leave accounts selected should be checked completely from the beginning or from the last entry checked to the date of scrutiny. There should be a suitable indication in the Selection Register to show the date upto which the entries in the leave account have been checked. In addition to this check, a special check of leave accounts of staff who are due to retire within a year should also be conducted, by obtaining such a list from the Accounts Department periodically and the check taken up before the date of retirement of staff concerned.

The leave accounts of staff of other than Accounts Department should be test checked during local inspections of the departmental offices concerned to the extent prescribed. A record of leave accounts checked should also be maintained. The leave accounts of staff who are due to retire before the next inspection should be completely checked during inspections of departmental offices.

735. Points to be seen on the check of Leave Accounts : The leave accounts will be checked to see whether in accordance with the particulars available in the service records and the provisions of the particulars leave rules by which the employee is governed, the balance of leave to his credit had been worked out correctly by the Accounts office in certifying leave from time to time from the beginning.

The leave salary certificates in respect of the Gazetted and Non-Gazetted staff granted leave out of India whose leave accounts are checked by the section, will also be post audited (Additional Deputy Comptroller and Auditor General of India (Railways) U.O.I.No.2728-RA.I 4-9/60 of 31st August 1962 to the Railway Board) to see whether they are correct, with reference to the particulars in the service record and the provisions of the rules.

736. Register of Foreign Service Contribution: (Para 225 of RAM. Paras 1221 & 1222 AI) : The registers of Foreign Service Contribution (Gazetted and Non-Gazetted) maintained in the Accounts Office should be reviewed half yearly to see that correct recoveries are being made towards leave salary, pension, PF contributions, gratuity etc. When sanctions or facts relating to transfer of services of employees come to notice during audit, it should be seen whether names and particulars have been duly entered in the Register to ensure recovery of contribution. The individual files relating to the Foreign Service of employees should also be reviewed to see whether the recoveries have been correctly made.

737. Recovery of Government share of fees received by Railway servants : - 2035 R Para 2213 to 2216 IREM Vol. II Appendix XXX : The Register maintained in the Establishment section of the Accounts Office to record particulars of employees authorised to accept fees and of payments made to them eventually of the fees collected by the Railway after deducting the Government share will be scrutinised half yearly to see that the Government share has been worked out correctly and that the fees have actually been realised by railway, before making the payment to the employee. When sanctions are accorded by the competent authorities for the acceptance of fees by employees and these are scrutinised in audit in this office, it should be seen that the particulars are duly recorded in this register.

Fees received by the Railway servants for services rendered in connection with any of the following may be retained by them fully.

- (i) Railway staff Benefit Fund committee;
- (ii) Railway Institute;
- (iii) Railway Sports Club and Athletic Association;
- (iv) Railway Child Welfare Association;
- (v) Station Committees;

(vi) Fees received by the directors and delegates of the Urban Bank for attending meetings;

The Government of India orders under Rule 2216-R.II indicate the various services in respect of which the Railway servant receiving fees need not

credit to Railway Revenues. In addition to the items mentioned therein the Railway Board with the approval of the President have decided that in the following cases also, the fees received by Railway Doctors for medical attendance may be retained by them in full :

(1) the fees recovered by Railway Doctors for visits to residences of non-railway Government servants in whose cases medical facilities have been allowed by the Railway Board on a no profit no loss basis may be allowed to be retained in full;

(2) the Railway Doctors may charge fees at rates applicable in the case of visits to families of Railwaymen whenever they are called upon to attend on relatives of the Railway servants not covered by the Medical Attendance Rules and these fees may also be retained by the Doctors in full.

(Railway Board's letter No.E.58 ME 5/74 Medl. dt. 04.06.1963)

738. Disallowance lists : (Para 224 of RAM) Chapter XI - Indian Railways Administration Finance vide Para 846 to 849-AI(1984 Edition)

The disallowance lists and objections should be reviewed every year to see that prompt action is taken to clear out standing items. Cases where the objections have been dropped without adequate grounds should be taken up.

Objection registers are maintained in each sub-section of the Establishment Section of the Accounts Office and one register will be selected for the purpose of this review.

It should be seen whether the objections raised reveal any special features on irregular procedure requiring further investigation in audit, whether there has been generally any inordinate delay in the disposal of the objections and whether the objections have been regularised satisfactorily.

739. Register of irregularities, losses and over payments waived maintained in the Accounts Office : *(Para 477, 492 of the Railway Audit Manual para 861 - AI (1984 Edition)* The registers maintained in the Establishment and Provident Fund Sections of the Accounts Office, should be reviewed quarterly, in the case of items noted therein, it should be seen that the write off in each case has been sanctioned by the competent authority. The papers of the Accounts Office should

be perused to see whether the subject is fit for mention in the Railway Audit Report; whether the action taken by the Railway Administration wherever necessary, has been adequate and whether safeguards exist to obviate the recurrence of the irregularity.

740. Journal vouchers including scrutiny of adjustment mema

The selection for audit to the extent prescribed will be made from the journal vouchers of the third previous month. The instructions contained in Para 387 of the Railway Audit Manual should be borne in mind in exercising the audit of journal vouchers. In regard to tracing the postings from vouchers into the allocation registers the journal entries to the extent prescribed have to be traced irrespective of the number of supporting vouchers.

741. Miscellaneous Advances including House Building and Motor car Advances and Deposit Miscellaneous : (Para 381 and 382 of the Railway Audit Manual Paras 223 & 225 AI (1984 Edition) : The Registers maintained in the Establishment & PF section will be reviewed. In the case of Deposit Miscellaneous the instructions contained in Paras 316 & 614 AI (1984 Edition) are to be borne in mind while reviewing the Register.

742. History of services of officers of the Railway Department (Para 231 of Railway Audit Manual) : The service cards showing the history of services of officers of the Railway Department maintained in the Accounts Office should be checked biennially, with reference to the documents in the Accounts Office such as personal files, leave accounts etc. Selections to the extent prescribed will be made from the Index Register maintained in the Accounts Office.

743. Appropriation Accounts : (Para 404 of Railway Audit Manual) The general principles indicated in the Chapter on Appropriation Accounts in the Manual will be borne in mind in checking the accounts and annexure relating to Establishment and Provident Fund Sections. The check should be given top priority on receipt of the accounts and annexure from the Booking section and returned to that section, with remarks, if any, approved by the Branch Officer.

744. Administrative Report, Office Manuals, POOs and Correction slips thereto issued by the Accounts Offices : The instructions contained in Para 120

of the Railway Audit Manual and paras 28 to 38 of MSO (Audit) may be referred to for conducting the reviews.

745. Working of Accounts Department : (Para 135 of Railway Audit Manual)

The review will be carried out in the form prescribed in the Sec. Memorandum. A report specially bringing out the details collected and defects noticed during the review should be reported to the Co-ordination Section.

746. Audit Notes Part II (Para 471 of Railway Audit Manual) :

A review will be made once in a half year of the audit notes part II/Part II Inspection Report issued by the section to see whether action has been taken by the Accounts Office currently on those cases. Cases of delay on the part of the Accounts Office in taking suitable action will be brought to the notice of the Branch Officer and taken up with the Accounts Office. Ordinarily three months will be allowed to the Accounts Office to send their files containing their disposal to this office for review.

747. Cost of Order Police :

The Railway Administration is required to satisfy itself of the correctness of the debits raised by the state Governments with reference to the statements sent by them in support of the debit schedules. The settlement of the claims effected by the Financial Adviser and Chief Accounts Officer should be scrutinised generally by the Establishment Audit Section as an annual item, to see if the debits are in accordance with the arrangements in force for charging to the Railway the cost of order police and in accordance with the strength of police staff fixed by the Railway by the competent authority.

748. Provident Fund Audit: Consequent on revision of Audit Norms with effect from May, 2003, Audit of PF section is to be done annually during October/November after the PF ledger of the previous year are closed covering:

1. Accounts of subscribers to Provident Fund
2. Temporary Withdrawals
3. Final Withdrawals
4. Interest Credits
5. Provident Fund ledgers reconciliation with general books
6. Payment under Deposit Linked Insurance Scheme.

The check is to be conducted by selecting one month's account for detailed check of accounts of PF section ensuring that a minimum of 2 to 3 departments are covered. Credits (subscriptions, refunds and interest) to the extent of 2% of the total number of PF accounts for the selected month should be checked. Similarly debits viz. advances final/part final to the extent of 5% of the total transactions for the selected month should be checked. In addition 5% of the transactions for one month relating to final payment on account of superannuation should also be checked. A general review of the working of the PF section should also be conducted. The details of debit and credit items checked showing the Departments covered, month for which the transactions were checked, defects noticed on the working of PF section etc. should be kept on record for verification by Internal Test Audit section and Director General of Inspection.

749. Pension Audit : (Para 249 of Railway Audit Manual) : The pensionary benefits admissible to the Railway servants on their retirement/death/invalidation comprise the following elements:

1. Pension/ordinary gratuity
2. Death-Cum-Retirement Gratuity and
3. Family Pension.

The various rules in this regard are contained in Indian Railway Estt. Code Vol. II (R.II), the Liberalised Pension Rules and the Railway Pension Manual as amended from time to time. The audit of pension cases includes the audit of sanction for pension with reference to the service records etc. audit of paid vouchers of pension as also audit of grant of commutation of pensions gratuity etc. including terminal gratuity paid to temporary employees on their leaving service.

750. Audit of Pension sanctions and payments : The following are the main classes of pensions sanctioned to railway servants.

1. Superannuation pension.
2. Retiring pension.
3. Invalid pension.
4. Family pension.

5. Ex-gratia pension.
6. Pension on absorption in or under a corporation, company or body owned or controlled or financed by the Government
7. Compensation pension
8. Compulsory retirement pension

For the purpose of audit of pension cases, the cases certified by the Accounts Office in the third previous month are to be listed from the Pension Certification register maintained in the Accounts Office and selections to the prescribed extent obtained for audit separately for Gazetted Officers, Staff of Accounts and for other staff. Cases where sanctions have been accorded for the provisional (anticipatory) payment of pension, pending final certification of the amount, are also to be included for the above selection. As regards paid vouchers of pension, particulars of payments for which debits were raised by the various agencies, viz. Public Sector Banks, Post Offices and treasuries and adjusted in the Accounts are to be extracted on the basis of particulars available in the journal entries and selections to the prescribed extent obtained once in a quarter, for each type of payment separately. Regarding audit of paid vouchers of DCRG and commuted pension payments selections to the extent prescribed are to be obtained after extracting the same from CO7s once in a quarter.

751. Points to be borne in mind in the audit of :

(a) Pension Cases: In checking the documents and vouchers it should be seen that the instructions contained in the Pension Manual, Railway Audit Manual and Establishment codes and in the Railway Board's letters issued from time to time for the verification of service are correctly followed. It should be specially seen that the Railway servant for whom pensionary benefits have been sanctioned has elected to be governed by the relevant rules and that the conditions regarding the regularization of periods with reference to the date of superannuation have been duly observed.

(b) The important items in the audit of pension cases relate to the check of the correctness of the (1) qualifying service, (2) correctness of the pension certified and (3) competency of sanction. In checking the final sanction for pension payments it should be seen that the overpayments, if any, due to the grant of provisional payments of pension are adjusted.

(c) Verification of Pensionable service of employees should be carried out during local inspection in regard to the first year of permanent qualifying service and all period of previous qualifying service and one intermediate year selected at random.

(d) It should be seen that the service books contain the consolidated certificate and annual certificate of verification as contemplated in the rules and also evidence of scrutiny by the Accounts staff. In addition, detailed checks to the extent prescribed should be conducted with reference to paid pay bills or office copies thereof and other available establishment records such as office orders etc. Care should be taken to check the services of the staff who are due to retire within the next 3 years. The last year of qualifying service should be checked at the time of auditing pension cases at Headquarters. Since no formal inspection of the Accounts office is conducted the checks required to be exercised at the time of local inspection should be conducted monthly at Headquarters offices at the percentage prescribed for the purpose. The selections for this should include employees who are likely to retire within the next 3 years.

Note: No certificate regarding the verification of Pensionable service by audit need be incorporated in the service records of the Railway employees. *(CAG's letter NO. 1576-RAI/4-66/59 dt. 6.5.62)*

752. Commutation of Pension: In checking the commutation of pension it should be seen that the rules regarding the maximum amount that can be commuted and the minimum pension etc. are duly observed and that the values are taken as per the correct commutation table. In regard to the temporary increase allowed on the pension after commutation, it should be seen that the same is based on the gross value of the pension (i.e. including the value of the commuted pension).

753. Ex-gratia pension : The audit of ex-gratia pension payments should be conducted quarterly to the extent prescribed. In addition to the regular check, random check should also be done quarterly to the extent prescribed. Beside these a separate group of pensioners i.e. other than those selected for regular/random check should be selected quarterly for the purpose of tracing into the disbursers half of the pension payment order. All payments to them

(including arrear payments, if any) during three consecutive months should be traced into the disburser's halves.

754. Pension paid vouchers:

(a) After computerisation of pension masters for each division have replaced the pension audit register maintained in the Accounts office. Pensioners have been allotted PPO numbers according to the Division/unit to which they belong. The master contains all the details of the pensioners including date of birth, date of joining etc. including name of second beneficiary. The pension paid vouchers selected for Audit should be traced simultaneously with the entries in the respective masters. It should be seen that the amount of pension, date of birth etc. as shown in the Accounts office authorization to the respective civil Accountant Generals, Public sector banks and Director of Post offices and other particulars available in the pension file are correctly entered in the relevant column of the pension masters.

(b) the audit of paid vouchers of pension besides testing formal accuracy of the vouchers should be directed to seeing that the amount of pension paid is not greater than the amount sanctioned and authorised for payment and that the prescribed certificates regarding non-employment, marriage etc. are furnished in the evidence of the continued title to pension and the voucher is duly supported by Life Certificate, if the pensioner does not appear in person to receive payment.

755. Gratuity : A Railway servant who has rendered less than 10 years of qualifying service and who is allowed to demit service is eligible for payment of ordinary gratuity only. It should be seen that all the qualifying conditions as laid down in the rules are satisfied.

756. Death-Cum-Retirement-Gratuity : The conditions under which the above gratuity is granted to the railway servants and the scale of the gratuity admissible are laid down in Chapter VII of the Manual of Railway Pension rules as amended from time to time and the Railway Board's orders on the subject.

757. Family Pension : The rules governing the grant of family pension are contained in Chapter VII of the Manual of the Railway Pension Rules 1950 and other orders issued by the Railway Board on the subject. The various methods of

checks prescribed for verification of pension, sanctions and payments apply to family pension and payments on that account.

758. Audit of Productivity Linked Bonus and Adhoc bonus Bills : The Productivity Linked Bonus scheme was introduced in Railway Board's letter No. E(P&A)II/79/PLB/1 dated 6.12.79 and payments are to be made to the Railway employees as per the orders mentioned therein. The Productivity Linked Bonus Bills are to be checked to the extent prescribed in CAG's secret letter No. 898-RAII /4-25/79 dated 26.09.81. The Adhoc Bonus payable for the Staff not covered under PLB should also be included for selection. For the purpose of selection the bonus bills in respect of a financial year may be grouped together for all months and selections obtained separately for Gazetted Officers and Non-Gazetted Officers, April of the following year to the extent prescribed, covering more than one department to the extent possible as this is an annual item of Audit. A record of the Departments covered in Audit may also be kept so that in a cycle of a few years, all departments are covered, in case only one voucher comes up for audit each year. It should also be checked in particular whether the individual employees to whom payments are made are eligible for the same and whether the computation adopted for determining their wages per day is in order.

759. Audit of Transactions relating to the Railway Employees Insurance Scheme : The Railway Board in their letter No.PC.III/76/INS dated 29.07.77 detailed the procedure for the introduction of the Railway employees Insurance Scheme. The monthly contribution recovered from the employees towards Insurance Scheme is to be checked in the same way as other items of recoveries like SRPF, rent etc. are checked during the audit of pay bills. The audit of vouchers relating to payments on retirement/death under the Insurance Scheme should be audited to the extent prescribed separately for Accounts and other than Accounts departments as per CAG's letter No.802-62-RAI-8-3-77 dated 25.8.80. The audit of transactions relating to Railway Employees Group Insurance Scheme 1980 introduced in Railway Board's letter No.PC/III/80/GIS of 4.1.82 and 30.5.82 is to be exercised at the same percentage applicable to Railway Employees Insurance Scheme prescribed in CAG's letter dated 25.8.80.

CHAPTER - VIII

APPROPRIATION AUDIT

801. Annual Budget – Revised and Budget Estimates : The Heads of Departments and Divisional Railway Managers of the Railway are responsible for framing at various stages the budget estimates correctly. For this purpose, each Head of Department as well as the Divisional Railway Manager nominates a Budget Officer. The nominated Budget Officer in the Division will furnish the budget estimates duly scrutinised by the Accounts Officer concerned to the Head of Department concerned. The Heads of Departments concerned will furnish the budget estimates to the Financial Adviser and Chief Accounts Officer for scrutiny. Thereafter, the Central Budget Section functioning under the supervision of the Financial Adviser and Chief Accounts Officer will consolidate the estimates and send them to the Railway Board. On receipt of approval to the estimates from the Railway Board, the Heads of Departments will be advised about the grants pertaining to their departments. On the basis of budget orders issued by the Railway Board, the Heads of Departments will, in turn, furnish to Financial Adviser and Chief Accounts Officer the statements showing the proposed distribution of grant between Headquarters and Divisions. To exercise effective control over expenditure, the budget grant placed at the disposal of the department shall be distributed over the entire year. Financial reviews shall be prepared every month by the Accounts Officer concerned and sent to the Budget Officer who will furnish self-contained remarks to the Accounts Officer for variations, demand-wise by detailed head of demand/department. The consolidated position for the department as a whole of all the divisions will be discussed in Heads of Departments meeting for which necessary notes will be prepared by the Central Budget Section. The position of requirement of funds under the various grants will be examined by the Railway Administration at various stages viz., at the time of preparation of August Review, Revised Estimates and Final modifications.

802. Appropriation Accounts: The form in which the Appropriation Accounts of the Railways are prepared, the various statements and appendices to be

enclosed to the Appropriation Accounts and the instructions for their preparation are contained in *Chapter IV of the Finance Code*. In addition, further detailed instructions for preparation of all grants and compilation of various annexures to the Appropriation Accounts embodying the latest orders of the Railway Board are issued by the Financial Adviser and Chief Accounts Officer from time to time for the guidance of all concerned. Copies of these instructions together with audit instructions, wherever necessary, are sent to all auditing sections by the Books and Budget Headquarters Audit Section.

The audit of Appropriation Accounts has to be conducted keeping in view the method of budgeting, the procedure of allotment of funds, the reviews undertaken to watch the progress of expenditure against the allotments and steps taken to avoid excess over allotments or to surrender excessive funds or to obtain additional funds required. The instructions contained in *Chapter III to V of Finance Code, Chapter XX and Appendix 5 to Railway Audit Manual* and the subsidiary instructions issued by the Railway Administration and Books and Budget Headquarters Audit Section from time to time should be borne in mind in auditing the Appropriation Accounts.

The Appropriation Accounts, the statements and appendices to be enclosed thereto, are prepared by the various accounting units. These are consolidated for purposes of presenting the same for the Railway as a whole by the Central Budget Section functioning under the supervision of Financial Adviser and Chief Accounts Officer. The audit of the Appropriation Accounts, statements etc. relating to an individual unit, prepared by the Accounts Officer responsible for the maintenance of the accounts of that unit devolves on the corresponding Audit Office/Section. The audit of the consolidated Appropriation Accounts and the statements etc. accompanying the same is conducted by the Books and Budget Headquarters Audit Section with reference to the audited copies of the Appropriation Accounts and statements etc. pertaining to the units received from the different Audit Offices/Sections.

For the purpose of submission of the Appropriation Accounts of the Railways in India and the Audit Report thereon to the Lok Sabha/Rajya Sabha promptly by the date fixed for the purpose, a detailed time table for submission of

the various accounts, annexures and statements of the individual Railway Administrations to the Railway Board and to the Comptroller and Auditor General by the Principal Directors of Audit will be drawn up each year by the Railway Board in consultation with the Comptroller and Auditor General of India. Copies of the same will be sent to the Railway Administration. Based on this, the Financial Adviser and Chief Accounts Officer will draw up a similar programme laying down the dates on which the statements should be furnished to the Headquarters' office, duly scrutinised by Accounts and Audit. The accounts and statements received from the various Accounts Officers should be audited by the auditing sections concerned on top priority basis and the Books and Budget Headquarters Audit Section advised sufficiently in advance to enable that section to check the consolidated Appropriation Accounts and Annexures and intimate results thereof to the Comptroller and Auditor General of India by the due dates fixed by the latter. To eliminate all avoidable delays, it is imperative that objections noticed as a result of check of Appropriation Accounts should be settled expeditiously, *inter-alia*, by holding discussions with the Accounts and Executive Officers at the appropriate level and not left to be resolved by resorting to routine correspondence. The following Appropriation Accounts and Annexures including Grand Summary are sent to Audit for check.

Detailed Appropriation Accounts:

- Grant No.1 Railway Board
- Grant No.2 Miscellaneous Expenditure (General)
- Grant No.3 General Superintendence and Services
- Grant No.4 Repairs and Maintenance of Permanent Way Works.
- Grant No.5 Repairs and Maintenance of Motive Power.
- Grant No.6 Repairs and Maintenance of Carriages and Wagons.
- Grant No.7 Repairs and Maintenance of Plant and Equipment.
- Grant No.8 Operating Expenses Rolling Stock and Equipment.
- Grant No.9 Operating Expenses – Traffic.
- Grant No.10 Operating Expenses – Fuel.

- Grant No.11 Staff Welfare and Amenities.
- Grant No.12 Miscellaneous Working Expenses
- Grant No.13 Provident Fund, Pension and other Retirement benefits.
- Grant No.14 Appropriation to Fund.
- Grant No.15 Dividend to General Revenues – Repayment of loans taken from General Revenues and Amortisation of over-capitalisation. (To be compiled in Railway Board's office).
- Grant No.16 Assets, Acquisition, Construction and Replacement.

Civil Grants:

- (i) Loans and Advances.
- (ii) Interest on Debt and other obligations.
- (iii) Prepartition payments.

Part Review : Subsidiary statements and Accounts including Grand Summary.

(Please see paras 433, 436, 437, 438, 439, 440, 449, 457 and 464 – Finance Code).

803. Check of Appropriation Accounts: The Appropriation Accounts of all Grants except Grant No.14 should be checked to see that:

- (a) the original grant amount as shown in Appropriation Accounts agrees with the amount allotted to the unit by the competent authority,
- (b) the supplementary grant amount should agree with the amount as shown in the distribution statement of supplementary grant sanctioned by competent authority,
- (c) the residuary modification as shown in Column I should agree with difference between original grant + supplementary grant sanctioned by competent authority,
- (d) the final grant amount as shown in the Appropriation Account should agree with the final grant allotted to the unit by the competent authority,
- (e) the actual expenditure should be verified with the actual amount of expenditure for the year as shown in the March accounts (to the end of the month) and

- (f) the variation shown in Column IV should agree with the difference between actual expenditure and final grant. Excess should be shown as '+' and savings as '-'.

In Headquarters Books Section, the Appropriation Accounts should be verified to see that the original grant amount as shown in the Appropriation Accounts agrees with the budget grant, as advised by Railway Board in the Books of Demand for Grants. In the case of Civil Grants, the figures will be verified from the budget orders received from the Railway Board. The supplementary grant amount should be verified with the Book of Supplementary Grants received from Railway Board. The final grant amount should agree with the Railway Board's orders advising the final allotment to the Railway.

The actual expenditure should be verified with reference to the amount shown in the relevant schedules to the final Account Current sent to the Railway Board in March.

804. Check of Civil Grants: Loans and Advances by Central Government:

These Appropriation Accounts should be checked on the same lines as that prescribed for Railway Grants i.e. the original grant and final grants are to be verified from Railway Board's letters and the actuals are to be verified from the Account Current. In the case of Civil Grant – Interest on debt and other obligations – the figures of actual expenditure will also be compared with the figures advised to the Railway Board.

805. Explanations in the Accounts: It should be seen that the explanations for variations between the budget grant and actual expenditure are lucid, self explanatory – illuminating and in unambiguous terms.

The following points should also be borne in mind.

In all cases, definite reasons for the excess or savings should be given bringing out clearly why the particular event leading to the variation could not be foreseen at the time of the preparation of the Budget and the Revised Estimates and what circumstances arose subsequently leading to the variation. In the case of an excess, it should be mentioned why the incurrence of the liability could not be postponed and if, for any reason to be specified, it could not be

postponed, the explanation should bring out why necessary provision could not be made in the Final Estimates. The explanations also should elucidate:

- (a) In the case of surrenders/lapses on account of non-receipt of bills or debits for stores
 - (i) the sources of supply and
 - (ii) whether the suppliers were consulted in the matter and, if so, at what stages and
- (b) In case of increases/excesses on account of receipts of more debits or payments for stores;
 - (i) When those debits etc. were received and at what stages of estimates the suppliers were consulted.
 - (ii) Variations arising out of changes in procedure, allocation, further consideration of schemes, plans etc. during the course of the year should be reflected in the explanations relating to all the concerned sub-heads of the grant or grants.
 - (iii) In the case of variations arising out of defects in estimating, it should be clearly brought out at what stage the liability of the expenditure arose, how the error or omission or commission occurred, why it could not be set right before the close of the year, whether the question of individual responsibility has been considered and if so with what result and what steps have been taken to avoid a recurrence of such error.
 - (iv) In the case of variations caused by misclassifications and other mistakes in accounting, the explanations should bring out when the errors occurred and why they could not be detected in the course of review of expenditure during the year and set right before the final closing of the year's accounts.
 - (v) Whenever reference to some letters of the Railway Board is quoted in support of the explanations, copy of the same should invariably be appended.

In the case of points referred to in items (ii), (iii) and (iv) above, it should be ensured that the items will be included in the relevant annexure/statements is mentioned in the explanations themselves.

In so far as the Appropriation Accounts of the Divisions/Units are concerned, the explanations will continue to be furnished by sub-heads of grants. Further, limits below which explanations are not required to be furnished, as laid down in the *Indian Railway Financial Code* is applicable for the sub-heads of the grant as a whole and not intended to be applied to each individual Department/Unit/Division.

The explanations furnished in the audited copies of the accounts received from various units will be consolidated in the Headquarters Books and Budget Audit Section to verify the explanations furnished in the consolidated accounts received from the Financial Adviser and Chief Accounts Officer.

806. Framing of Audit Comments on Individual Grants/Annexures etc.: In addition to the instructions contained in *Paras 415 to 417 of Railway Audit Manual*, the following instructions should be borne in mind while framing comments, if any, considered necessary in important cases.

- (i) All the Audit comments should be based on facts and not on inferences or assumptions.
- (ii) The facts on which the comment is based should be checked thoroughly and completely before the actual comment is framed.
- (iii) Enquiries made by Audit as a prelude to the framing of the comment should be thorough and pursued to finality.
- (iv) In commenting on the irregularity, every endeavour should be made invariably to give a clear and correct account of it in plain language. Wherever figures are available, these should be indicated after ensuring the correctness of the same.
- (v) To make the comment a fair and unbiased record of facts, all such details as are essential should be incorporated in the comment.

- (vi) On receipt of the Administration's remarks on a comment, a complete re-examination of the case should be made in an impartial manner before arriving at a final view in the matter. The comment may then be modified, if necessary, in consultation with the Railway Administration or dropped if the re-examination shows that the comment is not correct or otherwise unsuitable.
- (vii) If the facts have been verified by the Railway Administration but the conclusion drawn by audit not agreed to by them and still considered justifiable by Audit, a note should be sent along with the comment explaining clearly the views of the Railway Administration and the circumstances under which the retention of the comment is justified.
- (viii) Comments on small and unimportant variations of defects should be avoided. The magnitude of the grant concerned should also be taken into account for this purpose.
- (ix) Each comment should be typed on a separate sheet of paper and categorised on the lines adopted in the *Railway Audit Report, 1952 - Part II and Railway Audit Report 1953*.
- (x) Reference to the corresponding explanation number in the Appropriation Accounts should be quoted in the margin of the comments and the remarks "accepted" by the Administration or "Advance" should be quoted within brackets and the bottom of the comment.
- (xi) Comments on the various grants/annexures etc. should be sent to the Railway Administration for verification of Audit conclusions and not for acceptance of the same.
- (xii) In no case should the comments be reproduced in the body of the letters sent to the Comptroller and Auditor General of India (Railway Wing).
- (xiii) Whenever Railway Board's letters to the Railway Administration or the Railway Administration's letters to the Railway Board are referred to in the comment, copies thereof together with the copies of relevant letters to which there may be replies, should also be sent.

ANNEXURES

807. Annexure 'A' - Statement of Unsanctioned Expenditure: This annexure should be compiled in the form Annexure A (I). This should be supported by two statements viz.,

- (i) *Annexure A (I), in Form F 445 - Annexure XVI* which will indicate the details of individual items of objection amounting to Rupees One lakh each or more and the total amount in respect of objections amounting to not more than a lakh each under the three categories separately, and;
- (ii) *Annexure A (II) in Form F 447 Annexure XVI* showing the estimates provisionally accepted by Accounts or Audit.

A certificate in the following form, duly signed by the General Manager, will be appended to Annexure 'A':

"Certified to the best of my knowledge and belief that all expenditure included in the Appropriation Accounts of South Western Railway for the year _____ has been sanctioned by competent authority with the exception of the items detailed in the Statement of Unsanctioned Expenditure (Annexure A) to the Appropriation Accounts.

GENERAL MANAGER"

The various Divisions/Auditing Sections will scrutinise the Annexures relating to their Units with reference to the Register of Objectionable items of expenditure maintained by the Accounts Office and forward an audited copy to the Headquarters Expenditure Audit Section, which will consolidate the details for purposes of checking the consolidated Annexure.

The method of exhibiting the figures in the revised form of Annexure 'A' has been indicated in the specimen *form enclosed with the Railway Board's letter No. 62-Appn./62-61-62 dated 18th December, 1962*. It should be noted that while the minus expenditure resulting from certain credit adjustments

should be taken as plus for purpose of exhibition in Annexure 'A', the amounts of expenditure will, however, be shown in Annexure A(I) as minus figures only.

(Para 2 of the Railway Board's letter No.62-Appn./62-61-62 dated 18th December 1962 received under Comptroller and Auditor General of India (Railway Wing)'s endorsement No. 4380-RRI-26/62 Vol. II dated Nil).

It should also be noted that while the figures in Annexure 'A' are to be shown in thousands of rupees, the figures in Annexure A (I) should be in units of rupees. The various Divisions/Units should, however, indicate the figure in Annexure 'A' also in units of rupees. In the statistics of expenditure under objection to be appended to the Annexure 'A', the figures shown against "Total amount placed under objection during the year under review and still under objection" should agree with the sum total of the figures shown in the columns "Expenditure during the year" appearing under the three sections "Items dating from earlier than previous year", "Items dating from the previous year", and "Items relating to the current year" of the Annexure. The figure of total amount of expenditure audited during the year under review to be shown in the statistics should be the total of the expenditure shown in the accounts of the grants.

It should be noted that in the case of an item, which was shown in the statement of the previous year and which is occurring in the statement of the current year also, the figures of actual expenditures "relating to the previous year" and those "relating to the period upto earlier than previous year" and the "month in which unsanctioned expenditure was first incurred" shown in the statement of the current year agree with the details shown in the previous year's statement. If there is any discrepancy on account of some wrong figures having been adopted in the previous year's statements, the fact that discrepancy has been set right in the subsequent year's statement should be specifically mentioned in the form of foot-notes.

While forwarding the Annexure 'A' to the Comptroller and Auditor General of India (Railways), the following details are required to be sent in a separate statement.

- (i) Full particulars of items amounting to more than a lakh each, which are more than 3 years old bringing out clearly the reasons for which the expenditure could not be regularised, should be given. In respect of items which are pending regularisation for want of Revised Estimates, completion report, or competent sanction etc. the reasons necessitating the delay in the preparation of the Estimates/Completion Reports, so as to bring out whether the delay in the regularisation is due to delay on the part of Railway Administration or the Railway Board and the reasons for the revision of the Estimates, Completion Reports etc. as well as the authority by whom the final charges (including the nature of such charges) are under verification and from what date may be given.
- (ii) In respect of items relating to earlier than previous year, included in Annexure A (II), the nature of the dispute and the reasons for the allocation not having been finalised for such a long time may be given.

808. Annexure 'B' - Statement of undercharges detected by Accounts and Audit and recovered: This should be compiled in *Form F 433 (7) Annexure XVII*. This will be compiled from the audited details forwarded by the Traffic Audit Section. It should be seen that the total undercharges outstanding at the end of the year tally with the figure arrived at by adding the total amount of undercharges discovered by Accounts or Audit during the year excluding those withdrawn, and the total undercharges outstanding at the end of the previous year and deducting therefrom the sum total of the amounts of undercharges recovered and written off during the year.

809. Annexure 'C' - Statement showing remissions and abandonment of claims to Revenue: This will be compiled in *Form F 433(8) Annexure XVIII*. This will be compiled from the details relating to the various accounting units forwarded by the local Audit Offices duly audited. The Traffic Audit Section will be requested to furnish the amounts of wharfage and demurrage accrued during the year, if the information is not furnished in the details given by them for the compilation of the above statement.

The following points should be borne in mind by the Traffic Audit Section while scrutinising the details relating to their units:

- (i) Amounts of inter-railway claims which are written off, being time barred under conference regulations, need not be included in this Annexure.
- (ii) The amounts due from but foregone in the case of types of ticketless travellers indicated in *Railway Board's No.28-Appn./44-45 dated 19th May 1949* should be included in this Annexure.
- (iii) The figures of refunds of earnings such as wharfage and demurrage (other than overcharges) should be included in the Annexure.
- (iv) As soon as the Annexure is available it should be scrutinised to see whether there is any tendency on the part of the Railway Administration to waive recovery of wharfage and demurrage charges without due care or proper justification resulting in heavy remissions of such charges particularly in respect of big firms. If there are any such cases, suitable comments or draft paras should be prepared and intimated to the Comptroller and Auditor General of India(Railway Wing) for mention in the Railway Audit Report.

The following points should be borne in mind while scrutinising the consolidated Annexure :

- (i) The figure of 'total earnings' shown in the Annexure tallies with the figure of 'Gross earnings' for the year shown in the statement showing the Gross receipts for March accompanying the Revenue Account Current for March.
- (ii) The figure shown in the column 'Total outstanding wharfage and demurrage' agrees with the one arrived at by adding the figures of demurrage and wharfage accrued during the year with the outstanding at the end of the previous year and deducting therefrom the sum total of the amounts of wharfage and demurrage recovered, waived and refunded during the year.
- (iii) In the case of individual items of remissions and abandonment of claims to revenue amounting to Rs.25,000/- each or more included in the Annexure, complete details bringing out their salient features and containing, *inter-alia*, the following points, should be given in a self-contained note on each case:

- (a) An explanation of the transaction etc.
- (b) A description of the nature and magnitude of the irregularity, loss etc.
- (c) Any extenuating circumstances that may exist.
- (d) Any defects in system which led to the irregularity.
- (e) The remedial or preventive measures adopted.
- (f) The adequacy of those measures.
- (g) Brief particulars of disciplinary action taken or reasons due to which disciplinary action could not be taken, though the circumstances warranted such action; and
- (h) Dates to be given, where necessary. If individual responsibility cannot be fixed in the cases of losses of financial irregularities, the reasons for the same.

(Railway Board's letter No. 14. App./52-53 dated 27th May, 1954 forwarded under Director of Railway Audit's endorsement No. RI-69/52 dated 9th June, 1954).

- (iv) In the case of remissions of wharfage and demurrage amounting to Rs.25,000 each or more but less than Rs.1,00,000, only the particulars of invoices, stations between which booked and the amount involved will be indicated in the statement appended to the Annexure. As regards cases amounting to Rs.1,00,000 each or more, complete particulars of each of the cases should be given in a brief note to be appended to the report.

While forwarding the final copy of the Annexure to the Comptroller and Auditor General of India (Railway Wing), reference to the previous correspondence in the case of any of the items included in the Annexure, which have already been reported to the Comptroller and Auditor General of India(Railway Wing) separately, should be mentioned in the covering letter. For this purpose, the various Branches/ Sections/ Divisions should furnish the information to the Headquarters Books and Budget Section while forwarding the audited copies of the details relating to their Units.

810. Annexure 'D': Review of Expenditure on Important Open Line Works and New Constructions: This will be compiled in three parts in the proforma *F 433(9) Annexure XIX*. The consolidated Annexure will be checked with the audited copies of the Statements received from the various units.

The following points should be borne in mind in checking the Annexures:

- (i) Part I of the Annexure should include works costing Rs.50 lakhs and over, not only started during the course of the year, but also thrown forward from the earlier years, if budget provision therefor, was not made at any stage during the year.
- (ii) In Part I, brief reasons for undertaking the work without provision should be explained in the remarks column against each work.
- (iii) In Part I the Annexure is split into two parts as below: (*Authority: AUB/HC/II/1/186 dt.13.02.92*)
 - (a) Works costing Rs.50 lakhs and over undertaken without budget provision.
 - (b) Works costing Rs.50 lakhs and over of previous years on which expenditure was booked during the year without budget provision.
- (iv) Works involving expenditure upto Rupees ten thousand during the year to which the accounts relate need not, however, be included in this Annexure.
- (v) In the remarks column of the Part II of the Annexure, the reasons for not undertaking the work during the year may be given against each work.
- (vi) In Part III of the Annexure, the criterion for inclusion of the work is the physical completion of the work and not the preparation and sanction of its completion report.
- (vii) In the remarks column of the Part III of the Annexure, brief reasons for the variation in the final cost over the original estimate in respect of each of the works should be given.

(Authority: (i) Railway Board's letter No.61-ACI/17/6 Pt. Dated 6th January, 1962 received under Comptroller and Auditor General of India (Railway Wing)'s endorsement No.83.RRI-23/61 dated 6.1.1962).

(ii) Railway Board's letter No.61-ACI/17/5 Pt. dated 27th March, 1962 received under Comptroller and Auditor General of India(Railway Wing)'s endorsement No.380-R.R.I./52/61(W. Rly.) dated 10th April, 1962.

(iii) Railway Board's letter No.64-App./47/63-64 dated 27.2.1965).

811. Annexure 'G' - Block Account, Capital Statement (comprising loan account) Balance Sheet and Profit and Loss Account: (a) Profit and Loss Account: The Profit and Loss Account of the Railway will be compiled in the form prescribed in *Para 431 F.1 Annex IV* by the Financial Adviser and Chief Accounts Officer's office.

The figures for the previous year to be shown in the statement will be taken from the final copy of the Account for the previous year. In respect of the figures relating to the current year, the documents with which they will be verified are indicated below:

Sl. No.	Item	Particulars of documents etc.
<u>Debit Side:</u>		
1.	Working Expenses	Sum total of the net expenditure under the revenue grants No. 4 to 11-A (both inclusive but excluding suspense) taken from the Schedule of Revenue Expenditure accompanying the Revenue Account Current for March or alternatively the sum total of balances as on 31st March shown in the Consolidated Revenue Ledger under 'Working Expenses', 'Appropriation to Depreciation Reserve Fund' and 'Appropriation to Pension Fund'.
2.	Payment to Worked Lines	Schedule of Transactions under Indian Railways - Commercial lines - Payment to worked lines accompanying the Revenue Account Current for March or Consolidated Revenue Ledger for March.
3.	Land and Subsidy	Schedule accompanying the Revenue Account Current for March.
4.	Surveys	Schedule of transactions under other miscellaneous expenditure accompanying the Revenue Account Current for March.
5.	Statutory Audit including Pensionary charges of Railway Audit Staff	

6.	Miscellaneous Establishments	
7.	Miscellaneous charges	
8.	Open Line works Revenue	Schedule of expenditure accompanying the Account Current for March or the Consolidated Revenue Ledger for March.
9.	Dividend payable to General Revenues	Statement of Dividend payable to General Revenues enclosed to the Account Current, which is audited and sent to the Comptroller and Auditor General of India(Railway Wing) separately.
10.	Government Inspections	The figures to be shown 'Proforma' in the Profit and Loss Accounts of individual Railways will be advised by the Financial Adviser and Chief Accounts Officer, Northern Railway to the other Railways. The correctness of the figures so advised will be verified by the Principal Director of Audit/Northern Railway and advised to the Principal Directors of Audit of other Railways.
11.	(A) Cost of Railway, Railway Board, Miscellaneous Establishments, under them, Office of the Principal Directors of Railway Audit etc. (B) Payment in lieu of Tax on Railway Passenger fares.	The figures to be shown 'Proforma' in the Profit and Loss Accounts of individual Railways will be advised to all the Railways by the Railway Board. An audited copy of the Railway Board's letter conveying the above information will be forwarded by the Comptroller and Auditor General of India(Railway Wing) to all Principal Directors of Audit.

Credit Side:

1.	Gross earnings	Consolidated Revenue Ledger or statement showing the gross receipts for March accompanying the Revenue Account Current.
2.	Miscellaneous receipts	Consolidated 'Revenue Ledger' or Schedule showing the details of transactions under the head 'Railway Miscellaneous Receipts for March' accompanying the Account Current for March.

In the case of Dividend payable to General Revenues, the Railway Board will advise the figures of the 'Capital - at Charge' and 'Dividend' in respect of each Railway that have been adopted in the books of the Railway Board, after

the close of the accounts for the year. In case there is any difference between the figures of 'Dividend' advised by the Administration and that adopted by the Railway Board, only the figure advised by the Railway Board should be exhibited in the Profit and Loss Account.

In the case of cost of Railway Board, Government Inspection etc. if audited copy of the Railway letter advising the figure is not forthcoming from the Comptroller and Auditor General of India (Railway Wing) at the time of finalisation of the statement, it would be sufficient if the Comptroller and Auditor General of India is apprised of the fact while forwarding the final statement incorporating the figure advised by the Railway Board.

(b) Block Account : The Block Account will be compiled in *Form F 429*. The figures to be shown in column 2 thereof will be the same as those shown in column 11 of the statement relating to the previous year. The figures to be shown in column 3 will be those appearing in the schedules accompanying the Capital Account Current for Open Line and Construction for the month of March. As regards columns 4 to 9, the same should be arrived at from the details furnished by the local Audit Offices in regard to the various accounting units. The figures of transfers without financial adjustments effected during the year to be shown in column 10 will be taken from the statements of transfers without financial adjustments appended to the Account Current for March, with reference to the audited details received from the several Branches/ Divisions/ Units, as described elsewhere in another connection.

Particulars of misclassifications, if any, affecting the Block Account will be furnished in the foot-notes to the Block Account.

(c) Capital Statement : The Capital statement will be prepared in two parts in the forms laid down in *Para F 431*. The figures of 'non-specific debt' as on 31st March of the year appearing on the liabilities side of Part I of the statement will be arrived at as follows:

To the figure to end of the previous year will be added the net outlay during the year under the major head 'Construction of Indian Railways - Commercial' (Open Line and New Construction) as appearing in the relevant

Schedules of the Capital Account Current for March in respect of Open Line and New Constructions and the amount of transfers without financial adjustments affecting the corresponding heads of account effected in the Capital books of the Railway.

The figure of Capital expenditure after purchase appearing on the assets side of the Part I of the statement will be worked out as follows:

To the figure of Capital expenditure after purchase as on 31st March of the previous year will be added the Capital Outlay during the year under the final heads (both Open Line and New Construction) as shown in the Schedules accompanying the Capital Account Current for March in respect of Open Line and New Construction and the transfers without financial adjustments affecting the corresponding final heads of account effected during the year. From the total thus arrived at, the figure of 'Receipts on Capital Account' for the year will be deducted.

The figures as on 31st March of the year in respect of "Stores" "Balances in Manufacture Accounts" and "Miscellaneous Advances" will be taken from the figures appearing in the month of March in the consolidated Capital ledger.

The figures as on 31st March of the year in respect of Assets financed from Depreciation Reserve Fund, Development Fund and Open Line works Revenue will be arrived at as follows:

To the figure as on 31st March of the previous year will be added the figure appearing in the relevant column viz., Depreciation Reserve Fund, Development Fund, Open Line Works Revenue, against the corresponding head of account in the Block Account and transfers without financial adjustment, if any, affecting that head of account.

The total of the figures on 31st March of the year against Assets financed from Depreciation Reserve Fund, Development Fund, and Open Line Works Revenue thus arrived at will be carried over to the liabilities side against the appropriate item.

It should be ensured that the grand total of Part II of the statement agrees with the total figure appearing in column of the Block Account against the item 'Total'.

(d) Balance Sheet : The Balance Sheet will be compiled in *Form F 431(A) Annex III*. The figures shown in the statement will be verified with those appearing in the consolidated ledgers, capital and revenue or the final Account Current for the year. It should be ensured that the balances shown in the Balance Sheet agree with those shown in the Debt Head Report for the year, which is certified by this office separately.

After finalisation of the Block Account, Capital statements and Balance Sheet, fair copies of the same duly signed by the General Manager will be forwarded by the Financial Adviser and Chief Accounts Officer for recording the audit certificate on the Balance Sheet under the signature of the Principal Director of Audit. After recording the Audit Certificate, copies of the documents will be forwarded to the Railway Board/Comptroller and Auditor General of India(Railway Wing) by the Administration/this office in the usual manner.

812. Annexure H - Statement of Losses etc. : The statement will be compiled in the *Form F 433 (12) Annex. XXII*. The consolidated statement will be checked with the audited details furnished by the various Sections/Divisions/Branches in respect of the corresponding Accounting Unit(s), which will be consolidated by the Headquarters Books and Budget Audit Section for the purpose.

In scrutinising the statement, the following points may be taken into account:

- (i) Cases of infructuous expenditure should be included in the Annexure.

(Authority Para 3(a) of Railway Board's letter No.62-App/61-62/62 dated 26th June 1962 received under Comptroller and Auditor General of India (Railway Wing)'s endorsement No.527-RRI-23/62 dated Nil.)

- (ii) In the case of individual items of losses/infructuous expenditure amounting to Rs. 50,000 each or more, complete details bringing out their

salient features and the following points should be furnished in respect of each such case:

- (a) an explanation of the transaction etc.
- (b) a description of the nature and magnitude of the irregularity/loss etc.
- (c) any extenuating circumstances that may exist;
- (d) any defect in system which led to the irregularity;
- (e) the remedial or preventive measures adopted;
- (f) the adequacy of those measures;
- (g) brief particulars of disciplinary action taken or reasons for which disciplinary action could not be taken, though the circumstances warranted such action;
- (h) dates to be given where necessary; and
- (i) if individual responsibility cannot be fixed in the case of losses of financial irregularities, the reasons for the same.

(Authority : Railway Board's letter No.14-App/52-53 dated 27th May 1954 forwarding under Director of Audit's endorsement No. RI-69/52 dated 9th June 1954).

- (iii) Items of losses etc. written off in a year should be included in the Annexure of that year irrespective of whether or not it has been charged off in the accounts of that year. Cases of losses which have been written off in a year but which have not been charged off in the accounts of that year, for other than genuine reasons should be treated as an error in accounting and included in the Annexure 'J' to the Appropriation Accounts of the same year.

(Authority: Railway Board's letter No. 14-App/55-56 dated 29th December, 1956 addressed to the General Manager and Chief Engineer/Ganga Bridge Project, forwarded under Comptroller and Auditor General of India(Railway Wing)'s endorsement No.RRI-26-56 (Misc.) dated 24th January 1957.)

- (iv) The items of losses on account of floods, fire, accidents etc. shown in the above Annexure should be reconciled with those shown in the General Manager's Annual (Narrative) Report for that year so as to ensure that all items of losses required to be included in the statement are correctly exhibited therein.

(Comptroller and Auditor General of India(Railway Wing)'s letter No.337-RRI-75/61 dated 26th March, 1962).

- (v) While in Annual Report (Narrative) only estimated amounts are shown, the amount of expenditure actually booked in the accounts of the year in the case of losses on account of accidents, breaches etc. are shown in the above annexure.

- (vi) In the case of losses amounting to Rs.25,000/- each or more, due to floods, fire accidents etc. though no details as referred to in item (ii) above are necessary, yet each case has to be mentioned separately in the Annexure.

(Railway Board's letter No.14-App./57-58 dated 28th October, 1958 forwarded under Comptroller and Auditor General of India(Railway's endorsement No.595-RRI-75/58 dated 7th November 1958).

- (vii) In the above Annexure, in the details under Grant No.9, Payments of Compensation Claims arising out of major accidents as defined in Railway Accidents (Compensation) Rules, 1950, should also be exhibited as under:

"Compensation claims paid in respect of _____ accident."

(Railway Board's letter No.14-App./55-56/Pt.dated 1st July 1957 received under Comptroller and Auditor General of India(Railway Wing)'s endorsement No.RRI-26/56(A) dated 18th July 1957).

While forwarding the final copy of the Annexure to the Comptroller and Auditor General of India(Railway Wing), references to the previous correspondence, in the case of any of the items included in the

Annexure, which have already been reported to the Comptroller and Auditor General of India(Railway Wing) separately, should be mentioned in the covering letter. For this purpose, the various auditing units should furnish the information to the Books and Budget Headquarters Audit Section while forwarding the audited copies of the details relating to their Unit.

813. Annexure 'I' - Statement of Irregular Re-appropriation: This will be compiled in *Form F 433(13)*. The following re-appropriations are not within the competence of the Railway Administration.

(a) Civil Grants: Re-appropriation of funds from one primary unit of appropriation to another in the case of the grant relating to 'Interest on debt and other obligations etc.'

(b) Railway Grants:

- (i) Re-appropriation of funds from one sub-head to another in Grant No.2 Railways - Miscellaneous Expenditure.
- (ii) No re-appropriation is permissible between the 'Voted' and 'Charged' allotments or between the allotments made under one grant and another.
- (iii) Re-appropriation of funds from and to the provision for "Payments to other Railways" and "Suspense" in Grant No.9 and 12.
- (iv) Re-appropriation from and to provision for "Suspense" and "subsidy on grain shops" in Grant No.12.
- (v) Re-appropriation to and from lumpsum provision for works costing not more than Rs. 50,000 each.
- (vi) Re-appropriation to and from the provision for track renewals.
- (vii) Re-appropriation to and from the heads "Labour Welfare Works" and "Other Works" in Grant No.16 Open Line Works Revenue.
- (viii) Re-appropriation
 - (a) to and from "Track Renewals"
 - (b) to and from provision for Development Fund expenditure, and

- (c) to and from the provision under detailed heads "Passenger and other Railway Users Amenities" and "Labour Welfare" under Development Fund in Grant No.16 - Open Line Works - Capital, Depreciation Reserve Fund and Development Fund.

Further, in case provision in respect of any of the sub-heads of grants are specified by the Railway Board, while advising the final allotment in respect of each of the grants, re-appropriation to and from the provision for those sub-heads are also not within the powers of the Railway Administration.

814. Annexure 'J' - Statement of Misclassifications and other Mistakes: This will be compiled in the *Form F 433(14) Annexure XXIV*. The details for inclusion in this Annexure will be gathered from the audited statements relating to the several accounting units received from the local Audit Offices and from the explanation furnished in the final copies of Appropriation Accounts of the several grants. When the Appropriation Accounts of the Grants are accepted in audit pending the finalisation of this Annexure 'J', a watch should be kept over the despatch of suitable amendments to the Appropriation Accounts of the affected grants, after the finalisation of Annexure 'J', so as to give a cross reference to the items in Annexure 'J', wherever necessary.

It should be seen that the particulars given for the items included in this Annexure are complete, illuminating and informative. The actual nature of the errors and the reasons for which the same could not be rectified before the close of the year should be brought out.

This Annexure will be accompanied by a statement comparing the number of items included in the Annexure 'J' relating to the year with those for the previous year and furnishing the reasons for the variation.

815. Annual Statement of 'Voted' and 'Charged' Expenditure: This statement should be compiled in the following form prescribed in Railway Board's letter *No. 57-AC-I/17/10 dated 20th August, 1957*.

(Units of Rupees)

Major Head	Figures as appearing in the Account Current	Grants	Figures as per Appropriation Accounts	
			Gross Expenditure	Credits or recoveries
1.	2.	3.	4.	5.

The figures to be filled in the columns 4 and 5 are from the consolidated statements showing the actuals by sub-heads of grants prepared from the details of actuals forwarded by the Divisions/Units.

This will be accompanied by a statement showing the credits or recoveries excluded from the scope of the demand for grants. The details for the purpose will be furnished by the several Accounts Officers to the Financial Adviser and Chief Accounts Officer which would be verified by the local Audit Officers and forwarded to Books and Budget Headquarters Section. The following details should be given as foot-notes in the statement of 'Voted' and 'Charged' Expenditure.

- (i) Details of expenditure under the major head 'Other Miscellaneous Expenditure'.
- (ii) Details of expenditure by minor heads of account under 'Capital Outlay on Indian Railways - Commercial Lines'.
- (iii) Details of expenditure relating to motor car advances, advances for the purchase of other conveyances etc. under the major head "P-Loans and Advances by the Central Government - Advances to Central Government servants" relating to Railway Recruitment Board, Secunderabad and the Principal Director of Audit.

The following points should be borne in mind while scrutinising the statement.

- (1) The figures relating to 'Charged' expenditure in respect of each of the Major Heads of Account are shown separately.

- (2) While working out the gross figures of suspense under Grant No.9 for exhibition in the above statement, the 'net' figure relating to the suspense head "Demands Payable" will be included under the column "Gross", as the credits relating to the Suspense Head "Demand Payable" are not treated as falling outside the scope of the demand.

816. Statement showing changes in Form and Classification of Accounts:

This will be compiled in the following form:

Sl. No.	Reference to authority	Particulars

The details will be verified with reference to:

- (a) the Railway Board's letters available in the section files issuing correction slips to Finance Code and Accounts Code.
- (b) Particulars noted in the Register maintained for noting such changes in the Section; and
- (c) the audited material from the various Accounting units received from the local Audit Officers.

The changes introduced by the Railway Administration themselves for purpose of achieving uniformity in all the units of the Railway i.e. changes of local interest only, will be listed out separately and incorporated as a separate section in the above memorandum.

After finalisation of the above memorandum, copies will be made out and circulated to all Sections/Units.

It should be ensured that whenever such changes in classification are given as reasons for variation, there are per contra explanations under both the affected grants/sub-heads.

While forwarding the final copy to the Comptroller and Auditor General of India (Railway Wing), another statement showing the reference to the

Railway Board's letters quoted as authority for the changes incorporated in the final copy and the references to the Comptroller and Auditor General of India's letters communicating the advice of audit in respect of those letters in juxtaposition should be sent.

(Comptroller and Auditor General of India(Railway Wing)'s letter No.2132-RRI/21/65 dated 16th July 1965).

817. Statements of Stores and Stock Adjustment Account: These will be compiled in the *Forms F 433(5) Annexure XI*. The statements will be got checked by the Stores Headquarters Audit Section. The instructions contained in *Para F 437 to F 439* are to be followed in compilation of the statements.

The following points should also be borne in mind while scrutinising the statements :

- (i) This will include transactions of the Grain shops, if any.
- (ii) The value of stores issued on sale account should be included in column 15 of the proforma.
- (iii) The value of 'scrap' and 'surplus' stores shown in statement agrees with the corresponding figures shown in the statement of stores transactions compiled in *Form S.3001*.
- (iv) The percentage of net surplus or deficiency in the Stock Adjustment Account should be worked out with reference to the figure of 'Issued' during the year, as shown in column 14 of Stores Accounts exclusive of issues of stock of grains (*Railway Board's letters No. 45-AC.I/136 dated 6th September 1945 and No.30-App/47-48 dated 14.8.1950*).

(Note: The column 14 referred to above refers to the column 14 of the then existing proforma before amendment by the *Railway Board's letter of 25th April, 1963 referred to earlier*).

- (v) As losses occurring in Grain shops as a result of Stock Verification and revaluation of Stores are adjusted to the final head direct, such transactions should not pass through Stock Adjustment Account - (*Railway Board's letter No.30-App./1945-46 dated 10th March 1947*).

- (vi) The figures in the stores account appended to the Appropriation Accounts should agree with the figures in the annual statement of stores transactions.

818. Statement showing Percentage of working expenses to earnings: This will be compiled in accordance with the instructions contained in *Para F 434*. This statement will be scrutinised by the Books and Budget Headquarters Audit Section. Usually, it is necessary to verify this statement with reference to material furnished by Books Section of Financial Adviser and Chief Accounts Officer's Office for the General Manager's Narrative Report as the appropriation of all the grants would not have been finalised by the time this return is sent.

