

**OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
EASTERN RAILWAY
KOLKATA
OFFICE MANUAL
VOLUME – II
2001**

PERFACE TO THE FOURTH EDITION

The fourth edition of the Office Manual of the office of the Principal Director of Audit, Eastern Railway, Calcutta, is the first diglot edition prepared to facilitate the progressive use of Hindi in office work. This edition incorporates all the changes and developments that have occurred since the bringing out of the third edition in 1964.

For easy handling and reference, this edition of the manual has been bifurcated into two volumes, of which Volume-I contains six chapters on “Office Procedures & Administration” while Volume-II contains nineteen chapters on technical matters of audit including a new chapter on computer audit. The paragraphs in both volumes have been numbered for convenience of indexing and of reference.

The contents of the manual are, as usual, subject, and subsidiary to the rules, regulations, orders and manuals issued by the comptroller & Auditor General of India (C & AG) and the Government of India and are not to be quoted in supersession of any of those. This manual should also not quote as an authority in any correspondence outside this office.

Omissions or inaccuracies in this manual, if any, that come to notice may kindly be brought to the notice of the Central Coordination Section of this office, so that necessary corrective measures can be taken.

Suggestions for improvement of this manual are most welcome.

Calcutta

(Sunil Verma)
Principal Director of Audit
Eastern Railway

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CHAPTER VII

GENERAL INSTRUCTIONS REGARDING PROCEDURE OF AUDIT & METHOD OF WORK

7.1 GENERAL

The objects of separated audit on Indian Railways and the way in which these objects are achieved by the Indian Audit Department are given in para 115 of Railway Audit Manual (4th Edition). The general principles and rules of audit applicable to different classes of transactions laid down in the Manual of Standing Orders (Audit), (First Edition, 1991) of the comptroller and Auditor General of India should be observed in so far as they are applicable in the audit of railway receipts and expenditure. The rules and instruction contained in this chapter and in chapter 8 apply equally to all sections in respect of all common items of work whenever they may appear in the above two chapters.

7.2 PROGRAMME OF AUDIT

The programme of Audit to be observed by the office of the Principal Director of Audit, Eastern Railway, Calcutta and the extent of audit to be applied to different classes of Railway transactions is detailed In the Memorandum of Instructions regarding the etent of audit (Railway audit) (Secret) (Second Edition) issued by the authority of the Additional Deputy Comptroller and Auditor General of India (Railways) as amended from time to time. This programme of Audit should be fully worked up to by the sections concerned, as well as such items of work which the Principal Director of Audit of the A.D.A.I. (Rlys) may prescribe from time to time. This programme of Audit should be rigidly followed by the sections. Any deviation from the pro gramme will require the approval of the A.D.A.I (Rlys). The Audit work should be so arranged that there may be an easy and regular flow of work through the year and the entire programme may be completed before the Audit certificate is submitted to the Books Audit Section.

In addition to the item of work mentioned in M.0.1., special items of work peculiar to this office must be undertaken for Audit according to the orders issued by the P.D.A from time to time.

All the items of work including the special items, if any, should be recorded in the Voucher Selection Register showing authority etc. to be maintained by each Section. In this connection, the instructions laid down in chapter VIII to XI of Aly. Audit Manual may also be seen.

7.3 REQUISITION AND RETURNS OF FILES A ND VOUCHERS SELECTED FOR AUDIT.

(a) Any file or records relating to Accounts office If required for audit purposes should be called for on proper requisition and the Accounts office will arrange for their supply expeditiously within a week from the date of receipt of such requisition. On receipt of the files or records by the section concerned they should be returned under proper acknowledgement as soon as possible. Requisition for important files of the administration required for review of large contracts, policy matters and other special investigations should be placed on the Executives only over the signature of Deputy Director of Audit. Other less important file required for Programme of Audit may be requisitioned over the signature of branch officer. The files on receipt should be returned as soon as possible.

(b) All sections should send their requisitions for vouchers selected for Audit by the middle of the second following month (in case of Traffic Audit by the first week of the third following month) so that vouchers may be made available for Audit in the first week of the month of Audit. Generally, for the purpose of selection of Vouchers for audit, the detailed lists of all vouchers passed in a month need not be prepared separately. Only the serial number of bills under each category (from the Bills Register- C.0.6) are to be listed and selection made from this list by the G.O. according to the percentage fixed. While making such selection, the Bill Register should invariably be referred to by the "Voucher selecting Officer so that there may not be any omission in selection of important vouchers. Similarly in the case of a Journal Vouchers only the serial number of Journal Vouchers should be listed according to the category fixed and, on the amount, and selection made from these lists as per prescribed percentages. While making selections, the G.Os should consult the Register of Journal Vouchers. Total number of bills under each category, percentage of check fixed and the number to be selected should also be indicated in the lists for A.O's selection. The items selected for check should be indicated in the lists and not in the Register of Bill or the journal Vouchers. In respect of Pay and T.A. Bills all the Departmental units for which the pay bills are prepare and which are recorded as such in the bill passing sections of the Accounts Department, the whole field may be divided into units separately for G.Os and N.G.Os as prescribed by the CAG and one unit from each selected for monthly audit of all such vouchers. The units should be drawn in such a manner the each contains drawing (of accounts rendering) officers of more than one department. Where the Principal Director of Audit feels that audit of these vouchers in a particular month can be dispensed with, with a view to deploy additional man-

power for local inspections, he may do so. In case of Labour Pay sheets, which need not be checked in central Audit (except in workshops) it is sufficient if these are checked during local inspections. However, before returning the paid vouchers to the Accounts office, the posting of the Labour pay sheets checked during local inspections should be traced in the works and Revenue Allocation Registers. In case of labour Pay Sheets, Muster Sheets and Time Sheets of workshops the whole field may be divided into units as prescribed by the CAG and one unit selected each month. The units may be so drawn as to contain a i) reasonable number of direct workers, indirect workers, and supervisors. (CAG's letter No. 647-680/RAI/8 11 /73 date 05.3. 74)

(c) After completion of audit the following procedure should be observed:

i) All vouchers received from the Accounts office should invariably be returned within 2 months from the date of their supply unless they are retained for Branch Officer's post review and current review. Such occasions should, however, be very rare. The retention of vouchers beyond two months should have the approval of the Branch Officer concerned.

ii) All auditing sections should open a register to record the monthly return of vouchers to Accounts office and obtain therein the full signature and designation of the Account Office clerk who receives back the vouchers. A carbon copy of the entries made in the register should be handed over to the Accounts office clerk for receiving the vouchers.

iii) Branch Officer should send a certificate to the Central Section by the 15th of every month that all vouchers due to be returned to the Account Office in that month and which are no longer required in the Audit Office have been returned and the acknowledgement for the same obtained from the Accounts Office.

iv) The Register of vouchers returned as mentioned in sub-para (iii) above should be submitted to the Branch Officer on the 15th of every month who should review it and initial as a token of his security.

v) The return of all vouchers pertaining to a financial year should be advised to the Accounts officer concerned and his confirmation obtained there to. A copy of this confirmation should be endorsed to the coordination section by the 31st of October of the following financial year.

vi) Central Coordination section should watch the receipt of such confirmations from all auditing sections, if necessary, and then submit a consolidated report to the Director of Audit for his Information.

vii) The register maintained for the return of the voucher should be kept in the personal custody of the section Officer (Audit) of the Section and he will be held responsible for any loss or damage to the register. In case of his transfer from the section the register should be handed over to his successor and a reference to this effect made in his handing over notes.

viii) The register should be preserved for a period of 10 years.

7.4 CHECK OF LISTING OF VOUCHERS.

The surprise check on the listing of vouchers done by the Auditor should be done by A. A.O./ S.O (Audit) once a quarter, the particular month in a quarter being selected by the Branch Officer at the time the lists are put up to him for selection. The results of the surprise check should be recorded on the lists of vouchers themselves and after the completion of each calendar year, the files containing these lists should be securely stitched bound to ensure their safe preservation. (Para 144-RAM-4th Edition)

7.5 VOUCHER SELECTION REGISTER.

After the vouchers are selected for audit and requisitions placed with the Accounts Office, the number and date of the vouchers and the amount thereof together with other particulars are noted in the voucher selection Register. On receipt of the Vouchers and completion of audit thereof each Auditor and Section Officer (Audit/AAO) should put his dated Initial in the Voucher Selection Register against the vouchers or documents audited by him as a proof of his having done so. If any voucher or document has been originally audited by the Branch Officer, the fact should be noted in the Register. A Certificate should be recorded in the Voucher Selection Register over dated Initials of each Auditor/So (Audit/AAO) that the Bills have been duly audited by him, specifying the bills or documents not audited and the reasons therefor. (Para 142-RAM-4th Edition)

7.6 SELECTION OF DOCUMENTS FOR AUDIT

7.6.1 See Instructions Contained in Chapter X of Railway Audit Manual and Chapter III of MOI.

The audit of vouchers is done to the extent of the percentages laid down for the various types of vouchers.

7.6.2 In regard to selection of salary bills, muster rolls and labour pay sheets (wherever done) the following procedure should be adopted :

10 units should be formed, and the audit of each unit taken up and completed once in 4 months so that the entire

work in units is completed in the prescribed period to satisfy the percentage laid down. The selection of employees for audit pertaining to this unit should be made in all the four months to ensure the audit of salary bills pertaining to all the months in a year and also to satisfy the provision regarding the audit of vouchers in the fourth following month. All the bills pertaining to the unit selected should be listed in the selection register for each month separately. At the commencement of each financial year, the record maintained in the bill passing section of the accounts department should be verified and necessary changes in the units (addition/deletion etc.,) if any, be carried out wherever necessary so that the list is maintained up to-date and there is no omission whatsoever in the prescribed percentage of audit.

- 7.6.3** In respect of other vouchers, which are subjected to percentage check, the first step should be to list out all the vouchers received by the accounts department for internal check in the month for which audit is to be conducted noting AB numbers and amounts. Then a memorandum should be prepared indicating the total number of vouchers. The percentage to be applied for audit and the number of vouchers to be selected for audit. This memorandum should be put up to the Branch Officer for selection of the required number of vouchers from those listed out. In order, however, to avoid the clerical work involved in listing out such vouchers, the selection may, wherever possible be obtained directly from the 'Register of bills received for internal check.' (From 'A' 204) maintained by the accounts department. For that purpose, a memorandum should be prepared indicating the number of bills received for internal check in the month for which audit is to be conducted, the percentage to be applied and the number of vouchers required to be selected for audit. This memorandum together with the register of bills received for internal check of the Accounts Department should be submitted to the Branch officer. The Branch Officer will select the bills directly from this register of bills indicating in the memorandum AB numbers of the bill, so selected.
- 7.6.4** The contractor's final bills should be checked according to the prescribed percentage. All relevant on account bills also should be checked along with the check of final bills. The details of all such on-account bills should be noted in the selection register.
- 7.6.5** In selecting the bills, the fraction appearing on application of the percentage to the total number of bills in resultant figures should be rounded off to the next higher number.
- 7.6.6** The selection of pension cases should be made from the register of sanction to pensions maintained by the accounts department. The selection of paid vouchers of Death-cum-Retirement Gratuity should be made from the register maintained for the purpose by the accounts department.
- 7.6.7** The selection of cases of final withdrawal from SRPF, GPF etc., and of Special contribution to PF of Gratuity under State Railway Provident Fund rules should be made from the refund register maintained by the PF Section of the accounts department. The selection of pension payments through the treasuries, post offices and public sector banks should be done separately for each type of payment from the vouchers, debts schedules, scrolls etc., as the case may be on the basis of acceptance/accounting made by the accounts departments monthly.
- 7.6.8** The selection of journal vouchers of the value of Rs. 50,000/- and above should be done after classifying them according to the prescribed category for the purpose of applying the percentages laid down.
- 7.6.9** In respect of pay orders paid out of station earning, the selection should be made from the list received from Traffic Audit Section.
- 7.6.10** In respect of monthly items of audit, the audit should ordinarily be conducted in the fourth following month. Wherever it is possible to have the vouchers for audit in the third following month, there is no objection if audit is undertaken accordingly, in the third following month. This should, however, be done on obtaining specific orders of the Director of Audit in respect of journal vouchers, the Director of Audit has decided that the audit should be done in the 3rd following month.
- 7.6.11** The Selection of vouchers should be completed by 20th of the month preceding that in which the audit is taken up so that all the vouchers and documents may be collected from the accounts office in time to commence audit as far as possible on the first of the month of Audit.
- 7.6.12** In the selection register, besides recording the number of the bills given by the accounts department, particulars of number of employees in the case of labour pay sheets and salary bills, number of Items in the case of TA bills, number of items in the case of contractor's bills. and. estimates, number of. adjustment memo in respect of the journal vouchers etc., or such other particulars as are required for purposes of job analysis of the work conducted in July each year, should also be recorded.

- 7.6.13** The Instructions regarding the rounding off fraction in case of selection of vouchers and documents for initial audit should also be observed in case of selection for current review and post review by Section Officers and Gazetted Officers.
- 7.6.14** In making selection of contractors' bills and miscellaneous bills, the selecting officers should ensure that bills of all important contractors and important purchases come under our scrutiny some time or the other and that the same kind of bills relating to the same work or contract of same type or purchases do not come up for. Audit month after month. Particular attention should be paid in selecting bills for audit from category "Miscellaneous bills and pay orders" in such a manner that vouchers of various transactions come under audit, as otherwise it is likely that the bills for payments to municipalities and local bodies etc., which are made yearly or half yearly: may remain unchecked for a long time. It should therefore be ensured that such bills are invariably selected for audit.
- 7.6.15** In order to ensure that selection of the requisite number of vouchers under each category is properly done, the Director of Audit has decided that all listing done, by the Auditors should be routed, through and checked by the Section Officers for the purposes mentioned. in Para 39 of MDI (Para 144 of Railway Audit Manual) before they are put up to the Audit Officers, for the purpose of selection. In view of this changed procedure, no further surprise check will be necessary.
- 7.6.16** The grouping of units for the purpose of all establishment bills should be reviewed yearly in order to ensure that no categories of charges are omitted from the preview of Audit.
- 7.6.17** On completion of Audit the Auditor concerned should record his dated initials against each. Item of Audit in the selection register in token of having completed the audit of that item.
- 7.6.18** The vouchers and documents not made available till the end of the month and therefore, remaining in arrears for audit should be indicated separately in respect of each item of audit under the list of selected vouchers recorded in the selection register.

7.7 REQUISITION OF VOUCHERS.FOR AUDIT

All sections should ensure that requisitions for vouchers are treated like other letters issuing from the office and are issued under a running serial number for each year. The serial number should clearly indicate the originating section. It should be noted that whenever the lists of outstanding vouchers are furnished to the Accounts Officer, reference to the connected requisition numbers are invariably quoted therein. The section officers should see before signing the requisitions that a proper serial number is given and that copies of all the requisitions are also filled serially. The Branch Officers may also occasionally see that the procedure outlined above is properly followed. When requisitions are addressed to the Executive officers for supplying tenders, other documents, sanction cases etc., it should be ensured that copies of such requisitions are sent to the concerned accounts officers also.

7.8 COLLECTION OF DOCUMENTS FOR AUDIT

As soon as documents to be audited are selected, they should be collected from the account's office expeditiously. In the case of items for which an official requisition is necessary, such as review of compensation claims, the relevant files or documents should be called for officially. A record should be kept of the documents made available and still due and attempts made to obtain the latter as early as possible. Difficulty, if any, in getting the documents should be brought to the notice of the section officer of the section for necessary action. Cases of inordinate delays in receipt of the documents 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 account's office by 15th of the month, an official requisition or reminder should be issued to the Accounts Officer concerned, if this has no effect, a demi-official letter should be issued to that officer by the 25th of the month.

Any loss or destruction of vouchers and documents in the administrative offices rendering the prescribed audit impossible must be reported to the Additional Deputy Comptroller and Auditor General of India (Railways) promptly for necessary action at the appropriate level. Sections should report all such cases to the Co-ordination section without delay.

A review should be made by sections in June every year of all the vouchers which have not been supplied by the account's office for a year or more prior to that month, to see whether these vouchers are likely to become available later or whether they have been destroyed. A report regarding this review should be submitted to the Branch Officer. The item of work should be noted in the calendar of returns of the sections.

7.9 DISTRIBUTION OF WORK (SEE PARA 135 OF RAM)

In each section duty lists should be drawn out showing the items of work allotted to various members of the section. These should be submitted for approval of the Principal Director of Audit and entered in the sectional register. The duty lists should be kept up to date by reviewing them from time to time to see whether the items of work for the section have been distributed completely and evenly. It should be ensured that complete responsibility for each item of audit is fixed on individuals, and that shared responsibility is avoided as far as possible. The Auditors should be given changes of duties periodically in terms of provisions of para 58 of RAM.

7.10 RAISING AND PURSUIT OF OBJECTIONS

The instructions contained in chapter XXII of RAM should generally be followed. Pursuant to certain changes which have taken place in the setup of the audit offices and with a view to minimise delays that occur in the settlement of audit objections and to save on correspondence and to ensure speedy settlement of objections, the following instructions are issued for raising and pursuit of objections through audit notes and special letters.

i) Objections of a routine nature or calling for certificate, wanting documents etc., noticed during the course of audit should be embodied in formal notes (Rough Audit Notes) which, duly signed by the section Officer (Audit) will be issued to the section Officer (Accounts) concerned. These rough audit notes will be examined on receipt by the Section Officer (Accounts). Periodical meetings will be held between Section Officer (Audit) and the corresponding section officer to discuss rough audit notes. A record of discussions will be drawn up. As far as possible, irregularities pointed out in the rough audit notes will be settled in these discussions. If the matter is satisfactorily settled, no formal audit note will be issued but the matter should be included in the minutes of discussion and further action to enforce recovery etc. will be taken up by the Section Officer (Accounts)/Sr. S.C.(A/c).

ii) The discussion on the rough audit notes should ordinarily take place within a week and in any case not later than a fortnight. Whenever for practical reasons, it is not possible to have periodical discussion, the Section Officer (Accounts) should, within a week of receipt of rough audit notes and not in any case later than a fortnight, issue a formal reply to the Section Officer (Audit) indicating action taken on the various points raised in the rough audit note. The reply on receipt should be examined in audit and on points treated as settled, no formal audit note will be issued.

iii) After action has been taken as above a few points that may remain, will be included in a formal note by the Branch Officer and issued to the Accounts Officer for further action.

iv) rough audit notes mentioned above, will not be treated as official objections, and will not figure in the statistics of objections outstanding.

The above procedure does not, however, restrict the discretion of the Branch Officers to issue formal objection straightway were considered necessary. In Headquarter Office all audit objections should be addressed to the FA & CAO.

As soon as an audit objection has been accepted and necessary note made in the objection book or recovery register by the accounts office, it may be closed for statistical purposes and finalisation thereof by the accounts office watched through ordinary correspondence and the case closed when recovery of irregular payment has been made or sanction to write off of loss or waive or recovery accorded by the competent authority. If the action taken by the Railway administration on the audit objection is not considered correct and adequate, the case may be re-opened, and a fresh objection be issued if considered necessary in the form of a part II or a Part I Note.

According to Para 918 of the Indian Railway Code for the Accounts Department (Part I) the final disposal of part II Audit notes and inspection reports whether on the accounts or executive side rests with the Accounts Officer and no formal reply to the audit is necessary but the disposal of such audit notes and inspection reports should be made available to the Director of Audit. The Accounts office is also required to keep a proper record of the specific reports. Audit Notes and inspection Reports received from audit and review them periodically to ensure their speedy disposal. The connected records on which objections have been raised are also not to be destroyed by Accounts till objections are settled.

It also been decided in consultation with the accounts office that as required under para 918-AI, Part II Audit notes and inspection reports may be closed by the Accounts Officer concerned at his discretion and the final disposal made available to Audit. On receipt of such intimation, the closed cases by the Accounts Officer should be

reviewed by audit and if for any reason, Audit feels the necessity for re-opening case so closed by Accounts a fresh communication should be sent to the Accounts office, which will be treated as fresh objection.

According to Para 461 of the Railway Audit Manual, i.e., review of Part ii inspection reports and Audit notes in general should be done half yearly and the review restricted to important items. Para 461 also requires that the audit office should ensure that a machinery exists in the account's office for the proper disposal of audit objections. For speedy disposal of such objections Branch officers should ensure that review of inspection reports and Audit notes Part II as contemplated in Para. 461 of Railway Audit Manual is carried out 'half yearly'. The following further instructions are issued.

- a) The review as contemplated in Para 461 of RAM should be carried out half yearly be 30th September and 31st March each year and the required entry regarding this item of the work should be made in the calendar of returns.
- b) While conducting the review, it should also be ensured that the outstanding in the audit books are agreed/reconciled with those reflected in the Accounts office.
- c) All Branch Officers of units should send a half yearly certificate by the 15th October/15th April to the co-ordination section on the following lines: "certified that the half yearly review in terms of Para 461 of RAM has been completed for the period ending September/March 19... and that the number of outstandingly have been reconciled with those of the accounts office".
- d) This item of review should also be included in the progress report register of the section and arrears it any exhibited in the monthly/ quarterly arrear reports.

Issue of important objections

- i) The important objections proposed to be issued as Special letter or part I. A notes should be issued only after their approval by the Director of Audit, for this purpose, when a point is ripe enough for issue of a special letter or part I A Note, draft objection together with all previous papers (like rough Audit Notes, Part II objections and the Accounts Officer's reply) and supported by copies of all Railway Boards/Railway Administration's orders and relevant important correspondence etc., should be submitted to the through report section. This is necessary to appreciate the proposed objection in its proper perspective.
- ii) As regards procedure for the issue of Part I Inspection report, the instructions contained. In para 18.8 should be followed.
- iii) The objections proposed to be included in the Special letters, Part I notes of Part I inspection reports should be self-contained and should be in the form or actual statement with all relevant data, Information etc, so that they can be issued straightway as Draft Paras for inclusion in the Audit Report, when objections reach such a stage. The drafting of the objections should be the personal responsibility of the Branch officers concerned.
- iv) Copies of special letters, Part I A. Notes, and part I inspection reports when finally issued after approval by the Director of Audit should invariably be endorsed to report Section.
- v) The approval of the Principal Director of Audit should invariably be taken before Special letters are closed by the unit officers. For the purpose, unit officers should send the special letter cases and proposals (in duplicate) for closure to the Audit Officer (report). Such proposals should contain inter-alia, the main arguments given by the Railway administration which are considered satisfactory for the closure of the special letter Audit officer should scrutinise such proposals and after obtaining Director of Audits orders thereof, he should return the cases to the concerned units communicating the Director of Audit's orders.

7.11 Draft para for Railway Audit Report on Outstanding Audit Objections and Inspection Reports

An annual return for the purpose of preparation of a Draft Para for Railway Audit Report on outstanding audit objections and inspection reports must be sent to Additional Deputy Comptroller and Auditor General of India (Railways) so as to reach his office by 15th September every year duly vetted by the Railway administration. The return should show the position of outstanding objections issued up to the end of March but outstanding up to the end of August. With a view to achieve this, the following procedure should be followed:

- i) The units should send the report to headquarter office duly vetted by the accounts in the 1st week of September positively.
- ii) In order to avoid delays in the final vetting again in the FA & CAO's office (as the FA & CAO's office again refers to respective Accounts officers for confirmation of their vetting in certain cases) it has been decided that the units should send the relevant statement in triplicate to the local Accounts office so that the vetted figures could be simultaneously sent to FA & CAO's office. Thus, when consolidated figures are sent to them for vetting, they can immediately confirm the figures and reference to Accounts units at that stage may not be necessary.

Year	Where Money value is known		Where money value is unknown.	
	Test Audit	Inspection	Test Audit	Inspection
	Note Including	Reports Part I	Note Including	Reports Part I
	Special Letters		Special Letters	
	No. item Amt.	No. item Amt.	No. item	No. item
1917				
1918				
1919				
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(See Para 136 - RAM-4th Edition)

Gazetted officers and Section Officers (Audit) should take a personal part in original audit work in addition to their supervision, direction and review of the Audit work done by Auditors. Where a Section Officer/AAO does original audit work as part of his regular monthly duties he need not do this original audit in addition, but it should be seen in such cases that the audit work done by him as part of the monthly duties is not less than two day's work in a month. Principal Director of Audit should also arrange to make periodical changes in the items of work normally allotted to him since it is not desirable that he should always be doing the same item as original audit.

The Branch officer should select from the approved list each month the items of original audit work to be done by him as also by the other A.A.Os and Section officers (Audit) under his charge, the volume of work being determined to represent at least two days' work in a month.

Where an item work, which has been selected for original audit by a Gazetted officer or Section officer (Audit) should personally check a proportionate number of documents or vouchers comprised in that item: a suitable record of the work being kept. The rest of the documents will be checked by the Auditors or Section officer (Audit) concerned as part of their normal duties.

II) The original audit should be a thorough personal check of the documents selected through all stages. Where the scope of any item is sufficiently large, it may be split up into a number of convenient and self-contained units to be undertaken separately at different members of the staff.

III) A careful record of the selected items and the results of original audit should be kept for each member separately. The final disposal of the points taken up should also be noted therein. When original audit is done by AAO/Section Officer (Audit) as part of their normal duties, a similar record should also be kept. The important results of original audit by Branch Officer should be submitted to the Director of Audit, the records of original audit of the AAO/SO (Audit) should, however, be scrutinised by the Gazetted Officer-in-charge. The results of all original audit conducted by Gazetted Officers and Section Officers (Audit) should be recorded in a register in the form given below; separate register being maintained for each post.

Name of the Section
 Name of the SO(A)/AAO/AO
 Conducting the original audit

Particulars of documents audited	Defects noticed	Reference to Audit Note or special letters through which pursued	Remarks

The remarks recorded by Gos as result of original audit should be attended to expeditiously and irregularities, if

any, taken up with Accounts Department.
The results of the objections should be entered in the original audit register.

7.13 CURRENT REVIEW OF AUDIT

(See paras 147 to 149 - RAM-4th Edition)

I. After the accounts and vouchers have been audited, they should be subjected to a concurrent review according to the rules. Gazetted Officers and AAOs/Section Officers (Audit) when conducting such review should bear in mind specially the requirement of audit against propriety (vide Para 2.2.39 and 2.2.40) and of Efficiency Audit (Vide Para 2.2.42 to 2.2.44 of MSO (Audit), 1st Edition, 1991).

II. After the Auditors have completed the audit of documents and of accounting, the AAO/SO(A) should only review them generally (10% of the total number of vouchers selected for audit) to see that no important checks have escaped the Auditors' scrutiny, but the items selected for his current review should be audited in particular attention should be given to the adjustment vouchers to see the necessity and the regularity of the adjustment.

III. The Branch officers will as far as practicable current review the original audit work done by AAO/SO(A).

IV. As regards periodical items like the appropriation Accounts, Review of Balances etc., which are concurrently checked by the Branch Officers in the ordinary course, a further current review is not essential.

V. Completion of current Review:

Current Review and the submission of draft audit notes should normally be completed within the period prescribed for the audit of various classes of documents. Any such review not completed or draft audit note not submitted before the date fixed for the completion of audit should be deemed to be in arrears and exhibited in the arrear reports. Each Gazetted Officer and section Officer (Audit) maintain a separate register for this purpose, noting therein the items selected for audit, results of review and final disposal of the review notes.

The current Review register should be maintained in the following form:

Current Review for the Month of
Month of Accounts
Name of the AAO/SO (Audit)
Name of the Section

Particulars Audited	Defects noticed	Reference to Audit Notes or Special Letters through which Pursued	Remarks

7.14 POST REVIEW OF AUDIT

(See paras 150 to 157 of Railway Audit manual)

In addition to the current review a post review of the work done during the month is also carried out by the Gazetted Officers and Section Officer (Audit) in the month. For this purpose, the items of work are required to be divided into 12 units; one unit being selected every month. Separate lists of units should be prepared for AAOs/SO(A) and Branch Officer. As regards the post review of the periodical items of work, the post review should be taken up in the month following the month on which the periodical items are due for audit.

The units should be reviewed by all auditing Sections once every year with a view to suggest improvement therein and to ensure that all items of work done in a section have been correctly included in the units.

The selection of items for post review by GOs/SO/AAO will be obtained by each auditing section from the Branch Officer concerned.

As soon as items are select for post review, selection should be obtained by the section concerned wherever necessary, of the documents to be specially taken up for scrutiny by the post reviewing officer. One half of the work by a Gazetted Officer should cover items current reviewed by the Section Officer/ Assistant Audit Officer. These documents should be submitted to the post-reviewing officer before the 15th of the month along with the register intended for recording the results of the review and audit notes, if any issued by the section on these documents.

The GOs should see as far as possible, during their post review, that all vouchers due to be audited have been obtained and that the audit has been properly done and that no important checks have been omitted. After results of review have been recorded in the register by the post reviewing officer the section concerned should offer its remarks, if any on the same and submit the register to the Branch Officer. This should be done through the post reviewing officer wherever necessary in order that he may enter his further remarks, if any. Action should be taken expeditiously on the order passed by the Director of Audit and suitable indication thereof made in the register. Further and final disposal of the points should also be entered in the register.

No documents received from the accounts office for audit should ordinarily be returned to that office until the selections for post reviews have been made and it is clear therefrom that the documents in question will not be required to be submitted to the post reviewing officer. If the audit of an item of work selected for post review has not been completed by the section, the documents relating to that item audited in the previous month should be collected and submitted for review with approval of the Branch Officer.

The post review by GOs and SOs should appear as items in the arrear reports of each section. The date of completion or if not completed at the time of submission of the arrear report to the Director of Audit, the reasons therefore, should be indicated therein.

In respect of items of audit done quarterly, half yearly and annually (periodical items) the documents after audit by the Auditor should be post reviewed by the SO/BO/AAO. These items should be grouped separately, and their post review arranged for as and when audit of each is completed. Thus, quarterly items will be reviewed 4 times a year, half yearly twice a year and yearly once a year.

The register of results of post review by Gazetted Officer and Section Officer should be submitted for the perusal of the Director of Audit by 5th of April and October every year. As this procedure has resulted in the loss in transit of the registers, it has been decided by the Director of Audit that the units at outstation need not send the above registers to headquarter for submission to the Director of Audit. However, a complete extract of the original audit/post review remarks of the BO/SO/AAUO as the case may be /should be sent to the coordination section on the prescribed dates for submission to the Director of Audit. Units at headquarter including, Division will, however, continue to submit the registers to Director of Audit as is being done now. The units at outstation should, however, ensure that the registers are submitted to the Director of Audit during his inspection/visit to the Units.

In terms of Para 152 of the Railway Audit Manual and the note thereunder, the post review of an item under the charge of a section Officer should be carried out by another Section Officer. The Branch Officers should ensure that this procedure is invariably followed wherever more than one section officers are headquartered at a place.

The result of post Review should be recorded in separate register by Branch Officer and AAO/SO (Audit) in the prescribed form. While register of the Branch Officer should be submitted to the Principal Director of Audit, the registers of the AAOs/Sos(Audit) should be submitted to the Branch Officer. A certificate of completion of original Audit and post Review by the Branch Officer should be sent to the Co-ordination Section by the 15th of the following month. (P.O.O. 270 dt. 27.5.67). The post Review work of the AAO/SO(Audit) of one Section should be done by the AAO/SO(A) of another section. Such inter-change of post Review work should be arranged by the Co-ordination Section Once in every four months viz. January, May, and September each year. The results of these Reviews should be submitted to the principal director of Audit in the first week of February, June, and October each year and sent to the Central Section for recording the date of completion of review. (P.O.O. 256 dt- 9.11.64)

7.15 INTENSIVE TEST AUDIT

Whenever in a particular month an erroneous payment is detected which is of a fundamental or recurring nature, the transactions should be examined backward for some months and forward for the months yet to be audited to determine when the wrong payment begun and how long it has continued. The approximate amount involved may also be worked out. The views of the Accounts office on the irregularity should be ascertained within a fortnight. In case action is not initiated by the Accounts office to discontinue further payments or regularise the payments already made, the point should be taken up at a higher level so that prompt and speedy action is taken in the matter. In this connection, the instructions contained in para 465 of the Railway Audit Manual, 4th Edition should be borne in mind. (P.O.O. No. 197 dt. 4.5.57)

7.18 SPECIAL INVESTIGATION

The instructions contained in Para 124 to 126 of the Railway Audit Manual (4th Edition) should be borne in mind. All special investigations when ordered to be undertaken should be conducted under the personal supervision of the Branch Officer. Ordinarily such special work should be arranged without affecting the normal programme of audit.

A special Investigation cell has been formed by the Director of Audit with effect from 13.4.73 (P.O.O. No. 285 dt. 21.5.73) with the following assignments :

To take up all Investigation cases related to it by the Director of Audit.

To collect all information, materials, data etc. form the Rly. Administration either or through the dealing audit sections.

To consult the concerned sections including the Divisional and workshop Audit Offices and obtain their remarks wherever necessary.

To submit to the Deputy Director of Audit (Central) the results of its investigation from time to time; and

In case the results of the investigation ultimately disclose potential points for inclusion in the Audit Report, to

submit the relevant case to the Central Section with a tentative Draft Para for further action to be taken by that section.

7.17 INVESTIGATION INITIATED BY ACCOUNTS OR EXECUTIVE.

The instructions contained in Para 127 of the Railway Audit Manual 4th Edition should be followed.

7.18 AVOIDANCE OF PETTY OBJECTIONS

(see also para 450 of RAM-4th Edition)

i) The Procedure laid down below on the subject will apply only where a defect of procedure is not involved, i.e. only to individual instances and only where any irregularity appears unlikely to be recurring or habitual.

ii) The Railway Audit office will refrain from raising formal objections in the following cases:

(a) Any item of irregular expenditure which does not exceed Rs. 15/-

(b) Any item of expenditure up to a limit of Rs. 100/- which though otherwise justifiable in itself, 1) 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; or (2) where full proof of the regularity of expenditure is not forthcoming although there is no reason to doubt that the disbursement has been actually made.

(c) Any item of personal claim not exceeding Rs. 50/- irregularly disbursed more than a year previously, if it is reasonably evident that the officer concerned drew it under a reasonable belief that he was entitled to it.

(d) Any undercharge in items of earnings up to Rs 1/-

(e) Any mistake in the apportionment of earnings

(f) Between state managed lines up to a limit of Rs. 100/-

(2) Where one or both of the parties, either in a managing or owning capacity, as other than Government up to a limit of Rs. 25/-

(f) Any overcharge in public traffic less than Rs. 5/-

(g) Any undercharge and overcharge in Government traffic up to Rs. 1/-

Although audit will not communicate such petty objections to the Accounts office, a suitable record should be kept of them in a register. This record except for item (ii) (d) and (f) must be sent for scrutiny and review of the Accounts Officer concerned direct by the Auditing Sections once a quarter within the 30th of the month following each quarter, while those referred to at item (ii) (d) and (f) will be sent to the Accounts Officers fortnightly. The record should be examined by the Branch Officer in the month of August to see if it furnished any material for the Audit Report, and if so, a general factual statement should be sent to Central Section by the 31 August. Any general objectionable feature which such an examination discloses, should be consolidated by the Central Section, and expressed in the form of a draft paragraph for the Audit Report.

(iv) The register of petty objections should be submitted to the Branch officer by the 10th of each month. It will be submitted to the Principal Director of Audit once in quarter for obtaining formal sanction to the waiving of objection, if there be any.

7.19 AUDIT NOTES AND SPECIAL LETTERS:

(Paras 447, 457 to 461 of RAM-4th Edition)

1. No objections should generally be included in the formal Audit Note without obtaining the remarks of the Accounts and Executive officers. The following procedure should be followed regarding the issue of Audit.

Notes:-

I) Rough Audit Note: In all cases of objections noticed, which cannot be settled at the time of monthly audit, rough audit notes should be prepared in triplicate and two copies of which should be sent to the Accounts officer concerned under cover of a D.O. letter over the signature of the Branch officer requesting for a reply within 3 weeks. These Rough Audit Notes will be entered in part- III of the Audit Note Register as per form given below this paragraph and should remain there for a period not exceeding three weeks. After receipt of the reply to the Rough Audit Note, the Branch officer should decide whether a formal audit objection should be issued and if so, special letters, Part-I or Part-II Audit Notes should be issued according to the importance of objection.

ii) Special Letters:- Officers who issue Special letters under their signatures after getting the approval of the Principal Director of Audit.

The following instructions should be kept in mind in connection with the issue and disposal of the Special Letters:

1) The Special Letters should contain only important cases prima face III for processing from Draft Para angle. Before the case is proposed for issue of a special letter, all relevant data needed for establishing/ supporting the audit point should as far as possible be collected from the Administration records.

2) All Special Letters should henceforth be issued in the form of Draft Letter from the Branch Officers to the FA & C.A.O with a copy to the respective H.O.Ds'/DRM/CWM and Sr. Au. O./Report. If no reply is received within one month, the case should be pursued vigorously through D.O. reminders at the level of the Branch Officers/Dy. Director/Principal Director of Audit or where possible, taken up for preparation of draft para- graph without waiting indefinitely for a reply.

3) The Branch Officers should watch progress of disposal of the cases closely through the Register of Special Letters, which is to be put up to the Principal Director of Audit in the first week of each month.

4) On receipt of Administration remarks, these should be scrutinised promptly, and the case should be put up to the Principal Director of Audit for his perusal within a fortnight.

5) In the event of discussion of such cases in the Tripartite Meetings, the minutes of the meeting jointly signed by the Executive, Accounts and Audit should be put up to the Principal Director of Audit with the Branch Officer's recommendation for further orders.

6) The closure advice of these cases should be issued after the approval of the Principal Director of Audit under the signature of Branch Officer.

(Ref O/O the PDA/E.Rly./Calcutta's POO No. 366 Dt 12.9.96)

iii) Audit Note Part-I: The Part-I Audit Note will deal with matters of primary importance such as points of procedure and principle, points generally affecting the efficiency of accounts and the work done by the internal check staff of the Accounts office. This will be issued to the Accounts Officer concerned under the signature of the Branch Officer, while a copy should be endorsed to the Principal Director of Audit, Director of Audit through A.O. Report. Part I cases entered in the Provision Draft Para Register maintained by report section may be closed only with the approval of Director/Pr. Director of Audit. The Part I paras which develop into Draft Para can be closed only when those are either printed in the Audit Report or closed by the P.D.A.

(Vide P.O.O. 362 dt. 26.9.94)

(iv) Audit Note Part-II: Part II Audit Note will deal with less important matters to which a reply is not called for and the disposal of which rests with the Accounts Officer concerned. This will be issued by the Branch Officer under his signature.

2. The usefulness of an objection or a suggestion lies in its speedy disposal and the fresher the objection or suggestion, the more valuable is its results. Audit should, however, as far as possible refrain from raising objections or making comments or enquiries regarding transactions about which Accounts have already raised objection. This should not, however, be interpreted to mean that admissibility of payments passed provisionally by the Accounts Department should not be examined in audit. Enquiries of which the purpose is vague, should be eliminated. Every enquiry must have a clear purpose to be served leading to prove that a rule has been infringed or an amount in the accounts is incorrect or a financial safeguard has been ignored.

3. Particular attention should be paid to the working of all outward communications embodying audit objections. The language used should invariably be polite and inoffensive. The bona-fide of the officer concerned should not be questioned, even by implication, where an objection is of sufficient importance or is like to develop into one in which the personal conduct of any senior Officer is likely to be subsequently infringed, the draft should be submitted to the director of Audit or to a senior officer in supervisory charge for his approval.

4. A register in the form given below should be maintained by each auditing section to record the issue and to watch the disposal of all audit notes. The register should be put up to the Branch Officer by the 5th of each month and to the Director of Audit quarterly. Number of Audit Notes Part-I outstanding for ever one year old, six months old and three months old should be shown in the remark column of the inspection Sheet when putting up the Register on the dates mentioned above, if any.

5. Reminders for the reply to the Audit Notes or rejoinders should in the first instance be issued after a month and thereafter at an interval of a fortnight.

Form of Audit Note Register

Sl.No.	Part-I Audit Notes No. Date	Particulars	Dt. of return of A/N by A/Cs	Dt. of Rejoinder by Audit	Dt. Of Final disposal.
Reminders		AAO/SO(A'S initial to be Recorded when the A/N is finally closed.	Remarks		

Part -II of the Audit Note Register (Part -II Audit Notes)

Sl.No.	Part-II Audit Notes No. Date	Particulars	Paragraphs outstanding at the time of half-yearly review.
Date of Final disposal by accounts		AAO/SO(A)'S initial to be recorded when the time of final disposal by Accounts office.	Remarks

Part – III of the Audit Note Register (Rough Audit Note)

Sl.No.	Draft Audit Notes No. Date	Months accounts audited	Particulars	Dt. of return reminder
Dt. of reminder by A/C's office	Final disposal	AAO/SO(A)'S initial to be recorded at the time of final disposal.	Remarks	

7.20 Extent to which advice may be given by Audit to Accounts or Administration.

1) The Statutory Auditor should not be too free with advice, as there is possibility of his compromising the independence of statutory Audit and assuming for its responsibility which is not appropriate or desirable. But it is also inconceivable that Audit should stand aside to see an obvious mistake being committed without advising how the mistake should be avoided. The Comptroller & Auditor General of India has not laid down any general rules on the subject but has left it to the discretion of is representative on the spot to take such action as may be in the best interest of good administration. This action will frequently the giving of advice.

2) Branch Officers should not express any opinion on an important matter without first consulting the Director of Audit. Matters of details in procedure may be set right directly with Accounts officer.

3) The General Managers have instructions from the Railway Board to seek the advice of the of the statutory Auditor when any doubt exists as to the interpretation of a rule or financial sanction and not to act against such advice when tendered, without a reference to the Railway board, except in case of emergency, instructions were also issued by the late controller of Accounts to all the Chief Accounts officers requesting them to attend with promptitude and care to any advice given to them by the Audit officer. (Director of railway Audit's No. 172-Admn. 30/206 Rep. Dt. 9.5.30, Rly. board's Circular no, 625-F dt. 17.7.30 and Controller of Railway Accounts' letter no. 306-CRA-Admn. dt. 8.3.30)

7.21 Acceptance by Audit staff of decisions arrived at by the Accounts authorities in doubtful cases:

7.22 Withdrawal of Important objections.

When an important objection or interpretation of a rule taken up by one Audit officer is proposed to be withdrawn or to be differently interpreted by another officer who succeeds him the case should be put up for final orders of the Director of Audit.

7.23 Metrification of replies received from Accounts Office in the disposal of audit objection Involving recoveries.

In the disposal of audit objections involving recoveries or realisation of railway dues, replies are often received from the Accounts Department stating that necessary debits have been raised against other Railways, Government Departments etc. or that the amount due to be recovered have been recovered or steps have been taken to effect recovery. In all such cases it should be verified that the debits have been accepted and the amounts realised have been accounted for before the cases are finally closed. Similarly, whenever materials from Railway stock are issued to other Railway or Govt. Departments their acknowledgement and acceptance of debits raised must be watched before the case is closed.

In respect of recovery which has been admitted by the Accounts office, it should be seen before the case is closed that the item has been noted by the Accounts office in their register of objectionable items to watch that actual recovery is made in due course. At the time of quarterly review by Audit of the registers of objectionable items comments should be made on cases of undue delay in effecting the recoveries or making no recoveries at all.

7.24 Register of Points to be investigated.

A register should be maintained in each section for recording brief particulars of all important cases, where any points or developments of an important nature or implementation of any important orders are required to be watched through a periodical review thereof. Separate pages should be allotted for each case and a brief remark given every month to show the latest developments in each case. The register should be submitted in the first week of every month to the Branch Officer.

7.25 Register of Potential Draft Para Cases.

A register of important cases likely to find a place in the Railway Audit Report should also be maintained and reviewed by Branch officer every month.

7.26 Register of recoveries effected at the instance of Audit.

A register will be maintained for recording all recoveries effected at the instance of Audit, either as a result of discussion of the rough audit notes or issue of formal inspection reports or special letters in the proforma given in Annexure t A consolidated Statement showing recoveries effected at the instance of audit for each year is required to be submitted to the Additional Deputy comptroller and Auditor General of India (Railways) in the prescribed proforma (Annexure II at the end of this chapter) so as to reach him by September every year for inclusion in the Audit Report. Additional Deputy Comptroller and Auditor General of India (Railway) has also advised that the above statement should include brief details of individual items over Rs. 1 Lakh. To enable the headquarter office to consolidate the items, units should send information pertaining to their units duly vetted by the local Accounts Office to reach headquarters office by 15th of July every year.

7.27 Review of Half-Yearly arrear Report of Accounts Office

It is necessary for Audit to watch the progress of work in the Accounts Department. Each section of the office should examine the Half-yearly Arrear Reports of the section of the Accounts office under its audit prepared in the proforma sent with Railway Board's letter No. 58AC.III/28/16 dt. 17.11.58 and modified under their same number dated 19.1.59 and bring to the notice of the Director of Audit through Central Section and take up with the Chief Accounts Officer such of these arrears as need special attention. The submission of this report should be watched through the sectional calendar of returns. In reviewing the arrear reports, auditing sections should generally see that the statements of arrears as shown therein are correct and that the outstanding Audit Notes and Inspection Reports, Part I and II and Special Letters have been duly shown therein as in arrears. Important arrears, if any, relating to the accounts of the preceding year appearing in the half-yearly arrear reports the 30th of June should be taken up in the form of a factual statement. Book section will likewise specially review

the consolidated arrear report for the half year ending 30th June with a view to mention important arrears, if any, as exceptions to the audit certificates on the annual accounts concerned. For this purpose, they will consult factual statements regarding important arrears in the Accounts Office, if any, sent by the different sections to the Central Section. The review of the Half-Yearly Arrear Reports of December and June should be completed by the last day of next February and August respectively.

7.28 Review of the Accounts Office Manuals and procedure Office Orders.

- 1) Whenever a manual for the guidance of the office is issued by the Accounts office, the auditing section should undertake a systematic but not a too minute scrutiny of it and send their comments to Central Section. If there is no comment to offer an intimation to that effect should be sent not later than a month from the date of receipt of the manual. Central Section will make a general scrutiny those that the comments are in order and arrange for their communication to the Chief Accounts officer.
2. Three copies of each manual should be furnished to the ADAI (Rlys) and copies of all correction slips should be sent as and when received.
3. The Central Section should scrutinize all orders issued by the Chief Accounts Officer, Eastern Railway authorising a modification in internal check procedure or the procedure of compilation of accounts in the Accounts office or Executive offices rendering accounts to it. Copies of such orders will, after scrutiny, be furnished to the auditing sections concerned for information and necessary action.
4. Each AAO/SO(A) is responsible to see that he gets a copy of all circular letters by the chief Accounts officer in connection with the work of the section to which the AA)/SO(A) is attached. Supply of such circular letters or orders has been arranged for with the chief Accounts officer vide his No. FB/X-107 (Miso) dt. 1/4.2.58 to all Accounts Officer. (Para 116-Rly. Audit Manual 4th Edition)

7.29 Review of Periodical Reports and Manuals issued by the Railway Administration.

The following instructions are laid down for the review of periodical reports and manuals issued by the Railway Administration.

1. The RC Section will arrange for a sufficient supply of copies of reports issued by the Railway Administration and send those to the central section.
2. On receipt of the supply the Central Section will determine what reports or portion thereof are to be dealt with in each of the auditing sections and obtain the Branch Officer's orders thereon. Copies of the reports will then be endorsed to each auditing section inviting its attention to the paragraphs or portions marked out for that section. The sections or Branches are concerned will review their portion carefully and bring to the notice of the officer-in-charge, any instances of misstatements specially such as are likely to mislead the legislature and other matters requiring investigations from a higher audit point of view and take orders as to further action, if any.
3. The reports and other publications should not be filed without the orders of the Branch officer. (Director of Railway Audit's No. 205/A/Cs dt. 30.7.1929)

7.30 Eastern Railway Fortnightly Gazette

The Eastern Railway Fortnightly Gazette contains orders, instructions and information of general and departmental application are issued by the Railway Administration. According to the arrangement with the Railway Administration the copies of such Fortnightly Gazettes are supplied to this office which are distributed to all sections by the RC Section.

The AAO/SO (Audit) of the Section on receipt of a copy should mark the notification in the Gazette that should be noted or on which some action is called for and see that the working Auditor have noted or taken necessary action.

7.31 Audit of Imprest Cash

Imprest cash held by officers of the various departments and offices, the accounts of which are maintained in the various branches and sections of the chief Accounts officer's office should be checked by the corresponding Audit Section as laid down in the Memorandum of instructions (Railway Audit) (Secret).

It should be generally seen that (i) imprest account is opened under the sanction of competent authority, (ii) imprestes are regularly recouped so as to include transactions of a month in the accounts of that month as far as possible, (iii) expenditure incurred by each imprest holder justified the retention of the entire amount of imprest held by him (iv) the opening balance and amount of recoupment is correct, (v) payments are made for recognised railway purposes and are supported by vouchers and that (vi) the imprest is not utilised to liquidate such claims as should ordinarily be paid after check is exercised thereon by the Ac- counts office.

7.32 Review of Dead stock and Uniform Registers of Accounts etc.

All audit sections should review the dead stock and stamp registers of Accounts sections under their audit control each year and at local inspections of other offices and incorporate the results in Audit Notes and inspection reports respectively.

These items of review should be included in the programme of work of each section and in the list of offices to be inspected.

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7.33 Audit of passes and privilege Ticket orders.

The audit of passes and P.T.Os issued by the administrative and Accounts office of the Railway and by Non-Railway offices issuing passes, should be carried out at the Headquarters at local inspections as shown below:

I. (a) Passes issued by non-railway offices.

Passes issued by Police, Telegraph and other non-railway offices should occasionally and not oftener than once in three years, be test checked locally. The check which may be limited to the scrutiny of passes Issued in any one month of the year in which inspection is conducted, should sim at seeing interiliac that (1) the passes, cheque or card, are issued in accordance with the rules, (2) that duty card passes are issued only when necessary, (3) suitable arrangements exist for custody of pass books and (4) the return of passes If any, required to be submitted to the Accounts office, are correctly prepared. The test check should embrace the issue of passes on all Railways and not only on the Eastern Railway.