819. Statement of credits to capital for retired assets: This will be compiled in the following form in terms of the instructions contained in *Para F 436*. While the figures will be furnished in thousands of rupees in the consolidated statement submitted to the Railway Board, the Divisions/Units will, however, indicate the figures in Rupees and Paise in the statement relating to their units. The consolidated statement will be checked with reference to the audited details received from the various Auditing Sections/Divisions in respect of their portion.

820. (i) Profit and Loss Account of Catering Department; and (ii) Profit and Loss Account of Grain shops: These will be compiled by the Expenditure Section of the Accounts Office and forwarded by that section direct to the Railway Board. These will be scrutinised by the Expenditure Headquarters Audit Section and the final copies thereof will be forwarded direct to the Comptroller and Auditor General of India(Railway Wing) by that Section.

821. Statement of Suspense Balances: This will be compiled in *Form 433(5) D*. The consolidated statement will be checked by the Books and Budget Headquarters Audit Section with reference to the audited copies of the Statements relating to the various units received from the respective Audit Officers.

The following points should be borne in mind while scrutinising the statements:

- (i) In the consolidated statement, the figures need be exhibited in thousands of rupees only instead of in units of rupees. This change has been effected commencing from the Appropriation Accounts for 1961-62.

(Para 3(c) of Railway Board's letter No.62-App/62-61-62 dated 26th received under Comptroller and Auditor General of India (Railway Wing)'s endorsement No. 527-RRI-23/62 dated Nil).

The various units should, however, furnish the figures in units of rupees.

- (ii) The net balances under the suspense heads (i.e. the net effect of the credits and debits in respect of each of the Suspense Heads) shown as outstanding on the 31st March of the year should agree with the figures appearing in the General Books of the respective Units.
- (iii) The details of debits and credits relating to the period "earlier than the previous year" are furnished along with the statement.
- (iv) The clearances effected during the current year, are only those effected upto the close of the accounts of July of the current financial year. At the time of certifying the statement, it should be seen that the reconciliation of the balances under the several suspense heads, as appearing in the subsidiary registers with the General Books, has been completed upto the close of July Account.

822. Statement of ex-gratia payments to be shown as foot-notes to the Appropriation Accounts: In this statement only the items of ex-gratia payments exceeding Rs.50,000/- will be included. The consolidated statement will be checked with reference to the audited copies of the statements relating to the various units received from the respective Audit Officers.

The details shown in the statement will be verified with reference to the manuscript register maintained by the Sections of the Accounts Office, for this purpose.

(Reference: Railway Board's letter No.58-ACI/17/15 dated 16.10.1958 received under Comptroller and Auditor General of India (Railway Wing) endorsement No.571-RRI-53/57 dated 29th October,1958 and Para F 426).

823. Statement of Defects in Budgeting: This will be compiled in two parts, I and II. The form in which these statements are compiled is furnished below.

Sl. No.	Grant/Grants affected	Brief particulars	Amount involved
---------	-----------------------	-------------------	-----------------

The amount will be shown in thousands of rupees in the statements.

The items for inclusion in these statements will be gathered from the explanations furnished in the final copies of the Appropriation Accounts of the several grants as well as the audited statements received from the local Audit Offices/Sections. When Appropriation Accounts are accepted in Audit, pending finalisation of this Statement of Defects in Budgeting, a watch should be kept over the despatch of amendments to the Appropriation Accounts of affected grants after statement of Defects in Budgeting is drawn up so as to give a (or cross) reference to this statement in the explanations for variations under the grants.

These statements will be accompanied by another proforma comparing the number of items included in these statements relating to the year with those of the previous year, along with reasons for variations.

824. Note on Control over Expenditure: As soon as the Appropriation Accounts of the various grants are finalised, a note in the Control Over Expenditure should be compiled from the material furnished by the various local Audit Officers and forwarded to the Financial Adviser and Chief Accounts Officer for remarks of the Railway Administration. Simultaneously, a copy of the note should be forwarded to the Comptroller and Auditor General of India (Railway Wing). In selecting material for inclusion in the above note, the following instructions should be borne in mind.

(1) The report should be submitted to the Comptroller and Auditor General of India in time, so that it may be included in *Chapter I of the Railway Audit Report*, if considered necessary. In case any delay in the submission of the Report is

anticipated, advance copies of the reports may be sent to the Comptroller and Auditor General of India and further comments on the items, if any, may be communicated as soon as they are available.

(2) Instances of excesses over voted grants and charged appropriations, instances of inadequate or injudicious surrenders obtaining on individual Railways need not be commented upon in the above report unless they bring out any special feature of budgetary or accounting importance (e.g., cases mentioned in *Para 14, 15 and 16 of the Railway Audit Report, 1960*) as the Railway Audit Report comments only on the grant as a whole, taking into account the position on all Railways.

(3) Cases of Defective Budgeting, misclassifications and comments, which have already been forwarded to the Comptroller and Auditor General of India, along with the Appropriation Accounts of the grants concerned, need not be reproduced in the note on Control Over Expenditure, as the cases already reported are considered by the Comptroller and Auditor General's Office separately. In short, these notes may be confined to important cases of defective control over expenditure, cases of non-observance of or deviations from the existing rules or orders, non-preparation or defective preparation of financial review, defective maintenance of accounts registers by the Railway Administration etc.

(4) The statements comparing the items of misclassification and defective budgeting with those of the previous year may also be excluded from those notes and sent to the Office of the Comptroller and Auditor General of India separately along with the final copies of Annexure 'J' and statement of Defect in Budgeting so that they may be considered before finalising consolidated Annexure 'J' and Annexure 'B' to Railway Board's review by the Comptroller and Auditor General's Office.

On receipt of the remarks of the Administration, further observations of this Office on those remarks should be forwarded to the Comptroller and Auditor General of India (Railway Wing) along with a copy of the remarks of the Railway Administration.

825. Audit Certificate: After the finalisation and issue of the final copies of all the accounts of Grants, Annexures and Statements, the Audit Certificate in the Form laid down in *Para 8 of the Railway Audit Manual (IVth Edition)* will be forwarded to the Comptroller and Auditor General of India(Railway Wing), duly signed by the Principal Director of Audit.

CHAPTER - IX

STORES AUDIT

901. Audit of Stores Accounts

The audit of stores accounts is directed to ascertain that the departmental regulations governing purchase, receipts, custody, issue, condemnation, sale and stock taking of stores laid down by the Railway Board in the Codes and in the booklet “Rules for entering into supply contracts” issued by the Stores Department are observed correctly. The principles enunciated in Chapter 7, *Section III of the Manual of Standing Orders (Audit) and instructions contained in Chapter XVII* of the Railway Audit Manual on Stores Audit are generally to be borne in mind while conducting the audit of stores accounts. The Stores audit sections are responsible for the audit of items falling under the head “Stores Audit” in the appendix to chapter 5 on Railway Audit Norms (March 2003).

902. Stores Bills: (Paras 307 & 308 of Railway Audit Manual)

These include purchases made within the country directly by Controller of Stores and through the Director General of Supplies and Disposals, New Delhi.

In respect of purchases made directly by the Controller of Stores, selections should be obtained from CO7s.

The bills should be checked to see:

1. that the rates, quantity, terms of delivery and due date of supply agree with the purchase orders and the accepted tenders;
2. that the arithmetical calculations are correct;
3. that the receipt of stores has been duly acknowledged;
4. that due precautions have been taken to guard against the passing of a second claim for the same stores;
5. that the items of stores required to be purchased through the agency of the Ministry of Works, Housing and Supply in accordance with the provisions contained in the Stores code and the latest instructions of the Railway

Board, are not purchased direct without the sanction of competent authority;

6. that extra expenditure on risk purchases and liquidated damages have been realised in the case of delay in supplying stores (time preference orders would require special attention in this matter); and
7. that the postings in the Purchase Account Register and the Transaction Registers have been correctly made.
8. Some firms allow discount on early payment;
 - a) Whether clause incorporated in purchase order?
 - b) Whether discount was allowed?

Note : The particulars of such of the bills pertaining to stores depots coming within the purview of other Auditing units will be advised to the concerned Branch Offices for tracing them into the relevant documents. The audit of stores bills pertaining to “specific works” should be done by the concerned Divisions/Construction units.

As regards purchases made through the Director General of Supplies and Disposals for which payments are made by the Pay and Accounts Officers, selections should be obtained from the concerned statement of bills. It should be seen that proper sanction exists for the purchase, that the allocation of charge is correct and that the material has been correctly accounted. In cases where final payments (10%, 5% and 2% etc.) are made by the Pay and Accounts Officers, without consignee’s receipt certificates, it should be ensured that adequate and prompt action has been taken to get the consignee’s receipt and to settle the discrepancies or deficiencies mentioned in the Receipt Certificate.

M/s Hindustan Steel Limited, M/s Tata Iron and Steel Company Limited have agreed to allow a cash discount at a prescribed percentage on their bills for supply of prime quality steel excluding sleepers, sleeper bars, wheels, axles, wheel sets, fish plates and pig iron if paid by Railways within a fixed period of time from the date of receipt of the bills in the Accounts Office. It must be ensured at the time of audit of these bills that the discount is availed of in all cases. A report of the position should also be made to the Director of Audit every half-year.

903. Port and customs charges (Freight Insurance and Clearing Charges- Clearing Agent's help sought on payment of Commission upto 2%)

For imported consignments, these charges are paid by the clearing Railways viz. Central, Southern and Eastern. The audit check to be conducted on this Railway is to see that vouchers in support of the debit towards port charges and customs duty pertain to this Railway and that they are correctly allocated. This check will be conducted at the time of check of Journal Vouchers.

904. Receipt Returns:

The vouchers relating to receipt of materials are broadly classified into the following five categories:

- i. Returned Stores;
- ii. Workshop Receipts;
- iii. Purchases (Imported & Indigenous);
- iv. Inter Depot Transfers;
- v. Misc.(Other) receipts.

i) Returned Stores : The selection for audit is obtained from the computerised Railway Stores statement No.23 & 24 (card code 48) prepared monthly. Stores are received back in the Depot as returned stores owing to excess issues in the first instance or as scrap released on account of repairs or renewals. In checking the vouchers of Returned Stores, the following points require special attention :

1. The reasonableness of the rate at which credit is afforded to works should be checked. Where any formula has been prescribed for the valuation of second hand materials it should be seen that the adjustments are correct according to the formula. The rates adopted by the Railway Administration for unserviceable class III rails should be reviewed periodically.
2. The correctness of the allocation of credit should be checked;
3. It should be seen that the returned stores are properly taken into account in the Transaction Register.
4. Cases in which the valuation of Returned stores by the Returning department differ materially from that of the Stores Department should be investigated to see how the difference was reconciled and what the reasons for the differences were;

ii) Workshop out-turn (Work shop Receipts): The selection for audit is obtained from computerized Railway Stores Statement No.23 (Works code 46) prepared monthly. The Priced issue notes should be checked with regard to the requisition, rates, acknowledgement by the depot and it should be seen that the total of the issue notes is posted into the Transaction Registers. Where the manufactured articles are issued at a fixed rate, it should be seen that the difference between the actual cost of manufacture and the amount debited through the issue notes is adjusted periodically.

iii) Purchases (Imported & Indigenous): The selection for audit is obtained separately for Imported and Indigenous purchases from the computerised Railway Stores statement No.3 & 4 prepared monthly. It should be seen that indents for stores for work are not ordinarily placed with the DGS&D unless the work has been included in the Works Machinery and Rolling Stock Programme as 'approved by the Railway Board' and that indents for stores for general purposes are not sent in advance unless there are sufficient funds available from the sanctioned allotment of the year.

Some of the items in the statement No.3 & 4 should be checked in detail with reference to the indents advises of despatch, the receipt by the depots and the postings into the Transaction Register of the concerned month. The monthly journal vouchers in respect of the payment made abroad should be checked to see that the adjustments in the accounts had been correctly made.

iv) Inter-Depot Transfer Receipts: The selection for audit is obtained from the computerised Railway Stores Statement No.21 prepared monthly. The vouchers of Depot Transfer Receipts should be checked to see that issues and receipts are paired and that appropriate action is taken to watch the acknowledgement of outstanding items.

v) Miscellaneous (other) Receipts : Any other receipts not coming under the above categories (i) to (iv) will figure in the computerised Railway Stores Statement No.5(Credit) prepared monthly. The selection for the same should be obtained from the above statement and audit conducted on the lines indicated above.

After the audit of the five categories of receipt vouchers mentioned above, the vouchers should be traced into the Transaction Register. It should also be seen that the total of the receipt is reconciled with the total amount posted in the Day Book of Receipts and that the monthly reconciliation with the general book has been effected.

905 Delivery Notes:

The Delivery Notes fall under the following categories:

- i. Issues to Departments; (Revenue and Capital)
- ii. Issues to Sales;
- iii. Issues to Inter-Depot Transfers;
- iv. Issues to Workshops.
- v. Other Delivery Notes

The selection of audit of the above vouchers is obtained from the following computerised Railway Stores Statements:

- i. Statement No.23 (Works code 57)
- ii. Statement No.6 & 7
- iii. Statement No.22
- iv. Statement No.24 (debit) CC 57
- v. Statement No.5 (debit).

During the course of audit of issue vouchers the following points should require attention:

The monthly statements of Issues should be checked to see -

- i. that all issues are correctly extracted from the issue vouchers, into the statement;
- ii. that the postings are correctly made into the Transaction Registers;
- iii. that the total of monthly reports of issues for the month agrees with the General Books figures;
- iv. that the issue rates are correct; and matching with Book rate.
- v. that the allocation is not prima facie incorrect.

In scrutinising issues on sales account, it should be seen that :

1. the purchase money is paid within the free time if the sales is made to outsiders. Interest should be recovered for payments exceeding free time.
2. the percentage charges prescribed in the code have been correctly levied;
3. only surplus or condemned articles are sold to Railway employees; and
4. there is no tendency to issue frequently, ordinary articles which can be purchased easily by the employees in the market. In the scrutiny of issues to workshops, the issue vouchers should be compared with the requisition to see that supplies are not made in excess of the quantity required and that the prices charged are correct.

The vouchers of Inter-Depot transfers should be checked to see that the issues and receipts are paired and that sufficient action is taken to watch the acknowledgement of outstanding items.

After scrutiny of the issue vouchers of the categories mentioned above, the issue vouchers should be traced into Transaction summary. The monthly reconciliation of receipts, issues and partially of balances in the General books with records known as “Transaction Registers” should be checked to see that the total credits to stores as per General Books is correct.

906. Priced Ledger/Transaction Register:

I. All transactions which originate from the Stores Depot of the Stores Accounts Office having a bearing on the value of stores received in or issues from the Depot are incorporated/reflected on the priced ledgers of the Accounts Office. The priced ledgers now printed on the computer under phase I of computerisation of stores Accounting and Inventory control, are known as “Transaction Registers”. The Transaction Registers contain only items of stock having transactions during the month indicating the opening balance, each individual transaction and the closing balance, quantity-wise and value wise. All items of stock are also listed out once in a quarter.

The transactions affecting stock are covered by the following basic documents.

- a) Issue Notes (Ordinary, Transfer, Minus - Adjustments, sale etc.)
- b) Receipt Notes (Ordinary, workshop receipts, Returned Stores, Adjustments etc.)
- c) Stock verification sheets.

II. Provision has also been made in the system :

- a) to give timely warning to the Stores Department regarding stocks reaching danger level;
- b) to study the stock position with reference to the rate of consumption by way of preparation of surplus stores statement (Exception Reports).
- c) to prepare value volume analysis (A,B,C analysis for drawing attention to the more important items of the inventory with reference to the financial impact on the total value of the inventory.
- d) for providing a detailed analysis of the value stores under various categories i.e. ordinary stores, movable surplus, dead surplus, emergency stores and special stores and;
- e) for a review of the minimum and maximum level of stock with reference to the issues made from year to year.

The system has also been so designed that with the information that is processed, developed and stored on tapes, it is extended for recoupment indenting and accountal of purchases by providing for separate inputs.

In the audit of Transactions Registers, the vouchers are directly traceable in the Register. The receipts and issue vouchers selected for audit should be traced in the transaction register and relevant computerised statements. The reconciliation with the general books of the Railway should be reviewed. As regards managerial statement, action taken by the Administration may be reviewed in audit to ensure that full advantage is taken of the managerial reports and exception statements. The detailed instructions contained in Para 317 of Railway Audit Manual should be borne in mind during the review of the Priced Ledgers/Transaction Registers.

907. Monthly Statement of Stores Transactions :

The Stores Account current is a statement prepared by the Accounts Officer for each stores accounting unit, showing the opening Balance, Debits during the month, credits during the month and Closing Balance of all categories of stores

This is a computer print out, made out monthly with Annexures (under phase I of the computerisation of Stores Accounting and Inventory control). The Account current is accompanied by the following schedules :-

(a) Debits :

- i. Returned Stores Statement;
- ii. Statement of Purchases in India; (COS, Railway Board, CONCOR etc)
- iii. Statement of Director General of Supplies and Disposal Purchases;
- iv. Statement of Depot Transfers;
- v. Statement of Manufactured Stores;
- vi. Stock Adjustment Schedule;
- vii. Other transactions.

(b) Credits :

- i. Statement of Issues to Departments;
- ii. Statement of Issues to Shops;
- iii. Statement of Sales.

The journal entries of the transactions included in the Stores Account Current are prepared for incorporation in the General Book.

The figures for this statement (other than opening and closing balances) are taken from the various tabulations prepared by the computer by processing the receipt and issue vouchers. The procedure for check is besides comparing the opening balance with the closing balance of the previous month, to agree the figures in the monthly Account current with those shown in the relevant computer prepared tabulations. It should be seen that the closing balance is correctly worked out and reconciled with the balances in General Books as well as with the class ledger balances. Debits and credits during the months should be similarly checked and also with journal vouchers.

908. Account Current and Out-turn Statement of the Printing Press (Para 331 of Railway Audit Manual)

The expenditure incurred in the Railway Printing Press is adjusted to “Workshop Manufacture Suspense”.

(a) Check of the Out-turn Statement : From the accounts of the work orders maintained by the Press Superintendent, a statement is prepared showing departments, the labour and stores expenditure on work orders. It should be seen that the labour charges booked are correct and that the time is booked in accordance with the time slip attached to the work orders and that the grant of overtime, if any, is in accordance with the rules on the subject. The general procedure of recording time of labourers and the reconciliation of labour charges as per work orders with the muster rolls should also be generally reviewed.

Charges booked on account of stores should be verified with the relevant Issue Notes and it should be seen that the rates at which stores are issued are correct. The reconciliation of the total stores charges as per work orders with the total of the summary of issue notes should also be reviewed.

The ‘On Cost’ of the Press, which consists of all charges not directly allocable to any particular work order should be generally reviewed to see that all items of ‘On Cost’ have been included and that there is sufficient reason for violent fluctuations, if any, in the amount of ‘On Cost’ expenditure incurred. It should also be seen that the fixed percentage of ‘On Cost’ recoverable from outside department compares favourably with the percentage which the total ‘On Cost’ bears to the total labour charges.

(b) Check of the Accounts Current : The Press Account Current compiled in Stores Accounts Branch should be verified to see that it is correct and that the balances have been reconciled.

In addition to the complete check prescribed in the programme, some other accounts should be reviewed generally. The entries in the Account Current should be checked with reference to the statement of Debit and Credit summaries printed on the computer. The system of billing for forms supplied as well as the outstanding bills should be reviewed. It should be seen that where work has been

done for other Government Departments or for Foreign Railways, the charges for supervision and maintenance and depreciation of machinery and the fixed percentage of indirect charges are billed according to rules and orders in force.

The out-turn statement may be checked during local inspections of the Printing Press, if it is not possible to check them along with the Account Current.

909. Sales Abstracts (Para 320 - Railway Audit Manual)

While auditing the Sales Abstracts, it should be seen that (1) the purchase money is paid in advance of the sale if the sale is made to outsiders and (2) that the percentage charged prescribed in the code have been correctly levied. (3) List of employees sales items should be in accordance with other code item. It should also be seen that only surplus or condemned articles which can be purchased easily by the employees in the market. It should be seen that the sale has been made under the sanction of the competent authority.

The procedure with regard to sales whether of surplus stores or of other classes of stock must be reviewed periodically. In all important cases, the papers of the Controller of Stores relating to the invitation of public offers, auction, etc. may be gone into and any defects in the procedure brought to notice.

During local visit to the depots, the detailed arrangements for tender or auction sales and the method of stacking materials for sale may be reviewed. It may be seen whether materials are removed within the stipulated time and whether penalties have been enforced in necessary cases

910. Suspense Registers:

(i) **Purchase Account Register (Para 2809-S):** Separate Registers are maintained for 'Purchases Imported' and 'Purchases Indigenous'. It should be seen that these registers are efficiently maintained and all items are current and are for bills payable for articles received. Debit balances representing advance payment prior to the receipt of stores should be restricted to cases, where payments are to be arranged on proof of despatch for commodities like steel, etc. Such cases should be scrutinised to see that the payments are covered by (i) sanction of the competent authority; and (ii) references to Railway Receipts, etc.

furnished in the Register. The correctness of the entries in the Purchase Register should be verified with reference to the computer printed statement of purchases. Balances under this head should be analysed agewise and it should be seen that proper and prompt action is being taken to ensure their speedy clearance. Accrual of large out standings should be brought to the notice of FA & CAO.

(ii) Sales Register: It should be seen that the sales have been made under competent authority, that the proper percentage charges have been added to the book value and that there are no credit items. The correctness of the entries in the sales register should be verified with reference to the computer printed sales statement. Balances under this head should be reviewed as in the case of purchase Register.

(iii) Deposit Miscellaneous and Miscellaneous Advance Register : It should be seen that proper action is being taken to expedite the clearance of outstanding items and that no item which could prima facie to be debited or credited to a final head is allowed to stand over in the books, a tendency to do which sometimes manifests itself during the closing months of the year in order to avoid excess over allotments. An analysis of the outstanding balances should be looked into, to see that cases of chronic out standings are not on the increase and all out efforts are made to clear old items. Cases of out-standings of heavier amounts, over one year old should be examined in detail to see unusual feature exists in such cases. A careful scrutiny of these registers will sometimes bring to light important defects in procedure or control which should be carefully investigated and pursued in the light of all available information before being formally reported to Accounts.

In all these cases (Suspense Registers) it should be seen that a systematic reconciliation is made with the General Books.

911. Funds Register:

This register is intended to watch the progress of purchases against Grants and is to be maintained in the form and manner indicated in **Para 506-S**. It is to be seen whether this record is efficiently maintained serving the purpose for which it is intended.

912. Stock Verification Reports :

A periodical review of the stock verification reports should be conducted to the extent prescribed. The selection should be obtained with reference to the Register of Stock Sheets maintained by the Inspector of Stores Accounts in terms of **Para 3261-S**. The audit scrutiny of stock sheets should cover results of verification of all kinds of stock including charged off stores and permanent way materials in the custody of Engineers. The review should be made as per instructions in Para 327 of Railway Audit Manual.

The Accounts Department has to verify stores in the custody of the Depot and other Departmental Officers and subordinates to ensure that the materials accord with the description and specification shown in the Numerical Ledger (Depot Tally Boards), that actual balance of the stock agrees with the balance in the books and that excesses or deficiencies are properly investigated and accounted for.

The materials in a depot are verified once a year, materials at the site of works and stores with imprest holders once in two years and all tools and plants once in three years.

The details of verification are recorded in the Field Book. Large discrepancies found as a result of stock verification are investigated on the spot by the Stock Verifier and the detailed report sent to the stores Accounts Officers. Cases of wrong classification of stores, and particulars of unauthorised stores held by the Stock holder, are also reported by the Stock Verifier. From the data in the Field Book, discrepancies detected as a result of stock verification are incorporated in stock verification sheets prepared in triplicate by the Stock Verifier.

After the actual stock figures of an item of stores have been ascertained and accepted by the Ward Keeper, the result of verification should be posted in the Numerical Ledgers as per instructions contained in the Stores Code. The original copy of the stock sheet duly accepted by the Ward Keeper should be submitted to the Stores Accounts Officer by the Stock Verifier for necessary posting.

The duplicate and triplicate copies of these sheets are handed over to the subordinate in charge for giving explanations against each discrepant item and sending to his controlling officer for counter signature and acceptance of the explanations offered. On receipt of stock sheets duly explained through the Controlling Officer, the explanations are scrutinised by the Inspector of Stores Accounts and Stock Sheets are filled if explanations are found satisfactory. When the explanations are found unsatisfactory, Account Notes are issued against the Divisional Officers by the Stores Accounts Officer and further explanations are called for. The replies received on the account Notes are finally dealt with by the Stock Verification Section in the Stores Accounts Branch.

It is important that the stock sheets are dealt with promptly as delays in finalisation of discrepancies detected during verification may result in investigation into frauds or irregularities being rendered difficult due to lapse of time and records being not readily available. The audit scrutiny of stock sheets will cover the results of verification of all kinds of stock including charged off stores and permanent way materials in custody of Engineers. It should be seen whether there is a regular verification by actual count of measurement or weighing of all stores from time to time and such verifications are not confined merely to occasions when the stock of any particular item is low.

It may be seen whether the accuracy of the weigh bridges and other weighing machines is periodically tested by the executive and whether a record is maintained of such tests.

The action taken on differences noticed in stock taking should be carefully watched to see that full investigation is made in all important cases, that no improper use is made of the Stock Adjustment Account and, in the case of shortage, that adequate disciplinary action is taken against the person responsible for it and the loss is regularized under the orders of competent authority.

913. Auction Sale Account: (Para 328 of Railway Audit Manual)

Auction sale is generally made for scrap stores which are not required for Railway purposes. These stores are collected at convenient points for the purpose of such sales determined largely by the freight charges to be met, room available for storage and proximity to a market for such scrap.

Before any item of stores can be sold as scrap, it should be declared as such by a Survey Committee appointed by the General Manager and sanction of the competent authority obtained to such sale. The auction should be conducted by the Railway Administration itself. The auction is conducted under the supervision of the Depot Officer and in the presence of an Accounts representative who should see that the conditions of the sale are being observed and that stores are not being sold at obviously low prices.

On the completion of the auction, the deposit amount with the Railway and the Depot Officer will issue delivery order to the purchaser. The Depot Officer should then arrange for the delivery being effected according to the agreement and terms and conditions of the sale or such other specific or general instructions issued by the Controller of Stores.

The weighment and counting of stores to be delivered should be in the presence of (i) Purchaser, (ii) Stock Verifier (iii) Stores Subordinate of a rank not less than Depot materials superintendent III.(iv) Representative of RPF Staff not less than the rank of IPF. Necessary sale issue notes are prepared under the signature of the Depot Officer and Stock Verifier.

The loading of sold material should be made under the supervision of the Depot Officer and witnessed by the Stock Verifier. The Depot Officer will be responsible for realising loading charges from the purchaser and if the material is not removed within the stipulated time ground rent is also recovered from the purchaser. The Accounts representative will be responsible for seeing that the same is recovered where due.

On the completion of the delivery of material sold in each auction, the Stock Verifier, Depot Officer will prepare a Completion Report/Sale Account separately and submit the same to the Stores Accounts Officer, who will check the same in order to see that the sale was conducted under the extant rules and the amount realised is properly brought into account in the Railways Books.

It should be seen in audit -

- a) that the list of stores for auction has been made out under proper sanction duly verified and reasonable publicity has been given as to the date and other particulars;
- b) that the auction has been personally supervised by a Jr. Administrative Grade officer of the Stores Department and that a certificate has been recorded by him as his personal supervision, that an Accounts representative was also present; and
- c) that there is no delay in remitting the sale proceeds, account tallies with that of furnished by the department.

The arrangements for the auction sale of materials on the Railways should be examined. In particular, if any for payment of incentive for early removal and levy of ground rent should be examined with reference to the conditions of the agreement, with a view to seeing that there is no scope for any unintended benefits accounting to the purchasers of the auctioned material. The prices realised at one sale may be compared with the prices realised for similar articles at other sales. Effected in Home / Foreign Railway. As materials not required by one Railway may be useful for another Railway, it may be seen whether before selling the stores to the public, there is any system of sending to other Railways lists of surplus stores.

914. Yearly Statement of Stores Transaction : (Para 324 of Railway Audit Manual) A statement of the actual balances of stores in hand at the end of each financial year should be prepared by the Railway Administration in Form S.3001 so as to reach the Railway Board by the 1st November of the year. This statement is called the 'Yearly Statement of Stores Transactions.

The statement should show the money value of stores in hand, in Thousands of Rupees, under each class of stores, the figures being subdivided and arranged so as to distinguish the ordinary stores from other categories of stores viz. stores obtained for special works, emergency stores and surplus stores.

In column 3(a) of the statement a comparison of actual balances of 'Ordinary Stores' with 50 percent of issues "Should be made with a view to

assess the endeavour of the Railway Administration to reduce and restrict the actual balance to this limit.

The receipts under 'Ordinary Stores' should show separately (i) Receipt by purchases and manufacture and (ii) Receipt of materials returned from works, to enable an idea to be obtained of the proportion of materials returned from works to new stores purchased in the market or manufactured in Railway workshops.

A review of the balances of the material at site account for the years should be prepared and attached to the statement as an Annexure. This statement should be prepared Division wise under the following subheads.

- (1) Completed works
- (2) Works in Progress
- (3) works not yet started and
- (4) Works not to be done.

A statement of balances of 'Charged Off' imprest comprising the balance at the end of the year with each category of imprest holder in each Division with the total of monetary limits fixed by the General Manager should be submitted as an Annexure to the Statement of Stores Transactions.

A certificate of the balance should be furnished by the chief Accounts Officer over his signature in the form of answers to the questionnaire, which is an Annexure to the Annual Statement.

The statement should be accompanied by a note which should show the balances of stores for the last ten years, in order to show the fluctuations;

- a) the increase or decrease under each individual head of stores in paragraphs 201-S in the year under review and the reasons for the same; and
- b) the details of the verification of stores carried out during the year.

The statement prepared by the Railway Administration should be checked annually by Audit. It should be seen that this statement is prepared in the prescribed form, that the money value of stores in hand is classified under each important head that values are shown separately for ordinary stores, stores for special works, emergency stores and surplus stores.

It should also be seen

- a) whether the balances in hand of ordinary stores are much in excess of those prescribed by the Railway Board;
- b) whether items under 'Special Stores' have been outstanding for any considerable time which would tend to show that the stores were obtained long before the necessity for their use was likely to arise.
- c) whether as far as possible stores obtained for special works are issued to the works concerned and charged off;
- d) whether prompt action is taken to dispose of surplus stores at a reasonable price. In scrutinising the accounts of surplus stores, the reasons for such stores becoming surplus should be ascertained; and
- e) that attempts have not been made with a view to show a reduced balance by
 - (i) writing down of values without sufficient cause;
 - (ii) charging off stores to works though they are not immediately required for use thereon;
 - (iii) under acceleration of the sale of surplus stores;
 - (iv) undervaluing returned stores;
 - (v) keeping off the payment and account of receipt of stores towards the end of the year till the next financial year.

915. Yearly Statement of Stores Purchases (Para 325 of Railway Audit Manual)

A statement showing the value of stores purchased every year should be compiled by the Railway Administration and submitted to the Railway Board after the closing of the March Accounts of the year. The return should show separately the value of stores imported direct, the value of imported stores purchased in India, and the value of stores of India Manufacture or of indigenous origin. The figures required for this return should be compiled in the Accounts Office from the Annual abstract of class summaries. At the end of the year, a specimen copy of the return should be sent to the Departments which make direct purchases for submission of a similar return showing the value of stores purchased by them during the year. The figures should be added to the value of stores shown in the registers maintained by the Stores Accounts Office for exhibition in the return. This return should be accompanied by a review

explaining the causes of important variations under any head compared with the previous year.

The statement should be checked annually in Audit. It should be seen inter alia

(i) that the classification of purchases into 'Imported Stores' and Indigenous or locally manufactured Stores is prime facie correct; and (ii) that the figures for direct purchases made by the various departments and for the purchases made by the Controller of Stores on behalf of other Departments have been included in the statement. It should also be seen how far the Stores purchase policy has been adhered to.

916. Stores in Transit Register :

The Stores-in-Transit Register is maintained for Depot Transfers:

(i) Depot Transfers : when the stores issued during a month from a depot are not received in the Receiving Depot in the same month, such items will not appear in the accounts of the Receiving Depot. All such unaccounted items in the 'Issue Summaries' should be posted in the Stores-in-Transit Register and their clearances should be watched carefully. When any such items is accounted for later on, a credit should be posted in the register in the column for the month of accountal and against the debit entry for the items concerned. Separate registers should be maintained for each depot.

The balance lying in the Stores-in-Transit Registers should be carefully analysed each month and if any item has been found to be outstanding for more than one month, the matter should be taken up with the Depot Officer concerned. Special lists of items outstanding for more than three months should be sent to the Controller of Stores for taking steps for their clearance.

(ii) Purchases: As Inspection and Receiving work is not centralised on South Western Railway and as Receipt Notes are issued only after the Receipt and acceptance of material, Stores-in-Transit under purchases arise in case of advance payments South Western Railway Depots.

The Stores-in-Transit register should be reviewed in Audit to see that outstanding items are cleared promptly.

917. Stock Adjustment Account Register

The Stock Adjustment Account is a subsidiary head of account under Stores Suspense intended to record the following types of transactions:

I. Difference in stock:

(a) Difference between the actual balances discovered at the time of stock verification and the balances in the Transaction Registers, either by Accounts Verifier or by Departmental Officer.

(b) Difference between the balances in the Depot and the Transaction Registers discovered at the time of reconciliation of numerical ledger sheets of the depot with the Transaction Registers.

II. Difference in value :

a) Differences arising out of revision of rates due to :

(i) Depreciation;

(ii) Market fluctuations

(a) Purchased Stores;

(b) Workshop Manufactured Stores;

(iii) Rounding off.

(b) Difference between the Transaction Register and the General Books.

III. Miscellaneous items :

(a) Difference in book value and value realised in sales;

(b) Losses resulting from breakage, leakage, depreciation and obsolescence, etc.:

(i) Loss on classification of new stores as second hand;

(ii) Loss on classification of stores as scrap;

(iii) Other losses.

(c) Losses due to enemy action;

(d) Miscellaneous.

IV. Oldest Stock Adjustment Accounts Pending should be taken note of while checking Stock Adjustment Accounts.

The debits and credits to Stock Adjustment Account will be chiefly by contra adjustment to 'Stores' except in the case of adjustments against the

Revenue Abstracts, in clearance of the half yearly balances under this head of account. The Stock Adjustment Account Register is reviewed annually in Audit. The transactions of the Stock Adjustment Account will also come under scrutiny in connection with the review of ledgers, stock sheets etc. The clearances to final heads will be audited when passing the corresponding journal entries. It should be seen that items are not carried to Stock Adjustment Account without proper investigation and adequate reasons exist in all cases where clearances are deferred.

In reviewing the Stock Adjustment Account Register, it should be seen that the adjustments are mainly on account of excesses or deficiencies discovered in actual stock or due to discrepancies in value, and that prompt action is taken to clear all the items as early as possible. Large items should be carefully scrutinised. The items outstanding in March Accounts should be scrutinised to see whether there are any large items, the clearances of which is held over on account of insufficiency of funds or for any other inadequate reasons.

918. Inspection of the accounts of the Receiving and Despatching Sections:

The 'Receiving and Despatching Sections' of each Depot should be inspected once every year by the Stores Section. The inspection will be carried out to the extent laid down in the Revised Audit Norms.

919. Purchase Orders:

Purchase-order is an order placed by the Controller of Stores on firms to make actual delivery of stores subject to the rates and conditions prescribed therein. Audit of Purchase Orders should be conducted to the extent laid down in the Programme of audit. Particular attention should be given to the following points:

- 1) free and full publicity has been given and sufficient interval is allowed for the receipt of tenders;
- 2) there is no intentional splitting up of purchases;
- 3) recourse to direct purchase of DGS&D items is made only to meet emergent requirements, or wherever the value of such stores is less than Rs.50,000;
- 4) prescribed financial limits are not exceeded;
- 5) suitable reasons have been recorded for accepting rates other than the lowest;

- 6) the stores purchase policies of the Government regarding giving price preference to indigenous stores and small scale industries are being observed;
- 7) Earnest money and security deposit are recovered wherever necessary as per extant orders of the Railway Board.
- 8) Purchase order is placed within the period of validity of offers.

920. Scrutiny of Larger Contracts and Tenders:

The following are the various types of contracts:

(i) Lump sum Contracts: The lump sum contract is a contract under which the contractor engages to carry out a work or effect supply as specified and within a given period for a fixed total sum; his receipt of this sum being dependent upon his completing the work or supply to specification and time, irrespective of the actual quantities and kinds of work done or materials supplied in achieving his result. In the case of such contracts, a scale of rates or prices may be agreed upon by which enhancement or reduction from the lump sum may be regulated in the event of any departure from the work or supply as specified being made subsequently under the orders of competent authority or by which reductions may be made at the discretion of the competent authority for failure on the contractor's part to conform to specification.

(ii) Schedule Contracts: The schedule contract is a contract under which the contractor engages to carry out a work or effect supply as specified and within a given period, at fixed unit rates or prices for each of the various items comprising such work or supply, the sum he is to receive depending on the actual quantities and periods of work done or materials supplied in completing the work or supply to specification and time. It is not repugnant to the above definition to show in such contracts the approximate amount of the contract based on approximate quantities and the fixed unit rates.

(iii) Piece Work Contracts : This means a contract under which only unit rates or prices for various kinds of work or materials are agreed upon without reference either to the total quantity of work to be done or materials to be supplied, or to the quantity of work to be done or materials supplied within a given period.

(iv) Rate Contracts: The rate contract is a contract under which during the period of its currency, the contractor engages to supply materials on demand, irrespective of quantity, at fixed unit, rates or prices, within a given period of the receipt of such demand.

(v) Running Contracts : The running contract is one under which during the period of its currency the contractor engages to supply and the other party to the contract to take, a specified quantity (with a percentage tolerance either way) of materials as and when offered, at fixed unit rates or prices, within a given period of the receipt of such order.

Note : (i) The ‘Lump Sum’, ‘Schedule’ and ‘Piece Work’ forms of contract are primarily intended for application to ‘Works’ Contracts;

(ii) The ‘Rate’ and ‘Running’ forms of contract are primarily intended for application to Stores contracts.

(vi) One Delivery Contract: This means a contract for a definite quantity of materials to be delivered on a definite date.

During the review of contracts the following points should be borne in mind;

- a) whether free and full publicity is given at the time of calling for tenders;
- b) whether proper interval has been allowed;
- c) whether finance has been associated with the Tender Committee;
- d) whether the lowest tender in the case of purchase contracts and the highest tender in respect of sale contracts has been accepted and if not, whether reasons therefor have been recorded;
- e) whether the purchase or sales has been sanctioned by the competent authority;
- f) whether the purchase or sale was carried out only after the acceptance of the tender.

921 (a) Review of execution of completed contracts and purchase order. Particular attention should be paid to the following points:

- 1) supply has been made as per specifications and inspected by the official mentioned in the Purchase Order Agreement;

- 2) the stores have been delivered within the due date specified in the Purchase Order/Agreement;
- 3) extra expenditure on risk purchases and liquidated damages have been realised in the case of delay in supplying stores;
- 4) escalation claims on account of increase in cost of raw materials and statutory taxes/levies are not admitted in cases of delays in delivery of stores due to contractors fault;
- 5) claims for damages/shortages have been preferred promptly;
- 6) security deposit has been refunded only after complete performance of the contract;
- 7) variations in rates and quantities have been authorised by competent authorities.

(b) Audit of Railway Board's Contracts:

To have an integrated and intensive review of the Railway Board's contracts in close co-ordination between Railways and field offices, the following procedure has been evolved for audit of Railway Board's contracts.

All the Divisional/Branch offices which conduct the audit of Railway Board's contracts should maintain a register to record the following details:

- 1) S. No.
- 2) File No.,
- 3) Particulars of work order or contract,
- 4) Name of the firm,
- 5) Description of item,
- 6) No. required,
- 7) Total value,
- 8) Due date of completion,
- 9) Actual date of completion,
- 10) Date of review of contract,
- 11) date of audit of payment,
- 12) date of audit of completed contracts/completion report,
- 13) Audit remarks,
- 14) Reference made to Headquarters, if any.

During the audit of the Railway Board's contracts the following may be kept in view:

- a) The contract may be reviewed generally with reference to indent with a view to seeing that the quantity indented was not excessive/or because of lapse of time between indenting and ordering, the requirements have not undergone a change; the material ordered conforms to specification indicated in the indent and if there was any alteration the concerned Railway Administration was consulted; delivery schedule was fixed in accordance with the need of the indentors etc.

b) The payments audited against the contract in the normal course of audit may also be noted in the register and any special points noticed during the audit of payments may be advised to Headquarters. Also, if any points of clarification are required for auditing the payments they may be referred to Headquarters.

c) The completion of the contract (with reference to probable date of completion) may be reviewed with a view to seeing that the claims of the Railway towards short delivery, rejection, deviations etc. have been recovered and the performance of contract was satisfactory. The Headquarters may be addressed for any points requiring clarification. A report of completion of audit may be furnished to Headquarters.

The register of Railway Board's contracts mentioned above may be submitted quarterly for scrutiny by Principal Director of Audit. (CAG's letter No. 322-RAII/20-4/84 dated 16.3.85)

922. Security Deposits Register: Security, accompanied by a bond, where necessary, shall, except under general or special orders from the Railway Board, be taken for the due fulfillment of a contract. The security may be -

- (i) a deposit of cash;
 - (ii) Government securities at 5 per cent below the market value;
 - (iii) (a) deposit receipts, Pay Orders, Demand Drafts and Guarantee Bonds of the State Bank of India or any of the nationalised Banks and other scheduled Commercial Banks;
 - (b) Guarantee bonds;
 - (c) Demand drafts of the State Bank of India.
 - (iv) a deposit in the post office Saving Bank;
 - (v) a percentage deduction ordinarily 10 per cent from the periodic payments made on account of work done or supply made; or
 - (vi) personal security of two persons of known probity and financial standing.
- The deposits are held by the Railway till the obligations are faithfully, satisfactorily and completely discharged by the contracting parties, when the same are refunded to the parties concerned.

The Security Deposits Register will be generally reviewed to see -

- a) that provisions of para 614-A are observed;

- b) that the deposits are adequate for fulfilling the requirements of the contracts; and
- c) that in the case of failure on the part of the contractor to observe the terms of the contract, proper recoveries have been made from the security deposit.

923. Stores Adjustment Sheets:

The Stores Adjustment Sheets should be checked with reference to Transaction Registers and the original posting should be verified and the justification of the adjustments scrutinized.

It should be seen that all important shortages brought to notice during the course of verification of stores by Officers and subordinates of the Stores Department are fully investigated before being adjusted. The following classes of adjustment will be reviewed in this connection:

- (i) The value of stores, broken, damaged, deteriorated etc. written off through Survey Committee, Reports sanctioned by competent authority;
- (ii) Transfer of new and goods stores to Class II or from one reference number to another; and
- (iii) Transfers consequent on set off or irregular balances for grouped items and setting right/wrong postings.

924. Price Lists :

The nomenclature lists, referred to also a priced stores lists are not intended for the pricing of issues but for supplying consuming departments with a list of stores in stock showing their correct description and identifying numbers together with their approximate price.

The price lists should be kept up to date by the prompt issue of serially numbered correction slips. The rate, for 'new' stores should be the 'average book rate' or the 'current market rate' whichever is less. The average book rate is the rate arrived at by dividing the value balance shown in the Transaction Registers by the quantity balance. The current market rate is, in the absence of any special notification by the Controller of Stores, the last purchase price paid for other than petty supplies. When there have been no recent purchases (i.e.

within three years), the current market rate should be ascertained and fixed by the Controller of Stores,

The price list rates for Workshop Manufactured stock items would be the rates fixed half yearly by the Mechanical Department and the average book or ledger rate will be the Price List rates in force from time to time, necessary revaluation of balances in stock being made at each revision of the price list rate.

The rates for scrap materials should be included in the schedule of scrap. These rates should be revised as frequently as necessary and not less frequently than once a year by the Controller of Stores in consultation with the chief Accounts Officer with reference to the best date available, such as the average prices realized at recent auction sales.

In Audit, the Price Lists should be reviewed along with the Transaction Registers. It should be seen that the lists are periodically revised in accordance with Paragraph 210-S. In the case of second hand stores it may be seen that the Price List rate is fixed on a valuation made after examining the conditions of articles and after providing for depreciation, etc.

925. Accounts, custody and disposal of scrap materials :

There accumulates in every Railway a large quantity of materials of different kinds which are no longer useful for the purposes for which they were originally purchased and which are best disposed of either by auction sale or by other special means. Such materials generally called 'scrap' consist of turnings, borings, cut rods, and ends of metals, sweepings, ashes etc. which accumulate in Railway Workshops. Scrap may be either 'Ordinary Scrap' or 'Surplus Scrap'. All surplus scrap is almost always 'Dead Surplus'. A detailed schedule of scrap is maintained by each Railway Administration under Group 98.

The Audit of the account, custody and disposal of scrap materials includes a scrutiny of the arrangements for the custody of scrap materials, the procedure adopted for auction of the scrap, the rates fixed and those obtained during auctions and the procedure for verifications of scrap, especially valuable scrap.

CHAPTER – X

TRAFFIC AUDIT

1001. The Traffic Audit Branch is responsible for the audit of transactions relating to local traffic (within this Railway) and foreign traffic (from this Railway to other Railways) which are dealt with in the Traffic Accounts Branch of the Financial Adviser and Chief Accounts Officer's office and also for conducting station inspections. The Traffic Audit Branch is under the audit control of 2 Audit Officers. The Central Audit section and Inspection (Local Audit) section are linked so that there will not be any delay in taking up issues noticed during central audit/inspections and in pursuing the objections.

The essential duty of audit in regard to the railway earnings is to see that :

- i.** the person to whom the service is rendered pays the proper charges;
- ii.** the assessment of Railway charges is correct according to the Rules prescribed by various authorities;
- iii.** the Railway servants receiving the charges account for them correctly;
- iv.** if more than one Railway renders the service, the receipt is properly distributed among them in accordance with the rules and orders relating to such apportionment;
- v.** the rates and fares fixed from time to time by the Railway Administration are within the maxima and minima prescribed by the competent authority.

As opportunities for misappropriation and possibility of leakage of revenue are greater in the case of Railway earnings it is essential in course of audit of earnings whether at Headquarters or at stations locally, to be on the look out for the various methods by which frauds can possibly be committed by the Railway staff or the public and satisfy that an efficient and vigorous procedure of accountal and checks exist to safeguard the interests of the Government.

The instructions contained in the Indian Railway Code for the Accounts Department Part II regarding the internal check of various documents relating to earnings will be followed mutandis in audit also. These instructions, the coaching and the Goods Tariffs and the Rate Circulars issued by the Indian Railway Conference Association and the Railway Administration respectively should be carefully studied. It is important that the Tariffs are kept corrected up to date and the Rate Circulars are properly scrutinized and kept for ready reference.

The checks applied by this office are necessarily limited in extent; but, should this limited check disclose serious or repeated errors in any particular document, the check thereof should, with proper approval, be extended so that the matter may receive adequate attention in Audit. In respect of irregularities already noticed in internal check by the Accounts Office, in the documents coming up for Audit, it should be seen whether suitable action has been taken to rectify them.

1002. Duties of the Section: The following are the duties of the Traffic Audit Section:

(a) At Headquarters:

- i.** Audit of Railway Station earnings and accountal thereof made by the Accounts Office; and documents incidental thereto.
- ii.** Scrutiny of the bills of contractors for out-agencies city/Town Booking agencies, Travel agencies and Transshipment/ handling of goods; Scrutiny of the bills preferred by the Administration in respect of various services rendered such as rent for oil installations, lease of land etc;
- iii.** Verification of apportionment of earnings between Main and Worked lines;
- iv.** Review of compensation claims admitted by the Railway Administration and payments relating thereto;
- v.** Scrutiny of Rates and Fares adopted by the Railway Administration;

- vi. Review of contracts and agreements entered into by the Commercial Department.

Contracts/agreements relating to transshipment of goods only are dealt by Traffic Accounts. Other contracts such as Licensing of stalls, Vehicle parking etc. are dealt by Divisional Commercial Managers and hence to be done by Divisional Audit Offices.

- vii. Review of results of inspection of stations by Travelling Inspectors of Accounts (TIA) of Accounts Department;
- viii. Audit of such other transactions as are for the time being checked in the Traffic Accounts Branch of the Accounts Office.

(b) Inspection : The following inspections are to be done; Stations, Out-agencies, City/Town Booking Agencies and Travel Agencies. The succeeding paragraphs indicate the extent and processes of audit in relation to earnings.

1003. Sanctions (*Paras 6, 7, 202 and 250 of the Railway Audit Manual*):

The detailed instructions given in para 702 of Chapter VII should be followed in respect of audit of Railway Board's sanctions. All sanctions pertaining to the South Western Railway exclusively are to be audited by this office. Whenever necessary, copies of sanctions should be furnished to the other office also. A record of objections raised as a result of audit of sanctions should be maintained in the section and a report as required under para 129 of the Railway Audit Manual should be forwarded to the Co-ordination Section on the last day of the month.

1004. Central Audit of stations and out-agency accounts :

The accounts to be audited will be that of the fourth previous month for all items except items like Journal entries, warrants and credit notes and Compensation Claims cases. The month of accounts in respect of these items are indicated in the relevant paragraphs. The stations are classified based on the annual earnings and the extent of check prescribed is as under:

S. No.	Category	Criteria(Annual Earnings)	Extent of check
1	Very Big	Rs.5 crore and above	One per cent
2.	Big	Rs.2 crore and above but less than Rs.5 crore	One per cent
3.	Major	Rs.50 lakhs and above but less than Rs.2 crore	Half per cent
4.	Minor	Below Rs.50 lakhs	Half per cent

All the stations on this Railway are divided into number of units according to the prescribed percentage mentioned above and out of this, one unit from each category is selected for Audit. In addition, one or two stations are selected and audited to maintain an element of surprise.

As a very big/big/major station may become a Major one or vice-versa due to increase/decrease in Traffic, annual review will be made by the Accounts office and corrections to the list of stations are carried out. This section should review the list in July every year and keep the list upto date. Any new station opened for Goods/Coaching or both as notified in the Local Rate Advices (LRAs) should also be added to the list and deletions, if any, notified in the Rate Circulars also should be carried out in the list. The accounts of out agencies and Town/City Booking Agencies will be checked in the same way as station accounts.

The selected stations are noted by the Auditors/Sr. Auditors concerned and who will call for the relevant documents relating to the accounts of the stations selected for audit and complete the audit. Before the audit of accounts of stations is taken up, the latest TIA report should be gone through to see if any important irregularities have been pointed out and whether proper action has been taken thereon. This will enable the Auditors to get a general idea of the working of the stations.

The Test Audit of Passenger Reservation System (PRS) and Advanced Railway Ticketing System (ARTS) are conducted by making a visit to the concerned stations. The following documents are called for and necessary checks as contemplated in the Secret Memorandum of Instructions are exercised. The major documents audited are : (1) Fare Dump (2) Refund on Previous Day

(ROPD) statement (3) Accounts foil of Manual Blank Paper Ticket (BPT) and Excess Fare Ticket (EFT). (4) Manual Advance Booking Refunds (ABR) (5) System BPT Concession Vouchers (6) Balance sheet and connected documents.

1005. Station/Out-agency, City/Town Booking Office - Balance Sheet.

The station balance sheet indicates the various sources from which earnings have accrued at the station. The vouchers, returns and documents pertaining to both local and foreign traffic will be obtained and checked in detail. It is essential to see that the amounts in these vouchers, returns and documents work up to the amounts shown in the Balance sheet to ensure that no documents escapes scrutiny. The detailed check of these documents is given below. The entries in the Balance Sheets of the selected stations should be checked as indicated in Chapter XXVII.A.II with reference to the supporting documents. It should be seen that arrangements exist in the Accounts office for complying with the provisions of Para 2757 A. II regarding the charge of duties of Balance Sheet Checkers.

1006. Coaching Accounts.

The earnings accrued at the stations are accounted for by the stations separately under Coaching and Goods earnings. The cash and vouchers collected at the stations are remitted to the Cash Office daily through Cash Remittance Notes. At certain nominated stations cash is remitted into the Bank and the remittance challans duly acknowledged by the Bank are sent along with the cash remittance notes to the cash office. The following documents are forwarded by the stations periodically to the Accounts Office at Bangalore:-

- i. Guards foils of Parcel Way-bills 'PAID' by destination stations.
- ii. Abstracts and Summaries of Inward Parcels.
- iii. Abstracts and Summaries of Outward Parcels.

At the close of a month, balance sheets are prepared for Coaching and Goods Transactions separately and forwarded to the Accounts Offices. Coaching Balance Sheets are supported by the following returns:-

DEBIT SIDE		CREDIT SIDE	
i.	Passenger classification	i)	Overcharge sheets and refund lists
ii.	Excess Fare Returns	ii)	Deduction Lists
iii.	Luggage Returns	iii	Outstanding Lists
iv.	Horse, Carriage Dog and Motor Car Returns		
v.	Left Luggage, Wharfage and Demurrage Returns		
vi.	Government Passengers, Soldiers' Baggage Returns		
vii.	Accounts foils of Parcel-Way Bills in respect of paid parcels		
viii	Copy of paid parcels Cash Book		
ix.	Sundry Cash Returns		
x.	Statements of Telegraph Transactions		
xi.	Terminal Tax Statements		
	Note: The Balance sheet will also indicate the total amount of periodical returns indicated above.		

The following documents are attached with the balance sheet of SMARTS and PRS :-

1. Balance sheet, 2. Outstanding list, 3. M.17 Continuity statement of Ticket stock. 4. Manual ABR, 5. Manual BPT. 6. Error advice with statistics. 7. Monthly floppy is given by Commercial staff to computer centre. 8. Cash remittance certified by the TIA in balance sheet. 9. Manual EFT class wise summary, 10. Special credit, if any.

i) Passenger Traffic: In respect of stations selected for audit, the local and foreign passenger classification for the month of audit and that for the previous month should be obtained. Concession vouchers, collected tickets and non-issued tickets should also be obtained. In the case of classification relating to Blank Paper Tickets, the Accounts as well as collected foils of the BPTs should be obtained.

The passenger classification should be checked in accordance with the instructions contained in Para 2109 A_II et.seq. The correctness of the fare

charged should also be verified in audit. In the case of tickets charged at reduced rates, the correctness thereof should be verified with reference to the supporting documents viz. Privilege Ticket Orders (PTOs), concession order etc. accompanying the passenger classification, though the collected PTOs and concession orders need not be checked.

It should be seen that the tickets accounted for in the passenger classification relate to the series supplied to the station. The collected tickets, may be examined to see, among other points whether the BPTs have been correctly accounted for by the issuing stations and the highest number of collected tickets is not higher than the closing number for the month as indicated in the passenger classification. The audit of non-issued tickets should be conducted in accordance with Paras 2108 – A.II.

The passenger classification of the selected stations relating to military warrants should also be checked both for local and foreign traffic, though the warrants themselves need not be checked in audit. The entries in the classification should also be compared with those in the collected soldier tickets and it should be seen that the ticket numbers accounted for in the classification are in serial order and the commencing number tallies with the closing number in the previous month's classification.

The totals of the classification should be checked and traced into the General Summary and the latter into the Balance Sheet.

The audit of passenger classification includes the scrutiny of season tickets and concession vouchers. Season tickets are accounted for and dealt with like other printed tickets or blank tickets. The audit of season tickets should be done in the same manner as audit of printed tickets or BPTs. Concession vouchers, if any, on which tickets have been issued should also be scrutinised in accordance with the instructions laid down in paras 2114-A II et seq.

In addition to checking the highest number of collected printed tickets between pairs of stations selected for monthly check, a concurrent check of collected tickets and Ticket Collector's report for one major and one minor stations selected out of the stations selected for audit should also be done every month, the check being confined to a minimum of three dates in a month to be

selected out of each ten days period at the discretion of the selecting officer. Review should be made as indicated in Para 2105-A.II.

The Central Audit relating to SMARTS & PRS of the selected stations is done by the nominated Senior Auditor who audits the initial document at the station for 2 days and the AAuO attends the station for current review for the work done by the Ar./Sr. Ar. for one day. The following items are audited by the Sr.Auditor during Central Audit of SMARTS and PRS.

1. Fare Dump : The fare dump along with cluster station for each train starting from the PRS station are called for and the stations are checked.
2. System Blank Paper Ticket : From the statement of system blank paper ticket for local and foreign are checked.
3. Manual Blank Paper Ticket : (Local and Foreign) The total items in respect of local and foreign blank paper tickets as per the existing procedure of audit are checked.
4. Manual ABR Local and Foreign : 100% check is exercised.
5. ROPD statement : 100% check is exercised.
6. Balance sheet : The station balance sheet for the Audit month is verified by the Sr.Auditor.
7. Concession Vouchers : 100% check is exercised.
8. Season Tickets : The season ticket statement for the audit month is called for and checked.

1007. Excess Fare Returns : The excess fare returns of the stations selected for audit should be checked as indicated in paras 2150-A to 2158-A. It should be seen specially whether penalty has been correctly collected wherever due in accordance with the orders issued from time to time. The series of the tickets used should be compared with those of the Excess fare Ticket Books issued to the stations. It is also important that the collected excess fare tickets should be compared with the Accounts Office copies to bring to light any possible manipulation of figures of charges collected. These are required to be prepared with double sided carbon sheets to render any such correction perceptible.

The collection and account of the excess fares in respect of ticketless passengers handed over to the stations by Travelling Ticket Examiners should also be watched with reference to the handing over memo of the letter. In the case of cancelled tickets both the Accounts Office and passenger foils should have been submitted to the Accounts Office.

1008. Luggage Returns: - (Paras 2202 to 2205 and 2207 - A.II).

Regarding the free allowance on luggage and charges for luggage carried in excess of the free allowance the instructions in the Indian Railway Conference Association Coaching Tariff issued from time to time are to be verified.

The luggage return of the station for the month should be checked fully on the lines indicated in Para 2107-A. A comparison of the return should also be made with the collected luggage tickets where available.

1009. Horse, Carriage and Dog Returns: The tariffs may be seen for the rules relating to the booking of horses, carriages, dogs and motor cars. The return sent by the station should be checked with reference to the collected tickets if any available in the Accounts Office vide paras 2202 - 2205 and 2207-A.

1010. Left Luggage, Demurrage and Wharfage Returns:-(Paras 2208 to 2212-A): So far as wharfage and demurrage on parcels is concerned the return is checked as indicated in para 2210-A. The entries relating to cloak room (left luggage) charges will be checked fully with left luggage tickets as in para 2212-A.

1011. Government Passengers, Soldier's Baggage, etc.

The figures in the Balance sheets of the selected stations should be verified with these returns which should be checked for any irregularities or arithmetical inaccuracies. As the warrants themselves will not be available at the time of audit of the station accounts in the fourth following month, a separate check of warrants (and Credit Notes) will be carried out as indicated below :-

In respect of Military warrants and Credit Notes, Stations on the South Western Railway are grouped into a number of units based on the allotment and preparation of the bills in the Accounts Office and one/unit

selected for scrutiny every month. Regarding warrants and Credit Notes exchanged by civil departments the required number is selected every month from the list of offices authorised to issue Civil Warrants and Credit Notes. Selections obtained are advised to the Accounts Office well in time. The bill for the period/month together with the warrants and Credit Notes will be checked concurrently. The fares and freight worked out in these in respect of the station items selected for audit will be checked. It should also be seen whether the warrants and Credit Notes are in order and complete in regard to the particulars given therein. The amount should be traced in the bills register.

Note: (i) It has been decided that Railways should not allow to Military authorities voluntary refund of overcharges discovered or brought to their notice after submission of the initial bills against the Ministry of Defence.

(Railway Board's No.4769-TC dated 3rd December 1949)

(ii) As regards undercharges detected by the Accounts Office on a scrutiny of these warrants and Credit Notes, necessary debits may be raised by the Accounts Department against the departments concerned without calling for fresh warrants or credit notes to cover these cases.

1012. (a) Parcels Traffic – (Paid) The accountal of 'paid' parcels traffic is on 'forwarded basis'. According to this procedure, the forwarding stations prepare paid parcel way bills in four foils viz., record, receipt, guard and Accounts Office. The transactions thereof are accounted for in a separate cash book in two foils, the second being written by carbon process. The original is retained by the station for record and the carbon copy of the paid parcels cash book supported by the connected Accounts foils of the paid parcel way bill is submitted to the Accounts Office at the end of the month with the following certificate by the Station Master/Chief Parcel Clerk.

a. that the total amounts (paid) for the month as shown in the cash book have been taken to debit in the balance sheet under the head 'outward paid parcels (local)/(foreign)' and

b. that the parcel way bills issued during the month fall within the machine numbers specified in the certificate.

In order to guard against the possibility of frauds such as use of privately printed Parcel Way bill forms or collection of higher freight than that shown in the Accounts Office foils of parcel way bills accounted for in the parcel paid cash book, the following checks are exercised by Accounts Office.

A register is maintained in the Accounts Office to record the supply of machine numbers of paid parcel way bill books to each station, as advised by the supplying office and ensure that the parcel way bill books are brought into use in consecutive order by the stations and that all the foils are accounted for. In addition, a master list of all parcel way bill books (local and foreign) supplied to all stations on the Railway is prepared by the Accounts Office and supplied to the TIAs. During their inspection, the TIAs make use of this list to check the machine numbers of parcel way bills for local traffic entered in the delivery books of the stations. They also verify that the books issued to the stations are correctly taken into account.

The guard foils of the parcel way bills received from destination stations are checked to the prescribed extent by the Accounts office with the cash book copy forwarded by the booking station.

Out-Agency/City Booking Agencies and worked line stations, however, submit abstracts for Inward Paid Parcels traffic for both local and foreign traffic supported by Guard's foils of the Parcel Way bills. The Out-Agency/City Booking Agency Bills and share of the worked lines are checked with reference to these abstracts. The Out-Agency/City Booking Agency Bills and share of worked line stations are however, worked out on the basis of the information available in the Paid Parcel Cash Book.

1013. Parcel Traffic - I.-Local Traffic-(a):

Forwarded 'PAID' - It should be seen in audit that -

- i) The copy of the Parcels Cash Book received in the accounts Office from the station is a carbon copy and is in the prescribed form.
- ii) All Accounts Foils of the 'PAID' parcel Way bills are made out in double sided carbon.

- iii) The parcel way bills accounted for are in consecutive order and are in continuation of the closing number of the parcel way bills issued in the previous month.
- iv) The cancelled way bills are entered in the cash book and all the 3 foils other than the record foil are received along with the cash book.
- v) A certificate by the Station Master/Chief Parcel Clerk is appended in the summary page of the Cash Book to the effect that the amount shown in the Cash Book has been taken to the Debit side in the Balance Sheet for the month under the relevant head and that no parcel way bills other than those included in the Cash Book have been issued during the month at the station for this traffic.
- vi) A 'NIL' return has been received when there has been no transaction of outward paid traffic during a month and the last number of the parcel way bill issued previously is not in the Cash Book.
- vii) The way-bills in use are genuine with reference to the 'Master List' maintained in the Accounts Office.
- viii) The parcel way bills should be audited in accordance with the provisions of Paras 2215 to 2216-A.

In addition, a comparison of the Guard's Foil with the Cash Book copy received in the Accounts Office should be done in respect of major and minor stations selected out of those selected for the normal monthly audit.

In the case of traffic pertaining to Motor Cars, Carriages, etc. the 'PAID' traffic will be checked on the inward basis as per para 2239 et seq.

(b) Received - PAID - This will be audited under Forwarded Paid.

II. Foreign Traffic: (Government Railways)-

(a) Forwarded 'PAID'

The checks detailed for the local outward 'PAID' parcel way bills in para (a) will apply mutatis mutandis to Foreign outward 'PAID' parcel way bills also.

It should also be seen that:-

- i)** The code initials of the Railway in which the destination station is situated are indicated on the way bills to facilitate postings being made easily in the Foreign Paid Parcels Cash Book.
 - ii)** The new Cash Book provides separate columns to indicate the freight on paid parcels booked to each terminating Government Railway and non-Government Railway.
 - iii)** The freight realised in respect of parcels booked to Ceylon Government Railway is accounted in the General Cash Book and not in the Foreign Paid Parcels Cash Book.
 - iv)** Comparison of Guard's Foils with the entries in the Cash Book should be made in respect of the stations selected for audit. As only a percentage of the Guard's foils are received in the Accounts Office from the different destination Railways, and in case no Guard's foils in respect of stations selected for audit have been received in the Accounts Office, a percentage of the Guards foils actually received in the Accounts office should be compared.
- (b)** Received 'PAID' These will be checked under 'FORWARDED PAID' by the forwarding Railways.
- (c)** Comparison of Forwarded abstract received from Foreign Railways with the received abstract and preparation of lists of unaccounted for way bills - The forwarded abstracts in respect of the Railway selected will be compared with the received abstracts of the stations on this Railway and unaccounted for items will be traced into the lists prepared by Accounts Office. Omissions, if any, noticed will be pointed out. It should also be examined to see that necessary action has been taken to ensure account of the unaccounted for items. The accounts of the Fifth previous month is checked.(Authority: Railway Board's letter No.63-AC.II/45/7 dated : 14th October, 1963).

III. Foreign Traffic: (Non-Government Railways)-

- (a) Forwarded Traffic - All the way bills accounted in the period in the division sheets rendered by the non-Government Railways in respect of the stations selected should be checked.
- (b) Received Traffic - The parcel way bills are sent to the non-Government Railways along with the Division Sheets in the month of account itself. The way bills in respect of the stations selected from non-Government Railways should be checked concurrently.
- (c) Comparison of outward and inward traffic returns and review of lists of unaccounted for items (non-Government Railways) - The outward abstracts in respect of the stations selected for audit during the month and the requisite number of extra stations selected are compared with the inward division sheets of the non-Government Railways and the items missing are traced into the list of unaccounted for way bills. The month of accounts to be checked will be the fifth previous month.

1014. Special Trains: (Para 2124 - A)

Normally charges for special trains will be collected at the starting station of the special train on the authority of the letter received from the General Manager/Commercial indicating the charges recoverable from the party for running the special train and accounted for in the proof book/passenger classification of that station. If such stations are selected for audit, the correctness of the charges as shown in the Reserved Accommodation Ticket, should be verified with reference to Rules in the Tariffs, particulars available in the composition statements and copies of the requisitions. But, as such cases will come only very rarely under audit, a separate check will also be made every month of the charges levied for one special train to be selected by the Branch Officer from the record of special trains cases finalised by the Accounts Office.

While reviewing special trains cases, the following checks should be exercised:-

- i) The correctness of the charges for special trains should be verified in accordance with the Tariff Rules on the subject with the help of the tour

programmes supplied by the General Manager, the composition statements sent by the stations and the folder received back from the party.

- ii)** It should be seen that the fares and freight charges are correctly taken into account, after allowing concessions wherever admissible as per Tariff Rules while calculating the charges for the special trains.
- iii)** The amount of deposit collected should be verified with the cash receipt issued by the Chief Cashier to see that the amount collected is in accordance with the Tariff Rules on the subject.
- iv)** The charges collected by the station, from where the special train starts shown in the special ticket should be traced into the Proof Book/Passenger classification of that station pertaining to that month to ensure their correct accountal.
- v)** The charges collected through Excess Fare Tickets issued by the home line stations en route or by Travelling Ticket Examiners for excess luggage carried, excess number of passengers travelling in the special train, for deviation from the approved tour programme or for any other reason should be traced into the Proof Book/Passenger classification of the station or Travelling Ticket Examiner's Excess Fares Tickets return to ensure their correct accountal.
- vi)** The particulars of journey forms issued in lieu of tickets by Members of Parliament travelling in the special train should be traced into the copy of the bill preferred by the Accounts Office against the Parliamentary Secretariat to ensure their correct accountal.

In cases where the special trains are run for its own convenience by the Railway Administration for the use of tourists etc. without any request from the latter or from any tourist agency on their behalf the sanctions should be thoroughly investigated from a higher audit point of view, viz. whether the Administration is justified in providing the accommodation and the facilities in each case, and whether in doing so, the financial interests of the Railway are duly borne in mind. It is possible in some cases that a detailed investigation will show that even the direct charges incurred in providing the special trains, viz. the cost

of fuel, the pay of guards, drivers, shunters, etc. will not be met out of the fares actually realised.

1015. Sundry Earnings (Para 2710 - A): The amounts shown in the Balance Sheets of the stations will be checked with the Sundry Cash Returns of the Stations. It should be seen that full particulars of the receipts have been given in these returns in detail to enable the Accounts Office to allocate these credits correctly.

1016. Telegraph Traffic Receipts: The returns by the stations will be checked with the message drafts and the correctness of the charges collected on the latter verified, as indicated in paras 2244 to 2249 A. The amounts of the returns will be traced into the Balance Sheets.

1017. Terminal Tax Statements:

The total of these statements should be traced into the Balance Sheet.

1018. Cash and Vouchers:

The credits taken by the station under Cash and Vouchers will be checked with reference to the Cash and Voucher Register maintained in the Accounts Office in accordance with the provisions contained in paras 27210 and 2729 A.

1019. Overcharge Sheets and Refund Lists: These credits are checked as laid down in paras 2738 and 2748 A. It should be specially seen if the refunds have been made correctly with reference to the way bills.

1020. Special Credit: These are checked in terms of the instructions contained in paras 2737to2747 A.

1021. Closing Balance: The closing Balance is checked with reference to the outstandings detailed on the reverse of the balance sheet or the lists of outstandings attached to the Balance Sheet. The checks to be applied would be the same as laid down in Paras 2751 and 2752. The outstandings are generally classified under the following categories:

Admitted Debits, Disputed Debits, Freight Outstanding and Miscellaneous items. It should be seen that every possible action is taken by the Accounts Office to ensure the clearance of the outstandings. Admitted debits are required to be remitted immediately on receipt of Error Advices from the Accounts Office unless the amounts involved are heavy, in terms of Joint Circular No.198 of 01-10-1956. It should be seen if this provision is strictly followed. Regarding disputed debits, the grounds of dispute by the station should be gone into and action taken thereon by Accounts should be scrutinised.

1022. Goods Accounts:- The Goods earnings are remitted daily by the Stations as Cash and vouchers through Cash Remittance Notes. At certain nominated stations cash is remitted into the Bank and the remittance challans duly acknowledged by the Bank are sent along with the cash remittance notes to the Cash Office. The Accounts Foils of the outward invoices are handed over under covering mema prepared separately for 'TO PAY' and 'PAID' invoices for foreign and local traffic respectively to the couriers deputed for the purpose at periodical intervals. The invoices are checked on their receipt in the Accounts Office with reference to the covering mema to see that all the invoices issued during the period have been duly received and in the case of cancelled invoices all the foils except the block foil have been received. This is done by examining the continuity of the printed Railway Receipt numbers on the invoices. In the case of paid invoices, in addition to check of continuity of the printed numbers, the numbers are verified by Accounts Office with reference to the particulars of paid invoice books supplied to the stations. The invoices are, thereafter, checked to the extent prescribed to see whether the route, rate and classification are correct. The actual calculation of freight is not checked manually except in cases involving booking of livestock, levy of harbour charges, etc. and bookings to Non-Government Railways.

The invoices are thereafter handed over by the Accounts Office to the machine section where, with reference to the checked invoices, the correctness of the Calculation of freight is checked by the Machines. A card is then punched for each invoice and the cards are sorted out on inward basis. From the cards for each station then sorted out, the converted inwards, abstracts are

typed out by the machine. Simultaneously, a statement showing the under and overcharges found as a result of the check of invoice is prepared mechanically and undercharges over Rs.50 are advised to the destination station immediately.

Copies of the converted abstracts are sent to the destination station where they are checked with reference to their delivery books and the undercharges collected and overcharges refunded at the time of delivery are indicated against each item. The total amount of the abstract is then taken to debit under 'Inwards to pay' and sent to Accounts Office along with the balance sheet for the month. In addition, the following other returns are also sent by the station to the Accounts Office.

DEBIT SIDE		CREDIT SIDE	
i.	Returns of Demurrage, Wharfage and Cranage	i.	Deduction Lists
ii.	Sundry Cash Returns	ii.	Overcharge sheets
iii.	Statement of wagon Registration Charges	iii.	Outstanding Lists
iv.	Statements showing wagon registration fee forfeited		
v.	Statement of siding charges		
vi.	Abstracts and summaries of goods (Relating to non-Government Railways Outwards and Inwards)		

The detailed instructions contained in the paras 166(ii) of Railway Audit Manual should be borne in mind, while conducting the audit of Goods Accounts.

1023. Check of Invoices: (Para 173 of Railway Audit Manual):-

Audit of invoices is done on forwarded basis i.e. the accounts foils submitted by the forwarding stations to the Accounts Office are checked in respect of station selected for audit to the extent prescribed in the programme of audit. The selection of invoices selected stations which show details of invoices in respect of both 'paid' and 'To pay' traffic. In regard to selected invoices (Foreign) which are included in the incorrect statements, a list of such incorrect invoices should be passed on to the Director of Audit of the Receiving Railways concerned for audit. While auditing the invoices, instructions given in para 20310 - A.II should be borne in mind. After check the "to pay" invoices should

be traced into the Machine Prepared Abstracts while 'paid' Invoices into the 'Paid Statements'.

The continuity of 'To pay' invoices should be checked with reference to the covering memo under which invoices are received from the station and that of 'paid' invoices with reference to covering memo and the 'Register of Paid Invoices Books' supplied to stations maintained in the Accounts Office. Continuity of 'Paid' and 'to pay' invoices should also be checked with reference to the Paid statements of the previous month. In respect of cancelled invoices, it should be seen that all foils (except Record Foil) have been received from the stations.

While checking invoices (local traffic) endorsed for weighment en-route, the actual chargeable weight should be ascertained from the monthly statements of weighments/Daily advices received from weigh Bridge station (C/f rule 1424 (b) and 1425 of Indian Railway Commercial Manual) and compared with that taken into account by the destination station in its converted abstract for purposes of recovery of freight and discrepancies, if any, taken up.

While tracing the audited invoices into the machine prepared abstracts, it should be seen that invoices marked for weighment enroute have been properly identified in the abstracts or they have been included in the 'Statement of Invoices marked for weighment enroute'.

The procedure outlines above for local traffic should be applied mutatis mutandis to Foreign Traffic also. Particulars of invoices marked for weighment enroute selected for monthly audit like station from, station to, invoice No., R.R.No., Wagon No., Owing Railway, Charged Weight, Rate Charged, Weigh Bridge where required to be weighed etc. should be advised to the destination railway audit offices for conducting audit with reference to weighment advices received in their Railway Accounts Offices.

Similarly, particulars of invoices advised by other Railway Audit Offices should be checked by this Section. This should be watched through Calendar of Returns.

The audit notes on foreign railways invoices should be sent to the Principal Director of Audit of destination railways and the disposal is watched by them since the credit or debit on account of objection taken into audit would eventually appear in the books of the destination railways.

The Accounts Office of the forwarding railways sends one copy of the machine prepared abstract to the Accounts Office of the receiving railways and two copies of the abstracts to the destination stations concerned, through the Divisional Headquarters of the receiving Railway. The stations compare these abstracts with delivery books then convert them into Inward Abstracts and take debit in their Balance Sheets for the total amount in the abstracts. (C/F paras 2330 and 2337 A.II). It should be seen that the inward abstracts sent by the stations along with their Balance sheets correspond to those received in the Accounts Office from foreign railways.

1024 Wharfage and Demurrage Returns (see Para 2343 A.II):

The Wharfage and demurrage returns of the stations selected for audit will be checked in the manner laid down in Para 2343.A.II and the total amounts of the return will be traced into balance sheets.

1025 Comparison of outward and inward traffic returns and review of lists of unaccounted for items (Non Government Railways):

The outward abstracts in respect of the stations selected for audit during the month, are compared with the inward division sheets of the non-Government Railways and the items missing are traced into the lists of unaccounted for invoices. The month of accounts to be checked will be the fourth previous month.

1026 Sundry Earnings:

The amounts shown in the Balance Sheets of station will be checked with the sundry cash returns of the stations. It should be seen that full particulars of the receipts have been given in these returns in detail to enable the Accounts Office to allocate the credits correctly.

1027. Cash and Vouchers:

The credits taken by the station under cash and vouchers should be checked with reference to the Cash and Voucher Registers maintained in the Accounts Office in accordance with the provisions contained in Para 27210 and 2729-A.II.

1028. Overcharge sheets and refund list:

These credits are checked as laid down in Para 2738 and 2742 A.II. It should be specially seen if the refunds have been made correctly with reference to the invoices.

1029. Special Credits:

These are checked in terms of the instructions contained in Paras 2737 to 2747-A.II.

1030. Closing Balance:

The closing Balance is checked with reference to the outstandings detailed on the reverse of the balance sheet or the lists of outstandings attached to the Balance Sheet. The checks to be applied would be the same as laid down in para 2751 and 2752. The outstandings are generally classified under the following categories. Admitted debits, disputed debits, freight outstandings and miscellaneous items. It should be seen that every possible action is taken by the Accounts Office to ensure the clearance of the outstandings. Admitted debits are required to be remitted, immediately on receipt of Error Advices from the Accounts Office unless the amount involved is heavy in terms of Joint Circular issued by the Administration. It should be seen that this provision is strictly followed. Regarding Disputed debits the grounds of dispute by the Station should be gone into and action taken thereon by Accounts Office should be scrutinised.

1031. Check of Credit Notes and Credit Note Register:

The various Departments issuing credit notes are divided into the required number of unit based on the percentage of check and one unit is audited every month, concurrently, before the credit notes are sent to the Departments

concerned with enclosure. In addition an extra unit is checked periodically for surprise element. The procedure for the audit of credit notes will be the same as for invoices. In addition to this, the following points are also to be seen during the audit of credit notes.

1. the invoice for which freight has been paid by credit notes have been recorded in the credit notes Register maintained in Accounts Office;
2. the audited amount of the Credit Notes agrees with the audited figures in the returns;
3. a suitable remark exists in the connected abstracts to avoid the risk of duplicate credit notes being passed in the case of 'To Pay' Traffic.
4. that the total of undercharge and overcharges in the credit notes as shown in the credit note Register agrees with those shown in the statement sent by stations or as per the checked figures as the case may be;
5. that the undercharges noticed during internal check has been billed for;
6. that the credit notes are signed by the issuing officers and are stamped with the seal of the Officer signing them;
7. the 'Register of Credit Notes kept Pending' maintained in the Accounts Office should be reviewed to see that prompt action is taken to include the pending Credit Notes in the subsequent bill. It should be seen that all the entries in the Register have either been billed for or entered in the Pending Register. The payment through Credit Notes has, however, now modified to the extent that payment for the Credit Notes tendered at the station by the Department in one fortnight is arranged through cheque in the next fortnight and the cheque given at the Booking station is sent to the cash office along with the cash remittance notes.

MISCELLANEOUS

1032. Apportionment of Earnings between Main and Worked Lines:

There are no worked lines on this Railway.

1033. Audit of Remission and Refund cases (Para 1710 & 179 of RAM):

For audit of cases of remission/refund of wharfage and demurrage charges over Rs.5000/- each the cases settled in the fourth previous month being taken up for Audit. The list of remission/refund cases is obtained from CCS/TFC Accounts Section every month. Case files are called for from CCS Office/Divisional Railway Managers office concerned and the cases reviewed by the respective Divisions to which the case relate (P.O.O. No.19 of 04-04-08). Remission/Refund cases of value Rs.5000/- and below are reviewed during local inspections of CCS/Office/DRM (Comml.) branch office. Normally, remission of wharfage/demurrage charges by competent authority is not challenged in Audit. But, if such remission cases are allowed on a large scale or as a matter of course, or if there are any other important features, a report may be made to ADAI (Railways) for further action at his end, as he may consider necessary.

The following are the points to be seen during the review of refund cases of wharfage/demurrage charges.

- i. the amount of wharfage/demurrage charges has been accounted for by the station in the connected returns;
- ii. the arithmetical calculation of the amount refunded is correct;
- iii. the claim has been preferred in time; and
- iv. the refund is made under the sanction of competent authority and with finance concurrence wherever necessary.
- v. Audit of Remission Cases: The circumstances under which wharfage/demurrage charges are normally remitted by Railway Administration are given below:-
- vi. delay in delivery occasioned by damaged condition of goods or disputes relating to weight and charges or other causes beyond the control of the consignee;

- vii. probability of the realisation of the full dues by auctioning the consignments, due to their value;
- viii. to avoid litigation or payment of compensation;
- ix. when charges are payable by other departments of the Railways or Government Departments;
- x. when the delay in booking arises out of priority restrictions;
- xi. dispute between consignors and consignees, fall in market price, and complaints regarding non-receipt of advice of arrival of goods. The points to be seen during the review of refund cases hold good in respect of review of remission cases also.

1034. Compensation for Goods lost etc. (Para 177 of RAM and Para 2413 and 2414 of A. II):

a) The compensation claims settled during the second previous month are selected for monthly audit. The extent of audit is fixed by the Principal Director of Audit.

The selection is made from the monthly statements of compensation claims paid by this Railway.

ORDINARY AND COURT CASES

Sl. No.	Particulars	To be done by	Extent of Audit
1	Cases upto Rs.5000	Sr.Auditor	5%
2	Cases Rs.5001/- to Rs.24,999	AAuO	20%
3	Case Rs.25,000 to 99,999	AAuO	25%
4	Cases Rs.1,00,000/- and above	Sr. AuO/ AuO	100%
DECREED CASES			
1	Above Rs.5000 upto 25000	SO/AAuO	25%
2	Rs.25,001 and above	Sr. AuO/AuO	100%

For the above purpose all claims excepting Court Cases decreed against Railways but including cases settled by mobile claims officers should be

taken into account. As regards Court cases decreed against the Railways vide item CA XVII, the cases should be audited to the extent prescribed, in the Secret Memorandum of Instructions regarding extent of Audit.

Besides the above normal checks, Special Investigations based on an overall review of various statistics of claims will be conducted in June every year.

The Deputy Comptroller and Auditor General of India (Railways) has agreed that as it is not possible to draw generalised conclusions from the limited monthly test Audit, the remarks and statistics regarding claims embodied in the annual report should be reviewed. A general screening as to how these data are collected and utilised also should be made during the local inspections of the CCM's office. Losses in respect of commodities most liable for damages should be brought to the notice of the Railway Administration for investigation and remedial action. It should also be seen that adequate disciplinary action has been taken against the persons at fault.

b) Review of claims cases: During the review of cases of claims, the provisions contained in the Indian Railways Act, 1890 as amended from time to time and instructions contained in Para 177 of Railway Audit Manual and 2414 of Indian Railway Code for Accounts Department Vol. II should be borne in mind and the relevant paid vouchers also covered in audit. The following points should, inter-alia be seen while reviewing the cases of compensation claims.

- i.** the claim for compensation has been made by the proper persons and preferred within the prescribed time limit;
- ii.** the claim is supported by original documents as required under the rules;
- iii.** complete enquiries have been made to establish Railway's liability for loss or damage;
- iv.** amount of compensation paid has been determined properly with reference to beejuck rate, market rate and party's books wherever necessary;

- v. in the case of damages full details of assessment of damages made by the authorised officials and the quantum of damages etc. have been given;
- vi. to pay freight charges and wharfage/demurrage charges wherever due have been deducted before settling the claim;
- vii. the original railway receipt has been surrendered by the party and it has been cancelled to prevent double payment;
- viii. the claim has been sanctioned by the competent authority;
- ix. in cases where this Railway has been held liable, disciplinary action, wherever called for has been taken against the staff at fault;
- x. remedial measures, if necessary, under the circumstances have been taken/introduced to prevent recurrence;
- xi. in the case of other than local traffic, the incidence of claim as between Railways has been determined and allocated as per conference rules;
- xii. the payment of claims is traced to the relevant voucher to see that the amount has been paid to the right head and that there is a proper acquaintance for the amount paid.

c) Review of Court Cases:- While reviewing the Court Cases, the following additional points should be seen:

- i. Delay, if any, in the conduct of litigation;
- ii. Delay in taking other steps, in the cause of the case, e.g. filling of the affidavit of documents, production of evidence, dealing with reference from Railway Advocates etc.
- iii. Inability to prove good cases;
- iv. Insufficient or incorrect advice given by Lawyers including the written statement not being drawn up properly covering all points and the suit not being properly rebutted;
- v. slackness of the work in the claims branch;
- vi. Non-availability or non-production of relevant records;
- vii. Faults of the Railway staff;

- viii. Absence of the Railway witnesses;
- ix. Non-appearance of the Railway Advocate;
- x. Adjournment not being granted by the court;
- xi. Delay in not satisfying Court Decrees, resulting in executions.
- xii. A record of all cases over Rs.2000/- each reviewed in audit should be maintained.

Unusual or extraordinary cases of compensation claims on account of well planned thefts, robberies, frauds, accidents, fire etc. should be suitably noted for exhibition in Annexure 'H' to Appropriation Accounts Statement of losses.

Cases of delivery on spurious Railway Receipts should be reviewed zealously and, comments, if any, offered with suggestion to overcome such malpractices.

1035. Postal Bills: (Chapter XVI of the Indian Railway Code for the Traffic Department (Commercial)).

Bills for postal accommodation on this Railway are of two categories viz., Bills for (a) Regular accommodation and (b) extra accommodation.

(a) Bills for Regular Accommodation - Bills for regular accommodation in respect of the following are made out half-yearly:-

- i) Haulage charges of postal or non-postal vehicles or compartments.
- ii) Regular conveyance of mail bags under weighment system.

Charges for the above two items are billed for half-yearly on the basis of the actual space allotted and actual weight carried on the statistical dates viz. 21st January and 21st July every year.

The rates of charge for item (i) and (ii) are as follows: (i) for specially constructed vehicles or vehicles altered as Postal vans. - As laid down in para 1602-T.

For non-postal vehicles as laid down in para 1610-T.

Item (ii) As laid down in para 1612-T.

Haulage charges for postal accommodation in the case of partially fitted vans of non-standard lengths should be reckoned as for vans of the next higher lengths as laid down in Railway Board's letter No.2111-TC dated 3rd March, 1956-T, where such vans have been constructed to suit the convenience of the Postal Department.

(b) Bills for extra accommodation - Bills for extra accommodation are 2 kinds (I) a monthly bill for extra accommodation provided chargeable on the basis of the lengths of the compartments requisitioned and (ii) a quarterly bill for the occasional despatches by weighment system.

The rates of charges for items (i) and (ii) are as laid down in paras 1606 and 1609-T. The above bills relating to the inter-government transactions are accounted for through Accounts Office Balance Sheet.

The extent of audit in respect of these bills is as under:-

i)	Regular Accommodation bills half-yearly	General Review
ii)	Extra Accommodation Bills (By weight)Quarterly	General Review
iii)	Extra Accommodation Bills (seat displacement method)	10% Monthly

The arithmetical correctness of all the above bills with reference to distance, rate requisitions, etc. as also the prompt adjustment of the same should be seen during the check of these bills.

1036 Apportionment of earnings from interchanged telegrams (2249-A to 2259-A)

The scrutiny of the telegraph traffic shown in the telegraph returns submitted by the stations will be checked as a part of the audit of the station accounts. See note under para 174 of the Railway Audit Manual regarding the check contemplated under this item.

1037 Handling and Transhipment Bills:

Handling and Transhipment Bills if any, in respect of the station selected for audit should be completely audited. As 90 percent of the amounts claimed by the contractors are passed for payment by the Divisions even before check of the correctness of the claim and the time of passing the final bill only

the claim is audited in internal check by the Traffic Accounts Section, it should be ensured that the amount already paid has been correctly deducted from the final bill. The checks prescribed in Paras 3002 to 3004 A II should be exercised. It should be seen that the weight claimed by the contractor is correct with reference to the daily certificates accompanying the bill and the weights included in the 'paid statements and converted machine abstracts of the station. The rates at which the claim is preferred should be checked with reference to the agreement. The instructions contained in chapter XXIII of Indian Railway Commercial Manual may also be seen.

1038 Rebate of Freight:

The rebate statements relating to the various commodities in respect of which rebate of freight has been granted are called for from the Refunds Section of the Chief Commercial Superintendent's Office for the month of Accounts selected and are checked with reference to the orders of the Railway Board etc., in the matter. In the case of Government oil rebate on furnace oil, the registers maintained in the Accounts Office for the purpose of preferring bills against the Accountant General, Commerce, works and Miscellaneous, New Delhi are reviewed generally for the months selected. The correctness of the amounts billed for in respect of month selected is also checked. The audit is done yearly. Further, at the time of audit of station accounts, it should be verified, that the stations have accounted for in their invoices and balance sheets the entire freight in respect of furnace oil bookings and the rebate has been taken as special credit.

1039 Terminal Taxes and other charges collected on behalf of local bodies, State Governments etc. (Para 181 of Railway Audit Manual):

The charges/taxes fall under two categories viz., those that were in force prior to the introduction of constitution of India and those that were introduced thereafter. In the latter case, the net proceeds are required to be certified by the Comptroller & Auditor General of India. The General principles to be followed in the audit of these charges are as follows:

In the case of the taxes/charges introduced before 21st January, 1950, the responsibility of audit should be to see that the amounts paid are not in

excess of those collected and that the commission charges required to be levied for the collection have been retained properly. In the case of the other items the correctness of the charges collected should also be scrutinized to the extent prescribed. In this connection, the orders issued by the Comptroller & Auditor General of India from time to time may be referred to.

a) i) Terminal Tax.

Coaching Items: The stations at which taxes are collected (either continuously throughout the year or during festivals that occurred in the fourth previous month) will be listed and the required number of stations taken up for audit every month. The correctness of the amount arrived at as due to the parties concerned and of the commission due to the railway will be checked for the period required to be checked.

(ii) Goods Items: The items of terminal and other charges are divided into number of units and one unit is audited every month to ensure that not more than what is collected is paid and that the commission charges have been levied correctly. During the reviews it may be seen that the commission charges recovered cover the cost of collection.

b) Tolls and Terminal Charges: At the time of audit of Station Accounts, it should be seen that the amounts actually collected only have been taken to account under these items. Wherever necessary the correctness of charges collected should be checked.

In respect of toll and terminal tax the Taxable stations are found only in the DTC. At present DTC is called for selected dates only during the monthly station inspection of PRS and SMARTS. No checks are being exercised for Toll and Terminal Tax during Central Audit. A separate statement for terminal tax for local and foreign of all the PRS/SMARTS stations being generated, and the Accounts clerk makes a visit to our office with the concerned Terminal Tax printout along with the concerned documents for certification. The above procedure is being followed for the check of Tax returns prepared manual booking office.

(c) Article 279(1) of the Constitution of India enjoins that taxes levied and collected by the Government of India and assigned to States under Articles 2109 (I) *ibid* shall be ascertained and certified by the Comptroller & Auditor General of India of India. This certification is done on the basis of a test check exercised by local DA's of the accounts will be compiled by respective Railway Accounts Offices. The checks prescribed in this connection are intended to ensure:

- i. That whatever amount has been actually collected by the Railway; and
- ii. That amounts collected as terminal tax by Railways are not retained by them but is passed on to the local bodies concerned.

The Comptroller & Auditor General of India has instructed in his letter No. 10237-RAI/T/17-74/109 of 22-12-1969 that in respect of areas where the compilation of terminal tax is being done manually it has to be ensured in audit that a system does exist to throw up an up-to-date list of stations from which returns are missing for any month and to follow up activity till all these returns are submitted by stations within a reasonable period of time. According to the existing procedure, in case any Terminal Tax is found to have been collected as per passenger classification of a station selected for regular monthly Audit, the amount so collected is traced in Terminal Tax statement. However, since the number of stations selected for monthly audit is very limited, this check has not proved to be quite effective to check omissions to include the collected tax in the statements. In view of the complaints from the municipalities that tax collected/had not been included in the Terminal Tax statement, it has been decided that all stations open to passenger traffic on a railway should be divided into 12 units, and one unit taken up for audit every month (so as to cover all the 12 units in a year) to see whether any Terminal Tax appearing in the passenger classification of the stations so selected, are appearing in the Terminal Tax statement. If omission is noticed in respect of any station the passenger classification for the entire year in respect of that station should be checked to see that omission is not repeated in other months too.

The C&AG of India has advised in his letter No.4382-RAI/T/17-14/109 of 07-11-1980 that as the Railway in which the notified area is situated

has been made responsible by the Railway Board for paying the correct amount to the State concerned, the Director of Audit concerned should ensure that the amount of tax payments certified by him has been correctly assigned to the State. For this purpose a register has to be maintained in which the net proceeds payable as per the certificate issued by the Comptroller & Auditor General of India is entered showing also under appropriate columns the details of the actual adjustments of the amounts to the accounts of the states covering all provisional payments made from time to time and adding to the amounts so certified by the Comptroller & Auditor General of India finally. This register is to be submitted to the Principal Director of Audit quarterly.

1040. Cashier's Station Cash Book:

A surprise visit should be made to the Cashier's Office Quarterly by the DAuO/UBL in respect of Cash Office/UBL and by Sr. Audit Officer/TA/SBC in respect of Cash Office/SBC and the vouchers received on that day along with the station collections viz. credit notes etc. should be scrutinized generally to see that they are in order and have been tendered by parties duly authorised to do so and for the purpose permitted under the rules. These have to be seen on the day of their receipt in the Cash Office.

The cash check sheets of that day will be checked with the relevant station cash remittance notes. It will be examined in this connection whether there has been any delay on the part of stations in remitting the cash collections, whether the cash remitted by the station has been duly acknowledged by the Cashier and currently accounted for in the check sheets. The action taken regarding shortages in the station remittances if any will also be looked into. The verification of the Cashier's cash book with the cash check sheets will be done by the Books and Budget section of this office.

1041 Rate Circulars and Tariff changes :(Para 180 of Railway Audit Manual):

It should be seen from the rates notified in local rate advices and foreign rate circulars that the maximum and minimum rates for goods and coaching traffic laid down by the Government of India have not been infringed.

The revision of rates and fixation of rates in respect of sidings should be reviewed.

1042. Returns of Tourist Agencies (Para 2141 and 2142 A.II):

From the list of Tourist Agents, the required number will be selected and the returns submitted by these Tourist/Travel Agents will be audited every month as in the cases of Passenger Classifications, verifying, inter-alia, the correctness of the rates charged, the refunds allowed on unused tickets and the commission claimed. The receipt to the Railway Administration of the net amount due to it should also be verified.

In the audit of returns of Travel Agents, it should be seen that the monthly sales statements and remittances of sale proceeds are received promptly within the time allowed viz., 5 days after the closure of each month.

The adequacy of security deposit with reference to the sales statements should be examined. The stock of tickets with the Travel Agent should be limited to approximately 3 months transactions of the firm. In respect of transaction of foreign Railways the continuity of all the tickets issued should be checked with reference to the supply statements. The prompt despatch of the sales statement together with a Transfer Certificate; for the net amount due to each Railway responsible for internal check and preparation of Division sheet, should be watched. It may also be seen as a general review whether the Accounts Office exercise necessary internal check in respect of the statements received along with the Transfer Certificates from Foreign Railways. The check should be exercised with particular reference to refund statements and commission charges levied as per agreement entered. The register maintained in the traffic accounts branch to watch the receipt of returns and remittances should also be reviewed.

1043 Pay orders and other vouchers not falling under any specific category of Audit (Para 288 of Railway Audit Manual):

The miscellaneous pay orders also include the bills of Out Agency/ Town Booking Office, City Booking Office contractors which are checked to a greater extent. The Out-Agencies and Town/City Booking offices are divided into requisite number of units and the bills in respect of units selected

for a month are checked, completely. The out-agency/town booking office etc. bills are checked with reference to the Agreement and the relevant returns. In the check of out-agency bills in respect of Out-agencies open for passenger traffic also, verification with reference to the results of apportionment should be made.

Regarding the other Miscellaneous Pay Orders, they should be checked to ensure that a proper acquaintance for the amount paid is on record and that they are prima facie correct.

1044 Journal Vouchers including scrutiny of adjustment Mema (Para 387 of RAM):

A complete list of journal vouchers of the third previous month relating to Traffic Accounts branch (both Coaching and Goods) will be made out by going through the Journal vouchers maintained in the Books section of the Accounts Office and the requisite number of items as per the programme of Audit are selected for audit and checked with reference to the initial documents available in Accounts Office.

A list of JEs selected for audit is to be sent to Headquarters/B&B section monthly to enable that section to obtain selection of JEs for tracing into journals.

1045. Write off Registers:

The write off register maintained in Traffic Accounts Office which has the details of auction sales also is reviewed monthly to see that the sanction of competent authority has been obtained for the write-off of the earnings due to the Railways. It should also be seen during the review of Accounts file that the write-off is not due to any error or defect in the system of procedure and that necessary adjustment consequent on the amounts written off have been properly carried out. Auction sale statements in respect of write off cases should be called for and reviewed with a view to see that the codal instructions are followed in such cases. These items of write-off are reviewed concurrently by the section to see that they are in order. The entries in the Register should be initialled by the AAuO concerned. Cases of doubt or of special interest if any should be brought

to the notice of higher authorities and taken up with the Administration, if considered necessary.

This Register forms the basis for the preparation of statement of abandonment of claims to Revenue (Annexure 'D' of Appropriation Accounts). It should, therefore, be seen that all write off cases coming to the notice of Audit are recorded therein.

1046. Statement of Siding Charges:

A record of all the sidings on the Railway together with the rates of siding charges fixed and dates from which these are effective is maintained in the Traffic Audit section. The list is divided into the required number of units depending upon the percentage of Audit as per the Programme of Audit. One unit is selected for each month's audit and the siding charges statements relating to the sidings included in that unit are called for and audited. The siding charges statements of the fourth previous month is taken up for audit in each month.

The following are the points to be seen during the check of siding charges statements:

- i.** An agreement exists for each siding and the charges are calculated correctly according to the provisions of the agreement and the rules in force and adequate action is being taken by the Administration to effect recoveries of Railway dues from the siding owners;
- ii.** the adequacy of the siding charges fixed by the Railway Administration is also reviewed;
- iii.** in case of detention of wagons beyond the free time, it is to be seen whether demurrage charges are being levied and recovered;
- iv.** the checked statement should be traced into the Register of siding charges maintained in Accounts Office and the amount shown in the statement has been correctly taken to debit in the Balance Sheet. Whenever siding charges are paid by credit note, the bills should be checked with reference to the Register of Siding charges;

- v. As per Railway Board's extant orders, the siding charges are fixed every year after taking into account the All India Shunting and Train Engine Hour Costs. Based on this All India Shunting and Train Engine Cost, the siding charges of all sidings are revised by the Railway Administration. A certain percentage of such sidings charges revised are reviewed to see that the siding charges have been revised in accordance with the All India Shunting and Train Engine cost fixed by the Railway Board. During such review, it should also be seen that there is no modification or change in the lay out of the yard of the sidings or yards of serving station necessitating revision of siding charges and in such cases it should be seen that the trip timings as well as siding charges are suitably revised.

1047 Office Manuals and P.O.Os of Accounts Office and Correction slips thereto

The manuals issued by FA&CAO in so far as they relate to Traffic Accounts should be reviewed to see that they conform to the orders of the Railway Board so far as financial principles and procedure of accounting and internal check are concerned. It should be watched that all such manuals as well as POOs issued by FA&CAO are received in audit and subjected to scrutiny.

1048 Administrative Reports and Manuals:

The GM's annual reports and any other reports and manuals issued by the Railway Administration will on receipt be reviewed, generally to see if there are any matters of interest. The manuals of joint POOs issued by the Administration relating the traffic receipts including correction slips thereto are also to be reviewed as and when received and any lacunae noticed in POOs issued has to be taken up with the Administration through FA&CAO.

1049 Review of Accounts Officers' Inspection Reports:

The Reports of Accounts Officers on the inspection of stations should be generally reviewed to see whether there are any important features or irregularities which will require to be specially watched in Audit and whether the

types of irregularities revealed may with advantage be investigated during inspection of the stations by this office also. The results of the review will be submitted to the Branch officer, along with a register showing the particulars of report reviewed and important points, if any, contained therein, the disposal of which should be watched in audit.

1050 Traffic Suspense Accounts (Para 381 of RAM)

The following suspense accounts are dealt with in the Traffic Accounts Branch:

Deposit Miscellaneous including Deposit Private Companies;
Miscellaneous Advances;
Foreign Railway;
Traffic Accounts.

The first two of these accounts regarding which paras 223 to 255-A (1984 Edition) may be seen, should be reviewed with reference to the principles laid down in 106 and 1014-A (1984 Edition).

Other Railways: [See paras 224-A (1980 Edition) and 11014-A]

The through traffic transactions register which serves as Foreign Railways Register will be checked to see that the previous balances against the several railways have been correctly carried forward, that the debits and credits from the accounts current registers, coaching and goods transactions have been correctly posted, that clearances from the cash book and transfer certificate register have been correctly marked and that the balance shown as outstanding against Railways represent current transactions.

Traffic Accounts: [Para 222-A (1984 Edition)]:

The balance under Traffic Account is shown in the Accounts Office Traffic Account Current Register. This shows the debits and credits for the month to Traffic Account and the balance which consists of:-

Stations Balances: This will be checked with the closing balance of stations and out-agencies as shown in the first part of the Traffic Book.

Accounts Office Balance: Which will be checked with the of the balances in the Bills Registers kept in Coaching, Goods, Traffic Book Sections.

Through Traffic Balances: This will be checked with the register of through traffic account current.

Deposits: This will be checked with the total balance in the deposit register.

The total balance under Traffic Account will be reconciled with that in the ledger, the difference being due, as a rule, to cash in transit and adjustments not yet entered in one or the other books.

1051. Traffic Book and Accounts Office Balance Sheet (Para 178 of Railway Audit Manual and Chapter XXXII and XXIX-A.II)

a) **Accounts Office Balance Sheet:** This is maintained in the form of separate bills registers. These registers show the particulars of bills due for the month, the amounts received and the balance due. The Accounts Office Balance Sheet should be reviewed by Sr. Auditor under the immediate supervision of the Audit Officer.

- i. The bills should themselves be reviewed or test checked unless they are audited otherwise under any item of programme of audit;
- ii. It should be seen if a reconciliation has been made between the total amounts of the vouchers received by the Sections concerned and the total amounts of vouchers as a whole from stations (to guard against losses of vouchers);
- iii. The debits of Traffic Account should have been correctly posted from the bills register and the Accounts Office adjustment book;
- iv. Cash and transfer clearances should be correctly posted from cash extract book and journal entry register.

The progress of realisation of undercharges included in the error sheets issued by the Accounts Office should also be generally reviewed.

b) **Traffic Book:** The traffic book consists mainly of two parts, one pertaining to the station balance sheets and the other to the closing entries.

The first part is merely an extraction of the station balance sheets and will be checked for the correctness of the postings with reference to the latter, upto Traffic Book Summary. The second part is intended to bring out the actual earnings of the system, by making necessary adjustments in regard to items other than earnings included in station remittances and items of earnings realised otherwise than through stations for e.g. proportion of freight due on through traffic. These entries made in the traffic book should be verified with reference to the relevant documents on which they are based and the correctness of the amounts finally arrived at in the traffic book under the various headings should be checked.

1052. Review of Tenders and Contracts:

All contracts entered into by GM/Commercial relating to Commercial matter and Chief Marketing Superintendent, as well as completed contracts and reviewed quarterly by the headquarters section of Traffic Audit. For this purpose the list of handling contracts, cycle stand and car parking contracts entered into and completed during the previous quarter is obtained from CCS office/CMS Office as the case may be. Based on the programme of Audit the requisite number of contracts entered and completed during particular quarter is reviewed. In addition to the general checks exercised it should be seen that the contracts have been entered into in accordance with the Railway Board's instructions.

1053. Registers of serious irregularities, losses and over payment waived:

The register maintained in the Accounts Office will be reviewed by the AAuO. The register of serious irregularities in respect of Traffic Accounts is maintained at Madras. Cases of frauds are reviewed by the Madras Office.

1054. Inspection Report and Test Audit Notes: (Para 4109 & 471 of Railway Audit Manual) :

The procedure to be followed for the issue of Inspection Reports and Test Audit Notes are detailed in Chapter XIII. In respect of Part I reports and audit notes replies are sent periodically by Accounts Office and they should be examined. Regarding part II reports and audit notes the concerned files of

Accounts Office should be reviewed and action taken on them examined. Every half year complete review of all part II reports and TA Notes should be made to ensure that prompt action is being taken on the objection pointed out.

1055. Register of Miscellaneous Receipts:

This Register maintained by 'M' section of Accounts Office should be reviewed to see that the receipt have been credited to the correct head of account. A test check of the cash remittance notes received in accounts office direct from the Departmental officers with the accountal by stations in the cash remittance notes should also be made to ensure that the stations have remitted the amounts without delay and correctly.

1056. Pooling Traffic Agreements:

The scope of Audit required to be exercised in conducting the annual general review of this item is laid down in Para 179 of Railway Audit Manual. Such arrangements wherever existing are to be scrutinised with a view to seeing that the interests of Government as a whole are not affected and that the distribution of earnings between the parties concerned is done on a fair and equitable basis. For this purpose, the files of the Railway Administration should also be reviewed to see whether over a period of years the arrangements have been operated unfavourably to any party, justifying a revision of the terms originally agreed upon (CAG's letter No.7010-RAII/T/17-45/102 dt: 21.3.19104).

1057. Appropriation Accounts:

The statement of undercharges detected by Accounts and Audit (Annexure 'B') statement of remissions and abandonment of claims of Revenue (Annexure 'C') statement of losses (Annexure 'H') statement of Misclassification and defects in Budgeting and (Annexure 'J') statement of Suspense balance (TA, X and C) and Debt Head Report which accompany the Appropriation Accounts are checked by TA section in so far as they relate to Traffic Accounts. Apart from this, Appropriation Accounts of Grant No. 12 compensation claims are also checked by this section. The above statements are checked with reference to the records available in 'M' section and XCC Section of Accounts Office.

1058. Working of Accounts Department and Report on the efficiency of Internal Check:

The review will be conducted in respect of the items prescribed in the Secret Memorandum of Instructions regarding extent of Audit (Railways). One month's account i.e. the month of accounts selected for annual items of Audit is adopted for detailed review. A report bringing out all the details collected and defects noticed in internal check and procedural methods during the review is submitted to the Principal Director of Audit through Coordination Section in the form prescribed for the purpose.

During the course of monthly audit the defects noticed in internal check are noted down then and there for incorporation in the annual report on the efficiency of internal check.

The following items are to be reviewed for possible comment in the report on the efficiency of internal check and working of Accounts Department.

Missing and delayed returns

Unadjusted Credit Notes

Monthly Progress Report of Accounts Office

Half yearly arrear report submitted to the Railway Board (General Review)

Half yearly review of Suspense Balance (General Review)

Accounts Office balance sheet

P.O.Os. issued by Accounts Department.

1059. Capital and Revenue Accounts:

The statement of earnings of the main and worked lines, under abstracts X, Y, Z included in the Capital and Revenue Accounts should be checked with reference to the Traffic Receipt Book maintained in the Traffic Book Section of the Accounts Office.

1060. Proforma Accounts of work done on behalf of other Government Departments, Local Bodies etc.:

Railway Administration undertakes to collect money on behalf of outside bodies viz., timber tax etc. In these cases it should be seen whether Administration has reviewed periodically the adequacy of the commission or other charges levied by it for rendering this service. The results of the examination by the Administration should be reviewed to see if all the incidental expenses have been taken into account and that the Railway does not suffer any loss in rendering the service.

1061. Identity Cards - cum Railway Passes issued to Members of Parliament:

The entries in the monthly statements showing the cost of Railway journey forms relating to journeys performed by the Members of Parliament prepared by the Financial Adviser and Chief Accounts Officer for submission to the Rajya Sabha or the Lok Sabha Secretariat should be concurrently checked in audit to the extent of 8 1/3 percent along with the relevant 'Journey forms' before they are despatched from the Accounts Office.

While checking the journey forms it should be seen inter alia:-

- i) whether the journey forms received from the stations are complete in all respects
- ii) whether there is any abnormal delay in the receipt of the forms or in their accountal in Accounts Office
- iii) whether the charges for the journeys performed have been correctly billed for.
- iv) whether in cases of reservation made in advance on the strength of Identity card-cum-Railway Passes, the reservation charges are excluded in billing as they are to be invariably collected in cash from the Members of Parliament.
- v) whether pilgrim tax where leviable is duly included in the bill.
- vi) whether the worked line proportion is correctly credited in case of journeys performed over the worked line.

- vii) whether the travel in Air Conditioned class is permitted on payment of the appropriate difference in fares.
- viii) whether in cases of travel in a II class sleeper coach the amount of surcharge due in respect of sleeping accommodation provided is invariably included in the bill.

1062. Traffic in Railway Materials and Stores:

(a) Local outwards: The Railway material consignment notes received from the forwarding station along with the forwarded returns should be examined to see that as far as possible the consignment has been correctly treated as Railway materials. The forwarded abstracts received from stations should be examined to see that each entry is supported by a R.M.C. Note and that all the transactions included in R.M.C. Note have been included in the abstracts. It should be seen that prompt action is taken to call for the missing consignment notes. The rate as well as the total freight charges shown on the consignment notes, by the station and the Accounts Office respectively should be checked, traced into the summaries and finally into the Bills Register as in the case of ordinary goods traffic.

b) Local Inwards : The received abstracts should be checked to see that each entry is supported by an invoice and that all invoices received have been accounted for. It should be seen that prompt action is taken to call for missing invoices. The forwarded and received abstracts should be compared and items not accounted for traced into the relevant registers.

c) Foreign Outwards : The R.M.C. Notes abstracts and summaries will be checked as in the case of local traffic in Railway Materials. The entries in forwarded abstracts will be compared with Railway Materials division sheets received from foreign railways to ensure that there is a proper account of transactions. Omissions should be traced into TA 10 Registers.

d) Foreign Inwards: The Audit of invoices abstracts and summaries will be done as in the case of local traffic in Railways Materials. The apportionment of freight charges as between different railway will be made on the basis of checked inward abstracts and the same will be audited, traced into the summaries and division sheets as in the case of ordinary goods traffic.

As regards 'weight only' Coal traffic one month's account in respect of coal traffic from Central and Eastern Railways will be audited each half year.

The check of the R.M.C. Returns will be carried out by the Traffic Audit Section by covering the entire field in 24 months time. For this purpose the offices empowered to issue the R.M.C. notes should be grouped into 24 units, and one unit will be selected for audit each month.

A scrutiny of the R.M.C. and comparison of the particulars on them with the returns and bills should also be carried out at the local offices by the Inspecting staff during inspections.

1063 Demurrage charges due from big firms having sidings of their own:

Wharfage and Demurrage charges outstanding against big firms should be specially scrutinised at the end of each financial year. The review should be carried out in the month of September every year after obtaining full particulars from FA&CAO. Important cases which after investigation present interesting features justifying comment in the Railway Audit Report either individually or along with similar other cases should be reported to C&AG/Railways.

1064 Changes in Audit procedure as a result of computerisation of Traffic Accounts:

The detailed instructions contained in CAG's letters:

- i) 1941 - 1100 - RAI/8 - 10/71 dated 10-01-1971 and
- ii) 1007 - OSD - (c)/44/71 dated 30-03-1972 and other orders issued from time to time should be borne in mind while auditing the various computerised documents relating to Traffic Accounts.

GOODS

1. Review of monthly incorrect statement.

The under charges noticed as a result of check of invoices are required to be traced into the incorrect statement. In addition to such tracing, the incorrect statements of Station selected for audit should be reviewed with a view to verifying the action taken by the Accounts Office for issue of error sheets etc. to the Station concerned.

2. Check of continuity of Invoices:

The Continuity of Invoices should be checked by comparing the first entry in the current month's paid statement (viz. month of account selected for audit) with the last entry of previous months paid statement both for paid and 'To pay' invoices. List of all invoices processed during the month should be tallied with the entries in the Register of invoices received from Stations.

3. Check of Senders weight accepted invoices.

The following procedure may be followed in Audit.