(b) Check at Headquarters:

Collected passes and privilege ticket orders should be checked to see.

- i) that the passes and privilege ticket orders are accounted for in the monthly pass return where such returns are sent to the Accounts office.
- ii) that passes were not expired dated at the time of collection and were used for the journey specified therein.
- iii) that in other respects passes and privilege ticket orders have been issued in accordance with the rules.
- iv) that tickets more than the number authorised in the privilege ticket orders have not been issued, and v) that tickets have been issued from and the station shown therein within the time limit. Generally, speaking, Audit will follow the executive arrangements in the matter of check at Headquarters.

(c) Check at local inspections.

Passes and privilege ticket orders issued during the year by the head of the office inspected (i.e. issued during a month in the year selected by the Branch officer) should be carried out during local inspection of an Executive, Administrative or Accounts office. As construction divisions are inspected every year and open line offices every two years, extent of the check in these offices can be reduce at the discretion of the Director of Audit to correspond to those to be carried out in other offices inspected once in three years. The check should be exercised to see:

- i) that actual stock of passes and privilege ticket orders on hand agrees with the number shown in the stock register.
- ii) ill that cheque and card pass, and privilege tickets orders issued to staff to contractors and others have been issued according to the Free pass Rules of the Eastern Railway and the conference Regulations and extant orders:
- iii) that passes and privilege ticket orders issued to staff have been duly recorded in their personal accounts.
- iv) that duty any privilege passes, and privilege ticket orders have been signed by the authorised persons and none have been signed in advance.
- v) that Ticket collectors' receipts for passes have been returned by the employees in time and posted to block foils as required by rules and
- vi) that the passes and privilege ticket orders have been issued as sanctioned by the authorised officer.

II) The Traffic Audit Branch is responsible for the check of collected passes and P.T.Os. The local inspection. Of passes and P.T.Os etc. should be carried out by the auditing sections concerned while carrying out the inspection of the Executive offices.

III) Amendments of pass rules ordered by the General Manager from time to time should be scrutinized by the Traffic Audit Branch. In this connection the instructions issued under secret letter No. C/40-2/52 confidential dt. 31.7.53 may be referred to.

7.34 Review of the Registers of irregularities and loosed maintained in the account's office.

(See paragraph 9 & 482 of RAM-4th Edition.)

Register of irregularities A register of irregularities is required to be maintained by each branch Division and section of Accounts office to record the Irregularities detected either during internal check or reported by Audit. Each auditing section will review the register quarterly i.e., 5th January, April, July, and October and prepare factual settlement in case of important irregularities and noted therein. The register should be examined to see that all important irregularities reported by Audit have been entered in the register and that the investigation by the Railway Administration into the irregularities is sufficiently thorough and speedy and that proper disciplinary action

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(b) Register of losses

(i) The register of losses maintained in the various sections and branched of the Accounts office should also be subject to a similar review quarterly i.e. 5th January April, July and October by the respective auditing sections and factual statement wherever necessary, should be prepared and submitted to Central section for taking necessary action.

(ii) A list of losses pertaining to a financial year as prepared the Accounts office should be submitted to appropriation section by each auditing section duly checked within seven days from the date of receipt as fixed according to the programme drawn out by the Railway Board in consultation with ADAI(Rlys).

(iii) The rules and orders regarding exhibition of losses in Government Accounts and Appropriation Accounts Issued from time to time, should be carefully studied. (see 621-G, 622G and Chapter XVIII-G)

(iv) the cases of non-maintenance of register of losses and irregularities by the account's office if any, should be taken up with accounts officer concerned.

v) All cases of (1) defalcations or losses of cash and (2) frauds and misappropriation involving Rs. 10,000 and above regarding which a report is ***** made by the General Manager to the Railway Board accordance with para 1802-G. 1. should be reported to the A. D. A. I. (Rlys).

In respect of loss of stores due to theft etc. however, only such cases irrespective of monetary limit which are of a serious nature viz. involving gross negligence or inadequate arrangements etc. for the protection of materials or in which inadequate disciplinary action is taken, need only be reported to him.

All cases of frauds, misappropriation, losses etc. in which action taken by the administration is considered inadequate by the auditing sections should be reported to Central Section quarterly in April, July, October, and December which will consider preparation of draft paragraph. (ADAI(R)'s letter No. 2199-RAI/A 12-71/61 dt. 20.6.61

7.35 Examination of the records of the Accounts Office relating to disposal of objections in Part-II of Audit Notes and Inspection Reports.

The records of the Accounts office should be examined to see that reasonably adequate and promote action is taken on the Audit Notes and Inspection Reports Part II, issued by this office. For this purpose, it has been arranged with the Chief Accounts Officer that a Register showing the name of the Office inspected by the Director of Audit, date of final disposal by the Branch or section of the Accounts Office concerned, Initials of the gazetted officer-in-charge and remarks will be maintained in the Accounts Office.

All audit sections should review the register half-yearly in June and December each year. The results of the review should be taken up with the Accounts Offices concerned through a letter, if necessary. If in any section the position of the outstanding is unsatisfactory, the matter should be brought to the notice of the Director of Audit.

As soon as the half-yearly review is completed a suitable remarks should be made in the Register of Audit Notes and Inspection Reports maintained in the Audit Office against such items of part-II Audit Notes and Inspection Reports, the disposal of which is considered adequate.

7.36 Audit of Grants-in-aid

The following instructions should be followed with regards to the audit of Grants-in aid. Paragraphs 341, 342 and 345 of Indian Railway Accounts Code Part-I and the instructions of the ADAI (Rlys) contained in his letter No. 2371/RAI/A7-5/58 dated 8.12.58 may also be referred to in this respect.

1) Sanctioned should be examined to see that they are within the powers of the sanctioning authority.

2) Where certain conditions must be fulfilled prior to the sanction of a grant audit should scrutinize the manner in which the Officer sanctioning the grant-in-aid satisfied himself before passing orders that these conditions have been fulfilled. Individuals' cases may be test-audited to see whether have in fact been so fulfilled.

3) Where a grant-in-aid is made on the understanding that certain conditions will be fulfilled in the course of the expenditure of the grant-in-aid, it is the duty of audit to satisfy itself either by a complete or by a test audit, that the conditions are being fulfilled.

4) All cases of irregular sanctions of expenditure noticed during the course of audit should be taken up with the local accounts officer and his remarks obtained.

(b) For inspection of the local bodies and institutions receiving grants-in-aid please refer to Chapter XVIII which deals with inspection.

(c) 1) A report containing the result of audit of Grant-in audit at Headquarters and at local inspections

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should be sent by all auditing sections to Central Section to reach there by the 1st of September every year to enable the Central Section to send a consolidated report to the ADAI (R) at the end of October each year.

2. The report should indicate whether the grants were spent on the specific objects and in accordance with the prescribed conditions the amount of unspent balances at the end of the previous year, irregularities, if any, due to the neglect by the sanctioning authority of conditions precedent to the grant or by the guarantee of the conditions, expressed or implied, attached to the grant by the sanctioning authorities and instances of misuse of grants, if any, along with the remarks of the local Accounts Officer. It considered necessary a factual statement may also be prepared and copy thereof furnished to the ADAI (Rlys) as usual.

3. The submission of the report may be noted in the calendar of returns of the auditing sections concerned. (ADAI (Rlys)'s letter No. 2001-RAI/A7-5/58 dt. 09.7.58 and Central Sections Letter No. C/29-44/59)

7.37 RESULT OF AUDIT

1. The result of audit is recorded by the Branch officers and AAO/SO (A) in the original Audit, Post Review and Current Review Register and by the Auditors in the draft Audit Notes and Inspection Reports and subsequently initiated to the Accounts office through Audit Notes, Inspection Reports and Special Letters.

2. The Central Section will maintain a register called Register of Important Results of Audit for the Office as required under para 474 of the Railway Audit Manual (4th Edition) in the following form:

Sl.No.	Epitome of the Section Case	Year	Sectional file No.	Remarks

This register should be submitted for inspection by the ADAI (Rlys.) during his visit to his office and to the Director of Audit quarterly in April, July, October, January for selection of the digest of important and interesting cases which are of general interest to all Audit Offices and for intimation to the ADAI (R).

3. Extracts of important results of audit received from the Directors of Audit of other Railways and digest of important and interesting cases received from the Comptroller & Auditor General of India Should be circulated to all auditing sections along with those circulated by this office to other Directors of Audit with a view to find out whether similar defects exist under their audit control and if so, to take up the matter with the local Accounts Offices concerned.

4. Whenever any item of important objection is finally settled or is nearing settlement and is proposed to be Included in this register, a draft epitome of the case along with the relevant file should be submitted to the Principal Director of Audit in case the money value exceeds Rs. 1000.00 and to the Dy. Director of Audit concerned in other cases through Central Section who will paste one copy of it in this register in Column. 2, note the serial No. in Column1 as well as other information required in columns 3 to 6. The duplicate copy of the draft epitome together with the serial noted there in by the Central Section and the connected papers should thereafter be returned to the sections concerned.

5. A copy of the approval draft epitome together with the Serial No. of the Register of Important Result of Audit should be recorded in a separate file in each section with a view to have a handy and continuous record of the result of Audit in the sections.

6. In addition to the Register of important result of Audit maintained by the Central Co-ordination Section the auditing sections should maintain a record of the results of audit in which the recoveries effected at the instance of audit will be maintained by the auditing sections giving the following information.

- 1) Serial No.,
- 2) Particulars of cases,
- 3) Amount pointed out by audit for recovery
- 4) Amount recovered or agreed to be recovered by the F. A. & C. A. O.
- 5) Amount recovered as a result of further review by the Admn.

6) Reference to Audit Note/Inspection Reports etc. and acceptance of the F. A. & C. A. O

7) Initials of the Branch Officers.

This register should be submitted to the Branch Officer by the 10th of every month and to the Principal Director of Audit quarterly in April, July, October, and January each year. After the closing of each financial year the particulars regarding total amount recovered or agreed to be recovered at the instance of audit should be submitted in same details to the Central Section duly vetted by Accounts by the end of July each year in order to enable that section to send the consolidated reports to the ADAI (Rlys) by the end of August each year. (P.O.O. 267 dated 9.8.66)

7.38 Engagement of staff on works other than these to which their pay is charged.

The supply of Information regarding Irregularities on the subject noted above to the ADAI (R) is no longer necessary unless there is anything of importance. The auditing sections should therefore pursue the cases of importance detected during the course of Audit and prepare factual statement where necessary and deal with the same in the usual way. (DRA's letter No. A4-303 dt. 12.7.37)

The Railway Board's orders prohibiting irregular employment of staff don't mean that the staff should not be used at all for any other work in addition, the work for which they are primarily employed, but that employed, but that they should not be shown as employed on one job when really employed altogether on another. (Rly. Boards letter No. 1387-B, dt. 29.3.34 received with DRA's endorsement No. A/4/157 dt. 11.10.34)

7.39 Disciplinary Action

In all cases when the question of disciplinary action has to be considered, there is no objection to the Branch Officer, enquiring on his own initiatives, whether the question of disciplinary action has been considered by the Administration.

When, however, it is intended to point out that disciplinary action already taken is inadequate, the papers should invariably be put up to the Principal Director of Audit and his orders obtained.

(See Para 484 of the Railway Audit Manual-4th Edition also)

7.40 Acceptance of orders of delegation of financial powers

Orders of delegation of financial powers or important circulars on financial matters or orders affecting the Internal check procedure etc., issued by the FA & CAO/Railway administration are required to be scrutinised in Audit by the concerned auditing sections and submitted to the Principal Director of Audit.

7.41 Suggestion to the Railway administration for obtaining clarifications from Railway Board on cases disagreement between the Railway administration and about.

All branch Officers should, when they do not agree with Accounts Officer's view on the interpretation of a rule or order, in the first instance request the Accounts Officers to obtain the view of their Dy. CAD/DFA in regard to such interpretation. The opinion of the Dy/CAO/DFA, if at divergence with audit views, should be submitted to the Dy. DA concerned, who will explain to his accounts counterpart the correctness of the stand taken in Audit. In case the difference of opinion persists, the matter should be put up to the Director of Audit who, if he agrees with the stand taken by audit, will take up the matter with the FA & CAO.

These instructions do not however, apply to objections raised in audit to obtain the sanction of the Railway Board where such sanction is obviously necessary under any specific rule or delegation of authority.

7.42 Relations of audit with Accounts and Executive Officers

(See para 130 of Railway Audit Manual)

The FA & CAO who is responsible for the accountable and internal check of all financial transactions which come under audit is likely to have all the information that is normally required by audit. Even in cases where it is not available with him, the information furnished by the executive officers cannot be considered to be authentic and authoritative unless it is vetted by the FA & CAO. It is therefore, necessary that copies of all communications (seeking information) when addressed to the Executive Officers direct should be sent to the concerned Accounts Officers also and the Executive Officers requested to route their replies through the accounts.

In rare occasions, the Railway administration may consult the Principal Director of Audit before taking a final decision. If in such cases, the Principal Director of Audit gives any specific advice, a complete record of the points referred to and the opinion given should be kept in co-ordination of the opinion already expressed by the Principal Director of Audit could be ensured before taking up the matter with the Railway administration. These instructions should be included specifically in handing over note of the Principal Director of Audit when he hands over the charge for the information of his successor.

7.43 Preparation of Paragraphs for Register of Audit Activity

(See para 474 of Railway Audit Manual)

The paragraphs for the Register of Audit Activities should be proposed only where the subject matter is Important enough to be kept as guide for the future. All paragraphs for approval should be put up to the Principal Director of Audit through co-ordination section.

7.44 Procedure for dealing disputed matters with the Railway Administration.

(See para 469 to 472 of Railway Audit Manual 4th Edition)

Where in any case the Railway administration does not concur with the views expressed by Audit, the letter would be allowed an opportunity of expressing its views fully in a note of objection. If any doubt or difficulty is felt in the matter at this stage a reference should be made to the ADAI (Rlys) but specific orders of the Principal

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Director of Audit should be obtained by the section concerned for waiving prior reference to the ADAI (Rlys). On receipt of the Principal Director of Audit's note of objection the matter would be referred promptly by Railway administration to the Railway Board.

7.45 Discussion with Officers of Rly. Admn.

It is desirable that Audit Officers should have free and frequent discussions with Officers of the Rly. Administration. After such personal discussion the result should be placed on record if considered necessary in a concise form by the officers in collaboration to obviate the possibility of mis-understandings later.

7.46 Changes in accounting procedure locally by the Railway Administration

The following instructions are laid down for dealing with changes in accounting procedure whether introduced as a result of an experiment or without going through such a process.

- 1) The staff should as far as possible familiarise themselves with the idea underlining the experiment and a careful and sympathetic watch over its progress should be exercised.
- 2) In the course of test-audit, special attention should be directed to the revised procedure which may have been introduced, with a view to see that it is not defective and not open to audit objection. Wherever there is a change in procedure or change in the methods, as for instance, due to the introduction of mechanical accounting it should be seen that no important processes are skipped and in particular that there is a provision for reconciliation with the General Books.
- 3) If the Branch Officer considers that the procedure introduced is defective in any respect or has resulted in reduced efficiency of internal check increase in outstandings, or any other undesirable result or that it has made efficient check by the Audit Office difficult or impossible, the matter should be brought to the notice of the Principal Director of Audit.
- 4) The ADAI (Rlys) should be consulted in all important cases before the suitability of any experiment or change in questioned.
- 5) All experiments of any importance should be reported to the ADAI (Rlys) at a fairly early stage, in due course, however, a full report should be submitted stating results achieved and the financial effect of the experiment. Similarly, when an important change in accounts or audit procedure is introduced as a result of job analysis, a report should be submitted to the ADAI (Rlys.).
- 6) If any claim is made by the Accounts authorities that the introduction of any scheme has resulted in any savings, such a claim should be examined carefully and completely. Upto-date information on similar lines should be given for the Audit Report in respect of all experiments conducted during the year.
- 7) Where any formal report on the experiment is submitted by the Chief Accounts Officer, the Audit Office should communicate comments on the report to the ADAI (Rlys.).
- 8) Whenever, all experiment is authorised or instituted in the Accounts office a preliminary report giving full particulars of the experiment, the specific authority under which it has been taken in hand and the accounting arrangements with a view to record separately the expenditure incurred on the experiment, should be submitted to the ADAI (Rlys.) as early as possible through the Central Section. The preliminary report should be followed by reports from time to time detailing subsequent development.

7.47 Scrutiny of important documents

All-important estimates, completion reports and journal vouchers should be submitted by the auditing sections concerned to their Branch Officers for scrutiny. Any unusual feature coming to their notice should be reported to the Principal Director of Audit. (Para 116-RAM-4th Edition)

7.48 Prompt settlement of rebates or refunds or other dues due to this railway from non-railway parties.

When a view to watch over the prompt recovery of dues of non-railway parties to this railway a register is maintained by each local Accounts Office. Each auditing section should review this register quarterly in January, April, July and October. This should be noted in the register of documents checked by this office.

(See paragraph 128 of RAM-4th Edition)

1) Sanctions should be audited by the auditing sections in accordance with the general instructions laid down in the M. S. O. (Tech) Vol. I and with reference to the extent rules and orders on the subject. The auditing staff should internalise:

- a) That the authority sanctioning it is competent to do so that the sanction does not contravene any general or special order of any higher authority.

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- b) That the sanctions are not split up to avoid the sanction of a higher authority.
- c) That in the case of sanctions of write off accord by the General Manager or higher authorities the circumstances leading to the write off are fully investigated with a view to ascertain if there is any omission to observe the prescribed instructions or defect in the existing procedure and the item traced into the register or losses maintained by the Account Office.

(Para 12 of DRA's letter No. A8-42/38 dt. 6.6.39) and

- d) That all sanctions to expenditure are communicated to Audit and Accounts under signature of the offices concerned in ink and not over cyclostyled signatures.

2) Every sanction audited should bear an audit enforcement as indicated below with the dated Initials of the Auditor, AAO/SO (A) and the Branch Officer concerned.

R.R. No. Dated:

Audited/objected to vide para..... Items..... of schedule of powers Auditor, AAO/SO(A) B.O.

(3) Sanctions accorded by a competent authority remain valid for the specific period for which they are accorded. The necessity of having such sanctions received periodically by the sanctioning authorities, say once in 10 years or oftener should be borne in mind (Paragraph 128 of RAM 4th Edition).

(4) Sanctions accorded by the General Manager

Sanctions accorded by the General Manager should be audited by the sanction concerned which audits the expenditure pertaining to that sanction. The sanctions received should be kept in properly indexed files. No. register of sanctions need be maintained.

(5) Sanctions accorded by authorities subordinate to General Manager

It is sufficient if authority for expenditure is checked when expenditure is audited.

(6) Sanctions accorded by the Govt. of India or the Railway board.

- i. As in the case of sanctions accorded by General Manager the auditing sanction concerned should audit the sanctions accorded by the Govt. of India or the Railway Board. Each auditing should, however, maintain a register for recording such sanctions which are required to be audited by this office in the following form:

Dt. of Receipt	No. & dt of sanction	Sanctioning authority	Brief subject	case through which disposal made	Nature of disposal	Remarks
1	2	3	4	5	6	7

- ii. The register should be submitted to the principal Director of Audit by the 5th of each month through Branch Officer indicating the position of the sanctions received in the sanction.

- iii. If any sanction which is required to be audited by the (Rly) is received direct in this office, the sanction dealing with it should enter the same in the pending Register and when the audited thereof is received from the ADAI(R) the entry in the pending register will be removed. The ADAI(R) should be requested to send the audited copy if the same is not forthcoming within one month of the receipt of sanction in this office.

- iv. Objections raised as a result of audit of the sanctions received from the Railway Board should be intimated by all auditing sections to the Central Section along with other major audit objections raised in the following proforma on the last working day of each month to reach that section positively by the 2nd of the month following that to which the objections relate. Central Section will consolidate the report and send the same to the ADAI(Rlys) to reach his office by the 7th of the month following that to which the objections relate.

(ADAI(R)'s letter No. RAII/A8-7/56 dated 10.9.57 and Central section's letter No. C/3-/56 dt. 10.9.57)

Proforma I

Sl.No.	Reference to Rly. Bd's sanctioned No. & Date	Subject	Reference to Rly: Admn's letter if any.	Audit observation in brief but in comprehensive terms.
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Where there has been great delay in the implementation of code rules or obtaining the sanction of the component authority should be reported to the Central Section in a self-contained note half-yearly in June and December. Central Section will thereafter take up the matter with the FA&CAO and report such cases to the ADAI (Rlys), if necessary.

7.50 Annual Review of the working of the Accounts Office.

(para 131 of RAM-4th Edition)

1. In addition to the audit of Vouchers and documents according to the programme of Audit all auditing sections will conduct once a year along with the audit of March accounts a general review of the works of the Accounts Office including an examination of the various accounts registers in chapter-v of the Memorandum of Instructions regarding the Extent of Audit (Railway Audit)-2nd Edition. 2. After the audit of March Accounts has been taken up, a report showing the result of review should be submitted to the Branch Officer who will bring to the notice of the Principal Director of Audit any Important point noticed. 3. Important results of the review should, if necessary be taken up with the Accounts Officer concerned and a report on the important items affecting the efficiency of the working of the Accounts Department based on the annual review of the working of the accounts Office and on more Important items of arrear at the end of the year under review showing the position as on the 30th of June following sent to the Central Section duly vetted by the Accounts Officer concerned not later than the 15th of September each year. (Central Section's letter No. C/1-62/59dt.15.9.59)

Proforma -II

Objections raised for want of sanctions of the Railway Board during the month

Sl.No.	Subject	Audit observation in brief but comprehensive terms	Reference to the Rly. Admn's letter to the Railway Board, if any
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Proforma -II

Other Major Audit objections raised during the month

Sl.No.	Subject	Audit observation in brief but in comprehensive terms.	Reference and remarks
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(c) The sanctions of General Manager and higher authorities which are of a general nature by the relate to, more than one section should be audited by the Central section.

7.51 Deviation from Rules

All sections should review the major and minor deviations from the code rules existing in the offices under their audit control and see that such deviations have the approval pf the Railway Board to the General Manager es the case may be. unsanctioned deviations noticed because of such review should be taken up with the local Accounts Officer with the request either to obtain the requisite for such deviations or to Implement the code rules. Cases. (4) In all cases where the percentage of the bills nit audited within 10 days of receipt exceeds ten percent of the total number dealt with in the month review, the delay should be taken up with the Accounts Officer concerned. The delay may be analysed as under:

Name of the	No. of Bills Subject	No. not	Percentage
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section of the	received	passed/	of bills not
Accounts Office	a) Establishment	passed within	Passed within
Passing the Bill	b) Expenditure	10 days	10 days of receipts

5. This work should not take too much time. Where information relating to any item is already on record in the Accounts office, it should be made use of after a check as to its correctness. Were, however, the information

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required is not readily available for want of proper registers etc. not being maintained in the Accounts office the matter should be taken up with the Accounts officer concerned and in case of disagreement with the audits suggestions a report should be submitted to the Director of Audit for orders.

6. A systematic record of the reports along with the orders there on should be maintained in a separate file. In each section to make them available to the ADAI(R) during his visit to this office, if called for.

7.52 Report on the Efficiency of Internal check

i) The materials should be in the form of short narrative reports only. A critical appreciation covering signify can't item of arrears in internal check as well as the short-comings or relaxation of items of Internal check as also cases of non-observance of code rules should be mentioned. Particular attention may be paid to cases of laxity in carrying out adjustments effecting recoveries in relation to other government. Departments, non-government railways, outsiders and railway staff, control over expenditure against sanctions/ fonds and the way investigation of irregularities and losses is pursued.

A general review of Suspense Accounts including stars, workshop etc, with comparative figures of three years Indicating the improvement or determination in respect of Postings, Irreconciliation, clearance of original debits/credits and the regularity or efficiency of the balances may be made.

A comment. relating to traffic Accounts and the state of station Accounts including retains should also be appended.

Wherever possible, steps taken by the administration to improve the position should also be indicated dealing inter alia with the difficulties; if any, encountered in securing the co-operation of the Accounts office in getting through our programme of audit work in time.

ii) The report should not ordinarily exceed 10 pages and the tendency to send copies of the arrear reports prepared by the Administration or to send the material pertaining to each section of the office piece meal as and when ready should be avoided.

iii) The position or arrears at the end of the year under review as it stands on the 30th of June next (only in respect of items calling for special complaint) should be mentioned in the report.

Note:- 1. In the list of important arrears the number of missing returns may be included. The matter need not however, be commented upon in the efficiency report separately unless there is a failure on the parts of Accounts office to ensure that a correct and reliable record of the missing returns has been and maintained and the position has not been brought to the notice of the Administration (P.O.0 195 dt. 28.3. 57)

2. Regarding clearance of admitted debits it is not necessary to pursue this question through the report on efficiency of internal check. As regards admitted debits laxity on the part of the Accounts office to deal with delay or omission on their part in dealing with objections conveyed to them by the Commercial Department may be commented upon on the efficiency of internal check.

iv) The comments on the efficiency of internal check prepared on the lines indicated above should be sent to the local Accounts officer every year after closing of the annual accounts. Important cases, if any, should be reported to central section simultaneously for taking up with the EA & CAO.

(ADAI(R)'s letter No. 242-RAI/21-45/61 dt. 17.1.62 and central section's letter No. C/1-62/1-61 dt. 7.2.62)

7.53 Tripartite meeting for expeditious disposal of audit objections

With a view to expedite disposal of Audit objections Tripartite meeting between the Audit officers and their counterparts in the Accounts and Executive Department should be held frequently at least once a fortnight so that those objections could be settled expeditiously without reference to protracted correspondence.

During discussion in the meeting, it should be borne in mind that such objection which are not likely to find places in the Audit Report, Railways may be left to the FA & CAO for pursuing the question of responsibilities of staff and the objections should be taken as settled. Internal check, however, should accept the position that he would pursue the matter further till finality.

The progress on important points and difference of opinion on important points between Audit officer and the Accounts or Executive should be brought to the notice of Director of Audit.

(P.O.0. No. 176 dated 24.11.55)

In cases where Audit objections have been accepted by the Administration and action initiated by them, audit should remove the items from the lists of outstanding objections. This procedure may be adopted reserving the right for Audit to comment on such objections though they might have been removed from the list of this office, if it is found that they reveal special features such as gross negligence and carelessness on the part of the Railway Administration including Accounts. The action proposed to be taken by the Administration for recoveries etc. should be periodically reviewed by Branch officers to see that such cases are entered in the O.I. register of the Accounts office with or without money value (P.O.O. 176 dated 24.11.55)

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7.54 Suggestion by Audit for enlarging the scope of Internal check by Accounts office.

The scope of internal check is laid down in the Indian Railway Code or the Accounts Department. It is not always necessary to take the percentage laid down in the code as the maximum check to be done by the Internal authorities. If necessary, Audit can comment on the adequacy or otherwise of such percentage check, as per orders of the ADAR(Rlys). IADAR (R)'s letter No. 200-RA-I/1 2 dated 21.1.59)

Annexure I (Para 7.13)

Sl. No.	Particulars of the case	Amount pointed out by Audit for recovery.		
		As a result of Audit of transactions Already checked by Accounts Office	Other than those mentioned in sub-column 3 (a)	
1	2	3(a)	3(b)	
Amount actually recovered or agreed to be recovered by the F.A. & C.A.O.		Amount recovered as a result of further review by the Railway Administration	Reference to Audit Notes and acceptance of F.A. & C.A.O.	Initials of the B.O.
As a result, of transactions Already checked by Accounts Office	Other than these mentioned in sub-column 4(a)			
4(a)	4(b)	5	6	7

Annexure II (Para 7.13)

Statement showing recoveries at the instance of Audit for the year.....

Name of Railway	Amount pointed out by Audit for recovery	Amount actually recovered, or agreed to be recovered by the F.A. & C.A.O.	Amount recovered as a result of further review by the administration.		
	As a result of Audit of transactions Already checked by Accounts.	Other than those mentioned in column 2(a)	As a result of Audit of transactions already checked by Accounts.	Other than mentioned column 3(a)	
1	2(a)	2(b)	3(a)	3(b)	4

CHAPTER-VIII ESTABLISHMENT AUDIT

8.1 General:

The audit of establishment charges should be conducted with reference to the rules contained in the various codes, manuals, orders, rules, and procedures issued from time to time by competent authorities, such as President, Railway Board, General Managers, H.O.D's, Comptroller and Auditor General of India, Principal Director of Audit etc. The board principles laid down in Chapter-XV of the Railway Audit Manual should be borne in mind. The instruction contained in this section are mainly applicable to establishment audit section and are generally applicable to all sections and offices auditing establishment charges in so far as they are relevant to their work. Name of some useful codes & manuals are given:

1. Indian Railway Establishment Code, Vol.I & Vol.II.
2. Indian Railway Establishment Manual.
3. Indian Railway code for the Accounts Department.
4. Indian Railway Administration & Finance an Introduction.
5. M.S.O. Administration, Vol.I.
6. F.R.S.R.
7. Pension Rules.

8.2 Duties of the Section:

The audit of personal claims of all the Gazetted Officers of the Railway administration and of the subordinate establishment of Headquarters office, the bills of which are passed by the FA&CAO (Establishment), E.Rly, Calcutta devolves on this section. The section is also responsible for the audit of personal claims of the establishment of the offices of the Principal Director of Audit, Central, South Central and Southern Railways, as also all contingent bills pertaining to these offices.

As auditing agency of P.F., this section audits the P.F. Accounts including the related ledgers maintained at Headquarters.

Rent cases of Gazetted Staff of departments other than Accounts who are stationed outside Calcutta will be audited by the local Divisional Workshop and Construction work offices.

8.3 Audit of Salary Bill

(see para 1205 to 1212, 1303 to 1402 to 1405 of AI & para 20% of RAM, 4th Edition):

The extent of check of G.O's/N.G.O's pay bills is given against item No. IV(1) & (3) under Central Audit in M.O.I as amended by correction slips and orders issued separately by C&AG of India from time to time. These should be referred to as frequently as possible to ensure that there is no failure in audit in selection, percentage etc.

8.4 Audit of pay Bills (other than Accounts):

(See also para 204-RAM-4th Edition and para 1205 to 1212, 1303 to 1304 and 1402 to 1205 of AI)

1. One of the important points to be looked into while auditing a pay bill is to check the correspondence of the rate of pay and the additions to pay, such as, special pay, Compensatory Allowances, overtime, and Running Allowances.

2. As for the rates of pay-check that should be exercised is in respect of those items only on which a change takes place, e.g. promotion, annual increment etc. In such cases, it is necessary that the charges should be checked with reference to the original orders, increment certificates and the connected records, such as Record of services, Gazetted Notification etc.

3. The validity and admissibility of additions to pay should be checked with reference to rules and orders on the subject. Items which do not completely satisfy all conditions of eligibility or are doubtful and items which clearly infringe the rules on the subject or are of a peculiar or of an extraordinary nature, should be thoroughly scrutinized and brought to the notice of the Branch Officer for being taken up with the Chief Accounts or the executive. In this connection the instructions contained in para 207 of the Railway Audit Manual (4th edition) should also be kept in view.

4. (i) The entries in the Memo of Differences and Absentee Statements should be subjected to a careful and complete scrutiny and it should be seen that the salary and leave allowance are in accordance with these documents. Original authority for the changes shown in these documents should also be referred to. For this purpose, the records of service, leave accounts, Rly. Board's orders, copies of which are received in this office and Gazette notifications should be consulted.

(ii) In the case of Officers who are stationed in Calcutta and who are in receipt of house rent allowance, it should be seen, that necessary certificates are furnished by those of the staff drawing pay Rs. 750/- and the quantum of House Rent allowance is computed based on certificate furnished.

(iii) That the deductions which should be made from salary bills have been correctly made. In this connection, the salary Audit Register and Register of Miscellaneous Advances should also be investigated.

(iv) Arrear claims and supplementary bills should be scrutinized to see that they are in order and the reason for charging arrears or making out supplementary bills should be investigated. In this connection the instructions contained in para 212 of RAM (4th edition) should also be referred to

(v) In addition, the pay of an individual appointed to the service of railway for the first time the following points should also be investigated.

(a) That all appointments are made by the competent authority as laid down in chapter I of the Indian railway establishment code, Volume I.

b) That in case of re-employment of non-pensionable staff who resigned their appointments on the railway, the

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sanction of the head of the department exists to their re-employment and that they refund provident funds deposits, special contribution of P.F. and gratuity unless special specially exempted from doing so.

(c) That in the case of re-employment of persons who had previously been in government service information is forthcoming as to whether they received any pension or gratuity for such service.

(d) That re-employed pensioners who are allowed to retain their pensions are not granted rates of pay which, together with their pensions, would exceed the rates of pay they were drawing immediately before their retirement from their last service under government.

(e) That in the case of re-employment of persons having custody of cash e.g. cashiers, pay-check, storekeepers etc. who were required to furnish security, information is available that the security has been logged and the necessary security bond executed

5. It should be seen that the bills are otherwise in order and arithmetically correct and the amounts payable have been correctly acknowledged over revenue stamps at the gross of salary, travelling allowance and contingent charged, exceeds Rs. 20/- under Article 53 of schedule I to the Indian stamp act unless the receipt exempted under the exceptions enumerated in that Article.

6. The audit of pay bills of Gazetted Officers should be carried out with the help of salary Audit Registers in which are recorded all sanction to pay, leave, transfers and recoveries to be made etc. The bills should be traced into the Cadre Register (A.525) to see that the sanctioned seals have not been exceeded.

8.5 **Audit of Pay Bills of Accounts Offices:**

A separate inspection of the Accounts Office is not conducted as the initial records are available for audit at the time of audit of relevant vouchers and documents (c.f. para 131 Railway Audit Manual 4th Edition). The Audit of pay bills should be conducted with service Records and Attendance Registers in accordance with instructions contained in the Railway Audit Manual and in the previous paragraphs.

8.6 **House Rent Allowance:**

The house rent allowance allowed to staff and officers stationed at places where such allowance is admissible should be checked with reference to existing rules and orders regarding classifications of the cities and the rates of admissibility.

8.7 **Income Tax deduction in pay, pension etc.:**

(See para 1208 of AI. In addition, the following points should be borne in mind.)

(1) In auditing pay, establishment and pension bills, audit should see that deductions of income tax are not omitted in cases where such deduction is to be made. This check does not come strictly under the preview of Railway Audit, but it should be understood to safeguard Government revenues.

(2) In order to reduce the amount payable for income tax, there have been cases of postponement of drawl of pay due for the final month of the financial year. The practice is not actually a illegal but amounts to evasion of the law. Such cases when noticed should be kept up to the Principal Director of Audit for consideration of Draft paragraphs.

(3) Payments on account of school assistances to Children of Railway employees in recognised bill schools or capitation Grants to schools on plain should not be treated as perquisites by the employer in view of or in addition to his wages.

8.8 **Unpaid wages statements: (See para 376 of RAM)**

The check of unpaid wages statement consists in the tracing of unpaid items from the bills audited into the unpaid wage's statements.

8.9 **Diet Charges:** (see para 1208 of AI)

8.10 **Electricity Charges:** (see para 1208 of AI)

Statements of diet charges are received in the account's office every month in respect of each pay sheet unit. It should be seen that the bills are serially numbered pay sheet unit wise, and the missing numbers are called for by the account's office. Recoveries made through the pay bill as indicated in the statement of diet charges attached to pay bill should be compared with the recovery statement received in the account's office in advance.

8.11 **History of service of Officers of the Railway Department:**

Selection should be made separately for accounts department and other than accounts department.

8.12 **Disallowance lists:**

These should be received annually with reference to instructions contained in para 218 of Railway Audit Manual.

8.13 **Allocation:** (see para 211 RAM)

8.14 **Revision of pay:** (see para 210 - RAM)

8.15 **Additions to pay:** (see para 207 - RAM)

- 8.16 Payment Authority:**
The payment to employees working elsewhere on Railways are made based on payment authority issued by the concerned Accounts Officers, who are responsible for detailed check of payment drawn and recoveries made in salary bill etc. In case any payment authority has been selected in audit, a reference may be to the respective audit unit to verify its correctness.
- 8.17 Provident Fund Account:** (see para 231 - RAM)
The P.F. Accounts of all Gazetted Officers (Both the Accounts and Executive) are maintained in the headquarters accounts office. The auditing units on completion of check of salary bills of G.O.Os should list out the deduction made in the bills P.F. V.P.F. etc and advice the same to Estt. Audit Section, Headquarters for tracing them into P.F. ledgers of the Offices Concerned.
- 8.18 Washing Allowance:** (see Para 1216 and 1416 of AI)

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- (a) This Allowance is granted at prescribed rates to certain class IV staff who are provided with uniforms and are requested to keep their dresses neat and clean.
(Rly Board's No. F.E. 1/12/AL-29/1 of 31.3.1986 & Rly Bd's No. F.E. 1/68/AL-3 of 8.9.1981)
- (b) This allowance is also admissible to the RPF and RPSF staff at prescribed rates. (Rly Bd's No. E(P&A) 82/HW-20/RPF of 2.6.1982)
- (c) Uniforms and Laundry allowance & Nursing Allowance to Nursing staff: The correctness of payment of these allowances should be checked with reference to the rates and instructions issued by the Railway Board from time to time.
- 8.19 Night Duty Allowance:** (see para 1416 of AI.)
- 8.20** Children's educational assistance to Rly, employees & reimbursement of tuition fees: (see para 227 of RAM & para 1418 to 1419 AI.)
The correctness of these payments should be checked with reference to the rates notified by Railway Board from time to time.
- 8.21 Subsistence Allowance and admissibility of pay and allowances on reinstatement:**
(see para 228 of RAM, para 2043 and 2044 R.II)
- 8.22 Outturn allowance to telegraph signallers:**
(i) Outturn Allowance to telegraph signallers at various stations is paid by Divisional accounts officers under para 431 -RI (1971 Edition) based on authorities issued by the Superintendent Railway Telegraphs. During the check of salary bills in central Audit. Payments made based on authorities issued by the STR can be accepted without verification of the correctness of the authorities ab-initio.
(ii) Dy. Director of Audit will exercise necessary checks on the statements certified by the STR for one selected month and issue necessary advice to the Divisional Audit Officers Concerned for tracing the amounts into pay bills.
(iii) Audit Officers (TA) and Divisional Audit Officers during their inspection of stations will also ensure by test check of the accounts of the selected month that the returns submitted by the station to STR indicating the number of messages sent or received by each signaller during the month are accurately compiled.
- 8.23 Overtime allowance to Railway Staff:**
The overtime allowances of Railway Staff other than those governed by the Factories Act should be checked with reference to the Hours of Employment of the Indian Railways.
- 8.24 Audit of Increment:** See para 205 of RAM.
- 8.25** Grant of advance Increment to Stenographers: This should be checked with reference to the instructions issued by Railway Board from time to time.
- 8.26** Qualification pay to Nurses: Nursing staff who possess the time of recruitment or acquire subsequently a degree in Nursing should be granted two advance increments, provided they are not require possessing it as a condition of their employment. The qualification pay is admissible only to regular Nurses and not to substitute Nurses.
- 8.27** Special pay: (See para 270 of RAM)
This should be checked with reference to the instructions issued by Railway Board from time to time.
- 8.28 non-practicing allowance:** The Railway Doctors including Dental surgeons drawing pay in revised pay scales 1986 will draw non-practicing allowance, which is treated as pay for all purposes.
(Rly. Board's letter No. PC III/87 Dep/17 of 06-10-1987)
- 8.29 Contingent Charges:**
The audit of contingent charges is divided into two parts:
(i) Audit of imprest accounts.
(ii) Audit of contingent vouchers not included in the imprest accounts.
The audit of these charges will be done in accordance with para 221 RAM-4th Edition and para 1001 to 1049 of Chapter-X of the Indian Railways General Financial Code, Vol.I.(First Edition 1982)
- 8.30 Medical Attendance Bill:**
The rules contained in Chapter-IX of the Indian Railway Establishment Code, Vol.I should be borne in mind.
(Para 224-RAM-4th Edi.) In checking the medical attendance bills, the following points should be seen:
i) that the claims for reimbursement of charges are supported by vouchers and certificates by the authorized medical attendant as required under the rules.
ii) That the re-imbursement is admissible under the rules and orders.

- iii) That the claim for re-imbursement of cost of medicines, vaccines, sera, and other preparations etc the authorised medical attendant has furnished a separate certificate of essentiality as prescribed in Railway Board's letter No. E49/MEI/9/3 dated 19th July, 1949.
- iv) That if the claim is for the refund of charges for treatment at the residence of an employee, the authorised medical attendant has given a certificate stating the reason for giving the treatment as he would have been entitled to free of charge to receive if he had not been treated at his residence as referred to in Rule 908 RI.
- v) That a proper record is kept in the accounts office for all the claims passes as a safeguard against double claims.

8.31 Leave to Railway staff:

The provisions of the Railway Leave Rules as modified from time to time should be borne in mind while auditing the leave accounts and leave applications of Railway staff.

8.32 Leave Applications of Railway staff:

As the leave accounts of subordinate staff (except those of the Accounts Department) are not generally maintained

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in the Accounts Office. It is not possible to check their leave salary certificates at Headquarters and it will be sufficient if the leave accounts of those employees are generally scrutinized and checked at local inspections.

Audit should bring to notice cases where any attempt is made for evasion of the principles of leave rules although there may be no technical evasion, as for example, when an employee entitled only to four months' leave on average pay at a time, rejoins duty and very shortly afterwards, again proceeds on another spell of four months' leave on average pay.

It should be seen that employees transferred from service under company to service on an Indian Railway and continuing to be governed by the company rules in the matter of leave etc. are not given the benefit of Government Leave rules etc. where the latter may be more favourable than the company Rules.

In cases of leave in India, in addition to the check of leave salary included in the leave salary bills selected for monthly audit, based on the statement regarding calculation of average pay, absentee statement memorandum of difference etc. the leave salary of persons appearing in the bills of the month selected for audit during local instruction should be verified from the original service records and leave accounts.

The check of leave accounts should be a complete one from the beginning or from the last entry checked to the date of scrutiny and should cover cases of all employees due to retire prior to the end of the year in which next instruction is due, a record of the accounts checked during each inspection being maintained for the purposes. The instructions contained in Central section's Secret Circular No. C/40-2/52 confidential dated 31-7-53 should also be borne in mind.

8.32 Workmen's Compensation Act payment (para 226 - RAM 4th Edition):

Payment made under workmen's compensation Act should be checked with reference to the rules laid down in the Indian Railway Establishment Manual (Chapter-XXXIII) and in the Act itself. In admitting claims under W.C. Act against, the Railway, it should be carefully seen that the workmen were employed not by a contractor for railway work, but direct by the Railway itself. Where the railway pays compensation for contractor's labour, by various of the provision of the Act, it should be seen that the amount is recovered from the contractor. The following in other points should also be borne in mind in auditing such payments:

- i) That the workmen were on duty at the time of injury and that the injury arose in the course of and out of the employment.
- ii) that the injured workman is as defined in the Workmen's Compensation Act.
- iii) that there is full evidence of accident with a medical report and an accident report (police report in serious accident) are attached in original to claims duly signed and attested.
- iv) that the injury was not due to possibilities which could be foreseen and prevented and contributory negligence, disobedience of order or influence of drink or another intoxicant.
- v) that in case of payment to dependents on account of death of the workmen, whether the death occurred in the course of his employment.
- vi) that the average wages are correctly calculated and the value of free clothing, free quarters and such other privileges or benefits except compensatory and school fee allowance are taken into consideration. The rounding off should be correctly made.
- vii) that half-monthly payments are correctly made and deducted from leave salary payments, if made. The workmen lose all claims to compensation under the act if a suit is instituted; and
- viii) that the amount as provided in the W.C. Act has been correctly applied and in case of permanent partial disablement the percentage is calculated as laid down in section 4 (c) of the Act.

The pay orders for making payments under the Workmen's Compensation Act payment should be treated into the Register of payments under W.C. Act maintained by the office.

8.33 Advances of pay, Travelling Allowance & for purpose of conveyance (c.f. para 214 of RAM, 4th Edition):

The instruction contained in paras 1501-1540-G, 430-437-A and paras 206 & 211 of M.S.O. (T), Vol.I should be applied in the audit of such advances.

8.34 Register of sanctions having limited currency (see para 217-RAM 4th Edition):

The register recording sanctions having limited currency maintained in the account's office should be reviewed in audit offices. For the purpose of review the sanctions when, received, should be filed separately and while checking the accounts office register it should be seen that they have been noted therein and it should be specially checked to see that the sanctions are not operative after the expiry of their currency without obtaining a fresh sanction. If a such expenditure is incurred the same should be objected to.

When checking sanction to the creation of temporary posts, it should be seen that such posts have not been created to protect discharged temporary officials from losing the benefit of their post service in the event of their being re-employed at a later date against some permanent posts, the creation of which was under consideration of the sanctioning authorities.

8.35 Capital and Revenue Accounts of Residential Buildings (See Para 215 & 251 of RAM- 4th Edition)

The Capital and Revenue Accounts of residential building on the Eastern Railway as prepared in the Divisions and Workshops etc. should be completely checked in accordance with the extent rules and orders on the subject by the corresponding Divisional & Workshop Audit Offices and objections, if any taken up and pursued with the respective local Accounts Offices. Important results of audit of the above accounts should be intimated to the Establishment Audit Section quoting reference to letters etc. under which the audited account was sent by the local Accounts Office to the Chief Account Officer, Eastern Railway, Calcutta and clearly mentioning the fact that the account was duly audited. The Establishment Audit Section will check the consolidated account, prepare by the Chief Accounts Officer, E.Rly, Calcutta and pursue the important irregularities, if any, to finality with the auditing

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sections. It will also be furnished to the A.D.A.I (Rlys.) immediately after the consolidated account is checked, statistics of percentage return on different types of quarters separately and communicate to him the important irregularities, if any.

8.36 Register of Disallowance Lists:

The detailed procedure for maintaining the Register of Disallowance Lists has been laid down in Paragraphs 358 and 359-A.1. The disallowance lists and objection books should be reviewed to see that prompt action is being taken to clear outstanding items. It should be seen inter-alia that the objections taken have been pursued and brought to a satisfactory conclusion and that there is no inordinate delay in the disposal of the same by the departments. (Para 218 - RAM - 4th Edition)

8.37 Audit of Rent Rolls:

Rent Rolls for the month of March should be checked fully with reference to salary bills selected for Audit. In other cases, variation statements should be referred to.

8.38 Unauthorised Occupation of Residential Buildings:

The damage at the rate of Rs. 15/- per Sqm. of plinth area per month and in respect of type A to D (I to IV) and Rs. 16/- per Sqm of plinth area per month in respect of type E(V) & above is recoverable with effect from 01-04-1989 which is to be revised after every 2 years. (Rly. Board's No. F(X)I-86/11/9 dated 01-04-1989)

The revised rates of Class 'B', 'C' & others on respect of Type A to D (I to IV) at the rate of Rs. 25/- & Rs. 23/- per Sqm. of plinth area per month in respect of type -E & above (V and above) at the rate of Rs. 28/ and Rs 15/- per Sq. m. of plinth area per month with effect from 01-06-1994 vide Rly. Board's letter No. F(X)1-93/11/2 dated 18-11-1994.

8.39 Audit of Attendance register of the Accounts Department:

A List of attendance registers of the various sections of the account's office should be recorded in a separate page in the selection register and item got selected each month. The selected attendance register should be checked to see that the payments for absence have been correctly made in the salary bill for the month concerned or for subsequent months of the sections to which the attendance register pertains and all absences have been regularised by grant of necessary leave and the leave has been posted in leave accounts.

8.40 Audit of Emergent Pay Sheets:

Section 5(2) of the Payment of Wages Act, 1936 requires that when the employment of any person is terminated by the Railway Admn, the wages earned by him should be paid before the expiry of the second working day from the day on which his employment is terminated. To meet the requirement of this statutory provision, the Chief Accounts Officer has arranged that the wages of such persons should be paid through the pay orders from station carriages. These pay orders (from G-172-F) are received in the Accounts Office after payment for the post audit and adjustment. These pay orders fall under item IV(3) under Central Audit of programme of audit in Appendix in N.O.I. A separate page should be allotted to this item.

8.41 Computerisation of Railway Accounts:

See Para 197 to 203 of RAM & para 1234 to 1243 of AI.

Pay rolls have been completely computerised in certain units of the Railways. The changes in audit checks prescribed in ADAI(Rlys)'s letter No. 571/RAI/8-7/71-II dated 22-06-1971 and No. 571-RAI/8-7/71-II dated 17-2-92 are to be followed in auditing the computerised pay bills and provident fund accounts.

8.42 Payment of Wages Act:

It applies only to railway servants drawing pay below Rs. 1600/- maximum deduction admissible is up to 50% of pay only.

8.43 Audit of Establishment Claims of the Offices of the Principal Director of Audit, Southern, South-Central and Central Railways:

In order, to facilitate check of establishment claims a register in the form F.W.D/64/Revised (Fly Leaf Register) should be maintained to record the particulars of pay drawn, the date of increment and leave granted, etc. to the members of establishment of the offices of the Principal Director of Audit, Southern, South-Central and Central Railways.

8.44 Travelling Allowances Bills:

(See also Paras 198-199 of M.S.O(T)-vol. I, Paras 414-A to 416-A & Para 216-RAM – 4th Edition)

The travelling allowance rules are contained in Chapter II, Appendix- XVI & XVII of the Indian Railway Establishment Code Vol. I.

Points which may suggest themselves for inquiry are:

- a) Travel by air, if any, is covered by the rules or special sanction, therefore.
- b) Whether officers who counter sign their own bills do not abuse this privilege.
- c) Whether countersigning officers duly carry out their responsibilities as such.
- d) Whether a change of headquarters in certain instances would not result in a reduction of travelling allowance.
- e) The possibility of reducing the number of Group-D staff accompanying an officer in tour.
- f) The desirability of granting of fixed conveyance allowance where the charges for conveyances are heavy.
- g) The justification for the rate of motor Car allowance which may have been granted in comparison with the amount of travelling to be done.
- h) The possibility of reduction of fixed travelling allowance to officers and constructions when the linking is complete, and the free use of a trolley is granted; and
- i) Whether arrangements exist to deface travelling allowance journals accompanying travelling allowance bills in a proper manner to prevent them from being passed a second time for payment. In case of survey Officers

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it should be seen that no fixed travelling allowance is drawn during recess.