(A) Local Traffic.

i) If the invoice selected for check had been endorsed for weighment enroute, the actual chargeable weight should be ascertained from the monthly statement of weighment/daily advices received from weigh bridge station (vide Rule 1424 (b) and 1425 of I.R.C.M) and compared with that taken into account by the destination station in its converted abstracts for the purpose of recovery of freight and discrepancies, if any, taken up.

ii) In respect of inward traffic, with a view to verifying that the station under audit has levied freight correctly a per weighment advice the check may be exercised as follows:

- 1) In cases where the Sender's weight accepted invoices are indicated by an asterisk in the converted abstract, the weight charged is as as per the weighment advice.
- 2) Where the practice of giving an asterisk against the sender's weight accepted invoices in the machine prepared abstracts is not in vogue, the particulars of invoices may be ascertained from the statement of sender's weight accepted invoices compiled by the Accounts office and checked as above.

iii) While tracing the audited invoices into machine prepared abstracts, it should be seen that the invoices marked for weighment enroute have been properly identified by an asterisk in the machine prepared abstracts or alternatively they have been included in the statement of invoices marked for 'weighment enroute'.

(B) Foreign traffic:

The procedure outlined above for local traffic will apply mutatis-mutandis is for foreign traffic also.

- i.** Since the Audit office of the forwarding Railway will not be able to check the invoices selected for audit with reference to weigh-bridge advices and converted abstracts, they should intimate to the Audit Office of the receiving Railway, full particulars of foreign invoices marked for weighment enroute selected for monthly audit indicating station from, station to, invoice number, Railway receipt number, wagon number and owning Railway, Charged weight, weight as per weigh bridge Where required to be weighed etc. The Audit officer of the receiving Railway will ascertain the actual chargeable weight in respect of these invoices from the extracts of weigh-bridge returns furnished by the Railway on which weigh-bridge stations are situated to the destination Railway and from the weigh-bridge advices received by Traffic Accounts of the destination stations direct from the weigh-bridge station in terms of Rule 1425 of Commercial Manual. The changes in weight taken into account by the destination, as also under-charges if any, recovered at the time of delivery are noted by the destination station in the copies of Machine Prepared Abstracts received by them and also in the copy returned by them to Accounts,(Para 2023(b) – IRCM and Para 2337 Accounts code Vol.II).
- ii.** The checks mentioned above at items (ii) and (iii) of Local traffic will also be conducted likewise in respect of foreign traffic.

(Authority: CAG's letter No.1941-1100-RAI/8-10/71 dated 10.10.1971)

The CAG has prescribed the further following changes in audit procedure:

- 1.** Calculation of freight (Rate X Weight) in respect of invoices where such calculation is done on computer and not manually, need be checked to the extent as prescribed in CAG's letter No.1007/OSD/C/44 – 71 dt.30.3.72. This will not apply to the invoices in respect of which freight checking has not yet been transferred to computer as for example invoices involving wagon kilometre rates, minimum charges, infringement charges.

2. Tracing of audited invoices into the 'Paid' statements and verification of debit taken into station balance sheet on account of outward paid traffic with reference to Paid statement should be reinforced by checking the accuracy of the totals of the Paid statement both in respect of freight and weight handled by the owner. The correctness of the total of the amount shown under 'Invoiced Freight' (TO PAY) in the outward abstract should be similarly checked manually and the inked entries in the abstract should be verified with the accompanying invoices before it is used to check the correctness of debit taken into Station Balance sheet on account of 'Inward To-Pay' traffic. It should be ensured that 'Inward Abstracts' sent by stations along with the Balance Sheet correspond to those received in the Accounts Office from the Foreign Railways. For this purpose entry in the Register showing receipt of Machine prepared abstracts from foreign Railway should be scrutinised and it should be seen that station returns correspond to all the sheets received from the foreign Railways.
3. The credit on account of "paid on charges" taken in the station Balance Sheet should be checked with reference to the Machine Prepared "Paid on charges" statement and it should be seen that the details of items relating to "Paid on charges" correspond to entries in "Paid on charges" statement. Further, in order to see that the debit is being forced correctly against the station to which the consignment is rebooked, selection of invoices for audit should be so designed as to deliberately include some rebooking invoices within the percentage prescribed or this should be traced against the relevant destination station in the Machine prepared outward Abstract.
4. The check of invoices marked for weighment enroute may be carried out with reference to the invoices issued by stations selected for audit i.e. outward basis as for all invoices both in respect of local and foreign traffic. No check need be exercised in respect of inward traffic of station selected for audit.
5. The undercharges noticed as a result of check of invoices are required to be traced into the Incorrect statement. The Incorrect statement of stations selected for audit should be reviewed with a view to verifying the action

taken by the Accounts Office for issue of Error Sheet etc. to the station concerned. In this connection, it may be noted that while dealing with foreign inward traffic the issue of error sheets should be checked with the entries in the Register showing receipt of Incorrect Invoices from Foreign Railways.

6. The Foreign Invoices marked for weighment enroute and selected for monthly audit are to be sent to Foreign Railway Audit Office for conducting the necessary audit. The receipt and submission of such statements by each Railway Audit Office from/to other Railway offices every month may be watched through Calendar of Returns. In cases there are no particulars to be seen, "nil" statement should be sent and receipt of "nil" statement should be watched. The following checks may be exercised in order to ensure the integrity of the processing of data under computerised system.
 - i) It should be seen that (a) Run to run totals prescribed for processing integrity are actually agreed.
 - b) Total invoiced freight printed in card to tape programme with the total printed in paid statement and outward abstract programmes.
 - c) Difference of total invoiced freight and total calculated freight with the net difference or overcharges and undercharges printed in the monthly incorrect statements.
 - d) Total calculated freight printed in the card to tape programme with the total printed in the paid statement and onward abstracts programme and
 - e) Total charged weight printed in the card to tape programme with the total weight in the paid statement programme.
 - (ii) The total number of cards as shown in the station forwarding Memorandum for the selected stations should be agreed with the number of cards in the card to tape programme and the grand total of card to tape programme should be agreed with the total number of cards in the paid statement and the outward abstract programme.

(iii) The Machine prepared abstracts continuity check of invoices should be agreed with the station memorandum of invoices and the Register of missing Invoices in respect of selected stations.

i. The action taken by the Accounts office on entries inked in the Machine prepared Abstracts (Converted) by the destination station should be verified in respect of local traffic with reference to the original invoices themselves and that the withdrawal of debits was also correctly advised. As for foreign traffic, a list should be sent to the Principal Director of Audit of the originating Railway for similar verification.

(Authority: Comptroller and Auditor General of India's letter No.1007-OSD ©/44/71 dated 30.3.1972).

Audit of CONCOR Invoices:

The terminals operated for booking of traffic by CONCOR are to be audited as for invoices.

Computer System Audit:

I. Verification of Cash immediately on arrival and arrangement for the safe custody of cash:

This is done with reference to the CPT (cash summary) and the DTC print out for the day. At the time of commencement of inspection at each terminal, the system gives a printout in Form D.3 showing the total amount due by each operator. The cash on hand at each terminal is verified with reference to this statement. The printout for the details of tickets issued (D-2) upto the time of commencement of inspection is not made available by the system. Since, such a print out is produced only at the end of each shift and not upto the time of commencement of inspection. Hence, the inspection is necessarily to be commenced either before the commencement of morning shift when the cash will be "NIL" or at the close of the shift timings.

2. Examination of arrangements of the tickets in tube and check of fares and closing number of tickets with tube shown on the tubes and in the DTC.

Only tickets in rolls and their issue to staff to be verified.

3. Scrutiny of the system of Indenting, verification of custody of tickets by the station staff:

This is verified with the computer roll tickets stock register.

4. General check of stock of tickets printed card as well as paper tickets, BPTs, on hand and detailed check of stock of printed tickets for a few stations:

Stock of computer ticket rolls and there of BPTs are verified.

5. Check of stock of Railway guide Railway service application forms Railway Time Tables:

These checks do not arise in PRS centres. These items are to be checked at other than PRS centres.

6. Check of DTC (Daily Trains Cash Book):

DTC for the corresponding dates can be generated and checked. In computerised DTC each individual transaction is printed and has to be checked. Like that BPT of Each Terminal will be printed out for each day and these will be checked. The quantum of work involved will be very much on high side and quite voluminous when compared to the check of non-computerised DTCs. Print out for all the dates selected for inspection. The DTC print out for the current date (ie) Date of commencement of inspection and two previous dates are made available by the printer. For earlier dates in the same month and in previous months to be checked as per prescribed norms. The PRS/MAS has to be contacted by the station to load the concerned tape in the machine at MAS in order to get the print out at the inspection station. It takes few days to get these print outs at PRS stations outside Madras area they are made available during the spell of inspections and the prescribed checks could be exercised. Due to the limited duration of inspection and at times due to communication failure of the system etc. the print out of all the prescribed dates of the previous month are not readily available by out station PRS station.

7. Verification of summary of DTC and Proof Book:

Proof book documents is not generated in the system. Only DTC for all terminal is checked as stated in para 10 above.

Review of EFTs and TTEs Handing over Memo:

These checks could be exercised during the inspection os other than PRS.

Check of EDP/EDTs:

These checks could be exercised during the inspection of other than PRS as stated in papa 10 above

Review of Reservation Register especially with reference to refunds:

There is no reservation register maintained at PRS centres. Reservation charts are made out by each PRS centre. ROPD statements are available for verifying refunds. The tickets cancelled, a separate cancellation ticket is generated with all the particulars of the amount of cancellation fee amount refunded, the date of journey, time of cancellation etc. In the cancellation ticket also contains the latest updated position of Reservation status. As the functioning of the system will be uniform in Audit 100% of the check has been exercised.

Check of N.I ticket statements:

These documents are available in both in conventional Audit and computer Audit. In conventional type of Audit the amount involved is not taken into account in the debit side. But in computer the value of the ticket is accounted on the debit side and has to be shown as refunds on the credit side for Balance sheet purpose. This is to be verified with reference to D-10 for N.I.

Check collected tickets and ticket collectors report:

Collected computer tickets can be checked only by sending these collected CPTs from various stations to computer centre and checked only with reference to M-17-Roll continuity statement. Hence the check of collected CPTs can that be exercised at Headquarters.

ADVANCED RAILWAY TICKETING SYSTEM(ARTS)

The Advanced Railway Ticketing system(ARTS) has been introduced in the Indian Railway for issue of various types tickets other than reserved tickets. The following procedures are laid down for the internal check conducted on various returns:

Daily Statements:

1. Daily summary of transaction (Ticket information)
2. Daily summary of transaction (Cash information)
3. Daily statement of N.I. special cancellation and cancellation tickets.
4. Daily statement of cash vouchers
5. Daily statement of concession
10. Daily statement of CST & Military concession
7. Rolls continuity statement
8. Daily statement of BPT issued

II. Monthly Reports:

1. Monthly summary of transaction (Ticket information)
2. Monthly summary of transaction (Cash information)
3. Monthly summary of N.I. special cancellation and cancelled tickets
4. Monthly passenger classification summary
5. Monthly Rolls continuity statement
6. Monthly classification pair of points transactions
7. Monthly summary of DTC
8. Monthly summary of RTC
9. Monthly summary of concession (police vouchers)
10. Monthly summary of concession(Military)
11. Monthly summary of concession(Passenger)
12. Monthly summary of season tickets
13. Monthly summary of Blank paper tickets

The following checks are conducted during the inspection of ARTS and Central Audit:

1) Daily summary of Transaction (Ticket information)

The statement gives operator wise the number of ticket issued under each category and also the number of passenger booked. This statement has to be reconciled with DTC summary of each operator.

2) Daily summary of Transaction(Cash information)

This statement gives the amount of cash, voucher, RTCs, CSTs, collected by individual operator. The following checks are exercised on this statement. The actual cash, vouchers, RTCs, CSTs should be verified with the cashiers, acknowledgement to ensure that all the dues have been correctly remitted by the individual operator. A separate coaching summary book should be maintained for each day. All shortages should be immediately made good. Frequent shortages by any operators should be brought to the notice of Sr.DCM for necessary action.

3) Daily statement of N.I.special cancellation and cancellation tickets:

These statements are prepared individual operatorwise separately for local and through in duplicate. All the collected tickets have to be linked with the statements. These N.I.s special cancellation and cancelled tickets are to be sent to FA&CAOs.

4) Daily statement of cash vouchers:

These vouchers are prepared separately for local & through and sent to cash office daily along with the cash. It is also to be ensured that all the vouchers quoted are physically available. One copy of the statement to be sent as voucher remittance to cash office.

5) Daily statement of concession voucher:

This statement is prepared separately for local and foreign. This statement should be consolidated at the end of the month and sent to Accounts office along with the balance sheet and other returns.

6) Daily statement of CST & Military concessions :

Check as above

7) Rolls continuity statement:

This should be checked daily along with the part roll register to ensure that all tickets issued properly entered. Any discrepancy should be brought to the notice of the authorities.

Passenger classification summary:

This statement will be prepared for local and through. This will contain figures like base fare and other charges to be reconciled with the daily summary of transaction.

1065 Station Inspections:

The quantum of inspection to be done during a year is based on the instructions laid down in the Secret Memorandum of Instructions and those issued by the Comptroller & Auditor General of India from time to time. The Principal Director of Audit can increase the number of major stations to be inspected by reducing the number of minor stations.

Classification of Station for inspection :

The stations are classified as very big, big, major and minor on the basis of the annual earnings vide details given below:

Annual earnings	Category	Periodicity
Rs.5 crores and above	Very Big	Once in 2 years
Rs. 2 crores and above but Less than Rs. 5 crores	Big	Once in 3 years
Rs.50 Lakhs & above but Less than Rs.2 Crores	Major	Once in 4 years
Below Rs. 50 lakhs	Minor	At random(ie.15 to 20 stations in a year)

For this purpose, lists showing stations/Out Agencies etc. classified as very big Major and Minor are kept separately and a review is made in July every year by Madras office to see if any change in category/classification of necessary stations have become minor and vice versa with reference to the fluctuations of traffic. Necessary alterations in the list are made thereafter.

The selection of stations for inspection should be done in such a way that all Divisions are covered in a year as far as possible. This will enable Audit to have a complete knowledge of different procedures if any, obtaining on the various Divisions. At the same time, selection should also be made with reference to the stations having heavy out standings, sidings, heavy pilgrim traffic, transshipment or who are defaulters in submitting their returns to the

Accounts Office or where some serious irregularities have been noticed by the Accounts Office should be consulted for this purpose. All the reports of the inspection by TIAs should also be reviewed at Headquarters to examine whether there is any important lacunae in the system of internal check in Accounts Office and whether this system is working with reasonable efficiency with a view to select stations having large number and major irregularities for inspection. The latest TTA reports of the station selected should be gone through to see if any important irregularities have been pointed out and whether such irregularities have been set right by the station.

1066 Supervision of Station Inspection by Audit Officer:

Very big, Big and major stations are supervised by the Sr.Auo./Auo to the extent of 100% and 50% respectively. The terms ‘Station’ includes Booking Offices and Travel Agencies. There is no supervision for minor station.

1067 Composition of the party and man-days allowed for Inspection:

The composition of Audit inspection party and time allowed for audit inspection are as follows:

<u>CATEGORY</u> <u>AUDIT OF</u> <u>INSPECTION PARTY.</u>	<u>TIME ALLOWED</u> <u>FOR AUDIT INSPN.</u>	<u>COMPOSITION OF</u> <u>AAUO</u>	
<u>Sr.Ar./Ar.</u>			
Very Big	6 days	2	1
Big	6 days	2	1
Major	4 days	1	1
Minor	2 days	1	1

The days approved include the time for preparation, discussion, editing, comparison etc. of Inspection reports. Inspection of 1 or 2 minor stations in each year for surprise inspection can be undertaken at the discretion of Pr. Director of Audit.

The inspection party for the inspection of very big station consists of Two Asst. Audit Officers and one Sr. Auditor.

The Comptroller & Auditor General of India has directed that one or two marshalling yards should be inspected in a year. The marshalling yard/transshipment yard attached to major stations/very big stations may be inspected along with the stations inspections. For this purpose, 10 to 15 days for major and 15 to 20 days for very big stations will be allowed in addition to the normal man-days prescribed for station inspections. One additional auditor is also allowed to attend to ancillary items of work during such inspections. The inspection of marshalling yards is carried out, by Receipt Audit Section.

The Auditors proceeding on inspection should take with them the following returns and documents in addition to the relevant codes and manuals.

copies of checked balance sheets and latest advice of Accounts of internal check;

copies of indents for supply of numbered books;

Reports of Travelling Inspector of Accounts;

Office copies of Handling bills;

Collected tickets and T.C. returns of nearby station;

Register of points to be seen during inspections.

General instructions regarding inspections contained in Para 449 of RAM should be borne in mind. Overwritten figures and un-initialled correction in the stations and erasures noticed in the Accounts books should be subjected to special scrutiny to see whether there is any malpractice.

1068. Points to be seen during Inspections:

Para 449 of the RAM contains the points to be looked into during inspection of stations. A list of points to be seen during station inspection is also given in Appendix. It is, however, to be noted that the items contained in the RAM and the Appendix are not exhaustive. Any other points coming to notice during the inspection shall also be examined in detail. Besides this, any other special points ordered by the Principal Director of Audit/Dy. Director or other Gazetted Officers or specially advised by the sections shall be noted in the 'Register of Points to be seen during Inspections' and such points shall also be looked into and the action taken thereon recorded in this register.

1069. Progress Register of Inspection:

A Progress Report Register of stations inspected during a month should be maintained in the proforma prescribed in para 4110 of Railway Audit Manual and this register should be submitted by 5th of every month duly recording therein the monthly progress of inspections.

1070. Receipt Audit:

Consequent on the orders of the Comptroller & Auditor General of India on the First Report of the Committee on Re-organisation relating to Audit of Receipts, the scope and extent of audit of Railway Earnings was widened from 1973-74 to include (I) specific items of audit of a special nature and (ii) diversified and performance oriented reviewed and investigations pertaining to topics on the earnings side.

The Receipt Audit Section which functions in Co-ordination with Traffic Audit Section is entrusted with the audit of items of special nature and reviews and investigations as distinct from the regular audit being carried out by the Traffic Audit Section as per the prescribed programme. Receipt Audit Section may be associated in connection with the important station inspections for the review of special items.

The following guidelines have been prescribed for the audit of specific items, reviews and investigations.

1071. Audit of amendments to Tariffs, Rate Circulars etc.:

The files of the Railway Administration should be reviewed to see:

whether the basic data relating to the loadability of wagons, floor area, dimensions, etc. on which station to station rates are fixed are acceptable; the correct market value of the commodity is taken into account while giving concessional rates of freight. the classification of the commodity is consistent with the classification of similar commodities; In case of upward revision of freight rates there has been no avoidable delay in the issue of notifications; concessional rates are kept under review constantly for a timely revision or withdrawal.

Note: The general review of rate circular and tariff changes is to be done by Traffic Audit Section and any item/aspect meriting detailed investigation in this connection is to be assigned to Receipt Audit Section.

1072. Concessions granted under delegated powers:

The General Managers have been delegated with powers to grant concessions in individual cases as also for waiver of detention charges of special coaches etc. The justification for concessions granted as also the total financial effect of such sanctions each year, may be seen for comment.

1073. Check on misuse of authorised concessions:

The working of the machinery in the Railway Administration to prevent misuse of concessions in passenger fares etc. by unauthorised persons should be reviewed.

1074. Awards of Railway Rates Tribunal:

Some of the awards of the Tribunal have substantial financial implications and such awards should be reviewed for comment on the presentation of the cases by the Railways and the financial implications. The orders of the Principal Director of Audit will be obtained for the review of such cases each year.

1075. Station Inspections:

In addition to the regular checks already prescribed regarding reweighment of consignments of parcels/goods, the accuracy of the weighing machines weighbridges should be looked into. The general working of the station should be reviewed with particular attention to locate possible leakage of revenue due to mis-declaration of consignments and ticket less travel and surprise check by the Administration should be suggested, if necessary. The system of allotment of wagons could be reviewed to see that covered wagons are not demanded for such material which could be loaded in open wagons, as this at times results in open wagons being provided for want of covered wagons for materials liable to be damaged due to exposure, giving rise to claims for compensation.

1076. Special Investigation:

Special Investigations should be taken up periodically on important aspects on the earnings side. Some typical topics are as follows:

Remunerativeness of the special services introduced by the Railways like Quick Transit Service, Speed Link Express trains (Super Express goods trains) Container Services, Freight Forwarder Services etc. Review of items of low rates traffic to see whether their market values have increased justifying an upward revision of freight. Periodical review of the rates of recovery prescribed for sidings, hire of plant and machinery cranes, locos and lease of land, buildings etc. to examine whether the rates are adequate to cover the expenditure incurred by the Railways.

Note: Review of sanctions and orders affecting tariffs, freight and fares, rates, through concessions, classifications of goods, determination of station-to-station rates for commodities booked on through routes and any changes in the load ability, minimum weight conditions etc. issued by the Railway Board from time to time, is done by the Comptroller & Auditor General of India/Railways and Audit advice issued.

(Authority: Joint Director/Railway's Secret D.O. No. Confdl. 10/72 dated 17-02-1973 and Chief Auditor's orders dated 04-09-1973 and 07-02-19710 File SA/RA/D).

1077 Review of the working of Marshalling Yards by Audit:

The functioning of a marshalling yard intimately depends on the running shed and TXR office located at the station. When the inspection of a Marshalling yard is taken up, it will be advantageous to inspect the offices of the loco foreman and TXR Officer also so that all aspects of the operation of the marshalling yard are covered.

Transshipment sheds and repacking sheds, if any, attached to the stations are also inspected along with the Marshalling Yards.

The Marshalling Yards/transshipment yards attached to Major stations may be inspected annually along with the major station like very big station. For this purpose 10 to 15 days in allowed in addition may be allowed for inspection as

against 15 to 20 days allowed in addition for very big station .(Authority: C&AG'S D.O letter No. 258-18/RAI/17.1/79 dated 27.2.79).

It is laid down by the Comptroller & Auditor General of India/Railways that one or two marshalling yards attached to very big/ major stations may be inspected, when the stations are taken up for inspections, the activities, organisation and operation of the marshalling yard and the allied offices and the points to be seen during audit inspections are furnished in the Annexure.

ANNEXURE

1 Marshalling Yard and its functions:

A Marshalling Yard is a yard where incoming goods trains and local outgoing loads are received, broken up, sorted and new trains, formed and despatched. Some Marshalling yards are also called terminal yards if the majority of the incoming wagons do not proceed beyond those yards, i.e. Wadi Bunder.

According to marshalling orders issued by Railway Board, Railway Administration, each yard is responsible for forming train upto certain nominated yard(s) or terminal(s) or section(s). This is known as marshalling yard commitment. The different activities in a marshalling yard are:

Dealing with through goods trains: (i.e.) [trains not requiring marshalling in that yard]

Through trains are received and despatched after change of engine and staff (if necessary), examination of wagons by Train Examiner, adjustment of loads, removal of sick wagons, if necessary, and attachment of urgent wagons in exceptional cases. Sorting out terminating goods trains and local outgoing loaded wagons. The wagons are examined by the staff of Train examiner and in accordance with direction of movement, they are sorted and placed on different sorting lines for formation of new trains.

Forming and despatching new goods trains:

The sorted wagons are again examined by the staff of Train Examiner and moved to departure lines and formed into new goods trains and despatched.

Placement and withdrawal of wagons from various points in the local area:

This consists of placing of wagons in and withdrawals from

(i) repacking shed/platform for repacking, (ii) sick yard for repairs to wagons, (iii) weigh bridge siding for weighing of wagons and (iv) sidings serving loco sheds, goods sheds, workshops, attached to marshalling yard and Forming of Shunting and work trains. This involves formation of trains to deliver and collect small/ wagon loads consignments to and from stations on adjoining sections.

2 Yard Organisation:

A yard is in the charge of a Head or Chief/yard master, or yard master or yard supervisor depending on the quantum of work. In big yard there may be many sections, for example, at Mughalsarai there are three sections - Up yard, Down Yard and Central Yard each under the control of Head Yard master who is assisted by a number of Assistant Yard masters. Below the yard master are (i) Executive or field staff and (ii) Clerical staff of trains branch, apart from other clerical staff for establishment and stores work. The executive staff includes Assistant yard masters who are in charge of the yard in shifts.

The yard masters have under them yard foreman, shunting master/shunting Jamadar who controls the movement of shunting engines. Three or four points-men work with each shunting engine, their duties being to (1) uncouple the wagons for breaking up (2) relay signals and (3) set up points (if required). In mechanised yards, the cabin staff control setting up of points. Skid porters assist in reduction of speed of wagons shunted down from hump. Mechanical retarders are also provided for the purpose in some yards.

Trains branch is under the charge of a Head trains clerk. Below him there are a number of trains clerks known as receiving train clerks, despatching train clerks, train clerks maintaining wagon exchange registers and stock or position takers. This branch is responsible for documenting of yard operations. It keeps an account of the number wagons in the yard, classified into various groups, the transit details of every wagon passing through the yard and also forwards basic data to the Statistical Branch.

3 Records maintained at a Marshalling Yard (other than those relating to establishment and Stores Accounts etc.

Vehicle guidance or train consist paper for incoming and outgoing trains:

For all the outgoing goods trains the trains branch prepares this document and hands it over to the guard who should surrender it to the trains branch of the next yard or the yard at which the train terminates. It gives the particulars of wagons (i.e. wagon number, type, whether loaded or empty, gross and net weight the originating and destination stations, via and the commodity contained) train number, engine number, names of guard and driver, date, time total tonnes etc.

Number takers book or train clerk's band block:

It shows wagon number, type owning railway, station from and to, load, tare weight, weight of contents (whether loaded with coal or other commodities or empty) and gross load of each wagon dealt with in the yard. These books are maintained train-wise-separately for trains received in and trains despatched from the marshalling yard.

Running or Floating Balance Register:

Details of incoming and outgoing wagons direction wise are posted in this register to give an upto date total number of wagons in a yard at a given time. New trains are ordered on the basis of data in this register. The broad headings under which the balance is noted are:

- i) Traffic streams in different directions, eg. at Mughalserai upyard (which handles trains arriving from Eastern Railway side) the incoming wagons are grouped as: towards - (1) Ghaziabad, (2) Agra East Bank, (3) Lucknow and so on. Similarly, the empties are shown in the register according to the direction in which they are to move as assigned by the Control Office.
- ii) Breakdown of through loaded traffic in each direction. This is further sub-divided into (a) destination, route-wise, depending on the marshalling commitment of the yard; (b) work train wagons, section-wise, (c) branch line wagons, (d) local traffic or 'home loads' (i.e. traffic for destinations for which the yard serves as a terminal).

Detained Wagon Register:

This shows particulars of wagons detained in the yard either because of absence of wagon bracket label or for some other reasons, like damage to the wagon. The register, inter-alia, shows the date and time of arrival and the date and time of despatch.

Wagon Exchange Register:

It gives transit particulars of every wagon passing through the yard, i.e particulars as given in Trains Clerk's hand book, time and date of arrival and departure, hours of detention to each wagon etc. These particulars are posted as soon as the wagons arrive or leave the yard. In bigger yards' separate wagon exchange registers are maintained for groups of destinations and vias.

4 Operation in a Marshalling Yard:

(a) As soon as a goods train arrives at the reception line, the guard accompanying the train hands over vehicle guidance/train consist paper to the trains branch; the trains clerk independently takes down the wagon details in his hand book with the help of wagon labels and particulars painted on the wagon itself, without transcribing these particulars from the vehicle guidance of incoming trains. Discrepancies may arise if (i) vehicle guidance had not been prepared correctly by the despatching yard, (ii) some shunting had been performed on the train while in transit between two yards but appropriate changes in the vehicle guidance had not been made (iii) wagon labels had dropped or been removed when the train was in transit etc. These discrepancies should be settled to the extent possible. But, if wagon labels are missing and no information is available about the destination of a wagon, it is detained in the yard and despatched only after correct destination particulars become available.

b) The staff of Train examiner (under Mechanical department) examines the fitness of the wagons and independently take down the particulars of wagons found damaged or unfit for further movement. A list of such wagons is given to trains branch for their placement in sick line for repairs.

c) The registers maintained in the yard are posted from the date contained in the train clerk's hand book. Based on the destination and contents of the wagons

of the trains received and the number of sorting lines available, the trains clerk prepares hump cut card or a chart for breaking and sorting of wagons for formation of through/work trains and also for placement of wagons in the respective sidings for unloading/loading/repacking/weight/sick line repairs etc. The hump cut cards are handed over to the Assistant Yard Master for breaking up of the train, sorting and formation of train or placement, in appropriate siding.

d) After sorting and placement in nominated lines, the train clerk responsible for preparation of outward vehicle guidance as also the executive staff inspect the wagons in the different sorting lines to check the correct placement of wagons. The staff of the train examiner and the Neutral train examiner (under the administrative control of Indian Railway Conference Association), if posted, also examine wagons to ensure their fitness before despatch. Thereafter, the wagons are drawn into the despatching section and get ready for despatch. When a through work train is thus ready for despatch, the details of wagons in it are taken down by trains clerk of outgoing trains in his hand book and a fresh vehicle guidance is prepared and given to the guard of the outgoing train. The particulars noted by the trains clerk in his hand book are also utilised for posting of the departure particulars in the registers of the trains branch.

5 Ordering for power and train crew:

Information about the number of wagons available in the yard, broken up according to marshalling groups, is available in the running or floating balance register maintained in the trains branch. The control office in the Divisional headquarters also maintains a facsimile of this register by obtaining information at fixed hours of the day, say, every 4 hours/10 hours/8 hours. To ensure the correctness of postings in the balance register there is provision for daily stock taking or census of wagons, section-wise, siding-wise at a fixed hour of a day. This stock taking is particularly necessary to remove mistakes in documentation, since each movement from and to loco sheds, goods sheds the outside the limits of marshalling yards is counted as a separate and independent movement. Thus both the yard and the control office have continuous knowledge of the wagon holding of a yard. The control office in addition knows also the essential particulars of trains (for example, how many wagons in an incoming train are to

move to which directions) moving into the yard. Based on these, the control office issues in advance train notices to the Power Controller and the loco shed for a locomotive (s) and to the Station Master/Station Superintendent/yard Master for a train crew. The availability of path for a goods train is related to the timings of mail, express and passenger and other goods train running on the section in which the marshalling yard is. Master charts are periodically prepared by each Railway, preferably when the time tables are revised, to show the availability of paths for goods trains at different times. Some of the Railways, like Northern Railway also show these times in their working time tables. A goods train should be ready before its planned departure time to which is linked the corresponding ordering for power and crew. If a train is not ready for despatch at the appointed time, it disrupts planned movement of trains which can cause, it probably often causes, detention of wagons/engines and the crew of the train in the yard as well as at way-side stations.

6 Some factors which cause detention:

The wagons the labels of which are missing and those requiring repair are detained in the yard till these deficiencies are made good. The head trains clerk is responsible for promptly contacting the preceding yard/originating station(which is required to be noted on the vehicle guidance) and obtain information for preparing fresh labels if this is not feasible a report is sent to the wagon tracers in the commercial department for further action. Similarly, TXR should promptly attend to wagons to rectify the defects and make them fit to run.

In some yards a substantial portion of the wagons may be home loads, i.e. wagons containing terminal loads, wagons to be repacked, sick and damaged wagons etc. Such wagons are dealt with more than once, and , therefore, their detention is more. They occupy considerable room in the yard for longer spells and, as they require attention by a larger number of staff of different branches, have a tendency to increase unless controlled. If their placement in the proper siding is delayed, there can be a chain reaction which may eventually lead to congestion in the yard necessitating imposition of restrictions.

Cross traffic (i.e. traffic moving from one section of the yard to another) should receive prompt attention. In a yard where many directions meet and

movement of cross traffic within a yard is cumbersome cross traffic may not receive much attention, and delay in clearance of such traffic may hamper the working of sections of the yard and cause heavy detention.

7 Points to be seen during the review inspection of Marshalling Yard By Audit :

- i)** Are the initial records mentioned in paragraph 3 maintained properly?
- ii)** Are the incoming trains detained for long outside the limit of the yard? The reasons could possibly be delay in clearance of reception line (this can be known by looking into the registers of reception line occupation, if maintained, or from the yard Masters' diary, or delay in setting up of points or congestion in the yard. Have remedial measures been adopted to quicken reception of incoming trains and how far have they yielded results?
- iii)** Are breaking and sorting of wagons and formation of new trains completed within the time schedule prescribed? Are there many cases of idling of shunting engines in the yard and at water column?
- iv)** What is the extent of avoidable delay in dealing with cross traffic, placement and removal from sidings intended for repacking, transshipment, loading/unloading and repairs to wagons?
- v)** What is the extent of late start of goods trains and what are the reasons therefore? The delays may be analysed as attributable to (a) Operating Branch, (b) Power Branch (delay in making available engines with crews) and (c) Train examiners' Branch (delays in examination of wagons).
- vi)** What is the extent of mis-marshalling and damage to wagons due to rough shunting? (high incidence of sick wagons in outgoing trains would indicate that most probably wagons were not properly examined in reception lines or there was rough shunting in the yard).
- vii)** Are wagons without labels being allowed to move? What is the extent of detention of wagons due to missing labels? Is prompt action taken to obtain necessary particulars for preparation of new labels?

- viii) Was the load of each incoming and outgoing trains very near or equal to the haulage capacity of the locomotives attached thereto? If not, it indicates under-utilisation of the capacity of the locomotives. The possible reasons therefor may be examined.
 - ix) Do delays in formation of trains cause avoidable light movement of diesel/electric locomotives to other yards for picking up loads?
 - x) Are the incoming and outgoing wagons routed to destination via the shortest routes? If not, the reasons for movement by longer route may be investigated and analysed. (The reasons could be congestion or restrictions on the shortest route, incorrect sorting/marshalling in the preceding yards or in the yard being inspected, or special instructions from the Control Office).
 - xi) What were the reasons, supported by analysis, for the increase (as compared to the target) of overall detentions to wagons as well as detentions to through goods trains?
 - xii) What was the extent of utilisation of the yard with reference to number of wagons anticipated and actually handled (i.e. including wagons of through trains) or dealt with (excluding the wagons of through trains)? Apart from fall in traffic (if traffic has fallen) what are the reasons for non-utilisation of the optimum capacity of yard?
- 8** Before inspection on these lines is taken up, the inspection party should study the procedures for reception, shunting and despatch of trains in the yard; the lay-out of the lines and capacity of each line; the quantum of work and the marshalling commitments of the yard. It would be useful to study the station working rules/rules for the working of the yard. As in the case of station inspections, one month should be selected for detailed check of all the records connected with the operations.
- 9** Along with the inspection it will be necessary to take up inspection of the offices of loco foreman and Train Examiner connected with the marshalling yard, with a view to link the information available in these offices with that obtained from the trains branch of the marshalling yard. In the loco foreman's office the following points, inter-alia, may be looked into:

- (i) Are engines with crews made available at the planned timings for despatch of goods trains? If not, what are the reasons for delay in making available locomotives with crews?
- (ii) Is the shed not able to meet the requirement of power because the locomotives homed there are not maintained properly ? An examination of history sheet and repair book of engines maintained in the loco shed will be helpful for this purpose.

10 In the office of the Train examiner the following points may be inter-alia, investigated:-

- i) Do the staff of train examiner complete wagon inspection in time?
- ii) Are there instances where wagons, although not completely, fit are allowed to run with some speed restrictions?
- iii) Was prompt action taken to repair damaged sick wagons? What is the extent of detention of sick wagons (for repairs or for despatch to workshop) and how much was avoidable?

GENERAL:

- 1) Whether parcel vans or wagons are detained because of inefficiency or of inadequacy of supply of labour by the handling contractors. The basic records relating to placement and removal of wagons for such handling should also be checked to verify the progress reports attached to the bill of such contractors.
- 2) At transshipment points, it may be seen if there is unnecessary haulage of empties to or from that point; whether goods stock are fully utilised and usage of stock is not impaired by irrational placement and loading of wagons; whether unloading of wagons of one gauge is delayed because of non-availability of matching stock of other gauge and if so, what are the reasons therefor.
- 3) At transshipment points and marshalling yards it may be seen if trains are formed in time; whether, after formation of the train, there are delays (waiting for power, engine crews or guard or path) if so, the reasons there for may be examined from the records of the stations, running sheds, section controllers/ Chief Controllers.

TRANSHIPMENT SHED

A transshipment shed has two parts. One part functions as a small marshalling yard and the other as a transshipment yard with or without sheds where contents of a wagon vehicle of one gauge are transhipped into that of another gauge. The activities, organisation, operation, etc. of a marshalling yard have been dealt with earlier. Each transshipment shed is responsible for transshipment of loads coming from, and going to specific directions as prescribed.

A transshipment yard is under the charge of a transshipment inspector who has below him executive field staff for arranging placement and removal of wagons and clerical staff in trains branch, for documentation, apart from clerical staff for establishment and stores works etc. Bigger transshipment sheds are supervised by an Assistant Traffic Superintendent, who controls and co-ordinates the activities of the marshalling yard and the transshipment yard.

2. Important records maintained at a transshipment shed :-

These are - Vehicle guidance for incoming and outgoing trains. (b) Number takers book or trains clerks handbook (c) Inward/Outward/wagon vehicle tally book.

Particulars of each loaded wagon received for transshipment and the wagons into which the contents of former are transhipped are available in this register. Apart from date and time at which transshipment is undertaken, this register gives details of each incoming and outgoing wagon, viz. number, type, carrying capacity and name of owning railway, station from/to, number of packages, description, particulars of invoice/way bill, invoiced weight, actual weight of the contents etc.

(d) Register of wagons handed over to contractor for transshipment:- This Register (in the same form as used for wagon handed over to consignors/consigned for loading/unloading) contains wagon wise information about the time of arrival of a train/wagons at the transshipment shed (indicating train number, date, hour) date and time of placement of wagons for loading/unloading, contractor's signature in token of taking over and date and time of release of wagons, demurrage accrued, if any, and signatures of shed staff for taking over wagons from the contractors.

e) Wagon/vehicle register : This shows particulars of wagons/vehicles received in and despatched from the Transshipment Yard, date and time of arrival/departure, train number, station from/to and this shows the total detention to wagons in the transshipment shed. It also gives information about (I) Loaded wagons placed for transshipment only - details of time at which placed for transshipment, time interval between arrival and placement, time of release and time interval between placement and release; and (ii) empties and loaded wagons placed for transshipment and back loading - details as in (I) above, reference to allotment order, time at which placed for back loading, time of release etc. Reasons for long detention (eg. sick and unconnected wagons or wagons without lable) are also recorded in this register.

f) Transshipment performance register: This is a daily return of wagons dealt with in the transshipment yard, inter-alia, indicating net load in each wagon before/after transshipment.

g) Inward (unloading/outward (loading) damage and deficiency (including non-marking or incorrect railway marks) registers:-

This register is maintained separately for wagons received for transshipment and those sent loaded with consignments. The former contains details of damaged wagons received in the shed specifying the deficiencies condition of seals, locks etc. and reference to the messages sent about the damages/deficiencies to the concerned officials/stations. The latter contains particulars of messages received about damaged/deficient wagons sent out by the shed. Both these registers are important for verification of genuiness of the claims for compensation for losses and also referred to for fixation of responsibility of the shed for damages/deficiencies in outgoing wagons.

3 Inspection of transshipment yard by Audit:

Some points to be looked into while inspecting transshipment sheds have already been mentioned earlier under 'General' items to be seen during the inspection of marshalling yards. In as much as part of the transshipment shed serves as a small marshalling yard the points suggested for examination in the note on marshalling yards also apply to transshipment sheds. A detailed check of records mentioned in paragraph 2 above for one month should be carried out. In addition, the following aspects may also be looked into:-

Is the transshipment shed handling loads not intended to be transhipped? If so, what are the reasons therefor? (The possible reasons may be imposition of restricted on the normal route or congestion, non-availability of required number of empties, non-availability of cranes for consignments requiring handling of cranes, labour trouble etc. at the nominated Transshipment shed. All such cases may be examined critically since such diversions result in unnecessary haulage of stock over larger distances at additional cost). Is optimum utilisation of the stock achieved while transshipping goods from stock of one gauge to that of another? This can be judged by a review of the transshipment performance register. What was the extent of the damages to the contents and deficiencies in the wagons moved at the Transshipment shed? Was prompt action taken to report them and adopt remedial measures? What is the capacity of the Transshipment shed and apart from reduction in traffic if there has been such reduction? What are the reasons for the optimum capacity not being utilised? (if it was so) If detention at Transshipment shed is considerably higher the target? What are the reasons therefor? If there is imbalance in availability of stock from released (after Transshipment or unloading) at the same station. What are the deficiencies made good and how are the excess empties halted? For the stream of traffic prevailing was the nominated transshipment shed well chosen? Could not Transshipment at some of the shed reduce the distance to be halted? Avoidable expenditure due to placement of damaged wagons for transshipment of goods at the Transshipment yard.

(Authority: Secret D.O. No.1047-590/RAI/8-11/73 dated 05-03-74 from ADAI/Railways. Joint Director/Railways Secret D.O. No.12108-590-RAI/8-11/73 dated 22-05-74).

The following additional points are also to be seen during the review of Marshalling Yards and allied offices:

Whether the holding capacity and working capacity of the yard are adequate; and whether there are any constraints in operation. Whether the capacity of the sick lines is adequate to deal with the number of wagons marked sick and whether sick wagons are promptly dealt with. In respect of accidents in the yard, the Accident Enquiry Committee Report should be studied in order, to see whether any definite pattern exists as to their causes and whether suitable remedial action

has been initiated by the Administration. Whether accidents, or derailments of wagons in the yard could be attributed to bad maintenance of track in the yard or rough shunting. In case of poor maintenance of track suggestion may be made for addressing the Engineering Department, for necessary action. The performance of shunting engines to be reviewed with reference to the number of wagons shunted per shunting engines hour. It should be seen whether shunting engines are not unduly delayed at the water columns, or fuelling points with reference to timings marked in the engine ticket.

Whether shedding of loads at marshalling yards due to constraints on account of gradients in the adjoining sections is properly planned and the detached roads are removed as early as possible. Whether there is over carriage of loaded wagons and prompt action is taken to return them to the destination; whether the over carriage could be attributed to mis-marshalling at the starting point or at yards enroute. Whether by-pass goods trains with through BPC (Brake Power Certificate) which have to skip the yard are not stopped and delayed at the marshalling yards. Whether loads for intermediate stations and branch lines detached at the marshalling yards are not unduly delayed and are despatched at the earliest possible goods train. Whether the wagons marked for weighment at the weighbridge, if any, at the yard, are promptly dealt with and despatched;

Whether unconnected and stray wagons are properly connected or despatched to the earmarked stations for unloading the contents and releasing the wagons. Whether action has been taken to collect all overdue POH wagons and sent them to the workshops. Whether proper arrangements for adjustments of loads disturbed due to shunting at the yard and transshipment of contents of sick wagons exist and whether proper arrangement for custody of the unloaded material from sick/hot axle wagons exists. For outgoing goods trains whether wagon examination by TXR and marking of wagons sick is done before the train formation in order to avoid re-marshalling and re-shunting and consequent detention. Whether pilot trains, if any, operated from the yard for placement of loads at the serving station, adjacent stations and sidings are effectively utilised.

COACHING

(A) Passengers:

Verification of cash immediately on arrival at the station and the arrangement for the safe custody of cash. - AAuO

Examination of arrangement of the tickets in the tube and check of the fares and closing numbers of tickets with those shown on the tube and in the Daily Trains Cash Book/Proof Book.

Scrutiny of the system of indenting, verification, and custody of tickets by the station. - AAuO

General check of stock of tickets (printed card as well as paper tickets, Blank Paper tickets, season tickets) or hand and detailed check of stock of printed tickets for a few stations (P.O.O. No.273 dated 14-08-19510).

Check of stock of Railway guides, Railway Service, Commission Application forms, Railway Time-Tables, etc. (including all saleable publications) and accountal of sale proceeds thereof (Comptroller & Auditor General of India Endorsement No.399-RA.II/T.19-48/101 dated 15-02-19102).

Check of Daily Trains Cash Book.

Verification summary of trains cash book/proof book.

Review of Excess Fare Tickets and TTE's handing over memo register.

Check of Emergent Duty Pass/Tickets. -
AAuO

Review of Reservation Register, Especially with reference to refunds.
AAuO

Check of non-issued ticket statements -
AAuO

Review of Retiring Room Register.

Check of Telegraph Receipts.

Review of the Register of Licensed Porters (Joint Circular 210 of 1958).

Check of Miscellaneous/Sundry Earnings.

- (a) Witnessing of collection of tickets and arrangements to prevent ticket-less travelling.
- (b) Check of collected tickets and Ticket Collector's Register.

Review of the earnings and justification for the continuance of camping coach service at specified stations.

(B) Parcels and Luggage:

1		Verification of cash on hand immediately on arrival at the station and the arrangement for the safe custody of cash.	AAuO
2		Preparation of inventory of parcels, luggage and left luggage on hand on arrival at the station and check of outstanding parcels with Delivery Books and Daily balance/sundry stock register.	AAuO
3		Check of parcel way bills, delivery books and parcels cash book.	AAuO
4		Check of luggage tickets, HCD Tickets left luggage etc.	
5		Check of recovery of wharfage, storage and demurrage charges.	
6		Unaccounted for Parcel way bills.	
7		Check of stock of all money value books like PWB books, L.T. Books, General Receipt books and forms like indemnity bonds etc.	
8		Review of engagement of parcels porters with reference to the year stick prescribed.	
9		Siding charge statements, parcels (if any)	
10	a)	Handling Bills.	
	b)	Transshipment bills.	
11	a)	Review of reweighment registers and accuracy of weighing machines.	
	b)	Test Weighment of parcels and luggage (CCS Circular letter No. C.614/VII/36 dated 18.08.1960).	
12		Statement of unconnected parcels sent to CCS/MAS.	
13		Analysis of all Coaching outstandings including audit advices.	AAuO
14		Accountal of Error Sheets.	
15		Re-booking (Paid on) Special credits and overcharge sheets.	
16		Preparation of Test Balance Sheets by the station.	
17		Preparation of Test Balance Sheets by the Inspection party, from the last balance advice by the Accounts Office upto the time of inspection (P.O.O. No.269 of 12.06.1956).	AAuO
18	i)	Test check of machine numbers of paid parcel way bill books in use at the station with the list of parcel way bill books supplied. (For this purpose, the list of books supplied to the station should be taken from the advices received by the Traffic Accounts Branch from the supplying office).	
	ii)	Verification of Guard's foils of parcels awaiting despatch with the list mentioned above as well as the corresponding record and Accounts foil to ensure that privately Printed forms are not used and that freight shown in all the foils is the same.	

(C) Goods

1		Verification of cash on hand immediately on arrival at the station and the arrangement for the safe custody of cash.	AAuO
2		Preparation of inventory of goods on hand on arrival at the station and check of outstanding goods with delivery books, tally books, vehicle registers and gate passes.	
3		Check of invoices delivery books and goods cash books.	AAuO
4		Check of wagon demand registration fee receipts and refunds; and review of priority register.	
5	a)	Check of recovery of wharfage and demurrage charges.	
	b)	Check of recovery of crane and haulage charges.	
6		Unaccounted for invoices	
7		Check of stock of all money value books, like invoice books, WDRF Receipt Books, General Receipts and forms like Indemnity Bond etc. (including saleable publications and forms like forwarding note pads. etc.	
8		Review of engagement of goods porters with reference to the yardsticks prescribed	
9		Siding charge statements, goods, revision of siding charges to be seen	AAuO
10	a)	Handling Bills.	
	b)	Transshipment Bills	
11	a)	Review of reweighment registers & accuracy of weighing machine.	
	b)	Test weighment of goods (CCS Circular No.C.614/VII/36 dated 18.08.1960).	
12		Statement of unconnected goods sent to CCS/MAS.	
13		Analysis of all goods outstandings, including audit advices.	
14		Accountal of error sheets.	
15		Re-booking (paid on) special credits and over charge sheets.	
16		Preparation of Test Balance Sheets by the Station.	
17		Preparation of Test Balance Sheet by the Inspection party, from the last balance advice by the Accounts office upto the time of inspection (P.O.O. No.269 of 12.06.1956).	AAuO
18		Check of Register of invoices received.	
19		Review of invoice indents registers.	
20		Check of unloading totally book/Sharehouse books	AAuO
21		Check of miscellaneous/sundry earnings.	
22		Government oil rebate.	
23	a)	Vehicle Registers - review of turn-round of wagons etc.	
	b)	Performance of Box wagons.	

(D) General

1	Review of cash remittance notes including the examination of the arrangements for cash remittance	AAuO
2	Check of Guard's book for cash bags.	
3	Stamp Account (if any) and imprest cash	
4	Review of licence for vendors, stall holders, vehicles etc.	
5	Review of Ground Rent Register.	
6	Review of the Register of Mis-declarations of consignments (parcels and goods).	
7	Review of the Reports of Travelling Inspectors of Accounts.	AAuO
8	Review of the Inspection Register maintained at the station.	AAuO
9	Review of submission of returns to Accounts Office on due dates.	
10	Maintenance of Tariffs, Rate circulars and other publications, supplied to the station.	
11	Review of the agreements of out agency/town booking agency, if any.	AAuO
12	Delay in the removal of parcels and goods by O.A./TBO contractors.	
13	Working of Street Delivery Arrangements.	
14	Working of collection and forwarding service arrangements.	
15	Withdrawals from station earnings.	
16	Extra Casual labour (ELR) payments.	
17	Booking of Railway material consignments and RMG notes.	
18	Check of free service way bills.	
19	Advertisement register.	
20	Warrants and credit notes register.	
21	Preparation of station vouchers in double sided carbons.	

CHAPTER - XI

AUDIT OF GENERAL BOOKS & ACCOUNTS:

1101. General : Self contained accounting units have been set up in the 3 Divisions of this Railway for the maintenance of accounts. Similarly, self-contained units have been attached to the Workshop Offices located at Hubli and Ashokapuram and Construction unit at Bangalore Cantonment. The accounting of the Headquarters offices and consolidation of the accounts of the entire Railway is done by the Books Section (Headquarters) of the Office of the Financial Adviser and Chief Accounts Officer. Consequently, the Books and Budget (Headquarters) Audit section is responsible for the audit of the General Books and Accounts of this Railway including the audit of Capital and Revenue Accounts, Finance Accounts, Debt Head Report, Appropriation Accounts and other connected statements. The work done in the Divisions, Construction and Workshop sections of the Accounts Office is audited by the corresponding audit units of this office. Rail Wheel Factory / Yelahanka Unit is responsible for the Audit of General Books & Accounts of RWF. The duties of the Accounts Officer in regard to the compilation of Railway Accounts are contained in Chapters II to VII of Accounts Code Part I.

1102. Sanctions:

(a) All sanctions having financial effect accorded by the President or Railway Board pertaining solely to the South Western Railway and those accorded by the General Manager relating to the Books and Budget section will be audited by this Section fully with reference to the schedule of powers and the canons of Financial Propriety.

(b) The sanctions dealt with in the Books and Budget section generally relate to distribution of funds as approved and advised by the Railway Board to the various units and re-appropriations made. While auditing sanctions relating to distribution of funds to various departments it should inter-alia be seen that the total amount distributed does not exceed the amount sanctioned by the Railway Board for the

Railway as a whole. In auditing sanctions relating to re-appropriations the instructions contained in paras 375 to 381 of Indian Railway Financial Code Vol.I as well as those communicated through the Railway Board's budget orders on re-appropriation should be borne in mind.

1103. Check of Journal Vouchers including scrutiny of Adjustment Memo :

All the Adjustments pertaining to the Railway accounts are effected through journal vouchers. The journal in which all these adjustments are recorded is maintained by the Books Section of the Accounts Office. The journal vouchers prepared by the various sections of the Accounts Office are, therefore, sent to the Books Section for posting in the journal. These journal vouchers as well as those prepared by the Books Section itself will be serially numbered by them each month. The month of accounts in which these journal vouchers have been incorporated will be indicated on the vouchers. These vouchers relating to each month will be kept bound separately for 'Revenue and Capital' in convenient batches (with the introduction of Computerised Accounting System (under AFRES), the revised form of Journal Vouchers to be fed to the computer provides for the name of the spending unit/accounting unit and the allocation to be indicated in code numbers allotted to be various departments). The list of Suspense Allocation used in connection with the preparation of Journal Vouchers is appended in Annexure I to this chapter.

1104 A. (a) For purposes of obtaining the selection of appropriate number of vouchers for audit the journal vouchers prepared by Books Section and incorporated in the Accounts of the third previous month will be listed out from these bundles in the selection register under three sections as mentioned below:

1. up to Rs.3 lakhs
2. above Rs.3 lakhs and up to Rs.10 lakhs
3. above Rs.10 lakhs

b) In regard to the vouchers relating to the month of March, however, it is not necessary to take up the audit of these vouchers only after the close of the accounts

for that month. The audit of the vouchers may be conducted in convenient batches commencing from the month of June.

c) While listing the vouchers from the bundle it might be helpful to verify with reference to the manuscript register of journal vouchers whether all the vouchers mentioned therein are available in the bundle and vice versa.

1104.B. The Journal vouchers prepared by the Headquarters Books Central Section will be mostly in respect of adjustment of Transfer transactions and Remittance transactions, the detailed procedure to be followed in regard to which are laid down in Chapter XIV of Indian Railway Code for the Accounts Department Vol.I. In regard to transactions adjustable finally in the books of another railway those originating in any accounting unit within the railway, will be passed on to the Books Central Section Headquarters through Transfer Certificate by operating upon the Head - 'Transfer Divisional - Central Books' duly supported by the relevant vouchers. The transfer certificate will be accepted by the Headquarters Books Central Section and necessary Transfer Certificate will be issued by them against the Railways concerned. In the case of transactions originating in centralised departments or Headquarters section who do not render separate Accounts to the "Books Central Section" necessary Journal slips will be prepared by the concerned internal check sections and passed on to the Books Central Section along with the relevant vouchers to be passed on to the other railways. The Books Central Section will issue necessary Transfer Certificate against the Railways concerned. In respect of Transfer Certificate received from other railways the supporting vouchers received will be sent by the Books Central Section to the concerned internal check section in Headquarters under a forwarding memo or to the unit Assistant Financial Analyst along with a transfer certificate. The internal check section will scrutinise the documents and indicate the allocation, if the debit/credit correctly pertained to this railway. The other unit Assistant Financial Analyst will scrutinise the vouchers and book it to the final heads of Accounts. If, however, any portion of the amount raised by the other Railways is found to be not pertaining to this Railway action, will be taken to write back the amount to the originating Railway. In any case, unless the

entire amount passed on through a transfer certificate by another railway is found to be not relating to this railway at all, the transfer certificate should be accepted in full.

1104.C. The instructions contained in paras 278 & 387 of Railway Audit Manual should be borne in mind during the check of journal vouchers. Besides, whenever amounts are adjusted between capital and Revenue by operating ‘Transfer Revenue’ and ‘Transfer Capital’ the capital journal vouchers should be linked with corresponding Revenue Journal vouchers and vice versa. Whenever the amounts of un-encashed cheques outstanding for over a year under “Cheques and Bills” are credited to earnings in terms of the instructions contained in Note under para 444 of Accounts code Vol.I, it should be seen that the particulars of cheques are recorded in a separate register maintained for disposal of requests for fresh cheques.

After the completion of Audit, each of the journal vouchers audited will; be stamped with the enfacement supplied under the dated initials of the persons auditing the same.

1105. Tracing of the Postings from Journal Vouchers into Journal : The particulars of journal vouchers selected for audit in a month will be advised to Books Section before the close of the previous month by the individual auditing sections. If the number of journal vouchers selected for audit by various sections do not come up to the prescribed number, a subsidiary selection should be obtained by Books Section to make up for the deficiency and get those journal vouchers also audited by the concerned section.

All the journal vouchers thus selected for audit will be traced into the journal by the Books Section. If, however, the number of journal vouchers selected for audit by various sections is more than the prescribed number of journal vouchers to be traced into the journal then out of the journal vouchers so selected, a selection will be obtained by Books Section of the requisite number of journal vouchers to be traced into the journal.

1106. Tracing the posting from Journal Vouchers into works and Computer Print out : (FA 760) : The journal vouchers selected for tracing as above should be

traced in the works and allocation register also which should, however, be done by the sections auditing the journal vouchers in question.

1107. Pay Orders and Miscellaneous vouchers not falling under any specific category: The pay orders and other miscellaneous vouchers relating to Books Section which do not fall under any of the specific categories laid down in the Secret Memorandum will have to be audited to the extent prescribed. For this purpose, the details of vouchers will be listed out from the abstracts of bills passed (CO7) and necessary selections obtained. In auditing such vouchers the instructions contained in paras 269 and 288 of Railway Audit Manual should be borne in mind.