8.44.1 Transfer Allowance:

Payment of transfer allowance (Transfer Grant) to gazetted and non-gazetted staff is regulated with effect from 01-05-1976 in accordance with the Railway Board's letter No. PC.III/73/TA/1 dated 29-4-1976. The payment of transfer grant or allowance should be checked with reference to the instructions issued by the Railway Board's No. PC.III/78/TA/1 dated 26-4-1979, 23-1-1980 and PC.IV/86/IMP/AL/7 dated 04-12-1986 and 26-03-1987.

8.44.2 T.A. to staff attending breakdown duties:

Break down may be any accident which involves calling out of a break down train or engine with special staff or equipment from the nearest breakdown train depot, shed etc. (through hooter also wherever provided). In this connection para 430 of RI (1971 Edition) and Railway Board's letter No. E(P&A)/178/12 DA dated 21-11-1978 may be seen.

8.44.3 Conveyance Allowance to Blind and Orthopedically Handicapped:

Blind employees and orthopedically handicapped employees born on regular establishments including work charged staff are granted conveyance allowance on fulfilling the conditions laid down in Railway Board's letter No. F(E)1/78/AL-7/5 of 23-10-1978. The allowance will not be admissible during leave (except casual leave), joining time or suspension.

(Railway Board's letter No. F(E)1/78/AL7/5 of 23-10-1978, 15-1-80, 31-10-81 and PC.IV/86/IMP/AL/23 of 08-05-1987).

8.45 Audit of overtime and running allowance bills:

The cheques should be exercised with reference to the rules content in the booklets rules for the payment of running allowance to running staff and "Hours of employment regulations" issued by G.M./E.Rly./CAL.

8.46 Running Allowance:

The running allowance is treated as pay for certain purposes in case of running staff drawing pay in the revised scales of pay (Rs/1973 & 1986) as given in Railway Board's letter No. E(P&A)/II-72/FE-4(PS) of 03-11-1972 and PC.IV/86/IMP/24 of 24-04-1987.

8.47 Branch of Rest Allowance: (see para 1416 of AI)

The Running staff are granted branch of rest allowance if they are detailed for running duty before completing prescribed rest at headquarters provided it is immediately preceded by a full term of running duty.

8.48 Tracing of Bills:

The bills audited should be traced into allocation registers/work registers, suspense registers and relevant subsidiary registers.

8.49 Review of Court Cases finally settled in various courts (staff matters):

In pursuance to the instructions of the ADAI (Rly.) all divisions and auditing sections should review the court judgements to see whether there is any material worth commenting in the Railway Audit Report. The important results of review of court cases should be reported to the Principal Director of Audit through report section.

8.50 Audit of Leave entitlement and encashment of leave

(See Para 222 RAM).

8.50.1 Earned Leave:

From 1.1.1977 earned leave is credited @ 15 days for half years on 1st Jan and 1st July subject to a ceiling of 240 days. (Prior to 1,7,1986 lap could be accumulated up to 180 days.) This is reduced by period of lap taken and period of dies non @ 1/10th. In the case of new recruits and staff retiring from service/death/removal/resignation credit is to be given at 2 and half days per month in that half year. Half pay leave is admissible to permanent and

temporary Rly servant @ 10 days each of 1st of Jan and July of every calendar year in advance with effect from 1.1.96 which includes all kinds of leaves including LWP but excluding the period of dies non. It is to credit into two instalments on 1st Jan, and 1st July each year without and ceiling. It can be sanctioned up to a maximum of 24 months at a time.

8.50.2 Commuted Leave

It is granted only on medical certificate without any limit. However, for an approved course of study half pay leave up to a maximum of 180 days is allowed to be commuted in entire service. Commuted leave up to a maximum of 60 days can be granted in continuation of maternity leave without the production medical certificate.

8.50.3 Maternity Leave:

This may be granted to female Rly. employees on full pay (i.e. pay drawn before commencement of this leave)

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and in the event of miscarriage or abortion. This can be granted for a period of 90 days on full pay from the date of commencement. It can be combined with any other kind of leave including commuted leave up to a maximum of 60 days without production of medical certificate. In case of miscarriage, it is granted up to a period six weeks on medical certificate. Maternity leave is not debatable to employee's leave account.

8.50.4 Special Casual Leave:

This is granted to railway servants on sports account and attending camps or rallies if they are boy scouts of Rover scouts. It is limited to 30 days in a calendar year. G.M. may however, sanction special casual leave for such periods as considered necessary without any upper limit to railway employees sponsored by RSCB for participation in sporting events of national and international importance exclusively. This is not debatable to employees leave account. Special casual leave can be combined with regular leave as well.

(Rly. Boards No. E(W) 73 SP-4 of 24.1.1975 & E(W) 81 SPI 3 of 19.8.1981)

8.50.5 Railway servants are paid cash equivalent of leave salary in respect of the period of leave on average pay at their credit at the time retirement on superannuation subject to a limit of 240 days. The cash payment in one lumpsum will be equal to leave salary as admissible for leave on average pay plus Dearness Allowance admissible on the leave salary at the rate in force on the date of retirement (including voluntary premature retirement) and will be without any deduction of pension or pensionary equivalent of other retirement benefits. No city compensatory allowance and/or house rent allowance shall, however, be payable.

(Rly. Bd's Letter Nos. E(E) III/77/LEI/4 of 15.11.1997 F(E) III/78/LEI/6 of 18.7.1978 F(E) III/78/LEI/4 of 24.7.1978 FIE) III/82/LEI/2 of 28.10.1985 Leave salary certificates for leave out of India to gazetted and not gazette officers See para 222-RAM.

8.51 Register of Foreign Service Contributions:

(See paragraphs 442 to 445 - All)

The register should be checked to see that correct recoveries of contributions are being made towards leave salary, pension, Provident fund, Gratuity etc. (Para 219-RAM-4th Edition)

8.52 Payment of Cash equivalent of leave salary: (Para 213 RAM 4th Edition)

The bills on account payment of cash equivalent of leave salary to family of Railway Servant who died in harness and cash payment in lieu of unutilised leave on average pay on the date of retirement may be checked to the same extent as the supplementary pay bills in respect of unit selected for monthly audit of pay bills of officers and staff.

8.53 (Para 235 A of RAM 4th Edition)

The monthly contribution recovered from the employees towards insurance scheme may be checked in the same way as other items of recoveries like SRPF or rents etc. are checked during audit of pay bills. The recoveries of contribution through Labour Pay Sheets must likewise be checked while auditing Labour Pay Sheets during inspection of Executive Offices. The vouchers relating to payments on retirement/death under the scheme should be checked to the extent nebulized below:

The vouchers relating to payments of retirement/death under the Insurance Scheme may be checked to the extent of 10% in respect of Accounts Department and 5% for other Departments.

The transfer of debit/credits for recoveries and payments under the Railway Insurance Scheme may be treated at par with settlement of interdepartmental and inter-governmental transactions and checked as per VIII6(a) Extent of Audit (Railway Audit), 2nd Edition.

8.54 Productivity Linked Bonus:(Para 235 B - RAM - 4th Edition)

The payments of Productivity Linked Bonus to the Railway employees should be checked as prescribed in the Secret Memorandum to see particularly that:

(a) the individual employee receiving the payment is eligible for the same.

(b) in the case of employees on unauthorised absence/suspension bonus is not allowed till regularisation of the Absence and the status of the suspended employee remains under terminate; and

(c) the wages per day of individual employees have been correctly computed as per extent orders of the Railway Board, considering the prescribed ceiling on monthly wages. The salient features of the scheme are contained in the Railway Board's letter No. E(P&A)II/79/PLB/I dated 6-12-79, 15-3-80, 01-07-80 and D.O No. E(P&A)II/87/PLE-4 dated 29-9-1987 (C&AG's letter No. 898-RAII/4-25/79 dated 26-09-1961).

8.55 Recovery of Government share of fee received by Railway Servants:

A register is maintained in the establishment section of accounts office to record particulars of employees authorised to accept fee and of the payments made to them. While auditing the sanctions accorded for acceptances in this register. This register should be reviewed half yearly (C.f. item VI (17) of Central Audit programme of the Secret Memo of Instruction regarding Extent of Audit, 2nd Edition) with a view to see that the requirements of the Indian Railway Establishment Code have been fulfilled and the fee have been credited in full, and also the government's share has been worked out correctly before making the Payment to the employees according to rule 2036 (FR-48) & Appendix XXX of RII.

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8.56 Register of overpayments waived, or recoveries forgone:

The register of overpayments waived, or recoveries forgone should be checked or quarterly. It should see that the right of in each case had been sanctioned by the competent authority and that the items enter in the register do not disclose any defect in the system or accounts procedure requiring a mentioned in the audit report. If otherwise, the order of the Director of Audit should be obtained for preparing a draft paragraph.

8.57 Review of Balances - Loans and Advances:

The Establishment Audit Section will conduct the necessary audit on the material supplied by the Chief Accounts Officer, Eastern Railway to the Railway Board regarding the Review of balances under interest-free and interest-bearing loans and advances and submit a copy of the material with its comments to Books & Budget Section not later than 15th of July each year.

The balances should be analysed by sub-heads and reviewed, directing special attention to writes-off, delays in repayment, acknowledgment of balances, suspension of recoveries, doubtful assets in balances etc. Any peculiar feature, viz. irregular recovery interest remission of interest, grant of loan without or at a nominal rate of interest, grant of loan without necessary safeguards for recovery, unusually large loans to an individual or a corporate body etc. should also be commented upon.

8.58 Audit of computerised pay-roll system:

While comprehensive Audit technique in respect of computerised payroll is yet to be evolve, the audit of computerised payroll should be conducted according to the guidelines given in Para 203-RAM & 4th Edition. For acquaintance with the computerised system of Pay-roll reference may also be made to para 197 to para 202 of RAM-4th Edition.

8.59 Grant of various Advances to Railway Employees:

See Chapter XVI of Indian Railway Establishment Manual and Para 214 of RAM. This should be checked with reference to the instructions issued by Railway.....

8.60 Pension Payment audit:

Audit of pension including family pension etc. and paid vouchers of pension and gratuity payments:

(i) The extent of check is as prescribed against items (V(9) and (II) under central audit in M.O.I and the Instructions for audit are contained in para 241 of Railway Audit Manual.

(ii) The rules governing pension, DCRG, family pension and gratuity are laid down in the Manual of Railway Pension Rules, 1959, chapters XXIII to XXIV-RII and XRI. (1985 edition). The modifications in the rules regulating pension, DCRG, and family pension under the provisions of the Manual of Rly. pension Rules, 1950 as laid down in Railway Board's letter No. PCIV/87/Imp/I dt. 15.4.1987 circulated vide H.Q. No. SA/HQ/E/IX/4525 dt. 16.1.1989 may be kept in view.

(iii) The cases for audit should be selected from the register of pension payments maintained in the accounts office in terms of para 1220-AT.

8.61.1 Verification of Pensionable Services:

Para 1230 of Indian Railway Administration and Finance. An introduction should be seen. Verification of pensionable service in respect of departments other than accounts should be done during local inspections to the extent prescribed in para 23 of Secret Memorandum. In respect of accounts offices, this should be done in central audit every month to the extent prescribed in para 23 of Secret Memorandum.

8.61.2 Qualifying Service:

Qualifying Service shall be determined with reference to the length of service.

8.61.3 Amount of Pension:

The amount of monthly pension whether it is compensation pension, invalid pension, superannuation pension or retiring pension will be calculated at 50% of average emoluments subject to a minimum of Rs 375/-PM and maximum of Rs. 4500/- P.M.

The amount of pension arrived at on the above basis will be related to the maximum qualifying service of 33 Years, if the qualifying service rendered is of ten years or more but less than 33 years, the amount of pension will be in proportion of the maximum admissible pension as the qualifying service rendered bears to the maximum qualifying service of 33 years.

8.61.4 Dearness allowance to pensioners:

In addition to the pension calculated vide para 8.61.3 above, the dearness allowance is also admissible on pension at the rates more than price index of 608 points which revised from time to time.

8.61.5 Extraordinary pension:

Railway Service (Extraordinary pension) rules apply to all permanent or temporary railway servants other than those to whom the Workmen's Compensation Act, 1923 applies or who entered railway service on or after 1.4.1937.

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The rules regarding grant of extra ordinary pension are set forth Railway Service (Extraordinary Pension) rules vide Appendix XL III-RLL. Modification had been made in the above rules under Railway Board's letters Nos PC.III/78/EOP/e/Pt.III dt. 21.8.1978. and PC.II/78/8/eOP/3 Mein dt. 22.8.1978 detailed instruction and government orders issued from time to time have been incorporated in Appendix-3 CCS (Extraordinary Pension) rules in Swamy's Pension compilation which may also be seen.

8.61.6 Death cum Retirement Gratuity

This gratuity will be paid to the pensionable staff, on their retirement or to their families in the event of their death while in service. The amount of Death-cum-Retirement Gratuity will be one fourth of the emoluments of a railway servant for each completed six-monthly period of qualifying service subject to a maximum of 16 1/2 times of the emoluments. The amount of DCRG shall not exceed Rs. 1 lakh.

8.61.7 Terminal/Death Gratuity

Any Railway servant (except the category specifically mentioned in para 707 of MOPR) who quits service without being confirmed on account if:

- (i) Retirement on Superannuation or permanent incapacity due to body or mental infirmity or
- (ii) Discharge from service arising directly or Indirectly from a reduction of establishment may be granted terminal gratuity. The family of such Railway servant if he dies while in service may be granted of Death gratuity at the rates specified in para 707 of MOPR.

8.61.8 Family Pension (Para 801 MOPR may be seen)

The family pension will be admissible to the family of the employees who are appointed on or after 1.1.1964 if they have not exercised their option to retain their existing family pension benefit on or before 30.06.1964. It is admissible to all regular employees in respective of whether they are permanent or temporary. Consequent upon implementation of the judgement of the supreme court. Family pension has been also allowed to families of government employees who retired or died before 01.01.1964 or to those employees also who were not covered by the family pension scheme of 1964. (See Ministry of personnel & training OM NO. 1 (11)/85-pension Unit dt. 18.06.1985).

8.61.9 Ex-Gratia Pension

The railway employees who retired on contributory provident fund system prior to 1.4.1957 after completion of 20 years continue service (except those who are dismissed/ removed from service or those who resigned from service with less than 30 years of service) and are still alive will be granted ex-gratia pension with effect from 1.1.1967 at the rates practised from time to time. (Rly. Bd's letter NO.F(P) 59-PN-1/15 dt 23.01.1967).

8.61.10 Commutation of Pension

The maximum amount of commutation of pension is restricted to one-third of the pension amount depending upon the discretion of the employee. Only ordinary pension may be commuted. Community pension of family pension is not admissible.

8.61.11 Audit of Pension paid vouchers and pension cases:

This item must be audited to the extent as prescribed in the programme of Audit CA, IV (11) and according to para 241 RAM. The P.O. is issued by FA & CAO from time to time regarding the issue of Pension Payment orders by the different Accounts Officers to the retired staff of the Railway may also be seen.

8.61.12 Accounts of staff Benefit Fund. (See Para R.A.M)

8.62 Audit of Provident Fund Accounts:

General: a) The instructions under this section are applicable equally to Divisional, Workshop and Construction Audit Offices. The E & PF Section is responsible for the audit of P. F. Accounts in respect of all Gazetted Officers including those of the Accounts Department, Eastern Railway, Non-Gazetted Staff of the Accounts Department and Executive Offices including Staff lent to other departments under the accounts control of Head Offices, Calcutta and of the accounts of the staff of Eastern Railway Audit Department. Divisional & Workshop Audit Offices will conduct the audit of Provident Fund Accounts in respect of all non-gazetted staff including staff lent to other departments of the executive Departments under the accounts control of the respective Divisional and Workshop Accounts Officers.

8.62.1 Audit of Provident Fund Accounts:

The audit of provident fund accounts should be conducted keeping in view the instructions contained in para 231 Railway Audit Manual, Para 350, and Chapter 11 of M.S.O(Audit) and rules laid down in Chapter 9 R.1 and A-1.

8.62.2 The simplified procedure for the preparation of deduction lists and the maintenance of PF accounts was introduced vide Railway Board's letter No. 63/ACCII Dir (Spl)21 dated 22/24-8-1964. Prior to the introduction of this procedure, the checks prescribed in respect of SRPF accounts are detailed in Paras 204(V) and 231 RAM.

8.62.3 When the simplified procedure was introduced, the above procedure for the check of P.F. Accounts was modified.

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8.62.4 The Railway Administration have again reverted to the old procedure of preparing complete deduction statements for all 12 months.

8.62.5 In respect of the units covered by the systems of preparation of complete deduction statements, the full checks as prescribed vide para 204(IV) and 231 Railway Audit Manual will apply. In these cases, also, in respect of the fund accounts of employees selected for audit, the latest half yearly balance should be extracted from the ledger and noted in the selection register against then concerned employees. For this purpose, a separate column should be provided.

8.62.6 Amount of compulsory subscription:

The rules of recovery of compulsory subscription are laid down Chapter – IX R-I.

8.62.7 The rules for the maintenance of State Railway Provident Fund Accounts have been laid down in Chapter-E XIII of the Indian Railway Code for the Accounts Department - Part-1. In this regard Para 350 & Chapter-10 of MOS(T)-Vol. I and Chapter XIII & XIV of Establishment code should also be referred to.

8.62.8 In conducting audit of computerised P.F. Accounts, the instructions contained in Para 203 of the Railway Audit Manual (4th Edition) should be kept in view.

8.63 Special Contribution to the Provident Fund and Gratuity (See Chapter XIII & XV of the Indian Railway Establishment Code-Vol. I):

Bills on this account should be audited with reference to Railway Gratuity Rules or the gratuity rules applicable to the old Company Railway Staff, who are governed by them. One of the points that should be specially investigated is that a record of payment in the Service Record has been made under the initials of a Gazetted Officer in such a way that a second claim for gratuity cannot be prepared and passed. In these cases where running allowance has also to be added to 'Pay' under the rules, the records of running allowance should be test-checked with reference to the bills in which running allowance were drawn and it should be seen that the average pay & allowances have been correctly computed.

8.64 Audit of payment of special contribution to PF and Gratuity:

i) See items IV (9) and (11) under central audit in M.O.I for extent of check.

ii) The audit of special contribution to provident fund and gratuity should be conducted keeping in view the instructions contained in para 223 of Railway Audit Manual and paras 1219 to 1220 and 929 of AI.

iii) The rules governing the payment of special contribution to provident fund and gratuity are laid down in paras 902 (8), 915 to 919 and Chapter 10 of RI (1985 Edition).

In the case of running staff, pay for SC to PF will include the element of running allowance to the extent of 50% of pay, (Rly. Board's letter No. PC-IV/86/IMP/24 dated 24-4-1987).

8.65 Contribution and Interest:

The journal entries in which the half-yearly contributions and the annual interest are credited to the fund should be checked. Any large fluctuations in the contribution credited from year to year should be investigated. The total interest should be checked by working out interest on the monthly balances under "Provident Fund for the two groups of subscribers in the P. F. Ledgers or check sheets.

If the difference is not more than one percent, it may be assumed that the bulk of the individuals interest charges are approximately correct. In the case of computerised system of P. F. Accounting where check sheets have been discontinued, the journal entries for Bonus contribution and interest should be checked with reference to the control figures i.e. the lumpsum amount of bonus and interest as obtained from the computer.

Interest is credited on the balances at credit of the account at such rate as may be determined from year to year. The amount of interest shall be rounded off to the nearest rupee.

Some important clarifications made by the Railway Board in connection with grant of interest are given in Railway Board's letter No. F(F)III 73 PF-1/13 dated 17-11-1973 and F(F) III 77 PF-1/10 dated 31/08-1977. (See also para 234-RAM 4th Edition)

8.66 Provident Fund Recoveries:

The arithmetical accuracy of the Provident Fund recoveries should be checked to see that the recoveries are made from the staff who are entitled to subscribe to the Provident Fund at the specified rate.

In the case of Accounts Office Staff of divisions & Workshops etc. where Provident Fund Accounts are maintained of Headquarters, Calcutta, the Divisional & Workshop Audit Offices etc. will send a statement every month to the Provident Fund Audit Section, Calcutta showing the particulars of the staff together with P.F. Account No. and the amount of deductions made through salary bills selected in audit to enable the P.F. section of check the P.F. Accounts of such staff monthly.

8.67 S.R.P.F. Ledger Accounts (Para 231 of RAM, 4th Edition):

The figure in the deduction lists accompanying the pay bills of the employees whose accounts are to be checked should be traced into the relevant ledger accounts. As far as possible the same deduction lists into which the recoveries of P.F. have been traced at the time of check of pay bills may be traced in the P.F. Ledgers to the extent specified, with a view to avoid the possibility of the amounts in the recovery sheets being inflated. It should be seen whether the contribution credited to the account in the previous half-year is correct, whether the closing of the account and the calculation of interest for the previous year have been correctly done, according to the rate of interest applicable to the persons concerned and whether recoveries on account of advances are being regularly made in accordance with the rules. In the case of new accounts, it should be seen whether the employee is eligible to subscribe to the Fund.

In case reparation of deductions sheet has been dispensed with under computerised system of accounting, the tracing of P. F. recoveries may be done directly from the Pay bills.

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8.68 Audit of Temporary withdrawals:

The audit of temporary withdrawals consists in seeing the following points among others:

- i) that the advance has been sanctioned by a competent authority.
- ii) that then amount sanctioned is covered by the balance at the credit of the subscriber.
- iii) that the conditions under which the advances can be granted under the rules of the fund are fulfilled; and
- iv) that the amount of temporary withdrawal has been posted in the P. F. ledger.

In case of payments of life Insurance Premium listed of subscriptions, it should be seen that the rules (para 1321 -1332 -RI) are correctly observed and that a proper record of such policies is kept by the Accounts Office.

- i) See item IV (24) under Central Audit in M.O.I for extent of check.
- ii) Instructions contained in para 232 Railway Audit Manual and paras 922 to 923 RI (1985 Edition) may be kept in view.
- iii) No temporary advance shall be sanctioned during last 3 months of review as laid down in Railway Board's letter No. F(F), III/85/FF-1/13 dated 07-07-1986.

(para 232 - RAM - 4th Edition)

8.69 Audit of Final Withdrawals (of. para 233 of RAM - 4th Edition) :

In the audit final withdrawals of Provident Fund, the check of the connected ledger account should include a re-check of the transactions for the last two years with those in the deduction sheets/variation memo as far as they may be available without difficulty and of this reveals a substantial discrepancy, a re-check of the whole account as far as possible should be under-taken.

It should be verified that the contribution has been correctly calculated up to the date of termination of service and that interest has been allowed up to the date of tender of payment or up to the end of the sixth month after the month in which the subscriber left the service or died, whichever is earlier, that there is clear certificate to the effect that no amount is outstanding against the person concerned.

Cases of delay in the disposal of claims may be specially brought to the notice of the Accounts Department.

In respect of computerised Provident Fund Accounts, it should be ensured during audit of P. F. settlement cases that the opening balances of the date of computerisation were correctly carried forward from manually maintained ledgers to the computer printed P. F. ledgers.

- i) The extent of check is as prescribed against items Nos. IV 25,26,27 (i) and (ii) under central audit in M.O.I.
- ii) The check of final withdrawals of provident fund assets should be conducted with reference to the instructions contained in para 233 of Railway Audit Manual and the provisions of paras 924 to 940 RI and 945 RI (1985 Edition).

8.70 Payment under Deposit Linked Insurance Schemes :

Under the Deposit Linked Insurance Schemes introduced on the Railway with effect from 08-01-1975, an additional amount, equal to the average of 3 years' balances in the fund of the deceased Railway servant is admissible to the persons eligible to receive the Provident Fund of the deceased subscriber under the relevant rules.

These payments should be checked to the same extent and in the same manner as prescribed for the final withdrawals from Provident Fund. (Para 235 of RAM - 4th Edition)

Reconciliation of the P. F. ledgers with General Books: (para 236 - RAM - 4th Edition)

The reconciliation of the Provident Fund Ledgers with the General Books should be reviewed with a view to see that any discrepancies are set right at once. It is necessary that the review of the reconciliation should include a test check of the totals of check sheets and summaries. A method like that described below and modified to suit local conditions may be adopted for the purpose to ensure that the entire field is covered in a cycle of prescribed period.

When the accounts extend over several ledgers, accounts of subscribers working up to the number prescribed are selected each month from one ledger. These accounts will be checked in full, the totals of the check sheet of that ledger being checked in full, the totals of the check sheet of that ledger being checked in full, the totals traced

into the summary ledger which totals up to the figures from other ledgers also. The grand total of the summary ledger (of opening balance, debits and credits and closing balance) should then be reconciled with the figures in the General Books.

Where the maintenance of Provident Fund Accounts has been computerised and no check sheets are prepared, the reconciliation with General Book figures obtained from Cash and J. E. files should be carried out with reference to the control totals i.e. the total figures for credits and debits printed separately on the computer.

8.72 Revision of Scales of Pay (c.f. para 210 of RAM - 4th Edition) :

Wherever there is a general revision of scales of Pay, the refixation of the initial pay of Gazetted Officers and the non-gazetted staff should be checked to the extent prescribed. This check should be completed within three months in the case of gazetted officers and within six months in the case of non-gazetted staff of the first bill in which the new rates of pay have been drawn. The check may be treated as special work and not as part of the ordinary programme of work for which the orders of the C&AG obtained average of 3 years' balances in the fund of the deceased Railway servant is admissible to the persons eligible to receive the Provident Fund dues of the deceased subscriber under the relevant rules.

These payments should be checked to the same extent and in the same manner as prescribed for the final withdrawals from Provident Fund. (Para 235 of RAM-4th Edition)

CHAPTER - IX CONSTRUCTION AUDIT

9.0 General

The instructions under this section are in addition to those contained in other sections of this chapter dealing with the procedure of audit in Establishment, provident Fund, Expenditure, stores etc. and are especially applicable to all Construction and construction project Audit offices or sections. They are responsible for the audit of all transactions relating to construction projects to the extent as laid down in the Memorandum of Instructions regarding extent of Audit (Railway Audit), procedure office order No. 171 dated 16th August 1955 and other orders in this connection issued from time to time.

9.1 The construction Audit Section of O/O the PDA/E.Rly has a working strength of One Audit Officer, three Assistant Audit Officers, eleven Senior Auditors and one Clerk.

9.1.1 Scope of Audit

Generally, the works of following nature are undertaken by the construction organisation on Eastern Rail-

- (i) Construction of new lines, doubling and surveys.
- (ii) Line capacity works like running lines and side-tracking facilities, crossing station, detaching lines etc.
- (iii) Construction and remodelling of passenger yards.
- (iv) Bridge works.
- (v) deposit works.
- (vi) Other specified works like construction of residential quarters, signal and telecommunication works, electrical works etc.

The Survey & Construction audit sections are responsible for auditing the accounts of (i) Construction of new lines and major projects.

(ii) Civil engineering works (other than track renewals) costing over Rs. 20 lakhs

(iii) Signal and telecommunication work and electrical works costing over 10 lakhs undertaken by the construction organisation.

The following survey & Construction audit section is functioning in this office. The sphere of audit work is shown against each:

(1) Eastern Railway (Construction) Audit Office (Head quarter)	Audit of accounts maintained by FA & CAO (Construction)E.R. including works/surveys for which accounts are maintained by SAO(C) E.R.
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9.1.2 Periodicity of Audit

The following month has been prescribed as the periodicity of audit in these offices except in the case of journal slips and accounts current in which case the periodicity is the third following month.

The extent of audit of various items is the same as prescribed for open line organisation which is given in the programme of audit from time to time.

Instructions obtained in chapters on Establishment and Provident Fund audit section, Expenditure audit section and inspection section apply in the case of Survey & Construction audit section also.

9.1.3 However the following provisions should be borne in mind:

(i) Audit of sanctions for the creation and abolition of gazetted posts, leave accounts and salary bills.

As the establishment work of gazetted staff is centralised in the FA & CAO's office in headquarters office, sanction of the gazetted posts of S&C organisation are audited and accepted in audit at headquarters.

(ii) Audit of salary bills and leave accounts in respect of gazetted staff of S&C organisation is also done by the establishment audit section.

(iii) Audit of salary bills of non-gazetted staff of S & C organisation is done by the concerned S & C audit units, As the PF accounts of the employees of the S & C organisation are maintained by the unit accounts offices of open line to which they belong as soon as the check of salary bills of non-gazetted staff completed the particulars of PF

deductions such as PF account no. and the amount of deduction and month should be advised to the concerned open line auditing units for tracing the position in the PF accounts, It should be noted that check of salary bills cannot be considered as complete unless the advices regarding the PF deductions are sent to the concerned open line auditing units.

9.2 Submission of returns, Appropriation Accounts, Audit Certificates etc. to the Additional Deputy Comptroller and Auditor General of India(Railways): -

All returns, Appropriation Accounts, Audit Certificates etc. relating to construction projects whose accounts are maintained separately and which are not under the accounts control of the Chief Accounts Officer, Eastern railway, should be submitted by all construction project Audit Offices to the Additional Dy. Comptroller and Auditor General of India (Rlys.) direct and not through the central, Books, Appropriation or Expenditure Audit Section at Calcutta.

However, the above provisions will not apply to construction wing of the construction Department which is under the accounts control of CAO/E.RLy.

9.3 Work charged Establishment.

(See para 1121E 1982 edition)

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Works establishment includes such establishment as is employed upon the actual execution, as distinct from the general supervision, of a specific project. The entertainment of work-charged establishment is subject to the following conditions:

1) The pay allowed to holders of work-charged should not, except with the sanction of the competent authority, exceed the rates prescribed for such posts.

2) They should be paid by the day or month, their employment ceasing with the cessation of work. On completion of 180 days of continuous employment, casual labour employed on projects are given consolidated monthly wages at the rate of the scale plus dearness allowance thereon. (Bd's No. E(NG)I/82/LG-S/4 dated 6th June 1983)

Daily rates for such staffs should be based on the rates fixed by the state govt. for the area or local market rates. In absence of information regarding these rates, a rate of pay not exceeding the minimum of the C.P.C. scales for similar categories after being converted into daily rate should be applied.

9.4 Travelling allowance to construction staff.

Travelling allowance rules applicable to the staff on open lines are also applicable to the staff posted in the construction projects.

Casual labours are eligible for travelling allowance under the rule when they are sent out their Head Quarters in the interest of work.

9.5 Construction allowance:

Compensatory (construction survey) allowance to staff employed on construction/survey projects.

The following are the broad principles under lying the grant of compensatory (construction / survey) Allowance:

(a) The allowance is ordinarily sanctioned only for new lines or restoration or survey.

(b) The allowance is not admissible for doubling, except under very special circumstances to be decided by the Railway Board

(c) The cases of projects other than new lines or restoration or surveys is decided by the RIY. Board on merits.

(d) The allowance is not admissible to staff engaged on reemployment terms and to casual labour.

(e) This allowance is not admissible in localities where compensatory and / or house rent allowance have been sanctioned to all railway employees by General Rule.

(f) The question whether a particular project/survey/new line construction qualify for grant of construction/survey allowance or not is decided by the Railway Board.

During audit of the payment of the compensatory allowance and the sanction therefor, it must be seen the above principles have been observed and payment has been made according to the scales laid down.

9.6 Compensation of works staff in construction under W.C. Act.

Payments for compensation are regulated by rules in workmen's compensation Act. It should be particularly borne in mind that payments of compensation to contractor's men although arrange by the Railway are recoverable from the contractors concerned through their bills. Where departmental labour is employed, it must be seen whether accident arose out of, and during, employment and whether the workman was not guilty of disobedience of orders and contributory negligence.

9.7 Contribution for leave salary, pension, gratuity etc.

It should be seen that contribution for the leave salary, pension etc. has been duly calculated in accordance with the rules laid down in paragraph 717-E and debited to construction estimate.

9.8 Incidence of rent realised from staff quarters built as part of important open line works in progress.

The following constructions should be kept in view.

In the case of all quarters which are occupied by open line staff, both the rent realised and the cost of repairs and maintenance should go to the revenue account, but in the case of quarters occupied by construction staff both the rent and cost of repairs and maintenance will go to capital i.e. the account of project in the case of vacant quarters the cost of repairs and maintenance will be borne by the account of the Projects. This ruling will apply only so long as the quarters have not been handed over to open line management.

9.9 Leave rules for work charged establishment and construction staff.

In auditing the leave accounts and leave salary the following construction should be borne in mind: -

- (a) Permanent open line staff deputed to hold temporary posts in construction projects are governed by ordinary leave rules applicable to permanent open line staff.
- (b) Work charged daily rated establishment are not entitled to any leave under the ordinary leave rules with pay. But they are entitled for periodical rest as admissible under the rules. On completion of 180 days of continuous employment casual labour employed on projects are also granted nine holidays (RBS No. E(NG)II/82/LC-5/4 dated 6.6.83).

9.10 Retrenchment compensation to casual labour under Industrial Disputes Act.

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The circumstances under which retrenchment compensation to casual labour on Railways has been prescribed are embodied in Rly. Bd's letter No. E(L)58 AT 8-10 dated 26.12.59. The general rules are as follows :-

- (i) Casual labour employed on Railways. Railway projects and in Railway Factories comes within the preview of the term 'workman' such labour employed on purely on construction works or projects on the Railways would also be included in the terms "Workmen".
- (ii) No notice of retrenchment shall be necessary if the retrenchment is under an agreement which specifies a date for the termination of service. A direct communication to the worker will be necessary wherever he is appointed for specific period.
- (iii) Service rendered more than 6 months with a minimum of 121 working days should entitle a worker compensation for the whole year. If he has rendered more than six months' service but has not put in actual work more than 120 days, he would not be entitled to any compensation for the period served by him over and above completed year(s).
- (iv) The total service rendered by a casual labour under different subordinates working under a District officer-in-charge or a Divisional personal officer should be counted for the purpose of giving retrenchment benefits.
- (v) A worker who is employed directly on a Railway as a casual labour for more than 240 days in the preceding twelve calendar months on a construction work of a project from which there has been re-employment is entitled to be paid compensation in respect of retrenchment at the prescribed rates for every completed year of service or any part thereof more than six months.
- (vi) A worker who is employed by the railway Administration as casual labour for more than 240 days in the preceding twelve calendar months on other than a construction work or project was entitled to be paid necessary compensation for retrenchment for every completed year of service or any part thereof in excess of six months if he fulfils other conditions laid down in the Act.
- (vii) Retrenchment compensation due to a worker under the Industrial Disputes Act should be paid before the expiry of the second working day from the day on which his employment is terminated.
- (viii) The Railway Administration should give one month's notice in writing to casual labour as required under Section 25-F(a) of the Industrial Disputes Act. and thus, avoid payment of wages in lieu of notice.
- (ix) The Railway Administration should take suitable steps so as to ensure that the records of service of each individual casual workers are maintained properly and transferred to the Inspector under whom the worker works from time to time in order to comply with the statutory requirements referred to at para 1(iv). Railway Board vide their letters No. E(LL)/72AT/ID/1-2 dated 5th March, 1973, E(LWA) 66AT/ID/1-7 dated 13.6.1968, E(LL)80 AT/ID/1-31 dated 31.8.1982 have further clarified the procedure to be adopted for computing the minimum length of service which will entitle a workman to retrenchment, where retrenchment compensation is due in terms of the provisions of section 25F(b) of the Industrial Disputes Act. It should be seen in audit:
 - i) That there has been no delay on the part of the Railway Administration to issue notices in such cases of retrenchment to avoid payment of wages in lieu of notice.
 - ii) That there is no case where due to non-compliance with retrenchment provisions of the Industrial Disputes Act in effecting retrenchment, the retrenched person had to be reinstated later and thereby the Admn. had to incur avoidable expenditure on payment of back wages for the period from the date of retrenchment till the date of reinstatement of the worker concerned and other expenses on unnecessary litigation etc.

9.11 Debit for stores issued to construction project.

Stores required for construction projects are often obtained from open line stores Depots. All such transactions are treated as issue to sales and incidental charge of 2 percent is added to the value of the stores (exclusive of 5 percent freight) for the purpose of raising debits against construction projects.

9.12 Bill For well sinking.

In checking the contractor's Bill for well sinking it is not enough to compare the quantities charged in the bill with the Measurement in the Book (M.B.) as the M.Bs. show the bed level (or the ground/ water level in case of ground wells) from which sinking is to be paid for and the level reached by the cutting edge. The entries in the M.B. should be further checked with the entries in the logbook maintained for the wells. It should be seen that the bed level (or the ground/water level in case of ground wells) was entered in the log. book under the signature of a responsible officer of the Rly. I and accepted by the contractors. It should also be ensured that the level of the cutting edge as entered in the M. B. has been correctly worked out from the level of the gauge height of the well. This check should be exercised either during central audit or local inspection whenever the original records viz. the M. B. and logbook are available.

9.13 Bills for earth work.

On new constructions large quantities of earth work in embankments are involved, measurements for which are taken based on sections. In such cases the entries the measurement books show the areas of Cross section at different chainages, the length of the embankment between two consecutive cross section and the quantity for each length. It is, therefore, not enough to check the bills for earth work with the entries in the M.B. and the latter should be checked with reference to the original records regarding initial and final levels and sectional diagrams. It is to be seen that initial and final levels have been correctly plotted the sectional diagrams and the area of each section has been correctly worked out the initial levels.

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noted for the purpose of measurement of earth work should also be compared with the levels shown at the corresponding changes in Index Plan available in Drawing office and if any wide variation is noticed it should be taken up.

b) Entries for lead in the measurement book should be checked with reference to the borrow pit plans.

9.14 Audit of contractor's bills

Besides 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 pertaining to well sinking and earthwork.

i. Bills for sinking wells.

In addition to the check of the quantities in the bill with the entries in the measurement book, it will be useful to check the measurement book entries themselves with the entries in the logbook or field book or otherwise named as 'technical/site register' maintained for such works. It should be seen that the recording of the bed level for the groundwater level in the case of ground wells has been done by a responsible official and signed by the AEN 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 engineering office which would show the level reached by the cutting edge and the bed level.

ii. Bills for earth works:

- a.** In the case of works involving large quantities of earthwork 'Key plan' and the 'Project Sheets', If any should be consulted to have a general idea of the idea of the work entrusted to the contractors.
- b.** Earthwork will ordinarily be paid based on measurement 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 taken of the acceptance. It should be seen in audit that this requirement has been complied with.
- c.** In the case of earthwork based on cross section measurements of their bank or the cutting, the entries in the measurement's books would show the area of the cross section on different suitable chainages, the length of the bank/cutting. In addition to checking the bills with the measurement book which has necessarily to be done the entries in the measurement book themselves should be checked with reference to the level book/the bank cutting recorded in the level book by the AEN. The areas of the cross section recorded in the level book should also be test checked.
- d.** Where the bank is made up partly from cutting spoils and partly from the borrow pits, the chainages of the bank to be formed in each type is pre-determined by the engineer's representative. In such cases it should be seen that the cutting soils have been used to the best advantage of the railway.
- e.** In the case of bank formed from cutting soils, lead is reckoned from the centre of gravity of the cutting marks to the centre of gravity of the embankment marks by using a mass diagram. In respect of bank formed from borrow pits, the lead is determined with reference to the borrow pit plans. The entries for lead shown in the measurement books should be checked with reference to these records.(C & AG's letter No. 1803-RAI/7-15/6 dt. 1.6.1962)
- f.** Classification and reclassification of soils During the inspection of engineering office, the Asstt. Audit Officer/Section officer and Branch officer in charge should specifically watch for cases where reclassifications have been ordered either by the officers who originally gave classification or by higher officers. Such cases, with all the facts and figures that could be collected for further examination, should be reported the Director of Audit.
Soil classification registers maintained in the engineering offices should be reviewed by the inspection officers for this purpose.

9.15 Check of 'On account' bills

'On account' bills should be checked monthly due to the time lag between final bill and the preceding on account bills and the practice of making several adjustments in final bills in respect of payment and supplies made through running 'On account' bills. The percentage provided in M.O.I. (Railways) should be applied for check of 'on account bills checked as separate item need not be rechecked at the time of audit of final bills.

9.16 Employment of project casual labour

Labour engaged on projects, irrespective of duration, except those transferred from other temporary or permanent employments are termed as 'casual labour'. Follow-Following aspects should be kept in view in the audit of expenditure on casual labour:

- i) The project should be taken as on involving construction of new lines, major bridges, widening of tunnels etc. Only the concerned GM/HOD in consultation with FA & CAO is competent to decide whether a particular work is a project (Para 2501 I.R.E.M.).
- ii) Project labours are generally governed by the Minimum wages Act, and they are to be remunerated at rates fixed under the said Act.
- iii) Casual labours employed on projects who have put in 180 days continuous service on the same type of work are to be treated as monthly rated on the minimum scale of pay plus dearness allowance thereon.
- iv) The conditions of service of project casual labour have been liberalised with effect from 1.1.81. They have been allowed to attain temporary status after 360 days of continuous service. On acquiring temporary status casual labours on projects are entitled to get benefits as admissible to temporary employees. (Railway Board's Letter No. E(NG)ii/84/CL/4L dt. 11.9.86)
- v) As far as possible casual labour required to be recruited on projects should be taken from amongst those.

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casual labours who have worked on open line/projects in preference to outsiders. However, intake of fresh faces as casual labour is permissible only after obtaining the approval of General Manager.

Vi) Generally, project casual labours are required to be appointed against Group 'D' posts that may be required for operation and maintenance of newly created assets.

vii) registers showing particulars of appointment and service cards are required to be maintained as to facilitate the fixation of seniority and absorption against regular vacancies.

9.17 Inspection of construction offices.

i) General instructions contained in the chapter on Inspection should be borne in mind during the local Inspection of construction offices also.

The inspection of construction office is conducted annually and the percentage of gazetted supervision is 75 to 100%.

ii) Inspection of sub-offices:

The number of sub-offices to be inspected under each construction office will be the same as in the case of open line.

9.18 Review of Major works.

See Para No. 60 of M.O.I. The instructions given therein should be borne in mind.

The time allowed for review of major works is five days.

As per extant instructions one or two completed major works are also to be selected for review each year. In most of the cases, preparation of completion report pending for a long time after completion work owing to delay in adjustment of stores debits, non-payment of contractors bills due to arbitration etc. and hence works cannot be treated as completed in all respects. The review need not be show in arrears, but the pending items noticed should be noted and reviewed at the time of next inspection in alternate year.

(C & AG's No. 156-RA III/257/8-11/81 dt. 23.5.1984).

9.19 Works Registers

As materials purchased for construction project do not pass through 'stores' suspense account but are directly charged to the works, the responsibility for ensuring re-credit of materials against all payments and vice versa rests with the executive engineers. It should, therefore, be seen during the review of works registers that the columns 'Advance payment for supply of materials' and 'value of materials received in advance of payment to contractor' are properly maintained in the works registers and the balance under these columns, are regularly reconciled with those in the subsidiary registers maintained for the respective suspense's heads. (ADAI's Ends No. 1803/RAI/7-15/61 dt. 1.6.1962)

9.20 Review of tenders

All tenders invited for construction of new lines, major projects and other civil engineering works finalised in the CE(S&C)'s office, pertaining to any work undertaken by construction department on Metro Railway are reviewed by the Audit officer(S & C). For this purpose advice about acceptance of tenders in various construction units is received quarterly from the CE(S&C)'s office. The results of the review of the tender for works pertaining to audit offices other than S&S audit office are intimated to the concerned unit Audit officers for action of any required to be taken at their level. As regards the tenders accepted at other executive officer, the audit officers in charge of survey & Construction units should review these tenders based on quarterly advice of accepted tenders received for the executive offices under their control. Similar procedure is applicable in case of review of the tenders finalised by the CSTE(C), and the C.E.E. (C) as also tender accepted at unit level by the signal and Telecommunication and electrical construction departments.

EXPENDITURE AUDIT

10.1 General

10.1.1 Scope of Audit

The audit of work on the Railways is conducted as per instructions contained in paragraphs 2.2.1 to 2.2.46 & 4.1.17 to 4.1.25 of M.S.O. (Audit) (First Edition, 1991 and Chapter XVI of Railway Audit Manual.

10.1.2 Duties and responsibilities

The expenditure Audit Section of Head Quarters and Divisions/Branch Audit offices deal with the test audit of the expenditure on works and working expenses of the Railway not covered by Establishment workshop, catering and stored Audit Sections etc.

This section is also responsible for the check of staff Benefit Fund Accounts, Holiday Home proforma Accounts, and consolidated statement of unsanctioned Expenditure-Annexure 'A' to Appropriation

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Accounts for the Eastern Railway as a whole.

The Expenditure audit section at Head Quarter is also responsible for exercising necessary checks on the record maintained in the headquarters accounts office in connection with the investment of Railway in the Road Transport Corporations, Railway consumer cooperative societies etc.

10.1.3 Audit Items

The works audit generally comprises of audit of (i) Sanctions (ii) Estimates (iii) Completion Reports (iv) Tenders and Contracts (v) contractors' Bills (vi) Contractors Ledgers (vii) Measurement Books (viii) suppliers Bills for supplies of materials (ix) Labour pay sheets (x) Journal Vouchers (xi) Works Registers (xii) Suspense Registers (xiii) Land Registers etc. Other important item of audit dealt with under 'Expenditure Audit are audit of (i) Law charges (ii) Accounts of private and assisted sidings (iii) Bills for rent of telegraph wires (iv) payments to local bodies etc.

10.1.4 Reviews

The expenditure audit also includes certain reviews such as (i) review of tests to judge productivity of capital expenditure (Authority CAG's letter No. 783-102-RA 107-2.74 dated 18.6.1975), (ii) Review of performance of execution of works (iii) Review of tenders (iv) Review of works registers (v) Review of accounts of residential buildings (vi) Review of court judgements relating to cases decided against Railways (vii) Arbitration awards etc.

10.2 Audit of estimates (see also paras 243-145 RAM 4th edition) Chapter VII-E.

(a) Extent of check-See item No. li under central audit in the appendix to Memorandum of instructions regarding the extent of Audit (Rly. Audit). (b) Separate check of estimates has at present been suspended with no separate check is necessary but while auditing contract, estimated should be reviewed to see that all the contracts are in conformity with the estimates and how the estimated have been framed keeping in view the various specifications etc. However, the audit of estimated should be done at the time of audit of contracts, contractors' bills, completion reports and review of major works etc. to see that all the contracts are in conformity with the estimates and how the estimates have been framed keeping in view the various specifications, drawings etc. A record of the estimates so checked should be kept in the voucher selection Register. The percentage of audit will be same as applicable to the audit of contracts; only a general review of the estimates need be made with particular reference to contracts and the quantities against various items of works mentioned in the estimates need not be checked. The quantities shown in the estimates may, whenever considered necessary, be compared with those shown in the contracts. Linking of estimates with contracts should be confined to works contracts only.

While there is likely to be some time-lag between such review of the estimates correlated, with contracts and the sanction to estimates, the following points may also be investigated in the initial stage itself in course of audit of sanctions to estimated, review of annual works programme, review of major works etc.

- i. The priority of justification for the expenditure it is proposed to incur (this includes check of financial return/assumption for calculation of return etc. of the Project).
- ii. The incidence and classification of charges.
- iii. Competency of sanction.
- iv. The existence of budget provision to meet the expenditure during the year; and
- v. Freedom from errors and omissions.

It should be seen that the estimate contains provision for another that is not legitimately chargeable to Rly. funds or a charge of an unusual nature requiring special sanction. An item of expenditure which prima-facie is wasteful or unremunerative or on which expenditure already incurred elsewhere seem likely to prove unfruitful, or of which the result is still awaited should ordinarily be the subject of comment. In the case of estimated for new constructions, where this factor if relevant, any proposed or accepted guarantee should be examined and tested in

the light of known or likely circumstances. The instructions given in para 520 of M.S.O. (T), Vol. I should be borne in mind. Estimates chargeable partly to main lines and partly to worked lines (i.e. lines constructed for local bodies, state Govt. etc. but worked by main line system) and those relating to deposit works and joint stations with other than Indian Rlys. should receive particular attention.

10.3. Audit of Sanctions

See item No. 1 under Central Audit in MOI, Paras 6, 7, 128 and 129 RAM, 804 to 809-AI Para 2.2.25 to 2.2.37 of MSO Audit (first Edition 1991).

All sanctions selected of audit should be accepted under the orders of the Branch Officer on the original sanctions themselves. The nothing, if any leading to their acceptance can, however, be made on separate nothing sheets. Other sanctions not selected for audit should be filed under the orders of the Section Officer/Assistant Audit Officer which should be recorded on the sanctions themselves. In accordance with the provisions of Para 808 A.I. sanctions of permanent nature and sanctions with a long period currency ate required to be reviewed by the accounts department periodically. It should be seen during annual review of working of accounts office that the necessary review is conducted.

Sanctions pertaining to more than one unit office or sanction issued by the authorities at headquarter of the

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Railway, should be audited by the concerned auditing section in the headquarters office and copies thereof should be supplied to the unit office or sections concerned at our station for necessary action together with an advice of audit. All the correspondence connected with such sanctions should be addressed to the concerned auditing section in the headquarters office.

It should be seen that all sanctions to the waving of overpayments and write off losses are posted in the register of recoveries foregone (Para 846-AI) and the register of losses maintained by the account department (Para 846-AI).

10.4 Audit of completion Rapports

For extent of check see item No. III under Central Audit in the Appendix to M.O.I., Para 276 of Ram-4th/Edition and Chapter XVII-E.

Particulars of completion reports should either be obtained from the register of sanctioned completion reports maintained by the accounts office or completion reports guard files. While checking the completion reports, the reviewed simultaneously. Completion reports for works or schemes or an experimental research nature should be checked cent percent irrespective of the value of works.