The appropriate number of vouchers should then be traced into the works or Computer Print out (FA 760) duly obtaining the selections to the extent prescribed. As regards payments to Pay & Accounts Officers arranged by the Headquarters Books (Central) Section as well as payments through letters of credit the same will, however, be audited by the Stores Audit Section. With the introduction of the Computerised Accounting system the forms of CO7s and Journal Vouchers have been revised to provide for the name of the spending unit, Accounting Unit and the allocation to be indicated in Code numbers allotted to the various departments.

1108. Budget Registers and Re-appropriation Statements :

- (i) Budget Registers-Please see Chapter VIII. on Appropriation Accounts:
- (ii) Re-appropriation Statements:

The procedure followed on the South Western Railway in the matter of framing the budget, distribution of funds to the various departments and lower authorities have been explained in brief in the chapter on Appropriation Accounts.

The statements showing the re-appropriation of funds, if any, made during the course of the year should be scrutinised with reference to powers of re-appropriation restrictions laid down by the Parliament/Lower authorities etc. The instructions contained in paras 375 to 381 of Financial Code Vol.I and paras **390**,

396,397 & 398 of Railway Audit Manual should be borne in mind during the check of these statements.

1109. Check of Monthly Accounts with schedules and journals Capital and Revenue-Para 372 of RAM & Chapter XI of Accounts Code Vol.I.

(I) Check of journals- Capital and Revenue: The postings in the journal should be test checked by tracing the posting from the journal vouchers to the prescribed extent. The totals in the journals under debits and credits under each detailed head should then be checked and traced in the summary at the end.

(ii) Check of Ledgers- Capital and Revenue: The ledgers should be checked to see that the grand totals in the journals have been correctly posted in them and that the closing entries have been correctly made. The opening balances of the month in the ledgers should be verified with the closing balance of the previous month.

(iii) It should be seen that heads of account shown in the ledgers, journals and Accounts current are correct and up to date. It should also be seen that the Accounts current are supported by the proper schedules which should accompany and that the totals of the entries in the schedule agree with the figures under the respective heads shown in the Accounts Current.

(iv) As regards the consolidated Accounts Current sent to the Railway Board monthly, a register (vide para 339-AI-Revised Edition-1984) is maintained separately for Capital and Revenue Accounts Current by the Headquarters Books Section of the Accounts Office for consolidating the details received from the several units. The postings in the register should be first checked with reference to the Accounts Current received from the various units. The correctness of the totals should then be checked. Thereafter, the consolidated ledgers and Accounts Current should be checked with reference to this register.

The fair copies of the consolidated Accounts current relating to the entire Railway for the month of March are sent to this office by the Financial Adviser and Chief Accounts Officer before despatch to the Railway Board for recording the certificate “compared with the Office copy and found to be a true

copy” prescribed in Para **388** of Railway Audit Manual, along with the Office Copies. After comparison of the Accounts Current, the certificate will be recorded in the body of the Main Accounts Current only **and two copies** returned to the Accounts office, retaining one complete set for our references and record. **The other complete set of the Account Current shall be forwarded to the C & AG’s office (Railway Wing).** The check of the Accounts Current should be taken up separately and completed as expeditiously as possible.

1110. Office Manuals issued by the Administration : The Office Manuals issued by the Financial Adviser and Chief Accounts Officer and other offices of the Administration as also the correction slips thereto will have to be scrutinised and copies forwarded to the Comptroller and Auditor General of India (Railway Wing) in terms of para 120 Railway Audit Manual. In scrutinising the above, it should be seen that the provisions contained therein confirm to the orders of the Government as far as financial principles and procedure of accounting or Audit are concerned.

1111. Procedure Office Orders issued by the Accounts Office : The Procedure Office Orders issued by the Accounts Office should be scrutinised to see that they do not infringe any of the provisions in regard to financial principles and procedure of Accounting or Audit laid down by the Government.

It should be watched that copies of the Procedure Office Orders issued by the Accounts office are received in this office without any omission.

1112. Register of irregularities, register of serious irregularities and losses and register of overpayments foregone: Paras 861 and 847 AI and Paras 475 to 478 and Para 492 of Railway Audit Manual: One register containing the above details in three parts is maintained, by the “Central Books Section”. This register will be reviewed by the Headquarters Books Section to the extent prescribed. The registers maintained by the Books Section of the various branches will be reviewed by the corresponding Books Section of the local audit offices

In the case of important items noted in the register, the relevant papers of the Accounts Office should be scrutinised to see whether any material is fit for

mention in the Railway Audit Report, whether the action taken by the Administration, wherever necessary is adequate and whether necessary safeguards have been taken to avoid recurrence of the irregularities. The results of the review along with the register should be submitted to the Branch Officer.

1113. Settlement of inter departmental and inter Governmental transactions:

From the year 1976, with the departmentalisation of accounts of the Ministries/Departments of the Govt. of India, the following procedure is being adopted for settlement of inter-departmental and inter-Governmental transactions.

- 1) The transactions (including supplies and services) between Railways, Defence and P&T amongst themselves as well as the transactions (like dividend payable in lieu of tax on railway passenger fare, interest on loans and advances to Railway staff, income tax recoveries from Railway servants, interest on SRPF balances etc.) between Central Civil and Railways by sending advice to the Reserve Bank of India, Central Accounts Section, Nagpur and
- 2) The transactions between Railway/Defence/P&T on the one hand and any Central Civil Department/State Govt./Union Territory Govt. through cheques/Demand Drafts.

As regards the audit of item (1), the registers of advices issued and received by the Financial Adviser and Chief Accounts Officer (Form Nos.1432 & 1433/AI) should be reviewed periodically to see that there has been no undue delay in the part of the railway in effecting adjustments, such of the items as cannot be checked in detail by the Principal Director of Audit, Central Civil should be audited in detail.

The settlement transactions mentioned in item (2) is watched through the register of inward claims (for transactions arising in the books of the non-railway Departments/the State Accountants General and adjustable in the books of the Railways) and the register of outward claims (for transactions arising in the books of the railway and adjustable with Central Civil Departments/State Governments etc.).

These registers are to be reviewed periodically to the extent prescribed and while reviewing these registers, it should be seen that supporting vouchers are properly checked before accepting the claims against the Railways and prompt action is taken for realisation of the Railways dues from other Government Department/Stores etc.

1114. Transfers within the Railway and transfers between Railways : See paras 404 to 416 Indian Railway Code for the Accounts Department, Volume I (Revised Edition 1984). This is an Annual item of audit. The statement of transfer transactions accompanying the Accounts Current for March should be checked with the Annual lists of transfers sent by the several Railways so as to see that there are no discrepancies

1115. Audit Notes and Inspection Reports. Part II see Para 461 of Railway Audit Manual : In respect of Audit Notes and Inspection Reports Part II no formal replies will be sent by the Financial Adviser and Chief Accounts Officer/Assistant Financial Analysts. Every half year, the files of the Accounts Office containing the disposal of the Audit Notes/Inspection Reports Part II will be reviewed to see whether adequate action has been taken to set right the defects. The actual verification of the adjustments made by the Assistant Financial Analyst to set right the irregularities pointed out by Audit need be made in respect of really important cases to be decided by the Branch Officer. If as a result of such a review, it is seen that Audit objections included in the said notes/reports had been resolved by the Accounts Department, such items will be removed from the Register of Audit Notes/Inspection Reports.

1116. Irregularity statement issued by Post Audit Section in respect of paid vouchers: These will be reviewed half yearly to see whether any serious irregularities have come out and whether any comment in the Audit Report would be called for.

1117. Miscellaneous advances and Deposits Miscellaneous Registers : The registers maintained by the Book Section will be reviewed half yearly. The outstanding at the end of the month of accounts selected for audit will be traced back

to the month of origin in addition to a General Review. The instructions contained in paras 381 and 382 of Railway Audit Manual should be borne in mind while reviewing these registers.

1118. Demands Payable Register : As per the latest orders of the Financial Adviser and Chief Accounts Officer, the operation of the head “Demands payable” is resorted to only at the fag end of the year viz. March Accounts to bring to books, the outstanding liabilities as pertaining to a particular year. Therefore, “Demands Payable” will be operated during the months of April and May of each year in respect of the transactions as pertaining to the year under closing and discharged during these 2 months. The Register maintained in the Accounts Office should be reviewed to see that the debits against this head are cleared in time.

1119. General Cash Book: See para 367 of Railway Audit Manual : The transactions for the month selected will be completely checked.

Receipt Side: The opening balance should be checked with the previous day’s closing balance.

The total traffic collection tally with the total of the summary of traffic check sheets

The recoveries effected from the pay bills will be posted from the credit allocation shown in the Abstracts of Bills passed (CO7s).

Miscellaneous receipts of cash will be posted from the cashier’s miscellaneous receipt books which include the unpaid amounts returned by the Pay Clerks.

The withdrawals of cash from treasuries by cheques will be verified with the abstracts of Bills passed.

Disbursements : The payments made on account of bills etc. should be checked with the abstracts of bills passed and payments into treasuries with the Treasury remittance receipts while the closing balance should be tallied with the Cashier’s Cash Book.

All cash transactions of the railway are operated in Revenue Books only, receipts and payments on Capital Account being posted under the head 'Transfer's Capital' and subsequently adjusted.

1120. Cashier's Cash Book including the Pay Master's Cash Book of some Pay Clerks *Chapter XIX*. Indian Railway Code for the Accounts Department Para **368** of Railway Audit Manual. These will be reviewed to the extent prescribed.

The Cashier's cash book is maintained in two volume to record the transactions of alternate days. Both the volumes will therefore have to be checked. The Cashier's cash book has to be checked as under:

Receipts: (i) The opening balances should be checked with the previous days closing balance shown in the alternate volume.

(ii) The amount of station collections should be checked with the station cash check sheet totals.

(iii) Miscellaneous receipts with the Miscellaneous Cash Receipt books counterfoils, unpaid wages lists and Deposits Miscellaneous lists.

Payments: Payments into treasuries should be checked with the treasury receipts.

The corrections of the closing balance should then be verified. It should be seen that the same agrees with the closing cash balance shown in the General Cash Book maintained in the Books section. It should also be seen whether the cash book has been subjected to a daily check by the Assistant Financial Analyst and whether the verification of the cash balances with the Chief Cashier and the Pay Master has been carried out by an Assistant Financial Analyst as laid down in para 909-AI.

Pay Master's Cash Book: This will be checked along with the Cashier's Cash Book:

Receipt should be checked from the abstracts of bills passed (CO7s). The arithmetical totals and the balances will have to be checked. The bills and amounts

handed over to the Cashier's will be acknowledged by them in this register itself. It should also be seen that these registers are closed daily by the Pay Master and checked by an Assistant Financial Analyst and that necessary acquaintance certificates have been given by the Accounts Department, on the cash book as laid down in 958 AI.

It should also be seen that no bills are outstanding with the Pay Master beyond the prescribed period.

In addition, the receipt books of any two Cashiers selected for the purpose should also be scrutinised along with the pay master's cash book. In scrutinising cashier's books; it should be seen that

- (i) the amount shown as received by them on each day agree with the amount shown in the pay master's cash book wherein the **acquittance** is given by the Cashier.
- (ii) the accounts are closed periodically as laid down in the code or other procedure prescribed by the Financial Adviser and Chief Accounts Officer.
- (iii) the vouchers are not retained by the Cashiers beyond the prescribed period.
- (iv) the unpaid amounts are credited back promptly.

1121. Surprise Verification of Cash : (Para 369 of the Railway Audit Manual)

The physical verification cash with the Chief Cashier need not be conducted by this office. It should, however, be ensured that the internal check authorities have carried out the periodical checks as prescribed in para 1920 of the Indian Railway Code for the Accounts Department Vol.I and that the results of such checks have been kept on record.

The cash in hand with the Divisional pay masters in the Headquarters cash office and in the Divisional Headquarters should however be verified half-yearly by the Books & Budget Section. At the time of the Inspection of the cash offices the above surprise check should be verified by the inspection section. The verification of cash with the Cashiers headquartered outside the Divisional Headquarters but

present at the time of Inspection of the Divl. Pay Masters Office should also be conducted. The Divisional Audit Offices will conduct a surprise verification of cash with one Cashier in the respective Divisional Headquarters and of one Cashier at an outstation every half year.

In all the cases:

- i) the date and time at which the verification is proposed to be taken up should be kept secret.
- ii) the cash should be counted by the railway official who is in charge of cash and not by Audit staff.
- iii) The result of verification should be recorded in the cash book by the Gazetted Officer supervising the verification.

During the inspection, it should be seen that

- a) the Cashiers etc. do not keep the vouchers beyond the prescribed period.
- b) the unpaid wages are credited back promptly.
- c) the accounts have been closed periodically by the Cashiers and checked by supervising staff.
- d) any shortage of cash noticed is made good immediately by the official.
- e) Any excess cash is credited to Railway Revenues immediately by the official.

A report on the results of the verification conducted should be sent to the Financial Adviser and Chief Accounts Officer/Divisional Financial Manager/Senior Assistant Financial Analyst immediately on completion of the verification.

1122. Recovery of guarantees from Provincial Governments and District Boards (*Para 376 of Railway Audit Manual*) : There are no such cases on the South Western Railway at present.

1123. Debt Head Report (Review of Balances) : This will be compiled in the form prescribed in para 749 Indian Railway code for the Accounts Department Vol.I. The date of submission of advance copy and the finally audited copy of the DHR will be as per the programme received from the C & AG of India (Railway Wing) annually. Each of the Assistant Financial Analysts will furnish the report in respect of the debt heads operated on by their section(s) for which necessary subsidiary records are maintained by them, to the Headquarters Central Books Section of the Accounts office with two copies of the concerned local Audit Officers. The Headquarters Books Section of the Accounts Office will consolidate the details received from the various units, prepare the consolidated report and forward the same to the Railway Board and to this office. The local Audit Officers will on receipt of the reports from their Assistant Financial Analysts, verify the same with reference to the records maintained by the respective internal check section(s) and forward their observations to the Assistant Financial Analyst with a copy each to the Financial Adviser and Chief Accounts Officer (Books) and to the Headquarters Books and Budget Section of this office. A copy of the audited report will also be forwarded by the Audit Officers to this section. The remarks will be finalised shortly afterwards by the Assistant Financial Analyst in consultation with the Audit Officer and corrections slips if any necessary, to the report will be forwarded to the Headquarters Central Books Section of the Accounts Office, with copies to local Audit. The local Audit Officer will forward a copy of the correction slip to the Headquarters Books and Budget Section duly audited.

1124. The advance copy of the consolidated report received from the Financial Adviser and Chief Accounts Officer will be checked by Headquarters Books & Budget Section (presently the checking and the certification of the Debit Head Report is being carried out by the Headquarters Establishment Section) The remarks thereon including the observations of the local audit officers will be pointed out to the FA&CAO. After the finalisation of the reports of the various accounting units, as well as the finalisation of the remarks of the Headquarters office, the final copy of the report will be drawn up by the Accounts Office in consultation with this office. The final copies duly signed by the FA&CAO will be forwarded to this office for

incorporating the Audit Certificate, prescribed in para 8 of the Railway Audit Manual under the signature of the Principal Director of Audit. One copy of the report will be forwarded by the Railway Administration to the Railway Board. This office will retain one office copy and forward another copy to the Comptroller and Auditor General of India (Railway wing).

1125. In checking the report the following should be borne in mind:

- (i) Separate sheets should be used for each section of Account viz. F Loans & Advances, K-Deposit and Advances and M-Remittance etc.
- (ii) The arrangements of the group major heads, major heads sub minor heads, minor heads etc., strictly follow the list of major and minor heads of account as appearing in the Appendix XIV Indian Railway code for the Accounts Department Vol.I as amended from time to time. Haphazard Exhibition of heads and of their nomenclature is avoided.
- (iii) The balances at the end of the previous year should agree with the balances exhibited in the final audited copy of the previous year's report and they should never be changed on account of proforma adjustments (transfers without financial adjustments) which should be given effect to only in the opening balances of the financial year under review.
- (iv) The balances at the end of the year under review should agree with the figures as appearing in the consolidated ledgers and other subsidiary registers. While checking the consolidated report it should be seen that the balances agree with the sum totals of the balances shown by the various units under the respective heads of account.
- (v) The balance should be in exact whole figures.
- (vi) Important variations between current and previous year's balances should be explained in brief in the remarks column of the proforma. Any special features or adjustment involved and the amount of proforma adjustment included in the balance at the end of the year under review should invariably be indicated. Cases of write off, doubtful assets should also be mentioned. The differences if any, between the

subsidiary registers and the general books should also be brought out in the remarks column against the concerned head of account.

(vii) In cases where there is a debit balance under a head where, there should be credit balance or vice versa, reasons for such irregular balance and the steps taken to clear it within a period to be specified should particularly be indicated.

(viii) The certificates prescribed in para 751 AI should invariably be furnished under the respective heads of accounts. Where it is found necessary to provide for certain exceptions in the certificate it should be modified in such a way that its sense remains intact.

(ix) Information regarding progress made towards clearance of the outstanding or discrepancies relating to previous years should be furnished under the years concerned.

(x) Balances in the Capital & Revenue books should be indicated separately in respect of each head.

(xi) It should be ensured that the following particulars are also furnished:

I) F. Loans and Advances:

(a) Balances under each minor head should be exhibited separately.

(b) Position of reconciliation of broad sheets with ledger should be distinctly mentioned. Any difference between the two books and the action taken to eliminate the same should be clearly indicated mentioning the amount of such difference as more or less in the ledger.

(c) Number of cases in which recoveries were not made regularly and the reasons there for should invariably be indicated.

(d) Where the acceptance of employees for the balances outstanding against them have been obtained in part only, the number of total acceptances required to be obtained and of those outstanding should be indicated.

(e) The amount and number of cases in which recoveries due up to the end of the last financial year have not been made during the year under review and a year wise break-up of these outstanding should be furnished.

II) Un-funded debt:

(a) The position of annual reconciliation of Provident Fund ledgers with the General books should be indicated in respect of each fund mentioning the difference between them if any. Arrears of posting and reconciliation if any, should also be clearly mentioned.

(b) The position regarding the issue of advice slips showing the balances at the credit of the members should be distinctly indicated. Where the advice slips have been issued only in part, the number of slips due to be issued and of those outstanding should be furnished.

(c) Whether adjustment of bonus in respect of contributory Provident Fund has been made on actual basis or on approximate basis should be stated under the heads. In case of adjustment having been made on approximate basis a reference to year's account in which the difference between actual and approximate figures has been or will be adjusted should be quoted.

(d) Similar information relating to adjustment of interest as in (c) above should be furnished in respect of each fund.

III) K. Deposits and Advances:

(a) The balances under this head should be classified over its various sub-heads and should be given separately for capital and Revenue with brief reasons for variations.

(b) In the case of balances under "Deposits private companies" a certificate to the effect that acceptance of the balance at the end of the year has been obtained from the parties concerned should be furnished.

(c) The balance in respect of "Deposits or branch line companies" should be shown separately for each line and a certificate should be furnished that the balances agree with those shown in the companies' books-

IV) *Year wise distribution of the balances:*

(a) A statement showing year wise distribution of balances under the following heads must accompany the report:-

- (i) Indian Railway Deposits (Year wise distribution of balances under each sub-head as also total of such distribution for each year must be given)
 - (ii) Account with Government of Pakistan/Bangladesh Railways.
 - (iii) Account with Reserve Bank.
 - (iv) Departmental Advances - Railway Advances.
 - (v) Reserve Bank Suspense.
 - (vi) Remittance into Banks.
 - (vii) Cheques and Bills.
 - (viii) Other transactions.
 - (ix) PAO Suspense.
 - (x) Advances for the purchase of Motor Conveyances.
 - (xi) Advances for other conveyances.
 - (xii) House Building Advances.
 - (xiii) Other advances including rehabilitation flood cyclone advances etc. (the details relating to each of the advances to be furnished separately).
 - (xiv) Trust interest account.
 - (xv) Account with states.
 - (xvi) Adjusting Account with Posts & Telegraphs.
 - (xvii) Adjusting Account with Defence.
- (b) The amount of break-up shown under each year should be the amount actually pertaining to that particular year outstanding at the end of the year under review and should not be the net result of debits and credits for that year.

(c) Comments regarding the efficiency or otherwise of the balances outstanding for long should invariably be furnished. Besides action taken to secure clearances of the outstanding should also be advised in brief.

(d) In those cases, wherein the year wise break-up could not be furnished due to some reasons or other viz. arrears in postings of subsidiary registers arrears in reconciliation of subsidiary registers with the general books etc., the total amount pertaining to each head of account for which such break up is not available should be shown separately under the heading “amount for which year wise break-up” is not available.

(xii) The arrears in regard to certain phases of work required to be shown in the above report as described earlier should be compared with those shown in the periodical arrear reports by the Assistant Financial Analyst(s) to the Financial Adviser and Chief Accounts Officer to ensure that there are no omissions etc.

(xiii) The following additional information and the certificate should be appended to the report.

(a) Opening balances on 1st April, receipt and disbursement during the year and the closing balances at the end of 31st March under each classified heads of Indian Railway deposits. The amount of transfers without financial adjustments included in the opening balances should invariably be indicated.

(b) Receipts and disbursements during the year under cash

(c) Certificate to the following effect subject to the remarks below the balances whether in cash or investments under each head have been duly verified and found to agree with those shown in the separate registers or other record and maintained for the purpose in accordance with the prescribed rules. They have been accepted as correct by the responsible officers concerned where necessary. The debits and credits during the year to the various Reserve Funds were for the amounts authorised by the relevant rules of the funds and there were no diversions for purposes other than those for which the funds were constituted.

(a) Reconciliation of subsidiary registers with general books has not been finalised or is in arrears in respect of the following;

(b) There are un-reconciled differences in the closing balances in respect of the following and steps are being taken to settle the discrepancies as soon as possible.

(c) In the following cases, acceptance of the balances required to be communicated to the officers concerned every year has not been received.

(Authority: Railway Board's letter No.61-ACI-8/1/60-61 dt: 14th/17th August 1961 and No.62/ACI/8/1/61-62 dt: 17.5.62 received under C&AG of India, Railway wing endt.No.3549-RAII/(I)/3-2/61 Dt: 14.9.61 and 1839-RAII(i)3-2-62 dt: 4.6.62 respectively).

1126. After finalisation of the consolidated Debt Head Report a statement showing details of misclassification noticed should be drawn up in the following form with reference to the cases pointed out by the local Audit Offices and accepted by the concerned Assistant Financial Analysts and those noticed during the check in Headquarters and forwarded to the Financial Adviser and Chief Accounts Officer for his acceptance and remarks:

Sl. No	Brief Particulars of Misclassifications	Head of Account credited/ Debited	Correct head of account to which it should have been credited/debited	Amount (in Rs.)	Remarks
1	2	3	4	5	6

1127. When there are misclassifications the Audit Certificate on the report should be duly qualified. It should be noted that unlike the Annexure J. Statement of misclassifications and other mistakes appended to the Appropriation Accounts, the statement of misclassification affecting the Debt Heads has to be prepared by this office and the remarks/acceptance of the FA&CAO, thereon obtained as it is part of Audit observations on the Debt Head Report.

(Reference correspondence ending with Comptroller and Auditor General of India, Railway Wing UOI No.720-RAII/6/56 dt: 25.5.60).

1128. While forwarding the audited copy of the Debt Head Report to the C&AG of India (Railway Wing) a copy of the statement showing the misclassifications drawn up by this office and forwarded to the FA&CAO for acceptance, should also be sent. A further advice should also be sent as soon as the acceptance of the FA&CAO is received.

1129. Important Orders:

(a) It will not be appropriate to issue the Audit Certificate on the Debt Head Report as the report proper alone is verified and finalised even though the annexure to the report containing the year wise break-up of the balances under the various Accounting heads still remain to be finalised, as the year wise break-up of the balance also form an integral part of the report. In other words, the audit certificate should be issued only after the report complete in all respects is finalised.

(b) In view of the considerable difficulties involved in obtaining the acceptance of the staff to the balances outstanding against them at the end of the year under ‘F-Loans & Advances’ for purposes of recording the necessary certificate in the Debt Head Report and with a view to having uniformity, it has been decided by the Railway Board in consultation with the Comptroller and Auditor General of India that the following procedure should be adopted.

(i) Advice slips showing the balance of the various advances under section ‘F-Loans’ outstanding against each employee should be prepared separately in respect of each employee and sent to the controlling officer for delivery to the employees concerned. This slip should contain an acknowledgement portion at the bottom on which the signature of the staff concerned should be obtained at the time of delivery of the advice slips and returned to the Assistant Financial Analyst by the Controlling Officer.

(ii) The advice slips should also contain a note to the effect that acceptance to the balances shown as outstanding therein should be furnished by the employee within

three months of the date, the balance is intimated to him/her, failing which the balances as advised will be taken as correct and accepted by the employee concerned.

(iii) The stipulation referred to in item (ii) above should also be got noted by the employee at the time the loan is granted to him/her.

(Authority: Railway Board's letter No.59/ACI/8/2/57-58/NE dt: 14.2.61 received under C&AG of India Railways endt.No.391-RAII/3-2/58 Part .II dt: 1.3.61).

Capital & Revenue Accounts:

1130: The Advance Copy of the Capital and Revenue Accounts will be compiled by the Financial Adviser and Chief Accounts Officer in accordance with the instructions contained in paras 702 of Indian Railway Code for the Accounts Department Vol.I and forwarded to the Railway Board. Simultaneously, two copies thereof will be forwarded by him to this office for check and certification. The accounts will be checked in detail as described below and the remarks on the check of the same sent to the FA&CAO for necessary action. After finalisation of the points raised by Audit, the FA&CAO will forward one copy of the accounts duly incorporating the amendments suggested by this office for the concurrence of this office before sending it to the press for printing. Five proof copies of the finalised accounts will be obtained by the Accounts office from the press compared with the agreed final copy and sent to this office for comparison before sending them to General Manager for signature. On receipt of these proofs, they will have to be compared carefully with the accepted copy of the Accounts referred to earlier. At times, it might happen that too many corrections might be required to be made either due to printing errors or otherwise. In such cases, the Financial Adviser and Chief will obtain revised proofs from the press and the process of comparison will have to be gone through over again. After comparison of the proof copies/revised proof copies by this office, four copies thereof will be sent up for the signature of FA&CAO and General Manager in the appropriate places. The copies of the accounts duly signed by the FA&CAO and OM will be given to this office by the Accounts Department for the

signature of the Principal Director of Audit on the Audit Certificate. After obtaining the Principal Director of Audit's signature, two copies of the accounts will be retained by this office and the remaining two copies handed over to the Accounts Office, who will forward one copy thereof to the Railway Board. The Fifth proof copy (unsigned) will be sent to the press duly recording the names of the FA&CAO, General Manager and the Principal Director of Audit in Block letters and the dates of their signature in the appropriate place, along with the strike order. After receipt of the printed copies of the Accounts, one copy thereof will be forwarded to the Comptroller and Auditor General of India (Railway Wing) and the Divisional/Branch Offices will be supplied with one copy each for their record.

1131. Statement I. Statement of Capital Outlay authorised : This will be checked, with the final copy of the previous years account, the ledger and the audited copies of the statement of transfers without financial adjustment forwarded to the Comptroller and Auditor General of India separately.

Statement II. Stock and share capital created showing proportion received.

Statement III. Capital raised by Loans, Debentures and Debenture stock.

Statement IV: Receipts and Expenditure on Capital Account.

Statement VII. Capital, Power and other Assets available to meet further expenditure.

These statements relate to worked lines.

1132. Statement V Details of Capital Expenditure for the year: In this statement, the expenditure during the year will be shown by main heads of account (final head of account) under major head 546 Capital outlay on Indian Railways (Commercial) in respect of open line and in respect of each of the New constructions separately under the New Classification. For this purpose, the statement showing the actual expenditure for the year by detailed heads of account under the said major head relating to the various accounting units will be forwarded by the local audit officers duly verified. These will be consolidated independently by this office for the check of Schedule 'C' to the Finance Accounts as well as this statement. While checking,

this statement, it should be ensured, that the totals under each of the minor heads of account under the said major head in respect of open line and each of the new construction agree with the figures shown in the ledger or the relevant schedules accompanying the Capital Account Current for March.

1133. Statement VI. Statement showing Estimates of further Expenditure on Capital Account: In this statement also, the details in respect of open line and each of the new constructions will be shown separately. The figures to be shown under the column “Total expenditure from commencement of operation to end of the year” will be arrived at by adding the outlay to end of the year” appearing in the previous years final copy of accounts, the expenditure during the year shown in Statement No. V of the current year and the amounts of transfers effected without financial adjustment affecting the heads of account as shown in the audited copies of the statements forwarded to the Comptroller and Auditor General of India (Railway Wing) separately. Here again, it should be ensured that the figures shown against each minor Head of Account in respect of open line and each of the new construction agree with those shown in the ledgers/relevant schedules accompanying the capital account current for March. This expenditure will tally with that shown in Schedule ‘C’ of Finance Account.

1134. Statement No. VIII Capital Account Open Line and Construction: The details shown in the Statement will be checked with those shown in the final copy of the previous year’s accounts and the statement No. VI of the current year verified as described in the previous paragraphs. In the revised accounting procedure, no change except the credit side will be shown expenditure under the same heads as given in the proforma laid down for Statement No. V.

1135. Statement No. IX. Revenue Account: The details of earnings under new abstracts shown in the statement will be verified with details shown in the schedule of earnings accompanying the revenue account current for March.

As regards the details of working expenses, the statement showing the gauge wise particulars, of expenditure of sub-detailed heads of account under each of the

revenue abstracts, as well as the statement showing the gauge wise actual expenditure under each of the revenue abstracts distributed by several grants will be forwarded by the various Assistant Financial Analysts to the FA&CAO, and the local Audit Officers. These statements will be scrutinised by the Audit Officers concerned with the revenue allocation sheets of their units and audited copies thereof furnished by them, to the Books and Budget Section in Headquarters. The abstract wise and demand wise details will be consolidated independently by the Headquarters Books and Budget Section and the details of the working expenses shown in the statement verified. The details of expenditure towards payments to worked lines will be verified with reference to the ledger as well as the schedule accompanying the revenue Account Current. The accuracy of the percentage of each item of the working expenses to the Gross Earnings shown in the statement will be verified.

1136. Statement No. X Distribution of the actual earnings and proportionate share of working expenses of the various lines comprising the Railway system:

The particulars of total earnings and working expenses of the system shown in the statement will be verified with the details shown in Statement No. IX. The details in respect of each of the worked lines will be checked with reference to the details available in the register maintained by the Books (Central) Section of the Headquarters Accounts Office, which are verified every month by the Headquarters Books and Budget Section as described elsewhere in this Chapter. The arithmetical accuracy of the several percentages shown in the statement as well as the details of amounts relating to Southern Railway excluding worked lines will then be verified.

1137. Statement No. XI Summary of Working Expenses : This statement in the existing form is discontinued and it is replaced by statement showing expenditure under each demand by primary unit wise as per the proforma showing summary of working expenses by primary unit wise and grant wise. This will be checked with reference to the audited details received from the various units and consolidated by the Headquarters Books and Budget Section as described under Statement No. IX above.

1138. Statement No. XII Detailed Accounts of Working Expenses: This statement should show expenditure by detailed heads as per the revised classification. The audited details received from the various units as described under Statement No. IX above will be traced into consolidated allocation sheets in respect of each of the revenue abstracts prepared by the Headquarters Books (Central) Section of the Accounts Office and the correctness of the totals shown in the consolidated sheets will be checked. The details shown in the above statement will be verified with the checked details in the consolidated allocation sheets. It should be ensured that the details shown in these statements agree with the corresponding figures shown in these statements agree with the corresponding figures shown in the Statement No. XI.

In the case of all abstracts, it should be ensured that the various sub-detailed heads of account are current and all the heads of account are exhibited irrespective of whether expenditure is booked against any head or not. For this purpose, the final copy of the statement showing the changed in Form and classification of accounts introduced during the year forwarded to the C&AG of India in connection with the Appropriation Accounts should be consulted to see that the obsolete heads of accounts are deleted and the new heads of accounts introduced are reflected. As regards Abstract Misappropriation to Depreciation Reserve Fund, the abstract wise and gauge wise details are worked out by the Headquarters Books (Central) Section of the Accounts Office as detailed below:-

The total amount of 'Appropriation of Depreciation Reserve Fund' will be distributed among the departments in the same proportion, which the actual expenditure on replacements and renewals for that department bears to the total expenditure on replacements and renewals of the entire Southern Railway system. The amounts thus apportioned to each of the departments will then be distributed gauge wise in the same proportion which the expenditure on replacement and renewals for each gauge bears to the total expenditure on the same account for the department.

1139. Statement No. XIII Detailed accounts of Revenue Earnings : The material for these statements will be compiled by the Miscellaneous Section of the Accounts Office (Traffic Accounts Branch), Bangalore and sent to the Books (Central) Section of the FA & CAO's office, simultaneously endorsing copies of the statements to this office. These statements will be verified by the Traffic Audit Section, Bangalore with Traffic receipts. Books maintained in the prescribed form by the "B" Section of the Accounts Office and an audited copy thereof will be sent to the Headquarters Books & Budget Section. The statements in the capital and Revenue Account will be verified with reference to the audited statements received from the Traffic Audit Section.

It should be ensured that the heads of account shown in these statements are current and all the heads of account are shown irrespective of whether any earnings are booked against them or not. The final copy of the statement showing the changes in form and classification of Accounts sent to the Comptroller and Auditor General of India in connection with the Appropriation Accounts should be consulted for the purpose.

1140. Statement No. XIV Statement of outstanding Earnings for the year: The details for this statement furnished by the 'M' Section of the Traffic Accounts Branch will be verified by the Traffic Audit Section, Bangalore with reference to the Accounts Office Balance sheet and the register of Accounts Office Traffic Account current maintained in the prescribed form by the 'M' Section and an audited copy thereof will be furnished to the Headquarters Books and Budget Section,. The statement in the Capital and Revenue Accounts will be verified with reference to these audited details.

1141. Statement No. XV Net Revenue account for the year : This statement should be compiled in the revised proforma. The figure of Dividend to General Revenues for the year shown in the statement should be verified with reference to the audited copy of the statement showing the detailed calculations of Dividend Payable to General Revenues forwarded to the Comptroller and Auditor General of India (Rly. Wing). As regards the figures of payment to General Revenue in lieu of tax on

Railway passenger fares” the same has to be verified with the audited copy of the Railway Board’s circular letter to the various Railways., advising the figures of “share of cash of Railway Board etc.” and “payments to General Revenues in lieu of tax on passenger fares” for purposes of proforma exhibition in the profit and loss account of individual Railways received from the Comptroller and Auditor General of India.

1142. Statement No. XVI Account of Total Net Receipts: This will be checked with the final copy of the previous year’s account of the revenue ledger and the Statement No. IX of the current year.

1143. Statement No. XVII. A-Dividend Account : This will be checked with previous year’s final copy of the accounts and statement No. XVI of the current year.

Statement No. XVII: A Statement showing Capital-at-charge and calculation of dividend payable to General Revenues for the year should be compiled in the Revised Proforma.

1144. Statement No. XVII-B: Statement showing details of subsidy received from General Revenues should be compiled in the Revised Proforma and it should be checked whether this has been so compiled.

1145. Statement No. XVIII: Depreciation Reserve Fund Account: This statement should be compiled in the revised proforma. The Opening Balance in the Fund shown in the statement should be checked with the closing balance shown in the final copy of the last year’s accounts and the statement showing the transfers effected without financial adjustment during the year which is checked separately. The amounts of replacements and renewals, expenditure and credits for released materials will be checked with schedule of working expenses accompanying the Account Current for March of the year. The amount of Appropriation to Depreciation Reserve Fund’ will be verified with the consolidated revenue ledgers. The figure of interest charges should be the same amount as shown in the Transfer Certificate sent to the Railway Board. The closing balances should be the same as shown in the consolidated revenue ledger. The correctness of the amount of interest

would have been checked during the audit of the Account Current for March. The same is, however, arrived at as per illustration, shown below, which relates to the year 2006-07

	Rs.
1, Opening Balance as on 1.4.82.	29, 25, 57,079.58
2. Transfers without Financial Adjustment	69, 40,645.00
3, Total (1 + 2)	29, 94, 97,724.58
4, Appropriations during 2006-07	1,84,73,00,000.00
5, Amount met from the fund	1,55,51,41,048.00
6. Net (4 minus 5)	29, 21, 58,952.00
7. Half the net outlay during 2006-07	14, 60, 79,476.00
8. Interest on fund balance	2, 89, 62, 518.04
9. Total Fund balance (3+6+7)	62, 06, 19,194.62

1146. Statement No. XVIII-A: Railway Pension Fund : It should be seen whether this account has been compiled in the revised proforma. The process of check of this statement is similar to the one adopted for statement No. XVIII explained above, while checking the correctness of the amount of Appropriation to Pension Fund' the appropriation to the fund in respect of Railway Audit Staff should be checked with reference to the amount shown in the schedule of expenditure under the Major head 345-Indian Rlys.(Policy Formulation, Direction, Research, Miscellaneous Organisation Expenditure) accompanying the Account Current for March. The method of calculation of interest on the balances in the fund is also the same as for Depreciation Fund.

1147. Special Railway Safety Fund : This account will be compiled in the form prescribed in the by the Railway Board from time to time. As this account came into existence from October 2001, Special Railway Safety Fund Account should be prepared from the year 2001-02 onwards.

1. Opening Balance.
2. Transfers without financial Adjustment
3. Appropriation to the fund during the year.
4. Interest on the Fund balance.
5. Total
6. Withdrawals from the fund during the year.
7. Closing balance.

This will be compiled by the Books Section of the office of the Financial Adviser and Chief Accounts Officer and checked by the Headquarters Books & Budget Section of this office. A separate account in respect of each of the independent accounting units need not be compiled. The statement will be checked as follows:-

The opening balance will be checked with reference to the closing balance at the end of the previous year as shown in the audited copy of the Account relating to the previous year. The amount of transfer without financial adjustments, if any, effected during the year affecting this Fund will be verified with the audited copies of the statement showing the transfers effected without financial adjustments during the year sent to the Comptroller & Auditor General of India (Railway Wing) separately as already described in Chapter XI. The appropriation to the fund as well as withdrawals from the fund during the year should be checked with reference to the ledger/schedule to the Account current for March. The interest is calculated at the percentage intimated by the Railway Board from year to year on the total of opening balance and transfers without financial adjustment and half of the net outlay during the year. The details of calculations are available in the Account of the Fund appended to the Account Current for March. The correctness of the interest and closing balance should then be checked.

1148. Statement No. XIX.: Statement of Expenditure under Major Head 345- Policy formulation, Direction, Research and other Miscellaneous Organisation : The above statement should be prepared in the Revised Proforma:

The details of outlay shown against the various minor heads should be verified with the schedule register maintained by the Accounts Office or the schedule accompanying the account current for March. In respect of the minor head 'Audit', the details by Main Heads under the sub minor Head 'Cost of Rly. Audit Offices transferred from Audit 216 will be checked with a separate statement accompanying the Accounts Current for March.

As regards the minor head 'Surveys' the details of outlay in respect of each of the surveys furnished by the FA&CAO/CN/BNC to the FA&CAO/SWR/UBL for incorporation in this statement will be verified by the Audit Officer/CN/BNC with the Works Register maintained by the Accounts Office and the Audited details thereof furnished by the Audit Officer to the Headquarters Books & Budget Section for check of this statement.

The figures of the outlay to the end of the previous years should be the same as outlay to end of the year shown in the final copy of the previous year's accounts.

The correctness of the figures of outlay to the end of the year's should then be checked. In checking this, it should be ensured that the amounts transferred without financial adjustment during the year if any, affecting any of the heads as reflected in the audited copy of the statement showing the transfers without financial adjustment forwarded to the Comptroller and Auditor General of India (Rly. Wing) separately are also taken into account duly bringing out the fact in a suitable footnote.

The details furnished in the statement showing the detailed account of expenditure on closed surveys should then be verified with the final copy of the previous year's accounts as well as additions/deletions, if any, during the year furnished by the Construction Audit Branch at Bangalore Cantonment.

1149 Statement XX. Statements of Expenditure charged to Development Fund and Statement XXI : Statement of Expenditure charged to Open Line Works Revenue: The details of expenditure during the year charged to Development Fund

and Open line works. Revenue by Main and/or subheads of expenditure in respect of each of the accounting units will be forwarded to the FA&CAO by the unit Accounts Officers duly endorsing copies thereof to the local Audit Officers. These statements will be audited by the respective Audit Officers and audited copies thereof forwarded to the Headquarters Books & Budget Section who will consolidate them independently for purposes of checking the outlay during the year shown in these statements.

The details of outlay to the end of the year should then be checked. This will be arrived at by adding the 'outlay during the year' the 'outlay to end of the previous year' as shown in the final copy of the accounts of the previous year and the amounts of transfers without financial adjustments, if any, during the year as shown in the audited copy of the statement showing the transfers without financial adjustments forwarded to the C&AG of India (Rly. Wing) separately.

The following points should be borne in mind in checking these statements:-

- i) The nomenclature of the main and subheads shown in these statements are those prescribed in the Appendix IV to the Indian Rly. Code for the Accounts Dept. Vol.I.
- (ii) The figures of outlay for the year under each of the minor Heads under Development fund and Open Line Works Revenue agree with the net figures appearing against the concerned items in the relevant schedules appended to the Revenue Account current for March of the year. If, however, there are any differences due to the rectification of mistakes through the Capital & Revenue Accounts, suitable foot-notes should be brought out in the statements bringing out this fact.
- (iii) Even though the figures of 'credits' in respect of Development fund I and Development Fund II are shown separately in the schedule to the Accounts Current, they should not be shown as a separate item in the statement No.XX. Such credits

should be merged with the expenditure relating to the main and sub-heads under the said minor heads.

(iv) At time, it might happen that certain items of expenditure booked under Development fund or Open Line Works Revenue do not fall under any of the main or subheads under the various minor heads of accounts. In such cases, the amounts should be included under such sub-heads in which they could be merged based on the description of the items given by the units and a suitable foot-note incorporated in the Schedule concerned.

1150. Finance Accounts: The Finance Accounts will be compiled in the form prescribed in para 728 AI as amended from time to time. The procedure in regard to the compilation of the advance copy, its scrutiny, preparation of the final copy and its certification will be the same as that for the Capital and Revenue Accounts explained earlier with the exception that as soon as the proof copies of the Accounts are signed by the FA&CAO and Principal Director of Audit, One copy thereof will be forwarded to the C&AG (Rly. Wing). The checks to be exercised and the various documents with which the figures shown therein are to be checked are detailed below:

1151. Schedule A - Abstract Accounts: The form for this account has been revised to accord with the revised classification. The figures of actual expenditure for the previous year should be verified with the figures of actuals of the year shown in the checked final copy of the Finance Accounts for the previous year. The figures of actual expenditure for the year should be verified with the ledgers or the schedules to the Account Current for March of the year.

As regards the figures of actual expenditure in respect of the several revenue abstracts, the same has to be verified with those shown in the Statement No. XI. Summary of Revenue Working Expenses in the audited Capital and Revenue Accounts of that year. Often, it happens the compilation of the Finance Accounts is taken up first by the Accounts Office. In such cases, from the audited copies of the statements showing the details of the gauge wise expenditure by sub-detailed heads

of account under the various Revenue Abstracts, the total expenditure under each of the Revenue Abstracts, will be consolidated for purposes of checking the details shown in the Finance Accounts. Such a course would be necessary as otherwise the audited details received from the divisions will have to be traced into the consolidated Revenue Abstracts and their totals checked up, which will delay the scrutiny of the Finance Accounts.

1152. Schedule ‘B’ Detailed Account of Expenditure under Major Head 345-Policy formulation direction - Research and Other Miscellaneous Organisation, Commercial/ Strategic”

This schedule is a mere reproduction of statement No. XIX in the Capital and Revenue Account with slight modification in the headings. It should be ensured that the details shown in the Finance Accounts are the same as those furnished in the Capital and Revenue Accounts of the year.

1153. Schedule ‘C’ Detailed Account of Expenditure under – Capital, Depreciation Reserve Fund, Development Fund, Special Railway Safety fund, Railway Safety fund & Open Line Works Revenue (Outside the Rev. Accounts):

The details in respect of Open Line and each of the ‘New’ Constructions should be exhibited separately in this statement. The statements showing details of outlay during the year by the various detailed heads of account furnished by the Assistant Financial Analysts of the various units for the preparation of statement No. V of the Capital and Revenue Accounts will be audited by the respective Audit Officers and an audited copy furnished to this office. These will be consolidated and the figures of outlay during the year shown in the statement verified.

The figures of outlay to end of previous year will be verified with reference to the figures of outlay to end of the year shown in the audited final copy of the Accounts for the previous year.

The correctness of the figures of outlay to end of the year should then be checked. In checking the same, the amounts of transfers effected without financial adjustments during the year as shown in the audited statement of transfers without financial adjustments forwarded to the C&AG after the close of the accounts for the year should also be taken into account. In such cases, a suitable foot-note should be appended to the schedule. It should also be ensured that the figures of “outlay during the year” and “outlay to the end of year” in respect of each of the minor Heads of account agree with those shown in the ledgers/schedule accompanying the Account Current for March of the year concerned.

Schedule D – Detailed Account of Expenditure in Construction of Railways charged against companies and Durbars Capital – NIL for South Western Railway.

Schedule E – Statement showing balance in the books of South Western Railway at the end of 31st March _____.

Schedule F – Expenditure charged to 546 – B Development fund for the year ending 31st March _____

Schedule FI: For expenditure under Development fund by minor Heads of Classification (Plan Heads) under Major Head 546

Schedule G: Expenditure under OLWR by minor heads of classification (Plan Heads) under Major Head-546.

Schedule G1 – Expenditure charged to 5002 – OLWR by minor heads of classification (Plan Head) for the year ending 31st March _____

Schedule H – Schedule of Expenditure from the Contingency Fund

Schedule J: Detailed account of expenditure under Depreciation Reserve Fund

Schedule K - Expenditure charged to 5002 –RSF by minor heads of classification (Plan Head) for the year ending 31st March _____

Schedule L - Expenditure charged to 5002 – SRSF by minor heads of classification (Plan Head) for the year ending 31st March _____

1154. Schedule F&G : These are mere reproduction of statements XX and XXI of the Capital and Revenue Accounts. With slight modification in the headings, it shall be ensured that the details shown in the Finance Accounts are the same as those furnished in the Capital & Revenue Accounts of the year.

There are no changes in the format of other Schedules and Appendices to Finance Accounts viz. Schedule F, G and H and Appendix ‘A’ except that detailed minor heads and sub-heads as required should be given under revised classification.

1155. Schedule ‘H’: This statement should be checked with reference to the corresponding schedule in the previous year’s Finance Accounts and the Account Current for the year. The statement should also be checked with the audited copy of the Account of Contingency fund forwarded to the C&AG (Rly. Wing).

1156. Appendix ‘A’ to the Finance Accounts: This statement should be checked with the final copy of the previous years Finance Accounts and the Abstract Accounts in the Finance Accounts of the Current year.

1157. Audit Certificates: (Para 8 of Railway Audit Manual): The Books and Budget section in Headquarters is responsible for issuing the several Audit Certificates described below:-

1158. Audit Certificate on the balance sheet: After the final copy of the Balance sheet for the Railway to the Appropriation Accounts is signed by the General Manager, the same will be made over to this office for recording the Audit Certificate in the following form under the signature of the D.A.

“I have examined the foregoing Accounts and the Balance sheet of the Southern Railway. I have obtained all the information and explanations that I have required, and subject to the observations in the separate Report of the C&AG of India, I certify as a result of my audit, that in my opinion, these Accounts and

Balance sheet are properly drawn up so as to exhibit a true and fair view of the state of affairs of the Railway according to the best of my information and explanations given to me and as shown by the Books of the Railway”.

1159. Audit Certificate on Appropriation Accounts: “The accounts forwarded herewith have been examined by me in accordance with the requirements of Article 149 of the Constitution of India read with provisions of the C & AG’s (Duties, Powers and Conditions of Service) Act 1971. I have obtained all the information and explanations necessary and according to the best of my information and on the basis of certificates I have obtained from other Audit offices to the extent they are responsible for the audit of these accounts, I certify that the accounts are correct, subject to the observation made in the report” .

1160. In the case of Civil grant, F-Loans and Advances by the Central Govt. Loans to Govt. servants, the Audit Certificate in the following form should be sent along with the final copies of each of Appropriation Accounts relating to South Western Railway and Railway Recruitment Board to the C & AG.

“I have examined the above account and according to the best of my information and as a result of the test Audit of the books and a consideration of explanations given to me, I certify that the account is correct”.

1161. Audit Certificate on March Accounts : The Annual items of audit relating to a financial year as well as the Half/yearly and quarterly items of audit relating to the Half year/Quarter ending 31st March of the year should be completed within two months of the final closing of the accounts for the year. Each of the auditing sections in Headquarters as well as each Branch/Divisional Audit Office should furnish a certificate in the following form so as to reach the Headquarters Books & Budget Section by 20th September along with the statements showing the particulars of arrears under the three categories”. Arrears due to arrears in Accounts Office”, Arrears due to non-availability of vouchers”, and “Arrears in Audit Office” in the following form:-

Sl. No	Particulars of item	Month of Accounts QE.....A/cs. Half year endingA/cs. Year ofA/cs.	Month of Audit	Number of vouchers	Remarks
(1)	(2)	(3)	(4)	(5)	(6)

The audit certificate should be furnished in the following form:

“Certified as a result of the test Audit of the Accounts compiled under the direction of the General Manager/Divisional Rly. Managers that, subject to the observations below, the accounts of theUnit/Division for.....have to the best of my knowledge and belief, been correctly prepared”.

As regards the qualification of the Audit Certificate, the instructions contained in para 8 of Railway Audit Manual may please be referred. If a qualified certificate is given by any of the units, full reasons therefore should be furnished in the form of a self-contained note to the Headquarters Books and Budget Section.

The Headquarters Books and Budget section will consolidate the material received from the various units and submit the same along with a certificate in the form below:-

“Certified, as a result of the test audit of the accounts compiled under the direction of the General Manager that, subject to the observations below, the accounts of the Southern Railway for.....to the best of my knowledge and belief, been correctly prepared”.

If, however, it is felt that the Audit Certificate has to be qualified, a self-contained note should be put up to the PDA bringing out the full facts of the case and the justification for qualifying the Audit Certificate for his orders. The audit certificate along with the particulars of arrears should be forwarded to the C&AG of India so as to reach him by the 1st October.

1162. Certificate of comparison to be recorded on the March Accounts before their submission to the Railway Board:

The FA&CAO will forward the fair copies of the Accounts Current for March (Capital & Revenue) duly signed along with the schedules and the relevant office copies for recording the certificate “compared with the office copy and found to be true copy”. The fair copies will be compared with the relevant office copies and the prescribed certificate will be recorded in the body of the main accounts current only under the signature of the Branch Officer “for Principal Director of Audit”. Two sets will be given to this Office and out of these one set will be retained by this Office and another set will be forwarded to the C & AG of India (Railway Wing). In the supplementary Accounts current also as well as any subsequent modification to the accounts, a similar procedure will be followed.

1163. Important Orders:

(i) The accounts for March should be finally closed on the 30th June of each year and the accounts current sent to the Railway Board so as to reach them as per the date prescribed by the Railway Board from time to time. Consequently, the submission of preliminary accounts for March due in the Railway Board’s office in the first week of July has been discontinued.

The review of Accounts and reconciliation of subsidiary books with General books should be carried out during the month of July and necessary corrections to the accounts current in the form of supplementary accounts (and not a revised Account) incorporating inter-alia the rectification of mistakes and misclassifications noticed during the course of the review and reconciliation should be sent to the Railway Board by the 31st July certain. (Ref: Rly. Board’s letter No.65/ACI/II/II dt: 20.4.65)

(ii) In the supplementary Account Current in the column “Amount to date” should be shown, the figures for the year as a whole (i.e.) the total of the figures shown in the ‘Amount to date’ column in the main Account Current already sent and the figures shown under the column ‘Current Month’ in the supplementary Account

Current. In other words, the figures for the month shown in the Supplementary Accounts Current should not be merely repeated in the 'Amount to Date' column. (Rly. Board's letter No.64-ACI/II/II dt: 30-9-64 addressed to GM/S. Rly/MAS)

1164. Certificate on Capital and Revenue Accounts, Finance Accounts and Debt Head Reports (Para 8 of Railway Audit Manual): After the finalisation of the Accounts referred to above completely and the final copies have been signed by the General Manager or the FA&CAO, a certificate in the following form should be recorded on the respective Accounts under the signature of the Principal Director of Audit.

“Certified, a result of the Test Audit of the accounts compiled under the direction of the General Manager that, subject to the observations below, the Capital and Revenue Accounts/the Finance Accounts/Review Balances of the South Western Railway for.... have/has to the best of my knowledge and belief, been correctly prepared”.

1165. Certificate on expenditure incurred by the Railways on Family Planning: In terms of instructions contained in Railway Board's letter No.94/H (FW)/1/1 dated 25/11/94 and clarification letter No.92/AC/II/2/2Pt dated 27/03/95, the expenditure on family welfare cell of Railways, is to be borne by the Railways themselves and expenditure on compensation alone is to be debited to Ministry of Health and Family Welfare.

In the circumstances, there would be no adjustments with the Ministry of Health and Family Welfare in respect of expenditure incurred in connection with the family planning as far as Zonal Railway is concerned. Hence no separate Audit certificate needs to be issued to AG/CR.

MISCELLANEOUS

1166. Statements showing transfers without financial adjustments effected during the year : In accordance with the time table for the submission of the Account Current for March and several returns and statements pertaining thereto prescribed by Railway Board from time to time, the statements showing the transfers without the financial adjustments effected in the Capital and Revenue Books of the Railways during the year should be sent by the FA&CAO to the Railway Board on or before the date prescribed by the Railway Board for that year. Audited copies of these statements are required to be forwarded to the C&AG of India (Rly. Wing). For this purpose, a circular letter will be issued by the Books and Budget Section/Head Offices as soon as the programme for the preparation and finalisation of Appropriation Accounts for that year is received from the C & AG of India (Railway Wing).

The statements furnished by the various Assistant Financial Analysts to the FA&CAO/Books, will be verified by the corresponding Audit Officers and remarks, if any, pointed out to the Assistant Financial Analysts duly endorsing copies of the letter and the statement to the Headquarters Books & Budget Section. The Books & Budget Section, Headquarters will verify the consolidated statement with reference to these audited details and take up the remarks, if any, as well as those of the various Branch Audit Officers with the Financial Adviser and Chief Accounts Officer, Books. The concerned Assistant Financial Analysts will scrutinise the remarks of Audit and issue of correction slips, if any, necessary to the details already furnished by them duly accepted by the local Audit Officers. Wherever corrections are found necessary, the observations of this office will have to be resolved by the Assistant Financial Analysts to the satisfaction of this office.

1167. In checking this statement, it should be seen that in respect of the inter-Railway adjustments, the acceptance of the foreign railway to the inclusion of the amounts per contra in the statements relating to them have been obtained and kept on record. Usually, copies of the statements relating to other Railways will also be received in the Accounts Office, if any; items having per contra adjustments with the

Southern Railway are included, therein. Such statements should also be consulted to see that inter Railway adjustments shown in the statements pertaining to Southern Railway have been correctly reflected by other Railways.

The items of adjustments effected within the railway (intra Railway) should be verified with reference to the audited details received from the various units and the authority for such adjustments.

Further, it should be ensured that in respect of such adjustments pertaining to 'Loans and Advances by the Central Govt' and 'Indian Railway Deposits', the details of amounts pertaining to each of the Minor heads/classified heads hereunder are furnished separately and not in one lump. The classified heads under "Indian Railway Deposits" referred to above are as under:-

1. Security Deposits of Contractors and others;
2. Security Deposits of Subordinates;
3. Sums due to contractors on closed accounts;
4. Net Earnings or worked lines;
5. Unpaid wages;
6. Deposits for work done for private persons and public bodies etc.
7. Private Companies;
8. Miscellaneous.

(Ref: C & AG's circular letter No.2284-RAII(i) 1-9/61 dated Nil)

After finalisation of the statements complete in all respects, audited copies thereof will have to be forwarded to the C&AG of India (Rly. Wing).

1168. While forwarding the audited copies of the statements, copies of the correspondence between the Railway Board and the Railway Admn. in support of the adjustments referred to in the "Remarks" column of the statement should be sent.

(Ref: C&AG Rly. Wing letter No.2719-RAII(I)/1-7/62 dt: 39.8.62 to the Chief Auditor, Eastern Railway, Calcutta copies endorsed to Chief Auditors of other Railways).