10.4.1 Though review of execution or contracts is a separate item of audit, yet the review of contracts at the completion report stage is also to be done.

10.4.2 It should be seen that wherever write back to capital and/or Development Fund is provided, the same has been carried out. Large excesses or savings should be scrutinised carefully with a view to see that they are not due to inadequate provision in estimate, lack of planning, material modification etc. It should also be seen that excesses whenever occurred were noted in Accounts of Register and the **same regularised by revised estimates if that was necessary (para 1136-E).**

10.4.3 In the case of deposit works it may be seen whether expenditure has been charged regularly (Para 1848-E) and was carried by the deposit in case of private parties. Interest charges as due under the rules were levied for the period of construction (Para 1854-E). In case of construction of siding and such other work where the expenditure is partly borne by railway and partly by the outside or government department. It should be seen that all adjustments required under the rule have been carried out before the completion report is sanctioned.

10.4.4 Inordinate delays in submission of completion reports or in efficiency machinery in chasing them from the date they become dues should be taken up with accounts office.

10.4.5 The checks prescribed in para 276 of the Railway Audit Manual (Fourth edition) be applied to the audit of completion reports. The provisions contained in chapter XVII of the Indian Railway Engineering Code (1982 edition) should also be kept in view during the audit of completion reports.

10.4.6 Percentage check of completion reports has been revised as follows vide P.C.O. No. 331 dated 27.3.85.

(i) Upto Rs. 10 lakhs	5% monthly.
(ii) Rs. 10 lakhs to 20 lakhs	25% monthly.
iii) Rs. 20 lakhs to 50 lakhs	50% Monthly.
iv) Over Rs. 50	100% monthly

10.5 Audit of Vouchers

See para 3.1.5 of MSO (Audit) first Edition 1991, para 261 of RAM and item IV under Central Audit.

10.5.1 The vouchers/bills other than contractors' bills dealt with under Expenditure Audit are pay orders for refund of deposits etc., venders' bills for supply of materials for work, repairs and maintenance such as supply of bricks,

ballast, tiles etc., bills for payments to municipalities and other local bodies, bills for rent on telegraphic wired, bills for services rendered by other government departments etc.

- 10.5.2** In auditing miscellaneous bills and pay orders it should be seen that proper sanction to the payments, supply orders or any other authority, as the case may be, exists and that payments made are recorded on them or in the register of bill payable where such sanctions may be recorded in order to safeguard against double claims being admitted in accounts. Where payment have been made provisionally pending receipt of proper sanction it should be seen that they are included in objectionable items register.
- 10.5.3** In case of bills for services like water supply, electricity supply, telephone, hire of buildings etc. agreements should be referred to in order to see that the payments are covered by the relevant provisions therein. Expenditure pertaining to services rendered in one year but booked in the accounts of a subsequent year should be examined with a view to find out the causes of delayed accountable and possible inclusion in Annexure 'J' statement of misclassification and important mistakes in the accounts of the year.

10.6 Audit of contractors Final, Petty and on account bills

See item No. 15 and 15A under IV Central Audit in the MOI instructions in Para 40 of Chapter III of MOI and paras 1335 to 1342E and 1355E.

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- 10.6.1** The check of contractor's bills is not complete without checking the quantities of work paid for with those entered in measurement books, which are the initial records from which bills are prepared on the basis of the quantities of works measured by the authorised Engineering Staff recorded therein. The check of the contractors' bills with the measurement books is usually conducted during local inspections.
- 10.6.2** On completion of works, 'completion drawing' are prepared to show the work as actually executed in these completion drawings or in the Register of classification are recorded the nature of the soils met with in carrying out the works below ground level. (Para 281 of way and works manual). A reference to these compaction drawings at the time of check of final bills would be helpful to verify the correctness of the payments made for excavation works at different rates according to the nature of soil.
- 10.6.3** The following further checks should be exercised in addition to those detailed out in paragraphs 264 of RAM.
- (i) The correctness of recoveries toward hires charges for tools and plant, water and cess charges should be verifying with reference to the rates fixed by the railway administration for that purpose examining interilic, the adequacy of the rated so fixed.
 - (ii) The admissibility of sales tax in respect of works contracts should be examined with reference to the instructions issued by the Railway Board and the Ministry of Law in that respect.
 - (iii) When on-account payments have been made on the basis of approximately estimated quantities, it should be seen that the responsible officer has certified that not less than the quantity of work paid for has actually been executed (Para 2925 of Way and Works manual).
 - (iv) In case of bills for works for which estimated are required to be sanctioned but have not been sanctioned, or the estimated costs as per sanctioned estimates of which the cost has been exceeded, it should be seen that in the former case the works have been commenced on the strength of the urgency certificated sanctioned by the competent authorities in terms of paragraphs 1103 to 1107-E and in the latter case, necessary steps to restrict further expenditure and to prepare perished estimated as laid down in paragraphs 1136-E have been taken.
 - (v) in should be seen that the quantity of materials such as cement, steel paint supplied by the Railway to the contractor is commensurate with the quantity of works executed. For that purpose, the scales given in the Railway works Handbook (Part III) May be referred to A reference to the technical check note file along with the office copy of the bill in the DEN's Office may also be helpful. AS regards other materials supplied to the contractor which are to be arranged by the contractors in accordance with the terms of the contract, it should be soon that the quantity is generally commensurate with the quantity of work to be executed and also the rates charges to his are in accordance with extent (para 1269 E)
 - (vi) (a) In checking the payments for earthwork the procedure of measurement of earthwork, lead and lift explained in chapter I of the Schedule of Rates Part I issued by the engineering department of the Railway should be carefully studied to see that the measurements have been taken as per extent orders (para 1869-E). Level books, wherever available, may be checked for payment of earthwork on the basis of the measurement of initial and final levels by cross section and longitudinal section. In cases where payments for earthwork have been made by measurements of borrow pits, the entries for lead in the measurement books may be checked with reference to the borrow pit plans. These checks may either advantage be exercised during the central audit or during local inspection of the engineering offices depending on the availability of initial records,
 - (vii) In checking the payments for well sinking, the entries regarding bed levels (or the ground/water levels in case of ground wells) and the levels reached by the cutting edge in the measurement books may be further checked with the entries in the history of wells or level books maintained for the wells.
- It may also be seen that the bed levels (or the ground/ water levels in case of ground wells) have been entered in these initial records under the signature of responsible officers of the railway and have been accepted by the contractors and that the levels of the cutting edge as entered in the MB have been correctly worked out from the levels of the gauge height of the wells.

- 10.6.4** In respect of contracts over Rs. 1 lakh when the final bills are selected for audit, the relevant file relating to the contracts should also be reviewed to see how the contracts have been implemented. The comptroller and Auditor General of India has also prescribed an additional check of running or on account is bills in respect of big contract works in progress costing over Rs. 50 lakhs mainly to ensure that these works come under regular audit check which will supplement the check during inspection. Two on account bills in respect of each of the big contract works in progress costing over Rs. 50 Lakhs need to check during the year and this item of check may be treated as monthly. When two bills or particular contract have been audited, no further bills for that contract need be audited for the remaining part of the year. While making selections bills from all the contracts may not be selected in one month alone but selections can be spread over. This check is 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. (CAG's Letter No. 1862-177-RAI/8-10/71 dated 26.5.72)

10.7 Review of the accounts of Major Works

Extent of check is prescribed vide para 60 Chapter VI and item VII Central Audit-Mol .

- 10.7.1** In addition to the central audit conducted at the headquarters of the audit offices relating to the accounts of work such as contractors' bills, labour pay sheet contractors' ledgers, journal vouchers and review of works, registers etc. It is necessary to review the accounts of major, tract renewal works costing Rs. one crore and above and other

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works costing over Rs.50 lakhs completely during the progress of the works and after their completing.

All such works may be inspected every alternative year the first Inspection being taking up when the expenditure actually incurred exceeds Rs.5 lakhs or 10 percent of the estimated cost whichever is higher.

In order to ensure that the review of major works is undertaken as prescribed, the expenditure audit section in headquarters office and other unit offices responsible for audit of works accounts should maintain a register having the following columns.

- (i) Serial number
- (ii) Particular of work
- (iii) Estimated cost of the work.
- (iv) Month of commencement of outlay.
- (v) Date of first Inspection.
- (vi) Date of second inspection and so on
- (vii) Remarks.

In the month of June every year, works programme and work registers should have reviewed and necessary entries in respect of works required to be reviewed should be made in the register. Simultaneously, a skeleton programme of works required to be reviewed during a particular year should be prepared and submitted to the Principal Directors of Audit for approval.

However, before undertaking review of a particular works Registers should be reviewed to ascertain whether the work is due for review on the consideration of the actual expenditure incurred having been reached up to the limit prescribed for taking up the review. When a work has been completed requiring no further review as 'work in progress', the same should be transferred to the Register of completed works mentioned below. The works physically completed for which completion report has not been drawn will be due for review in alternate years only if there is substantial booking of expenditure subsequent to last review by audit, say 5 lakhs or 10% of the estimated cost, whichever is higher.

(C&AG's letter No. 156-RA III/257/8-11/81 dated 23.5.84).

- 10.7.3** A separate register may be maintained for recording particulars of completed works by sections maintaining register mentioned in the preceding paragraphs. This register should be submitted to the Principal Director of Audit in the month of December every year for selection of works for review.

The register should have the following columns :

- (i) Serial
- (ii) Particular of work
- (iii) Estimated cost of work
- (iv) Booked outlay.
- (v) Date of first inspection
- (vi) Date of second inspection
- (vii) Date of third inspection and so on
- (viii) Month in which last outlay was booked.
- (ix) Remarks showing year during which work was selected for review and the date of review.

The review of completed major works should be taken up as soon as the work is physically completed and no accounting transactions take place for a consecutive period of 3 months.

- 10.7.4** The review of the accounts of major work is a complete analysis and examinations since the commencement of the work, While the accounts of the work for any one selected month are subjected to detailed check all cash vouchers and journal vouchers etc. accounted for since last review should be generally reviewed with reference to measurement books, muster rolls, tally books, work orders, engine hire bills, ballast train etc.

- 10.7.5** The review of the accounts of a major work should begin with a study of the scheme as a whole from its inception. The preliminary study should be made with reference to the (i) particulars of the work given in the Works Programme (ii) the estimate of the work (iii) the departmental files available at Headquarters relating to the work. The special directions given for the execution of the work, the special rates sanctioned, if any, the targets fixed for completion of the various phases of the work, changes in specifications, if any, special steps taken for acquisition of land and materials, the invitation and acceptance of tenders to the best financial advantage of the railway circumstances in which lowest tenders were passed over in favour of higher tenders etc. should be studied and noted.
- 10.7.6** The progress reports of execution of the work should be seen with a view to appreciate that the execution has proceeded according to the schedules of programme ordered by the Railway Board, General Manager or the C.E. as the case may be and the contractual obligation in that respect have been fulfilled by the contractors. The physical progress should be correlated with the financial progress to see that there has been no wastage of labour or that the materials have not been acquired too early before their utilisation and consequently there is no blocking up of funds.
- 10.7.7** All objections taken up in audit relating to the work in the course of monthly audit should be collected and gone through to see whether any special investigation is necessary with reference to the initial records in the course of review.
- 10.7.8** The accounts of the works maintained in the works register should be examined to see that they have been efficiently maintained and the expenditure shown in the works register has been reconciled with that recorded in

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- the general books according to the rules on the subject.
- 10.7.9** After the initial study of work as outlined above, it should be possible to decide important aspects to be seen in the course of the review. A visit may, if found necessary, be made to the engineering sub-offices where the initial records are kept. In the sub-offices the check of adjustment memo with reference to the initial records should be conducted to see that:
- (i) All material transfer orders have been correctly prepared
 - (ii) the receipts of stores are accounted for in the tally books.
 - (iii) the adjustment of stores charges is supported by the issue of stores shown in the tally books.,
 - (iv) adjustments of charges on account of transfer of materials, are supported by MTO's and acceptances by the parties concerned.
 - (v) the materials given to the contractors are acknowledged by them.
 - (vi) any other adjustment of charges on account of earlier erroneous adjustments have been adequately particularised to render verification possible.
 - (vii) where there are any cases of payment of heavy demurrage charges.
 - (viii) non-acceptance and receipt of credits for released materials returned to stores or too other or to other departments.
- In the case of major track renewal works, the following points should receive special attention:
- (i) That the track renewal work is undertaken only after ascertaining the age and condition of the track with special reference to the weight of the rails used previously and whether AEN/XFN concerned have recommended the renewal after personal inspection.
 - (ii) Infructuous expenditure on procurement and transportation of surplus materials.
 - (iii) Condition of sleepers.
 - (iv) Execution of track welding contracts.
 - (v) Utilisation of casual labour and comparison of expenditure on labour with similar other works.
 - (vi) Disposal of all surplus materials and realisation of credit for released materials. (vii) Operation of work charged posts.
- 10.7.10** A comparison of the indents with the materials schedules and of the receipts with the indented materials may be made to see that no materials which are not ordinarily required for the work have been acquired and that the indenting and acquisition of materials is within the requirement shown in the materials schedules. The balances shown in the materials at site accounts may also be checked with the balances as per tally books.
- 10.7.11** After scrutiny of the initial records in the Engineering Sub-offices is completed, a final stock taking of the various aspects seen in the course of review of the accounts of the major work should be done. A comprehensive note should invariably be submitted by all the units bringing out all the important aspects of the work. The important results of review should also include in the comprehensive note.
- 10.8 Scrutiny of tenders and contracts :**
- 10.8.1** Refer Chapter XII-E, VI-FI, IV-S
Paras 3.7.1 to 3.7.8. of MSO (Audit) (Last Edition 1991) Para 27 and item XV under Central Audit of Mol and para 259 and 260 of RAM.
For extent of audit see item XV(a) of Central Audit under Appendix to M.O.I. (Rly. Audit) as modified from time to time (Vide P.O.O. No. 331 dt. 27.3.85. Tenders and contract shall be audited by officials as shown below :

Item To be audited by

- a) Tenders and contracts of up to Rs. 10 lakhs each S.O. (A)/AAO
- b) Tenders and contracts above Rs. 10 lakhs and up to 50 lakhs A.O./Sr. A.O.

c) 50 lakhs & above Dy. PDA

- 10.8.2** In scrutinising the tenders it should be seen whether the lowest tender has been accepted, and if not whether reasons for accepting other than the lowest tender have been recorded. Orders of the Branch Officer should be obtained as to whether the reasons for accepting other than the lowest tender may be admitted in audit. In all doubtful and important cases, orders of the Director of Audit should be obtained before taking up such cases either with the Accounts or the Executive.
- 10.8.3** It should be seen that the terms of the accepted tender and the rates shown therein have been correctly incorporated in the connected agreements, contracts or work order and that the accepted rates are in no case increased or an ex-gratia payment made save in exceptional cases with the sanction of the competent authority. It should be remembered that such payments render the object or tender system nugatory. The occasion on which they are granted and the reasons thereof should, therefore, be watched zealously.
- 10.8.4** All correspondence in connection with tenders and contracts should be treated as confidential in view of the confidential nature of the remarks should primarily form the subject of personal discussion between the reviewing officer and the officer accepting the tender or contract and correspondence, if necessary, should be always marked confidential. Draft paragraph, if any, on this subject, should be prepared personally by the Audit officer and fully discussed with the officer of the Executive or Administrative Department and his agreement obtained in writing so that latter on it may not be necessary to modify or drop the paragraph.

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- 10.8.5** with a view to see that the examination of contracts entered into by the Railways! Board is not overlooked in audit, the ADAI (Rlys.) has ordered that the various Audit officers who scrutinise the contracts entered into behalf of Railway Administration should-
- (i) bring to his notice doubtful points or unusual features noticed during such scrutiny
 - (ii) Furnish particulars or contracts, if any, negotiated and entered into by the Rly. Board so that the scrutiny may be arranged by his office.
- 10.8.6** All auditing sections should have sent the required information to the Expenditure Section every quarter not later than 1st February 1st May 1st August and 1st November. Expenditure section will consolidate the same and send a report to the additional Deputy Comptroller and Auditor General of India (Rlys.) only when there is any case. A 'nil' report need not be sent.
- 10.8.7 Selection of tenders to be reviewed.**
The review of tenders should be carried out in April, July, October and January for the quarters ending March, June, September and December. The selection is taken from the lists received from the executive officers duly reconciled with the tender register maintained in the account's office. The arrears, if any, due to non-availability of tender documents or non-completion of the review within the stipulated period should be reflected in the monthly progress report under the column original Audit by B.O./AAO/SO, as the case may be.
- 10.8.8** The instructions regarding formation of Tender committee for scrutiny and recommendations of acceptance of tender as are contained Conditions of Contracts issued by Railway Administration, para 614 to 619-FI and para 1255-E (Revised Edition O-1982), 2910 of Railway Board Way & Works Manual and Railway Board's letter No.72/1/CT/12 dated 11.3.81.
- 10.8.9** The procedure to be followed by the Railway Administration when only one tender is received in response to a call for limited or open tenders is indicated in Note under para 'Consideration of Tenders' in the booklet 'Confidential supplement of General Conditions of Contract.' When the lowest tender so considered un-reasonably high, negotiations for a lower rate are carried out. In this connection instructions issued by the Railway Board vide their letter No. 67/WI/CT/32 dt. 25.5.68 may also be referred to.
- 10.8.10** Any unusual features, whenever coming to the notice of audit in the course of scrutiny of contracts entered into by the Railway Board on behalf of the Railway Administration should be reported to the ECPA section. All cases in which the recommendations of the Tender Committees, have not been accepted should be critically examined. Cases of rejection of lowest should be critically examined and doubtful cases reported to the Principal Director of Audit for orders.
- 10.8.11** Review of Arbitration Cases/Court Judgements. All arbitration award and court judgements involving contracts should be reviewed. This review should be completed in the month following the month in which sanction for the awards/judgements is given.
- 10.8.12** The review of contracts and tenders should be conducted in accordance with the following arrangements:

Particulars of Contracts

1. Contracts for open line whether entered in to by
2. Contracts entered into by the CME
3. Contracts entered into by the CME pertaining to P. Us.
4. Contract entered into by the Contoller of stores

Whom to be received.

- Officers concerned with the the Audit of accounts of such works
- Audit officer
- Audit Officer
- Audit Officer

5. Contracts entered into by the CCM for Catering and Vending.	Concerned Audit Officer
6. Contracts for winding and repairing railway clocks at stations and Offices in respect of which tenders were accepted by CCs	Concerned Audit Officer
7. Contracts for cartage of luggage's parcels and goods from Railways Station to consigner's addresses and vice versa in respect of which tenders are accepted by CCM.	Audit Officer (TA)
8. Contracts for cartage of luggage etc. from city booking offices to stations tenders and vice versa in respect of which tenders are accepted by CCM.	Audit Officer (TA)
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9. Contracts for printing Timetable	Audit Officer (S)
10. Contracts for handling of Seaborne Coal received in Calcutta Port	Audit Officer (S)
11. Catering Contracts	
(i) For opening refreshment Rooms in respect of which agreements are entered into by CCM.	Officer in charge of Catering Audit.
(ii) Dining cars and Refreshment Cars in respect of which agreements are entered into by CCM.	Officer in charge of Catering Audit.
(iii) Tea stalls and Tea tables in respect of which agreements are entered into by SRMS.	Concerned Divisional Audit Officers.
(iv) Sale of ice and Aerated Waters in respect of which agreements are entered into by DRMS.	Concerned Divisional Audit Officers.
12. Out-Agency and City Booking Office Contracts in respect of which tenders are accepted by CCM.	Audit Officer (TA)
13. Contracts for loading, uploading and transhipment of parcels luggage (handling contracts) in respect of which tenders are accepted by CCM.	Audit Officer (TA)
14. Flag stations agreements with local agents.	Audit Officer (TA)
15. Agreements for Cycle Stands	Concerned Divisional Audit Officer
16. Agreements with Tourist Agencies entered into by CCM.	Audit Officer (TA)
17. Contracts for weighing machines and weigh bridges in respect of which tender are accepted by CMM.	(i) Concerned Divisional Audit Officer (ii) Audit Officer(s) CCG for machines in use in Stored Dept.
18. Contracts for Petromax lamps in respect of which tenders are accepted by CCM.	Concerned Divisional Audit Officer
19. Departmental catering Contracts, for purchase of commodities such as vegetables, dairy products, pulses, cooking oils, grains, non-vegetarian article	(i) Concerned Divisional Audit Officers (ii) Officer in charge of Catering Section.

- 10.8.13** It has been decided that common tenders invited by the Heads of Departments pertaining to works on more than one Division should be reviewed by Audit Officer (X) Headquarters Centrally on behalf of the Divisional Audit Officers concerned. On completion of the review, an audit advice should be sent to the Divisions/units concerned by the Expenditure Audit Section, Headquarter Copied of the minutes of the tender committee and letters of acceptance issued to the contractors will not be sent unless in a particular case they are so required by the Division/Unit. The Audit Officer(X) Headquarters should review the Tender Registers maintained by the Heads of Department quarterly and undertake the review of such of them as are common in nature.
- 10.8.14** Tenders pertaining to the Division/Units finalised at the Headquarters Office of the Railway will be reviewed by the Audit Officers(X). The following procedure shall be followed in this regard:
- (i) The Division. Unit officer should invariably send a list of tenders to be reviewed by Expenditure Section Headquarters by 10th of the month following the quarter to which they, pertain viz. January/ April/July/October.
 - (ii) The list referred to in should contain the named of contracts and the rates mentioned in the original accepted tender (available at the Division/ Unit Office).
 - (iii) report (in respect of tenders for the preceding quarter) to the effect that 'Other Checks' for

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conducting Audit contracts Contemplated in paras 259 to 260 of Ram have been exercised by the Division/Unit. should also be invariably sent to Expenditure Section. (iv) Suitable remarks to the effect that 'other check referred to in para (iii) above are carried out should also be given in the tender register maintained at the Division/Unit. This equally applies to Tenders etc. reviewed completely at the Division/Unit level also. (v) Expenditure Section would send and advice of audit to the Unit concerned in respect of tenders reviewed on behalf of the Decision and in respect of common tenders for work on more than on Division invited by the heads of the Departments. On receipt of such advice suitable reference should be given in the Tender Review Register maintained by the Division/Unit.

10.8.15 Review of complete contracts:

Besides the review of contracts and tenders as laid down in the preceding paragraphs, the execution of accepted tenders of works after their completion will be reviewed at the prescribed percentage. Selection for the review of contracts over one lakh and up to five lakhs should be done at the time of review of tenders, preference being given to the contract where the lowest tender has not been accepted for special reasons. A separate register should be maintained for the purpose of this review in each auditing section and contracts required to be reviewed should be entered therein. This register will include besides particulars of the contracts, the probable date of completion of work. The register will include besides particulars of the contracts, the probable date of completion of work. The register should be examined every month and item required to be reviewed completed. The date of completion and result of the review should be noted in the register.

10.8.16 The following additional points should also be borne in mind:

- (i) Planning for the work is invariably done with adequate care and sufficient details even in the initial stage and the final scope of the work is fully determined before tenders are invited.
- (ii) In cases where limited tenders are invited from contractors born on the approved list, the responses are sufficient.
- (iii) No tender without earnest money is considered.
- (iv) There is no ambiguity in the terms of the contract.
- (v) Reasons for wide variations between the rated quoted by different contractors are investigated.
- (vi) There is no undue delay in the technical examination of the tenders, the consideration of the tenders by the tender committee in communicating the acceptance to the tenderers and in the execution of the agreements.
- (vii) If the lowest tender has not been accepted, the reasons therefor are recorded.
- (viii) The rates given in the agreement are the same accepted by the Tender Committee and that these have been attested by a responsible official of the Accounts Office. (ix) The work order for the execution of the work is issued only after the acceptance of the tender.

If and when sanction to deviation from the standard conditions of contracts is received, the competency should be examined and a note kept in the Register of contracts for examining the reasons for and the property of the amendment at the time of the contract. While auditing the contract, relevant estimates should be checked simultaneously (CAG's Letter No. 2301-RAD/8-7/66 dated 27.6.1966) to see that all the contracts are in conformity with the estimates and also how the estimates have been framed, keeping in view the various specifications, drawings etc.

10.9 Scrutiny of rates-(see para 258 of the Railway Audit Manual)

- 10.9.1** The rates in estimates and bills (for supply of labour, goods, general store & C) may occasionally be compared with those paid by other Government Department for similar work in the locality. (2) For this purpose, it would

be necessary to get the required information from the Civil Accountants General and supply and Defence Accounts authorities and to keep the rates so obtained up to date by annual reference to them. All auditing sections (viz. Divisional Audit Offices etc.) will ascertain the same locally by reference to the Civil and Military Engineering Offices situated in their area. (3) This item of work should be noted in the Voucher Selection Register as well as in the calendar of Returns.

10.9.2 A yearly report of the results achieved should be submitted to central section in September each year which will put up a consolidated report to the principal director of Audit. (DPAG D.O. No. 3-C/48, dated the 26th of August 1948 P-133C of C/I-IA/47)

10.10 Audit of Contingent Couches

See item IV 8(b)-Central Audit in MOI and instructions contained in para 221-RAM, paras 816 to 818 of A-I and chapter X-F-I.

10.11 Audit of Journal vouchers including scrutiny of Adjustment Memo.

See para 36 and item No. IV(22) under Central Audit in MO I, para 377-RAM & para 307 and 308- AI.

10.11.1 The Journal Slips prepared in the expenditure section of the corresponding Accounts Office should be scrutinised care being taken that all such Journal Vouchers incorporated in the accounts by the Booking Section of the Accounts Officer (Headquarters and Decisions/Units) are duly covered by the scrutiny without omission. The

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scrutiny should be listed The Journal slips with amounts for which a percentage check only is prescribed should be listed out separately and selection to the which ich from the Branch Officer. The check of journal slips along with the adjustment memo and other supporting vouchers, documents, etc. is as important an item of audit as check of each voucher and almost vigilance is required to detect fictitious adjustments, delayed adjustments, misclassifications and adjustments causing wide variations between the final allotment and the actual expenditure under the grant concerned.

10.11.2 Cases of delayed adjustments involving large amounts and pertaining to previous year/year's should be noted for seeing the provision in the grants at the time of check of appropriation accounts.

10.11.3 It should be seen that adjustment memo or supporting vouchers have been examined by the Departments and remarks of verification, acceptance and allocation recorded journal vouchers selected for tracing should be traced into Works/Revenue Allocation Registers and Journals.

10.11.4 Bills for rent of telegraph wires, (vide para 279 of Railway Audit Manual) details for which are adjusted through Journal vouchers will be checked along with the relevant journal voucher keeping in view the orders issued by the Railway Board on the subject from time to time.

10.11.5 All cases of misclassifications, important mistakes in accounting or any other points affecting Appropriation Accounts of the year should be noted in a separate register for reference at the time of check of appropriation Accounts.

10.11.6 Special adjustments carried out toward the close of the financial year should be carefully scrutinised and those adjustments which require special examination, which the auditing sections are not in position to undertake, should be reported in detail to the co-ordination Section after the audit of March Accounts is completed.

10.12 Debt Registers and Capital and Revenue Accounts of Residential Buildings

See Item No. IV 14(b) and 14(c) under Central Audit in the MOI para 251 RAM.

10.12.1 The orders regarding maintenance of the register showing the dates of vacation and occupation of quarters and the register showing recovery of rent of quarters, rent of electric installations, conservancy cess and water charges and preparation of Capital and Revenue Accounts of residential buildings. contained in the dated 7.5.66 and the orders regarding rent rolls and Capital and Revenue Accounts of buildings contained in the Railway Board letter No. 63/AC-II/Div (Spl)/22 dated the 12th of March 1963 may be see Paras 1620 to 1630-AI may also be referred to. In order to save clerical labour, the Railway Board vide their latter No. 63/AC-II/Dir/(spl)/22 dated 12.3.1963. Introduced a Simplified procedure for the preparation of rent rolls and maintenance of Rent Registers (Capital and Revenue Accounts of Residential Buildings) As per the revised procedure, the scope of check detailed in paras 215 and 251 of the Railway audit Manual may be bone in mind.

10.12.2 The following item of audit work relating to the Capital portion of the above accounts will be checked by the Expenditure Audit Section in respect of items selected for Audit: (i) Verification of the Capital Cost buildings as adopted for the above accounts. (ii) Check of correctness of figure relating to additions, abandonments etc. during the course of the year. (iii) verification of the correctness of the amount calculated as interest on additions during the course of the year. The discrepancies, if any, coming to the notice of the Expenditures Audit Section in the

audit of the capital portion, should be passed on to the Establishment Audit section which will complete the other checks relating to recoveries of rent.

10.13 Audit of Contractor's ledger

See item IV(15) under Central Audit in the MOI, para 1483 to 1485E, 264 & 265-RAM.

Contractor's ledgers should be reviewed simultaneously with the audit of Contractor's Bills in accordance with instructions contained in paras 264 and 264 of Rly. Audit Manual.

10.14 Audit of Locomotive Energy Accounts

See para 319 of RAM item VI-Stores Audit MOI.

- 14.1** The extent and periodicity of audit relating to all fuel items (including coal should be the same as applicable to similar stores items and as such a monthly audit of various categories of stores should be conducted. This monthly audit would be in addition to the items specifically provided for coal in the programme of audit and would be applicable to other fuel items also.

(ADAI (Rlys) letter No. 806/RAI/8-3/68 of 16.3.68 and 1364 RAI/8-3/68 dated 8.4.69)

- 10.14.2** As regards HSD oil, Instructions contained in joint Operating Mechanical Commercial, Store supply Accounts Procedure office order No. 174 may also be borne in mind. As for the electric power supply for traction purposes,

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the rates and conditions of supply for traction purposes, the rates and conditions of supply should be checked with the relevant tariffs of electric supply companies/State Electricity Boards.

10.15 Audit of Muster Roll and Labour pay sheets.

See Item V-1805 Central audit MOI, para 267-268-RAM pars 1307 to 1311E and 13028 to 13116 paras 1404, 1405-AI: This item need, not be checked in Central Audit. This is checked during local Inspections as per instructions contained in para 267 of Ram-Detailed rules for recording attendances and absence of labour in the Muster Sheets, working out gross wages due to each labour and system of arranging payment are given in paras 1305-E to 1308-E.

10.15.2 Audit of Expenditure of Experimental works

See para 704-FI.

It should be seen that a proper record of experimental work is kept in the Accounts Office to watch the results of experiment providing a success and consequent transfer of outlay from ordinary revenue to the proper head of account.

10.16 Test to judge the Productivity of Capital Expenditure

See item No. XIV under Central Audit in the MOI, para 284 of Ram and 243 to 253-FI (A) According to the FA & CAO's opinion the productivity review of Capital expenditure work New Lines will be carried out in the FA & CADs Office, and for this purpose, the Divisional Accounts Officers have to furnish figures of expenditure in respect of the lines and works under their accounts control to the Headquarters Accounts Office, by the end of September every year. Similarly, the figures of earnings are to be obtained from Traffic Accounts office.

(B) In connection with the audit of productivity review carried out in the Account Office, the following procedure should be adopted.

(i) Expenditure Audit Section, Headquarters will audit the review carried out in the FA & CADs Office, considering the date furnished by the DAO's as prescribed hereunder.

(ii) The Audit Officer (TA) will verify the figures of earnings furnished by the Deputy Chief Accounts Officer (TA) to the Divisional Accounts Officers and advise the audited figures to the DAUOs concerned and the expenditure Audit Section Headquarters.

(iii) The DAUOs will furnish audited figures of expenditure and earning received from the Audit Officer (TA) of Expenditure Audit Section, Headquarters.

(iv) Expenditure Audit Section, Headquarters, will note that item in their calendar of returns as an early item due in October every year. The DAUCs will ensure that the furnishing of the particulars to Expenditure Audit Section, Headquarters sufficiently early.

(c) The following letters contain the extant orders issued by the Railways Board on the Subject after the re-introduction of the productivity tests/review:

(i) Railway Board's letter No. F(X) 1-53-PD/1 (Dup) dt 20.8.1958 (received under C&AG's endorsement No. RAI/A5-26/56 dated 20.10.1956).

(ii) Railway Board's letter No. F(X) 1-56GMT/4/5 dt. 9.11.1956 (Received under C&AG's and. No. RAI/A5-26/56 dt. 23.11.1956).

(iii) Railway Board's letter No. F(X) 1-53/PD/1/ (DUP), dt. 16.10.1957 (received under CAAG's and. No. RAI/A5-26 dt. 18.12.1957).

(iv) Railway Board's letter No. F(X) 11-73/PD/10 dt. 22.10.1979.

(D) The works in respect of which these tests/reviews have to be applied are duly selected by the Railway Administration from year to year and the FA&CAD carries out the tests/previous, as and when they file due and reports the results to the Railway Board.

10.16.1 The reviews prepared by the administration should be examined generally to see intervals, whether.

(i) all the relevant factors affecting the final results have been considered without omission.

(ii) the results have been correctly worked out as laid down in the Indian Railway Finance Code Vol. 1

(iii) the results show that anticipated benefits have been achieved.

It should also be seen whether the machinery to record the works selected for the purpose wither by the Railway Board or the Administration and watch the progress, exists in the Headquarters as well es on the different divisions.

10.18.2 Financial results of working of new Branch Lines. Se para 520 of MSO (Technical) 248 of the RAM and 244-246 FI.

It should be seen that they represent fact and that the methods adopted for computing the earnings and the calculations are fairly accurate. The actual figures of earnings and expenditures should also be compared with the estimated ones. It is, however, not necessary to vet these statements or give an Budit Certificate before the submission of these statements to the Railway Board. (Authority: ADAJ (Rlys) confidential Letter No. 1219 8/5-12/63 dated 22.4.1965).

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10.16.3 In terms of the instructions contained in paragraph 284 of the RAM, the figures relating to sanctions, actuals, further outlay etc, should be verified.

10.16.4 It should be seen by audit:

(i) that no proposal involving expenditure of a capital nature has ordinarily been considered by the Rly. Administration as having been financially justified, unless it has been shown that the earnings or the savings in working expenses, anticipated as a result of proposed out lay are such that after meeting the actual cost of service of the asset, provided they have a fair margin of profit.

(ii) that in the case of works sanctioned on the anticipation that the proposed expenditure would be productive or remunerative, it has been seen by the Railway Administration how the earnings or savings in working expenses, eventually realised after the new capital has fructified, compared with those anticipated when the proposals were acted upon.

(iii) that in the case of estimates for works the classification of works for the purpose of applying productivity test has been correctly made in accordance with the instructions laid down in paragraph 243-FI. The category of works incapable of financial justification and to which productivity tests cannot be applied, should be specially examined to ensure that no work has been included therein, on which productivity test should be applied.

(iv) that proper records are maintained in register in the Accounts Office, of works selected for productivity tests at the time of sanction by the General Manager or the Railway Board, as the case may be, and that the work, if any, selected afterwards either by the Railway Board or the General Manager are recorded therein to ensure that none of the works so selected escape productivity test as contemplated in paragraph 243-FI.

10.16.5 In conducting the review as indicated above the instructions contained in CAG's letter No. 3544- 444.RAI/8-4/70 Dated 5.9.1970 should also be borne in mind. a report on the result of yearly review should be submitted by all. Auditing sections to expenditure Audit section by the end of July each year. While submitting the yearly report the sections concerned should invariably furnish information on the following lines:

(i) Whether any work was selected in previous years for the application of the Productivity test during the year for which the report is required and if so, whether the test was applied. If any such test was applied, audit comments thereon as a result of the review should be furnished.

(ii) Whether any works selected during the year for the productivity test in subsequent years and if not, whether there was any work which could be so selected but was not selected either by the Railway Administration or the Railway Board.

(iii) that the provisions contained in paragraph 243 to 252-FI are being followed.

10.16.6 The expenditure audit section will review the reports submitted by the Financial Adviser & Chief Accounts Officer to the General Manager along with the Sectional reports and submit the result to the Principal Director of Audit for his information and orders specially bringing out the cases of omission if any notices.

10.16.7 In case of Important and peculiar features notices during the course of the review 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 a special report should be made to the ADAI(Rlys.)

10.17 Audit of charges debatable to the Head 345-A/345-B Other Miscellaneous Railway Expenditure

See Item No. X under Central Audit in the MOI and para 286 of RAM.

In auditing the various vouchers, those relating to surveys and other items, if may, chargeable, to the head "345-A/345-8. Miscellaneous Railway Expenditure", should also be included in the selection and audited up to the prescribed percentages. While auditing these vouchers it should be seen that proper sanction and budget provision exist to cover such expenditure.

10.18 Audit of land Registers

See item VI(3) under 'Central Audit' in the MOI and 274 of RAM.

The rules and procedure regarding acquisition, CIS today and management of land given in chapter VIII to X-E and the procedure of disbursement of land charges and maintenance of Register of Land charges in Accounts Department given in paragraphs 942-E to 949-E may be studied. The register should be reviewed generally to see that it is maintained and kept up to date. It should be seen that land is acquired only for sanctioned works and Bonafide Railway purposes (913-E).: While reviewing the registers it should be seen that credits for amount due from state Govt. are promptly received and it is reconciled with the relevant works Registers and also with the General Books.

10.19 Audit of Private Sidings and Assisted Sidings Accounts See Item No. VIII(5) under 'Central Audit' to the Appendix to MOI and para 277 of RAM.

10.19.1 The rules regarding construction, working and maintenance of Assisted Sidings are given in para- graphs 1822-E to 1842-E, it should be seen that the rate of maintenance charges has been fixed correctly and that the charges

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have been recovered from the parties concerned in accordance with the agreement and extant instructions. A standard agreement form for assisted industrial siding necessitated due to various suggestions made by the Zonal Railway for Amending Siding Agreements has been evolved by the Railway Board vide their letter No. 72/WI/SA/20 of 12.5.83, which should be referred to while auditing the accounts of the siding's owners, the siding Registers maintained in the Accounts Office may be examined to see that the interests of the Railway have been safeguarded, wherever necessary. It would be necessary to maintain a corrected and up to date list of the assisted siding on the Railway Traffic Audit Section should be asked to advise particulars of any new siding opened for traffic, or of exiting siding closed down during the year. It should be specifically seen that all charges provided in agreements are recovered from the Firms or Government Departments promptly, otherwise interest charges wherever due livid for delayed payments (vide 1837-E). Incidental charges for cost of staff, wherever loaned are also recoverable as per percentages provided in addition to the recovery of leave salary contribution, P.F. Bonus and Gratuity Contribution etc. In cases where cost of staff is recoverable form siding owners, it should be seen that in addition to pay and allowances, the percentage charges as laid down in para 2153 R-II are correctly realised. In view of introduction of new concepts of peripheral yard, full rake movement, end to end running and examination of rakes movement, end to end running and examination of rakes in the siding premises during the last few years had brought out a large number of areas which require modification/ elaboration of the extant rules to lay down a uniform policy and avoid controversies between the Railway and respective siding owner in planning and sharing the cost of these sidings. Board have reconsidered the matter of construction of railway sidings for the use of private parties including the other Government departments and in suppression of all earlier instructions have issued revised orders vide their letter No.85/WI/SP/45/dated 1.12.86 which should be borne in mind while conducting the

Audit of siding Accounts. It should also be seen that the cases where payments are disputed and involve huge amounts are vigorously pursued by the Accounts Department and are shown in the monthly progress report submitted to the FA & CAO. Keeping in view the enormous increase in the cost on this score Railway Board have revised the rates with effect from 1.4.1984 vide their letter No. E(E)-83/Misc./1/dt. 27.6.84 which should be borne in mind while conducting the audit of siding account.

10.19.2 For the recovery of interest and maintenance charges, paragraph 1827-E as amended from time to time may be seen. Maintenance and repair charges for private siding, wherever these are maintained by the Railways, should be levied on Kms, basis as per the guidelines issue by the Railway Board vide, their letter No. 58/WI/A/13 dt. 2/23-4-82 as further modified vide sub-para (X) of their letter No. 85/WI/SP/45 dt. 1.12.1986, So far as the question of bearing the cost of electrification of siding (OHE) is concerned; instructions issued under Board's letter No. 79/WI/SA/34 dated 1/3/82 should be borne in mind.

10.20 Audit of Works Registers and Revenues Allocation Register

See paras 28.29 item No. VI under 'Central Audit' in MOI, paras 272 and 273 RAM.
1468 1475-E, 311-312-A-1 & 512-F-I.

10.20.1 Journal vouchers to the extent prescribed and all audited vouchers should be traced in the works register.

10.20.2 In the construction organisation, works Registers are maintained, in the Divisional Engineer's Offices and in the Accounts Offices, while only one set of works is maintained in the Open Line.

10.20.3 In the case of works Registers for Deposit works, in addition to the points mentioned in paras 272 and 273 of the Railway Audit Manual, it should be seen that the consent of the party for whom the work is being done has been obtained and that the expenditure booked is not in excess of the deposit or that action has been taken to obtain further deposits where the expenditure has exceeded the deposit already made.

- 10.20.4** The annual general review of works Registers should be done under a phased programme. The whole field may be divided into 12 units and one unit taken up for review each month. It should be seen whether the reconciliation of works Registers with General Books has been done every month in respect of the unit selected and action has been taken to set right the discrepancies as detailed in para 1471-E (1982 Edition).
- 10.20.5** It should be seen that in the case of mixed work the outlay is booked proportionately to capital D.R.F., D.F. or revenue.
- 10.20.6** Under divisional system and on construction organisation only single set of works registers is maintained. The procedure regarding reconciliation of Revenue Allocation and works Registers with General Books laid down in paras 147K-E and 1489-E.
- 10.20.7** Register of Works for Deposit Works.
See para 1481-E and 1843-E.
- 10.21.1 Audit of Miscellaneous Advances and Deposit Miscellaneous Registers**
See item No VI (8) and VI (9) under Central Audit in the MOI respectively, para 310 RAM and 223, 224, 610 and 614-AI.
The registers recording these transactions have to be reviewed to see that the transactions have been correctly booked to suspense in accordance with the rules and each item of suspense transaction is efficient, that is, money or material has been actually advance deposited, and the case may be, and the parties are traceable and that the action is taken to chase the transactions and clear them.
- 10.21.2** In reviewing the maintenance of these suspense registers their reconciliation with General Books and review of

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suspense balances as provided in paragraphs 310 to 320-A, 610-A, 614-A, 619-A and 620-A and balances under these heads of accounts, closer attention should be paid to old items involving considerable amounts which are not linked or pursued by the Accounts Offices. The Half Yearly Review for May and November submitted to Railway Board may be referred to Suring the review of these registers, In the case of deposit for work, works registers should be connected.

10.22 Audit of Register of serious Irregularities and Register of Losses

See para 37 and item No. VI (14) under 'Central audit' in the MOI, Paras 861, 867-AI and 404-RAM.

- 10.22.1** In each Accounts Office a register is maintained to record serious irregularities noticed in the course of Internal check. Besides this register another register is maintained to record all cases of losses of stores and cash reported to the Accounts by the Executive Departments of the Railway. A review of these registers helps to pick up cases which may merit mention in the Railway Audit Report.
- 10.22.2** While reviewing these registers as prescribes, it should be verified that all sanctions to losses and write off received in the office have been recorded their in. The sanctions to losses and write off are received in this office and scrutinised in the normal course.
Therefore, at the time to review of this register, attention should be paid to the cases of serious irregularities and losses which have not been reported to this office.
- 10.22.3** In reviewing the cases of losses, frauds and embezzlements, the rules regarding report and investigation of the cases and the procedure to be followed in the Accounts in dealing with them as laid down in chapter XI-FI and paragraphs 867 and Appendix III-AI should be borne in mind. It should also be seen that as soon as any case of fraud etc., is notice the Railway Administration arranges for departmental enquiry to fix responsibility and disciplinary action against the defaulters is finalised forthwith.
- 10.22.4** All cases of frauds, losses, etc. amounting to less than Rs. 50.00/- should be reviewed by the DA00s/ AAOs with a view to see whether they reveal any procedural or other defects and whether the corrective action taken is adequate and effective. Existence of a large number of case where frauds etc. are attributable to misdemeanour, negligence, etc. of the staff and for which disciplinary action taken by the administration is nominal or inadequate or where they are attributable to defective procedure for which effective action has not been taken to remedy the same, may sometimes necessitate preparation of general paragraph for the Railway Audit Report. Therefore, all the cases of losses amounting to less than Rs. 50,000/- should be reviewed on the above lines. Audit Officers/ Auding Sections and report (supported by specific instances of the type mentioned above) sent to coordination Section by 15th July each year).
- 10.22.5** All cases of losses due to fire, theft, frauds, embezzlements, serious irregularities etc. exceeding Rs. 50,000/- may be reviewed by the unit officers and a report thereon may be submitted to Co-ordination Section by 15th July every year indicating details of cases revealing interesting points worth commenting in the Audit Report However interesting cases of unusual nature may be report as soon as they come to notice hither-to, the unit officers used to send half yearly report on cases of losses due to fire, theft, embezzlements etc. Indicating their up-to-date position. In several cases, where detailed reports are not forth coming immediately from the Railway Administration, the cases are reported to the ADAI(R) after a long time. By the time, detailed reports are received, the case loses its importance and no useful purpose is served in reporting the same to ADAI(Rlys.). Hence it has been decided that as soon as a preliminary report on any case of loss due to fire, theft, frauds, embezzlements etc. over Rs. 50,000/- is received, the Branch Officer should intimate the case to co-ordination Section along with a draft letter from the Principal Director of Audit to the ADAI(Rlys.) endorsing copy of the preliminary report for further necessary action. The detailed report may be sent on receipt from the Railway Administration for transmission to the ADAI

(Rlys.). The Railway Administration may, however, be pursued vigorously for expediting the outstanding detailed reports. The Co-ordination Section will examine each case, so reported by the unit offices with a view to frame draft paras for the Railway Audit Report, if necessary, in order to bring out instances of inadequate action, delayed action and cases in which corrective action is pending for a long time. The references made by the Co-ordination Section to the unit offices calling for additional information or for any other action for purposes of report to the ADAI9 Rly of for preparation of draft paragraphs for inclusion in Railway Audit Report should receive immediate attention by the offices referred to. ADAI(Rlys.) letter No. 2199-RAI/A12-71/61 dated 20.6.1961.

10.23 Audit of objectionable item Registers

See item No. VI (4) under 'Central Audit MOI, para 275 of RAM.

- 10.23.1** The procedure of dealing with irregular payments and objections in Accounts Office, maintenance of objection books, their review and regularisation is laid down in paragraphs 844 to 866-AI which may be kept in view while reviewing the objectionable item registers. It should also be seen that adequate and effective action has been taken to regularise the expenditure placed under objection.

10.24 Audit of account of Hospitality Fund

See item XVI Central Audit M.O.I.

- 10.24.1** The public Relations Officer of the Railway has been authorised to incur expenditure on entertainment of distinguished visitors, editors or important members of his staff, free-lance journalists, press correspondents and persons connected with commercial advertising on the Railway in the interest of Railway Publicity and Public Relations or procurement of commercial advertising. The expenditure incurred for that purpose is met from a fund

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known as Hospitality Fund. The detailed orders on the Subject are contained in Railway Board's Letter No. 1022. TG/55 dated 14.6.1956, dt. 13.2.1957 and No. 1501/TC/V/57/1 dated 24.1.1958 and No F(X) II-64-pw4/1 dated 23.7.1964.

- 10.24.2** The ADAI (Rlys.) had prescribed an annual review of the accounts of the Hospitality Fund. This review is to be conducted only by the Expenditure Audit Section in Headquarters Office as the Public Relation Officer, who is authorised to operate the Fund, is attached to the Headquarters office of the General Manager

10.25 Audit of Grants-in-aid

See para 227 of R.A.M. Paras 281 to 293 of M.S.O. (Technical Vol. I and item IV (16) under Central Audit in M.O.I.

- 10.25.1** Grants-in-aid or contributions are made by the Railway administration wither as a recurring or non-recurring:

- (1) The Educational and Medical Institution.
- (2) The Railway Institutes and Sports Clubs
- (3) The Railway Co-operative Societies & Stores
- (4) Other Local Bodies E.g. Chambers of Commerce etc.

The procedure to be followed in sanctioning Grants-in-aid is given in Para 1612 to 1618-AI and the procedure of internal check of grants-in-aid by the Account Depts. is given in paragraphs 1619-AI.

- 10.25.2** Every order sanctioning the grants in aid should be audited in the same manner as other financial sanctions are audited.

- 10.25.3** Besides auditing sanctions to grants-in-aid and vouchers relating to them, local inspections of those institutions receiving grants-in-aid are also required to be conducted.

- 10.25.4** The Expenditure Section at headquarters should submit proposals for conducting local inspections of those institution receiving grant-in-aid less than Rs. 1 lakh recurring and Rs. 51 lakhs non- recurring if any for Principal Director of Audit's approval in the month of May every year. Instructions contained in para 6 or Chapter VI of MOI, should be born in mind while proposing inspections of such institutions. The required information is collected every form the executive's file available at headquarters. In order, however, to ensure that no grants given to any local body are lost sight of by any chance omission in the office records of the General Manager's office while putting up the proposal for inspections, it is desired that a list of grant-in-aid paid from Railway Revenues to any institution at Divisional level up to end of March may be submitted to Audit Officer(X) Headquarters on 10th April every year in the following proforma. This may also be noted in the Calendar of returns. S.No Name of the Institution to whom grant-in-aid Year to which the Amount is sanctioned.

10.26 Road Transport-Scope of Audit Investments

See Para 288of RAM.

(Director of Railway Audit Letter No. A8-1.52 dated 1.4.1954 and Indst. No. A8-1/52 KW dt.26.4.1955)

10.27 Efficiency Audit and Overall Performance Audit

- 10.27.1** In addition to the review of the accounts of Major works it is necessary to see in audit that the various projects/schemes executed by the Railway Administration have been so executed that the objectives in view have been achieved according to the plan of execution and that the benefits anticipated on their completion have actually accrued to the Railway Administration. The review undertaken for that purpose is termed conducted.as 'Efficiency

- 10.27.2** The selection of works for efficiency audit has to be done keeping in view the results likely to be achieved. The Branch Officers will there for, submit their proposals for undertaking efficiency audit of projects/schemes simultaneously with the programme for review of the accounts of major works which is required to be submitted for the Principal Director of Audit's approach in June each year.
- 10.27.3** The results of overall performance audit are to be reported to the ADAI (Rlys.) positively. by the middle of August each year. The report will be sent by the ECPA Section, on the basis of the reports receives from unit offices after conducting further examination, if necessary, of the points with reference to the administration's files, statistical date, reports made by the administration to the Railway Board and other printed reports etc. It should, therefore, be ensured that the results of efficiency audit of projects/ Scheme conducted during the period June to May are consolidated and comments if any proposed for inclusion in the report to be made to the ADAI (Rlys.) sent to the Accounts Officer concerned by 15th June for his verification and acceptance, simultaneously endorsing a copy thereof to the ACPA Section at Headquarters. The acceptance, or remarks of the Administration on the proposed comments should be furnished by the unit office to the ACPA Section by 15th July positively. An entry in the Calendar of Returns of each unit offices and the ECPA Section regarding submission of these reports on the prescribed dates should be made.
- 10.27.4** The majority of schemes, other than construction of new lines and passenger amenities or staff welfare works are undertaken with a view to avoiding detention to trains, increasing the speed and carrying capacity of trains,

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improving handling of wagons in traffic yards and thereby improving the turn round of wagons, increasing the capacity of workshops etc. The achievements in these respects may not be assessable within a short period after the completion of such works. Also, each scheme by itself may not immediately contribute to achievement of objects which were in view in planning the works, unless other dependent schemes are also completed. The stock taking of realisation of the benefits of the projects/schemes has, therefore, to be done very carefully and intelligently. The reports made by the Railway administration to the Railway Board in appreciation of the recuperativeness of the improvement achieved etc. of the projects/schemes should be carefully gone through. The records kept by the Railway Administration to watch the realisation of the benefits of the projects/schemes should be examined from time to time after the last review of the account of the completed works.

10.28 Register of Buildings

The register of building maintained in the Accounts Office should be generally reviewed at the time of check of capital and revenue accounts of residential buildings. It should be seen during the audit of completion reports that necessary additions are made in the register of buildings. Instructions contained in the paras 1977 & 1978-E and 1629-A1 may be borne in mind.

10.29 Law charges:

Instructions contained in Para 269 of the RAM (4th edition) may be referred to.

It should be seen that financial power of the officer sanctioning such charges has not been exceeded and that fees and other charges paid to Govt. pleaders advocates etc. are in accordance with the maximum limit as fixed by the Railway Board. Each year in April the railway administration is sending on annual statement to Railway Board showing, the engagement of lawyers on high fees in Government cases. This statement should be checked in Headquarters to ensure that all cases have been included in this statement with reference to sanctions received in this office and the a/cs office records. Record maintained by Accounts office to show the total charges incurred in each case may be consulted. Important cases of dispute noticed during the course of audit of such charges should be watched to see whether there is suitable material for inclusion in the Railway Audit Report.

10.30 Review of Court cases and Arbitration Awards:

See item XVII of Central Audit MOI.

1) The court cases and arbitration awards finalised in a month may be taken up for audit as soon as possible but not in any case later than the fourth following month. They should be shown in arrears if audit is not completed in the following month.

2) In cases where appeals are filed the original judgements would not-fall due for review. only when the appeals are finalised the item shall become due for audit and the procedure as in (i) above shall Scrutiny of court cases finally settled in various courts against Railways relating to Engineering Departments should be carried out by the Expenditure Headquarters Audit Section. These cases are dealt with by the HODs and where payment of legal charges is arranged through the Fa & CAO, Divisional Audit Office (Expenditure Audit Section) should similarly review the cases if they are dealt with by the DRM and payment of legal charges is arranged through the PACs. These cases should be reviewed to the extent laid down. All arbitration cases should be reviewed in audit important results of both the reviews should be reported to the Director of Principal for Audit through Co-ordination section.

10.31 Bills for rent of Telegram Wires:

See para 279 of the RAM.

The bills are adjusted through Journal Vouchers. While adjusting the journal vouchers it should be seen that a bill has been accepted by the Department concerned regarding kilometres of wires and that the rates and calculations are correct.

10.32 Recovery of conservancy charges in respect of quarters allotted to Government Railway Police, State and other Government Departments etc.

The existing arrangements for the recovery of conservancy charges in respect of quarters occupied by Government Railway Police, State and other Government Departments etc. is that whoever sanitary services are provided inside the Railway quarters by Railway Administration the recovery statements are prepared by the DMO concerned and consolidated by the CMO. These are then sent to FA & CAO

(X) for checking the rates etc. The statements prepared by the C.M.O. on the basis of D.M.C.'s returns and sent to FA&CAO(X) should be checked by (HQ) Audit Section to ensure that the dues are calculated correctly and realised.

10.33 Audit of Block Account:

The Audit will be done at various stages viz.

(i) It should be seen generally that in the case of all estimates chargeable to (a) D.F. (b) D.R.F. (c) O.L. W. (Rew.) the percentage of improvement is shown. The percentages are decided by the technical authorities but it should be seen that primacies they are not open to any objection. (ii) During review of Works Registers, it should be seen that the percentages of improvement shown on the estimate is shown in the works register with the remarks "For Block Account."

After the close of March accounts, the expenditure to be shown in the block account is worked out on the basis of the actual expenditure on the work during the year and percentage for Block Account shown in the Works Register. These accounts should be test checked to ensure that the arithmetical calculations are correct.

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The expenditure to be shown in the Block-Account as per the works register is carried over in the summary register (Pink Book summary) for each grant and the total expenditure to be shown in the Block Account is worked out therein. The correctness of carrying over of the expenditure from the works register and totalling in the summary register should be test checked. The final compilation of the Block Account by the Accounts Office is to be checked by Books and Budget Section of this office from the audited accounts received from the sections and divisions concerned. Instructions contained in paras 427 to 430 of FI should also be borne in mind.

10.34 Subsidy to Co-operative Societies:

10.34.1 Under the Railway Board's Orders, the Co-operative Societies formed by the Railway employees are eligible for subsidy for the first three years of their formation under certain terms and conditions. The subsidies paid are to be checked by this office. The payments made should be ascertained from the pay orders issued and the CP6 register. It should be seen while auditing that the payments are made according to the rules and orders issued by the Railway Board from time to time. (Railway Board's letter No.63(E) Co-op/40-26 dated 13.10.1964. 64/B/Co-op/9/6/ dt. 24.4.1965 and 65/E(Co-op 1443 dated 10.1.1966).

10.34.2 Subsidy to canteens maintained statutorily under the provisions of the Factories Act. 1948 A portion of expenditure incurred in the staff canteen is met by Railway Administration. In respect of payment made by the Railway Administration the Audit is to be carried out in accordance with the instructions contained in Railway Board's letter No. E(W)62 CN 1-7 dated 20.4.63 and No. E(W) 65 CNI/14 dated 17.5.1966.

In respect of payments made by the Railway Administration for expenditure incurred on canteen items of no statutory canteens, the audit is required to be conducted in accordance with instructions contained in Railway Board's letter No. E(N) 63. CNI-2 of 9.7.1963.E(W) 63 CNI-12 dated 31.3.1964, E(W)65 CNI-5 dated 7.8.1965 E(W) 64 CNI-17 dated 23/28.12.1967.

10.35 Bills for Family planning:

As per Comptroller and Auditor General's letter No. 1853-Tech. Adm.-1/460-64 dated 8.7.1964 this office is required to furnish audit certificate in support of expenditure booked by Railway after carrying out the necessary test-check. The vouchers relating to Divisional audit offices and other Headquarters units are checked by them and advice sent to this office. Vouchers relating to 'X' Headquarters are audited by this section. Consolidated certificate is furnished by the section to Principal Director of Audit, Central Revenue incorporating the total expenditure booked. The vouchers documents relating to the Family Planning Scheme should come under audit at least two or three times in a year. As such, it is imperative that record of selection/ audit etc. of the vouchers/documents relating to Family Planning Scheme should be kept. (Dy. CA-CCG's letter No. SA/HQ/C/1/25/Vol. II/2774 of 2.8.1965 and FA & CAO(BB) CCG's No. BKS/ CAP/A 750/A 198/3005/Vol. I] dated 26.9.88).

10.36 Review of working of the Accounts Department:

See para 131 R.A.M. & annexure to Chapter V. of M.O.I.

10.36.1 At the time of commencement of the year, section concerned will note down the list of items to be reviewed in the register. The B.O. concerned will examine this list to see that it not only covers all the items to be seen which should be reviewed in the Accounts Office but also that all the subsections of the Accounts Office are brought

within its scope. The list of items should be complied with reference to the Accounts office. Manual wherever necessary. These manuals may be requisitioned from the Administration who should examine the demands and meet the requirements as early as possible.

P.O.O.s issued by the Accounts Office should also be considered while compiling the list.

- 10.36.2** During the course of the review, items which reflect on the efficiency of internal check of the Account office should particularly be noted for a possible mention in the report on the Efficiency on internal check in the Accounts Department. Report of the Inspection organisation of the Railway Board's Office should also be reviewed. A report on the efficiency of internal checks relating to the previous financial year showing the position as on 30th June duly accepted by their counterparts in Accounts should be sent to the Co-ordination Section by all Sections/Divisions by the 1st of October in the prescribed form. While preparing the report, it should be ascertained by the complete review of all registers maintained for the purpose in the Account Office, that adequate machinery exists in internal check to watch recovery of all charges for services rendered to staff e.g. diet charges, electrical energy charges, rent for quarters, rent for electrical installations 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. These reports should be consolidated by the Co-ordination section and submitted to the Principal Director of Audit. The defects in Internal check which are serious in the sense that they facilitate frauds or leakages of revenue should be taken up with the Railway Administration in the most effective manner possible. The more important cases may, however, be considered for individual comment in the Railway Audit Report.

10.37 Property Accounts:

In order to check the property accounts in respect of immovable property effectively and efficiently which are maintained by the Railway Administration, an adequate procedure is necessary. For some are issued of the items a proper procedure exists while for some it is not so. As such the following instructions are issued:

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1. The following records regarding property accounting (for which procedure exists) are periodically checked/reviewed by Audit.

(a) Land Registers-Para 10.10 Principal Director of

(b) Register of Building-Para 10.28 Audit

(c) Siding Register-Para 10.19 Rly. Eastern Office Manual, Vol-II

2. The following instructions are given for checking the record for which proper procedure does not exist:

(a) Register of Bridges:

This may be reviewed during local inspections to see that all bridges constructed have been noted in the Register Bringing it up-to-date and New Constructions are noted as soon as completion drawings are made out.

(b) Register of level crossing:

This should be reviewed during local inspections to see that it is complete and up to date.

(c) List of completion drawings:

During local inspections it may be seen that completion drawings in respect of works completed to the estimated drawings exist and a record kept thereof. There may be one completion drawing when several structures are erected in the same locality and to the same drawing. In such cases number of assets involved may be checked up with estimate and completion Reports.

[ADAI (Rly) letter No. 1191-RAI/8-11/67 of 1.4.1980).

10.38 Licensing of Railway Land:

Surplus land on Railways is required to be managed on commercial fines. Such land is, therefore, allotted to outsiders or other Government Departments. Private Parties etc. under license only Leasing of land is not permitted except in cases where it is specifically approved by the Railway Board. In conducting audit of licensing of railway land, instructions contained in para 1008 to 1034-E and Railway Board's letter No. 83/W-2/L/18/87 dated 17.9.1985 may be borne in mind.

10.39 Train performance-occupation ratio:

The report of half yearly census under-taken by the administration assess the volume of traffic and occupation ratio by each class should be reviewed in Audit and cases of low occupation ratio over specific sections or trains, brought to the notice of the administration with suitable suggestions for better utilisation of the stock. This item may, therefore, be entered in the selection Registers as half yearly items of review by all DAOs to watch its completion by the end of the month following the month in which the half yearly census is undertaken by the Administrations.

10.40 Review of Annual works programme:

The review of annual works programme may be conducted annually with a view to find out, interilic, the progress of the works planned earlier and any wasteful expenditure incurred due to works commenced and abandoned.

10.41 Signal shop. Howrah:

This is under the administrative control of the Chief Engineer, Expenditure in connection with "Signal shop suspense" is audited and accounts maintained in the shop are inspected by the Expenditure Audit Section.

10.42 Staff Benefit fund accounts:

(See paragraph 239 of the Railway Audit Manual and chapter XII of the Indian Railway Establishment Code Vol. 1).

10.42.1 The fund shall be called the Eastern Railway Staff Benefit Fund.

Credits to the fund:

a) To the fund shall be credited:

i) all receipts from fines.

ii) All receipts from forfeited provident fund bonus except forfeited bonus of G.Os.

iii) All other classes of receipts which were previously credited to the fine fund.

b) In addition to the credits to the fund as stated above, there shall be another credit to the fund on the last of April of each financial year as a contribution from the revenues of the Rly, a sum equal to Rs. 10.25 per head of the numbers of non-gazetted staff (plus 50% subsidy), other than those whose pay is charged to Capital, employed on the Rly on the preceding 31st March, less the amounts credited to the fund in the previous calendar year from the sources of income referred to (a) above. The fund shall be credited provisionally on the 1st of April each year with an amount equal to the contribution for the previous year. Necessary adjustment being made as soon as the correct amount of contribution has been determined.

10.42.2 Object of the Fund:

The committee shall have power to spend money from the fund on the following objects:

1. (a) Education of the staff and of their children when no assistance is admissible under the normal railway rules provided that no grant shall be made to a school which is not in accordance with any general or special orders issued by the President in this behalf.

(b) Recreation and amusement for the staff and their children.

(c) Relief of distressed amongst the members or ex-members of the staff or their families not provided for under the regulations in force on the railway.

(d) Schemes for Sickness or maternity benefits to the families of the staff.

2. If the committee desire to ensure expenditure and any other object which in their opinion is for the benefit of the staff, they shall refer the matter to the General Manager whose decision shall be final.

10.42.3 Extent of check:

See item No. IV(30) of Central audit to M.O.I. (Railway Audit).

1. Contributions from the Railway revenues should be checked with reference to instructions contained in para 1206-R3. One month's accounts of the staff benefit fund should be checked in detail yearly. It should be seen that the expenditure has been incurred only on an object covered by the Rly. Bd's policy as well as local rules. In addition to the check of one month's account in a year, a general review of the accounts of the entire year may be carried out.

2. All auditing sections should report to the expenditure section annually their audit comments on the check of the staff benefit fund account of the year and the revenue staff as on the 31st of March, as soon as the account is submitted by the local Accounts Office to the F.A. & C.A.O. The auditing sections should also intimate the amount of credit to the fund for each month of the proceeding calendar year excluding recoveries of loans and advances and amounts of contribution from the Railway Revenue.

It should also be seen whether the loans and advances are well secured and whether proper interest is duly realised.

10.43 Check of Logbooks of departmental vehicles:

The logbooks of departmental vehicles, such as cars, lorries, buses, Ambulance cars etc. should be reviewed once a year in June-in the case of vehicles stationed at the Headquarters (including Divisional Headquarters). Where the vehicles are attached to offices situated at outside stations, this check should be included as one of the items to be looked into at the time of inspection of the office concerned. The review should cover the journeys undertaken during one year in the case of vehicles at Headquarters (Divisional Headquarters) and in the case of outstation vehicles, should cover the period since the last inspection. One month's accounts selected by the Branch Officer should be checked in detail and general review should be conducted for all other months.

The annual reviews of the accounts in respect of departmental vehicles attached to Headquarters devolves on the Expenditure/construction audit sections and in respect of those attached to Divisions, workshops and other offices devolve on the respective Audit Offices.

10.44 Printing press (See para 391 RAM).

The review of suspense balance under workshop Manufacture suspense's Accounts (Printing press) and check of Account current for printing press maintained by the Chief Accounts Officer (X) should be conducted by Expenditure Audit Section. In order to reduce the suspense balance to the minimum possible extent, WMS (Printing Press) Account is cleared by the Printing Superintendent on the basis of accepted challans received from the indenters concerned instead of on the basis of accepted bills. The Printing Superintendent sends a statement of such adjustments to the indenters through the Chief Acs Officer (X) and the discrepancies, if any, pointed out by the indenters are rectified in the subsequent months. The procedure for clearing suspense balance may be kept in view while reviewing suspense balance. The system of billing for forms etc. 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 Foreign Railways, the charges for supervision and maintenance and depreciation of machinery and the fixed percentage for indirect charges are levied according to rules or orders in force.

10.45 Statement of unsanctioned expenditure (Annexure 'A' to Appropriation Accounts).

The statement of unsanctioned expenditure relating to the Expenditure and Electrical Accounts of the Headquarters office and the consolidated statement in respect of all accounting units of the Eastern Railway received from the

Chief Accounts Officer, Eastern Railway, are checked by Expenditure Audit Section. This section should see that the audit certificates and comment from the audit sections are received in time and there is no delay in the issue of the audit certificate to the Chief Accounts Officer, Eastern Railway.

For check of the Statement of unsanctioned expenditure and recording audit certificate thereon please see para 5.3.8.

10.46 Measurement books and measurement of works (see paragraphs 1322-E to 1326-E and paragraph 266 of the Railway Audit Manual).

In addition to the checks laid down in paras 1322-E to 1326-E and 266 of the Rly. Audit Manual the following checks should be conducted:

1) It should be seen that measurements are recorded in accordance with the instruction contained in way and works Manual and specifications for works and materials. Subordinate officials of the Engineering Department are authorised to record measurements. Only up to certain monetary limits. It should be seen that these limits and other restrictions regarding special items, such as, hidden works, measurement of ballast etc., are strictly adhered to. When standard measurements are adopted, the standard measurements should have been approved and up to date. It should also be seen that necessary certificates in respect of standard measurements and approximate measurements are recorded by the officials authorised to do so.

2) When earthwork in bank is paid for by sectional measurement and any earth obtained from the excavation of foundations of bridges, retaining walls & C., is put into the bank, the quantity should invariably be deducted from the measurements obtained from cross sections. These should also be clear stipulation to this effect in the relevant agreements and work orders.

10.47 Holiday Homes:

Holiday Homes opened and run by this Railway Administration should be inspected by Expenditure Audit Section. The yearly proforma accounts in respect of these Homes prepared by the Railway Administration should be

scrutinised generally and comments, if any furnished to the Additional Deputy comptroller and Auditor General of India (Rlys.) (C.A.Gs letter No. 13-RAI/5-14/57, dated 24.2.1958 at page 6c of case No. X/16-21/58)

Chapter-XI
Stores Audit

11.0 General:

The function of the stores Department is mainly procurement of stores for different consuming departments and management of stores so procured. This department is headed by a controller of stores who is responsible for efficient functioning of the department. There is also Chief Material Manager who is primarily responsible for planning of materials, inventory control and procurement of some high value items. For the day to day working of the stores Department the controller of stores/ Chief Material Manager is assisted by a group of officers viz. Dy. Controller of stores District Controller of stores, Assistant Controller of Stores etc. in each unit.

Reference: Indian Railway Code for the stores Department, Accounts office Manual, Financial Code Volume I & II, Indian Railway Code for the Accounts Department Part 1. Chapter 5 of Section II of Manual of standing orders (audit) first Edition, 1991 and the Railway Audit Manual, Fourth Edition.

11.1 Distribution of work relating to Audit of Store Accounts on the Eastern Railway:

Stores Audit at Calcutta conducts the audit of accounts of Printing Press at Head Qrs. and Printing and Stationery Depot at Howrah Sleeper Depot (SCRP) Asansol and Transit Depot at Nihat and the accounts maintained by the Chief Accounts Officer (Stores), Eastern Railway, Calcutta.

The audit of stores accounts of (i) Howrah and Liluah Stores Depots, (ii) Jamalpur Store Depots and (ii) Halisahar and Kanchrapara Stores Depots is entrusted to the workshop and stores Audit Officers (i) Liluah (ii) Jamalpur and (iii) Kanchrapara respectively.

11.1.2 Audit of establishment portion of work:

The establishment work of the Subordinate staff of Controller of Stores office, District Controller of stores offices and stores Accounts offices is audited by the following offices:

- (i) Controller of Stores, Calcutta Establishment Audit Section.
- (ii) District controller of stores workshop and stores
- (iii) Howrah Liluah and stores Audit office, Liluah.
- (iv) Accounts office, LLH, District controller of stores Workshop and stores.
- (v) Halisahar and Kanchrapara Audit office, and stores A/cs office/KPA. Kanchrapara.
- (vi) District controller of stores Workshop and stores Jamalpur and stores A/cs. Audit office, office/Jamalpur. Jamalpur.

11.2 Duties of stores Audits Section:

The main duties are detailed below:

Scrutiny of monthly statement of stores Account current, check of journal vouchers and connected adjustment memo (other than fuel), check of Appropriation Accounts and Annexures, check of rebates received and its

continuation, check of Transfer vouchers and adjustment memo (fuel portion). Auction sale account Rate of running contracts entered into by the Rly. Board, scrutiny of Bills for direct purchase (construction) Including tracing and posting, port charges bills and custom Duty, quarterly review of Tenders and contracts Half Yearly check of completed contracts and tenders including check of final bill review of inspection of works of the receiving and dispatching depot annually, review of suspense register of Deposit Miscellaneous, Purchase, sales, Inter Depot Transfer, Miscellaneous Advance (Capital), Imported invoices Imported stores, check of Half yearly progress report of Accounts Office, check of price list. Review of O.I. Register and register of serious irregularities and Dead stock, scrutiny of security deposit register, Ledgers/Transaction Registers, Control over expenditure Register of losses and overpayment waived, Register of Bills recoverable, fund Register, Review of Court Judgement, check of accepted tenders and contracts. Review of Contractor's ledger, stock Adjustment Account Register, review of Debt Head Report (including fuel), priced ledger, bills for escalation charges Budget Register and reappropriations statement etc.

11.3 Check of contractors' bills for stores purchases. (See paras 2819-S to 2822S).

In the audit of contractors' bills for stores purchase, the following points should be specially looked into. Paragraphs 297 and 298 of the Railway Audit Manual should also be consulted.

- 1) Whether executive officers at the time of passing bills satisfy themselves that the stores supplied under the bills have actually been received and considered.
- 2) That adequate precautions are taken by the Executive Officers to guard against the passing of a second claim for the same stores.
- 3) that stores supplied are measured by responsible official and officer signing the bill satisfies himself that the quality and quantity of stores supplied are according to the contract.
- 4) that direct purchases of store by the C.O.S., which are required to be purchased, through agency of the D.G.S. & D in accordance with Chapter VIII of the Indian Railways stores code and latest orders of the Railway Board in this connection are within the limitations presented in para 802-S.

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11.4 Purchase of stores arranged by the Railway Board.

In addition to purchase of rolling stock and their components, track materials etc., running contracts for supply of materials hitherto procured by the Railways through DGs & D are also finalised by the Railway Board. Consequent on the Ministry of supply having delegated the powers of purchase on them in 1974 while audit of tenders and contract finalised by delays to be conducted by the ADNI(Rly), the execution of such contracts shall be reviewed by the Principal Directors of Audit of the line indicated in paragraph 292 of the Railway Audit Manual.

11.5 Coal purchase bills:

The fuel accounting work of Eastern Railway is centralised in the Head office and all bills for purchases of coal are passed by the F.A. & CAO/E. Rly (fuel A/cs.)

In checking coal bills, it should also be seen that:

- i) the bills are in proper form and duly supported by relevant documents viz. Forwarding notes, wagon despatch statements etc.
- ii) the rates paid for each category of coal have been approved by the Railway Board.
- iii) the rates for excise duty, sales tax and other charges are carried by Govt. orders on the subject.
- iv) recoveries for inferior quality and mis graded coal have been affected from the collieries concerned and
- v) that the arithmetical calculations are correct.

(See para 298 of the Railway Audit Manual)

11.6 Sea-Borne coal bills:

Besides coal bills as reformed to in para 5,7,4 the audit of sea-borne coal bills also devolves on stores (Central) Audit section, though payment of such coal bills for coal despatched via K. P. Cock, Calcutta by sea-route to S. Rly. S. C. Rly. etc.) are initially made by E. Rly, Calcutta, debits for coal consignments despatched to different foreign railways by Sea-route are subsequently transferred to the respective railways The debit consists not only the cost of coal, but also other ancillary charges e.g. port charges, Sea freight demurrage charges etc. The acceptance of debits by the respective railways and adjustments thereof in the books of E. Rly. are watched through suspense Registers maintained in the sea-borne coal accounts section of E. Rly. Such suspense registers are to be reviewed periodically by the stores (c) Audit section.

11.7 Bills for purchase of rolling stock and their component track materials etc. (see para 292 of the Railway Audit Manual.

Contracts are entered into by the Railway Board with the manufacturing firms for purchase of various items of rolling stock and their components, track materials etc. Copies of these contracts in respect of which the FA & CAO/E. Rly. has been specifically mentioned as the accounting and paying authority are docketed by the Rly. Bd. to the General Manager and FA & CAO, E. Rly with necessary instructions to check and pass the bills of the manufacturing firms. Bills preferred by the suppliers are checked and passed by the CAO/stores with reference to the forms of the contract. While audit of tenders and contracts finalised by the Railway Board is conducted in ADAI(Rlys) office the execution of such contracts need to be reviewed by the concerned Principal Director of Audit. (See central section's circular letter No. C/1-1A/ Contract/10.7.85).

It should be seen whether:

- a) payments are made in accordance with the terms and conditions of the contract.

- b) when materials offered by the firms are found to be substandard and/or not conforming to specification adequate action has been taken for obtaining replacements with materials of requisite standard.
- c) the defects/deficiencies in the equipment's/materials noticed during the warranty period are promptly reported to the suppliers and the Rly. Bd. for enforcing warranty claims:
- d) Loss, inconvenience etc. suffered, if any, due to delayed supplies is reported by the Rly. Admn. concerned to the Rly. Bd. to enable invoking liquidated damages clause of the contract.
- e) the emergency purchases resorted to at higher rates from the same firm who defaulted in supply against the running contracts have been reported to the Rly. Bd. for appropriate action against the defaulting suppliers.

11.8 Port charges and custom charges.

(See paragraph 303 of the Railway Audit Manual and paras 2830-S to 2835-S).

Payment of port charges is made by the port commissioner from the Imprest held by them from the Railway and the same is recouped when necessity arises. Customs duties are paid by the Chief Accounts Officer. The correctness of both these charges is checked in the office of the Controller of Stores.

The bills should be checked to see that:

- 1) they have been countersigned by the Controller of stores.
- 2) their allocation is correct.
- 3) the details of the bills (for custom charges) agree with there on the bills of lading and tonnage statements, and that
- 4) the rates charged in the bills for customs charged agree with the schedule of rates of the customs Department.

11.9 Accounts, custody and disposal of scrap, Chapter XXIV of the Indian Railway stores Department and para 316 of the Railway Audit Manual.

A large quantity of materials of different categories which are no longer useful for the purpose for which they

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were originally procured accumulates on the Railways. They are generally classified as scrap and consist of turnings, borings, cut ends of metals, sweepings or released materials. Sometimes second hand or even new materials are classified as scrap when they have become unsuitable for use on the Railway. This may be due to the stores having become obsolete on account of change in the designs, or due to modernisation of equipment.

Second hand and new materials are classified as scrap under the recommendation of the survey committees duly accepted by the competent authority. Disposal of scrap should be as recommended by the survey committee:

- i) Cases of reclassification of large quantities and costly items of second hand and new materials into scrap should specially be reviewed with reference to the period and circumstances of their procurement.
- ii) Detailed schedules of scrap are maintained by the Rly. Admn. under "group-98" of the classification of stores. It should be seen that the scrap is accounted for under the relevant category and disposed of from time to time without allowing accumulation of huge quantities which may require elaborate and costly stocking arrangements.
- iii) If scrap is to be disposed of by public auction, arrangements are made for its collection at convenient points for the purpose of such sale. In regard to permanent way scrap, it should be specially seen that they are collected of such points that may require the best expenditure on haulage and handling Procedure adopted for and during auction of the scrap should be scrutinised.
- iv) The rates fixed and those obtained during auctions and the procedure for verification of scrap especially valuable scrap need also be investigated.
- v) In auditing the sanctions for such sales, it should be seen whether the instructions and orders issued from time to time by the competent authority have been followed.

11.10 Returned stores (para 301 of the Railway Audit Manual and chapter XVI of the Indian Railway Stores Code).

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 valuation of second-hand materials it should be seen that the adjustments are correct according to the formula:
- 2) the correctness of the allocation of credit should be checked:
- 3) it should be seen that the returned stores are properly considered in the priced ledger/ transaction register.

4) Cases in which quantity of stores returned by the Returning Department different greatly from that by the stores department or when materials returned as new/second hand are accepted by the stores Department as second hand or scrap, should be investigated to see how the differences were reconciled and what the reasons for the differences were.

5) that initial documents coming under audit scrutiny are free from irregularities, such as improper corrections, erasures, stamped signatures, interpolations, etc. and that all corrections of whatever nature are initialled; and

6) that advice notes have been prepared in detail and a copy of the advice note has been sent to A/cs. offices, that the numbers on them run serially for each deptt. Office and that none are unduly delayed in stores office.

11.11 Issues to Revenue and Capital.

(See paragraph 305 of the Railway Audit Manual)

It should be seen whether large quantities of stores, such as sleeper & coaches, are issued for special works at or about the close of the year with a view to reduce balances or to utilise the grants for these works. These instructions apply equally to issues to workshops.

11.12 Issues on sales (see paragraph 305 of the Railway Audit Manual and chapters XXIII-S and XXIV-S).

It should be seen that:

- a) the purchase money is paid in advance if the sale is made to the outsiders.
- b) Percentages charges prescribed in the code have been correctly levied:
- c) Only surplus or condemned articles are sold to railway employees and there is no tendency to issue frequently ordinary articles, which can be purchased easily by the employees from the market.
- d) whether the stores sold as scrap was declared as such by the survey committee.
- e) in case of sale of borings and turnings of valuable metals, such as brass, copper etc. whether the question of effecting economy by casting them into ingots to be issued again in the foundries was considered.
- f) The gate passes should be checked with connected sale order.

11.13 Priced ledgers/Transaction Register:

(See paragraph 307 of the Railway Audit Manual and chapters XXV-S and XXVI-S).

Priced ledger is an annual item of audit done monthly by dividing the total number of priced ledgers as on last April of a year into twelve units and one unit is selected for audit every month. The review of priced ledgers should be supplemented by a review of the following managerial statements prepared on the computer:

- a) Review of non-moved accounts showing the items not moved over two years/one year etc.
- b) Review of priced ledgers account having irregular balances in quantity or value.
- c) scrap statement.
- d) Report on value/volume analysis to pin-point account having excessive balances with reference to

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the issue of stores as relates to the total volume of issues to the depot.

e) Statement showing no issues for a certain period as fixed by the store's depot.

f) Statement showing stock holdings over one year's requirement as and when required and for specific item only. The periodicity of review of these statements may follow the periodicity of their preparation on computer.

Under computerised system, in addition to the priced ledger, class ledger/summary showing the opening balance, receipts, issues and closing balance under each class is also prepared from the transaction file for receipts and issues and updated opening balances. The total debit, credit and balances in these class ledgers are required to be reconciled with stores Account Current/General Books.

It should be ensured in audit that the procedure in vogue in accounts office provides for:

(i) a monthly reconciliation of class summaries with departmental summary and (ii) Debits, Credit and balances in the class ledger with General Books and balances in the priced ledgers. It is also to be reviewed that the action taken by the adequate. accounts office for discrepancies in different sets of figures is adequate.

As regards audit procedure in respect of priced ledgers receipt notes delivery notes etc. under computerised system, detailed instructions are given in Annexure I to this section, which are to be borne in mind. To familiarise with the computerised procedure, various orders/POOs issued by the FA & CAO/COS from time to time should also be referred to.

11.14 Accountable of stores in the custody of running shed foreman and train examiners.

Materials held in stock at running sheds and Train Examining stations not for specific works but as a standing advance for the purpose of meeting day-to-day requirements in connection with the repair and maintenance of rolling stock, including consumable stores, such as cotton waste, jute; oil, grease etc. should be treated as Imprest stores, so long as they are under the control of the authority in charge of the executive unit and should not be issued to works. The material reserved from the upkeep of rolling stock by Train Lighting Inspectors should also be treated as Imprest stores. In checking the Accountable of these stores, it should be seen that:

1. The schedules of items of stores to be held as an Imprest is prepared separately for each Imprest holder and duly sanctioned by the competent authority. This should be looked into in the course of inspection.
2. the combined requisition and issue notes are rated and valued correctly.)
3. the inspector of stores (Mechanical) examines and reports periodically as to whether the actual issues justify reduction of the imprests and the competent authority acts accordingly.

11.15 Accountable of Imported stores

Subsidiary books under "Purchase imported" are maintained to record the transactions relating to imported purchase. Current orders and procedures in connection with Accountal of imported stores may be kept in view while reviewing these transactions in audit.

11.16 Monthly statement of stores Account-Current

(See para 309 of the Railway Audit Manual)

Monthly statements are received in the Chief Accounts Office from all the decentralised stores. Accounts offices. These should be checked to see that they are all correctly consolidated and proper Transfer vouchers made out.

The reconciliation of the figures in the consolidated statement with these in the General Books should be seen by the stores Audit (Central).

In local stores Audit Offices, the Account current should be checked with the monthly abstracts of daily summarise of receipts and issues. In addition, the class ledgers should be checked with the monthly abstracts of classification summarises.

11.17 Sales Abstract (Para 310 of the Railway Audit Manual)

It should be seen (i) that each sale has been sanctioned by the proper authority and included in the sales Register. (ii) proper percentage charges prescribed in the codes have been correctly levied and bills made out against the parties concerned, (iii) that there are no credit items. (iv) that the postings are correctly made in the ledgers, (v) that the totals agree with the debit to the head "Sales" in the General Books of the Railway.

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 Registers (see para 310 RAM).

11.18 Locomotive energy Account

Please see instructions contained in para 319 of the Railway Audit Manual.

11.19 Suspense Registers (See para 310 of the Railway Audit Manual)

- a. Purchase Registers (See also paras 2809-S to 2816-S and 2924-S and para 16-6-AI).

All the register should be divided into 12 units and one unit taken up every month. It should be seen that the registers are efficiently maintained and all items are current and are for bills payable for article received. Debit balances representing advance payments prior to the receipts of stores should be scrutinised to see that the concession is allowed only under orders of the competent authority. The correctness of the entries in the purchase register should be verified with reference to the computer printed statement of purchase Balance under this head should be analysed age-wise and it should be seen that proper and prompt action is being taken to ensure their speedy clearance. Accrual of long outstanding should be brought to the notice of the F.A & C.A.O.

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- b. Sales Register (see also paras 2722-S to 2722-S and 2927-S and para 1607-AI).

All the registers should be divided into 12 units and one unit taken up every month. Credit balance should be specially scrutinised. The balances should be analysed and undue delay in recovery of the value should be taken up with the Accounts office. It should be seen that the balances of this register have been reconciled monthly with the General Books (See also para 373).

- c. Deposit Miscellaneous and Miscellaneous Advance Register (see also paras 1120-A to 1121-A & para 1611 A & 1616-A).

The registers should be divided into 12 units and one unit taken up every month. It should be seen that systematic reconciliation is made with General Books. One month's outstanding should be traced back to the month of origin in addition to the General Review of Deposit Misc. and Miscellaneous Advance Registers. It should be seen that deposits are adequate for fulfilling the requirement of the contract, that in the case of failure on the part of the contractors to observe the terms of the contract, proper recoveries have been made from the security deposit, that there are no debit items under deposit miscellaneous and that all items are current and relate to work in progress. Analysis of the outstanding balances should be looked into to see that cases of chronic outstanding are not on the increase and all out efforts are made to clear old items. Cases of outstanding of heavier amounts, over one-year-old should be examined in detail to see if any unusual feature exists in such cases. The following points should also be seen in the review of Miscellaneous Advances Registers:

- i) that this register generally contains items of expenditure, the allocation of which is not known and
- ii) the value of cloth issued to the contractors and firms for manufacture of garments. It should be seen that provisions contained in paragraph 161-A are followed.

Important defects in procedure or control brought to light by careful scrutiny of this Register should be thoroughly investigated and pursued in the light of all available information before being formally objected to

- d. Inter depot transfer Register (see para 304 of the R.A.M. and paras 2746-S to 2751-5). It should be seen that (i) vouchers of issue and receipts are raised and that sufficient action is taken to watch the acknowledgement of outstanding items (ii) balances in the Register have been reconciled monthly with the General Books and that proper machinery exists in the Accounts office to ensure that all the vouchers have been considered. (iii) the receipts are correctly priced at the same rate at which the corresponding issue are evaluated and (iv) if receipts & issues are not paired during the month, it is reflected in the stores-in-transit (Depot Transfer).

11.20 Stock verification reports.

See paragraph 317 of the R.A.M. and Chapters XXXII-S & XXXIII and 1260-S, 1442-S, 1875-S & 2526-S paras 339-A, 340-A & 703-A).

It should be ensured that the programme and arrangements for the conduct of stock verifications cover all item of stores. The scrutiny by audit should cover the results of verification of all kinds of stock including charged off stores.

The stock verifiers' reports will be reviewed with reference to the explanations furnished and the orders finally passed thereon, it being seen that all important losses have been adequately investigated. The actual adjustment in the accounts will be scrutinised. Explanations setting off shortages against examination under similar or other

articles are open to objection as such differences indicate looseness in the Accountal of issues. Any unreasonable delay in the disposal of stock sheets either by the departmental officers or by the Accounts Officer should be brought to the notice of the Accounts Officer. The arrangements for departmental verification and the important results thereof may also be reviewed. The postings of the excesses and deficiencies after review by the competent authority should be verified in stores priced ledgers. The action taken by the Account Office should be watched to see that full investigation is made in all important cases and that no improper use is made of the stock Adjustment Account and in the case of shortage adequate disciplinary action is taken against the person responsible, therefore. It may be seen whether the accuracy of the weight bridges and other weighing machines is periodically tested by the executive and whether a record is maintained of such tests.

11.21 Action sales account (See paras 318 and 438 of the Railway Audit Manual and paras 2412-S to 2447- S and 2733-S to 2737-S).

The following points may be seen while auditing the above account: -

- i. That the lists of stores for auction have been made out under proper sanction and reasonable publicity has been given in regard to date and other particulars of auction.
- ii. That the auction has been personally supervised by a responsible officer of the stores Department
- iii. That the accepted bids have been written by the concerned officer and a certificate has been recorded by him as to his personal supervision.
- iv. That an accounts representative was also present at the time of auction
- v. That the amounts of commission charged by the auctioneer is as per his agreement and that there is no delay on the part of the auctioneer in remitting the amounts to the Railway Administration.
- vi. That the credits for the values received have been afforded to the correct head of Account.
- vii. That the total amount realised in auction sale agrees with the total remittance as made.

It should be seen occasionally that the materials put up for sale in auction are not serviceable and costly articles are not mixed up with lots of scrap or condemned materials. In the case of sales account of scrap metals, the reasons for realising a higher value than the book value should be carefully looked into. It should also be seen whether in cases of failure to remove the materials within the stipulated period by the buyers the penalty as per

the materials within the stipulated period by the buyers the penalty as per terms of Sale is levied also, that no remission or reduction of ground rent on materials sold by action but not removed within free time is allowed except with the sanction of the competent authority.

The prices realised at one sale may be compared with the prices realised for similar articles at other sales. It should be seen whether before selling the stores to public, there is system of sending lists of surplus stores to other Railways, which may be useful to them. It should also be seen that suitable arrangements exists to ensure that only such materials are issued from stock/workshops etc. as have actually been sold and that the description and quality as well as quantity of the materials are correct. In the case of local deliveries, the gate passes should be checked with the delivery order for auction sales. It should be ensured that all materials sold in lots are weighed before suction in the presence of an Inspector of stores Accounts. The lists of weighments of their lots received in Accounts Office should be compared with the Auctioneer's sale Account. The latest schedule of rates for scrap should be compared with the prices obtained in recent auction sales to see if any of them calls for revision.

11.22 Yearly statement of stores transactions

(See para 314 of the R.A.M. & 3001-S)

The annual statement of stores balances of stores in transactions is the statement showing the money value of actual had expressed in thousands of rupees at the end of each financial year prepared in form no. S-3001. A copy of this statement is sent to the Railway Board so as to reach them by the 1st November of the year following the financial year. The statement is prepared by the controller of stores with the assistance of the Accounts Officer. Detailed instructions for the preparation of this statement are contained in chapter XXX of the stores Code. The statement is accompanied by three annexures.

Annexure 'A' - is in the form of questionnaire which should be answered duly certified by the FA & C.A.O.

Annexure 'B'- is a review of balances under materials at site account for the year.

Annexure 'C'- is a statement of balance of charged off imprest comprising the balance at end of the year with each category of imprest holder.

The following points should be seen:

- 1) The statement has been prepared in the prescribed form discrepancies, if any, should be brought to the notice of the FA & C.A.O.
- 2) The balances shown in the statement are correct, effective and efficient.
- 3) The Railway Administration has not unnecessarily reduced the stores balances by resorting to the following means:
 - i. writing down of values without sufficient causes
 - ii. Charging of stores to works on which they are not required for use immediately.
 - iii. Under valuing returned stores
 - iv. Undue acceleration of the sale of surplus stores
 - v. keeping off the payment or accountable of receipt of stores towards the end of the year till the next financial year.

11.23 Yearly statement of stores purchases:

(see para 315 of RAM & 2943-S to 2946-S)

This statement which shows the details of stores purchased during the year from various sources should be scrutinised generally to see how for the Government stores purchase policy has been adhered to. The statement may be compared with the previous year's statement and the reasons for Important variations investigated.

11:24 Stores-in-transit Register.

(see para 310 of RAM & 2746-S to 2752-S)

It should be seen that:

- i. the balance outstanding in the stores-in-transit account is reconciled monthly with the subsidiary Registers.
- ii. Steps have been taken for prompt clearance of the outstanding items.
- iii. The register of outstanding items is examined periodically by the stores accounts officer and delays in the acceptance and return of monthly account current are taken up with the departmental officers. and the Heads of Departments and that repeated or protracted delays are specially brought to the notice of the General Manager.

11.25 Stock Adjustment Account Register.

(See paragraph 311 of the RAM and 2740-S to 2742-S 2852 S and 2936-S)

should be seen that items are not carried to Stock Adjustment Account without proper investigation and adequate reasons exists in all cases where clearance is deferred. The transactions of the stock Adjustment Account will generally come under scrutiny in connection with the review of priced ledgers and stock sheets etc. As all items are as a rule to the cleared within six months vide para 2742-S, items more than six months old should be specially scrutinised and reasons for their non-clearance investigated. The total amount placed under stock Adjustment Account during the year should be compared with the total for the previous year and the difference, if large should be investigated.

11.26 Scrutiny of larger contracts.

(See para 290 of the RAM and Chapters III to XI-S).

While reviewing the contracts, it should be further seen that:

- 1) Wide publicity was given to an advertised tender time was allowed for submission of tender.
- 2) Reasonable time was allowed for submission of tender.
- 3) A tender committee was properly constituted, associated with finance and the tender was duly examined by

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he committee.

- 4) Necessary earnest money/security deposit has been obtained.
- 5) Technical advice wherever necessary has been obtained and financial implications of alternate specifications of delivery period ha have been examined.
- 6) Reasons for accepting a rate higher than the lowest have been recorded and are genuine.
- 7) Acceptance of a tender has been duly communicated to the party within the validity period of offers.
- 8) Acceptance of the tender and execution of necessary agreement have been done, by competent authority.
- 9) No contract has been entered into with parties who have been black-listed.
- 10) The quantity ordered is as per genuine requirements with regard to estimate/indents based on consumption and stock position.

A record of contracts reviewed should be kept in a register similar to that prescribed for works contracts (expenditure Audit). See also item No. XIII (ii) (1) under stores Audit in the appendix to. M.O.I. In this connection P.O.O. No. 331 dt. 27.3.85 regarding stores audit may also be seen.

11.27 Stores Adjustment Sheets.(See para 312 of the RAM and paras 2543-S & 2548-S)

The stores adjustment sheets should be checked with reference to the Transaction Register. The original postings should be verified wherever necessary and the justification of the adjustment scrutinised. It should be seen that important shortages brought to notice during stock verification are fully investigated before the difference in value due to reclassification of stores into class-II or scrap are adjusted. It should be seen that survey committee has recommended such reclassification or scraping and the recommendation has been accepted by the competent authority. Papers dealing with the procurement of such materials and circumstances leading to the materials being rendered obsolete or unserviceable should be specially investigated, wherever the amount adjusted is heavy.

11.28 Price lists. (See para 313 of RAM and 208-S to 210-S)

It should be seen that the Controller of Stores is advised of all the variations between the average and the price list rates as required under the rules to enable him to consider the revision of the price list rates. In case of stores, for which there have been no purchases, it should be seen that the enquiries are made as to the prevailing market rates and the price lists revised where necessary. If price lists do not exist for many classes of stores, if should be taken up and factual statement prepared. if necessary.

The review of price lists should be done along with the review of stores ledgers yearly (see item no. XV under stores Audit in the appendix to M.O.I)

It should also be seen that the alternations in rates etc. issued during one month in each year (to be selected by the Branch Officer) have been carried out in the price lists maintained in the Accounts office.

11.29 Inspection of the work of the Receiving and Despatching Sections.

- i. The purpose of inspection of the receiving and despatching sections of the depot is to see that the section of the depot which receives all stores before the wards take them into stock and the section which arranges despatch of all stores from the Depot are functioning properly. The detailed list of items to be looked into during inspection of these sections are contained in Appendix Chapter XVIII Inspection.

- ii. Accounts, custody and disposal of scrap material see para 316 of RAM)-The check covers the work of the section mentioned in para 1206-S and includes a scrutiny of hit arrangements for the custody of the scrap materials, the procedure adopted for the during suction of scrap, the rates fixed and those obtained during auctions and the procedure for verification of scrap, especially valuable scrap. Annexure I to stores Audit (para 5.7.12)

Sub: Computerisation of stores Revision of audit procedure, therefore.

Computerised system of stores accounting it being introduced on Eastern Railway in phases and out of five phases (in which the whole area of accounting is proposed to cover) computerisation has been fully introduced in three phases and in one phase it has been taken up in hand and another phase (computerisation of purchase ledger with connected accounting vouchers) is yet to be taken up. Where the computerisation has not yet been introduced the check under annual system of accounting is being done (where necessary with corrected documents computerised so far).

The procedure followed in processing the input documents relating to various transactions of stores dept is narrated below:

- i. **Card Code** In order to specify the nature of transaction of various classes of input documents i.e. receipt, issue and purchase etc. each type of voucher has been given a distinctive numerical code known as Card code. This card code is indicated on all vouchers before they are sent to stores accounts department. Therefrom the same are made over to EDP section after rechecking the code numbers for further processing.
- ii. **Voucher numbering** Each voucher for various stores transaction is identified by an alphabetic code number known as "voucher number" which signifies Depot, Ward, nature of transaction and serial number. A new set of numerical codes have also been introduced, for categorizing various classes of stores viz. ordinary, scrap, emergency, surplus stores etc. and various nature of items viz. manufactured interns, semifinished, rough items, standard items etc. as also identity numbers for each item of stores.
- iii. **Unit Code** To indicate various items of measure for accountable of various stock items such as number set, kilogram, M/Tonne some numerical code has also been introduced. For a proper appreciation of each stores

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voucher dealt with in computerised system auditors should get themselves acquainted with the scheme of codification introduced by the Railway Administration.

2. Transmission of vouchers to EDP section for processing:

The ward keeper of each ward collects vouchers relating to various transactions arising on a particular day and sends the vouchers for the day along with a forwarding memo to the EDP section. Through stores Accounts department. Before sending the vouchers, the ward keeper exercises check to ensure that necessary code particulars have been correctly noted on the vouchers. On receipt of the vouchers along with the forwarding memo the above particulars are rechecked in stores Accounts office. If any error or discrepancy is noticed in the vouchers in course of such recheck, those vouchers are segregated and returned to the ward for necessary connection. The vouchers relating to receipt are then priced manually or with the help of computer with reference to the details given in the vouchers. Keeping the ward wise arrangement of vouchers intact, code card wise lot are made for each ward, each bunch or lot being allotted to a lot number. The total number of vouchers in each lot and lot total (which is a hash total of the value of each voucher taken on comptometer) are entered in a lot register for subsequent reconciliation with lot total produced by the computer while preparing the daily tabulation. The vouchers are handed over the EDP section for punching of cards. After punching and verification the vouchers are returned by the EDP section to stores Accounts Office.

Edit Run: After the cards have been punched, they are fed to the computer machine and a ward wise list of vouchers (separately for receipt and issue vouchers) is prepared which gives particulars in regard to date, voucher number, P. L. No description, quantity unit, ward number, value gross total (has total for each lot). The list printed out by the machine is then checked with the original vouchers in order to ensure that the cards have been correctly punched. If any error is noticed in the punching of cards. necessary corrections are made by repatching the card. If any card is rejected by the machine during this edit run, the corresponding voucher is taken out from the lot for return to the ward for scrutiny and necessary rectification, At this stage it is to be checked whether the total number of vouchers noted in the ward's forwarding memo is equal to the number of vouchers edited and listed by the machine and the total number rejected. Lot totals are also reconciled with the lot total taken earlier on comptometer and entered in lot register. The edited list of vouchers is then filed chronologically for record.

In this connection it is to be noted that any card, the part number of which does not find a place in the stock master record will be rejected during the up-date run. Such vouchers will be returned to the wards for initiating action to create master record format.

In case new cards are to be opened, or in case of items for which no master format has been prepared earlier, the ward keeper should prepare an opening advice and send it to the ledger section, who will immediately prepare the format in the proper form and send it to the ward. The vouchers pertaining to the new items is to be forwarded to the Joint checking staff comprising staff of the stores Department and stores Accounts Department along with the format with specific mention in the forwarding memo. Similar action is to be taken in case of vouchers rejected by the computer for want of master format after investigating and verifying that master formats have not been prepared earlier. The stores Accounts representative should check the new formats and ensure that the book

balances and value balances are properly furnished before sending there to the machine room. section officer (Accounts) computer cell should take prompt action for creation of the master.