For this purpose, it will be desirable that copies of the correspondence are taken out immediately after the copies of the statements are received from the FA&CAO from the files of the Accounts Office without waiting till the finalisation of statements. Further, as a matter of convention, copies of the general orders issued by the Railway Board applicable to all Railways (and received through the C&AG of India (Rly. Wing) on the basis of which adjustments have been made, need not be sent.

1169. Statement showing the calculation of dividend payable to General Revenue: A copy of the statement showing the detailed calculation of “dividend payable to General Revenues” as well as the “Subsidy due from General Revenues” accompanying the account current for March has to be forwarded to the C & AG’s of India (Rly. Wing) duly verified as laid down in these circulars No.42/RAII/2-9/57 dt: 25th Feb.’58 and No.999-RAII/1-6/56 dt: 15.9.59.

The Revised Proforma for calculation of “dividend payable to General Revenues” and “Subsidy due from General Revenues” are annexed to the G.O.I Ministry of Railways, Railway Board’s letter No.81.AC.,I/4/1/80-81 dt: 24.3.81.

The above statements accompanying the account current will be audited by the Books & Budget Section, HQrs.

i) Statement showing the calculation of Dividend Payable to General Revenues: The total capital at charge to end of previous year will be checked with the sum total of the figures of Capital at charge as on 1st April of previous year and the outlay during the previous year, appearing in the previous year’s statement. The amount of TWFA during the year should then be verified with reference to the audited copies of the statements forwarded to the C&AG of India (Railway Wing) separately.

The figures of current outlay relating to residential buildings, New lines other than those taken up on other than financial considerations and P&T wires are checked with the audited figures received from the various units/Divisions.

The figures of outlay during the current year are verified with the Capital Account current for March including supplementary accounts for March accounts.

The correctness of the figures of the net outlay during the year, half of that net outlay and the net outlay for the purpose of dividend will be verified.

It should be seen that the rate of interest advised by the Railway Board for calculating the dividend payable has been correctly adopted and that the amount of dividend thereon has been correctly arrived at. "Audited statement of the Dividend is to be forwarded to the C & AG (Railway wing) only after getting the dividend of this Railway from the Railway Board." (Authority: Railway Board's letter No.96-ACI/3/17/Genl dated 2/08/96).

The correctness of the amount of deferred dividend proposed to be repaid in respect of a new line which has completed the moratorium period should then be verified with reference to the statement of deferred dividend described separately. The total amount of dividend proposed to be paid during the year will then be arrived at.

(ii) Statement showing the calculation of subsidy due from General Revenues:

This statement will be compiled as per the proforma prescribed in Rly. Board's letter No.84-AC.I/4/1/80-81 dt: 24.3.81 and this statement accompanying the account current will be audited by the Books and Budget Section/HQ as soon as the same is received from the Books Section of FA & CAO's office.

1170. Statement of Deferred Dividend : This will be compiled in the proforma prescribed in Rly. Board's letter No.57-AC/1/7/2 dt: 8.3.57 (received under C&AG (Rly. Wing)'s endt.No.RAI/A.9-12/54-II dt: 20.5.57) which is reproduced below:

“In terms of para 19 of Rly. Convention Committee 1954-Report, dividend on the Capital at-charge of New lines is to be computed at a lesser rate viz. the average borrowing rate charged to the Commercial Depts. The dividend so calculated for the period of construction of the lines and up to the end of the fifth year of their opening for Traffic, is to be deferred during that period. From the sixth year onward current dividend will be paid. In addition, deferred dividend is to be paid if the net income of these lines leaves a surplus after payment of current dividend”.

The statement showing the Capital outlay in respect of each new line and deferred dividend etc. should be submitted as an enclosure to the statement.

1171. Statement of Investments of the Central Govt. in shares of private companies and Statutory Corporations up to the end of the year: The above statement will be compiled by the Central Books Section of the Financial Adviser and Chief Accounts Officer’s office in the proforma forwarded under Railway Board’s letter No.80/AC.I/9/5 dt: 9.1.84 and forwarded to the Rly. Board so as to reach them by the date prescribed for this purpose by the Railway Board every year.

Note: Separate statements should be compiled for investment in the Railwaymen’s Consumer Cooperative Societies and Private Companies Statutory Corporation etc.

As audited copy of the statement is to be forwarded by this office to the C&AG (Rly. Wing) as the details will be incorporated in the Central Finance Accounts compiled by the Principal Director of Audit/Central Revenues. The statement received from the Central Books Section will be verified by this section as detailed below:-

1172. Loans and Advances granted to Private Parties etc. : A statement showing details of loans and advances granted to Private parties (cooperative Societies etc.) under the Major Head **6425-Loans for Cooperatives** will be prepared at the end of March of each year.

The Rly. Admn. has to compile a statement in the following proforma prescribed by the Rly. Board and to forward eight stencilled copies thereof to the Rly. Board so as to reach them by the date prescribed for this purpose by the Railway Board every year.

An audited copy of the statement has to be forwarded to the C&AG (Rly. Wing) so as to reach that office by date prescribed for this purpose by the Railway Board every year.

(Rly. Board's letter No.79AC.I/8/1/78-79/Misc. dt: 8.1.81 received under C&AG of India (Rly. Wing's) endt.No.61-RA.III/23-3/80 dt: 21.8.81 and C&AG. of India (Rly. Wing's letter No.733-RAIII/23-3/80 dt: 13.7.81).

For this purpose, each unit Assistant Financial Analysts will have to send a statement in the same form to the Headquarters - Books Section of the Accounts Office so as to reach them by the date prescribed in this regard of each year with copies to their local Audit Officers. The Local Audit Officers will have to forward an audited copy of the statement to the Headquarters Books Section so as to reach by the date prescribed in this regard of each year. The Headquarters Books Section will check the consolidated statement received from the FA&CAO with reference to the audited copies of the statements received from the various units and forward a consolidated copy to the C&AG of India (Rly. Wing).

1173. "New Services" and "New instruments of services" not contemplated in the Budget (See Para 265 of Railway Audit Manual) A statement showing the particulars of Surveys sanctioned by the Railways during a year, for which specific vote of the Parliament was not obtained during that year either through the Book of Demands or Book of Supplementary demands will have to be forwarded to the C&AG of India (Rly. Wing) after the close of the accounts of the year. For this purpose, the FA&CAO (Budget) will be addressed by the Headquarters Office/Books & Budget section immediately after the close of the accounts of the year requesting to furnish the particulars of 'Surveys' in the under mentioned proforma.

Statement showing the particulars of Surveys sanctioned during the year

Name of the Survey	Anticipated cost	Amount of grant as shown in the Book of Demands For or Book of Supplementary demands for	Expenditure during the year	Ref. to sanction of the survey by the Rly. Board	Remarks
(1)	(2)	(3)	(4)	(5)	(6)

The FA&CAO will also be requested to furnish separately the details of expenditure incurred during the year on new Constructions which has neither been provided for in the Book of Demands for grants for the year nor in the Books of Supplementary Demand for the year. Simultaneously, the Audit Officer (CN) at Bangalore Cantonment will be addressed to verify the above particulars furnished by the FA&CAO/CN/BNC to the FA&CAO/Hubli and forward audited thereof to this office. Further, the various auditing units will also be addressed to furnish the particulars of New Services, if any, noticed during the year.

1174. On receipt of the replies from the FA&CAO and the Audit Officer/CN/BNC particulars of Surveys sanctioned during the year, the expenditure on each of which had exceeded Rs.50 lakhs but for which the specific vote of Parliament was not obtained during the year will be picked out. It should be verified that these cases do not find a place either in the Book of Demands or books of Supplementary Demands for that year. A statement of such cases should be prepared in the above proforma for being forwarded to the C&AG of India. A separate statement showing the details of new constructions taken up during the year without a specific vote of Parliament if any will be made out for being sent to the C&AG of India.

On receipt of the reports from the various units regarding cases of 'New Services' if any noticed during the year, the above two statements will be submitted by the Principal Director of Audit along with a forwarding letter to the Comptroller & Auditor General of India of India. If the reports received from the various auditing units contain any details of "New Services", they will have to be

carefully scrutinised and the Principal Director of Audit's orders obtained as to whether the case merits being referred to the Comptroller & Auditor General of India.

1175. Contingency Fund-Exhibition of Transactions in the combined Finance & Revenue Accounts: In accordance with the instructions contained in Rly. Board's letter No.55/ACI/7/5 dt: 17.3.56 No.55/ACI/7/5 dt: 27.5.56 and No.61/ACI/7/4 dt 16.8.61, the Rly. Admn. should send an annual statement

showing the transactions under the Contingency fund of India to the Rly. Board by the date prescribed for this purpose by the Railway Board every year.

The Headquarters Books (Central) Section will compile the statement in the form prescribed and send five copies of the same duly signed by FA&CAO (Books) for General Manager to this office for check and countersignature. The Headquarters Books and Budget Section will check the statement with reference to the audited copy of the statement for the previous year, the sanctions showing amounts allotted from the contingency fund of India during the year received from the Rly. Board, the Accounts Current for the month of March and the manuscript register maintained by the Books (Central) Section. After check, the statement will be countersigned by the Branch Officer as "for Principal Director of Audit". Two copies of the statement will be retained by this office and the rest returned to the FA&CAO. One copy of the statement will be forwarded to the Comptroller & Auditor General of India (Rly. Wing).

1176. Review of the Audit Reports - Appropriation Accounts and Finance Accounts of other State Govts. etc. Copies of the above documents will be received annually from the Accountants General of the various States. Besides, copies of the Central Audit reports; Civil, Commercial and Posts and Telegraphs and Defence Audit reports will also be received.

After the receipt of advices regarding the presentation of the Audit reports etc. to the respective State Legislatures from the Accountants General of States, the Audit Reports will be reviewed by the Headquarters, Books & Budget Section and

extracts there from, which might be of interest and/or on the lines of which investigation may be taken up for finding out whether there are similar cases, will be taken out with the approval of the Branch Officers and sent to the various auditing sections/Units. The Central Audit Report will also be reviewed on the same line and extracts sent as above.

1177. Circulation of Rly. Board's narrative Reports/Public Accounts Committee reports etc.

One copy in each of the Public Accounts Committee Reports of the centre will be received from the Comptroller & Auditor General of India. One copy of the Annual Narrative Report of the Rly. Board will also be received by the Headquarters Books and Budget Section. These will have to be entered in the sectional register and circulated among the Branch Officers. Their receipt back in the section will have to be watched.

Besides one copy in each of the Finance Accounts of the Central Govt. and the combined Finance and Revenue Accounts of the Central and State Governments of India will be received by this Section. These will be entered in the Sectional Register and kept in the Library.

CHAPTER - XII

WORKSHOP AUDIT

1201. Sections are situated at Hubli and Ashokapuram, Mysore. The Workshop Audit Sections are responsible for.

- (a) The audit of the accounts relating to the Mechanical workshops.
- (b) The audit of the expenditure incurred by Mechanical Department etc. in connection with Rolling stock, Machinery and Plant programme and on the maintenance and repair work thereof.
- (c) The audit of the establishment etc. charges and PF accounts of subordinate staff of the Accounts, Mechanical and Stores Departments which are dealt with in the Establishment Accounts Branch of the Accounts offices.
- (d) Activity based inspections of the accounts of Workshops and related administrative offices.
- (e) The audit of the Dead Stock Register, Issue of Passes, and PTOs, Imprest cash account, stamp and stationery accounts of the Workshop Accounts Offices.
- (f) The Annual rent return account of Residential buildings

1202. General: The Workshop Accounts offices are responsible for exercising internal check on the establishment charges, maintenance of provident fund accounts, maintenance of General Books and dealing with matters connected with Budgeting, Appropriation Accounts etc. relating to them. The Workshop Audit Branches have to conduct audit of the items falling under General Divisional Audit in so far as they relate to Workshops in addition to the items falling under “Workshop Audit” mentioned below :-

1203. Audit of Sanctions:

- (a) Sanctions to be dealt with in the Workshop Audit Section will generally relate to additions and alterations etc. to the Machinery and Rolling stock, holdings of the Railway. The instructions relating to audit of sanctions contained in chapters on “Establishment Audit” and “Expenditure Audit” of this manual

will apply mutatis mutandis to the sanctions received in this section. For the extent and scope of Audit of Sanction relating to Workshop and Production Units the instructions contained in Chapter 6 of Appendix of Revised Audit Norms should be borne in mind.

(b) Special attention should be given, while auditing the sanctions, for premature condemnation of carriages and wagons. It should be seen that a statement showing the comparative study of the cost of replacement of the assets and the cost of reconditioning of the same is invariably submitted as laid down in Para 240-Indian Railway Financial Code Vol. I. Similarly, while reviewing the sanctions for sale of goods and coaching stock, it should be seen that the entries in respect of condemnation and replacement, made in the statement prepared by the Mechanical Department have been checked and certified by the Accounts Officers on the basis of history cards and other relevant records. In this connection, the records maintained by the Workshop Accounts Officer, should also be referred to.

1204. Audit of Estimates : (a) As regards the extent and scope of Audit of Estimates, the instructions contained in Para 332 of Railway Audit Manual and Revised Audit Norms should be borne in mind.

(b) The estimates should be scrutinised in accordance with the provisions laid down in paras 1401 - W to 1474 - W. In the course of audit of estimates for additional Rolling stock, "list of stock reduced from the authorised list" should be referred to and if it is found that similar items of stock have been reduced from the Authorised list in the past, it should be seen that the cost of corresponding additional stock provided has been allocated in such a manner that the debits to Capital on account of such stock does not exceed the amount that would have been debited thereto, had the stock in question been considered in the first instance as reduced from the Authorised List.

(c) In the case of estimates for works for outsiders, it should be seen that on cost has been correctly taken into account while working out the estimated cost, that

1. the acceptance of the party ordering the work has been obtained and
2. deposit collected as required under the rules.

(d) Other estimates such as remodelling of stock to suit traffic purposes and estimates for extensive repairs etc. should be scrutinised carefully.

1205. Completion Reports:

(a) The selection of completion reports is made cost-wise and not allocation wise. There is no need to apply the percentage separately for each head of allocation. However, while making selections it should be ensured that completion reports relating to different heads of account are selected, so as to have variety within the above selection, on cost basis.

(b) The instructions relating to audit of completion reports contained in the Chapter on “Expenditure Audit” will apply mutatis mutandis to the audit of completion reports relating to rolling stock. For the extent and scope of Audit of Sanction relating to Workshop and Production Units the instructions contained in Chapter 6 of Appendix of Revised Audit Norms should be borne in mind.

(c) The correctness of apportionment of charges between Capital, DRF, and Revenue etc. the adjustment of freight and other charges, the credits for the released materials and the credits for surplus stores on hand should be specially verified. While auditing the completion reports for vehicles constructed for other Govt. Departments., e.g. postal vans for Postal Department etc. it should be seen that the Capital cost is correctly entered in the Register maintained for the purpose of calculating the Half Yearly interest recoverable from the department concerned.

1206. Stores Bills and Contractors bills : The scope and extent of audit of the stores bills will be the same as detailed in Chapter XVII of Railway Audit Manual and Chapter 5 of appendix of Revised Audit Norms. Similarly, the scope for audit of contractors’ bills will be the same as indicated in Chapter XVI of Railway Audit Manual and Chapter 3 & 4 of appendix of Revised Audit Norms.

1207. Incentive Bonus and Piece Work bills (*Para 338 of Railway Audit Manual*) :

i. The entire workshop should be divided into 40 units and one unit selected each month for audit. The units may be so drawn as to contain a reasonable number of direct workers, indirect workers and supervisors.

ii. As per the revised audit norms, wherever there is a change in the allowed time, it should be checked 120% and one or two allowed time statements checked when there is no change. A general review of the records maintained in the Incentive Branch of the Accounts Office should also be undertaken yearly to review the system of fixing allowed time, change in productivity due to the introduction of Incentive Scheme, incidence of overtime in connection with increased incentive of Bonus payments etc. The Ticket numbers, names and amount of bonus paid to the workmen should be noted in the Selection Register. The following documents from which Bonus Bill are prepared should be audited.

a) Gate Attendance Cards: For recording daily attendance, gate attendance cards are supplied. The Gate attendance cards are placed in the racks provided by the side of the time clock at the shop. The racks are opened by the time clerk 15 minutes before the scheduled hour of commencement of work in each period and shall remain open for half-an-hour in the first period and for 3 minutes in the second period after the sounding of the last buzzer. Men coming late after 3 minutes in the first session are allowed upto half-an-hour and treated as late by half an hour in that session. Such late arrivals after 3 minutes are not permitted in the second session but treated as absent in that period. Every time a worker leaves the shop, the Gate Attendance card shall be punched “out”. Absentees in each period should be listed in a separate register and after noting all sanctions regarding leave etc. it will be put up to the Shop Superintendent/Foreman in-charge of the shop for signature. These Gate Attendance Cards are evaluated and Gate Attendance lists are prepared by the Time-keeping staff and sent to the Data centre for calculating wages etc.

b) Job Cards: i) This card is issued as soon as particular job has been undertaken under the incentive scheme and forms the basic document for computation of Incentive Bonus. It contains full information about the job undertaken, quantity manufactured, quantity passed in inspection, standard time allowed, time taken and the profit gained or loss suffered by the workman in terms of hours (Time saved/time lost) and thereafter in terms of money.

ii) The time allowed for doing a particular job or for manufacturing a set of articles is Adrema-printed on the Job Card. Along with the preparatory time (set

up time) given for the whole work, the total time allowed should be checked by multiplying passed out-turn (including materials rejected in the foundry and defective casting in the machine shop) with the time allowed for each, plus the preparatory time (set up time) given for the whole work

iii) Time taken for the work should be checked on the basis of clock punching for “in” and “out” on the Job Cards as well as the Gate Attendance Cards (in respect of absences) and idle time cards (in respect of idle time). This should also be reconciled with the Tally Sheets prepared for each individual worker to reconcile the time taken as per the Job Cards with the G.A. Hours as per the Gate Attendance Cards.

iv) Thus ‘Time Saved/Lost’ should be checked with reference to “Time Allowed” and “Time Taken” to do the job. Rate for piece work should be checked with reference to the rate of pay as shown on the Gate Attendance Cards and the rate of incentive bonus paid per hour with the rates prescribed by the Railway Board from time to time for each category of workers.

c) Squad summary card : This card is issued in the name of the leading hand of the gang nominated to complete the squad job jointly. Each workman belonging to the gang possesses a job card for the squad work. Each workman in the squad shares the profit/loss on completion of the job in proportion to the time saved limited to 50% of time spent by each on the job. Squad summary cards are checked as job cards in addition to the apportionment of the profit among the workers of the squad.

d) Idle Time Card: Due to certain reasons, sometimes, the work is held up for which the workmen on the jobs are not held responsible. Following are a few instances in which idle time is booked:

1. Lack of material (raw material or processed material),
2. Lack of Tools,
3. Lack of power,
4. Waiting for work/ waiting for crane etc.,
5. Machine Repairs,
6. Miscellaneous.

No sooner the work is stopped on idle time account, the idle time card is punched “in” and after the idle time is over, it is punched “OFF”. Such idle time is not taken into account while arriving at the total time taken for that particular

job. The chargeman and maistry are held responsible for booking of idle time due to:

1. Lack of tools and 2. Waiting for work.

(Authority: Railway Board's letter No.62/CA4/2 dt: 12-12-62)

1208 (a). While checking the above documents the following points should be borne in mind.

1. Job Cards and squad Job Cards are adrema printed and any corrections thereon should bear rate fixer's signature over his designation.
2. Time saved against each job/squad card is restricted to 50% of the time taken as recorded on the same job card/squad card for each completed operation;
3. No bonus is payable to apprentices.
4. In the case of Foundries the operation 'core making and moulding' are combined. It is to be seen that separate single job/squad card is issued for each operation/job.
5. Idle time cards are initiated by the Production Engineer and foreman (or Shop Superintendent) in token of having satisfied himself that booking of such idle time was inevitable.
6. Apportionment in respect of squad job cards is made on the basis of time taken by the individual worker for doing the particular job.

b. Incentive Bonus Bill : The preparation of Incentive Bonus bills has been computerised. These imprinted bills provide shop/section numbers, ticket numbers, names designation, category, Time taken, time save/lost, amount of Bonus and the percentage of Bonus paid. An intermediate print-out (5 code closeting) showing the details of job cards relating to a particular ticket number, time allowed time taken, time saved is also printed. The job cards may be traced into the listing as far as Direct workers are concerned. As regards essentially indirect workers and Supervisors who are entitled to 80% of the section/shop average percentage of bonus earned by the direct workers supervised/served by them, the section average percentage statement prepared on the computer showing , total time taken, actual time saved, section average percentage, indirect

workers' percentage should be consulted. To verify the time taken by the Direct workers against each work order in respect of the unit selected an intermediate print out showing the ticket wise details of the Time Taken by the workers against the work orders should be obtained and checked with the Job Cards statement (5 code listing) and from there, the percentage of Bonus payable to indirect workers verified (The time taken/time saved by the Direct works of the shop/section shown in the 3 code listing and 5 code listing is equal to the Time Taken/Time saved shown in the statistical statement showing section Average percentage etc.

C. While checking the incentive bonus bill of the Direct workers the following points should be seen:-

- i. The Job Hours taken during the month are properly reconciled with the G.A. Hours shown in the G.A. card and in the Tally sheet;
 - ii. Necessary A.R.D. vouchers have been prepared in respect of all the un-reconciled hours shown in the "Reconciliation statement showing the differences between the Job hours and G.A. hours".
 - iii. The job hours taken during that month are treated as cost hours and shown against the work order concerned in the Labour Sub-ledger.
 - iv. The proceeding time hours of the previous month/months are not included in the cost hours of a subsequent month in which incentive bonus is paid for these proceeding time hours (i.e. for Time saved)
 - v. No corrections had been made in the Tally Sheets after the job cards are sent to the Data centre;
- d. The following reviews should be conducted annually.
- i. Cases of abnormal profits/abnormal losses earned/incurred by the Direct workers are investigated by the Works Manager and a report on the same sent to the Workshop Accounts Officer (plus time/minus time is given wherever necessary).
 - ii. Cases of rejections in foundries and other shops and the reasons therefor, are investigated properly.

1209 (A). Bonus bills for Maistries : Maistries are eligible for 120% incentive bonus based on the section average profit earned by the direct workers supervised by them. The list of Maistries attached to each section of a shop and entitled to incentive bonus is supplied by the Works Manager to the Accounts Office. This list should be referred to while checking the incentive bills for Maistries. Other checks laid down in regard to essential indirect workers will apply for the audit of incentive bonus Bills of Maistries.

1209 (B). Bonus Bills for Chargemen :

a) Chargemen attached to a section are eligible for 80% of the section average percentage of the profit earned by the direct workers supervised by them. List of Chargemen as in the case of Maistries who are eligible for incentive bonus is also submitted by the Works Manager to the Accounts Office.

b) while checking the incentive bonus bills of Maistries and Charge men the following points should be seen:-

i. that proper adjustment has been made for the idle time of Direct Workers for lack of work or tools as per scale laid down;

ii. that proper adjustment has been made in the Bills of Chargemen for bad castings due to defective supervision as per statement compiled by each section of the shop.

c) The following reviews should be conducted annually.

1. Cases of abnormal profits above 50% of the time taken or at the other hand losses are furnished by the Accounts Officer to Works Manager for investigation.

2. Cases of rejects in foundries.

3. Review of Managerial statements and other statements on the working of the shops and narrative report;

4. Assessment of increase in production and comparison of cost as a result of introduction of the incentive scheme;

5. Reasons for frequent revision of allowed time.

d). A test check of the allowed time and revision made therein together with the reasons recorded therefor should be carried out in the Works Manager's office during inspections. Comparative study of the "Allowed time" for the similar job in other railway workshops may be made and findings recorded. During shop inspections working of time clocks, punching system by the workmen, custody of cards etc. should be checked and it should be seen that segregation of out-turn of incentive workers from that of others is properly done. Idle time booking should be verified to see that it was inevitable.

1210. Booking of Overtime in incentive and Non-incentive shops of the Workshop : The Railway Board have imposed a ban on the booking of overtime in Incentive sections of the workshops. Even for non-incentive sections, booking of overtime is to be controlled to the minimum possible personally by the Works Manager. While auditing the incentive Bonus Bills it should be seen that no overtime is booked in Incentive sections.

1211. Capital Works Registers and Revenue Allocation Registers : While reviewing these registers, the instructions contained in para 358 of the Railway Audit Manual should be borne in mind.

1212. Miscellaneous Advances and Deposit Misc. Registers:

Instructions for maintenance of these registers, their reconciliation with General Books and review of suspense balances are contained in Chapters XI and XVI of the Indian Railway Code for the Accounts Department. The detailed instructions contained in Para 363 of Railway Audit Manual should be applied while reviewing these registers.

1213. Muster Rolls, Labour Pay sheets and Time sheets : As per the revised Audit Norms, this item is to be checked during inspection by selecting one month's voucher.

i. In workshops where time clocks are in use, gate attendance cards take the place of Muster Roll. Those G.A. cards are closed on the last day of the wage period. The details of attendance of the workers as per the G.A. cards are indicated in the GA list which is prepared in duplicate. The GA list shows the Ticket Number, Name of the worker, Rate of pay, Special pay, nature of change, Days of duty,

days for Special Pay, Leave particulars, Hours Lost, FOT hours, NOT hours, OL/OT hours, NDA , NDB, LWP etc. The workers are paid wages for the days of duty. The GAC hours OL Hours, Unpaid holidays are given in the GA list for statistical purpose only. The original GA list is sent to the Data centre for preparing the Labour pay sheet of the shop concerned.

ii. The total hours shown in the gate attendance card in respect of each workman should agree with those shown in the Tally sheet. The GA hours shown in the Tally sheet should tally with the Job hours, shown (against each work order number) and idle hours. It should be seen that all periods of leave with pay, paid holidays, unpaid holidays are accounted for in the Tally sheets correctly. The instructions contained in para 336 of Railway Audit Manual should be borne in mind during the check of labour pay sheets and Tally sheets.

1214. While conducting audit, the Gate Attendance cards should be examined with reference to Gate passes, absentee statement overtime requisitions, on line time sheets etc. The particulars of leave recorded in the Gate attendance cards should be verified with reference to the postings in the leave registers maintained in the Time office. The reconciliation of job hours and G.A. hours in the Tally sheet should also be test-checked.

1215. Workshop Manufacture suspense (WMS): The Workshop Manufacture Suspense Account is a Suspense head under Capital IX Suspense and it is intended to account for all the transactions relating to the manufacture/repair works carried out in the workshops. The debit to the workshop Manufacture Suspense will comprise the wages paid to the labour employed in the shops, stores utilised on works and proforma on cost and freight charges etc. while the credit will represent the estimated cost of out-turn of the workshop during the month. The balance under this head will represent the total amount expended on completed jobs for which debits have been raised but awaiting acceptance and also works in progress. The balances under W.M.S. as appearing in the General Books are reconciled with the balances in Workshop General Register. The difference between the two sets of figures should be analysed and a discrepancy statement prepared. The discrepancies should be investigated and necessary adjustment carried out.

1216 . Balances under the W.,M.S. account should be reviewed to see

- i). that all the items are current and have been undertaken after the issue of a proper work order under the sanction of the competent authority;
- ii). that the details consist of nothing except labour, material and works on cost charges expended on unfinished jobs or completed jobs awaiting adjustment;
- iii). that there are no credit items in the detail of balance and if there are any such items, they are noted for immediate adjustment;
- iv). that in the case of jobs undertaken for outsiders, sufficient deposit has been made, where such a deposit is required by rules and on the first appearance of a work, it is seen that an estimate is on record containing the extra percentage charges required under the rules and accepted by the party ordering the work; and
- v). that there are no inefficient balances and the periodical adjustments in respect of ‘overcharges’ and ‘undercharges’ under the on cost, manufacture and repair work orders are carried out regularly as laid down in Chapter X-W and the out standings are allowed to accumulate.

The review of the balances under workshop manufacture suspense account should be linked with the review of the Workshop General Register (WGR).

1217. Sub-Ledgers for labour (Para 339 of Railway Audit Manual):

(a) This is audited annually and 25% of work orders for labour should be checked in respect of the month selected for audit. As per the mechanised procedure labour sub-ledgers as such are not maintained but information in respect of labour charges work order-wise as well as shop-wise are sorted out on the machine itself and incorporated in the workshop General Register. The check of the statements prepared from time/tally sheets will only ensure the correct calculation of time spent under different work orders and will not ensure the correct valuation of the time spent (money value). As such an Intermediary print-out showing ticket-wise details of labour tabulations indicating the details of hours and amount leading to the total labour charges on a particular work order in a shop should be obtained specially for the month selected. The totals for a work order shown in the print-out should be traced into the Labour Sub-Ledger.

As the intermediary print-out as indicated above is required to be obtained, selection of the month of audit should be advanced as indicated in Para 1219.

1218. Classification of Stores: Stores Sub-Ledger - (Para 342 of Railway Audit Manual)

a) This is audited annually to the extent prescribed and the same month is selected as for the check of labour sub-ledgers. However, consequent on the computerisation, stores sub-ledgers are not maintained. The machine summaries of debits and credits showing the stores charges voucher-wise and shop-wise are received monthly in the Accounts office and this takes the place of stores sub-ledgers. The selected stores vouchers should be traced into the machine summaries.

(b) The stores vouchers received in the Accounts Office from the shops are compared with the duplicate copies received from the Stores Accounts office to ensure that the quantity of stores for which debit is raised has been correctly received and allocated and that all the vouchers have been taken into account.

(c) While auditing the sub-ledgers, the following points should be seen:

1. the debits of the stores are correctly charged to the respective work orders;
2. the debits to work orders from the manufacturing Account of process shop and saw mill accounts are summarised in separate sub-ledgers, pairing of issue notes with the priced copies is done.
3. Miscellaneous charges referred to in opera 825-W are classified in a separate stores sub-ledger. It should also be ensured that the totals of the various columns shown in the summary sub-ledgers are checked with reference to the following:
 - a. Debits raised by other section, Divisions and foreign Railways;
 - b. Issues from Workshop manufacturing accounts.
 - c. Write back orders.

1219. For auditing the sub-ledgers for labour and stores, the shops in the workshops shall be divided into 12 units and one unit selected every month. The documents relating to one month's accounts in respect of all the shops included in the unit selected for audit shall be checked.

1220. Workshop General Register: (Para 355 of Railway Audit Manual) :

This Register should be reviewed generally and annually. The workshop General Register prepared by the machine contains labour, stores and on cost charges separately shop wise, allocation wise and total charges for each work order. The audit review is rendered difficult as the workshop General Register is imprinted monthly by the machine computer (as against one consolidated document showing the progress in totals from month to month). It does not show the month of origin of booking and trend of booking of expenditure. As decided by the Comptroller & Auditor General of India the accuracy of the compilation of the Workshop General Register should be done along with the review of workshop manufacture suspense balances.

1221. On Cost : In addition to the direct expenditure of labour and Stores incurred on the jobs, there are certain items of expenditure which cannot be charged direct to the cost of articles manufactured or work done. The latter kind of expenditure is known as ‘On cost’ charges fall under the following three categories:-

(a) Proforma on cost; (b) General on cost; (c) Shop on cost.

(A) Proforma on cost : Percentage charges on account of proforma on cost are leviable on capital works and on works executed for other Railways, other Government departments, railway employees and private bodies as laid down in Para 1225-W. This consists either of expenses charged off direct to final heads of working expenses such as General Administration and depreciation of charges not included in the working expenses of the Railway such as interest on the capital cost of Buildings, Plant and Machinery and on all other fixed assets. The expenditure relating to the proforma on cost falls under:

- (i) Supervision;
- (ii) Provident Fund contribution and special contribution to Provided Fund.
- (iii) Pensionary charges.
- (iv) Repairs and maintenance of workshop buildings, machinery and plant;
- (v) Expenditure on new minor works;
- (vi) Interest and depreciation.

Based on the details of the previous calendar year and making allowances for any special features of that period and the budget year, a budget is prepared in December, four months before the advent of the year to which it relates. The rates are arrived at as a percentage on the total labour, i.e. labour and labour on cost of the whole workshop. These charges are leviable as per para 1225-W. These items comprising of Proforma on cost having been already debited to final heads of expenditure, the receipt from such levy is treated as Traffic earnings under Abstract Z.

1221 (b) General on cost: Items of expenditure incurred in common with more than one unit or all the units of the workshop comprise General on cost. The wages of yard gang staff and of the crew of the crane, shunting engines etc. the leave and holiday pay of the above mentioned staff, constitute general labour on cost while the cost of stores and power consumed in working the General Traverser, Crane and shunting engine, yard lighting etc. are examples of General material on cost.

1221(c). Shop on cost : Items of expenditure incurred in any one particular unit, other than General on cost, are brought under this category, Leave pay and holiday pay of shop staff, wages of Chargemen, messenger boys and crew of the shop crane, are instances of “shop labour on cost” while consumable stores like oil, cotton waste fuel used in the running of machines, power consumed by shop machinery, shop lighting etc. are examples of “shop material on cost”.

(d) The expenditure is collected under suitable sub-divisions of standing work orders for shop and General on cost. A share of these charges is added to the prime cost at a predetermined percentage on direct labour. For this purpose, shop, and general on cost budgets are prepared before the start of the financial year, on the basis of the figures actually booked during the 12 months from January to December. A percentage is then worked out in relation to those figures relating to labour and stores with the total expenditure on direct labour.

(e) The difference in the actual on cost charged to work orders on the basis of fixed percentages and the actual charges booked against standing work order or on cost are cleared by transfer to Revenue abstracts concerned. The following

points should be kept in mind while checking shop and General on costs charges:-

(1) That the percentages are regularly reviewed and reasons for major fluctuations investigated.

(2) that items taken into consideration for preparation for on-cost budgets have been correctly taken in accordance with the code rules (Indian Railways Code for Mechanical Department) and no item is left out.

(3) Due effect of special contribution to PF and Gratuity to the workmen has been reflected on the General on cost percentages.

1222. Calculation of on cost : It should be seen that while all the necessary items of on cost charges have been duly taken into account, no item of charge which can be allocated to specific jobs has been included in on cost. The figures adopted viz. labour charges etc. in arriving at the percentages will be checked with reference to the concerned documents. It may be useful to see whether the proportions fixed for the distribution of on cost charges such as electric energy to the various shops are reviewed periodically. The percentage of shop on cost charges for each shop month by month may also be reviewed and any abnormal fluctuations investigated. It may also be seen whether any unusual item of charge has been included in arriving at the on cost charges. It should be seen that the procedure adopted is, in general, consistent with economy of clerical labour.

(b) The periodicity of General Review may follow the periodicity of revision of on cost charges viz. yearly or half yearly etc.

1223. Distribution of on cost charges amongst work orders : The calculations made for a month, in arriving at the amount of on cost (shop and general) to be added to the expenditure on each work order, will be checked vide para 926 to 928-W, incidentally seeing that the addition of on cost has not been omitted in any case where it is chargeable. The postings in the register maintained in the Accounts office to collect together the actual on cost charges will also be test checked with the relevant documents viz. Day Book of general charges, abstract of labour stores lists, etc.

The transfer of difference in the approximate and actual on cost charges to Revenue Abstracts should also be checked annually.

1224. Out-turn statement: *Para 356 of Railway Audit Manual:*

(a) The out-turn statement is prepared in Form No.W.1204, in two parts, Part I showing the expenditure booked by the completed work orders and Part II showing expenditure on work orders in progress and also on those completed and awaiting adjustments. These two parts indicate total outturn to end of each month. Deposit works are to be shown in Part I statement. This statement is necessary for the purpose of charging the total expenditure incurred in the workshops to the Accounts head concerned.

(b) The accuracy of the postings should be checked with reference to the relevant sub-ledgers and the postings in the outturn statement and workshop General Register should be mutually agreed.

(c) While auditing out turn statements, it should be seen that the adjustment of outlay is effected promptly by transfer of the amounts to divisions, other department and other Railways or by adjusting the amounts to the appropriate final head of account as the case may be. The figures shown in Part II statement on account of amount awaiting adjustments should be audited to see that there are no credit entries, there is no outlay on jobs prior to issue of work-order, that there are no completed jobs outstanding.

(d) Further, the review, of outstanding should be supplemented by a review of the statement called “Monthly Review of workshop General Register File” and statement called “Review of credit and irregular WMS balances”.

1225. Workshop Account Current: *Para 357 - Railway Audit Manual :*

Account current of all the transactions pertaining to ‘Workshop manufacture suspense account’ for each workshop is prepared monthly in form W.1215. This account shows the total debits and credits to the Workshop Manufacture Suspense account under the heads provided in the form and the opening and closing balances. In preparing the Account current, the following instructions are to be observed:

Posting the debit side:-

(I) Labour: The figures appearing in the labour schedule should be posted against the head.

(ii) 'Cash' debits to Workshop Manufacture Suspense Account which comprised of contractors bills for direct purchase, motor licence fees municipal taxes etc. should be posted from the monthly classified abstract of cash transactions.

(iii) 'Stores' should be posted from the Daily summaries of issue notes for the last day of the month received from the Stores Accounts Office.

(iv) Other charges including inter-shop transfers should also be posted from the Stores Summary sub-ledgers.

(v) Freight and proforma on cost charges: should be posted from the schedule of proforma on cost.

Posting of the credit side: The credit side should be posted from the summary of out-turn statement Part I and should be supported by detailed schedules. The closing balance should be worked out by deducting the total credits during the month from the total debits including the opening balance and it should agree with the balance shown in the out-turn statement Part II Journal entries (Capital and Revenue) of all transactions affecting Workshop Manufacture Suspense account should be prepared monthly from the Account Current for incorporation in the General books of the Railway.

During the course of Audit of account current:

(i) the opening balance should be checked with the closing of the previous month;

(ii) the posting under each head both on debit and credit side should be checked with the supporting schedule;

(iii) the arithmetical accuracy should be checked;

(iv) it should be seen that the advices received from the Accounts Offices have been incorporated in the account; &

(v) the closing balance should be analysed to see that the items are correct and there is no old outstanding.

(vi) The accuracy of labour schedule should be checked with reference to the labour sub-ledger and tabulation statement for indirect workers. (Cumulative expense-wise tabulation)

1226. Reconciliation of Monthly Account Current of Stores with sub-ledgers : (*See para 805-806-W, 809-W, 819-W and Paras 340 and 341 of the Railway Audit Manual*) : The monthly account current of stores (issues) should be verified with that shown in Daily summaries of issue along with the connected issue notes and also with Grand Materials summary. It is to be seen whether reconciliation is being done properly and differences, if any, are adjusted. It is to be checked whether the pairing of issue notes received from the Shop Foreman through the Works Manager and from the Stores Accounts Officer along with the daily summaries is being done.

1227. Transfer statements or Mema (Para 359 Railway Audit Manual) : Transfer statements/Mema are prepared when the cost of stores initially booked under a work order is transferred to another work-order. Such adjustments are summarised in a separate stores sub-ledgers vide para 823-W. Transfer statements should be scrutinised during the audit of out-turn statements and Accounts Current. The following points should be seen while scrutinising the transfer statements/Mema.

- (1) That the explanation furnished for the transfer is reasonable.
- (2) That sanctions of the competent authority has been obtained for the work to which the cost of stores is debited.
- (3) That the transfer statements/Mema are signed by the Gazetted Officer.
- (4) That the stores can really be used on the work to which it is transferred
- (5) That the allocation is correct.
- (6) That debit and credit are correctly posted under the relevant work orders.

NOTE: Transfer statements of labour charges should also be scrutinised in the same manner.

1228. Advice Notes of Returned Stores : *See Para 341 of the Railway Audit Manual and Paragraph 1539 to 1547-S.* It should be seen that the reasons for returning stores are convincing that all the D.S.8s have been accounted for in the month of issue except those relating to the last days of the month and that the amount of all advice notes of Returned Stores (DS.8s) of a month, as posted in the sub-ledgers tallies with the statement received from Stores Accounts Office.

1229. Foundry Accounts :*(Para 352-Railway Audit Manual)* The cost of manufacture of spare imparts and rolling stock components can be ascertained only if the costing of individual parts is commenced from the stage of rough earnings and carried through to that of finished products. For this purpose, detailed foundry accounts are maintained to ascertain the cost of rough castings. The procedure followed in the foundry is briefly indicated below:

1) Standing work orders are operated for recording the expenditure on metal and melting. These charges will include:-

- (i) Cost of metal;
- (ii) Cost of fuel including freight;
- (iii) Cost of limestone and other flux;
- (iv) Cost of repairing cupolas;
- (v) Cost of blast and repairs to blast plant;
- (vi) Cost of repairs to ladle and cupola equipment;
- (vii) Cost of labour for charging the cupolas and for carriage of raw material;
- (viii) Cost of pouring metal into moulds.

2) The following charges are allocated to Foundry Shop on cost work orders:

- (I) cost of repairing moulding boxes and tools;
- (ii) cost of drying cores and moulds;
- (iii) Fuel for and repairs to core even and appliances;
- (iv) Cost of procuring and mixing moulding sands and binders;
- (v) Miscellaneous stores used generally in the Foundry Shop;
- (vi) Cost of defective products when it is not charged to individual jobs.

A monthly statement of out-turn showing the in-put and out-put is posted daily from the daily log and advices of returned stores and submitted by the Works Manager to the Accounts Office. The out-turn statement is checked in the Accounts office with reference to the issue vouchers accounted for there in and completed in respect of total cost of the melt for the month, which will be the total debit for the month. This amount is distributed among the work orders for which castings have been made during the month in proportion to actual out-turn.

The castings are issued to the stores Department at an average Book Rate and the difference between the actuals that form the Debit and Credit from the issues to the Stores Department is adjusted under the final head under Revenue abstracts.

1230. While checking Foundry accounts it should be seen that:

- (i) the balance of scrap metal representing the difference between total receipts and issues of the month is accounted for distinctly as in the case of other raw materials in order to show the actual operation costs.
- (ii) the foundry scrap used during the month is shown as receipt.
- (iii) the rates at which scrap metal obtained from manufacturing operations is used on other operations or transferred to stores are reasonable;
- (iv) the unused metal and rejected castings are weighed and priced at the rates for metal and scrap respectively and included in the closing balance as raw material;
- (v) the percentage of defective castings is not abnormal;
- (vi) the stock of metal and raw material in hand are not much in excess of the quantity required for manufacture as compared with the average monthly consumption.

1231. Account, Numerical or Otherwise of stores received into Workshop and charged off to work orders but not actually used therein (*Para 444 (14) of Railway Audit Manual*) : An annual review of the procedure followed in the workshops for the accounting of, charged off and surplus stores lying unutilised in the different shops should suffice; where regular numerical accounts are maintained, these accounts should be checked to the extent prescribed. It should

be seen that stores charged off to work orders do not remain unused for a long time. The reasons for delay in utilisation or in returning the surplus stores should be investigated.

1232. Accountal of materials spare from work orders: (Para 434 of Railway Audit Manual): It should be seen that proper accounts are maintained of materials and old parts and fittings removed from condemned rolling stock and machinery broken up or sold in auction. Old parts and fittings obtained from those repaired or altered should also be improperly accounted for. It should also be seen that when a work order is completed the surplus stores are returned to stores.

1233. Accounts - Custody and disposal of scrap material (Para 326 of Railway Audit Manual) : Instructions contained in para 326 of Railway Audit Manual should be borne in mind, while auditing these accounts when scrap is disposed of by sale by the stores Department directly from the workshops, the method of accountal and the arrangements for the removal of scrap by the purchasers should be specially examined. The items of audit referred to under paras 1232 to 1234 will be audited to the extent prescribed during the inspection of the shops.

1234. Rolling Stock Programme: The purchase of construction of Rolling Stock is programmed sufficiently in advance of the period for which the stock is required. The Railway Administrations submit to the Railway Board their preliminary Rolling Stock Programme of the second succeeding financial year not later than the 15th January each year or on such other date as may be specially prescribed by the Board.

The preliminary rolling stock programme is prepared based on the following particulars:-

(a) Items of rolling stock already condemned and not provided for replacement upto the end of financial year preceding that to which the programme relates and considered for replacement during the subsequent year;

(b) Arrears of renewal, on a life basis, to the end of the financial year preceding that to which the ion programme relates i.e. details of all items of rolling stock

which on 1st April of the Budget year would have, exceeded the life limit as laid down in paragraph 1525-W, excluding:

- (i) those already condemned, details of which should be given under (I) above and
- (ii) those included in the ion programme already accepted;
- (c) Future renewals falling due on a life basis in each of the next three years;
- (d) Additions of locomotives, carriages and wagons which are considered necessary to be carried out during the second succeeding financial year in order to meet transportation requirements.

The preliminary rolling stock programme after scrutiny by the Railway Board, are discussed by them with the General Managers of Railways concerned generally in March and such of the items as in the opinion of the Railway Board are not considered essential or not fully justified, are either omitted from the programme or the Railway Administrations are called upon to furnish further justification or such of the information as may be considered necessary. On receipt of further information from the Railway Administrations the Railway Board finally decide upon the items of rolling stock expenditure which should be undertaken during the next financial year and draw up a programme for each Railway accordingly in the form and in the detail in which the Budget Estimates (pink books) are presented to Parliament. The final programme as approved by the Railway Board is generally scrutinized in audit at the time of checking the detailed estimates for the works included in the programme.

1235. Records of Rolling Stock : The Rolling Stock registers are maintained in the Chief Mechanical Engineer's office. This will give the full history of each item of Rolling stock viz. Locos, Carriages and Wagons. These records are audited in the light of instructions contained in Paragraph 361 of the Railway Audit Manual.

The records should be checked to see that they are up-to-date and show all additions and condemnations and the results of the latest census of the stock. It should be seen, every month, with reference to the relevant sanctions to

the condemnations of Rolling Stock that the particulars of Rolling Stock condemned have been duly posted in the register of condemned stock (Replaced Stock Register) maintained in the Chief Mechanical Engineer's office.

Also when the 'Pink Book' is received, it should be seen that the particulars of rolling stock provided for replacement in the year have been indicated in the above register. The entries in the Register of the dates of replacement or Rolling stock should be checked with the information available in the Chief Mechanical Engineers office. All the other entries in the register should be generally verified for their correctness with reference to the relevant sanctions and documents.

The monthly statements of Rolling stock, prepared by the Chief Mechanical Engineer's will be scrutinised to see that the additions, reductions and condemnations of stock sanctioned by the Railway Board, General Manager etc. have been duly brought to account.

1236. Record of Plant and Equipment : The instructions contained in Para 360 of the Railway Audit Manual should be borne in mind, while checking the above item.

1237. Work Orders: A work order is an order placed on the work shops for execution in the shops. These orders are numbered in the manner indicated in paragraphs 1204-1206-W and all stores and labour utilised in the execution of a particular work are allocated to the work order concerned. There are also number of standing and stock work orders mostly relating to jobs like repair to engine, vehicles, wagons etc. and manufacture of spare imparts of stock. Works on capital account, for other departments or on private account are given special numbers.

In checking the work orders, the following points should be borne in mind and it should be seen that the procedure connected therewith is generally in accordance with that laid down in Chapter X-W.

(i) No work should be undertaken without a work order relating to it having been sanctioned by competent authority;

- (ii) All the work orders should be recorded in a register showing the work undertaken, the date of issue of work order, the date of commencement and of completion of the work;
- (iii) In the case of work orders undertaken for private bodies including Railway employees and for other departments of Government, an estimate should be prepared by the Railway and accepted by the party concerned before the work is put in hand.
- (iv) For works undertaken for Railway employees, it should be seen that the sanction of the Chief Mechanical Engineer has been obtained and that the estimated cost has been deposited;
- (v) For works undertaken for outsiders, it should be seen that the estimated cost has been deposited and that the outsider agrees in the event of the estimate being exceeded to pay the excess before delivery of the work is effected;
- (vi) In the case of stock work orders the instructions contained in paragraph 1254,W 1259-W and 1530-31-S should be generally followed and
- (vii) In regard to standing work orders chargeable to Revenue, the charges debited should be examined in detail to see whether they form a legitimate charge against that work order.

1238. Proforma Capital and Revenue Accounts of Saloons reserved for the exclusive use of other departments : The instructions contained in para 365 of the Railway Audit Manual should be borne in mind while reviewing these accounts which is maintained by the Financial Adviser and Chief Accounts Officer.

1239. Job Costing System: (Para 347-Railway Audit Manual) The objection of job costing is (a) to compare the costs of similar articles manufactured from time to time in the workshops and finding out reasons for variations in costs and (b) to compare the cost of articles manufactured in the workshops with those manufactured on other railways or with the market price of similar articles.

The essential feature of the job costing system is the estimating in advance of the time that should be spent and the materials that should be used and the systematic comparison of the results of actual performance with such

estimates. The institution of any detailed system of costing is thus contingent upon the initial fixation by suitably trained technical staff of standards of time and of materials for the items of work to be undertaken and for the prompt comparison of the standards thus set with the actual results obtained.

In the case of items manufactured in Railway Workshop, the stock limits are fixed taking into consideration the length of time required by workshops to deal with the requisitions placed by the Stores Depots. Upon the Depot's stock of an item dropping to the level of the minimum, a requisition in form S-1437 is required to be prepared in triplicate, of which one copy is sent to the workshop production department. No article may be manufactured in Railway workshops for stock purposes without a requisition for such articles being placed by the stores department and approved by the Works Manager.

The manufacturing activity should be divided into different kinds of work orders viz. "Manufacture of Loco Duplicate", "Manufacture of Carriage and Wagon duplicate". "Manufacture of miscellaneous fittings" etc. and each kind of job order should be represented by a control work order. Separate sub work orders under each of the control work orders should be issued by the Production control in the form of Route Cards for each individual work to be done and no work expenditure should be incurred by the shops until a sub-work order for the work concerned has been received. The series of the control work orders should be revised every half year and all cases of sub work orders remaining uncompleted for more than 3 months after the old series have been revised should be listed out and reported to Works Manager for taking special steps for their completion. Whenever, it is decided to take manufacture of an article, a process sheet is prepared by the planner. This is the basic record of manufacture of any article. The process sheet will indicate details of the operations required to manufacture the article in their sequence. Against each shop number, and the section in which the operation is to be done and the code of the machine will be indicated. After check by the processing section, the Process Sheet is forwarded to the Rate Fixing Section.

The rate-fixers fill in the necessary information regarding preparatory allowance and allowed time. The Adrema Section embosses the

adrema plated from the process sheet for subsequent printing of factory forms. The Process Sheet is then filed in the Planning Office. Whenever any change in the appraises of manufacture is decided it is noted on the relevant process sheet indicating the authority and the reasons for the change.

The Production Office of the workshop and the Accounts Office will use the following forms for the implementation of the costing system.

(1) Route Card : This is the authority for the Workshop to undertake any work of manufacture. The Route Card is issued for each economic batch and bears all relevant particulars. When the article is finally finished and sent to the Stores, the Route Card will be sent to the costing section through the Progress office.

(2) Job Cards/Squad Cards : These are the production documents embodying the particulars of different categories of labour booked to the particular work order. On completion of each operation these are sent to the costing section (through the incentive bonus section).

(3) Cost Sheet The cost sheet covers the whole field of record of productive activity. The entire process of a production order in the way of consumption of material and the charging of labour and on cost is reflected in the cost sheet. The cost of each job is ascertained through the cost sheet which will be opened by the Production Control at the time of issuing production documents like route cards, material requisition etc. The monthly expenditure on labour/material and on cost and also the credit received from the Stores Department for the scrap and manufactured articles returned to Stores Department are posted for each month by each shop. As soon as the sub-work order is completed and the completed route cards are received in the costing section, the total expenditure incurred from the commencement of the job to the completion will be totalled up and the unit cost of manufacture worked out. The unit rate should be approved by the Workshop Accounts Officer and posted in the relevant cost cards.

Cost of manufacture in respect of each of the workshop manufactured stock item should be worked in the first instance and the rates thus determined, should be notified in replacement of the existing rates. After this,

job costing of each workshop manufactured stock item should, as a rule, be done only once a year subject to the exceptions specified below:-

(a) Cost of manufacture should be worked out on each and every occasion in respect of such of the workshop manufactured items as are extremely liable to defects.

(b) Cost of manufacture should be worked out every time the method of manufacture is changed.

(4) Material requisition: This is used for drawing material from the Stores and after acknowledgement by the shop-foreman is sent to the Stores. After posting in the numerical ledger, this is sent to the Accounts office.

(5) Debit Transfer Sheets: In case any material drawn for a particular work order is transferred to another work order a debit transfer sheet is prepared and sent to the Accounts office for carrying out necessary adjustments.

(6) Returned Stores Note: This is used for returning the manufactured materials to Stores.

(7) Cost Card (W 944): This is used for recording the unit cost arrived at a repeated manufacture of the same material. The estimated cost with details of labour and material are also indicated on this card.

The cost sheets and the connected documents should be scrutinised to see that:

i) Labour charges have been booked by the shops required to perform operations as mentioned in the route cards.

ii) Material charges, wherever necessary have been booked by the shop processing the first operation. Adjustment for the off-cuts or scrap, wherever utilised has been made where required.

iii) Labour and material charges have not been booked by shops not mentioned in the route cards.

iv) The quantity passed by the inspector in the final operation has been acknowledged by the Stores Depot by suitable endorsement on the route card and that necessary credit for the manufactured articles supplied to the Stores Department has been afforded by the Stores Accounts Office.

- v) There are no discrepancies between the number of articles actually completed and sent to stores and that for which charges have been booked on the sub work order and that the weight of raw material obtained for the sub-work order is not out of proportion to the weight of the articles sent to Stores.
- vi) the weight of raw material obtained for the sub-work order is not out of proportion to the weight of the articles sent to stores;
- vii) the unit cost arrived at is correct;
- viii) Abnormal wastages are valued and credit afforded to the work order by debiting the on-cost.
- ix) Abnormal rejections of more than 5% to the total number ordered are investigated and remedial measures taken.
- x) A cost variation register is maintained for recording market variations and a statement of market variations is sent to the works manager for investigation.

1240. Review of statistics of periodical overhaul and cost of unit repairs: While reviewing the above, the instructions contained in para 364 of Railway Audit Manual should be borne in mind.

1241. Local Inspection of shops (444 of Railway Audit Manual): Inspection of shops is to be conducted based on the activity carried out in each workshop viz. Periodical Overhaul, manufacture of coaches etc.

CHAPTER - XIII

CO-ORDINATION SECTION

1301. Duties of the Section: The Co-ordination Section, as the name signifies, is responsible for the co-ordination of work among the various sections of the Head Office and the Divisional and Branch Audit Offices. The main items of work dealt with in the Section are given below. The Section will also be responsible for any other co-ordination work allotted to it from time to time.

- (1) Consolidation of material received from Branch Offices/Sections in connection with various returns due to be sent to the DAI excepting those relating to Office Administration, Finance Accounts, Capital and Revenue Accounts, Appropriation Accounts etc.
- (2) To deal with references received from the DAI connected with the programme of audit and extent of check and other important policy matters requiring collection of information from various Auditing Sections.
- (3) To examine important objections reported by branch offices/sections and pursue them centrally with the F.A.&C.A.O. after ascertaining the position in that regard from all other units concerned.
- (4) To deal with all matters concerning periodical meetings of the Principal Director of Audit with the Branch Officers and to collect material from all sections/divisions for inclusion in the agenda for the meeting of the General Manager with the Heads of Departments.
- (5) To scrutinise and submit to the Principal Director of Audit, Paras for Register of Audit Activities received from the Branch Offices/Sections and to circulate to DAI and other Zonal Railway Audit Offices the items selected by the Principal Director of Audit and similarly to circulate to the Branch Offices/Sections the extracts of important results of audit received from other Zonal Railway Audit Offices.

- (6) To maintain the Registers of (i) Special Letters (ii) Audit Activities (Important Results of Audit) etc.
- (7) To deal with the Tour Notes of DAI/Principal Director of Audit/Director/Deputy Director.
- (8) To deal with the Charge Reports of Principal Director of Audit/Director/Deputy Director.
- (9) Maintenance of P.O.O. Register and distribution of P.O.Os to all Sections/Divisions.
- (10) Submission to Principal Director of Audit before 25th of each month, a list of important inspections to be carried out by the different offices in the ensuing month.
- (11) Review of the consolidated Monthly Arrear Report of the Divisions/Units every month and submission of an appreciation report on the arrears position in the Divisions/Units monthly to the Dy. Director and quarterly to the Principal Director of Audit.
- (12) Half Yearly return on Supervision of field audit parties by Group Officer.
- (13) Quarterly report relating to Audit Plan.
- (14) Quarterly progress report regarding clearing backlog of Inspection Reports and TA Notes
- (15) Internal control mechanism to assess the quality of audit work – assurance memo.
- (16) Ranking the performance of Audit Offices to be sent to CAG every year by 13th May of every year duly adopting the parameters given by Hqrs.
- (17) Building up of data bank of Audit Objections under Special Letters / Inspection Reports / Audit Notes in consultation with EDP.