3. Procedure for printing of vouchers.

There are certain classes of vouchers in respect of which the values (amount) are required to be calculated manually and punched in the relevant card while there are certain classes of vouchers in respect of which such calculation of value is not necessary. Where the value is calculated the computer utilises this value of striking out the fresh average rate by taking the new value into account but in respect of vouchers where no value is given the computer prices the new vouchers with the existing average rate.

In respect of following classes of vouchers valuation is required to be made the same is to be punched in the relevant card for arriving at the new average rate.

Name of Vouchers

Book/Transfer (issue)

B.T.R. (receipt)

Dept transfer (receipt)

Write off vouchers, receipt notes, minus receipt notes, receipt note for fabricated materials.

Temporary receipt notes.

Advice of despatch for imported stores.

Sales Issue Notes

Advice Note of Returned stores.

Minus loan issues (receipt back of loaned materials).

Return of loaned materials.

Claim issues.

Minus claim issue (withdrawal of claim issue note).

As the above vouchers are required to be evaluated and punched in the card the 'rate' should be mentioned in the vouchers.

In case of the following vouchers calculation of value is not required to be made. These vouchers are evaluated by the computer at the average book rate.

Name of vouchers

Depot stock verification sheets.

Accounts stock verification sheets.

Loan receipts.

DIR Issue (Minus receipt) Depot transfer.

Issue notes.

Material requisition - issue vouchers.

Issue slip for workshop manufactured finished items.

Fabrication issue note (plus) Loan issue.

4. Some important statements/tabulations printed on the computer.

i. Daily ward wise list of vouchers.

Daily transaction statement: This is an edited list of stores transactions posted by the computer every day showing full particulars of receipt and issue vouchers. This statement is sent to stores Accounts. Department as well as to the ward keeper. The statement is critically examined by the ward keeper and stores Accounts Office with reference to the relevant vouchers so as to ascertain correctness of the transactions incorporated in the statement. In case of mistakes, if any, the ward keeper returns one copy of the statement to the machine room with remarks and necessary adjustment vouchers for rectification.

ii. Daily stock status: After the daily up-dating is over a daily stock ledger of priced ledger items affected by the days transaction is printed out showing the receipts and issues under each dept, class and P.L. no separately along with closing quantity balance and value balance. These are filed date wise and class-wise for reference purposes.

iii. Monthly stock status: At the end of the month a monthly stock ledger is printed out by the computer from updated disc/tally file. This shows total of all receipts and issues (quantity and value) during the month and closing balance (quantity and value) in respect of all the items in stock and for all classes and depots separately. This also given particulars of cumulative 'True issues' from commencement of the year, maximum and minimum and red signal level etc. for stock control purposes.

Simultaneously a statement showing the total value of receipts and issues during the month and closing balance by depot, category and class is also printed out.

iv. Consolidated monthly class wise summary for Receipts/Issue.

This tabulation gives class wise summary of receipts and issues during the month. This is utilised for preparation of monthly statement of stores Accounts.

v. (a) Monthly Departmental summary of non- stock receipts Notes :

This tabulation shows work order wise and department wise debits for non-stock items.

(b) Consolidated monthly summary of non-stock receipt notes by department:

This statement shows the consolidated monthly debit to the various departments for non-stock purchases.

vi. (a) Monthly departmental summary of Issues:

This gives department wise statement of issue notes (relating to issues for the concerned department) showing the allocation.

(b) Consolidated (Departmental) summary of issue or summary of issues by allocation:

This gives allocation wise totals of stores issued in respect of each department. This is used for preparing journal vouchers for debiting the concerned heads.

vii. **Monthly Credit statement of shop manufactured items:**

This gives the monthly total value of manufactured items for affording credit to work orders by debit to stock

viii. **(a) Monthly credit statement for returned stores:**

This gives the details (department wise and allocation wise) of advice notes for stores returned to stores depots by the departments.

(b) Consolidated summary of returned stores:

6. Managerial statements:

In addition to the statements enumerated above the following Managerial statements are printed out by computer. Although the statements are primarily prepared for facilitating the work of executives they should be critically examined in Audit as they are subsidiary to the documents listed earlier and would give a fair idea about the management of stores.

7.(a) ABC analysis showing inventory balance of high value items:

The statement is printed out monthly and furnishes the breakup of stores transactions under different categories viz. items valuing Rs. 50,000/- and above, items valuing Rs. 25,000/- and above etc. showing opening balance, receipts, issues and closing balance. It should be examined to see whether the issues under heavy value items are commensurate with the receipts and whether there are any heavy stock holdings.

(b) P.L. exception report: This report shows all the items where receipt rates are lower than the average book rates by 20% or more. This report shows items of receipts where rates fluctuate more than 50% on high side.

(c) List of non-moving items: The items for which there have been no issues during a particular period are printed in the list of non-moving items. The statement is to be reviewed to see whether there has been heavy accumulation of surplus stores. The reasons for the accumulation should be examined and it should be seen whether adequate steps have been taken by the Admn. for their proper disposal.

(d) Items with inefficient balances: The items having negative balances are printed in the list of items with inefficient balances showing P.L. No. description of items, quantity on hand, unit average book rate and the value.

(e) Continuity statement of stores vouchers: With a view to checking the continuity of stores vouchers (both receipt and issue) during the months' continuity statements of stores vouchers are printed and sent to depot officer for investigation of the reasons of missing vouchers.

8. Procedure of Audit of Stores Accounts under Computerised Accounting system:

In stores accounting the source documents are the various classes of receipt and issue vouchers for which separate card codes and format have been prescribed. As already explained these input documents are subjected to careful checking before the particulars given in them are punched in card so as to ensure that the input data is basically correct. computer itself also edits the punched card during the edit programme and rejects the card in case of incomplete particulars in vouchers with wrong format or irrelevant date etc. But the computer is not in a position to detect certain classes of inaccuracies viz. inaccuracy in value or part No. etc. If the voucher is other correctly prepared in correct format. Audit, therefore, aims at locating the inaccuracies which generally arise due to human error by referring to the source documents viz. the different classes of vouchers. The procedure to be followed in regard to audit of stores accounts under computerised system is narrated below:

i) General principle of audit: Although the logical correctness of the computerised system of accounting has been broadly established, Audit should, however, test the efficiency of the system by continuing the existing method of check including arithmetical calculations with reference to source date and output documents. As such the quantum of audit prescribed by the C & A.G. in regard to various items of stores transaction is needed to be adhered to. Since the computer possesses the ability to carry out arithmetical calculation with almost unfailing consistency the check of arithmetical accuracy where the calculation has been done by computer should be restricted to 50% of the transactions selected for audit.

If in course error is noticed the reason for such error should be traced back through various stages of processing the original documents so as to determine whether the error was due to human failure, such as, error in coding, punching etc. or whether it should be attributed to any lacuna in programme. If any lacuna in the programme is suspected, the matter should be taken up with Data Processing Manager and a report in this regard should be sent to comptroller and Auditor General of India's Office incorporating the remarks of Date Processing Manager for remedial action taken etc.

ii) Check of completeness of Accountable :

The object of audit check is to ensure that the vouchers received from Stores Depots are continuous and that adequate arrangements exist for action taken on rejected vouchers. Without check on the completeness of the document processed by the computer the output cannot be assumed as correct.

Check of completeness of processing may be treated as an independent item of audit to be done half-yearly for one month's account.

With a view to ensuring the correctness and completeness of Accountable of all transactions originating in a Stores Depot audit should completely check one day's transactions (both receipts and issues) for each Depot as follows :

- a) To see whether the total number of vouchers sent by the wards as per forwarding memo is equal to the total number edited and listed (as per edit list) plus the number of vouchers rejected and that the total number of transactions edited for posting is equal to total number actually posted plus number rejected by the computer due to creation of credit balance.
- b) To verify that the manual lot totals (quantity and value etc.) are reconciled invariably with 'hash' totals developed by the computer. (The lot registers maintained manually should be examined for this purpose).
- c) To verify that the vouchers which are sent back to the ward for correction, are duly corrected and returned for posting within a reasonable time. (Failure to take action on rejected vouchers or abnormal delays in returning them should be taken up) .
- d) To check the continuity of vouchers with reference to the continuity registers manually maintained and continuity statement prepared on computer.
- e) To trace the postings of one day's transactions for each depot into the priced ledger or transaction statement and in addition into-
 - i) Account stock verification statements in the case of accounts stock verification vouchers.
 - ii) Departmental stock verification statements in the case of departmental stock verification vouchers.
 - iii) Depot stock sheets - Loss etc. statement in the case of Depot stock sheets.
 - iv) Stock adjustment account statement in the cases listed at (i), (ii) & (iii) above.
 - v) Book transfer statement in the case of book transfer vouchers.
 - vi) Returned stores statement in the case of Returned stores.
 - vii) Depot transfer receipts and Depot transfer issues in the case of depot transfer.
 - viii) Purchase statement and sales statement in the case of Purchases and sales respectively.
 - ix) Debit/Credits to Misc. Advances Capital Statement in the case of receipt notes for fabricated stores and issues notes for issue of materials on loan.
 - x) Deposit Misc. statement in the case of stores received on loan and return of such stores and
 - xi) Receipt - Issues to petty shops statement and workshop receipt statement in the case of receipts and to petty shops under D.C.Os and workshop receipt respectively.

iii) Receipt Returns (items No. II of stores Audit Programme).

This item at present covers returned stores, imported stores, Inter Depot transfers and workshop cut turn. In addition to these, occasionally there arise certain other cate-gores of vouchers such as, temporary receipt notes fabrication receipt notes and non-stock receipt notes in production units which have to be covered in audit. While most of such categories of vouchers come under check while checking the stores bills some such vouchers may not come under audit check. In order, therefore, to make the audit of receipt return comprehensive a new item viz. other receipt notes have been added as item 5 under item II of stores audit. It is to be ensured that where selections are made for one day's transaction (both receipt and issue) different day's transactions for each type of vouchers are selected.

(iv) Delivery Notes (item II of stores Audit) :

This item at present covers 'Issues to revenue and capital, Issue to workshops and Inter-Depot transfer's. Certain miscellaneous issue vouchers, such as, fabrication issue notes, loan issue notes, issue notes, for return of materials taken on loan etc. may also be encountered in audit. With a view to include all such vouchers an additional sub item viz. 'other Delivery Notes' has been introduced under item II of stores programme. Selection of dates of transaction for Audit should be different for different types of issue notes.

v) Priced ledgers:

(a) The receipt and issue vouchers audited should be tranced into the monthly transaction register. The review of stores priced ledgers may be conducted with reference to the periodical listings which contain all the items, moving or non-moving.

(b) The review of priced ledgers should be supplemented by a review of the following statements prepared on computer. The review should also be directed to see that the action taken is adequate when irregular or excessive balances arise in the first place etc.

- i. Review. of non-moved accounts showing the items not moved over two years, over one year etc.
- ii. Review of priced ledger accounts having irregular balances in quantity or value.
- iii. Scrap statement.
- iv. Report of value/ volume work analysis to pinpoint account having excessive balance with reference to the issue of stores as relates to the total value of issues in the Depot.
- v. Statement showing no issues for a certain period as fixed by stores Depot.
- vi. Statement showing stock holding over one year's requirement as and when required and for certain items only.

The periodicity of review of these statements may follows the periodicity of their preparation on compute When computerised system in addition to the Priced Ledger, Class Ledger/Summary showing the opening balance, receipts, issues and closing balance under each class is also prepared from the transaction file for receipts and issues and updated opening balance, the total debit, credit and balances in these class ledgers are required to be reconciled with stores account current/General Books.

It is required to be ensured in audit that the procedure in vague in the accounts office provides for

- (i) a monthly reconciliation of class summaries with Departmental summary and
- (ii) Debits, credit, and balances in the class ledger with General Books and balances in the priced ledgers. It is also to be viewed that the action taken by the accounts office for discrepancies in different sets of figure is adequate.

9) Stores account current: The scope of check of stores account current has been revised as follows:

The monthly account current of stores transactions should be examined in full details. The opening balance should be compared with the closing balance of the previous month, the debits and credits examined and traced from the audited statements (viz. those printed from the monthly summary tape as part of the monthly processing). In audit the depot wise class leaders should be totalled up and the totals agree with the totals of the number of categories into which the stores transactions are abstracted every month by accounts section. It should be further seen that the stores balances properly agreed with the balance in the General Books and agreement is duly attested. In addition to the above, the following checks are required to be exercised in respect of various documents under computerised system.

The entries in the Purchase Register and in sales Register should be reconciled with those in the Purchase statement and sales statement in respect of 8.1/3% of the depots. The check is to be exercised for verification of correctness of entries in the purchases and sales registers with reference to the printed statements which form the basis for adjustment in Accounts.

The accounts and departmental stock verification statements should be examined and cases of large variations in balance should be taken up with the Executive. Since a consolidated statement is available with computerisation review of this statement should be conducted in audit.

In addition, the following statements transactions are correctly and completely brought to account every month.

(a) The list of stores transaction vouchers finally printed for the month should be checked to see that there are no cases printed where the message controls do not tally.

(b) The opening number in the continuity statement of vouchers printed on the computer should be agreed with the closing number as per the preceding month's statement in respect of 8.1/3% of the Depot. The statement should be agreed with the manually maintained continuity Register. It should be examined whether adequate action has been taken to bring the missing vouchers to account.

(c) The Residual statement should be reviewed in respect of 8.1/3% of the Depots and of action taken should be watched in audit.

(d) The above checks should be conducted in audit as they are essential for ensuring correct and comprehensive Accountable and are in the nature of a regular review of the working of the procedure. The list of items with more than 20% variation in notes should be examined with a view to locating cases of incorrect posting or programmes errors. The list of opening balances printed should be reviewed in respect of 8.1/3% of the Depots every month. Accordingly, the review of priced ledgers should be supplemented by a check of opening balances statement. The extent of check is 8.1/3% of the depots every month.

Chapter – XII

Section - Divisional Audit

12.1 Duties and responsibilities:

The Divisional Audit offices at Sealdah, Howrah, Asansol, Dhanbad, Danapore, Malda and Mughalsarai are responsible for the audit of the accounts maintained in the respective divisions and the work done in the respective divisional Accounts Offices in respect of Expenditure Establishment, Books and Budget in accordance with the programme of Audit laid down in the Memorandum of instructions regarding the extent of audit (Railway Audit) and the orders issued from time to time. They are also responsible for the inspection of the accounts and records maintained in the Executive Offices under their audit control. Instructions relating to common items of work, as mentioned in this Manual, equally apply. They are also responsible for the certification of Divisional Accounts prepared by the Divisional Accounts Officers.

12.2 Working Strength of Divisional Audit Offices:

The seven Divisional Audit Offices under the Principal Director of Audit/E. Rly., and their working strength is as stated below:

A. Divisional Audit office Howrah: This office has a working strength of one Senior Audit Officer, four Assistant Audit Officers, fourteen Senior Auditors/Auditors and two Clerks.

B. Divisional Audit Office/Sealdah has one Senior Audit Officer, four Assistant Audit Officers, eleven Senior Auditor/Auditor and one Clerk.

C. Divisional Audit Office/Asansol has one senior Audit Officer, five Assistant Audit Officers, thirteen Senior Auditors and two Clerks.

D. Divisional Audit Office/Dhanbad has a working strength of one Senior Audit Officer, four Assistant Audit Officers, eleven Senior Auditors and two Clerks.

E. Divisional Audit Office/Danapur has a working strength of one Senior Audit Officer, three Assistant Audit Officers, eight Senior Auditors/Auditors and two clerks.

F. Divisional Audit Office/Malda Town has one Senior Audit Officer, two Assistant Audit Officers, four senior Auditors/Auditors and one clerk.

G. Divisional Audit Office, Mughalsarai has a working strength of one Senior Audit Officer, three Assistant Audit Officers, five Senior Auditors/Auditors and one clerk.

12.3 Jurisdiction of Divisions: of Eastern Railway Audit :

Sealdah Division: Sealdah North - Lalgola, Ranaghat-Gada, Ranaghat Dum Dum Jn. Bagnan, Dum Dum Fn. Dankuni (excl.), Barasat Hasnabad. Kalyani-Kalyani Simanta, Shantipur-Nabadwighat (NG), Sealdah South-Baruipur-Diamond Harbour, Baruipur-Laxmikantapur, Karanjali, Sonarpur-Canning, Ballygunge-Budge-Budge.

Howrah Division: Howrah-Bardhaman (Chord), Howrah-Bardhaman (ML) Khanna (inclu), Khanna - Gumani (inclu), Bandel - Naihati (excl.), Sheoraphuli-Tarakeswar, Bandel-Katwa-Azimganj (inch.), Azimganj Naihati, Ahamedpur-Katwa (NG), Barddhaman-Katwa (NG).

Asansol: Khanna (excl.)-Pradhan Khunta (incl.), sitarampur-Jharia (excl) Andal - Sainthia (excl) Andal-Sitarampur, Madhupur - Giridih, Jasidih - Baidyanathadham, Bhimgara - Palasthali.

Dhanbad : Pradhan - Khunta (excl.) Manpur (excl.) Gomoh - Barkakana - Gara Road - Chopan, Chopan- Singrauli Mahadiya, Karaila Road, Shatingar, Dhanbad - Sindri Town, Dhanbad - Pathardih, Dhanbad Chandrapura.

Danapur: Jharia (incl.) - Mughal Sarai (excl.), Mokama - Barauni (excl.), Patna - Gaya Excl., Kul Gaya (excl.), Dil darnagar - Tarighat, Bakhtiuyarpur - Rajgir.

Mughalsarai: Manpur (incl.) - Mughalsarai, Sonnagar - Garwa Road (excl.)

Malda: Azimaganj (excl.) - New Farakka - Malda Town, New Farakka - Bonidanga / Barharwa, Gumani (excl.) Kul (excl.), Tinpahar - Rajmohal, Bhagalpur - Mandarhill, Jamalpur - Monghya.

12.4 General Instructions:

Each Assistant Audit Officer/Section Officer will be responsible for the official cases, books of reference tools and plant & c. The Accounts Department should not be allowed to have access to Audit reports and cases without the permission of the Branch Officer.

12.4.1 Establishment Audit:

(Reference: Indian Financial code, volumes I and II, Indian Railway Establishment code, volumes I & II, Indian Railway code for the Accounts Department, pt. I, Workmen's Compensation Act ,Manual of Instructions for the guidance of the office of the Divisional Accounts Officer and Railway Audit Manual and MSO (Audit) First Edition 1991)

12.5 Pay bills of non-gazetted staff - Bills of the following categories are audited in the Divisions :

(i) Engineering staff, including Inspector of works, permanent way Inspectors, sanitary Inspectors and other subordinates.

(ii) Loco staff (steam, Electric & Diesel) including foreman, Drivers, Motormen, Shunters, Firemen, fitters, cleaners & c.

(iii) Carriage and wagon staff, such as Head Train Examiner, Assistant Train Examiners & c.

(iv) Signal and interlocking staff - Block signal Inspector & c

(v) Operating and commercial staff, such as station Masters, Assistant. S.M.S. Ticket collectors, Booking Clerks, switchman, cabin man, pointsman, shunting Mast, Yard master, yard master control staff etc.

(vi) Running staff, such as Guards, Brakeman, Traffic Inspectors.

(vii) Divisional Accounts staff.

(viii) Office staff of the various sections of the Divisional Officer and Miscellaneous staff under the control of the Divisional Railway Manager.

(ix) Staff of Railway Schools.

(x) Coal Area superintendent, Dhanbad, Chief Mining Advisor, Dhanbad and Divisional Superintendent (Transportation) Dhanbad.

(xi) Electrical Department Staff.

(xii) Miscellaneous staff such as R.P.F. Medical & c.

(xiii) Circular Railway Staff.

In auditing the pay bills the instruction contained in paragraphs 204 of the Railway Audit Manual, Paragraphs 404 A to 413 A and paragraphs 52 to 57 of the Divisional Accounts Office Manual should be borne in mind. It should be seen whether the internal check by the Accounts Office is efficient.

12.6 Overtime and Running Allowance Bills :

1) Extent of check see item no. IV(5) under central audit in the appendix to M.O.I. (Railway Audit).

2) The instructions contained in para 207 of the Railway Audit Manual may be seen. These allowances are given to the Railway staff in terms of the provisions contained in chapter V of the Indian Railway establishment code, Vol. I and chapter IX of the Indian Railway Establishment Manual (second edition).

3) These allowances whether charged through regular salary bills of the staff or through separate bills should be checked with reference to the overtime and running allowance journals. During the local inspection of the Divisional personnel officers and others the accuracy of O.T. and running allowance journals should be checked with reference to initial records i.e. engine tickets O.T. Registers guard's journals etc.)

4) While checking overtime bills it should be seen that basic pay includes substantive pay or officiating pay and personal pay and dearness pay but does not include any allowance such as compensatory allowance, house rent allowances, dearness allowance or running allowance.

- 12.7 Special allowances - certain allowances, mentioned below, are also admissible to the non-gazetted staff:**
i) Consolidated travelling allowance.
ii) Conveyance allowance.
iii) Allowances to Nurses.
iv) Extra duty allowance to R.P.F. staff.
v) Night duty allowance.
vi) National Holiday Allowance.
vii) Hard duty allowance.

The rules on the subject in the Indian Railway Establishment code should be consulted. In regard to consolidated allowances, the relative sanction may be generally reviewed to see how far the continuance of the allowance is justified in general or in any particular case.

12.8 School fee bills and contribution to schools:

(see chapter XI of the Indian Railway Establishment Code, Vol. I and Paragraph 227 of the Railway Audit Manual).

1. The payments to individuals should be checked to see that they are in accordance with the existing practice based on the above rules as amended from time to time. Para 622 A may also be seen.

2. In checking grants-in-aid to schools, the justification for the same should be scrutinised. If the grants-in-aid are dependent on the number of scholars actually in attendance during a specific period or on the expenditure on certain objects during that period, it is necessary to test the accuracy of the calculation by which the grants-in-aid have been made. Many grants-in-aid are made on the understanding that certain conditions will be fulfilled in the course of expenditure of the grant. The audit scrutiny will be confined in such cases to an examination of the annual reports.

12.9 Staff engaged on behalf of non-Railway Department public bodies and outsiders.

Pay, allowances and incidental charges on account of the staff engaged on behalf of the above bodies are recoverable from them. It should be seen that recoveries of pay, allowances, and incidental charges for such staff are made from them in accordance with Rule 2158-R II and the orders issued by the Railway Board in this connection from time to time. Pay and allowances, paid to the staff are allocated to "Miscellaneous Advance" of the first instance and subsequently recovered from the parties concerned through monthly bills. The outward bills (bills recoverable) register and the "Miscellaneous Advance" register should be carefully scrutinised to see whether there is any delay in recovery.

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Recoveries should also be verified with acknowledgements or advice from the treasurer or the Chief Accounts Officer (Books).

The outward bills register should also be carefully reviewed to see that all cases of recovery have been noted therein that there is no delay in recovery and the entries showing recoveries are supported by documentary evidence of recovery. When new registers are opened, it should be seen that the current cases have been correctly brought forward and that all sanctions of recovery, known to audit have been recorded therein.

12.10 Unpaid wages statements and pay orders for payment of unpaid wages.

(See paragraph 376 of the Railway Audit Manual)

While sending the unpaid wages statements, the Divisional Cashier retains the total amount of the unpaid wages, informing the Divisional Accounts Officer of the amount so retained. The Divisional Accounts Officer on the day he receives the intimation from the Divisional Cashier should deduct the retained amount from the total of the bills to be made over on that day to the Divisional Cashier for payment in cash, and should issue a cheque for the reduced amount, crediting the amount, deducted to "Deposits unpaid Wages". If the amount of the cheque in favor of the Divisional Cashier on that day is not enough to cover the recovery, deduction will be made as soon as possible".

The position should be received frequently to see whether the procedure is rigidly followed. If not, the defects should be taken up with the Accounts Office and pushed till the matter is set right. It should also be seen that the amounts of "Deposits Unpaid Wages" are monthly reconciled with the General Books.

12.11 Register of Foreign Service contributions

(see paragraph 219 of the Railway Audit Manual and paras 442 to 445-A)

The registers maintained in the Account Offices should be checked to see that correct recoveries are being made towards leave salary, pensions, Provident Fund Contributions, Gratuity etc. and the Broad sheet of recoveries (A-443) is correctly prepared. Delays in recoveries should be taken up.

12.12 Rent Registers and rent rolls of residential buildings.

(See paragraphs 215-251 of the Railway Audit Manual).

1. Extend of cheque - See item no. 14(a) & 14(b) under Central audit in the appendix to M.O.I. The registers should be checked to see that they are posted Up to Date, cases of mis-allotment of quarters, vacant quarters, and delay in recovery of rent should be taken up and carefully pursued to finality.

2. Rent rolls accompanying the pay bills for April, pertaining to the unit selected for audit, should be completely checked. In respect of pay bills for other months, variation statements relating to the unit selected for audit should be linked with the rent rolls for April and with the variation statements for the previous months.

12.13 Execution of works - As a rule, no work should be commenced, and no liability or expenditure incurred on a work until a detailed estimate for it has been sanctioned and an allotment of the requisite funds made by the competent authority. But under the special circumstances, mentioned in paragraph 1103-E (Revised edition 1982) the commencement of a work may be authorized on an "urgency certificate" and expenditure or liability incurred prior

to the sanction to the estimate. When it comes to the knowledge of Audit through sanctions, registers of sanctions to estimates maintained in the Divisional Manager's Office and Divisional Accounts Office, works Registers or other sources that work has been started on "urgency certificate" the justification should be scrutinized in audit. A special watch should also be kept over such to see that the provisions of paragraphs 1103-E to 1107-E are observed, and the necessary estimates prepared and submitted to the competent authority for sanction within the time limit and sanctioned by him.

12.14 Work orders - (see paragraph 1263-E and paragraph 259 of the Railway Audit Manual)

During audit of the contractor's bills, the connected work orders should be examined to see:

that the rates quoted, are authorized schedule rates or accepted tender rates. In the case of new rates (not appearing in the schedule) the analysis arriving at the rates should be scrutinized. In such cases and in the case of special rates (a compound rate consisting of one or more scheduled items at a proposed rate higher than the schedule) it should be seen that competent sanction exists.

- i) that it is a properly executed documents, complete in all respects.
- ii) That the special terms and conditions, if any, are not in contravention of extent rules and orders not prejudicial to the interest of the Railway.
- iii) that a closed work order is duly cancelled to guard against a second claim.

During the quarterly scrutiny of larger contract and tenders all sanctioned work orders for over Rs. 5,000/- should be picked up from the registers of work orders maintained in the Bill sanctions of the various departments and checked as above, and with tender papers etc.

12.15 Labour pay sheets (see paragraph 1355-E and paragraph 267 and 268 of the Railway Audit Manual)

- i) Extent of check item IV-18 of Central Audit Program in the Appendix to M.O.I. (Railway Audit.)
- ii) 50% of the labour pay sheets checked during local inspections should be traced in the works and Revenue Allocation Registers. P.F. deductions in respect of 5% of the employees included in the labour pay sheets checked need also be traced in the P.F. ledgers.
- iii) It should be seen that internal check exercised by the Accounts Office is efficient and that Gang Register (Form E. 1354) is maintained in Accounts Office for watching the wages charged for each gang or a group or labour under each subordinate in the case of maintenance works do not without sufficient reasons (which should be investigated

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and recorded) vary materially from month to month (Para 1355-E).

In this connection for instructions contained in para 308 should also be followed.

12.16 Register of Deposit Works (see paragraphs 1481E and 1848-E)

It should be seen that the register of works for the deposit works is duly maintained in terms of paragraph 1984-E and reconciled with the general books monthly as mentioned therein.

12.17 Statement of capital and Depreciation Reserve Fund Expenditure:

The monthly statement submitted to the Chief Accounts Officer by the Divisional Accounts Officer should be checked monthly.

Sometimes direct purchases of building materials &c. are made in Divisions based on turners or quotations received from outside firms. The rates and competency of sanction to the purchases should be scrutinized. The stores bill concerned, delivery notes and the ledger where maintained should be checked to the same extent as in the programmed of stores audit.

12.18 Imprest stores in running sheds and Train Examining stations (see para 282 of the R.A.M. and chapter XVIII of the stores code.

- i) Extent of check item VIII-17(b) under "Central audit" the appendix to M.O.I.
- ii) The imprest stores are held in stock in the Running sheds and Train Examining stations are a standing advance for meeting urgent requirements in connection with the repairs, maintenance, and the operation of rolling stock. These stores are charged off to Revenue. The following are the more important points to be investigated during audit:

1) At headquarters: -

(a) The combined requisition an issue notes received from the feeding stores depots along with the daily summaries should be compared with the accepted copies of the imprest holders. It should be seen that the cases of missing acknowledgements are duly followed up and finally regularized. In the cases of stores, returned by the Imprest holders or issued by them or other imprest holders, acknowledgements of the parties concerned, should be carefully checked.

(b) The summaries and allocations should be checked, and the allocations should be traced into the accounts.

(c) The annual revaluation of the stores done, should be reviewed.

(d) time. It should be seen whether the money limits for each imprest holder is revised from time to time.

(e) The figures furnished by the Divisional Accounts Officers to the Chief A/cs. Officer for the purpose of incorporation in the Annual statement of stores Transactions should be checked and comments, if any, sent to the stores Audit Section after acceptance by the local Accounts Officer.

iii) During local inspections It should be seen: -

- (a) that the quantities of each item of stores are based on two months average consumption and is approved by the General Manager or any lower authority whom he may authorize.
- (b) Whether there is transaction with more than one stores depot in respect of any one item of stores by the same imprest holder; and if so, the reason therefor.
- (c) that all issues are made on proper issue tickets duly signed by authorized persons.
- (d) that the numerical ledgers for each item of stores are maintained and are posted daily from Issue Tickets and closed monthly on a date fixed for it; the recoupment schedules are prepared from the closing balances of each month and the balances of the items in stock are verified by actual count of ground balances on the completion of each sheet and the actual balances are recorded as its last entry, e.g. balances by actual count found to be:
- (e) that the departmental verification of stock is carried out annually and a certificate to that effect is appended to the annual statement furnished and that the stock is verified by the Accounts stock verifiers at least once in two years; and
- (f) that the officers of the imprest holders are regularly inspected by the Accounts staff not less frequently than once in three years.

12.19 Private and Assisted Sidings (see paragraphs 1822E to 1842-E and paragraph 277 of the Railway Audit Manual)

(a) Private and Assisted Sidings Accounts -

i) The outward bill register and the siding Register (E-1840) should be fully reviewed to see that the interest and maintenance charges and such other charges as cost of special staff engaged on the siding or interest and maintenance charges for other Railway assets used by the siding owners along with the siding have been correctly worked out with reference to Railway Board's orders issued from time to time and recoveries thereof are being effected promptly and correctly accounted for.

In cases where cost of staff is recoverable from siding owners, it should be seen that in addition to pay and Allowances, the percentage charges laid down in Para 2158-RII are correctly recovered.

ii) It should be seen that the entries contained in the sidings register maintained in the Accounts Office are being duly verified annually with statements of sidings obtained from the District or Divisional Engineers as mentioned in para 1840-E.

iii) It should be seen whether suitable clause has been Provided in each siding agreement for the closing down of the siding and the determination of the agreement as Provided in para 1833-E. If any siding is closed and the agreement is so terminated, the Justification therefor should be examined.

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- iv) It should also be seen that inspection charges for periodical inspection works (in connection with private or Assisted sidings) inside the premises of the siding holders in terms of para 2012E (third print) read with C.S.76E. are being recovered from the siding owners.

Agreement for private sidings:

The sidings agreements should be fully reviewed annually. In addition to the full check of new- agreements and amendments to existing agreements as per percentage laid down should be thoroughly checked every year. The siding register, printed pamphlet of sidings and the goods tariff should be consulted for a correct list of sidings. The particulars of the sidings whose agreements are checked annually, may be kept in a separate case, or register so that it may be watched that any agreement is not reviewed more than once or omitted to be reviewed. In the reviewing, the agreements, it should be seen that they are executed in the approved form in accordance with the extent rules and the interests of the Railway are duly safeguarded. While checking the estimates and completion reports or siding it should be watched that the necessary agreements are promptly executed.

12.20 Material-at-site Accounts (see chapter XIV of the Indian Railway Code for the Engineering Department.)

The material at site account should be checked to see that: -

- 1) the returns and records prescribed are correctly maintained and the accounts are arithmetically correct.
- 2) the materials collected are necessary and not more than requirements
- 3) the materials have not been collected long in advance of requirement:
- 4) materials received have been properly accounted for.
- 5) all issues to contractors are properly vouched and are not out of proportions to the quantity of work done by them.
- 6) the total issues on a given date are in pace with the progress of work done up to that date as indicated by the progress report of the work and are not more than estimated quantities.
- 7) in the case of renewals, the quantity returned roughly equals material issued in replacement.
- 8) non-perishable articles of tools and plant are not shown as finally issued to the work.
- 9) the write-off material is covered by proper sanction and there are no fictitious adjustments to write off outstanding balances, such as transfer to Revenue or other works.
- 10) Empties, such as bags, tins, drums, etc. are returned to stores with due expedition and are not unnecessarily accumulated.
- 11) there have been no issues after the completion of work and the materials left over have not been charged to the "charged off return" without proper sanction.
- 12) there are no credit balances in the site account and its value agrees with the corresponding Balances in the work register.

13) there is evidence of actual count having been made once a year of the numerical balances, outstanding in the site account and that

14) no balances are allowed to continue at debit of the site account. Long after works have been completed nor are materials left over at the site of completed works.

As regards materials returned to stores depot or transferred elsewhere, the correctness of credit to site accounts should be checked with the relevant advice of returned stores or adjustment memo. (Para 1447-E)

12.21 Accounts of permanent way and building Materials

(See paragraph 1407-E et. seq.)

At the close of each month separate returns (in form E-1417) showing receipts, issues, and balances of all items of imprest and surplus stores operated on during the month should be submitted by each Engineering subordinate to the Divisional Office. Both the accounts should, as far as possible, be supported by the various receipt and issue vouchers, i.e. Issue notes, Adjustment memo and Advice notes and bear a certificate from the subordinate concerned that no stores. Other than these included in the accounts have been received or issued during the month and that the balances of all items of stores not included in the accounts remain the same as at the end of the previous month.

The instructions regarding the check of material-at-site account apply mutates mutandis to these accounts also. It should also be seen that the stock on hand with the inspectors are not in excess.

of the sanctioned imprest stock, that the sanctioned stock is revised as and when the issue justifies such revision, that transfer of material between two inspectors is few and far between and agrees with their returns and that monthly reconciliation of the debits, credits and balance in the General Books is made with priced return.

12.22 Stock verification of Engineering Imprest Store

i) The subordinates should be asked to submit the returns bearing the stock verifier's attestation whenever the stock is verified, if such a procedure is not in vogue.

ii) The balance on the verified returns should be compared with the closing balance of the last returns and discrepancies, if any, taken up.

iii) At the time of countersigning the stock sheets and submission thereof to the Account Office, the balance shown on them should also be checked with these on the returns.

b) The stock verified should carry out the stock verification of imprest stores with reference to the original record presented to them by the Engineering subordinates and after verification the book balances

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should be worked back to the last half year for which a complete statement of balances has been submitted to the Divisional offices and show discrepancies, if any, with reference to these balances by adding issues and subsequently receipts from the Ground balance.

12.23 Railway Electrification Audit

A new project for Electrification in the Sitarampur, Mughalsarai Section of main line in the Eastern Railway Division has been initiated with its Head Office at Danapur. This project is being audited by the Railway Electrification Audit Cell / Group comprising of one Audit Officer, One Assistant Audit Officer and two Senior Auditors. This cell has begun to undertake inspection of various officers, Head Quarters office at Danapur and its unit offices at Asansol and Madhupur from September 1995. All these offices are in Eastern Railway Division and there are twenty-two units in all under Railway Electrification Control for which inspection are being taken up in a planned program. Central Audit has not been taken up so far due to shortage of manpower. Besides RE Audit Group is also doing the review work arisen out of the objections taken up already simultaneously. At present the audit of Appropriation Accounts of Railway Electrification Section is being Audited by Danapur Audit Office.

CHAPTER-XIII **WORKSHOP AUDIT**

13.1 General:

In open line Railway the workshop Accounts office is under the control of workshop Accounts Officer, who oversees and responsible for maintenance of all accounts of the workshop including the work- shop Establishment, provident fund, and costing. The workshop Accounts Officer is directly responsible for all the finance and accounts functions relating to the workshop, but he works under the administrative control of the FA & CAO of the concerned open line Railway.

The workshop organization is headed by H.O. Ds viz. CEE CEE(W), CME(SF). The above H.O. Ds are as sited by different subordinates viz. ACME, DY CME, WM, SME, ME etc. in different units. The Accounts of workshops are being maintained in the following sections:

- i) Time keeping organization.
- ii) Incentive bonus & piece work section.
- iii) Workshop Establishment Section.
- iv) Workshop Manufacturing Section
- v) Costing

13.2 Organization of workshop.

13.2.1 Time keeping organization:

This organization is responsible for maintaining the initial record of attendance of all workshop staff which serves as a record for payment as well as for allocation of labour charges. The staff of this organization is not borne on the cadre of Accounts Office. This organization is responsible for booking of time spent by operators on various work orders. There are Time Booths inside the individual shop. The attendance upto the level of chargeman is being maintained on the Gate Attendance Card (M-21 with the aid of time recorder clocks. Gate Attendance Cards are punched 'In and 'out' by the workman at the time of coming in and going out. At the end of the month, summaries of the attendance for the whole month are prepared. Leave sanctioned is also marked on Gate Attendance Cards. E.D.P. center prepares pay bills of the workshop staff with help of Gate Attendance Cards.

Time office is also the custodian of the job cards which are used for booking time in respect of various operation carried out by the operators for a particular job. The Office works out the total time taken on completion of a particular job and records the same in the respective column of the job card. Job cards are then allotted serial number and certified by Inspectors in respect of work done. Completion and preparation of Incentive Bonus bills are made with the help of job cards. Time office is also responsible for proceeding Timecard, Man idle Timecard and Machine Idle Time Card.

Workshop Establishment: This section is responsible for payment of all claims of workshop staff including workshop labour) and watching recoveries in respect thereof.

Computer printed pay bills of the various bill units of the shops submitted by the personnel branch of the workshop are checked and passed by the workshop Establishment Section. The total amount of each bill is summarized in a memo showing the different denominations of coins and notes required for each bill unit payment booth. This Memo is known as change Memo which is sent to Cash office on the day preceding the payment day. The payment of the Workshop labour is being made with the help of the payment clerks selected for this purpose by the officiating-charge of the Section. The number of wages is entered on the pay envelopes along with the Ticket No. Each payment Clerk is assisted by a chargeman specially deputed for this purpose. The Gate Attendance Cards of the month for which payment is to be made are distributed to the receive Workshop labour on the second half of the payment day. On collection of the Gate Attendance Cards the envelopes are handed over by the chargeman to respective labour after verifying the tickets not as shown in the envelope with that of Gate Attendance Card. The amount of unpaid as struck off in the pay bill and is handed over to the Cashier on the same day. The unpaid wage lists are being prepared by the respective payment clerk clerks on the next day. The lists are handed over to the Cashier for arranging Payment to the unpaid workers in the usual manner.

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Incentive Bonus & Piece-work Section: - This section deals with the payment of Incentive Bonus to the workman and compiles the various managerial statements in respect of incentive Scheme, Under the Incentive Scheme the wages of the workers and the Supervisors participating the scheme are guaranteed. Time is the yardstick for each operation is fixed after detailed study and includes allowance for fatigue, general handling etc.

The difference between 'Time Allowed' and 'Time Taken' constitutes the time saved/ lost for direct workers which is converted into money values at standard basic hourly rates prescribed by the Railway Board for different categories of staff. In addition to direct workers, other workers, and supervisors up to the level of charge-man also participate in the scheme and are known as "Essential Indirect workers".

The staff of the service shops are also paid incentive bonus. Job/ Squad cards are the basic documents based on which incentive bonus is calculated and paid. The EDP Centre is finally responsible for the preparation of incentive bonus bill. The payment of incentive bonus is made in the same manner as that of regular wages.

13.2.2 Workshop Manufacturing Section: Complete records of stores, labour and miscellaneous relating to producing incurred by each shop together with overheads thereon as also indirect expenses of the shops and departments are maintained in this section. In the production unit the Workshop organization is the main unit for the purpose of initial accounts. The workshop organization is sub-divided into various shops. The expenditure is being incurred by these shops for the various types of production in respect of labour, stores, and other miscellaneous nature. With a view to records all the overheads there on types of expenditure incurred in connection with direct labour and stores together with overheads thereon a register is maintained which is known as Workshop."

13.2.3 Stores consist of (i) direct stores and (ii) indirect stores, Stores which can be directly attributed to a job is called direct stores and those which cannot be directly attributed is known as indirect stores generally the latter category is known as 'overheads'. The direct stores are drawn through Material Requisition and workshop issue slips at the rates authorized for that job. The issue of material is priced at the book average rates which are worked out at the time of every fresh receipt. Nonstock items are priced at the actual cost of purchase. Certain shop manufacture. The direct stores drawn in a month are tabulated by the computer. showing the voucher number, date, work order number and amount of each voucher to gather with stores overheads at predetermined percentage. The workshop general register is posted from this tabulation against individual work order. After completing the posting in respect of all. Work orders the total for the month and to the end of the month are struck for each work order under each element of cost and direct man hours.

Simultaneously with the posting of workshop General Register the stores, labour charges and overheads thereon are also posted indecently in "Check-sheets" with the same details and in the same proforma as that of workshop General Register except direct man hours. The total of each work order under each element of cost is struck. The total of each element of cost of each work order of check sheet is reconciled with the total of each work order

under each element of the workshop General Register. The out-turn statements are prepared showing all outlay separately against each work order adjustable during the month and outlay on work in progress and completed work awaiting acceptance and adjustment. The outturn statements are prepared in part I and part II in form W-1605.

13.2.4 An account current of all the transaction pertaining to workshop manufacturing sustains account is prepared. Before compilation of the workshop account current, all expenditure and recoveries are posted in a manuscript register quoting the voucher reference and the item number of the workshop account current against which the expenditure or recoveries are to be grouped. The total of the expenditure and recoveries as posted in this manuscript register is reconciled with the total of the out-turn statement except the credits of returned stores which are taken as minus debits in the outturn statement. The workshop account current also shows the opening and closing balance. After the completion of the monthly account current, a cumulative account current is prepared in a manuscript register showing the debits and credits against various items along with the total of the month and to the end of the month.

13.2.5 The following suspense register are maintained in the workshop manufacturing section: **(a)** Workshop manufacture suspense accounts, **(b)** Labour suspense and **(c)** Development suspense. The monthly balances as per compiled accounts under these suspense heads of accounts are reconciled registers for each suspense heads of accounts are maintained. After the closing of the accounts for a financial year, the manufacturing accounts and outturn statement are prepared in the prescribed proforma and are submitted as annexures to appropriation accounts.

13.3 Duties and responsibilities:

There is a combined workshop and stores audit office of each the following stations: -

Liluah (carriage and wagon shops)

Jamalpur (loco shops).

Kanchrapara (carriage and wagon and loco shops).

The work of the accounts offices attached to the workshop at these stations is audited by the respective audit offices which inside the (a) audit of accounts relating to workshop, (b) the audit of expenditure incurred by the mechanical and electrical department in connection with machinery and plant programmed. These audit offices also audit the provident fund accounts of the subordinate staff and electric accounts maintained by the respective workshop accounts officers and store accounts etc. of different depots maintained by the respective account's officers.

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The audit of subordinate establishment of workshop medical offices is also done by the respective audit offices. As regarded local inspection of the workshop the headquarter coordination section prepare the inspection program.

13.4 Audit of sanction:

The instructions relating to the audit sanctions (Establishment and Expenditure) encrypted in separate chapter of this manual also apply mutatis mutandis to the sanctions received relating to workshop branch.

13.5 ESTIMATE:

Detailed instructions relating to audit of estimates are contained in paragraphs 322 and 323 of the Railway audit manual and item II under 'workshop audit program' of the secret M.O.I. (Rlys). the following points should also be seen during the check of sanctions to estimate-

i) Chargeable wholly to capital: That provision has been made for the requisite on cost as laid down in para 1225-W.

ii) Chargeable partly to main line and partly to worked line: Such estimates should receive particular attention with reference to the terms of agreement with the worked lines.

iii) Chargeable wholly to Revenue: It should be seen that the provisions of paragraph 1225-W, are observed.

iv) Private work orders: **(a)** The order contained in paragraph 1217-W, and 1032(3)W should be born in mind, **(b)** in the case of work for other Railway and Govt. Departments, formal acceptance of the estimate and the estimated cost by the officers ordering the work should be obtained before the work is put in hand (vide para 1218-W).

v) It should be seen that provision for contingencies to the extent of 3% is made in the estimates only when the Rollingstock are to be manufactured in Railway workshop and not otherwise. (Authority: Rly. Board's Letter No. SL/467/21/M Dated 4.9.52)

Note: In checking the estimates, only the top sheets in form no. E902 and E-906 etc. Need be checked, reference to details in the estimates may be made only to extent needed for an intelligent understanding of the information contained in the top sheet. No arithmetical checked of the detailed estimate need be undertaking.

13.6 Completion reports:

The instructions laid down in paragraphs 1248-W to 1254-W paragraph 324 of the railway Audit manual should be borne in mind while auditing the completion reports.

The instructions relating to audit of completion report contained in chapter on "Expenditure audit will apply mutatis mutandis to completion reports prepared by workshop.

13.7 Workshop Accounts.

The instructions laid down in para 325 of RAM may be seen Different month should be selected for the various Workshops manufacturing Suspense accounts and any accounts for which a separate account current is prepared.

13.8 Work Orders:

(see paras 334 and 335 of the railway Audit Manual and paras 1303-W, 1304-W, 1620-W to 1621-W).

A work order is an order placed on the shops to put certain work in hand. These orders are numbered in the manner indicated in paragraphs 1004 to 1006-W and all stores and labour utilized in the execution of a particular work are allocated to the work order concerned. There are also a number of standing and stock work orders mostly relating to jobs like repair to vehicles, locomotives, and manufacture of spare part for stock. Works on capital accounts for other departments or private accounts are given special numbers. In making selection it should be seen that the work orders test checked during the year comprise work orders executed in each of the shops and are not confined to those executed in particular shops only a record of the work orders checked should be kept.

In checking the work orders, the following points should be borne in mind: -

- i) no work should be undertaken without a work order relating to it having been sanctioned by competent authority.
- ii) that the work order is issued after the estimate for the work has been sanctioned and funds have been provided to meet its costs.
- iii) that the estimate sanctioned for the work contains sufficient details e.g. a description of the labour to be employed, the various kinds of stores required, the shops in which such stores are to be manufactured, the percentage charges to be levied and the deposits, if any. Full particulars, such as size, quality etc., should be given to scrutinize the cost of the finished article.
- iv) that all work orders have been recorded in a register showing the work undertaken, the date of issue of work order, the date of commencement and of the completion of the work.
- v) that the allocation of the labour and stores is correct and that all charges properly debatable to a work order are booked against it.
- vi) that no expenditure is booked after the work order is completed and closed and that there is no inordinate delay in closing the works and sending the completion report.
- vii) that for works undertaken for outsiders the estimate cost has been deposited and the outsider has agreed, in the event of estimate being exceeded, to pay the excess before delivery of the work is affected.
- viii) that there is no credit outlay outstanding on work orders.
- ix) that the under charges and over charges in respect of completed work orders are adjusted to final heads of account without delay and the actual cost of manufacture adjusted in the accounts of the in which the work orders are reported to have been completed to avoid misclassification of expenditure (para 1045-w)

13.9 Private work orders (see paras 334 & 335 of RAM and 1217-w).

it should be seen that: -

- i) Charges are debited to private work orders with due regard to the materials used and labour engaged thereon and that they are adequate and that no additions or alterations are made without the approval of the authority who sanctioned the original work orders.
- ii) recovery of cost from Railway employees is promptly enforced through the salary bills. On cost charges are correctly levied in accordance with the orders in force.

13.10 Incentive Bonus & Piece-work Bills:

- 1) Incentive Bonus Bills are prepared with the help of job cards and squad cards. In addition to general checks enumerated in Para 337 of Railway Audit Manual, the individual job cards and squad cards will be scrutinized to see that the time saved has been worked out correctly.
The total time saved by the workmen should then be verified with the time shown in the bonus bills.
- 2) that the amount of Incentive bonus earned by each worker has been calculated with reference to the standard hourly rates as determined by the Administration from time to time and not with reference to the actual rate of pay of the employee concerned.
- 3) that the totals and calculations of job cards, squad cards incentive Bonus Bills are correct.
- 4) that the time taken as recorded by Time Office agrees with that shown in the Gate Attendance Cards minus that booked on the Idle Timecards.
- 5) that the losses during any month have been adjusted against the profits of the same month of all the workers.
- 6) the amount of Incentive Bonus of direct workers has been charged against the job concerned and that the amount of bonus of essential Indirect Workers and the Supervisory staff has been charged against the Shop on Cost Work Orders.
- 7) that the average percentage bonus earned by a section which forms the basis for calculation of bonus for supervisory staff and essential indirect workers has been worked out correctly.
- 8) that no apprentices have been allowed to participate in the incentive scheme
- 9) that the total and calculations of piece work bills job cards, squad cards etc. are correct.
- 10) that ordinarily a piece worker has not been put on the day work during a wage period and vice-versa.
- 11) that the summary of piece work statements has been compiled correctly and that the amount earned by each worker has been correctly taken into monthly Incentive Bonus Bills.
- 12) that the summary of job cards has been correctly posted from the checked-up job cards and that all the serial numbers of job cards as supplied during the month are received and entered in this summary.

- 13) that there is one bill in Incentive bonus for each shop in respect of direct and essential Indirect workers.
- 14) that the time booked on the job cards on each date is equal to the time as given in the Gate Attendance Cards minus that booked on the Idle Timecards.
- 15) that for calculating the piece work profits, the dearness allowance has been excluded.
- 16) that when losses are being frequently incurred or when profits near about the maximum are being earned consistently by most of the workers, the causes contributing to this result have been analyzed and the defects discovered has been set right.
- 17) that there is no error in computation or in printing/typing of standard timings fixed by the Admn.
- 18) that no job cards other than the authorized ones have been considered for the piece work payment.
- 19) that when idle time is booked due to lack of work or lack of tools, proportionate deduction on the prescribed scales is made from the paid work profits earned by the chargeman/Mistry concerned.
- 20) that ordinarily no worker has been allowed to punch the card beyond the time permissible i.e. up to half an hour in the 1st shift and 3 minutes in the 2nd shift.

13.11 Muster Rolls & Labour: Pay Sheets including Time sheets:

(Sen para 267,268 & 326 of RAM, 4th edition)

The following points should be investigated while checking the Muster Rolls and Time Sheets:

- (i) that the hours booked against each workman as shown in the Muster Rolls tally with the Time shown in the time sheet /tally sheet and gate Attendance cards and that proper arrangements exists for investigating the differences noticed.

13.12 Sub-Ledgers (Labour, stores and Miscellaneous).

(See Chapters VII-W and VIII- and paras 329, 332 and 333 of the Railway Audit Manual).

It should be seen that the sub-ledger for labour is correctly posted from Time sheet/ Tally sheet. the object of checking the labour sub-ledger is to ensure accuracy of the evaluation of time spent on work orders, levy of overheads and ultimately posting into the workshop General Register.

The stores sledgers is intended to ensure correctness of the stores debits/credits and their allocation to the work.

- i. Last daily summaries received from the Accounts Officer of the workshop store. Main Depot as well as the General stores Depot.
- ii. Debits raised by Divisions and Foreign Railways.
- iii. Cash book debits i.e. payment made for municipal taxes, licence fees and direct purchase of stores.
- iv. Issues from workshop manufacturing Accounts and
- v. Write back orders.

13.13 Workshop General register.(Para 345 of the RAM and paragraphs 1601-1625-W)

This register is prepared from the allocated abstracts and summaries of labour and stores and shows all charges on account labour, stores and miscellaneous charges expended on work orders. The outturn statement is posted therefrom and shows the cost of all works including those charged off each month, completed jobs awaiting adjustment or acceptance and also work in progress.

It should be seen that -

- i) the Register is correctly posted and all the details given in from -1601 have been furnished.
- ii) The postings under each work order from the sub ledgers and other vouchers are correct.
- iii) that the indirect charges have been correctly worked out.

In case the workshop General Register is printed monthly on the computer (as against one consolidated documents showing the progressive posting from month to month and does not show the month of origin and the trend of booking expenditure, the accuracy of the compilation should be checked at the time of checking cutter statement and the review of workshop general Register carried out along with the review of workshop Manufacture Balance',

13.14 On - cost - (see para 336 of the Railway Audit Manual and Chapter IX - W).

Items of expenditure incurred in common with more than one shop, or all the shops of the workshop are charged to General on cost - items of expenditure incurred in any one particular shop are charged to on - cost.

Shop and general on - cost expenditure vin collected under a sufficient number of studding work orders separately for labour and materials. 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 financial year, on the basis of the figures of on - cost expenditure actually booked during the 12 months from January to December.

The percentages are than worked out in relation to the total direct labour, separately for labour on - cost and stores on - cost.

It should be seen that only such items of expenditure that cannot be directly charged to any specific job are allocated to on - cost. The actual expenditure on the basis of which the percentages are worked out may be checked with reference to the initial documents like labour pay sheets of indirect labour. The percentage of shop on cost charges for each shop month by month may also be reviewed and any abnormal fluctuations investigated. While checking the figures of the shop and general on cost charges, the following points should also be looked into.

1. that the percentages are reviewed regularly and reasons for substantial increase investigated.
2. that all items of expenditure as detailed in the Mechanical code have been taken into account.
3. that the wages of store Khalisi engaged in handling, stacking, loading and unloading are allocated general charges.
4. That credits for packing cases returned to stores are taken under general charges. 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 in paragraph 1225-W.

13.15 Distribution of on cost charges.

After all the sub-ledgers are posted in the workshop General Register, the works on-cost charges (both labour and material) in respect of each of the work orders will be calculated on the direct labour charges, booked against each work order, at the percentages rates for labour and material in force for each shop and posted in the appropriate column of the register. The total work-on-cost charged to various work orders at the percentage will be booked as credits under the on-cost work order. The difference between the debits and credits under the on-cost work orders is adjusted against the final heads of account for 'over and under charges -on cost.

The calculation made for the month in arriving at the amount of on cost to be added to the expenditure on each work order should be checked. The posting in the register maintained by the accounts office to collect the actual on cost charges and the adjustment of the "over and under charges on cost" to Abstracts 'B', 'C' &'D' should also be checked annually.

13.16 Outturn- Statement. (Para 346 of the RAM)

The outturn statement is prepared in the manner indicated in para 1612-W The total debits for the month in respect of each work order under labour, stores and on-cost charges and the grand total are struck in the workshop General Register and the out-turn statement in from W-1605 prepared in two parts, part-I comprising items referred to in para 1608-W and part-II those covered by para 1611-W excepting deposit works. Expenditure on deposit works is included in part-I.

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The workshop out-turn statement is verified with the figures in the General Books. The posting in the outturn statement of the charges for the month against each work order should be compared with those in the check sheets.

In the audit of outturn statement, it should be seen that the adjustment of outlay is affected promptly by transfer of the amounts to divisions, other departments and other railways concerned or by adjustment of the amounts to the relatives final heads of account as the case may be. The unadjusted item of expenditure should be scrutinised to see that there are no minus balances, that there is no outlay on jobs prior to issue of work orders, that there are no completed job outstanding for more than three months and that outlay on works for which no estimates have been sanctioned is held under objection. The accuracy of the compilation of the workshop General Register should be checked during the check of this item.

Under the computerised system preparation of check sheets as provided in para 1602-w for ensuring the correctness of posting of labour and stores in the workshop General Register and correct transfer of amount to the outturn statement, has been dispensed with. The accuracy of the posting should, therefore, be checked with reference to the relevant sub-ledgers. The postings in the outturn statement and workshop General Register should also be mutually agreed. The review of the outstanding under the workshop General Register.

Should be supplemented by a review of the computer generated statement called "Monthly review of workshop general Registers' and the statement " Review of credit and irregular WMS balance".

13.17 Register of works.

(See para 348,272 & 273 of Rly. Audit manual 4th edition and 2039 E).

it should be seen that :-

- i) no expenditure is incurred in regard to items not included in the estimate.
- ii) no additional works not provided for in the estimate are included under Contingencies.
- iii) expenditure, which under the rules in force should be shown by the sub - heads of estimate is so recorded.
- iv) the register is properly closed monthly and initialised by the gazetted officer; and
- v) in the case of mixed works, the outlay is booked proportionately to capital, Depreciation Reserve Fund or Revenue in accordance with the estimates.

13.18 Workshop Account Current:

(see paras 1616 -w, 1617 -w & 347 of RAM).

In auditing this account, the following checks should be applied: -

- (i) The opening balance should be checked with the closing balance of the previous month.

- ii) The postings under each head both on debit and credit side should be checked with the supporting schedules.
- iii) The arithmetic accuracy should be checked.
- iv) That there are no old items as per closing balance.
- v) That the freight and proforma on cost charges should be checked with the schedule in form -w - 1604
- vi) That the cash debits and other charges referred to in para 1617 -w-(i)(ii) & (vi) respectively have been checked.
- vii) That the credit side has been checked with the summary of outturn statements part I and should be supported by detailed schedules. The closing balances should be verified from the balances shown in the outturn statement part-II.

13.19 JOBCARDS / SQUAD CARDS:

It should be seen that :-

- i) The time taken has been recorded correctly in the relevant page by the time booth clerk and the average rate and evaluation of time taken has been correctly recorded in the relevant column of the job card and tally Sheet.
- ii) on completion of each operation the shop instructor / inspector has certified the quantity passed and the rate fixer has scrutinised the job cards to ensure that the same has been correctly and completely filled in.
- iii) that the total time allowed, time saved and time lost have been worked out and shown in the relevant cage by the incentive bonus section.

13.20 Workshop Manufacture suspense the balances under this account should be reviewed to see :-

- i) that all the items are current and have been undertaken after the issue of proper work order under the sanction of competent authority.
- ii) that the details consist of nothing except labour, material and oncost charges expended on unfinished jobs or completed jobs awaiting adjustments.
- iii) 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 extra percentage charges required under the rules and accepted by the party ordering the work.

13.21 Reconciliation of monthly account-current of stores with sub-ledgers(Paras 330 & 331 RAM)

The total debit and credit to workshop manufacture suspense account indicated in the stores account current should be reconciled with the total of the respective sub-ledgers. Details instruction for the reconciliation are contained in paras 805, 806, 809 and 819-w. It should be seen whether the reconciliation is being done properly and differences, if any, adjusted. It should also be checked whether the pairing of issue notes received from the shops with those received with the daily summaries from the stores Accounts Office is being done.

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13.22 Transfer statements of memo. (Para 349 of RAM)

It should be seen that adjustments are not irregular and unauthorised and that credit is given promptly, i.e. when the materials are actually transferred and not on the completion of the jobs. Specially the items where labour and material are transferred from revenue to private work orders are to be scrutinised. It should be seen that the corresponding debits are also transferred and that the Memo are correctly posted in the workshop concerned.

13.23 Write-back orders.

(See paragraphs 823-W and 824-W)

Write back orders are prepared when stores are issued on work order other than the one for which they were ordered. Any tendency on the part of the executive to issue a large number of write back orders should be pointed out, as this shows that either the stores are generally ordered in excess of requirement of the particular work order to which their cost was originally debited or that those were obtained earlier than the time actually required for use on works. The following points should be seen when scrutinising write-back-orders:

- 1) that the explanation furnished for the write-back order is reasonable:
- 2) that the sanction of the competent authority has been obtained to the work to which the cost-of stores is being debited. Stores may sometimes be used on works still awaiting sanction of competent authority and later their cost is adjusted. This shows that the work was started without proper sanction.
- 3) that the write-back order has been sanctioned by a Gazetted officer.
- 4) that the stores can really be used on the work to which their cost is now being transferred.
- 5) that the allocation is correct.
- 6) that it has been posted in the adjustment book and that it has been suitably endorsed to that effect. This endorsement is necessary to avoid double adjustment.

13.24 Audit of stores :

The procedure of drawl of stores from the stores department and their allocation to the work order on which they are used is laid down in the chapter on stores in this Manual. Besides the checks mentioned in para 333 of RAM the following points should also been seen: -

- (i) Issue notes should be checked to see that the price charge is correct according to the rate given thereon.
- ii) That E.D.P centre prepares monthly summaries and send the same to workshop Accounts office for reconciliation.
- iii) That for all issues to the workshops, proper requisition is forthcoming.

13.25 Advice notes of returned stores :

(see para 301 and 331 of RAM and paras 1539 to 1547 of stores code)

In checking the advice notes of returned stores the following point should be look into :-

- (i) That the acknowledgement of the returned stores by stores Department is received promptly.
- (ii) that the quantity received by the stores depot tallies with the quantity returned by the workshop
- (iii) that the rates of which credit has been afforded are reasonable.
- (iv) that the allocation of credit is correct.
- (v) that in cases in which the valuation of returned stores by the returning department differ generally from that given by the stores Depot, necessary investigation has been carried out to see the reason for the differences.
- (vi) the reason for the returning stores should be scrupulously scrutinised.

13.26 Stores charged off to work orders but not actually used (see para 434 - item 14 of RAM).

It will suffice if a yearly review is undertaken of the procedure in the workshops for the accounting of charged off surplus stores lying unutilised in the different shops. Where regular numeric accounts main-tainted, one month's accounts should be test checked. It should be seen that stores charged off to work orders do not remain unused for a long time. The reasons for delay in utilising or in returning the surplus stores should be investigated.

In this connection instructions issued by the Railway Board to the Rly. Administrations regarding "Tightening of Accountable procedure " in workshops vide Rly. Bd's letter no. 67/M(W)/964/71 DATED 3.9.1968 (See Annexure to this connection) may also be refer to.

13.27 Materials spare from work orders:

It should be seen that no material remaining unused on the completion of the work orders is allowed to accumulate as it should be returned to the stores Dept. forth with in accordance with the instructions in para 819-W and 1539-S. special attention must be paid to spare materials at the time of local inspection.

13.28 Manufacturing Accounts - Cost Accounts and job cost sheets.

Paragraphs 337 to 339 of the Railway Audit Manual describes the check to be applied in the audit of Manufacturing Accounts - Cost Accounts and job cost sheets.

13.29 Sawmill Accounts (see chapter XIV -W).

The instructions for the audit of timber operations are contained in paragraph 341 of the Railway Audit Manual. The following points should also be seen when auditing this account.

- 1) that labour charges incurred in the different processes of operations are accurately recorded, that on - cost charges on account of labour, power and tools are included among the debris in the Timber Account and entered in the two registers maintained in the Accounts office viz, Raw - Material Register and cut turn Register.
- 2) that scrap and firewood is credited at a fixed rate; it should also be seen as to when such rate fixed and under whose authority, and whether a revision in the rate is called for.

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3) that the balance of unfinished plants on hand with the saw mill shop at the end of the month is not unduly high as such inflation in monthly balance may lead to suspicion.

13.30 Foundry Accounts:-

(See para 342 of the Railway Audit Manual and paras 116-w, 1308 and 1310-w).

In addition to the above the following points should be seen in auditing such account:-

- 1) that there is a proper record of the quantise of other materials with which these raw materials are mixed before being put into the furnace.
- 2) that there is a proper account of the scrap metal which does not admit of any leakage:
- 3) that in most of the foundry operations a standard percentage is charged as wastage, it should be seen when such percentage was fixed and whether it needs revision in the light of subsequent experience.
- 4) Whether there are any material/ lying unused for a long period, say six months or over and if no longer required, why those are not returned; and
- 5) whether the stock is verified periodically and the shortages or excesses noticed are duly investigated and adjusted under competent sanction.

13.31 Paint Accounts:

Paints are manufactured in the shops on standard work orders allotted for each kind of paint separately and the daily transactions of the same recorded in three registers maintained in the shops to show:

- (i) receipts and issues of each ingredient separately.
- ii) the quantities of raw materials used in mixing each kind of paint and the outturn therefor, both as per formula and actuals.
- iii) the daily manufacture and issue of outturn (paint) for each kind of paints separately:

A quantity accounts is also submitted monthly by the foreman to the workshop accounts office. Issues are at scheduled tares which are composed of:-

- (A) The average value of the materials used for the composition as per actual outturn during the month; and
- (B) Charges for actual wages and on cost boked during the month.

A statement is finally made out showing the quantities of issues and the cost of the same at the schedule rates against the individual work orders which they are issued and submitted for incorporation in the monthly accounts. The following are the more important points to be looked into during audit:-

- a) the opening balance should be checked with the closing balance of the previous month.
- b) the receipt of each ingredient should be checked with reference to the first Register.
- c) the receipt of each ingredient should be checked with reference to the first Register and compared with the second Register. it should be seen that issues are proportionate to the outturn.
- d) the issues of the outturn should be checked with reference to requisitions and acknowledgements as well as with reference to the 3rd Register.
- e) it should be seen that the schedule of rates is reviewed periodically and revised with the workshop Account Officer's approval.
- f) the cost of the issues, valued at the scheduled rates is booked to the individual work orders should be traced into the monthly accounts.

13.32 Hostel Accounts:

As the Apprentice Mechanics are to run their own mess, the Hostel Accounts are not required to be checked by Audit. It will suffice if the deal stock etc. Accounts of the hostels are reviewed at the time of inspection of the offices in whose books the supply of such materials by the Railway is accounts for.

13.33 Accounts, custody and disposal of scrap materials.

[See para 316 of the Rly. Audit Manual]

Reclamation section: Reclamation are likely to become serviceable. It should be seen that all serape and released materials are returned to stores and proper credit is afforded to the work orders concerned. The credit provided for in the estimate should correspond roughly to the value realised and that the latter and not former is credited for the work orders.

When scrap is disposed of by sale by the stores Department directly from the workshops method of Accountable and the arrangement for the removal of scrap by the purchase may be especially examined.

13.34 Recovery of non-ferrous turnings/Borings from shop floor in order to ensure that the Railways do not suffer avoidable losses on account of short collection of borings and turnings, detailed instructions have been issued by the Railway Board to the Railways for tightening up the arrangements for the collection of non-ferrous turnings and borings, vide their Letter No. 69/M(W)/964/103 dated 31.01.1970. Headquarters office of each railway should be obtained from all workshops a quarterly statement showing the percentage of recovery of non-ferrous borings/turnings.in cases where the recovery is low, the matter is required to be promptly investigation by the Rly. Administration. It should be seen that the detailed instructions laid down by the Railway Board are followed for the recovery and disposal of non-ferrous turnings and borings. This should be scrutinised during the inspection of shops.

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13.35 Record of plant and equipment:

(See para 350 of RAM).

It should be seen that a complete and up to date record of the cost of buildings, plant and equipment and machine tools is maintained and that numerical accounts of tools and plants and furniture are kept and the articles verified by actual count at suitable intervals.

13.36 History sheet of Rolling stock:

(see para 351 of RAM)

It should also be seen that-

- i) Engines are not lying idle for long periods and full use is made of the available stock.
- ii) attempt is made by the Administration to compare the repair costs of different classes of engines and vehicle kilometres run between periodical over hauls.
- iii) records are kept uptodate and incorporate all orders regarding addition, condemnation and the result of last census of the stock condemned.

13.37 Misc. Advanced and Misc. Deposit:

(See the para 371 of RAM) and chapter xvi of the state Railway code for the Accounts Deptt.

13.38 Cost Accounts:

(see para 377 of RAM).

13.39 Statistics of periodical overhauls and cost of unit Repairs:

The instructions contained in para 358 of railway Audit Manual are to be followed.

13.40 Sub-Ledgers (Labour & stores)

(see chapter vii & viii-w & para 326 and 330 of Railway Audit Manual)

It should be seen that the sub-ledger for labour is correctly posted from time sheet/Tally sheet and the store subledger posted work order wise, date wise and shop wise. The totals of the various column shown in the summary sub-ledger (para 827-W)should be checked with reference to the following:-

- i) Last daily summaries received from the Accounts officer of the workshops stores main depot as well as the General stores Depots.
- ii) Debits raised by Division and Foreign Rlys.
- iii) Cash Book debits i.e. Payment made for municipal taxes, licence fees and direct purchase of stores.

- iv) Issue from workshops manufacturing accounts; and
- v) Write-back orders.

13.41 Incorporation of workshop Accounts into the General Books of the Railway :-

(See para 345 of RAM & 1624-W).

It should be seen that:-

- (i) the difference between the balance as per the complied accounts and those as per general Books are not abnormally heavy and that the difference between the two sets of figures have been investigated and necessary adjustment carried out to clear them.
- (ii) the discrepancy statement together with the account current and the labour book have been put up to the workshop Accounts officer every month.

13.42 Workshop Manufacture Suspense A/c :-

The instructions contained in para 1625 -W are to be followed at the time of review of such balances.

13.43 Stores:-

The procedure for the drawl of stores from the stores Department and their allocation to the work orders on which they are used is laid down in chapter VIII -W. Besides the checks mentioned in para 330 of R.A.M. the following points should also be summarised:

- (i) the issue notes should be checked to see that the price charged is correct according to the rate given thereon.
- (ii) daily reconciliation is affected between the daily allocated abstract of stores and the daily stores summaries;
- (iii) where the computerised system of stores accounts has been introduced, it is to be seen that monthly summarise are prepared and sent to workshop accounts office for reconciliation.
- (iv) that necessary pairing of issue notes which is required to be done in workshop accounts office in terms of the orders contained in Mechanical and stores Code is done properly; and
- (v) that for all issues to the workshops a proper requisition is forthcoming.

13.44 Advice Notes of Returned Stores:-

(see para 301 & 331 of RAM & paras 1529 to 1547 of Stores Code).

In Checking the advice notes of returned stores the following points should be looked into :-

- (i) that the acknowledgement of the returned stores by the Stores department is received promptly.
- (ii) that the quantity received by the Stores Depot tales with the quantity returned by the workshop.

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- iii. that the rates at which credit has been afforded are reasonable
- iv. that the allocation of credit is correct
- v. that in cases in which the valuation of returned stores depot, the returning department differ generally from that given by the stores depot, necessary investigation has been carried out to see reasons for the differences.
- vi. the reasons for returning stores should be scrupulously scrutinised.

13.45 Piece work bills:

The P. W. bill shows against each worker (Ticket No.) the net time saved or lost and rate for each job in which he was engaged in that month, their details viz, job card, number wise time saved /lost are however, available in a print-out called details of job cards" here details of the job cards relating to a particular ticket No. are grouped together and printed showing all the job card details viz. W. O. Nos, C & O No. Operation No., Quantity on order, Quantity passed, P. Actual time. Allowed time (for each unit), Special time, if any, total allowed time, total time taken, individual time taken (by the Ticket No concerned and Time lost/ saved by the worker, the following checks may be exercised on this statement, with reference to job cards.

- i. it should be seen whether quantity on order, quantity passed, preparatory time and allowed time per unit are correctly taken from the job card. The preparatory time and allowed times are pre-printed on the job cards and care should be taken to see that there are not unauthorised alterations.
- ii. C & D No. W.C.NO. and Ticket No. have been correctly taken in this statement from the job cards.
- iii. the totals of time saved/lost for the Ticket No. relating to the various job numbers should be worked out and tallied with the time saved/lost shown in the bill.
- iv. actual time taken This should be checked completely on the basis of clock punching record for 'in' and 'out' on the job cards a turned into the tabulation. The total time taken for each Ticket No. (for various jobs) should be reconciled with the Tally Sheets prepared for each Ticket No. to reconcile the time put in as per job cards with that in G. N. Cards
- v. rate for piece work should be checked with reference to the category of the worker.
- vi. In respect of squad cards, it should be seen that the total time saved/lost is distributed in proportion to the time actually worked by the various woovers on the job.

- vii. the amount of P.W. profit/loss should be checked with reference to the hours gained/lost and the P. W. rate.
- viii. as the payment of P.W. profit is restricted to 50% of the time taken, it is necessary to check for each job that the time saved has been limited to 50% of the total time taken.
- ix. when special time allowance has been given, it should be seen that execution cards duly signed by Rate fixers has been issued for proper reasons. Such a card should be traced into the special allowance statement.
- x. Adjustments- Adjustment card are punched from adjustment memo received from P.W. section showing the amounts, if any, to be recovered on account of part over payments and amounts, if any to be added for arrears. While auditing the bill, these adjustment memos should be referred to when the adjustment cards either due to ticket, the T. No. not appearing in that month of the amount earned being insufficient, such cards are listed out for adjustment in subsequent months. During audit it should be seen that adjustment cards, which are left out in the previous month, were duly brought forward during the current month. Adjustments cards which remain unrecovered for 3 consecutive months should be specially taken up and action taken for recovery should be enquired into.

13.46 System of payment of Results:

The following are the main features of the incentive scheme: -

1. The allowed times are so fixed that a workmen of normal ability may be enabled thereby to earn 33.1/3% over and above the basic wages in respect of the period on piece-work jobs.
2. The mean of the prescribed scales of pay applicable to unskilled, semi-skilled, skilled, highly miseries and charge man is taken as wages for the purpose of calculating the piece-work results.
3. The maximum ceiling limit on profit is fixed at 50% of standard basic wages earned in respect of each piece work job.
4. Supervisors of the level of Charge man and essential indirect workers participate in piece work profits subject to their earning being restricted to 80% of the average percentage if profit earned by direct workers supervised by them. Miseries are paid 100% of the average percentage of profit earned by the direct workers under their control.
5. The basic wages of all workers are guaranteed irrespective of their piece-work results, but losses during any particular month are adjustable against the profits of the same month.

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6. Hourly rate of pay for calculating piece work results are based on 208 man hour per month throughout the year.
7. All cases of abnormal profits (above 50%) and those of losses are investigated by the Rate fixed Section for necessary remedial action.
8. The administration reserves the right to vary the standard timings if new and faster machines are installed or other time saving devices are introduced and also it there is any error in computation or in printing.

13.47 Disposal of job cards in the piece-work section and the machine Section:-

Following are the items of work to be done in piece work section in dealing with job cards.

- (i) To check up total of time taken as shown by the time booth clerk in forms M-6 & M-18.
- (ii) To work out total time allowed on the basis of passed outturn to the last minute.
- (iii) To work out time saved lost for each operation, care being taken that the time saved as per each Job card/ squad card is restricted for calculation of profit to 50% of checked 'time taken.
- (iv) to prepare a list of card serial number on which either abnormal time saving above 50%) or losses have come to notice. Three lists will be forwarded to the P.E. (Rate fixing section) for Investigation.
- (v) To check up the 'rates for piece-work' indicated by time booths in job cards references to the category of staff.
- (vi) In the case of squad cards 'Net time saved/lost for each squad will be worked out in the place work section, but distribution of this results over the workman in the squad in proportion to time taken by each of them will be worked out on comptometers in machine section.

13.48 Register of works and Revenue Allocation Registers (see para 348 of the Railway Audit Manual It should also be seen that:-

- (i) no expenditure is incurred in record to items not included in the estimate
- (ii) no additional works not provided for in the estimate are included under contingencies.
- (iii) expenditure which under the rules in force should be shown by the sub heads of estimate is so recorded.
- (iv) the register is properly closed monthly and initialised by Gazetted officer.
- (v) in the case of mixed works, the outlet is booked proportionately to capital, depreciation Reserve Fund or Revenue in accordance with the estimates, and
- (vi) the interest on the capital expenditure incurred by the Railway during the period of construction of works for the other depreciation is correctly calculated and charged against the department concerned in accordance with the rules laid down in paragraph 1854-E (Revised edition 1982).

13.49 Proforma capital and Revenue accounts of Saloons reserved for other departments.

(See para 355 of the Railway Audit Manual)

The above accounts are prepared according to the rules laid down in Indian Railway Mechanical Code. The capital accounts should show the UpToDate capital cost of each saloon and the Revenue accounts, the expenditure incurred from year to year by the railway whether is the workshops or in the line, for maintenance and repairs, cases in which the recoveries made from the Department concerned fall short of the actual expenditure incurred by the Railway should be reported, it should also be seen that all saloons reserved for other departments have been included in the proforma accounts. The workshops accounts officer, Liluah is required to compile annually the proforma accounts of saloons with view to see that the financial interest of the Railways is not adversely affected, with a view to verify the accuracy of the accounts in the audit office, the workshop Audit office, Liluah will call for the statement of expenditure from the auditing sections concerned and test check the consolidated proforma accounts prepared by the accounts office. Results of test check should be submitted to the Principal Director of Audit.

13.50 Review of Major works understand in workshops:

Review of major works costing Rs. 20 lakhs as prescribed in para 64 of the secret Memorandum of instructions regarding the extent of audit should be undertaken by the workshop Audit section also, with the expansion of the capacity in the Railway workshops, the manufacture of wagons, coaches, components for locomotives, cranes and permanent way materials have also been entrusted to some of the workshops, in addition to normal repairs and overhauling work, such schemes costing over Rs. 20 lakhs each should be reviewed on the lines of review of major works.

Schemes for expansion of workshops for increasing repairs and manufacturing capacity should also be reviewed with reference s to the anticipated increase in the out-turn and the out turn actually achieved, when new machinery are installed on a large efficiency has been achieved and the surplus staff reduced from the shop strength.

13.51 Recovery of interest charges on the capital cost of postal van.

Rules contained in paras to govern the incidence of the cost of postal vehicles or parts of vehicles provided by the Railway to the postal department. the postal department has to pay interest on the capital cost of the complete vehicles or parts of vehicles, so long as they remain in the exclusive use of the postal department and have not been formally surrendered.

The capital cost of postal vans for the purpose of recovery of interest will be the all-in- cost detailed in para 1224 -W. The capital cost of the postal portion of the non- postal vehicles will be worked out in proportion to the floor area of the postal portion. The all-in-cost of special fittings provided for the exclusive use of the postal departments will be added to this.

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It should be seen that the Register of Bills and other records maintained in the accounts office contain the up-to-date list of all postal vehicles with their capital cost. in case of doubt, the register of Rolling stock maintained by the chief Mechanical Engineer should be referred to, to check the correction of the list of postal vehicles appearing in the workshop Accounts officer's records. It should be seen that the bills are correctly issued half yearly on the basis of capital cost noted in the records. (correctness of the capital cost is verified during the check of completion report).

13.52 Review of statistics of periodical overall and cost of unit repairs overlong:

The unit cost statements are compiled by the workshop accounts officer with reference to the expenditure booked against the standing work orders for repairs of various categories of rolling stock and the monthly our turn statement of locos, carriages and wages (periodical overhaul and other repairs) prepared by the works Manger/ chief Mechanical Engineer. These should be reviewed on the lines indicated in para 358 RAM.

Annexure to para 404/5.8.18

Government of India
Ministry of Railway
(Railway Board)
No. 67/M(W)/964/71
12 Bhadra 1890.
New Delhi

Dated 3.9.1968.

The general Manager
All Indian Railways,

Sub: Tightening of accountable procedure in workshops.

Enclosed is an extract from the minutes of the meeting of dist. Controller of Stores (via) of Zonal Railways held in the boards office on 29. 02.1968. and 1.3.68.

2. The board have been already emphasised from times to time the necessary for proper accountable of non-ferrous materials. it is presumed that Foundry accounts for non-ferrous materials have already been implemented according to the Mechanical code, this May please be confirmed. in this Connection, you may also please refer to the Boards letter of even number dated 29.3.1968. dealing with Foundry Accounts.

3. in addition to the boundary it is equality important that proper accounting procedure should be in force in all sections/ shops where machining, fitting, etc of non-ferrous component is undertaken or where there are stored. In this connection you are requested to refer to para 3320 of the stores code. Wherever machining of non-ferrous components is undertaken the accounting procedure should cater for reconciliation of the weight of rough/machined components and the arising of poring's.

4. you are requested to confirm that proper accounting procedures of non-ferrous materials have already been brought into force in the Boundary and other section shops here non-ferrous components are machined/stored.

DA As above

Sd/
(R.K. Ray)
Jt. Director, Mech. Engg. (W), Rly. Bd.

Extract of the Minutes of the meeting of the District Controllers Stores (vigilance 1 of all Zonal Railway, held in the Board's office on 29.2.1968 and 1.3.1968.

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Chapter-XIV

Books and Budget Audit

14.1 General

The accounting of the centralised departments and of the Head Quarters office of the General Manager of Eastern Railway at Calcutta and the consolidation of the accounts of the entire Railway is done at the Central Books and Appropriation Accounts Section of the A & C.A.O.'s office at Head Quarters Calcutta. 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 the General Books and Accounts of Eastern Railway including the audit of Capital and Revenue Account, Finance Accounts, Debt Head Report, Appropriation Account and other connected statements. The work done in the Divisions, Survey and Construction departments, Workshops and stores and the Traffic accounts sections in respect of the concerned Accounts Offices is audited by the corresponding auditing units of this office.

14.2 Duties of the Books and Budget Section

The duties of the sections in the Headquarters are as follows:

- a) Audit of General Books and Accounts and other items as per the programme of Audit relating to the section are given in chapter XIX of the Railway Audit Manual and in the Memorandum of instructions.
- b) Audit of the Appropriation Accounts.
- c) Audit of the consolidated capital and Revenue Accounts, Finance Accounts and Dept. Head Report.
- d) Issue of the audit certificates on the March Accounts, Appropriation Accounts, Capital and Revenue Accounts, Finance Accounts and Debt Head Report.
- e) The Books and Budget section in the divisional/Branch offices are also responsible for the audit of the items mentioned above in so far as the portion pertaining to their units is concerned.
- f) The details of the work done in the Books and Budget section are given below. The rules laid down in relevant chapters of the Indian Railway Code for the Accounts Department and the instructions contained in Chapter XIX of the Railway Audit Manual (4th Edition) and the rules contained in the Indian Railway Financial Code (Chapter III & IV) and the relevant rules of M.S.O. (Audit) (First Edition 1991) should be specially referred to.

14.3 Sanctions

All sanctions having financial effect accorded by the President or Railway Board pertaining solely to this 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.

14.4 Check of Journal Vouchers including scrutiny of Adjustment Memos.

See item IV(22) under Central Audit in M.O.I.

All adjustments pertaining to the railway accounts are affected through journal slips (J.S.). The journal in which all these adjustment is recorded is maintained by the Books section of the Accounts Office. The Journal slips prepared by the various sections of the Accounts office are, therefore, sent to the Books Section for posting into journal. All the journal slips received from other sections of the Accounts Offices and those prepared by the books Section itself are registered in a manuscript register maintained in the Books section in a serial order for each month. The serial number and the month to which the journal slip relates to is quoted in the journal when each journal slip is posted therein. These journal slips relating to each month will be got bound, separately for 'Revenue and Capital In this connection detailed instructions laid down in para 377 of Railway Audit Manual may also be seen. Whenever amounts are adjusted between Capital and Revenue by operating the heads of 'Transfers Revenue and Transfers capital'. The capital journal vouchers should be linked with the corresponding revenue journal vouchers and vice-versa. In auditing the journal vouchers relating to transfer transactions, remittance transactions, normally dealt with by the Booker sections, it should be seen that:

- a) the debits raised against government department have been accepted by the departments concerned.
- b) In case of transfer transactions with other railways, necessary transfer certificates are accompanying the journal vouchers and that the supporting vouchers have been duly accepted and allocated to the corrected heads of account.

14.5 Tracing the postings from Journal Vouchers into Journal

The particulars of journal vouchers selected for audit in a month should be advised by individual.

Auditing section including Traffic, Workshops, and stores audit section to the Books and Budget (Headquarters) audit section. If the number of journal vouchers selected for audit does not come up to the number of journal vouchers selected for tracing into journal, a subsidiary selection should be obtained by Books and Budget, headquarters audit section to make up the deficiency and get these journal vouchers also audited by the concerned sections. Similarly, the books and Budget audit sections attached to the Divisions etc. should trace the journal vouchers selected into journals maintained by the respective accounting units.

14.6 Check of Monthly Account Current with Schedules and Journals (Capital & Revenue)

(See item IX under Central Audit in M.O.I. and para 362 of RAM, 4th Edl and p-323 to 340-A1)

During the check of monthly accounts, the posting of the journal vouchers into the journal should be verified by audit as prescribed. It should also be seen that all the journal slips so traced have been scrutinised in audit. The ledger 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. During the check of monthly accounts, the totals in the journals of the amounts debited and credited to each detailed head should be checked and traced into summary at the end. In the ledgers, the total debits and credits to the main heads of accounts booked in the Capital and Revenue journals should be traced into debit and credit columns of the ledgers. The opening balance of the month in the ledgers should be verified with the closing balance of the previous month. The correctness of the closing balance should then be checked with the General cash book. It should be seen that the heads of account shown in the ledgers, journals and Account current are correct and UpToDate. The debits and credits to the head 'Reserve Bank Deposits (Railways)' and the various Deposit and Remittance heads connected with the same and shown in the account current should be compared with the details in the schedule of transactions under "Reserve Bank Deposit (Railways)" It should also be seen that the prescribed schedules have been correctly prepared and that their totals agree with the respective entries in the Account Current. In addition of checking the monthly Accounts Current in the abovementioned manner, the Accounts Current should be checked to see that all the connected vouchers and other documents in support thereof viz. Journal vouchers, journals part and grand summaries (representing ledgers in the divisions and will be sent to the Principal Director of Audit by the FA & CAO before despatch to the Railway Board for recording the certificate 'compared with the office copy and found to be a true copy as prescribed in para 378 of R.A.M. along with the office copies. After comparison of the Account Current and the accompaniments, the Certificates will be recorded in the body of the Main Account Current only and returned to the Accounts office, retaining one complete set for reference and record. The check of the Account Current should be taken up separately and completed as expeditiously as possible. One copy of the audited consolidated March Account Current should be sent to Additional Deputy Comptroller and Auditor General of India (Rail- ways).

14.7 Audit of Journal Vouchers including Adjustment Memo

(cf. para 377 of RAM, 4th edition).

The journal vouchers (T.Vs) and the journals compiled in the several Branch Accounts Office will be audited by the respective auditing sections to see inter alia:

- 1) that it is arithmetically correct; if the number of sub-vouchers is too many, it is enough if the main vouchers and a percentage of sub-voucher are checked.
- 2) that the details shown therein are correct by reference to the supporting vouchers as far as available or practicable.
- 3) that the classification prima facie is correct according to the facts stated in the vouchers and the extent rules and orders.
- 4) that in the case of rectifications of errors, the rectification is necessary and in order; the particular of the previous adjustment given in the voucher should be checked as far as possible and particularly in doubtful cases, from the previous vouchers or other documents like work or Allocation Registers.
- 5) that the adjustments do not disclose a defect in the system of accounting or any objectionable feature or indicate any financial irregularity.
- 6) that the adjustments are not made solely with a view to avoid the surrender or lapse of funds.
- 7) that the adjustments are not deliberately deferred.
- 8) that the supporting vouchers are so cancelled or otherwise disposed of as to obviate the possibility of a double adjustment.
- 9) that each journal slip is signed by a Gazetted Officer in taken of its acceptance and all charges are covered by proper sanction.
- 10) that the journal voucher has been posted in the relevant journal.

The propriety of the adjustments and the correctness and reasonableness of the charges should also be scrutinised with reference to the sanctioned estimates and other relevant documents. Any tendency to make fictitious adjustments in order to evade audit objections or to conform to estimates etc. should be specially noted.

14.8 Check of unpaid wages statement

(see para 376 RAM-4th Edition)

In checking, the statements, it should be seen that all unpaid amounts in the bills passed in favour of railway staff are noted therein and have been posted in the Register of unpaid wages. It should also be seen that there has been no undue delay on the part of the pay clerks to ledge the amounts with the cashier or the bank. Unpaid amounts of contractors bills ate should not in the place in the statement. It should also be seen that any capital items of magnitude which should be credited to capital Account are distinguished in the Register of unpaid wages by writing "Capital" against them, that the entries of payments made in the register are initialled by a Gazetted Officer of the sub- ordinate authorised to do so and that the unpaid balance at credit of "Deposit unpaid wages" is disposed of in terms of Paragraph 1119-AI.

If the unpaid wages statement contains any amount deposited into Book Bank, they should be seen that the same has been correctly accounted for in the Cashier's Cash Book on the same date.

14.9 Budget Register and Orders of Appropriation and Reappropriation.

(See paras 387 to 390, 401 to 403 of RAM-4th Edition and Para 457 (XVI) Financial. Code Vol. I)

It should be seen that the orders of Appropriation and Reappropriation issued by the Railway Board or by the General Manager are in order and have been entered in the Budget Register.

It should be checked that the allotments made by the General Manager are within the amounts placed at his disposal by the Railway Board. It should be seen generally-

- i) that no re-appropriations are made from one grant to another or from "charged" heads to "voted" head or vice versa.
- ii) that no re-appropriations are made after the close of the financial year.
- iii) that no allotments are made for items falling under the category "New Service", and
- iv) that no reappropriations are made contrary in the orders of the Parliament and the Rly. Board.

The above audit will be carried out by the Books Budget Audit Section as far as possible locally. Other auditing sections should also report to the above section cases of irregularities that may come to their notice.

14.10 Check of rebate statements and payments of subsidy in respect of Branch Line Companies:

(a) The rebate statements and the subsidy or the divisible surplus; as the case be, in respect of the following Branch Line Companies should be checked after the Accounts Department have checked the accounts. The Chief Accounts Office's test audit reports should also be scrutinised.

1) Futwato- Islampur Light Rly. Company Ltd.

2) Ahmedpur- Katwa Light Rly. Company Ltd.

The rebate statements should be carefully checked with reference to the provisions in the contract with the Branch Line companies and the figures of earnings from inter-changed traffic, etc. on which the payments are based also verified.

The instructions contained in paragraphs 378 & 379 of R.A.M., 4th Edition should also be referred to Railway Reserve Fund and depreciation Reserve Fund Investment.

(b) The Chief Accounts Officer, Eastern Railway prepares every year a statement showing the face value and the market value of the investments held on behalf of the Railway Department on 31st March Four copies of this statement received from the Chief Accounts Officer in August each year shall be checked and one audited copy forwarded to the ADAI(R) by the 15th of September and two returned to the Chief Accounts Officer.

(c) The Chief Accounts Officer sends to this Office Copies of advice to the Bank regarding interest and dividends earned on the above securities. These advice shall be checked on receipt, and properly filed. An annual statement showing interest, dividend etc. earned by these securities during a year shall be compiled and sent to the ADAI(R) by the end of July.

(d) Two copies of statement showing share capital, debentures and loans to the Branch Lines as on 31st March are received yearly from the F.A. and C.A.O., Eastern Railway for certification. The statement should be verified with reference to the printed audited accounts of the Branch Line Companies and the test audit reports of the F.A. and C.A.O. and a copy duly certified returned to the F.A. & C.A.O. The statement should not be certified before the test audit reports of the C.A.O. are made available for audit scrutiny A certified copy of the statement should also be sent to the ADAI(R) (Para 365 & 369 of RAM-4th Edition).

14.11 Check of General Cash Books

See Item No. VI(b) under Central Audit in the M.O.I. para 357 of RAM and Paras 303 to 306 of AI.

The general cash book records the receipts and disbursement of cash on each date. The General Cash Book maintained by the Books section of the headquarters accounts office, records the earnings of the whole Railway as also the miscellaneous receipts and expenditure relating to the transactions dealt with by headquarters accounts office. Similar General Cash Books maintained by other dependent accounting units record miscellaneous receipts and expenditure relating to the transactions dealt with by those units.

The earnings of the Eastern Railway are received by the cash offices at Calcutta. The cash check sheets prepared by these cash offices are sent to Deputy Chief Accounts Officer (TA), but the amount of earnings as per these cash check sheets are abstracted by the cash offices in the form 'Memo of daily cash transactions and sent to the headquarters Accounts Office, The General Cash Book maintained by the headquarters accounts office is posted as regards station remittances from the Memo of daily cash transactions and not from cash check sheets.

The cash account is maintained under Revenue Accounts. The payments and receipts on account of Capital are, therefore, adjusted by transfers in the Revenue Accounts, i.e. debited or credited to "Transfers Capital".

14.12 Check of Cashier's Cash Book

See Item No. VI(7) under Central Audit in the M.O.I. Para 358 of RAM and paras 1946, 1947, 1954 and 1955-AI. Also see cash and department's manual.

sets of cash books are maintained by the cash office, viz., one for recording receipt the receipts on stations and the public and payment of the same into the treasury and other to record the receipts of cheques from the accounts office and issue of the same to pay no unusual delay in the return of the bills. It should also be seen that the total amount of unpaid wages as shown in the list of paid vouchers returned by any one pay Clerk during the particular month selected by Branch Officer agrees with the corresponding total as per list of unpaid wages and that no unpaid item in these bills is omitted to be taken in the list of unpaid wages submitted by the pay clerk.

14.13 Verification of Cash Balance with the Cash Department

(See para 359-RAM 4th Edition)

- I. The cash balances in hand with cashier in Head Office and with the Cashiers in Divisions and workshops should be verified in accordance with the instructions contained in para 61 of the Memo of Instructions regarding the Extent of Audit (Rly. Audit) (Secret) and at the discretion of the Principal Director of Audit.
- II. The result of verification should be incorporated in Audit Notes, Part I and II and if no programmed verification is made in the course of the year, the item should be shown as in arrears in progress report for the month of March of the Official year concerned.
- III. The review of the general working of the cash and pay Department is distinct from the above verification and should be conducted as per detailed instructions in paragraph below.

14.14 Audit of General Cash Abstract Book

This should be checked along with general cash book. The grand totals of these two sets of cash books should be compared.

The detailed totals given at the foot in the cash abstract book, which should also be checked, should be traced to the journal slips prepared by the Accounts Section for crediting and debiting the head of account 'cash and posted at the foot of the journal of the month.

14.15 Cash and Pay Department Procedure check of verification of cash balances.

1) The procedure, practice and control in the cash and pay Department of the Railways should be thoroughly examined by periodical inspections to see that the arrangements in that department are quite satisfactory. If there are any important defects in procedure or efficiency, the practice and control together with the measures taken to remedy them should be reported to the ADAI(R). The following are some of the important, points that have to be specially looked into:

- a) that there no short disbursements to pay clerks.
- b) that an adequate check is duly exercised over the balances with the pay Master and pay Clerks.
- c) that there is a post-audit check by the General Branch on the return of the receipt bills from the cash and pay department.
- d) that there is an adequate check on the outstanding bills left with the pay Clerks.

e) that there is no utilization by the cashiers of earnings remitted to headquarters.
f) that there is efficient gazetted control over the cash and pay Department.

2) During inspections it should be seen whether the cash in hands of the Treasurer, Divisional Cashier and pay Clerks has been checked by an Account Officer daily when more than one holiday intervenes as per Rly. Board's letter No. 45ACII/342 of Feb'47 and C.A.O.s No. C855/A dt. 17.10.47 to the extent prescribed below:
The cash balances in hand should be test checked by not less than 10 per cent by actual count, the notes of Rs. 100 being checked cent per cent. It should be seen whether the above order is carried out and whether there is any deliberate accumulation of traffic and other miscellaneous receipts.

3) The inspection of Treasurer's office and Divisional and Workshop Cash Offices will be done by the respective sections as per programme. At the time of inspection of Treasurer's office at Calcutta by Books, Traffic Audit Branch should depute an AAO/Section Officer (Audit) or a Sr. Auditor to look into the arrangements regarding collection and accountable of earnings.

4) While audit should see that the Accounts Department have verified the cash balances on the last day of the year in accordance with para 910-A-I, it is not necessary that audit should associate itself with such verifications and be a party to a joint cash balance report or undertake a physical verification of cash with the cashier. The cash in hand with the pay Clerks, the unpaid bills outstanding and the amount of unpaid wages may be ascertained to see that no unauthorised use is being made of such money.

5) In general, it should be seen that there is a systematic internal check over the accounts of money passing through the hands of the Cashier and other officials concerned and that there is a continuous review of the arrangements for the expeditious disbursement of money, for the custody thereof and for the correct and prompt disposal of undisbursed balances and of sums otherwise payable into the treasury and that there is an adequate reconciliation, preferably without previous notice, of the cash balance with the amount outstanding against the custodian of the balances.

6) In verifying cash balances, it is important to remember that verification serves no purpose unless it takes into account simultaneously, on the one hand all the different categories of cash in the custody of the official or group of officials concerned and on the other, all examined accounts for such cash.
(para 359 & 360 of Railway Audit Manual-4th Edition).

14.16 Adjustments with other Government Departments

See para 361 of RAM and paras 223 (b), 432, 444 and 445 AI.

It should be seen that reconciliation (para 441 and 442 AI) has been done and that at the end of the year no balance is existing under the head 'Account with States' and 'Reserve Bank Suspense' and if there is any outstanding balance, action has been taken to investigate and adjust the same in the earliest possible month of the next year.

Reconciliation of amounts booked under 'Reserve Bank Deposits', 'Remittance into Bank' and 'Cheques and Bills

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A general review of the reconciliation of the amounts booked under 'Reserve Bank Deposits', 'Remittance into Banks' and 'Cheques and Bills' should be conducted yearly with reference to paras 441 to 445 of the Indian Railway Code for the Accounts department. The reconciliation for one month in the year should be checked in detail, with the figures advised by the Reserve Bank.

Audit of 'Transfers within the same Railway' and 'Transfers between Railways'.

The general instructions for audit of 'Transfers inter-Railways' contained in para 363 of Railway Audit Manual and paras 404 to 416 AI may be seen.

It should be generally seen that the transfer transactions are adjusted expeditiously to final heads of accounts and there is no outstanding at the close of the year under the head "Transfer divisional" and that if there is any unadjusted balance, it is not adjusted to any suspense head merely to effect nil balance under the transfer head and such unadjusted balances are reported to the FA & CAO with reasons for remaining outstanding.

14.17 Audit of reconciliation of Accounts Registers with General Books:

The general books of the Railway, that is:

(i) The General Cash Book.

(ii) The General Cash Abstract Book.

(iii) The Journal, and

(iv) Ledger.

do not record the transactions by sub detailed heads of accounts. In order therefore, to have the detailed classification of the transactions as appearing in the General Books, separate subsidiary records are maintained. These are as under:

1. Register of Works.

2. Register of capital, DRF, DF and OLWR (Revenue) expenditure.

3. Revenue Allocation Register.

4. Register of Earnings.

5. Suspense Register.

each year a report in the details showing the result of the above reviews and should also furnish the following additional information in order to enable that section to finalise the general comments and note on control over expenditure appended to the Appropriation Accounts for submission to the ADAI(Rlys.)

a) Important instances of failure in the exercise of control should be reported in the form of individual comments duly accepted by Accounts Sections concerned.

b) A comparative statement showing the re-appropriation under each of the Capital and Revenue grants made month after month.

CAG desires that in the Audit Reports on the Appropriation Accounts there should be an introductory paragraph presenting any special feature or on important events which have material repercussions on the budget and appropriations for the year concerned. The paragraph is expected to specify the items affected and the expenditure directly attributable to such extra-ordinary factors. Any information which will be useful to the ADAI (Rlys) in drafting this paragraph may be furnished along with the report on "the control over expenditure". The selection and treatment of such topics is left to the discretion of the Head of offices concerned but the acceptance of the Administration should be obtained to the information proposed for inclusion in the reports. (DRA's No. RI-3/45 dt. 8.10.45).

14.19 Closing and submission of Annual Accounts & returns

With a view to avoid correction in the Annual Accounts involving heavy amounts that were generally advised by the Railways even after the despatch of the accounts to the Railway Board, the CAG has decided to extend the date of closing and submission of annual accounts of the Railway Department as a whole by one month. Accordingly, the Railway Board have decided that only one consolidated accounts for March (Separately for capital and Revenue supported by the prescribed schedules need be submitted so as to reach the Railway Board's office by the 31st of July, subject to the restrictions given below.