The work to be done in respect of each of these items is detailed in the succeeding paragraphs.

1302. Draft Para on the outstanding Audit Objections :

- (a) A return showing the position of objections issued and settled during the financial year should be sent to the D.A.I/Railways by 31st July every year for consideration of a para for inclusion in the Audit Report (Railways).

(CAG/Rlys. Letters Nos. 184-Rly/2-4/recoveries/2004 dated 26.02.2004).

- (b) To enable the return to be sent to the Comptroller and Auditor General of India (Railways) by the due date the Divisions/Units must send the particulars relating to their units as per the Proforma (in duplicate) to the Co-ordination Section by 30th June every year.

1303. Report on the Efficiency of Internal Check

- (a) A report showing the position of arrears in Accounts Office and lapses/defects in internal check should be prepared by all the Branch Offices/auditing sections after the close of the March Accounts every year and forwarded to the respective Accounts Officers. At the time of preparation of the Report, it should be ascertained by a complete review of all the registers maintained for the purpose in the Accounts Office, that adequate machinery exists in the Accounts office to watch the recovery of all charges for the services rendered to the staff e.g. diet charges, Electric energy charges, Rent for quarters, Rent on Electrical installation and sanitary fittings, conservancy charges and miscellaneous charges. Lapses on the part of the Accounts Office to take appropriate action for recovery of these charges should be brought out in the Report. Important comments meriting the personal notice of the F.A.&C.A.O should be communicated to the Co-ordination Section by the 13th August every year. The Co-ordination section will then consolidate the main items appearing in these reports and take up the matter with the F.A.&C.A.O., wherever necessary under the orders of the Principal Director of Audit.

(b) A report regarding review of the working of the Accounts Department in the form prescribed should also be sent to the Co-ordination Section by all units along with the Report on the Efficiency of Internal Check.

(c) So far as the arrears in internal check are concerned the Railway Board keep themselves aware of the problem and take suitable measures by reviewing the half-yearly reports submitted by the F.A.&C.A.O. As such, no practical purposes will be served by our reporting these cases, perhaps after a year. As regards the defects in internal check, it is left to the Principal Director of Audit to judge which of these are serious in the sense, that they facilitate frauds or leakage and take up such cases with the Railway Administration in the most effective manner, the bad cases being considered for individual comment in the Audit Report (Railways). The more serious lapses in internal check, meriting inclusion in the Audit Report (Railways) may be processed as Draft paras.

(CAG/Rlys. Letter No.242-RA.I/21-45/61 dated 17-01-1962).

1304. Recoveries effected at the instance of Audit.

(a) A consolidated para on the recoveries effected or agreed to be effected at the instance of audit is included in the Audit Report (Railways). The details relating to the units under each FA&CAO will be got verified by the concerned FA&CAO and forwarded to the Comptroller & Auditor General of India (Railways) by the Co-ordination Section by the 31st July each year in Form No.1304.

(CAG/Rlys. Letter Nos.1967-RA.I/ 8-4/ 66 dated 28-07-66 and 4483-RA.I/ 12-170/68 dated 19-10-68).& (CAG/Rlys. Letters Nos. 184-Rly/2-4/ recoveries/2004 dated 26.02.2004).

(b) The Divisions/Sections should get the statement containing the particulars relating to their unit verified by the Accounts Officer and forward it to the Co-ordination Section in duplicate by 30th June. To avoid delay, the figures may be got verified by the respective Branch Accounts Officers monthly and the same kept ready for consolidation at the end of the year. The final figures

furnished in the year should tally with the total of the figures furnished under Section VIII of the Quarterly Progress Reports for the year vide para 1310.(Authority: CAG/Rlys. Letter No.474-RA.III/10-2/87 dated 06-08-87).

1305. Audit Planning, Execution, Reporting and Follow-up

Audit Planning

Audit planning is expected to be strategic in that it fits into the long term and short term goals of audit. These goals would need to be identified and framed in consonance with the overall “Vision and Mission statement” of the Department, and be in line with the specific targets and goals of individual wings/offices. Within the strategic plan for audit, an annual operational plan for all audits to be conducted in a financial year is drawn up in the field offices. The annual audit planning broadly comprises of risk assessment, selection of units, assignment planning, etc. The quality measures, procedures and practices set out below are related to operational plan for all audits and planning for individual audit assignments.

- (i) **Electronic database of auditee profiles:** This is the foundation of audit planning. It is, therefore, important to maintain comprehensive and current information on all entities to be audited so as to target the right units. This database/knowledge repository which should be maintained electronically is to be utilised in a scientific manner by applying tools such as risk assessment techniques to enable an objective and unbiased selection of auditee units. Information available from the VLC database should be used for audit planning as also data from various e-governance initiatives undertaken by entities.
- (ii) **Materiality and risk assessment:** The audit plan should be based on a clear assessment of risk, materiality and priority. The overall significance of the auditee based on factors such as financial size or the effect of its performance on the public at large or issues of national importance would be a major factor in prioritising the audits. These could include previous audit experience, visibility of the subject, auditability of the unit and expected audit impact.

Identification of key risk areas and statistical sampling techniques: Key risk areas should be identified for focused attention during the audit and scientifically designed sampling techniques used for determination of sample size.

- (iii) **Scheduling of audit:** Allocation of time for the audit of each unit is dependent on the audit scope, manpower availability and other relevant departmental instructions contained in Manuals/guidelines, etc. The actual scheduling of audit should be subject to the mutual convenience of both auditor and auditee.
- (iv) **Standards formats & checklists:** Standard formats and checklists should be developed and used to ensure uniformity and focus in the audit approach. These could include:
 - a) Preliminary list of documents to be seen;
 - b) Suggested issues for examination;
 - c) Checks to be exercised at different levels; and
 - d) Format for reporting results.
- (v) **Provision for supervision and review of audit:** Adequate levels of supervision, monitoring and review at different levels, and as prescribed under different standards and guidelines of this department need to be provided in the audit plan so as to ensure that audit objectives are achieved. While supervision involves directing audit staff and monitoring their work during the audit to ensure that the audit objectives are met, review brings more than one more level of experience and judgement to the audit task and generally ensure involvement of higher levels of management with the audit process, including providing an assurance that the work has been carried out as per the standards and guidelines.

The audit plan should be reviewed and approved by the competent authority, with deviations from the approved plan during execution requiring written documentation and approvals. Before approving the audit plan, an exercise may also be conducted to ascertain the areas where inputs from other wings of audit would be required. Suitable mechanism may be evolved to obtain

the requisite information from other wings on a timely and regular basis. This may also be reviewed on periodical basis. Existing departmental standards/manuals/ guidelines/instructions issued in respect of audit planning need to be kept in mind and complied with. While reviewing and approving the audit plan it should be seen whether the planning process was:

- based on sound judgement;
- comprehensive;
- provided for suitably experienced staff for audit and supervision;
- timely; and
- appropriately documented.

(vi) **Review of audit findings before finalisation of reports:** All audit findings should be reviewed at a suitably senior level before audit opinions or reports are finalised. The nature and extent of the review would depend on several factors such as the significance of the work, the risk perception of the auditee, and experience levels of the audit personnel. Review can be done on a concurrent basis when the audit work is going on, at the stage of preparation of audit observations, finalisation of inspection reports, drafting of audit reports and applying quality checks prior to final approval of the audit report. Similarly, a checklist may be prepared in the headquarters section of the field offices to review the Inspection Reports (IRs). The performance of the audit team may be reviewed at the time of finalisation of the IR on the basis of predetermined parameters and placed before the senior management for appropriate action. The results of the review need to be documented in a transparent manner, to be used as feedback into the audit cycle.

Review would include check of the presentation and format, and the technical quality and content of the product. It should ensure that all findings and conclusions are based on and supported by competent, relevant and reasonable evidence. All assertions of audit are to be fully supported by the data gathered during the audit. The documentation of key evidence and its interpretation in

audit should clearly establish the manner in which audit conclusions were reached. The review checks whether the audit product is timely, comprehensive, and appropriately documented. Timeliness of the audit result may involve both the meeting of statutory deadlines and the delivering of the audit results when they were needed for a policy decision or to correct systemic weaknesses.

The response of the auditee should also be adequately reflected, and any divergence of opinion should be dealt with clearly. The review is expected to assess the level and quality of the prescribed supervision of the audit, and provide an assurance that the work has been carried out according to standards and guidelines of the Department.

(vii) **Developing audit recommendations:** All performance audits should conclude with well thought-out recommendations. For developing recommendations, audit should identify the underlying cause(s) of a finding, as this forms the basis for the recommendations. A quality recommendation is one that is:

- Action-oriented-properly-directed, specific, convincing, significant, positive in tone and content;
- Dealing with underlying causes and should correct the basic cause of the deficiency;
- Feasible- and is workable; and
- Cost-effective or the benefit to be derived from implementation of the recommendation outweighs the cost for its implementation.

(viii) **Inventory of recommendations:** A database of audit recommendations should be maintained electronically with appropriate grading for effective monitoring and follow-up of audit recommendations. The database also needs to be updated periodically.

1306. Annual Inspection Programme of Divisions/Units : The proposals for inspections/works review to be conducted during the ensuing year received from the Divisions/Units will be scrutinised by the Co-ordination Section and submitted to the

Principal Director of Audit for approval. For this purpose the draft Inspection Programme of the following year should be submitted to the Co-ordination Section by the 1st week of January each year. Along with the usual proforma in which the Inspection Programme is submitted, two copies of the programme indicating the office proposed for inspection, periodicity and month in which proposed to be taken up should also be submitted. The approval of the Principal Director of Audit will be communicated by the Co-ordination Section to the Divisions/Units. The Divisions/Units should strictly adhere to the programme as approved by the Principal Director of Audit so that postponements do not occur. The Divisions/Units should commence the inspection sufficiently early before the 10th of the month so that they may not be carried forward to the next month ordinarily.

A copy of the approved Annual Inspection Programme should be sent to Headquarters in February each year to facilitate a random selection of Inspection Reports to be reviewed by them. (CAG/Rlys. Letter No.223-RA.I/17-13/87 dated 24-04-87).

1307. Comprehensive Monthly Arrear Report : The comprehensive monthly arrear report of all sections should be sent during the beginning of each month so as to reach the co-ordination section on 5th positively. The co-ordination section will review them and prepare an appreciation report highlighting major points from the reports and submit the report along with the CMARs to the Dy. Director before 10th of each month and to the Principal Director of Audit quarterly during April, July, October & January by 10th.

1308. Arrears in respect of letters received from DAI/Railways : The position of CAG's letters received upto the end of a month but not cleared before 5th of the succeeding month should be reported to the co-ordination section by all Headquarters sections including Administration by 7th of each month. The Co-ordination section will submit a consolidated report to the Principal Director of Audit on 8th. This is in addition to the position reflected in the C.M.A.R. each month.

1309. Quarterly Progress Report:

The Quarterly Progress Report should be sent to the Co-ordination Section by the Divisions/Units by the 10th January, April, July and October of each year in Form No.1308. While furnishing the report the following guidelines should be borne in mind.

Consequent on the computerization of the quarterly report the details are to be furnished in the format the Functional group 'General Divisional Audit'.

In respect of Arrears due to Arrears in Accounts Office, item-wise details are not required; the man-days under each functional group/sub-group only should be shown, duly taking into account only such items, which have arrears of 2 man-days or more for computing the arrears under the functional group/sub-group.

Serious cases of arrears due to arrears in Accounts Office may be highlighted in the report on the Efficiency of internal check.

The probable date when arrears would be cleared may be specifically indicated in the resume under the column date by which arrears are likely to be cleared' duly avoiding vague terms, such as 'as and when the cases/vouchers are received from Railway Administration' 'As and when arrears in Accounts Office are cleared and 'likely to be cleared soon' etc.

In the case of chronic and serious arrears, the steps taken or proposed to be taken should be spelt out (especially when there is bunching of audit work); if the matter is to be taken up at the level of the Railway Board by Headquarters (CAG's Office), this has to be indicated for consideration.

(a) Computation of internal arrears in terms of man-days in respect of inspection reports not issued within the prescribed period should be done with reference to actual work load keeping in view the instructions contained in para 22 of Manual of Standing Orders (Administrative) Vol. I. In addition, the number of inspection reports awaiting issue, their age (i.e. more than one month old and more than three

months old) reasons for the arrears and steps taken to clear the arrears should also be indicated in a separate Annexure (Annexure III) to the Quarterly Progress Report.

(b) The CAG's references outstanding for over six months and over 2 years may be shown separately in Part I and II respectively and the probable date by which the references would be disposed of should be specifically indicated in Form – III.

(c) The prescribed audit certificate and statement showing progress in the check of Capital and Revenue Accounts, Finance Accounts (Headquarters Books & Budget Section and RWF only should be furnished.

(d) The consolidated Quarterly Progress Report together with the certificates and statements should be furnished to the C.A.G./Railways by the 20th of the month following the quarter.

(e) Inspections: The number of inspections due during the quarter (Section II – A (i) should include those carried over from the last quarter, if any (Sl.No.3 of last return).

(f) Audit of Tenders & contracts and completed contracts.

The number of contracts due for audit (Section III Sl. No. B) should include the balance due for audit at the end of previous quarter (Sl. No. D of last return)

(g) The number due for audit (Section IV Sl. No.(i) should include the balance due for audit in the end of the last quarter [Sl. No. (iii)] of the last return.

(h) The reasons for pendency/arrears in Sections III, IV and V and action taken to clear the same should bring out inter-alia the discussions/personal contacts made with Accounts Counterpart.

(i) Recoveries effected at the instance of Audit:

Major recoveries of Rs.1 lakh each in the case of traffic earnings and undercharges and Rs.50,000 each in the case of recoveries relating to establishment and other matters should be itemized giving brief details of the case. Small

recoveries below the limits specified above should be grouped together giving details of total number of cases along with the total amount recovered/agreed to be recovered.

(Authority : i) CAG's letter Nos.1136/RAI/10-3/59 dated 19-04-61, ii) 483/16-RAI/17-1/76 dated 04-05-79; iii) 496-RA.III/10-1/80 dated 26-07-80; iv) 988-110-RA.III/ 10-2/81 of 01-09-81; v) 19-Audit.II/1986 of 17-07-86; vi) 289-RA.I/RR2-10/87 dated 22-05-87; vii) 474-RA.III/10-2/87 dated 06-08-87.

1310. Procedure Office Order Register: Procedure Office Orders will be submitted to the Principal Director of Audit for approval by the concerned sections at Headquarters. After approval, the same will be numbered and issued by the Co-ordination Section both in Hindi and English. A copy of the P.O.O. will be pasted in the P.O.O. Register which will be maintained by the Co-ordination Section.

1311. Charge Reports of Principal Director of Audit, Director and Deputy Director : The Charge Reports of the Principal Director of Audit and Deputy Director will be prepared by the Co-ordination Section with reference to particulars available in the Co-ordination Section and other details which may be called for from the Divisions/Units, if required.

1312. Conference of Accountants General/Principal Directors of Audit : The material required to be sent from this office for the Conference of Accountants General/Principal Directors of Audit will be collected, consolidated and furnished to Comptroller & Auditor General's Office by the Co-ordination Section as and when such Conference are held. The material for the meetings of Branch Officers with the Principal Director of Audit will also be collected by the Co-ordination Section, which will be responsible for the preparation of the Agenda/Minutes relating to such meetings.

1313. Tour Notes of Principal Director of Audit : Tour Notes of Principal Director of Audit are made over to the Co-ordination Section for taking out necessary copies and despatch to Divisions/Sections which will send their reports in

respect of the items referred to them as expeditiously as possible. These should be put up to the Principal Director of Audit for orders.

1314 .Papers/Registers meant for submission to Principal Director of Audit: The under-mentioned Registers which are to be submitted to the Deputy Director/Principal Director of Audit periodically as per the time table prescribed should be routed through the Co-ordination Section.

- i) Original Audit/Post Review Registers of Branch Officers and Asst. Audit Officers;
- ii) Register of Review of Tenders and Contracts;
- iii) Progress Report Register of Inspections.
- iv) Selection-cum-completion of Audit Register.

1315. Issue of Correction Slip to the Office Manual: Correction Slips to the Office Manual will be issued by the Co-ordination Section whenever a correction becomes necessary due to receipt of revised orders on any subject. The section concerned will prepare the necessary draft correction slip and forward the same to the Co-ordination Section for consideration and issuance of necessary correction slips to the relevant para, duly obtaining the approval of the Principal Director of Audit thereto. The responsibility of proposing the correction slips devolves on the Asst. Audit Officers concerned as noted below:

Chapter No. of the Manual	Subject	Person responsible for making the Manual upto date
I	Organisation & Functions	Asst. Audit Officer/Admn.
II	Departmental Regulations	Asst. Audit Officer/Admn.
III	Office Procedure	Asst. Audit Officer/Admn.
IV	Administration	Asst. Audit Officer/Admn.
V	General Audit Procedure	Asst. Audit Officer/Co-ord.
VI	Audit of Earnings(Coaching & Goods)	Asst. Audit Officer/TA
VII	Establishment, Provident Fund and Pension Audit	Asst. Audit Officer/E.
VIII	Expenditure Audit	Asst. Audit Officer/X.

IX	Audit of Stores Accounts	Asst. Audit Officer/S.
X	Workshop Audit	Asst. Audit Officer/ W&S/UBL
XI	Audit of General Books & Accounts	Asst. Audit Officer/B
XII	Appropriation Audit	Asst. Audit Officer/B
XIII	Inspections	Asst. Audit Officer/I/MAS.
XIV	Reports Section	Asst. Audit Officer/Rep.
XV	Co-ordination	Asst. Audit Officer/Co-or
XVI	Efficiency-cum-Performance Audit	Asst. Audit Officer/ECPA.
XVII	Railway Recruitment Board	Asst. Audit Officer/SBC Dn.
XVIII	Construction Audit	Asst. Audit Officer/ Construction/ BNC

A running record of correction slips must be maintained by the Co-ordination Section in Form No. 1316 and copies of thereof forwarded to all the units for keeping the Manual current.

Form No.1302 (Para 1302-OM)

Office of the Principal Director of Audit/South Western Railway

I. Statement showing the number of audit objections issued and settled during the year

Sl. No	Description	Number of objections	Amount involved	
1.	Number of objections pending as on 1.4			
2.	Number of objections (Paras in Part I Audit Notes/Part I Inspections Reports/Special letters) issued during 1.4 to 31.3			
3.	Total 1& 2 above			
4.	Number of objections settled during the year			

Details of cases settled (Col.4)

Sl. No	Description	Number of objections	Amount involved	How settled *
1	Cases of irregular payment			
2	Cases of avoidable expenditure			
3	Cases of wasteful investment			
4	Cases of infructuous expenditure			
5	Cases of misclassifications			
6	Cases of non-implementation of rules			
7	Cases of delay in completion of works			
8	Cases of delay in installation/commissioning of machines/projects etc.			
9	Other types of cases			

* By regularisation through write off, waiver of recoveries, setting right the procedure involving avoidable expenditure, satisfactory reasons offered for delay and issue of instructions for avoiding recurrence of similar irregularities, rectification of mistakes by issuing fresh orders/amendments etc.

Q P R FORMS

Form: 1309

MIS- AUD 2R

Central Audit - report for the quarter ending - -20 .

ITEM OF CENTRAL AUDIT	Month due for audit	Month actually audited	No. selected for audit	No. Actually audited		No. pending for audit cumulative		Reasons for pendency current period			Reasons for pendency old period			No. of TA Note Pt I issued	No. of Spl. Letters issued
				Curren t period	Old period	Curren t period	Old period	Vr. Not avail- able	Arrear s in A/Cs office	Arrear s in audit office	Vr. Not avail- able	Arrear s in A/Cs office	Arrear s in audit office		
GENERAL VOUCHERS															
STORES & CONTRACTORS' BILLS															
PURCHASE ORDERS															
COMPLETED CONTRACTS															
RLY BOARD'S SANCTIONS															

MIS AUD 4

Statement on issue of Inspection Reports / Special Letters upto the end of the quarter - -20 .										
Sl. No.	Group	No. of IRs due for issue (incl. Carry forward from previous quarters)	No. of Inspection Reports to be issued (agewise in months)					No. of Nil Reports issued	No. of Paras in the Reports issued in the quarter	
			> 1 & <3	>3 & <6	>6 & <12	>12	Total		Part I IR	Spl. Letter
1	HEADQUARTERS									
2	DIVISIONS									
3	CONSTRUCTION									
4	WORKSHOPS									
5	STORES									
6	TRAFFIC									
7	OTHERS									
	Total									

MIS- AUD 5-C

Statement of Paras outstanding for over 6 months for the quarter ending - -20 .

Sl. No.	Group	Outstanding Paras in		Targetted no. of DPs for current Audit Report	No. of Part I IR Paras converted into DPs in the quarter for current Audit Report	Further no. of Part I IR Paras /Spl. letters likely to be issued as DP for current Audit report.	No. of paras outstanding agewise (in months)											
		Part I IR	Spl. lr				>6 & <12		>12 & <18		>18 & <24		>24					
							Pt I IR	Spl. lr.	Pt I IR	Spl. lr.	Pt I IR	Spl. lr.	Pt I IR	Spl. lr.				
1	HEADQUARTERS																	
2	DIVISIONS																	
3	CONSTRUCTION																	
4	WORKSHOPS																	
5	STORES																	
6	TRAFFIC																	
7	OTHERS																	
	Total																	

MIS AUD -7C

<p align="center">Issue of Audit Certificate (autonomous bodies sec.14 cases, World bank projects etc.) Report for the quarter ending - - 20 . (Central Govt. cases)</p>						
Sl. No.	Name of auditee or project	Due date for issue of Audit Certificate	Date of receipt of accounts for Audit	Date of issue of Audit Certificate (give in bracket probable date of issue where certificate not issued.)	Total no. of Audit Certificates pending for issue	Action taken to expedite issue of Audit Certificate

MIS- AUD 11

Report on disciplinary cases for the quarter ending - -20

No. of disciplinary cases pending	No. of Major penalty cases pending	No. of Minor penalty cases pending	No. of cases outstanding (agewise in months)			
			>6 &<12	>12 &<18	>18 &<24	>24

MISAUD 12

Report on CAT/ Court cases for the quarter ending - - 20 .

No. of CAT/ court cases pending	No. of original cases	No. of appeal cases	No. of cases outstanding (agewise in months)			
			>6 &<12	>12 &<18	>18 &<24	>24
Serving/ Retired employees of IA&AD						

MIS- AUD 13

Report of non- consignment of old records to the old record room for the quarter ending - - 20 .

(Total accommodation in old record room in cubic feet :701)

Spare accommodation in old record room in cubic feet : NIL

No. of sections with records overdue for despatch to old records	No. of bundles overdue for despatch to old records	No. of files/ registers overdue for despatch to old records	Approximate additional accommodation in cubic feet required for taking in records (vouchers, files, registers) requiring further preservation and overdue for despatch to old records

Note 1: Further preservation means records not fallen due for destruction but kept aside for eventual destruction under orders of competent authority.

Note 2: Position may be indicated as 'NIL' if specific information is not possible of being furnished.

MIS- AUD14

Report on outstanding pension cases / GPF payment cases of staff of IA&AD for the quarter ending - - 20 .

No. of persons who retired during the quarter	No. of persons in whose cases pension/GPF payment pending	No. of pension/ GPF cases pending in respect of those who retired in earlier quarter.	Remedial action being taken in respect of pending cases.

MIS- AUD 15

Amount recovered / agreed to be recovered at the instance of audit - Quarter ending - -20

Sl. No.	Group	Items less than or =50,000		Items more than 50,000	
		Number	Value Rs.	Number	Value Rs.
1	HEADQUARTERS				
2	DIVISIONS				
3	CONSTRUCTION				
4	WORKSHOPS				
5	STORES				
6	TRAFFIC				
7	OTHERS				
	Total				

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT: SOUTH WESTERN RAILWAY: HUBLI

PROFORMA SHOWING SUMMARY OF RECOVERIES EFFECTED AT THE INSTANCE OF AUDIT FOR THE YEAR 20 -

(SOUTH WESTERN RAILWAY INCLUDING OPEN LINE, CONSTRUCTION, PRODUCTION UNIT, WORKSHOP AND STORES AND TRAFFIC)

Name of the unit	Amount pointed out by audit for recovery		Amount actually recovered or agreed to be recovered						Total		Amount converted in to Crore
	As a result of audit of transactions checked by Accounts	Other than those mentioned in column 2	As a result of audit of transactions checked by Accounts column 2		Other than those mentioned in column 4 & 5		Amount recovered as a result of further review by Accounts column 4				
			Amount actually recovered	Not yet recovered	Amount actually recovered	Not yet recovered	Amount actually recovered	Not yet recovered	Amount actually recovered (Col. 4+6+8)	Amount not yet recovered (Col.5+7+9)	
1	2	3	4	5	6	7	8	9	10	11	12

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT: SOUTH WESTERN RAILWAY: HUBLI
PROFORMA SHOWING SUMMARY OF RECOVERIES EFFECTED AT THE INSTANCE OF AUDIT FOR THE
YEAR 20 -
(SOUTH WESTERN RAILWAY INCLUDING OPEN LINE, WORKSHOP AND STORES AND TRAFFIC)

Name of the unit	Amount pointed out by audit for recovery		Amount actually recovered or agreed to be recovered						Total	Amount converted in to Crore
	As a result of audit of transactions checked by Accounts	Other than those mentioned in column 2	As a result of audit of transactions checked by Accounts column 2		Other than those mentioned in column 4 & 5		Amount recovered as a result of further review by Accounts column 4			
			Amount actually recovered	Not yet recovered	Amount actually recovered	Not yet recovered	Amount actually recovered	Not yet recovered		
1	2	3	4	5	6	7	8	9	10	11

AuO/Co-Ord/SWR/UBL

FA & CAO/SWR/UBL

STATEMENT SHOWING CLEARANCE OF OLD OBJECTIONS (ISSUED PRIOR TO 31.03.20) FROM APRIL 20 TO JUNE 20 .															
UNITS	OBJECTIONS ISSUED PRIOR TO 31.3. AND OUTSTANDING AS ON 01.04.					OBJECTIONS ISSUED PRIOR TO 31.3. AND OUTSTANDING AS ON 30.06.0					TOTAL CLEARANCE				
	SPL. LR	T.A.NOTE		INSP.REP		SPL. LRS	T.A.NOTE		INSP.REP		SPL. LRS	T.A.NOTE		INSP.REP	
		PT.I	PT.II	PT.I	PT.II		PT.I	PT.II	PT.I	PT.II		PT.I	PT.II	PT.I	PT.II
Total															

STATEMENT SHOWING ACHIEVEMENT OF TARGETS UPTO 30.06.20.															
UNIT	TARGETS FIXED FOR THE YEAR								ACHIEVEMENTS UPTO 30.06.20						
	DP	T.A.Notes		I.R		Spl.letters			DP	T.A.Notes		I.R		Spl.ltrs	
		Pt.I	Pt.II	Pt.I	Pt.II	BO	AAuO	Total		Pt.I	Pt.II	Pt.I	Pt.II		
GRAND TOTAL															

PERCENTAGE OF ACHIEVEMENT						
UNIT	DP	TA NOTES		INSP.REP		Spl.Lr
		I	II	I	II	

PERCENTAGE OF CLEARANCE						
UNITS	SPL. LRS	T.A.NOTE		INSP.REP		Spl.Lr
		I	II	I	II	

RECOVERY FORM

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT : SOUTH WESTERN RAILWAY : HUBLI

PROFORMA SHOWING SUMMARY OF RECOVERIES EFFECTED AT THE INSTANCE OF AUDIT FOR THE YEAR
20 - (SOUTH WESTERN RAILWAY INCLUDING OPEN LINE, WORKSHOP&STORES AND TRAFFIC,
CONSTRUCTIONS)ROJECT AND

Unit	AMOUNT POINTED OUT FOR RECOVERY						AMOUNT ACTUALLY RECOVERED OR AGREED TO BE RECOVERED									
	As a result of audit of transactions already checked by Accounts.		Other than those mentioned in Col. 2 and 3.		Total		As a result of audit of transactions already checked by Accounts.		Other than those mentioned in Col. 8 and 9.		Total		Amount recovered as a result of further review by Admn.		Difference between Col. 6&7 and 12&13.	
	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
TOTAL																

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT: SOUTH WESTERN RAILWAY: HUBLI
PROFORMA SHOWING SUMMARY OF RECOVERIES EFFECTED AT THE INSTANCE OF AUDIT FOR THE YEAR 20 -20
(SOUTH WESTERN RAILWAY - CONSTRUCTION UNITS)

AMOUNT POINTED OUT FOR RECOVERY																AMOUNT ACTUALLY RECOVERED OR AGREED TO BE RECOVERED																
Unit	As a result of audit of transactions already checked by Accounts.				Other than those mentioned in Col. 2 and 3.				Total				As a result of audit of transactions already checked by Accounts.				Other than those mentioned in Col. 8 and 9.				Total				Amount recovered as a result of further review by Admn.				Difference between Col. 6&7 and 12&13.			
	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)			
TOTAL																																

Clearance backlog form

SOUTH WESTERN RAILWAY (YEARWISE)

Year	Audit objection pending at the beginning of the quarter						Cleared during the quarter						Issued during the quarter						Balance at the end of the quarter										
	Part I I.R		Part I TAN		Spl. Lrs		Part I I.R		Part I TAN		Spl. Lrs		Part I I.R		Part I TAN		Spl. Lrs		Part I I.R		Part I TAN		Spl. Lrs						
	NO.	Paras	NO.	Paras	NO.	Paras	NO.	Paras	NO.	Paras	NO.	Paras	NO.	Paras	NO.	Paras	NO.	Paras	NO.	Paras	NO.	Paras	NO.	Paras					
TOTAL																													

CHAPTER XIV

REPORTS SECTION

1401. The Reports Section is responsible for the processing of Paragraphs for the Report of the Comptroller and Auditor General of India - Union Government (Railways) and all matters relating thereto. The items of work dealt with in the Section are mainly:

Processing of paragraphs for the Report of the Comptroller and Auditor General of India - Union Government (Railways), maintenance of Register of Draft Paragraphs and Potential Draft Paragraphs. The work to be done in respect of each of the items is listed in the succeeding paragraphs.

1402. The General instructions contained in Chapter XXIII of the Railway Audit Manual should be carefully observed in preparing Draft Paragraphs for the Report of the Comptroller and Auditor General of India - Union Government (Railways) - hereinafter referred to as 'Audit Report (Railways)' for brevity.

1403. Selection and Presentation of material:

The efficiency of Audit consists in selecting material having rich potential for inclusion in the Audit Report (Railways) gathering accurate information and in drafting the material as crisply as possible. The following guidelines as laid down by the Deputy Comptroller and Auditor General may be borne in mind to achieve the desired results in this regard

1. The background leading to the formation of the scheme/project, financial details, sanctioned expenditure, variations in the estimates etc. may be brought out in the introduction of the review/Draft Paragraph. The introductions should be brief and to the point containing mainly the material necessary to understand the scheme/project and for the comprehending the points sought to be made subsequently in the review.

2. The narration should be clear and in plain language with proper focus so that even a person not versed in details of accounting and audit is able to easily make out the main thrust of the points highlighted.

3. Specific points that have arisen as a result of scrutiny of records of the executive organisation at various levels should be grouped. While dealing with specific points, reasons for the situation obtaining should be analysed and if no reasons are on record, the fact should be clearly spelt out.

4. To enable proper appreciation of the reviews/paragraph, supporting maps, charts, sketches etc. having proper authenticity may be given at appropriate places.

5. Every paragraph should be developed in such a way that, narration leads to a particular point or aspect intended to be brought out in the paragraph. Statistical information should have correlation with Audit comments and loading the narration with statistics not required should be avoided.

6. Summarised version of actual realisation of the objectives projected in the schemes/projects may be given in a comprehensive manner. A summing up of the procedural lapses or omissions or other lacunae that have contributed to a particular situation may be brought out at the end of each paragraph/review so as to make a meaningful reading that would be of help to all concerned to draw lessons for the future.

(Authority: I) CAG's letter No.564-RAI/RR.2-7/79 dated 14.6.79; & ii) DOI's D.O. No.260-RA.I/RR.2-2/80 dated 14.3.80.

1404. Issue and pursuance of Special letters, Inspection Reports with Draft Para potential.

Draft Paragraphs are normally developed from the Inspection Report paras or Special letters. The Branch Officer should take up a case, which is identified at the inspection report stage itself as possessing sufficient potential to develop into a Draft Paragraph, through a Special letter. Such a case should be submitted with full details in the form of a note to the Principal Director of Audit, through the Reports Section duly supported by all relevant material as key

documents for approval, to treat the same as a potential Draft Para case. Once, the case is approved by the Principal Director of Audit as potential Draft Para, it should be so registered by both the Reports Section and Branch Office concerned and pursue vigorously. The reminders and rejoinders to the replies are to be proposed and issued by the concerned sections duly routing the papers through Reports Section. The Branch Officer should report the progress of the case to the Principal Director of Audit through monthly/quarterly D.O.s till it is either converted into a Draft Paragraph or dropped.

A copy of the Special letter issued as a potential Draft Para together with authenticated copies of key documents should be sent to the Reports Section for record.

1405. Processing of cases for inclusion in the Audit Report (Railways) goes through the following stages.

a. Reply to the potential draft para case received from the Administration should be examined thoroughly and if, on the basis of the examination, the case is considered ripe enough for issuing as a Draft Para, it should be submitted to the Principal Director of Audit for his approval through the Reports Section. While submitting the case for consideration as a Draft Para any additional information/points proposed to be mentioned in the Draft Para but not done so earlier, should be duly supported by authenticated key documents. The Reports Section will examine the case thoroughly with reference to the key documents and call for any clarification/information/supporting documents considered necessary to sustain the audit comment.

b. Only material which is important enough to feature in the Audit Report should be issued as Draft Para. Normally cases involving substantial money value (Rs.1 Crore in the case of earnings and Rs.50 lakhs in the case of works and contracts and Rs.25 lakhs in the case of stores and establishment) should only be considered for the purpose. However, these monetary limits may not preclude consideration of cases presenting special features like serious procedural irregularities, lapses etc, the mention of which in Audit Report is likely to have beneficial results.

c. On approval by the Principal Director of Audit, the case will be issued as a Draft Para duly supported by key documents, through Confidential D.O. letter to the General Manager with endorsement by name to the Financial Commissioner (Ministry of Railways) Railway Board, F.A. & C.A.O. and the Heads of Departments concerned. Two copies of the Draft Para are to be furnished to the FA&CAO to enable him to send one copy to the Chief Vigilance Officer, where necessary. A time limit of 8 weeks is allowed to the Administration for sending reply to the Draft Para.

d. Two copies of the Draft Paras as issued to the General Manager, together with two sets of key documents are to be sent to the Comptroller and Auditor General of India, in convenient batches by Speed Post.

e. Zonal railways send replies to the Draft Paras in the following format :

- i. Brief history of the case with copies of relevant correspondence;
- ii. A chronological summary of the case;
- iii. Audit's contention, in brief;
- iv. Sentence-wise comments on the Draft Para;
- v. Disciplinary aspects, if any.

A copy of the Administration's reply is also sent to the Deputy Comptroller & Auditor General/Railways.

(f) Principal Director of Audit will furnish sentence-wise remarks on the Railway Administration's reply with recommendations for inclusion of the Draft Para in the Audit Report. A provisional paragraph should be sent, where necessary, after taking into account the reply of the Administration.

(g) Provisional Paras are issued by the Headquarters office to the Railway Board and copy sent to Principal Directors of Audit for verification of facts and figures mentioned therein. The results of verification should be sent to Headquarters.

(h) Principal Director of Audit are to furnish sentence-wise remarks on the Railway Administration's reply duly approved by Railway Board to the provisional Para when received from the Administration.

(i) Finalised paragraph for inclusion in the Audit Report is received from the Comptroller & Auditor General's Office after discussion of the paragraph with the officials of the Railway Board. Facts and figures in the final paragraph are to be verified by the Principal Director of Audit and the results advised to Headquarters.

(Authority : J.D./Rlys. D.O. No.1570-40-RA.I/RR2-5/78 dated 17.10.78. CAG's letter No.170-35-RA.I/8-2/87 dated 30/31.3.81, Rly. Bd's letter No.83-BC-Genl/15 of 15.5.87,

J.D./Rlys.D.O. No.294-RA.I/RR8-2/87 dated 20.5.87, JD/Rlys. D.O. No. 384-RA.I/17-18/87 dated 29.6.87 & PD/Rlys. Letter No. Rly/Coord/ RR/2-4/2003 dated 11.3.2003)

1406. Review for inclusion in the Audit Report (Railways)

Each Principal Director of Audit should contribute one or two topics for Performance Audit Review every year for inclusion in the Audit Report (Railways). Principal Directors of Audit should select a few schemes/projects for such Performance Audit reviews and send their proposals along with a brief note to the Comptroller & Auditor General's Office by the 15th of October every year. For this purpose the schemes/projects proposed for review must be advised to Reports Section by the Review Cells, ECPA Section and Receipt Audit Section by the 1st September every year, duly enclosing a brief note on each scheme/project. The Reports Section will obtain the orders of the Principal Director of Audit on the proposals received and forward them to the Headquarters Office for securing approval for the reviews. The approval of the Headquarters and guidelines, if any, received will be communicated to the Sections/Cells to which the Reviews are allotted for further action. Apart from the reviews proposed by this office, the Performance Audit Reviews allotted by the Comptroller and Auditor General's office will also have to be processed by the Review Cells, ECPA Section and Receipt Audit Section or any other section

to which these may be entrusted by the Principal Director of Audit. The Review Report should be issued as a Draft Review Report and the following procedure should be followed.

As per the Performance Auditing Guidelines a risk analysis should be carried out with reference to various parameters of the auditee organization, to facilitate determination of audit thrust areas, audit objectives and most appropriate audit criteria. Thus, identification and analysis of risks associated with an auditee organization play a very important role for undertaking an audit. Moreover, since all the activities of an organization cannot be audited for resource constraints, awareness of activities/areas that puts public resources at risk from the point of view of economy, efficiency and effectiveness helps audit to focus on these areas. In the context of Indian Railways, the major activities/areas can be broadly classified into the following four categories:

- 1) Core/Business operations, 2) Repair and maintenance of assets, 3) Creation of assets, 4) Procurement of stores

These are the broad areas or activities, which we can further break-up, to be more specific so that each one of these could be individually assessed and risk factor allocated.

All these items/activities are not mutually exclusive. In fact procurement of stores is an activity, which is vital to all the other major activities mentioned above and it plays a very important role in efficient and effective execution of other activities.

The risks associated with all these activities can be analyzed with respect to various criteria viz. financial materiality, criticality of these activities in achieving overall organizational goals, developmental and strategic initiatives undertaken by the organization for socio-economic reasons, their significance, internal controls in the organization and past audit experience. Accordingly a model for risk assessment has been attempted for Indian Railways.

Financial Materiality: This criteria is based on the annual expenditure incurred for the activity. The risk associated with each of these activities can be taken as directly proportional to the amount spent on them.

The administrative cost of carrying out all these activities including salary and other administrative expenses, staff welfare and other amenities, provident fund, pension and other pensionary benefits, research and development, recruitment boards and audit can also be allocated proportionately to all these activities. In addition, the cost of supplementary activities such as security, claims, catering, hospitality and entertainment can be allocated to the core business activity.

Criticality to Organizational Goals: The primary goal of Indian Railways is to provide *safe* transportation to passengers and freight in an optimal *time*, *profitably*. Thus the risk associated for these activities would be based on extent to which the activity is instrumental in fulfilling these goals. For example, if an activity achieves the goal of providing safe journey to the passengers and freight fully, it can be rated 5 at a scale of 5, if it has no impact on revenue generation for the organization, it can be rated 0 at a scale of 5 and so on.

Developmental and strategic initiatives for socio-economic reasons: Indian Railways undertakes certain activities/projects for socio-economic development of backward areas or for defence activities for strategic reasons. It becomes necessary for the auditor to look into activities taken up for such purposes to ensure that the purpose for which the initiative has been taken has been fulfilled. Based on our experience we may give a rating of 5 to an activity on a scale of 5, where the risk of not achieving the objectives is very high.

Significance: Significance of an activity can be measured in terms of various factors. It could be in terms the size of user population it has its impact on, any significant recent changes/shifts in the policy, the interest it generates among the legislature, public and media or the impact it has on the environment. The more significant an activity/area is for the organization in terms of the above criteria, more important is it for the auditor to look into them to ensure its effectiveness.

Internal Controls: Internal controls are best defined in terms of existence of codes and manuals and well laid down rules and procedures, delegation of powers, monitoring mechanisms, reporting mechanisms and internal audit in an

organization. Thus the risk can be assessed based on our experience on these issues specific to these activities.

Past Audit Experience: This is the most important factor for analyzing risk areas. The number of important irregularities and the amounts involved for all the above-mentioned activities would be a pointer towards high-risk areas. We may use the weights assigned to various kinds of irregularities to calculate the risk associated in these areas. Presently, we may undertake this exercise by taking the weighted amounts for the draft paras for the last two Railway Audit Reports to arrive at the risk factor. We may move towards further refinement of the risk model once we are able to assign these weights at the level of Part I Inspection Reports also.

The Risk Model can be further refined over the time and more and more specific areas can be included for assessment of risk. If approved, we may circulate the same to all the field offices for their views/opinion and compile the same to arrive at the overall risk associated with these areas/activities, which would be a pointer to high-risk areas in Indian Railways and facilitate selection of topics for Audit Review.

(Authority: I) Dy. CAG's D.O. No.255/RAI/RR2-2/80-12 dated 18/19.8.80;

ii) ADAI/Rlys.D.O. No.1001-RA.I/RR2-2/82 dated 22.9.82;

iii) Hd.Qrs. letter No.402-RA.I/RR2-10/87 dated 6.7.87

iv) DG/PA letter No.13-PA/3/2005 dated 6.4.2005 And

v) PD/Rlys letter No.Rly/Coord/RR/2-1/2005 dated 23.3.2005).

1407. Monthly Progress Report of Draft paras/Reviews:

A progress report on the issue of Draft Paras and Review Notes should be submitted to the Principal Director of Audit by the 10th of every month in the following proforma

1. No. of Draft Paras and Reviews outstanding.
2. No. issued during the month.
3. Total (1+2)
4. No. for which replies are due.
5. No. for which replies have been received.

6. No. approved for inclusion in the Report.

7. No. closed or settled.

8. Balance outstanding (3 - 6 - 7)

1408. The comments of the Principal Director of Audit on the Administration's final replies, and their recommendation about the processing of the Draft Para, should only be sent to CAG's Office and not endorsed to the Railway Administrations and the Railway Board. All the Draft Paragraphs issued during the year should be discussed with the Railway Administration. The minutes of discussion along-with the Further Audit Comments on each case should be sent to CAG's office for further action.

Whenever the Deputy Comptroller & Auditor General (Railways) decides to drop the Draft Para the Principal Director of Audit will be promptly informed and the Railway Administration may then be advised suitably by the Principal Director of Audit. A copy of this advice may be endorsed to the Railway Board so that the record in the Railway Board's Office may also be complete. The Railway Board have already been informed by the Comptroller & Auditor General's Office that a Draft Para should not be treated as dropped until a communication to that effect is sent by the Principal Director of Audit concerned to the Railway Administration.

1409. Draft Paras appearing in Audit Report (Railways)

As soon as the printed Audit Report (Railways) is received, the Reports Section should verify the accuracy of the paragraphs therein in so far as they relate to South Western Railway. Any corrections found necessary in the Report should be intimated to the Deputy Comptroller & Auditor General (Railways) without delay. It should also be ensured that appropriate action is taken on other paras which have not been included in the Audit Report. Work Flow Automation system has been implemented in the Railway Audit Offices. Under the System, all the draft paragraphs along with key documents are to be sent through application of parallel to the existing system.

1410. Circulation of Audit Reports (Railways)

It is the duty of the Reports Section to circulate copies of Audit Report (Railways) to the Railway Administration and also to the Director/Deputy Directors of Audit and Branch Officers of this office for their information.

1411. Papers/Registers meant for submission to Director of Audit

All unit officers except ECPA, construction/BNC and Books & Budget Section/Head Quarters RWF/YNK in regard to check of Appropriation Accounts, Debt Head Reports are directed to route all papers meant for submission to Principal Director of Audit such as Special letter, review reports replies to CAG's references etc. through Reports Section.

CHAPTER - XV

INTERNAL AUDIT

1501. Organization and Staffing of Internal Audit

Chapter-18 of MSO (A&E) Vol. I and Chapter-24 of Section III of MSO (Audit) deal with Internal Audit. According to these Chapters, it is a matter of great importance to verify whether the various processes of accounting / audit are being correctly followed by different sections of the Office. This responsibility should ordinarily be entrusted to an independent Internal Test Audit (ITA) Section.

1502. Main Objectives of Internal Audit

The *main objectives* of internal audit is to test check the work done by various Branches and Sections of the office with a view to ascertaining the extent to which they are :

- (i) Following the prescribed procedural rules and regulations;
- (ii) Maintaining various registers that have been prescribed;
- (iii) Submitting various returns on the due date; and
- (iv) Generally functioning as efficient units of the office.

The Internal Audit Section of an audit office should also check the quality of audit conducted and comment specifically on this aspect in its reports so that suitable measures may be initiated to improve the quality of work, where necessary.

1503. Arrangements for Internal Audit

The ITA Section should be a small one consisting of carefully hand-picked personnel who, by their knowledge and experience, will be competent to scrutinize intelligently the work done in various sections of the office and can detect not only defects and irregularities but also suggest improvements in procedure. The Section should be under the direct charge of the Principal Director of Audit. While test check of the work of other sections will be

the main duty of the Section, special problems, such as clearance of accumulated objections, may be referred to the Section by the Head of the Department, if he considers this necessary.

The Internal Audit Section shall be headed by an Audit Officer or Senior Audit Officer in the case of an Audit Office, hereafter referred to as 'Internal Audit Officer'. The sanctioned strength shall be in accordance with the instructions of Headquarters Office. The work of the Internal Audit Section should be divided in such a manner that the AAOs. and the Internal Audit Officer share the original work instead of the Internal Audit Officer acting only as the supervisory officer over the AAOs, the more important items of work may be taken direct by the Internal Audit Officer from the Auditors, while the routine and less important work may be taken by the A.AOs. from the Auditors.

The Internal Audit Section should not function as a substitute for the Branch Officers and Group Officers through whom the Head of Department normally exercises control over his office. Instead, it should function as a tool to rectify the deficiencies on the spot by providing suitable guidance to staff and it should keep down the size of its inspection reports issued for subsequent action.

It is not intended to allot original items of work to Internal Audit Section. Cases should not be referred to this section for advice.

The Internal Audit section should consist of staff with sufficient experience in different branches who by their knowledge and experience are capable of scrutinizing intelligently the work done in the various sections of the office and who would not merely detect defects and irregularities but also suggest improvements in procedure.

The programme of work of ITA Section for each quarter should be got approved by the Principal Director of Audit by the 5th of the month preceding the quarter to which the programme relates.

After the selection of sections is done, intimation should be sent to the sections concerned by 10th of the month preceding the month in which test audit is to be taken up, for keeping the records ready.

It is the responsibility and duty of the Internal Audit Section to completely test check all the sections in the office once in a period of two years. The Administration section shall be inspected annually. The Test Audit of a section should normally be completed in 10 working days. The party for this purpose should consist of 1 A.A.O and 1 Auditor. This Test audit should be done in such a way that the various aspects of work done in the section are critically examined and hidden arrears if any are brought to the notice of the Principal Director. The working of the sections should be examined with reference to the provisions of :

- (i) Various codes/manuals on accounting / auditing procedures issued by C & A.G.
- (ii) Section Manual;
- (iii) Office Orders/Circulars issued from time to time;
- (iv) The Comptroller and Auditor General's Secret Memorandum of Instructions and Appendix to the Chapters on Railway Audit Norms.
- (v) Secret Memorandum of Local Instructions.

The Internal Audit Section should invariably verify, after 2 or 3 months, whether the errors or omissions pointed out earlier have been rectified and shall bring to the notice of Principal Director persistent repetitions of the same defects. The re-checking work should be completed within three days.

During test audit of sections, certain important items of work should be seen personally by the AAOs. A list of such items is given below.

1. Calendar of Returns.
2. Review of Nominations.
3. Register for watching the recoveries of advances
4. Investigation of important arrears
5. Consolidation of monthly arrears reports

More important items of work should be seen personally by the Internal Audit Officer.

In addition to the work related to pointing out procedural omissions, ITA section should examine during the test check of sections, certain items of work of the section in detail to see whether they have been carried out properly.

The Principal Director may, at his discretion, vary the cycle of test check according to the circumstances and needs of the office and utilise ITA section for corrective action in areas found weak or defective.

Administration:

1. Check of statistics in support of staff proposals
2. Complaints
3. Monitoring of the implementation of important office orders issued from time to time.
4. Test check of service books of personnel
5. Scrutiny of the list of personnel staff who would be completing 30 years of service or attaining 55 years of age.
6. Check of rosters maintained for reservation of vacancies for candidates belonging to Scheduled Castes and Scheduled Tribes.
7. Check of list of candidates appearing in SOG Examination in terms of paragraph 9.2.3 of the Manual of Standing Orders (Administrative), Volume I.
8. Check of Honorarium.
9. Check of Gradation list.
10. Review of Calendar of Returns.
11. Liaison between the Director General of Inspection and the Sections during his inspection of the office.
12. Investigation of procedural omissions, irregularities and audit lapses brought to notice by the Director General of Inspection.
13. Submission of appraisal reports of the work done by the ITA Section to the Director General of Inspection.

The common defects in the working of the sections noticed during the test audit of sections and other checks should be periodically brought to the notice of these sections by issuing circulars.

The issue, return and the submission of the Test Audit Report to the Principal Director and its final closing should be watched through a Progress Register

The Internal Audit Officer should issue reminders to the defaulting sections through Group Officer concerned and also bring to the notice of the Principal Director, the position of outstanding reports once in a month indicating the sections which have not furnished the replies and the period from which the reports are outstanding.

1504. Preservation of Records

Preservation of records is required to be made as indicated below.

<i>Sl. No.</i>	<i>Particulars of the Records</i>	<i>Period of Preservation</i>
1	Internal Audit Reports	2 years after closure of the report and settlement of all paras.
2	Watch Register of ITA. Reports.	2 years after the closure of all the Test Audit Reports of the particular cycle or till the Inspection of the Director of Inspection (DOI) is completed and the observations of DOI. thereon are settled, whichever is later.
3	Correspondence of Director of Inspections Report.	1 year after the closure of the report and settlement of all paras.

1505. The internal audit should, inter-alia, see:-

- Whether adequate attention is paid to the progress of audit and whether the processes of audit employed in the section ensure a complete scrutiny of the records under audit;
- Whether the periodical arrear reports etc. submitted to the higher authorities faithfully reflect the actual position of arrears in that section.

- Whether the audit work has been done adequately and intelligently by a test audit of vouchers and other documents audited already.
- Whether the files and records of the section/branch are maintained in a neat and systematic manner and whether weeding of records is being undertaken periodically.
- Whether the procedural rules and regulations are correctly followed;
- Whether the various registers prescribed are maintained properly;
- Whether the returns shown as having been sent on the due dates mentioned therein were actually sent on those dates;
- Whether the queries made by Dy. Director/ Principal Director of Audit are being attended to expeditiously;
- Whether the Selection Register, Register of Current Review, Post Review, Original Audit, Inspections, Tenders and Contracts, etc. are properly maintained and upto date indicating details of vouchers/documents audited reviewed date of completion of audit/review and initials of the staff concerned;
- Whether the delays in the disposal of the correspondence have been brought to the notice of the Branch Officer/Dy. Director/Principal Director of Audit wherever necessary through weekly reports or otherwise.
- Whether the sectional library has been maintained currently by posting correction slips and orders etc. received from time to time; whether the physical stock verification of books is done regularly and losses/shortages of books, if any, are dealt with and finalised without omissions/delays under sanction of the competent authority.
- Whether adequate action is being taken by the Section/Branch on important references wherein either investigations have been ordered or reports called for from CAG;
- Whether the cash imprest accounts, wherever kept, are being maintained properly and

- Whether the passes/PTOs have been issued as per orders and whether the stock on hand tallies with the Stock Register.

i. The draft internal Audit Report will be issued by the Asst. Audit Officer conducting the inspection. The Branch Officer, whose office is inspected, should keep a close liaison with the Internal Audit party and try to settle as many points as possible on the spot by furnishing his remarks then and there. For the paras which could not be settled locally, a detailed reply covering the action taken to rectify the defects pointed out as also the steps proposed to guard against such irregularities in future should be furnished over the signature of the Audit Officer in charge to AuO/ITA, within a week of the receipt of draft internal Audit Report. A summary of the points raised in the report should be submitted to Principal Director of Audit and the final report on the basis of the replies furnished will be issued after obtaining the approval/orders of the Principal Director of Audit thereto. The issue and closure of the reports should be verified through a Register maintained

b. The Internal Audit of EDP section/Books & Budget, IT Audit section, Inspection wing and Administration section has to be done as per “BEST PRACTICE GUIDE LINES FOR INSPECTION OF AUDIT OFFICES” issued by DG/Inspections/CAG’s Office/New Delhi (letter No.338/Inspn./2004/145 dt:10-06-2004). – ANNEXURE – ‘A’.

c. A monthly return on important points/irregularities noticed by the ITA has to be reported to Headquarters each month.

1506 Inspection by the DGOI:

The ITA Section should act as liaison between the DGOI party and other auditing sections of the entire office. The Inspection Report issued by the DGOI should be dealt with by the ITA Section in consultation with other auditing sections and necessary instructions issued to ensure that the irregularities pointed out by DGOI do not recur.

1507. Review of Rosters for SC/STs maintained by Administration Section:

Rosters for SC/STs maintained by the Administration Section are required to be checked by ITA Section every year and reports sent to CAG on the following dates.

a.	Recruitment Cadres	-	Middle of February
b.	Promotion Cadres	-	Middle of August

(CAG's letter Nos. (i) 2164-NGE.II/58-70-I dated 17-12-70 and (ii) 1052-NGE-III/ SCCell/78-79/II dated 02-04-80).

LIST OF RETURNS TO BE SENT TO HEADQUARTERS BY E-MAIL

<i>Sl. No.</i>	<i>Name of Return</i>	<i>Due Date</i>
NGE (DISC.)		
1.	Return on Confidential Reports in respect of Non-Gazetted employees	By 7 th July of every year
2.	Return of Vigilance Cases in respect of Non-Gazetted employees	By 10 th January of every year
3.	Return on appeals, memorials addressed to CAG but withheld by Pr. Director of Audit	By. 31 st March of every year
4.	Return on pending disciplinary cases in respect of Non-Gazetted employees	(i) By 30 th April for Half Year ending March (ii) By 31 st Oct. for Half Year ending Sept.
5.	Return on sexual harassment of working women.	By 31 st January of every year.
NGE (APP.)		
6.	Consolidated Annual Statement regarding representations of SCs/STs in service in Appendix 8,8C & 9 of Brochure on Reservation for SCs and STs in services	By 31 st March of every year
7.	Annual statement in Appendix 12 of Brochure on Reservation for SCs and STs in services showing the number of reserved vacancies including in the roster for purely temporary appointment which were treated as reserved during the prescribed year	By 31 st March of every year
8.	Representation of SCs/STs in services appointment to posts filled by deputation or transfer-annual statement	By 31 st March of every year

<i>Sl. No.</i>	<i>Name of Return</i>	<i>Due Date</i>
	as per Appendix 19 of Brochure on Reservation for SCs and STs in services	
9.	Annual statement regarding recruitment of OBCs in Govt. services.	By 31 st March of every year
10.	Annual return on inspections of rosters for providing reservation for SCs/STs in direct recruitment/promotion	By 15 th April of every year
11.	Annual return in respect of utilization of vacancies reserved and filled by physically handicapped persons	By 31 st March of every year
12.	Annual Return of strengthening of administrative review of cases of Govt. servants on attaining the age of 50 to 55 years of service or after completing 30 years of service and their premature retirement in Group 'C' and 'D' cadres.	By 14 th August of every year.
13.	Half Yearly Report for the period ending 31st. March & 30th. Sept. every year for monitoring of recruitment of Minority communities in the Ministries/Depts., Public Sectors undertaking and subordinate/attached offices, representation of Minorities in statutory selection Boards/Committees.	By 30 th April & 31 st October of every year.
14.	Half Yearly return on reservation of vacancies for ex-servicemen.	By 15 th of the month following the half year.
15.	Half Yearly return on physically handicapped persons.	Last week of second month after expiry of the six monthly period.
16.	Quarterly return showing surplus/deficit in the combined cadres of AAOs/S.Os	By 15 th January, 15 th April, 15 th July & 15 th October of every year.
NGE (ENTT.)		
17.	Quarterly return for the schemes for voluntary retirement of Central Govt. employees after rendering 20 years of qualifying service.	By 5 th Day at the end of each quarter viz. January-March, April-June, July-Sept., Oct.-Dec.
18.	Prompt settlement of pension and other retirement benefits	---- do ----
19.	Prompt settlement of terminal claims and other complaints of retiring staff	By 15 th of the month following the month of the report.

<i>Sl. No.</i>	<i>Name of Return</i>	<i>Due Date</i>
20.	Acknowledgement of permanent advance sanction to the office	By 15 th April of every year.
BRS		
21.	Monetary estimates for inclusion in REs -----nd BEs-----	15 th Sept. of every year
22.	Final review of expenditure for the year -----	June of every year
23.	Watching /Submission of Appropriation Accounts for - -----	May of every year
24.	Final review of expenditure for the year 1998-1999	March of every year
25.	REs----- and BEs ----- demand No.30 Major Head 7610 Loans and Advances to Govt. servants	10 th Oct.
26.	Requirement of funds for the year ----- in respect of HBA	10 th Oct
27.	Monitoring of expenditures other than salaries and TA	By the 10 th of the month following the last month of quarter to which the return relates to
28.	Statement actual expenditure incurred on pay and various types allowance of Central Govt. employees	31 st March of every year 30 th June of every year 30 th Sept. of every year 31 st Dec. of every year
29.	Statement of expenditure in respect of loans of Govt. servants etc. from October to March every year.	15 th of the following month
30.	Statement of S.S. and P.I.P.	10 th of the following month
31.	Review of expenditure statements from April onwards	10 th of the following month
NGE(JCM)		
35.	Return regarding departmental examination passed staff awaiting promotion as Auditors and Accounts	By 10 th day of each half year, viz. January-July
36.	Return regarding Section Officer Grade Examination passed staff awaiting promotion as Section Officers.	By 10 th day of each half year viz. January – July
LEGAL CELL		
41.	Quarterly return of legal cases pertaining to employees of IA&AD	By 5 th of January, April, July & October of every year

<i>Sl. No.</i>	<i>Name of Return</i>	<i>Due Date</i>
42.	Quarterly return of legal cases of non employees of IA&AD (Non-IA&AD cases)	By 5 th of January, April, July & October of every year
GE II		
1.	Representation of SC/ST in services	By 31st January of every year
2.	Recruitment of minorities in services	By 30th April & 31st October of every year
3.	Statement showing the position of officers on deputation	By 15th January and 15th July of every year
4.	Vigilance cases against officers	By April, July, October and January of every year.
5.	News paper clippings	To D.G(Audit) – Every Month

Note: - The list of above returns may change in accordance with the Instructions issued from time to time. ITA Wing should have the up to date list of returns.

ANNEXURE – ‘B’

**LIST OF AUDIT ACTIVITIES TO BE COMPUTERISED AS PER
HEADQUARTERS DIRECTION**

<i>Sl. No.</i>	<i>CODE</i>	<i>ITEM</i>
1.	HK-01	Pay Roll
2.	HK-02	Stock Record
3.	HK-03	Service Records / Gradation List
4.	HK-04	Monthly Expenditure
5.	HK-05	Monitoring of Receipts /Disposal of Dak
6.	HK-06	MIS on Legal and Disciplinary cases
7.	HK-07	Various Returns to Headquarters.
8.	HK-08	Various Returns / control statements to PDA
9.	HK-09	Complaints Monitoring
10.	HK-10	Library Information System
11.	Au-01	Audit Planning
12.	Au-02	Profile of Auditees
13.	Au-03	Autonomous Body Information Systems
14.	Au-04	I.R. Monitoring
15.	Au-05	World Bank Aided Projects
16.	Au-06	Monitoring Recoveries at the instance of Audit.
17.	Au-07	Sanction Audit
18.	Au-08	Important News paper points.

CHAPTER - XVI

ELECTRONIC DATA PROCESSING AUDIT (EDP) SECTION / I.T.

1601. Introduction: EDP audit is part of comprehensive audit of an organisation. EDP audit principles are the same as those which govern all other spheres of audit. The difference is only in application of these principles. While computerisation is often viewed in terms of changes in way things are done, an automated system does not necessarily require any new ideas. An automated system simply applies the processing abilities of a computer to the task. By using the computer, the limitations of human processing abilities are eliminated with proper system and design, the tasks can be performed in much the same manner but more efficiently by using the computer as a processing tool. Computers do not alter the basic concepts or objectives of the system control. However, the techniques and points of control must be adopted to the changing conditions and responsibilities of an EDP environment.

1602. Objectives: EDP Audit includes all activities undertaken to evaluate EDP system at any stage of its life cycle; from acquisition or development through operation and maintenance and ultimately replacement. The basic and broad objectives of EDP Audit are to see:

1. System Effectiveness: Does the system fulfil the aims for which it was acquired or developed? Does it provide the information needed by users in a convenient format and timely fashion?
2. System Economy and Efficiency: Is the use of system resources (hardware, software, people, money) optimised?
3. Data Integrity : Are the internal controls adequate to ensure that errors are not introduced when entering, communicating, processing, storing or reporting data?
4. System Security: Are the internal controls adequate to ensure that data can not be altered maliciously or accessed by unauthorised personnel? Are the

system resources adequately protected against theft, waste, fraud and natural disasters?

5. System regularity: Are system activities (e.g. acquisition, development, operation, maintenance), compliance with applicable laws, regulations, policies, directives and guidelines?

1603. Functions and duties of EDP Audit Section :

1. To impart basic training in computer culture to staff and officers at RTC Bangalore / RTI Chennai.
2. To formulate effective audit procedures relating to computerised accounting systems/records.
3. To conduct inspections/audit of the computer system/records covering the following main headings.
 - i) Planning and acquisition of EDP facilities.
 - ii) Review of installation controls
 - iii) Review of systems under development.
 - iv) Review of production systems
 - v) Review of data systems
 - vi) Review of micro computer systems/office automation.

The extent and scope of EDP audit under the above headings (i) to (vi) depends upon the state of development of auditee computer organisation and the technical expertise of the audit personnel.

1604. Documentation: The importance of good standards of documentation insisted upon in audit holds good for EDP audit too. Maintenance of:

- an installation file containing details of hardware, software, staffing, basic procedures and controls,
- an application file giving an outline of the system, its important control features, description of data stored in data files etc.; and

- an audit file containing computer listing of programmes, input, output, data description and the objectives of the programme, can prove to be great help in the course of EDP audit form verification and review.

1605 (i). Audit Review of Planning and Acquisition of EDP Facilities and use of Resources :

- The purpose of audit of "EDP facilities planning" is to identify the impact of technological and environmental changes and to ensure that the most appropriate EDP services are provided. The questions asked are
- Is there a strategic plan for provision of EDP services and does the plan take into account organisational, environmental and technological changes likely to occur in a three to five years time frame?
- In auditing EDP facilities planning, we have to see whether services are provided in accordance with a published EDP policy. The purpose of audit in this case is to ascertain whether there is
- lack of central coordination of EDP.
- a high degree of EDP centralisation in a decentralised organisation.
- uncontrolled proliferation of computers.
- lack of user awareness of service availability.
- any complaint from users regarding service offered.

(ii) Audit of Acquisition of EDP Facilities: The overall objectives in an audit review of acquisition of EDP facilities is to see the adequacy of administrative procedures and controls used by a department when considering and deciding upon the acquisition of computer facilities.

Acquisition of computer facilities may include;

- Acquisition of hardware
- introduction of a completely new installation
- enhancement of central processor
- enhancement of peripherals

- addition/replacement of a specific equipment,
- introduction of several small processors
- Acquisition of software
- general software associated with changes in hardware(a new operating system)
- specific purpose software, and
- 'off the shelf' application software

The first step in audit should be to identify the organisation's computer policy. The degree of complexity of hardware and software installed and cost and time scale for the installation will determine the precise procedure to be followed in each installation.

The auditor should direct his attention to the following areas:

1. Justification of hardware and software
2. Feasibility study/project report containing proposals, costs and benefits
3. Equipment selection
4. Installation of equipment and adequacy of testing
5. Post implementation review of costs and benefits

The points to be looked into in each of these areas are given below:

1. Justification: Responsibility for examining and establishing the need for computer facilities lies with the Department (accountability for investment).

- Instead of saying "we have a computer, what can be put on it?", the decision to acquire the EDP facility should be because "we see inefficiency; can the computer save us time or money?"
- Absence of a thorough study of the perceived shortfall in computing facilities or staff is indicative of a foreseen conclusion that there was no alternative to acquiring more computer facilities.
- Failure to upgrade the equipment at the right time may involve risk of dependence on manufacturers for spare parts.

- Delays in processing, one of the reasons for acquiring a new facility, may be caused by overloading of the existing computer, computer malfunctioning, inefficient programme design, staff shortages, poor staff performances in particular areas.
- A discussion with computer staff may reveal unexpected results which point to a solution other than upgrading computer facilities.

2. Feasibility Studies: The feasibility study report should cover the following points:

- Clear statement of objectives
- Existing arrangements
- Alternative solutions
- Proposed solution

3. Equipment Selection: The following points should be borne in mind:

- specification of requirements for acquisition, enhancement or replacement of computing facilities are stated concisely and precisely as they form the potential;
- both technical and commercial aspects of the proposal are evaluated according to standard contracting procedures;
- procurement action is taken after ensuring that the suppliers' offers meet the requirements of the specifications through;
 - bench marking tests with sample representative job mix for measuring throughput of the system;
 - technology options available at the time of procurement;
 - obtaining first-hand experience of other users having similar systems installed in their organisations;
 - future development plans of the potential suppliers in terms of expandability, upgradability, communicability, trade in options;

- financial appraisals are on the same lines as those of any other form of capital purchase and should take into account;
- the extent of built-in obsolescence and useful life of the asset, and
- incidental costs which could eventually be of sufficient magnitude, besides hardware and software costs.

1606. Installation of equipment and Adequacy of Testing: The following points should be borne in mind while monitoring:

- plan/schedule for installation and for monitoring progress(whether they are available);
- schedule for conversion of software(extent of efforts required) and how it will affect the commissioning of the installation;
- payments to suppliers are authorised after testing and user acceptance of the system;
- maintenance and support services include basic training, production documentation, option for upgrading.

1607. Post Implementation Review: The detailed process of evaluating proposals specifying the requirements, organisation and installation should be followed by a post implementation review by the department to satisfy itself that the cost and benefits expected have materialised. The purpose of the audit review in this case is to see whether

- the estimated savings projected in the feasibility study compare favourably with the actual results;
- there is evidence of major cost variations from budget estimates due to
 - inadequate planning
 - unusual growth
 - changing technology
 - unforeseen conversion problems

1608. The use of Computer Resources: The purpose of audit review in this case is to appraise and report upon waste, extravagance, inefficient Administration or poor value for money. While the responsibility for effective and efficient use of all resources rests with the auditee organisation, it is the auditor's job to satisfy himself that the procedures laid down are adequate to make proper use of hardware, software staff and data; maximising the benefits and minimising the costs; and satisfying users by providing effective and efficient applications. Failure to complete the projects in estimated time scale, poor turn around of jobs, inadequately defined standards, insufficient monitoring, too optimistic forecast, too little users' participation and excess costs of new system development are some of the areas requiring auditor's attention.

The following aspects should be reviewed in consultation with the computer management:

- often smaller applications are computerised without a cost justification exercise mainly because there is surplus computing power;
- increasing the productivity of the existing computer facilities by making better use of staff resources through well-defined functional distribution should be considered as an alternative to increased staffing level;
- computing resource of an organisation is not just hardware installed but the total contribution of software, hardware and staff. The performance can, therefore, be increased more effectively by improving contribution from these factors rather than acquiring more equipment.

1609. Audit review of EDP Installation controls:

1. Audit of EDP installation controls is closely bound to the audit of computer applications. However, in a large installation, it is usually advantageous to break up the audit into a number of smaller projects each dealing with some elements or with certain functions within the computer department. That is to

say, the audit project could be broken up into functional units such as a review of data control facilities, organisational controls, environment controls.

2. The object of review of installation controls is to see that the regulations providing for the duties and responsibilities of various computer staff and other control staff and standards in regard to operation functions, access to computer and computer files, terminal activity etc. are such as to ensure efficient day-to-day running of the computer installation. The areas to be covered by audit are:

- Functions and responsibilities of those involved in installation management and computer processing.
- Procedures for data preparation, data control and operating functions; access to the computer and its software and their custody.
- Terminal controls in interactive systems.
- Physical security and risk management which ensure environmental controls.

3. The following points should be covered while reviewing the installation controls.

- Obtain a list of hardware including computer, ancillary and terminal equipment in use indicating model, performance details and check the existence of this equipment.
- Obtain an organisational chart which is upto date and see how the computer fits into the overall organisation.
- Obtain an upto date staff organisation chart of the computer department showing the relative responsibilities and authorities and note any changes on review.
- Obtain job specification (role definition) for senior computer staff and supervisors of the ancillary section and note any changes.

- Obtain the details of standards and norms fixed for each of the functions like data control, data preparation, system operation and verify their implementation:
 - computer utilisation per shift in terms of Central Processing Unit (CPU) time and peripheral use;
 - key depressions per shift per data entry operator and error allowance;
 - document standards and controls-batching, balancing and sequencing;
 - run to run controls maintained by system operators;
 - whether manuals are maintained and kept upto date specifying the control procedures and whether they are enforced in practice-through a 'test check'.

- Obtain and verify existence of the following terminal; controls to protect data and system integrity;
 - physical access controls to terminal rooms;
 - software controls through password protection and user directories;
 - logging of terminal activities by all users.

- Obtain details of security measures, both physical and system, for check and review of the following;
 - adequacy of protection of hardware and software against risk of fire(fire prevention steps and fire fighting arrangements);
 - maintenance of hardware and system software;
 - air conditioning and protection against possible radiations, vibrations;
 - possible industrial action, malicious action by programmers, operators, input-output staff(discontent among computer operating staff);

- security, awareness and training provided to all employees;
- emergency shut-down procedures in case of power failures;
- safe custody of software and data files and tape library;
- adequacy of back-up files(off-site storage included);
- operator access to programme files and data;
- procedures for reconstructing files in the event of loss or disk errors/tape errors(contingency plans);
- computer equipment back-up through the use of compatible equipment at other dispersed sites;
- computer room should be off limits to all except systems operators, hardware engineers; and
- insurance of the installation to cover possible risk.

1610. Audit Review of Systems Under Development:

1. The overall objective of audit is to ascertain whether adequate controls are incorporated during the system development phase and to ensure that these controls form part of the operational systems when implemented and that any amendment to the system does not invalidate the controls. The auditor, as a user of the system, should, therefore, involve himself during the system design so that he can evaluate the need for controls and auditability requirements while the system is being developed. This will avert the need for 'retrofit' controls at a later date.
2. While reviewing systems under development, the auditor should examine the following points either through questionnaires or by interviewing the system development groups.
 - Whether a published standard methodology is being used for designing and developing systems.
 - Whether there is a common understanding by all parties-users, systems analysts, management and auditors - of the basic structure of

both manual and computer processing activities, as well as of the concepts and needs for control and of the applicable control techniques. This understanding must be reached first at a non-technical user level.

- Who authorises EDP applications development - user or steering committee or management?
- Whether the system development work was proceeded by a feasibility study to determine the most appropriate solutions to standard problem?
- Whether there is adequate cross referencing between the following stages;
 - content and format of preliminary studies,
 - feasibility studies,
 - system specifications,
 - programme coding
- Whether project management techniques are applied in system development work-that is to say, are there project decision milestones, time and cost estimates so that progress could be monitored against estimates?
- Whether programming standards using modular, structured methodology are being adhered to in coding?
- Whether existing in-house or external available application packages were considered before deciding upon new in-house application development?

1611. Audit Review of Production Systems:

1. "EDP application" refer to production system which are processed on an EDP facility, such as a pay roll system or an inventory control system. When the auditor proceeds to perform the audit of applications systems, the process consists of:

- Obtaining, understanding and reviewing documentation (physical and documentary evidence);
 - Interviewing the EDP personnel and surveying the users of the applications on production stream for testimonial evidence;
 - Completing questionnaires for testimonial evidence; and
 - Reporting on the basis of physical, testimonial and documentary evidence collected in the course of EDP audit.
2. Documentation of applications is a by-product of the system development function. The accepted standards require that documentation should consist of system description, System flow chart, Process description, process flow chart, data dictionary, input forms/files, output reports/files, computer operator run manual, user manual, data entry instructions, report distribution. The auditee documentation should be reviewed to see whether it conforms to these accepted standards.
3. The following EDP personnel may be interviewed by EDP manager, system analysts, systems development group, supervisors. The purpose of the interview is to obtain the following information.
- whether there is any wastage/redundancy in relation to the work load;
 - case of maintenance/operation of the application systems;
 - processing problems such as returns due to inefficient system design/programme coding weakness;
 - cost effectiveness of ongoing applications systems.
4. In the audit of applications systems, the most important method of assessing the usefulness of applications is to survey the various users and obtain their views through interviews and questionnaires. The following points may be included:
- Are the users sufficiently aware of what the systems will do for them?

- Are users sufficiently involved in system review, manual forms design, clerical procedures, input/output controls, testing etc.?
 - Are users aware of responsibilities to make data available, to ensure that all data are adequately processed, to arrange back-up facilities and recovery procedure and to initiate action to incorporate changes in regulations?
 - What percentage of time the user makes use of computer output?
 - To what extent the user considers the application important and relevant?
 - Whether the computer output for the most part has to be reconciled with other documents before it is relied upon?
 - Is the computer output accurate, timely and easy to use?
5. The audit of an application system which is operational involves verification of input/output controls, processing controls and audit trail. Testimonial evidence may be obtained through the following questionnaire in the course of audit to come to a reasonable conclusion regarding existence of controls and their adequacy.
- Whether the data processed are genuine, complete, accurate and not provisional?
 - Whether expected output is produced and distributed on time?
 - Whether application programmes process the data as intended and accurately (refer EDP audit techniques)?
 - Whether a complete audit trail is available for tracing back a transaction from the final result to the initial input?
 - Whether the data and changes to it are authorised by appropriate authority both in the user and computer departments?
 - Whether schedules for receipt of input data are maintained and what is the extent of compliance?

- Whether there is a preliminary check on input data to ensure completeness?
- Whether the application system provides for the following programmed controls;
 - i. check for missing/duplicate transactions; e.g.
 - ii. check for continuity of goods invoice numbers issued by a station for missing numbers
 - iii. more than one subscription for the same month for one Provident Fund account number
 - iv. controls on rejected items and keeping them under computer suspense;
 - v. the monthly treasury transactions are rejected if they do not have valid heads of account as given in the budget master. The rejected items are kept under suspense and control totals along with valid transactions tallied with the cash account and list of payments.
 - vi. Rejection of issue notes in a stores accounting system due to want of balance.
 - vii. Input validation for data purification(alpha-numeric checks to conform to data types), personal identity number should be numeric, station name field is alphabetic.
 - viii. Station name field is alphabetic (depends on system requirements), Limit/range checks; e.g.
 - ix. Overflow checks; e.g.
 - x. Some fields should not be blanks or zeros(mandatory fields), e.g.

- xi. In a leave accounting system, the leave type code cannot be left blank since the entire transaction will be invalid without this.
- xii. A treasury transaction should indicate in the relevant fields whether it is voted/charged, plan/non-plan and not to be left blank.
- xiii. Check digits; e.g.
- xiv. In a payroll system, the account number, which is a control field to identify an employee, has a built-in check digit. The programme works out the check digit on the basis of the account number input and verifies the correctness of the check digit given.
- xv. Compatibility checks; e.g. if the transaction type is for official receipts in a financial accounting system, the account cannot be a negative value.
- xvi. Totals for a batch/lot; e.g. the batch total for a major head under a treasury is worked out on the computer and tallied with the total given in the schedule of payments/receipts for that batch (to ensure complete accounting of transactions in a batch).
- xvii. Record totals summaries for reconciliation; e.g. in a freight accounting system, when a goods basic tape is created it gives the total number of records, which should tally with the total number of invoices input.
- xviii. Whether output reports are test-checked before being distributed to the user department and the output is produced in accordance with a prescribed schedule.

1612. Audit Trail and its Objectives:

1. The audit trail objective is to obtain sufficient evidential matter regarding the reliability and integrity of the application system. To achieve this, the audit trail should control enough information to allow management, the auditor, and the user;
 - to recreate processing action;
 - to verify summary totals; and
 - to trace the source of error and abuse.

2. The audit trail should include the following information:
 - System information including start up time, stop time, restarts, recovery etc.
 - Transaction information including input items which change the database, control totals and rejected items(relevant to database application).
 - Communication information including terminal log on/off, password use, security violation, network changes and transmission statistics(relevant to transaction processing (TP) applications).

3. In a computer system, the audit trail may not always be apparent as in a manual system since data are often retained in magnetic media and output is limited to a small number of total items processed with reports produced only on exception basis. The general procedure is to first investigate control totals and run to totals within the whole system and then to check and substantiate the audit trail by limited checking through records and files or by taking intermediate printouts of audit interest. If the design of the computer system does not provide for adequate audit trail, this should be brought out in audit review, highlighting control weaknesses or lack of controls in the system. Apart from this, there is a possibility of frauds, which might go undetected due to control weaknesses.

1613. Audit of Database Systems:

1. The advent of database management system(DBMS) with the new generation of computers has brought about a shift from conventional batch processing to on-line interactive processing. DBMS requirements are developed in the light of a set of basic objectives; viz. data independence, reliability, non-redundancy, integrity, security, performance and compatibility with the existing concepts.
2. While reviewing the DBMS, in addition to general guidelines given for the audit of application systems, the auditor should see that;
 - The DBMS in use meets the requirements in the light of the basic objectives stated above;
 - Procedures exist for
 - Access controls (user's "right to know" and need to know basis with field level access control definitions).
 - Maintenance of back-up
 - Journalising all transactions for reconstruction in case of a crash
 - Roll back and recovery, and
 - Ensuring data integrity by protecting the stored data from being contaminated through exclusive and shared control and by imposing restrictions on the values that can be assigned to data items. When an application programme terminates part way through an update procedure, it should be possible to reverse the effect of changes to the database;
 - The data dictionary is complete and update and could be relied upon as a comprehensive documentation; and
 - There is a data administrator who is assigned the responsibility for describing the data, defining the data relationship and mappings,

establishing data security rules, specifying performance measurement procedures and evaluating the system on the basis of the results.

1614. Review of Microcomputers/Office Automation:

1. In the past any cost justification of computer facilities was relatively straight forward because savings in staff could very easily be identified and these savings usually outweighed the cost of computerised applications. This approach is no longer practical as the advent of microcomputers and the introduction of information technology have shifted the emphasis from cost justification to improvement in the quality of service and better management control of the resources available. This aspect should be borne in mind by the auditor while reviewing microcomputer based system.
2. The purpose of audit is to see:
 - whether there is a comprehensive EDP Policy for the organisation;
 - that there is no unplanned proliferation of computers due to lack of coordination of EDP facilities; and
 - that only persons with extensive specialised training are employed to use microcomputers, to ensure quality and standards of data processing (when tools are introduced and used without detailed understanding, the potential for misapplication always exists)
3. The software industry is full of "user-friendly" packages for microcomputer systems, but in many cases these programmes have limited capabilities and are more suitable for the novice operator. Users quite often do not consider what their requirements are and this can have far reaching consequences with regard to acceptance of the system.
4. Audit implications of office automation stem from weakening overall controls in the office automation environment. Major control implications of office automation are listed below:
 - loss of audit trail due to reduction/elimination of paper work;

- rejection of source documents/authorisation and authentication of input;
- information access by more people and hence possible abuse;
- creation of sub-standard systems, and
- inadequate back-up and recovery facilities.

These control implications apply equally to any microcomputer based system in operation. Therefore, audit should verify that at least the controls, procedures and security aspects that are currently available in the manual system are taken care of, if not improved upon, while designing an automated system. In addition, audit should verify that network security, proper communication provision and user interface exist where automated systems are installed and in use.

5. In general, information should be automated only when there are clear benefits to be gained from doing so. For example, automation makes sense if the volume of information is large, requiring analysis in several different ways and/or used by various users in different ways.

1615. EDP Audit Techniques:

1. EDP audit techniques refer to the use of computers, including software, as a tool to independently test computer data of audit interest.
2. Some well-established techniques are;
 - collecting and processing a set of test data that reflects all the variants of data and errors which can arise in an application system at different times;
 - using integrated test facilities, built into the system by the auditee to help the auditor in his requirements, as one of the users of the system;
 - simulating the auditee's application programmes using audit software to verify the results of processing;

- reviewing programme listing periodically to see that there are no unauthorised alterations to the programmes;
- using either commercial software or inhouse developed programmes to interrogate and retrieve data applying selection criteria and to perform calculations; and
- extracting samples of data from the auditee data base/files, using sampling techniques, for post analysis and review. The nature of data and type of analysis required determine what technique is to be employed. The auditor should give the sample size and design.

3. Computer audit techniques are employed for:

- verification of ledger balances and control totals independently;
- recalculation of critical computerised calculations to check mathematical correctness;
- range checks to verify the working of computer-based controls and testing for exception conditions;
- testing the validity of data which have gone into the master file;
- detection of data abuse/frauds; and
- substantive testing with large volumes of data which is difficult, if not impossible, in a manual audit process.

4. The particular computer audit technique employed depends on the type of application system under review, the extent of testing required and the availability of resources in terms of computer facilities and the level of EDP skills among the audit staff (audit skills are assumed here). Where data volume is small and adequate printed information is available to carry out a meaningful clerical audit, there is no need to employ computer techniques, which are costly and time consuming. To elaborate further, the auditor should break up his project of application system audit into three stages. In the first stage, he will carry out the examination of audit trails, intermediate printouts as required, system logs, operational controls. As a result of audit in

the first stage, if the auditor feels that the adequacy of controls requires further verification, in the second stage he can carry out compliance testing by using the test check method and integrated test facilities with resident audit programmes. If the compliance testing exposes some control weaknesses, substantive testing may be resorted to in the third and final stage using retrieval software and simulation techniques with audit software.

5. Some EDP audit techniques are briefly described;

1616. Test Deck Method:

1. In this method, the auditor prepares both real and fictitious data to test the accuracy of the programmes. In designing the test data, care should be taken to include all variants to test all possible conditions. Using this techniques audit can check whether;
 - the system and programmes operate as specified in the documentation;
 - only valid data is accepted and processed correctly;
 - erroneous data is rejected as anticipated; and
 - exception conditions are tested by the application programmes to avoid absurd results.
2. Integrated Test Facilities: This technique requires involvement of auditors at the system development stage. Separate programmes are written exclusively for audit use and are operated by auditors at periodic intervals. These programmes reside in the software as an integral part of the application system. For example, all the transactions which affect the master file could be written into another file for post audit and review. Similarly, audit modules could be built into the system to check exception conditions, like stocks below minimum levels, issues without balances and purchases of items when no issues have been recorded, in the case of an inventory control system.
3. Simulation Using Audit Programmes: While, in the test deck method, the auditee's programmes are tested with the auditor's data, in the simulation

method, the auditor uses his own software to test the auditee's data and then compare the results of this independent processing with those of the auditee. This is a very time consuming and expensive method. Moreover, this calls for special programming skills on the part of the auditor. Employment of this technique is generally discouraged. It is certainly not suited to our environment since we do not have the required time or resources. The time required for developing simulated systems could be profitably employed in developing new systems of audit interest.

4. Programme Review and Comparison: This technique requires programming skills on the part of the auditor to periodically go through the programme listing and compare such listings for each application system. It is a time consuming method. There are utilities available today for comparison of files on the computer itself. However, the examination of programme listings can only be done manually. This technique is not recommended for our environment since we do not have the time or resources to do this job. Moreover, the object module could be manipulated by a skilled programmer without touching the source programme files; in such situation, the examination/comparison of programme files does not serve the purpose.
5. Retrieval/Interrogation Programmes: Retrieval software should be comprehensive and include the following functional routines/facilities to:
 - retrieve record by record from a file;
 - total value fields for reconciling computer figures with booked figures;
 - perform calculations on numeric data to check the resident modules' mathematical correctness;
 - sort and merge data in any desired sequence;
 - select data from an indexed file on any desired criteria; and
 - print reports for post-audit analysis and review

There are a number of commercial packages like FILETAB, EASYSTRIVE, IDEA available off the shelf. There are versions for use both

on conventional files and data base systems. The auditor can also develop inhouse retrieval programmes. Such projects are not only expensive but also call for high levels of programming skills and knowledge of a variety of computer languages. Also auditee data files would require conversion to an acceptable format before retrieval software can be used. Even for using commercially developed packages, the auditor is required to possess:

- knowledge of the computer system with the auditee;
- programming skills to construct queries X-retrieve data;
- knowledge of the operational aspect of the package; and
- the layout of data files subject to examination.

(Availability of computer resources and time is assumed).

Today many DBMSs have built-in query and report writer facilities. Unstructured queries on the data files are also possible in some advanced systems. These utilities could be profitably employed for audit purposes. The auditor will be able to obtain the relevant information from the auditee's computer centre.

The distinct advantages of retrieval packages over other methods are 100 per cent review of data and accuracy of processing and effective use of the auditor's time in analysing results of interrogation. Use of retrieval software will, however, always remain a problem area primarily because of the multitude of hardware and software systems in use in various departments, necessitating expertise in several programming languages.

1617. Work Papers of EDP Audit: The preceding processes are only tools in the hands of the artisan, namely the EDP auditor. The shape of the final product depends on his level of skills. The work papers at the end of an EDP audit exercise constitute the evidential matter on which conclusions will be based. Stated broadly, the contents should address the following issues:

- Does the auditee have an EDP Policy or clearly defined objectives for acquiring EDP facilities?

- How much has been invested in commissioning the facilities and the details of inventory, both hardware and software?
- Are the installed EDP facilities adequate to meet the objectives?
- How are the resources utilised?
- What are the applications processed on the EDP facilities and their utility and impact on management/users?
- Is there a relationship between the management objectives and the products churned out by the computer centre?
- What is the extent of controls with reference to installation, applications and processing to ensure safety of assets, data integrity and reliability of the end products?
- Is there a review of EDP functioning by management and, if so what is the periodicity?
- Where does the EDP set-up fit in, considering the overall auditee organisational set up and what is the position of the EDP incharge?

1618. Training of Staff

i. **Training and capacity building:** Training of staff should be taken up regularly so as to continuously upgrade skills and keep pace with changes in audit methodologies, techniques and tools. Training activities could include in house training programmes, seminars and workshops as well as on the job training, training at RTIs , RTCs and for senior officers at NAAA/iCISA. The programmes should be standardised and structured to ensure uniformity and quality, and overall effectiveness of training assessed periodically. It should be ensured that officers trained in a specific area are retained in related audit for a reasonable period. ‘Training Standards’ of the department should be followed for undertaking training activities. ‘Training Needs Analysis’ would help in identifying gaps in knowledge, skills and ability for more focused and purposive training programmes for staff.

- ii. **Staffing for the audit - skill & knowledge of audit personnel:** Domain knowledge of the audit subject is a critical element of the audit quality management framework and the skills and experience of the staff deployed on the audit are expected to be commensurate with the requirements of the task. Offices should maintain an inventory of skills of its audit personnel which would enable them to match the task with required skills. Gap analysis to determine whether all skills required for carrying out the audit are available in-house or can be built up by courses/training programmes in Regional Training Institutes or at higher management levels should be carried out. This is essential to decide on the need for appropriate experts/consultants to advise on key aspects of the audit e.g. selection of sample, issues for examination, audit methodology etc. In the event of deciding to hire experts/consultants, any existing orders or guidelines of the Department should be referred to.
- iii. **Assignment of personnel:** There should be reasonable rotation of assignments of personnel so as to maintain objectivity and independence. It needs to be ensured that audit is carried out in an impartial and fair manner without favour or prejudice.

CHAPTER - XVII

RAILWAY RECRUITMENT BOARD AND RAILWAY CLAIMS TRIBUNAL

1701. The Railway Recruitment Board : The work of maintenance of the accounts of the Railway Recruitment Board at Bangalore which is coming under the direct control of the Railway Board devolves on the Financial Adviser and Chief Accounts Officer, South Western Railway. The inspection of the accounts relating to Railway Recruitment Board is conducted by Divisional Audit Office, Bangalore City. The inspections are to be conducted biennially.

1702. The Railway Recruitment Board, Bangalore is functioning under the direct administrative control of the Railway Board. It attends to the recruitment of the staff for various offices in Hubli, Bangalore and Mysore Divisions and Rail Wheel Factory, Yelahanka.

The expenditure incurred on the Railway Recruitment Board is divisible between the various Zonal Railways/Production units in the proportion laid down by Railway Board from time to time based on the recruitment work relating to each unit attended to by the Boards. The staff for the Recruitment Board are drafted from the Zonal Railways and as per the existing orders of the Railway Board they should not be allowed to continue in the Recruitment Board beyond a fixed period. No deputation allowance is payable to the staff. They are eligible for confirmation against permanent posts in the Recruitment Board which will be rescinded on their retransfer to their parent office. The following points may be seen, in addition to the normal points, during the inspection of the office of the Railway Recruitment Board.

- 1703.** (1) The accountal and utilisation of ordinary postage stamps, envelopes etc. sent by the candidates along with their applications.
- (2) The correctness of the remuneration paid to the examiner for setting question papers and valuation of answer papers with reference to the Railway Board's orders issued from time to time.

- (3) The correctness of the expenditure incurred in the conduct of the mass examinations with reference to the schedules prescribed and whether there is competent sanction for the excess, if any.
- (4) The method of disposal of old answer papers and whether the same is profitable.
- (5) Whether the overtime allowance paid to the staff, if any, in connection with their attendance of office early in connection with interviews of candidates, mass examinations etc. is not excessive and whether the same would be reduced by re-adjusting their office time, i.e. by relieving them suitably early in the afternoon etc. wherever possible. The staff of the Railway Recruitment Board are not governed by the Hours of Employment Regulations and for the purpose of overtime allowance the rates prescribed by the Railway Board from time to time are applicable.

1704. Railway Claims Tribunal: The Railway claims Tribunal has been constituted under section Act 1987. The Tribunal consists of a Chairman who has been a Judge of a High Court, or has for at least two years held the office of a Vice Chairman, four vice-chairman and such number of Judicial Members and Technical Members.

The appointments are made by Railway Board. The Central Government shall determine the nature and categories of the Officers and other employees required to assist the Claims Tribunal subject to the condition that the vice-chairman or such officer shall while exercising such delegated powers, continue to act under the direction, control and supervision of the Chairman.

Jurisdiction powers and authority of Claims Tribunal:

The Claims Tribunal shall exercise on and from the appointed day, all such jurisdiction, power and authority as that of a civil court or a claims commissioner.

- a) relating to the responsibility of the Railway administration as carriers in respect of claims for

- i) compensation for loss, destruction damage, deterioration or non-delivery of animals or goods entrusted to a Railway administration for carriage by railway,
 - ii) compensation payable under section 82-A of Railways Act or the rules made there under; and
- b) in respect of the claims for refund of fares or part thereof or for refund of any freight paid in respect of animals or goods entrusted to a railway administration to be carried by railway.

Inspection of RCT/ Bangalore is being carried out by Bangalore Division and the periodicity of inspection is once in 2 years.

CHAPTER – XVIII

CONSTRUCTION AUDIT

1801. Duties: The Construction Audit Section at Bangalore Cantonment is responsible for auditing the accounts of Surveys, Constructions of new lines and Major Projects and works undertaken by the South Western Railway.

1802. Periodicity of Audit: The periodicity of audit of various items is as per the revised audit norms prescribed for Construction audit.

The duties and responsibilities of staff as well as the instructions contained in chapters on Establishment and P.F. Audit section, Expenditure Audit Section, Stores Audit Section, Books & Budget Audit section, Inspection Section including works review etc. apply in the case of construction Audit section also.

1803. “Audit of accounts of subscribers to PF”

The PF ledgers in respect of NG staff of construction offices at Mysore, Hassan and in & around Bangalore are being maintained by FA&CAO/CN/BNC. The PF ledgers in respect of NG staff of construction offices located in & around Hubli, Bijapur and Davangere are being maintained by Hubli Division. However, PF accounts of GO’s are maintained at FA&CAO/UBL. As per revised Audit norms, accounts of subscribers to PF have to be checked annually. Sr. AuO/E/HQ should select one month for detailed check of PF accounts of GOs.

1804 Audit of Contractor’s Bills: In addition to the checks which are normally required to be exercised in the audit of the contractor’s bills, the following further checks should be carried out on the bills for well-sinking and Earth-work, during local inspections.

- i. Bills for well-sinking : In addition to the check of the quantities in the bill with the entries in the Measurement Books, it will be useful to check the Measurement Book entries themselves with the entries in the log book or field book maintained for such works. It should be seen that the recording of the bed level (or the ground/ water level in the case of ground wells) has been done by a responsible official and

signed by the officer-in-charge and the contractor in token of his acceptance. The entries in the Measurement Books could also be usefully checked with reference to the completion drawing available in the XEN's office and which would show the level reached by the cutting edge and the bed level.

- ii. Bills for Earth work: (a) In the case of works involving large quantities of each work, "Key-plan" and the 'Project sheets' if any, should be consulted in order to have general idea of the work entrusted to the contractors.

(b) Earth-work will ordinarily be paid for, based on measurements by cross section of formation taken before the commencement and after the completion of the work. Contractors will have to sign ground cross section (both initially and finally) in token of the acceptance. It should be seen in audit that this requirement has been complied with.

(C) In the case of earth-work based on cross-section measurements of the bank or the cutting, the entries in the Measurement Books would show the area of the cross-section on different suitable chain ages, the length of the bank or cutting between the construction cross section and the quantity for each length of the bank/cutting. In addition to checking the bills with the Measurement Books which has necessarily to be done, the entries in the measurement books themselves should be checked with reference to the level Books, the banks, cutting recorded in the level book should also be test-checked.

(d) Where the bank is made up partly from cut spoils and partly from the borrow pits, the chain ages of the bank to be formed in each type is pre-determined by the Engineer's representative. In such case, it should be seen that the cut spoils have been used to the best advantage of the Railway.

1805. Check of contractor's Bills:

- (a) **Final Bills:** During the check of Final bills selected for audit, all the connected on account bills working up to the final bills should be checked completely. In the case of contracts over Rs. 50/- lakhs each, one or two on account bills should be checked independently during the year.
- (b) **On account bills:** These bills are checked monthly as a separate item. The on-account bills so checked need not be rechecked at the time of audit of final bills.
- (c) In addition, one or two on-account bills in respect of each of the big works in progress costing over Rs.50 lakhs should be checked independently. All such works contracts costing over Rs.50 lakhs which are in progress should be listed and one or two on account bills in respect of each work selected for check during the year. The check should be in addition to the audit of all paid vouchers including on account bills passed during the month selected for audit in the course of review of major works. The extent and scope of the check already prescribed for final should be adopted in respect of these on account bills.

1806. Inspection of construction offices and works reviews:

Detailed instructions contained in Chapter on Inspection Section should be followed for preparation of the annual programme and for the conduct of local inspection of construction offices, including review of Major works.

CHAPTER - XIX

COSTING CELL SECTION

1901. Costing Cell has been formed to review the reports of the costing cells of S.W. Railway. (Para 3.7.3 of report of committee on Railway Audit Norms)

Costing Cell is entrusted with the following items of work.

- 1) Review of report of work study cell: Work study reports which recommend maximum number of posts to be surrendered may be selected after two years of its completion. The review should be conducted annually. (Para No. 5.2 of minutes of the Workshop on costing in Indian Railways held in the O/o. PDA/CR on 25th and 26th April 2005)
- 2) Review of introduction / change in frequency / extension of passenger trains – 6 months after introduction. 2 to 5 existing trains at random duly selected by PDA are to be reviewed for their profitability.
- 3) Section has to review areas, which are not covered by Railway costing cells such as expenditure incurred on operation and maintenance of track, track machines, rolling stock, etc. (Para 3.7.1 of RANC)

1902. Review of Work Study Reports: A Work Study Organisation is functioning on each Zonal Railway for undertaking a detailed study of specific projects on the Railway with a view to streamlining and standardising the working procedures, cutting down unproductive work and achieving economy in expenditure and better utilisation of resources. The work study may be of projects initiated by the Railway Board, those suggested by Railway and approved by the Railway Board or those referred by Heads of Departments.

After the work study of a selected project is completed, a Report is compiled bringing out the findings and recommendations of the Work Study Group. The Work Study Reports should be reviewed in audit as and when received.

For this purpose, a register should be maintained for recording the particulars of :

- (i) Projects selected by the Railway Board/General Manager/Head of Department for work study.
- (ii) Period during which the work study in respect of item (i) above was completed and the date of issue of the work study report.
- (iii) Month in which the Work Study Report was reviewed in Audit.
- (iv) The remarks/comments as a result of the review.

While noting the particulars in the Register, the continuity in the numbering of the Work Study Reports should be watched.

This register should be submitted to the Principal Director of Audit for information every month during the first week. Besides, whenever a Work Study Report is received by the Section, within a month, they should submit a note to the Principal Director of Audit inter-alia bringing out the interesting points/aspects which could usefully be brought to the notice of the field units for further probe/action/guidance.

CHAPTER – XX

RAIL WHEEL FACTORY

2001. A separate Audit Office under the control of Pr. Director of Audit, South Western Railway is functioning at the Rail Wheel Factory at Yelahanka to audit the transaction relating to the factory.

The Audit Office has the following Sections:

1. Administration and Routine
2. Production (Workshop Audit)
3. Books and Budget
4. Expenditure Section
5. Inspection of Office/Shops.
6. Stores

The sections mentioned above are under the charge of a Sr. Audit Officer. The duties of Sl. No.1, 3, 4 and 6 are similar to that of sections in South Western Railway.

2002 Production Section (Workshop Audit):-

This section test checks all transactions relating to Workshops. The functions of this section are similar to that of the workshop audit section in open line. The scope of audit is as laid down in the Secret Memorandum of Instructions (Railways) for the various items of workshop audit in open line. In addition, certain special items of work not covered in the regular audit programme vide Annexure is also conducted by this section.

Items Peculiar to Rail Wheel Factory

- | | | |
|----|--|------------------------------|
| 1. | Audit of Cost Reports | Monthly as and when received |
| 2. | Review of Machinery idle time | Monthly |
| 3. | Review of idle time cards labour | Monthly |
| 4. | Review of Register of Provisional payments | Quarterly |
| 5. | Review of Production control statistics | Quarterly |
| 6. | Check of Depreciation Reserve Fund statements. | Annual |

2003. INSPECTION SECTION :-

All offices and shops are inspected by this section. A list of offices/shops audited by RWF/YNK is enclosed. By the middle of October every year, the programme of inspection for the ensuing financial year should be sent to the Co-ordination section for obtaining the approval of Principal Director of Audit. After the approval of PDA is communicated, monthly programme of inspection should be submitted to the PDA for approval. The procedure for conducting inspections and issue of inspection reports etc., will be as laid down in chapter XIII of this Manual

2004. COSTING : The check of cost accounts forms part of Workshop Audit of Production section.

Aim and System of Cost Accounting

Costing is the technique and process of ascertaining the cost which enables one to find out the cost of various jobs or processes. The costing system helps to compare the actual cost of a product with the estimated cost and thereby to assess the losses and wastages where they are occurring and also to take necessary precautions to avoid such wastages or losses.

Object of Cost Accounting :

The object and scope of cost accounting are

- (i) to ascertain the cost of components, assemblies and the special jobs if any, undertaken for departments and other Railways.
- (ii) to ensure an effective control over expenditure on different elements of cost viz. material, labour and overheads;
- (iii) to analyse and interpret cost data, highlight special features and present the same through Managerial Reports for information, guidance and necessary action at different levels.

2005. Elements of Cost

The expenditure incurred on manufacture comprised (i) Direct labour, (ii) Incentive, (iii) Direct Stores (iv) Direct expense (v) Overhead or indirect expenses.

2006 List of documents to be checked as per New Audit Norms are listed below:

MONTHLY

1) Estimates, 2) Completion Reports, 3) Check of Workshop Account current with schedules 4) Reconciliation of monthly Account Current of stores in the sub ledgers, 5) Completed Batch orders 6) Sub-ledgers showing the total labour and stores charges under each work order for each day (yearly done monthly).

NOTE : Estimates and Completion Reports are prepared for Machinery and Plant items.

HALF-YEARLY ITEMS

Deposit miscellaneous – Yearly item as per new norms.

Work orders and Half yearly Progress report.

YEARLY

- 1) Workshop General Register recording expenditure on each work order.
- 2) Calculation of on-cost – yearly or half yearly depending upon the periodicity of revision of on-cost charges.
- 3) Distribution of on-cost among work orders.
- 4) Out-turn statement with special reference to acceptance of debits and clearance of outstanding.
- 5) Accounts numerical or otherwise, of stores received into workshop and charged off to work orders but not actually used thereon.
- 6) Transfer statement of mema (Adj. vouchers)
- 7) Advice Notes of returned stores
- 8) Material spared from Work order
- 9) Record of Plant and Equipment
- 10) Administrative reports and manuals

- 11) O.M. & P.O.O. of the Accounts Office
 - 12) Deposit Misc.(Debt Head Report, Appropriation Accounts)
- (Sl.No.5, 8 & 9 are seen during Inspection.
Sl.No.10, 11 & 12 – These items are seen by Workshop Audit Section).

List of Offices

- 1 Chief Mechanical Engineer
- 2 Chief Electrical Engineer
- 3 Chief Electrical Engineer/S&T
- 4 Dy. Chief Materials Manager/GSD
- 5 SMM/Ship/RWF/MSB (including Customs Duty & Port Trust Charges)
- 6 Controller of Stores
- 7 Assistant Chief Cashier
- 8 Chief Engineer/Civil
- 9 Sr. E.D.P.M.
- 10 Security Commissioner
- 11 Chief Medical Superintendent / RH
- 12 General Branch including Hindi Cell, Legal Cell and Vigilance Cell
- 13 Dy. Chief C.M.T.
- 14 Chief Personnel Officer
- 15 Chief Project Manager/Aug.

List of shops

- I Shops/Sub-Offices under the control of the CME/RWF
- 1 Moulding Room Shop
- 2 Mould Maintenance Shop
- 3 Mould Repair Shop
- 4 Melting Shop
- 5 Melting Maintenance Shop (Mech.)
- 6 Prod. Wheel Final Processing Shop (PWFPS)
- 7 Maint. Wheel Final Processing Shop (MWFPS)
- 8 Inspection (Wheel) Shop

- 9 Axle Forge Shop
- 10 Axle Forge Maintenance Shop
- 11 Axle Machine Shop
- 12 Axle Machine Maintenance Shop
- 13 Utility Shop
- 14 Tool Room Shop
- 15 EMMS (Mech.)
- 16 Spares Shop
- 17 Road Transport Shop
- 18 Integrated Maintenance Base
- II Shops/Sub-Offices under the control of CEE/RWF
 - 1 Wheel Shop/Power
 - 2 Wheel Shop/Control
 - 3 Axle Shop/Power/E
 - 4 Axle Shop/Control/E
 - 5 EMMS/Electrical Stores
 - 6 CDDSES
 - 7 Main Receiving Station/E
 - 8 Diesel Generating House/E

CHAPTER - XXI

EFFICIENCY CUM PERFORMANCE AUDIT

2101. Duties of the Section: The duties of the Efficiency cum Performance Audit (ECPA) are indicated in *paras 2.2.42 to 2.2.46 of the Manual of Standing Orders (Audit) and Chapter XXIV of Railway Audit Manual*. The ECPA section will, among other things, undertake special investigations/reviews. Lists of topics suggested for investigation are given in the *Annexure to Section II Chapter 2 of Manual of Standing Orders (Audit) and Chapter XXIV of the Railway Audit Manual*. Special reviews are to be carried out as suggested by the DAI/Principal Director of Audit, from time to time. One or more topics will be selected by the Principal Director of Audit every month for investigation. The investigation should generally be conducted by the ECPA Section itself without entrusting it to other auditing units/sections. In exceptional cases, however, data available at the unit level may be called for.

This section should also co-ordinate investigation of topics specially selected by the Principal Director of Audit to be done by the various auditing units.

2102. Even though for the purpose of certifying the accounts, routine checks have to be carried out to satisfy that the accounts are correct and give a fair view of financial results for the year, the emphasis of Government Audit has undergone considerable changes. The regularity of expenditure with which Audit was mainly concerned has gradually yielded place to a wider concept, viz. whether the expenditure has been incurred with ‘wisdom, faithfulness and economy’. With this end in view, efficiency audit of projects under execution, such as construction of new lines, doubling of lines, remodeling of yards, remodeling of workshops, augmenting repair facilities, transshipment sheds, improved signaling arrangements etc. which are in an advanced stage and efficiency-cum-performance audit of similar schemes when completed and put into use are taken up by the ECPA Section. For this purpose, the section should maintain lists of major works, coming under the various Five Year Plans, drawn

up with reference to Works Programme, Financial Reviews, and General Manager's Annual Report etc. and obtain selections at the appropriate time.

The efficiency of construction may be reviewed with reference to the expedition with which the surveys and the finalisation of tenders were conducted, the actual commencement of work and periodical progress compared to the original schedules etc. while the types of works found necessary and soils met with during actual execution would be an index of the accuracy of the technical appreciation in the estimates, the pattern of rates obtained in the tenders and any special aspects of construction or terrain might help in reviewing the dependability of financial forecasts, vis-à-vis the actuals. The correlation of the actual expenditure with the physical progress from time to time would also indicate the financial efficiency of execution of the works. The review would thus be to assess the actual performance both technical and financial, in relation to the original planning and anticipations.

Apart from examining the points detailed in *Para 2.2.42 of Manual of Standing Orders (Audit)*, the following aspects may also be given due consideration to see that the schemes were undertaken after a careful analysis of the economics thereof.

- 1) Whether fair and wide publicity was given to the tenders to make them competitive and whether the sanctity of open tenders was duly maintained? Whether the rejection, if any, of lower tenders was done on adequate grounds and whether in cases of allowing price preference on account of earlier deliveries, the stipulated delivery period was strictly observed. It should also be generally seen that the scope for receiving competitive rates is sufficient or it requires improvement.
- 2) Whether in the case of works undertaken on urgency certificates, there was any delay in preparing technical estimates, the works were completed expeditiously and they were put to the expected use immediately after completion.
- 3) Where works had been left incomplete or their progress slowed down, it should be seen whether the circumstances responsible therefor could not

be foreseen well in time to avoid infructuous expenditure and blocking up of funds. If any work has been treated as abandoned, it should be seen whether its cost is promptly written down from Capital to Depreciation Reserve Fund with a view to reducing the dividend liability.

- 4) Whether there are apparent facts indicative of the likelihood of enormous idle capacity on completion of certain schemes or whether the traffic offerings are expected to be very inadequate, resulting in the additional capacity created remaining unused. If so, whether the administration have taken steps to arrest the magnitude of infructuous expenditure to find alternative means to make best use of the assets. It should be specially seen whether the works though almost completed have not been thrown open for traffic to avoid any criticism about lack of earnings and/or are allowed to drag on with comparatively poor progress in some physical aspects just to explain away the delay in opening of the lines.
- 5) Whether in the case of practically completed works, the number of staff employed has been brought down and expenditure on other ancillary items proportionately reduced.
- 6) In the case of new lines or doublings, whether the lines have been thrown open for speeds mentioned in the Project Estimates or not, if not, the reasons for speed restrictions and its financial effect on working should be examined.
- 7) Whether any major changes in specifications laid down in estimates or tenders have taken place and if so, its financial effect should be examined

(ADAI (Railway) 's letter No.1047-RAI/8-5/65, dated 11.4.1966).

Railways enjoy more or less monopoly in the matter of transport of passengers and goods. Profitability under the circumstances does not necessarily indicate efficiency of operation. Performance of ECPA section, therefore, requires more emphasis and the following points require special attention :

Adequate utilisation of capital assets: Apart from utilisation of existing assets, it has to be seen in the case of new constructions that the assets created are usefully and gainfully employed so as to yield the anticipated results. This will require study of the Project Reports, time schedule of construction, anticipated financial results, use of capital assets created and financial results actually obtained. It should also be seen that the factors on which justification for the creation of the assets was based, have been properly gauged and that there has been no subsequent developments which have changed the flow of traffic resulting in under-utilisation of the facility.

The review should bring out fully the background, objectives, initial estimates of investments, financial justification and how these were defective (if so) and, how far these have been realised in actual execution and subsequent traffic arisings or materialisation of workshop loads etc.

(Paras 2.2.42 to 2.2.45 of Manual of Standing Orders (Audit))

2103. Investigations based on published Railway Statistics: A list of statistical subjects likely to provide useful study for the purpose of making suggestions for economy in expenditure or augmentation of revenue has been compiled and appended to this chapter. Principal Director of Audit will select one or two topics occasionally for investigation to be done by the ECPA Section or by the various auditing sections concerned according to the nature of the topics selected. In the latter case, the ECPA Section will co-ordinate the investigation.

The published statistics will also be circulated among the Branch Officers to enable them to initiate investigations and for suggesting fruitful topics for investigation.

2104. The following reports are to be reviewed by the ECPA as and when received and the results bringing out important points, if any, put up to Principal Director of Audit:

- (i) General Manager's Annual Report
- (ii) Railway Board's Annual Statistical Statements
- (iii) Civil Audit Reports

- (iv) Digest of important and interesting cases appearing in Audit Bulletins.
- (v) Reports of Estimates Committee.
- (vi) Reports of different committees constituted by Central Government having financial bearing such as Railway Reforms Committee etc.
- (vii) Quarterly Progress Reports of the Railway Administration on Economy – Fuel, Staff etc.
- (viii) Reports on the working of the Railway Protection Force.
- (ix) Domestic Statistical Reports, selected statistical results and minutes of statistical meetings.

2105. Railway Budget: A broad review of the Indian Railways Budget with special reference to the South Western Railways estimate should be carried out by the ECPA Section in May/June each year and results submitted to the Principal Director of Audit. The review should inter-alia bring out the impact of the Five Year Plan etc. on the Railway's Finances, the new schemes proposed and the audit arrangements which would eventually become necessary in connection with these schemes and projects.

2106. Comptroller and Auditor General of India's References (C&AG References): The information furnished to ECPA by Sections/Divisions with reference to Comptroller and Auditor General of India's references should invariably be got vetted by the Accounts counterparts. In case the information has been furnished by the Accounts Office itself, the correctness thereof should be verified by the Sections/Divisions concerned before it is passed on to ECPA

2107. Review of Periodical Confidential D.Os (PCDOs.): The periodical confidential D.Os from the General Manager to Chairman, Railway Board, Heads of Department to the Directors concerned in Railway Board office and Divisional Officers to the Heads of Department should be reviewed by the Asstt. Audit Officers of ECPA Section so that important and interesting cases can be developed and taken up with the Railway Administration with the approval of Principal Director of Audit. PCDOs sent during the previous quarter may be covered in each review.

No.

Date

From

The Pr. Director Of Audit
South Western Railway

To

The

Sub: Inspection

The Inspection of the initial accounts and records of your office will be taken up by Shri/ Smt _____ Asst. Audit Officer and the inspecting staff will commence their work on or about _____. Necessary arrangement may please be made to keep the records ready and make them available to the inspecting staff.

Instruction may also please be issued to your office to offer remarks on the audit points day-to-day to facilitate settlement of the same on the spot and to eliminate them from the final report as far as possible.

I shall be glad if you make it convenient to be present at Head quarters to discuss the draft report on or about _____

The receipt of this communication may please be acknowledged.

For Pr. Director of Audit

No.

Date

Copy forward to the _____ (Accounts Officer), S.W. Rly for information and necessary action.

For Pr. Director of Audit