To enable the Board to determine as to how the preliminary actuals as booked up to the 30th of June compare with the final estimates and Grants/Appropriation, schedule of Gross Traffic Receipts and Revenue expenditure for the year for each Grant/Appropriation together with the schedule for capital expenditure (separately for open-line and new constructions) in the usual form should be despatched so as to reach the Board's office by the 10th of July. The gross expenditure and recoveries/credits should be shown separately. The figures may be shown in thousands only.

Audit should see that the target dates fixed for the submission of the various accounts and return are rigidly followed and other instructions regarding closing of the accounts are strictly complied to by the Accounts Office. (R.B's letter No. 58 ACI/2/15 dt. 17.5.57 recd, under ADAI(R)'s endorsement No. RAI/I-6/56 dt. 21.6.57).

14.20 Introduction of New Accounts Classification

The new accounts classification system has been introduced with effect from 1.4.1979 on the Railways with the following main objects:

(i) To evolve a fully developed system of responsibility accounting and to re-orient accounting classifications so as to bring in eventual break down of costs after eliminating all superfluous classifications which were out of date or irrelevant.

(ii) To set up an effective system of management accountancy with a view to clearly defining management

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objectives, strategies and plans to achieve these objectives.

The revised structure of the Demands for Grants is based on function oriented analysis of working expenses and plan head wise analysis of works expenditure. Accordingly, accounting classification has been revised to facilitate the introduction of performance Budgeting. As against the existing 22 Demands, the restructured Demands for Grants are only 16 in number as shown in Para 11.27.8.

The revised classification has been given in the book 'Revised classification of Accounts of Expenditure and Earnings published in August 1978.

14.21 Changes in form and classification

(Para 398 RAM 4th Edition).

The comptroller and Auditor General of India has ordered that any important changes in Forms and Classification should be mentioned either in the explanatory notes below the sub-heads of the grants or in the important comments appended to the Appropriation Accounts concerned. It has been accepted that the existing procedure in the Railway Department, under which important changes are mentioned in a separate section and less important changes listed in an Annexure to the Review on the Appropriation Accounts Prepared by the Railway Board and their substantial effect on the grant is explained in the body of the review under the respective grants fulfils the above requirements.

Audited copies of the list of such changes furnished by the Administration to the Railway Board should be sent to the ADAI (Rlys.) Care should be taken to ensure that the important effects of such changes are explained under the relevant Grants in the Appropriation Accounts of the Rly. Administration.

All orders received in the office regarding changes in form and classification should be dealt with in the Books section, which will circulate the orders to the various auditing sections. If any section receives an order on the subject otherwise than through the Books section such order should immediately be transferred to Books section in original. The orders will be reordered in a Register separately for each year under the initials of the Branch office the paras given below.

The other auditing sections should likewise maintain similar Register for recording therein all charges. in forms and classification affecting their section on the basis of orders recd. from books section.

All auditing sections should intimate to books section the changes in forms and classification that have actually been given effect to during the year to Books audit sec. to enable the latter to check the memorandum showing the changes in forms and classification prepared by the FA. & C.A.D. for submission to the Rly. Bd. A copy of the

F.A. & CAO's memorandum prepared in this connection after being audited carefully should be furnished by Books section to the ADAI (Rlys.) by the date fixed for each year according to the programme.

Register of changes in forms & classification.

Sl. No.	Ref.to auditing	Brief particulars of cheques, in forms and classification and date of its effect.	Board's vehicles
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14.22 Audit Certificate on March Accounts

Each auditing section under the principal Director of Audit, Eastern Railway should send its audit certificate on March Accounts to the Books Audit Section so as to reach there by the 14th of Sept. such year. The Books Audit section on the basis of the certificates received from the auditing sections will compile the consolidated audit certificate for the Eastern Railway Audit Office as a whole and send the same to the A.D.A.I. (Rly. s) by the 1st of October each year.

It is essential that all audit and review work relating to the accounts of the financial year should be completed before the audit certificate on March Accounts is submitted to the Books Audit Section or ADAI(R). In case, any item of work cannot be finished the reasons for the delay should be reported sufficiently in advance by the Branch Officer to the Principal Director of Audit who will take steps to ensure that the work is promptly finished. Note below Para 8 of R.A.M. 4th Edition may also be seen before giving the certificate.

14.23 Certificate of comparison to be recorded on March Accounts before their submission to Rly. Board (Accounts).

(Vide Para 8(h) and 378 of R.A.M.-4th Edition)

The certificate viz. "Compared with the office copy and found to be a true copy" will be recorded on the original accounts for the month of March as well as on all schedules accompanying the accounts before their submission to the fly. Board by the Chief Accounts officer.

14.24 Audit of Debt Head Report

See para 373 of RAM and Paras 748 to 752 AI.

The debt head report will be compiled by the Accounts Officers attached to E.Rly constructions Workshops etc. in respect of Debt Heads operated by them and sent to the headquarters Books secretions of the FA and CAO's Office, simultaneously endorsing copies thereof to the concerned Audit Officers for verification. The respective audit sections will verify the reports with reference to the previous year's audited statements and lawyers maintained in the accounts offices. In auditing the Debit Head Report, it should be seen whether the general instructions issued by the Railway Board for the compilation of the report have been complied with.

A copy of the audited Debt Head Report together with comments which could not be settled at the unit level will be forwarded by the auditing section to Books and Budget (Headquarters audit section. Based on the Debt Head Reports received from the various Accounts Officers, the headquarters books section of FA & CAO's office will prepare a consolidated Debt Head Report for the unit and forward the same to the Railway Board and the Books

and Budget (Headquarters) audit section. The latter will check the report and will return the audited copy of the Debt Head Report to the FA & CAO incorporating the audit certificate prescribed in para 8 of Railway Audit Manual. A copy of the audited Debt Head Report should be sent to ADAI (Railways) by the due date.

14.25 Audit of Capital and Revenue Accounts

See item VIII(10) under Central Audit the M.O.I., para 364 of RAM.

The various statement of accounts included in the Capital and Revenue Accounts, the forms in which the statements are prepared and the certificates appended to the Capital and Revenue Accounts are given in paragraphs 702 to 727 AI. These accounts are given in section II of the annual report of the Railway. The Capital and Revenue Accounts are prepared for the financial year. The auditing sections will verify the information furnished by the Accounts Officers at Headquarters and Divisions for compilation of Capital and Revenue Accounts and intimate results thereof to Books and Budget (Headquarters) audit section. The Financial Adviser and Chief Accounts Officer will compile the Capital and Revenue Accounts of the railway and forward them to the Railway Board furnishing simultaneously copies thereof to the Books and Budget (Headquarters) audit section for verification. These accounts should be checked completely as regards statistical statements prepared by the Railway. The statement numbers II to IV and VII not prepared by this railway as there are no worked lines forming part of this railway system. Irregularities noticed should be pointed out to the FA & CAO for rectification.

Advance copies of the Capital and Revenue Accounts together with the audit certificate prescribed in para 8 of Railway Audit Manual vide para 412 of Railway Audit Manual should invariably be sent to the Comptroller and Auditor General of India as soon as the audit is completed. When the printed copy of the accounts is received, it should also be sent to the Comptroller and Auditor General of India.

(GAG's letter No. 26II/4-11/61 dated 19.7. 1961).

14.26 Profit and loss accounts, capital statement, Block Accounts and Balance Sheet.

After check of the above, the certificate of audit with comments, if any, will be sent to the Chief Accounts Officer in duplicate as soon as these accounts have been checked in audit by Books and Budget Audit section. The certificate will be recorded in the balance sheet to be printed with Appropriation Accounts and will be in the form prescribed in Para 8 of the RAM-4th Edition.

Two copies of the capital statement, balance sheet and profit and loss accounts with audit certificate thereon should be submitted to the ADAI(Rlys.) so as to reach his office before the 30th of November each year.

14.27 Finance Accounts

The Finance Accounts as prepared by the Railway should be checked with reference to Capital and Revenue Accounts and March Accounts. In cases of new constructions, the total outlay to date of each line should be checked. These accounts should be checked in detail from the capital and Revenue Accounts for March for the year concerned and the Finance Accounts of the previous year for purpose of check of cumulative figures to the end of year shown in various schedules. The instruction contained in CAG's letter No. 2621-RA/11/4-11/61 dt. 19.7.61 are also applicable in the check of Finance Accounts. The definition of Finance Account, its scope the description of various schedules, and the appendices forming part of those accounts, the forms in which they are to be prepared and the certificate to be appended thereto are given in paragraph 728 to 747A1. If there is any delay in the printing of the Finance Accounts, typed copies of the Accounts duly audited may be sent to the ADAI(Rlys.) in advance to avoid accumulation of arrears. After the check is over, audit certificate is to be recorded (para 747-A1).

Three audited copies of the Finance Accounts with audit certificate thereon should be submitted to the ADAI(Rlys.) so as to reach his office by the 20th of September each year.

14.28 Statement showing transfers without financial adjustment.

The unit Accounts Officers will compile this statement and send it to the FA & CAO furnishing copies thereof simultaneously to the respective Audit Officers for verification. The audit Officers, after verification of the statement will advise the results to the Books and Budget (Headquarter! audit section. The BB Audit Section (Headquarter) will audit the statement compiled by the FA & CAD for the entire railway P.U.s. based on the advice received from the unit Audit Officers. Copies of the audited statement will be furnished to the ADAI(Railways). In checking this statement, it should be seen that in respect of inter railway adjustments, the acceptance of the foreign railways to the inclusion of the amounts 'per-contra' in the statements relating to them have been obtained and kept on record. Generally, copies of the statements relating to other railways will also be received in the accounts office if any items having per-contra adjustments with this railway are included therein. Such statements should also be consulted to see that inter-railway adjustments shown in the statements pertaining to this railways have been correctly reflected by other railways.

Items of adjustment within the Railway (intra Railway) should be verified with reference to audited details received from the various units and the authority for such adjustments. It should also be seen that in respect of adjustments relating to the Loans and Advances by the Central Government and Indian Railways Deposits details of the amount pertaining to each of minor heads/ classified heads thereunder are furnished separately and not in one lump.

14.29 Statement showing calculation of dividend payable to General Revenue

The statement prepared in the prescribed proforma indicates capital at charge up to the end of the previous year and that during the current year. As the rate of dividend payable prior to 1.4.1980 and

from 1.4.1980 capital at charge is different, the statement also indicates total capital at charge at the end of the year distinguishing that pertaining to pre-1.4.1980 and from 1.4.1980 and post 1980 capital as on 1st April of current year should be verified with reference to the respective audited figures of the capital at charge on 31st March of previous year and the respective figures of transfers without financial adjustment of current year. The outlay during the current year should be verified with reference to the schedules appended to the March Capital Account Current. The deductible entries for the following items.

- (i) Residential Buildings.
- (ii) Outlay on new lines other than those taken up on other than financial considerations.
- (iii) Outlay on P & T line wires for both pre-1980 post-1980 and current year are verified with reference to audited statement of previous year as also the compiled data for the current year. Thereafter the net capital outlay incurred during the year (and half thereof) will be verified.

2. According to Railway Convention Committee 1980, further continued by the Railway Convention Committee 1985 and accepted by the Government, the rates of dividend for the two quinquennium periods of 1980-81 to 1984-85 and 1985-86 to 1989-90, the rates of dividend payable to General Revenue are as under:

- (i) The capital invested up to 6% (inclusive of 15% on capital invested 31.3.1980 up to 31.3.1964 for payment to states in lieu of passenger fare tax etc.)
- (ii) On the capital invested 65%
- (iii) Capital cost of residential buildings. Concessional dividend of 3.5%.

The correctness of the dividend payable at different rates as mentioned above should be checked. The correctness of the amount of deferred dividend payable in respect of any new line which has completed the moratorium period should then be verified with reference to the statement of deferred dividend. The total amount of deferred for the year proposed to be paid will then be verified.

14.30 Statement of deferred dividend

According to Railway Convention Committee Report, 1980 and 1985, and accepted by the Government, in respect of the capital invested on new lines excluding the notified lines, taken up on or after 1.4.1955 on other than financial considerations, the dividend payable is to be calculated at the average borrowing rate for each year but deferred during the period of construction and the first five years after opening of the lines for traffic. The deferred

liability is to be paid out of the future surplus of the lines after payment of current dividend. The account of unliquidated deferred dividend liability on new lines is to be closed after a period of 20 years from the date of their opening, extinguishing any liability not liquidated within that period.

The deferred dividend statement which is prepared along with the dividend statement should be checked on the lines mentioned above.

The statement showing the capital outlay in respect of each new line and deferred dividend etc. should be submitted as an enclosure to the Dividend statement.

14.31 Statement of Subsidy from General Revenues

Statement of subsidy to be claimed from General Revenues is prepared along with the dividend statement. Capital invested in the following cases qualifies for subsidy from the General Revenues to the extent of the dividend calculated at the rules specified for them:

- (a) Strategic lines.
- (b) New lines taken up or after 1.4.1955 on other than financial-considerations.
- (c) Unremunerative branch lines.
- (d) Ore lines.
- (e) Ferries and welfare buildings.
- (f) 50 percent of the capital invested on all works in the current year and in the two previous years excluding capital invested in strategic lines.

The statement should be checked on the above lines. This statement is also sent as an enclosure to dividend statement.

14.32 Review of Registers of:

- (i) Serious irregularities.
- (ii) Losses
- (iii) Objectional items.

See paras 853 and 861 AI and para 482 of Railway Audit Manual.

These registers maintained in the Accounts Offices should be reviewed by the Books and Budget audit section at headquarters and in branch offices. While reviewing the registers, the relevant files of accounts office should also be reviewed to see whether:

- (i) the case could be considered for comment in the Audit Report.
- (ii) Action taken by the Administration is adequate, and
- (iii) safeguards exist to avoid recurrence of such irregularities.

14.33 Review of Miscellaneous Advances and Deposit Register.

See Paras 320 and 321-AI.

In reviewing the registers, it should be seen whether the instructions contained in para 322-AI are being observed. The outstanding at the end of the month account selected for audit should be traced back to the month of origin in addition to a general review. The instructions contained in Paras 1217 and 321-AI and para 371 of Railway Audit Manual should also be borne in mind.

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14.34 Review of Demand payable Register

See para 1021-AI.

It should be seen that the balances as per the register are reconciled monthly with those appearing in the general books (Para 322-AI). While reviewing the register, the instructions contained in para 1612-AI should be borne in mind.

Chapter XV

Section III

Appropriation Audit.

15.1 Procedure for dealing with the Appropriation Accounts:

The consolidated Appropriation Accounts of the Eastern Railway and the Statements and Annexures thereto will be received in this office for check from the FA & CAO(Budget) according to the time schedule drawn up by every year by the Ministry of Railways (Railway Board) after consultation with the ADAI (Rlys.). These will be completely checked in Appropriation Audit Section with reference to the extant rules & orders in relation thereto and individual reports received from each Audit Section. The Financial Adviser & Chief Accounts Officer (Budget) compiles the consolidated Appropriation Accounts from the appropriation Accounts received from the Divisional and Workshop Accounts Offices and other Sections at his office, such as, Expenditure, Establishment Section etc. These offices and Sections are required to submit the Appropriation Accounts, Statements and Annexures thereto to the FA & CAO (Budget) and to the local Audit Officers well within target dates fixed for the purpose. Immediately on receipt of the same from the local Accounts Officer each Audit Section should complete the necessary check and furnish certificates of check together with their comments, if any, to the local Accounts Officer under advice to Appropriation Audit Section for appropriate action. All outstanding points in connection with these accounts should be finalised as expeditiously as possible by personal discussion with the Accounts and Executive Officers, if necessary.

The due dates for submission of the comments and audit certificates on the appropriation Accounts etc. should be strictly adhered to by all audit Sections as great importance is attached to the observance of the prescribed dates both by the ADA) (Rlys.) and the Railway Board.

15.2 Check of Appropriation Accounts:

1) Extent of Check-See item no. VIII (7) under 'Central Audit' in the M. O. I. regarding extent of audit (Railway Audit) 2nd Edition.

2) The consolidated Appropriation Accounts will be checked with reference to the comments furnished by the Auditing Sections and generally according to the instructions contained in Chapter IV of Financial Code, Volume I & in Chapter XX and Appendix 5 of Railway Audit Manual (4th Edition). Besides these, rules contained in Chapter XV-E, Chapter XXXI-S, Chapter XV-W and instructions issued by the Railway Board in this connection from time to time should also be studied. It should particularly be seen that (i) the consolidation made in the Chief Accounts Officer's Office is in order, (ii) the accounts of the various grants and annexures have been prepared in the same forms and details, as laid down in Chapter IV of the Indian Railway Financial Code Vol. I and that other orders received from time to time have been observed.

15.3 Check of Figures:

The figures of original grant or appropriation should be checked with the figures as voted by the Parliament and shown in the 'Demands for grants' for that year. Any change in the grant made by the General Manager at the beginning or during the course of year or in the expenditure orders of the Railway Board, should not be taken into consideration for the purpose of the figures of original grant or appropriation.

The figures of final grant or appropriation as modified by supplementary provision, surrender, with drawl and reappropriation should be checked with the latest modifications in the grants received from the Rly. Board and the distribution of the final grants, so modified, as made by the General Manager Towards the close of the year. It should be particularly seen that no such distribution is made by the General Manager after the 1st 31st March of the year, as reappropriations are not permissible after the close of the financial year.

The figures of actual expenditure should be verified from the figures shown in the audited accounts of March, the statements of expenditure and Revenue Abstracts prepared by the Accounts Office. In this connection the instructions contained in Para 394 of the Railway Audit Manual (4th Edition) should be kept in view.

The figures of differences between the final grants and expenditure should be checked. Any discrep any found in the check of those figures should be promptly brought to the notice of the Chief Account Officer (Budget) and agreement thereof arrived at as expeditiously as possible by personal discussions, if necessary.

The figures under "Credits" will similarly be checked with the figures shown in the book of demands and further advice received from the Railway Board. The actuals will be verified with the statement showing the total for each item in respect of each of the grants prepared by the Chief Accounts Officer and with reference to the Schedules to the Account Current for March. As regards the Civil Grant-Loans and Advances by the Central Govt. the actual expenditure will be compared with the totals of the expenditure relating to the various units as well as with the

figures shown in the Account Current for March. In respect of the Civil Grant- Interest and debt and other obligations, the figures of actual expenditure will be compared with the totals of the expenditure relating to the various units as shown in their accounts as well as with the figures advised to the Railway Board, while passing on the debits for March, wherein the figure for the whole year is also indicated, to the Railway Board.

15.4 Other Checks :

The general review of accounts should be directed to see that there has been no misclassification or mis-compilation and that no transaction remains unadjusted. The adjustments made in the accounts for February and March should be particularly examined as to their correctness and propriety. In case any transaction remains unadjusted during the year, the reasons should be examined and commented upon suitably.

Reappropriation should be examined in accordance with the instructions contained in para 390 of RAM (4th Edition).

Inaccurate, budgeting and overestimating should be specially committed upon omissions to include charges or receipts which could have been possible to anticipate as well as excesses caused by expenditure incurred on objects not provided for in the budget estimate, should be investigated. In the latter case it should be seen how far the Accounts Office has failed to challenge the expenditure for want of appropriation or being beyond the powers of sanction of the authority concerned or in the case of expenditure on a new service, as requiring a supplementary vote of the Parliament or an additional allotment from the Government of India, as the case may be.

15.5 Scrutiny of explanation of variation:

Detailed examination of the Explanations for variation between the original grant and final grant, between final grant and actual expenditure and between original grant and actuals, wherever necessary, should next be taken in hand.

The explanation of variations should be scrutinised with a view to see that:

- a) the explanations given under one grant are not inconsistent with those given under another grant.
- b) they are not inconsistent with such explanations, if any, as may have been given at an earlier stage.
- c) they are not open to any prime facie objection and

d) they have been prepared in consultation with the authorities responsible for controlling the expenditure under the grant or head concerned and are acceptable to audit.
while scrutinising the explanations under the suspense heads "Stores" and "Manufactures" under Capital the instructions contained in para 392 of RAM (4th Edition) should be followed.

15.6 Comments on Appropriation Accounts:

As soon as the check of the accounts of an individual grant is completed, audit comments thereon should be framed and sent to the Chief Accounts Officer for early remarks.

Separate comments on each individual grant and annexure to the Appropriation Accounts should be sent in separate letters and in no case should the comments on more than one grant or annexure be mixed up.

The comments will generally be on the following points:

- 1) Discrepancies between the grants as per verified entries in the Budget register maintained by the Chief Accounts Officer and as shown in the Appropriation Accounts in the event of the discrepancies not having been rectified.
- 2) All important cases of misclassification, irregular or fictitious adjustments and delay in the adjustment of transactions should be specially mentioned.
- 3) Cases in respect of which it is doubtful whether an expenditure should be considered to have been incurred on a new service and cases where there is difference of opinion in this matter between the Audit and Accounts authorities should be mentioned in detail.
- 4) It is the duty of the Public Accounts Committee to see:
 - a) that the money voted by the Parliament has been spent within the scope of the demand.
 - b) that no reappropriation is made from one grant to another.
 - c) that no reappropriation is made within a grant which is not made in accordance with such rules as may be prescribed by the Rly. Board.

Cases of non-compliance with the above restrictions by the Railway Administration should, therefore, be brought to notice for inclusion in the Audit Report.

- 5) Cases of expenditure incurred against the declared wishes of the Parliament or against the recommendations of the Estimates Committee should be brought to notice.
- 6) Cases of infringement of the powers of the General Manager with regard to reappropriations or of the Divisional Railway Managers & C. to whom their powers have been delegated should be specially brought to notice.

15.7 Comments on stores Accounts to be included in the Appropriation Accounts:

(See para 392 of the Railway Audit Manual, 4th Edition & Paras 648 to 650 of Indian Railway General Code, Vol.I)

The object of presenting the Stores Accounts to the Public Accounts Committee through the respective Appropriation Accounts will not be secured if these accounts merely reproduce the stores accounts without any comments from the Audit. The Audit Office may assist the Public Accounts Committee in their investigation into the Stores transactions in the Appropriation Accounts. Comments may, for example, deal with the following points:

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- i) Whether the closing balances as disclosed in the stores Accounts appear to have been excessive.
- ii) Whether the amounts written off by way of depreciation, shortages. & C. during the year appear to be abnormally high.
- iii) Whether the stock verification and revaluation, if any, has been made by proper authorities; and
- iv) The Audit Officer may also comment in cases where surplus stores appear to be abnormal and after equity from the departmental officers, he may also be in a position to say whether adequate measures are being taken to dispose of the surpluses.

The foregoing list is not exhaustive and what is desired is that all Audit Officers should realise that they are expected not merely to reproduce stores accounts, but in audit them with reference inter alia to the points mentioned above. No comments need, however, be made in the Appropriation Accounts unless there is anything special to be said. Remarks such as "suitable" or other equally colourless remarks do not help anyone and may even be misleading and "the closing balances appear to be dangerous, as they may lead the Public Accounts Committee to refrain from investigation in case where a correct appreciation of the position can be formed only after exam. of the departmental witness.

Chapter XVI

Traffic Audit.

16.0 General:

The audit of receipts of the railways is required to be conducted in accordance with the regulations laid down in Chapter 4 of Section II of M.S.O. (Audit), Final Edition 1991. The receipts of railways are mostly on account of earnings from the transport of passengers and merchandise traffic. The other receipts like amounts realised by

disposal of lost property or by telegraph traffic are comparatively of little magnitude, Stations are the main agency through which traffic earnings are realised. The other agencies are:

- i) Tourist agents who are authorised under the terms of their agreements with the Railways.
- ii) Out agencies.
- iii) Lost property offices. The accounts of earnings are rendered by these agencies to the accounts office through various returns, balance sheet statements etc. The collected tickets, passes (parcel waybills, invoices, credit notes, warrants telegraph vouchers) cashed station pay orders etc. are also submitted to the accounts office. All these returns, vouchers etc. are checked by the accounts office and brought to account in a consolidated record for the whole railway called traffics Book (Para 3201- A-III in which the earnings are recorded duly classified into coaching, goods, sundries etc. and the progress of realisation of earnings is watched. Recovery of dues in lieu of vouchers (notes, official requisitions etc.) is watched through accounts office balance sheet.

The checking of earning, relating to local traffic is done by the traffic accounts office. The accounting of earnings relating to local traffic is done by the traffic accounts.

Besides checking and accounting of traffic returns the traffic accounts office is also responsible for checking accounting and watching recoveries.

The central audit of earnings includes:

- a) Scrutiny of larges contracts and tenders and review of completed contracts in the office of the CCM-E. Rly.
- b) Review of CCH Office, E. Rly. & Files, as necessary.

The audit objections raised by this office are included in the statistics of Dy. CAD (TA), E. Rly. The particulars of items of audit relating to local traffic required to be dealt with by the traffic audit office, and the extent of check to be exercised in respect of each item are given in the Appendix to M.O.I under the Caption Local traffic Audit (Coaching).

The checks exercised by the accounts office on the various station returns, handling bills and other documents both centrally and during local inspection of station accounts, the procedure of maintenance of traffic books etc. have detailed out in the IRCA Code for the Accounts Department, Part II, Traffic Accounts. The audit should generally be conducted on same lines. The procedure laid down for the maintenance of various station books and preparation of station returns and their forms in relevant paragraph of IRC/. Vol. I & II and the Manual of station accounts, E. Rly., the rules in the conference regulation, the coaching tariff and the various pamphlets like rate circulars etc. and the sectional manuals of the accounts office should be studied carefully and referred to in conducting the audit of earnings.

16.1 Duties and responsibilities:

The Traffic Audit section is responsible for the audit of transactions relating to local and through traffic which are dealt with in the Traffic Accounts branch of the FA & CAO's office. The traffic audit section of the O/o the PDA/E. Rly. has a working strength of three senior Audit Officers, eight Asst. Audit Officers, Nineteen Senior Auditors and one Clerk.

The essential duty of audit in regard to the railways earnings is to see that:

- 1) the person to whom the service is rendered pays the proper amount.

- 2) the assessment of railway charges is correct according to the rules prescribed by the various authorities.
- 3) the railway servants receiving the charges account for correctly.

The work relating to audit of earnings may be broadly divided into (1) Central audit of Goods and coaching Accounts and (2) local audit/inspection of the accounts of the stations, out-agencies, city/ town booking offices, travel agents, sidings, Lost property office and Chief Commercial Superintendent's Office. The check of earnings should be carried out with references to (i) the orders, rules and regulations issued by the president or the Railway Board, (ii) the Indian Railways Act, 1990 and rules made there under (iii) the conference regulations framed by the Indian Railway conference Association, (iv) the tariffs, rate circulars etc., issued either by the Indian Railway conference Association or by the Railway Admn. (v) Indian Railway Commercial Manual Vol. I & II, (vi) the relevant contracts between the main and the worked lines and (vii) Accounts code Vol. II.

The tariffs should be kept uptodate. It should be ensured that all correction slips and rate circulars have been received.

In respect of irregularities already noticed in internal check by Accounts office in the documents coming up for audit, it should be seen whether suitable action has been taken to rectify them. For selection of station accounts for audit, all stations, out agencies are to be classified as 'major' or 'minor' on the basis of time allotted to Travelling Inspectors of Accounts for inspection of these stations with reference to volume of traffic. If the number of mandays allotted for inspection is more than 8 days such stations are classified as 'major' and others as minor on the basis of the check prescribed all the major and minor stations should be grouped division wise separately for each category and from each group station should be selected every month for audit to the extent prescribed. In addition, one or two stations outside the particular group should also be selected to provide the element of surprise (see para 161 of RAM also CAG's letter No. 657-590-RAI/8-11/73 dt. 5.3.74).

As a major station, may become a minor station or vice versa due to decrease/increase in traffic, an annual review is made by the Accounts Office, and corrections to the list of stations are carried out. This list should be referred to in March every year and list of stations maintained in traffic section for selection kept uptodate duly approved by the Principal Director of Audit.

16.2 General Procedure of Audit at Headquarters:

The procedure of auditing the accounts of the fourth following month observed in respect of audit of expenditure should ordinarily be followed in respect of audit of earnings at headquarters. Exception may, however, be made in case of any specific items according to the special needs of audit vis-a-vis internal check in the matter of availability of records.

The points to be seen in the audit of earnings are detailed out in Para 159 of the Railway Audit Manual, subsidiary instructions for audit of various items listed under local traffic audit coaching in the Appendix to the M.O.I. are given in the following paragraphs.

16.3 Introduction of simplified system of Traffic Accounts on 'Forwarded Basis'

The system of internal check of station accounts by the Accounts Office and of the connected returns etc. prepared on "Received" basis has undergone a change consequent upon the issue of orders by the Railway Board regarding the simplification of traffic accounts procedures. After the implementation of the complete scheme the internal check system of the Accounts has switched over to "Forwarded basis". The stations are required to send the documents/returns etc. on the revised basis to the Accounts office for further compilation of other statements, returns etc. This has resulted in changes in the records and documents received and compiled by the Accounts Office necessitating a suitable revision of the audit procedure which are detailed in subsequent paras. As per the revised procedure accounts of the station selected for monthly Audit should be checked completely with reference to its balance sheet, both in respect of 'received' and 'forwarded traffic'.

It has been decided by the Comptroller and Auditor General of India that while none of the existing checks should be given up, the following additional checks should be exercised in audit on various documents produced as a result of computerisation of accounts of traffic receipt.

1) Review of monthly incorrect statements.

In addition to tracing of undercharges noticed as a result of check of invoices into the incorrect statement, there statements should be reviewed with a view to verify the action taken by the Accounts office for issue of error sheets etc. to the station concerned.

In regard to through inward traffic the issue of error sheets etc. should be checked with the entries in the register showing receipt of incorrect invoices from foreign Railways. Similarly, while checking passenger classification, also, in addition to tracing the errors noticed into the incorrect list, the incorrect list as a whole for the station should be reviewed and adequacy of the action taken in the Accounts Office ensured.

2) Check of pilgrim tax statement.

In addition to tracing the totals of the statement of terminal taxes into the Register of pilgrim taxes maintained by the Accounts Office, all entries in the passenger classification irrespective of whether these are selected for audit or not should be traced into Pilgrim tax statement printed by the computer. The tracing of pilgrim tax should also be done in respect of all passenger classifications of printed tickets, which are accounted manually by Accounts Office due to delay in their receipt. This would provide a test check for ensuring that all items of pilgrim tax appearing in the passenger classification have been processed by the computer. See also para 167 of the Railway Audit Manual.

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3) Check of Continuity of Invoices:

In addition to checking the continuity of paid invoices from the Register of paid invoice books supplied to the stations and that of 'To Pay' Invoices with the commencing and closing numbers given in the covering memo received from stations, the continuity should also be checked by comparing the first entry in the current month's paid statement (Month of accounts selected for audit) with the last entry in the previous month's paid statement both for 'paid' and to-pay invoices. The continuity of invoices within the paid statement should also be checked. (C&AG's letter No. 1901-160 RAI/8-6/71 dt. 10.6.71).

4) While all invoices selected for audit will continue to be checked in regard to class, rate, other charges etc, calculation of freight in respect of invoices where such calculation is done on the computer should be checked only to the extent prescribed in C&A's letter No. 1007-0 SD(C)/44/71 dated 30.3.72 except invoices involving wagon K.M. rates, minimum charges, infringement charges, weight exceeding 9999 quintals in which cases freight is checked manually.

5) The accuracy of the total of the paid statement both in respect of freight and weight handled by the Railway should be checked.

6) The correctness of the total of the amount shown under 'Invoiced Freight' 'To pay' in the outward Abstract should be manually checked and the inked entries in the Abstract (entries appearing in the Delivery Book of the station but not in the Machine Prepared Abstract) should be verified with the accompanying invoices.

7) To ensure that 'Inward Abstract' sent by stations along with the balance sheets, correspond to those received in the Accounts Office from the foreign Railways, the entries in the Register showing receipt of 'Machine prepared Abstracts from foreign Railways should be scrutinised and seen that the Station returns correspond to all the sheets received from foreign Railways.

8) The credit on account of 'paid-on-charges' taken in the 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 the entries in the 'paid on charges statement. In order to see that 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 and this should be traced against the concerned destination station in the Machine prepared outward Abstract.

9) The check of invoice marked for weightment enroute should be carried out in respect of invoices issued by stations selected for audit, check of inward Invoices of such stations so selected need not be carried out.

10) It should be seen that run to run totals to ensure the integrity of the processing of data are actually agreed as detailed below:

- i) total invoiced freight printed in card to tape programme with the total printed in paid statement and outward Abstract programmes.
- ii) difference of total invoiced freight and total calculated freight with the net difference of overcharges and undercharges printed in the monthly incorrect statement.
- iii) total calculated freight printed in the card to tape programme with the total printed in the 'paid statement and outward Abstract programmes; and
- iv) total charged weight printed in the card to tape programme with the total weight in the paid statement programme.

11) The total number of cards as shown in the station forwarding memo for selected stations should be agreed with the number of cards in the card to tape programme and the grand total of the cards in this programme should be agreed with the total number of cards in the paid statement and the outward Abstract programmes. Run to run totals of the whole system is to be checked.

12) The action taken by the Accounts office on entries inked into the Machine prepared Abstract (corrected by the destination stations should be verified in respect of local traffic with reference to the original invoices themselves and that the withdrawal of debit was also correctly advised. As for through traffic, a list should be sent to the Principal Director of Audit of the originating railway for similar verification (including a nil return when there are no such cases).

(C&AG's letter No. 1007-OSD/(C)/44/71 dt. 30.3.72

16.4 Coaching Account

(A) Passenger traffic:

In respect of stations selected for audit, the local and through passenger classifications 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 Blank paper tickets should be obtained.

The passenger classification should be checked in accordance with the instructions contained in para 2018 All etc 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. P.T.O's and concession orders etc. accompanying the passenger classification though the collected P.T.O's 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 blank paper tickets 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 and

cut pieces of tickets sold at half fares should be conducted in accordance with paras 20/6- AII and 2017-AII.

The passenger classification of the selected stations relating to military warrants should also be checked both for local and through traffic, though the warrants itself 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 of 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.

A) 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 blank paper tickets.

B) Over issued tickets: Whenever tickets are over issued i.e. issued out of series, those tickets should be accounted for in the passenger classification under a separate entry against the 'station to' for such stations. These will thus be separate entries in such cases, one for the running series and another for the 'over issued series. A manuscript register is maintained in the Accounts Office for recording the commencing and closing numbers of over issued tickets. If any over issued ticket comes in collection but is not found to have been accounted for in this register, a report should be made to the Accounts Officer. The register of 'out of series' as maintained by the Traffic Accounts Branch should also be reviewed periodically with a view to verifying that the incidence of 'out of series' issues is not especially heavy on any particular station and that 'out of series' issues are accounted for promptly.

C) Tracing of errors noticed in the check of passenger classification into the "incorrect statements" and review incorrect statements: While checking the passenger classification (printed series) the errors noticed should be faced into the incorrect statement to verify the action taken by Accounts office. In addition, the incorrect statements as a whole of the stations selected for audit should be reviewed to see that cases marked 'No CLASS' agree with the record of outstanding passenger classifications in the Traffic Accounts and adequate action has been taken to call for the same (See para 165 (iii) of the RAM).

D) Concession vouchers: Concession vouchers should be scrutinised in accordance with the instructions contained in para 2023-All.

10.5 Returns of passengers' luggage, horses, carriages and dogs.

The instructions contained in paragraphs 2202 to 2207-AII should be seen.

The luggage, horses, carriage and dog returns should be examined to see that all necessary particulars have been recorded therein, such as the number and class of passenger tickets or free possess in support of the free allowance, description, total weight, weight allowed free, weight charged etc. The commencing numbers of tickets accounted for in the return should be checked with the closing numbers shown in the returns for previous month and all tickets between commencing and closing number have been duly accounted for. The register maintained to facilitate this in the Accounts office should also be consulted.

The amounts charged should be checked with reference to the particulars mentioned in the returns.

It should also be seen:

- i)** that numbers of passenger tickets of each class quoted in support of the free allowance are accounted for in the passenger classification returns, particular case being taken to ensure that no free allowance is allowed on non-issued or cancelled tickets.
- ii)** that the numbers of passengers of the possess quoted in support of "free allowance" are traceable in the Returns of passes rendered by the issuing officers and that the free allowance is covered by passes.
- iii)** that the 'free allowance' granted is in accordance with the Tariff rules.
- iv)** that the weight for luggage charges has been correctly arrived at by deducting the weight allowed free' from the total weight.
- v)** that free allowance is not granted more than once on the same ticket.
- vi)** that offensive and other excepted articles are not booked as luggage.
- vii)** that in the case of horses etc. the distinguishing numbers of the horse-boxed, carriages or trucks in which they are carried, are given and that the charges are calculated on the basis of the numbers of animals carried.
- viii)** that in the case of animals and birds, required to be issued under Tariff rules, the declared value is given on the ticket, that the animals or birds are issued under sanction of competent authority and that the insurance charges have been recovered at Tariff rates.
- ix)** that where luggage is booked from Out-Agency, city Booking Agency or is carried over the Ferry. the carting charges etc. are accounted for in addition to freight.
- x)** that when reduced or concession rates are charged for horses, ponies etc. the tariff conditions attaching to such rates are fulfilled.
- xi)** that the collected luggage, horse, carriage and date tickets received from destination stations are traceable in the returns.
- xii)** that the totals of the returns are traceable in the statement of station figures in Balance sheet for verification.
- xiii)** that the articles which cannot be booked as luggage under the coaching tariff have not been booked as luggage to obtain the benefit of exemption from levy of supplementary charge.

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16.6 Left luggage. Demurrage and wharf age returns (See paragraphs 2208-All to 2212-All, 2812)

The charges shown in the returns should be verified in accordance with the rules laid down in the relevant tariffs and the totals checked and tallied with the amounts taken in the Balance Sheet through the medium of station figure as verified by Balance Sheet section. The continuity of the left luggage ticket should be checked with reference to the register maintained in the Accounts office and the amount charged checked with reference to the Time of deposit and withdrawals of luggage as per rates given in coaching Tariff. It should also be seen that:

- i)** the number of days charged for the difference between the date received and date delivered, less the number of days allowed free according to the rules in the coaching tariff or extent circulars on the subject.
- ii)** the amount due has been correctly arrived at by multiplying the number of days with the proper rate.
- iii)** the wharf age charges are shown separately from demurrage charges.
- iv)** where wharf age or demurrage charges have been foregone, an order of competent authority is forthcoming in support thereof.
- v)** if remission of wharf age and demurrage charges are allowed in a very large scale or as a matter of course or there are any other important features a report may be made to ADAI (Rlys)
- vi)** the charges are brought to account in the return for the month in which the consignment is delivered or otherwise disposed of.

16.7 Telegraph Traffic returns:

The returns submitted by the stations will be checked with message drafts and the correctness of the charges collected on the latter verified as indicated in paras 2244 AII to 2251-AII. The total of the return will be traced into the balance sheet.

16.8 Excess fare returns:

The excess fare tickets and other returns from the T.T. E should be checked to the extent of prescribed percentage monthly both in respect of local and through traffic relating to the stations selected for monthly audit. While checking those returns instructions contained in paras 2150 AII and 2158 AII any be referred to. It should also be seen-

- i) that the excess fare tickets have been accounted for conservatively. The opening number of the return should be checked with closing number of the previous month's return as watched through the continuity register maintained by the Accounts office.
- ii) that complete particulars have been recorded on excess fare tickets and that the fares and penalties realised are in accordance with the rules and regulation (excess fare tickets of below Rs. 20/- need not be checked).
- iii) that in all cases of non-levy of penalty, guard's certificates are forthcoming.
- iv) that the entries in there turns agree with the particulars on Excess fare tickets which should be made out using double sided carbons.
- v) that in case of luggage booked on excess fare tickets the amount thereof is transferred to the luggage returns and checked accordingly.
- vi) that in cases of cancelled excess fare tickets the reasons for cancellation are recorded and the passenger foil submitted to Accounts Office daily.
- vii) that in cases of tickets issued to a foreign Railway Station, the Accountal thereof in through traffic return is verifiable with reference to the statement sent by the Dy. Chief Accounts Officer, through traffic Account.
- viii) that in cases of Excess fare tickets exchanged for warrants, the latter has been received in Accounts Office and filled for.
- ix) that the collected foils of Excess Fare tickets agree with their accounts foils. The closing number of the return should be scrutinised fully in terms of paragraphs 2104-All and 2105-All, the percentage of missing tickets being specially commented upon.
- x) that there is no discrepancy between the series of Excess Fare tickets used and the supplies made to the stations, as verified from the advices received in the Accounts Office.
- xi) that the returns have been correctly totalled. The figures should be verified with the balance sheet.

16.9 Parcel Traffic Coaching

A) Parcel Traffic (Paid)

The Accountable of 'paid parcel traffic is on 'forwarded basis. According to this procedure, the forwarding stations prepare paid parcel waybills 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 parcel cash book supported by the connected accounts foils of the paid parcel way bills 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 has been taken to debit in the Balance Sheet under the head 'out ward paid parcels (local)'outward paid parcels (through)".

B) That the parcel waybills issued during the month full within the machine number specified in the certificate. The preparation of forwarded abstracts and received abstracts and summaries in respect for paid parcels by the stations and their comparison in the Accounts Office have been dispensed with. In order, however to guard against the possibility of frauds such as use of privately printed P.W. Bills forms or collection of higher freight than that

shown in the Accounts Office foils of P.W. Bills and accounted for in the parcels paid cash book the following checks are exercised in the Accounts Office.

(i) A register is maintained in the Accounts Office to record the supply of machine number of paid parcel waybill books to each station as advised by the supplying office and ensure that the parcel way bills books are brought into use in consecutive order by the station and that all the foils are accounted for. In addition, a master list of all parcel waybill books (local and through) supplied to all stations on the Railway is prepared by the Accounts Office and supplied to the T.I. As During their inspection, the TIAs make use of this list to check the machine number of P. W. bills for local traffic entered in the delivery books of the stations. The TIAs also verify that, the books issued to the stations are correctly taken into account.

(ii) The guard foils of the P.W. Bills received from destination stations are checked to the prescribed extent by the Accounts Office with the cash book copy forwarded by the booking stations. Out agencies/city booking agencies and worked line stations, however, submit abstracts for Inward paid parcels traffic for both local and through traffic supported by Guards foils of the parcel waybills. 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 lines for traffic originating from the out agency/city booking agency or worked line stations are, however, worked out on the basis the information available in the paid parcel cash book

B) Parcel 'To-pay Traffic.

The Accountal of 'To PAY' parcel traffic is on received basis. The guard foils of 'Inward to-pay' waybills are received periodically from the destination stations along with a covering memo. Forwarded and Received abstracts of 'To-day' traffic are prepared by the forwarding and receiving stations respectively. The Accountal of all 'to-pay' traffic as appearing in the forwarded abstracts is verified by the Accounts Office of the destination railway by comparison with the received abstracts.

C) Audit of Parcel waybills:

The following points should be seen:

Local Traffic (a) Forwarded 'paid'.

i) The copy of the parcel cash book received in Accounts office from the stations is in the prescribed form and is a carbon copy.

ii) All the Accounts foils of the 'Paid' P.W. Bills mentioned in the copy of the cash book have actually been received.

iii) The P.W. Bills accounted for are in consecutive order and are in continuation of the closing number of the parcel waybills issued in the previous month.

iv) The cancelled waybills are entered in the cash book and all the three foils other than the record foil is received along with cash book.

v) Necessary certificate has been furnished in the summary page of the cash book 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 no parcel way bills other than those included in the cash book have been issue during the month at the station for this traffic.

vi) The entries in the master list of paid parcel waybill books supplied to stations, maintained by the Accounts Office should be referred to in respect of stations selected for audit.

vii) The selected parcel waybills should be audited in accordance with the provisions of para 2215-AII and traced into the cash book of the station. The total of the cash book for the month should be checked and compared with the amount shown in the balance sheet of the station for the month against the item parcels traffic outward paid (local/foreign).

The quad foils of two selected destination stations viz., one major and one minor should be compared with the cash book entries of all the stations selected for normal monthly audit.

In the case of traffic pertaining to motor cars, carriages etc. the paid traffic will be checked on the inward basis according to para 2215-AII and traced into received abstracts and summaries.

D) Inward-To-Pay'

The inward 'To-Pay' parcel waybills (guard foils) will be checked on the lines indicated in para 2215-AII and traced into the received abstracts. The 'To-day' total in the received abstracts should be checked and total of each abstract traced into the summary. The grand total of the summary should also be checked and traced into the balance sheet of the station.

During the check of the bills following points should also be seen:

i) Separate waybills have been issued for "paid" and "to-pay" parcels.

ii) Full particulars as required by the form are recorded therein.

iii) The weight charged is correct and is either the actual weight or weight by measurement of each package whichever gives the greater charges. In the case of bulky articles or furniture both the actual weight and measurement should be recorded.

iv) The amount paid on 'to-pay' has been correctly calculated on the chargeable weight of the consignment multiplied by the proper rate for the distance carried in accordance with the coaching tariff in force.

v) Consignment on which prepayment of freight is compulsory are not booked 'to-pay'.

vi) When payment is made by credit notes, the number of credit notes is recorded on the waybill. The credit note is exactly for the same amount as shown by the station on the return and the charges on the credit note have been correctly noted according to the checked waybill.

vii) Where special charges are due such as ferry charges out agency charges, are shown separately.

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viii) Excepted articles are booked under blue waybills and the declared value of the articles are recorded on them.

ix) When excepted articles are booked and insurance charges have been paid and orders of the competent authority are obtained for the same, reference of the authority is quoted on the waybill.

x) When parcels are booked at less than the full parcel rate, they satisfy the conditions prescribed in the coaching tariff and the minimum charges are levied,

xi) That the original charges are not altered and undercharges or overcharges are shown separately.

xii) In case of alternative 'Owners risk rate' or Rly. risk rates if owner's risk rate is charged the fact that proper risk has not been executed is recorded on the waybill.

xiii) When sample consignments are booked free the sanction of the competent authority is coming further and competency of the sanction may also be seen.

xiv) Where empties are returned to the booking stations at reduced rates, the particulars of the original booking are given on the waybill and are correct.

xv) Miss-declared parcels are charged at penal rate.

xvi) Rebooking charges are separately shown.

xvii) Reference to proper forwarding rates, risk, declared value etc. are recorded on the parcel waybill.

xviii) audited waybills are entered in the inward abstracts and later in the summaries.

xix) Earnings have been correctly accounted for in the balance sheet which should be ensured with reference to the copy of station figures verified by the balance sheet section.

xx) Instructions regarding the fixed value waybills for total leaves traffic are ahead to

xxi) Continuity of machine numbers of paid parcel waybills should be scrutinised.

16.10 Comparison of received summaries of the stations selected for audit with the forwarded summaries of the forwarding stations (To-day).

a) With a view to ensuring the account of all "To-pay" items by the receiving station, the inward summaries of the stations selected for audit should be compared with the outward summaries of the forwarding stations on the lines indicated in para 2221-All. Parcel vacant does not accounted for in the returns by the receiving station should be traced in the Register of unaccounted parcel waybills.

b) In the course of this check it should also be seen

i) that all waybills not accounted for or excess accounted for have been entered in the separate register maintained for the purpose.

ii) that all such cases are certified from the returns of subsequent month's return as well, prompt action is taken by Accounts to investigate and finalise them, the delay in disposal of these cases being specially commented by audit.

iii) that short Account of 'to-pay' waybills in inwards abstracts and summaries are debited against the station concerned.

iv) that cases of frequent short Accountal of 'paid' freight by a forwarding station or of 'to-pay' (freight by a receiving station, are taken as suspected items of temporary misappropriation of freight by station staff and are specially got investigated by Travelling Inspector of Accounts and necessary action taken.

16.11 Check of Tourist Agents (Statements) returns.

Instructions contained in para 2141 and 2142-All should be seen. The selected returns should be audited monthly in the same manner as passenger classification verifying interilic the correctness of the rates charged the refunds allowed in unused tickets and the commission claimed. In case a percentage of the fare is retained in arranging refund on a ticket, the percentage so retained in arranging refund on a ticket, the percentage so retained is shared in accordance with the agreement. It should also be verified that the net amount due to the Rly. has been correctly worked out and received by the Rly. Admn. The following points should be seen:

i) The security deposits paid by the tourist agents are adequate with reference to sales returns.

ii) There is no delay in submission of returns and remittance by the tourist agents. The travel agents are required to render their Accounts by pay monthly and they should remit the sale proceeds and submit their sales statements within five working days after expiry of each fortnight (Rly. Bd's letter No. TC/II/2025/65 dated. 19.7.67 and 22.4.70).

iii) There are no outstanding of sale proceeds of Railway tickets lying against the tourist agents for unduly long period.

iv) The stock registers are maintained by the accounts office and kept up to-date and that large stock of tickets is not lying with the tourist agents for unduly long period should be seen. v) In respect of transactions of foreign railways, the continuity of all the tickets issued should be checked with reference to the supply statements.

16.12 Ticket collectors Report and collected tickets.

The instructions contained in paragraphs 2104 to 2107-All may be seen.

During audit it should be seen:

i) that the collected tickets are received daily from the stations along with the Ticket collector's report.

ii) that no collected ticket is of expired date or for a station short of the collecting station:

iii) that no ticket bear duplicate numbers.

iv) that there are no spurious tickets and they bear printed number and are issued in consecutive order:

v) that the percentage of missing tickets is not high.

vi) that instructions with regard to the issue, dating, punching etc. are observed by stations.

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vii) that the collected excess far tickets, luggage, horse, carriage and dog tickets and the highest number of collected tickets accord with entries in their respective returns and local passenger classifications:

viii) that the tickets have been nipped and bear that dates of issues, collected and that the same were not used more than once.

ix) In addition, the collected tickets and ticket collector's reports of one or two stations should be completely checked for 3 days in a month so as to cover one day in each 10 day period. (See para 2104 and 2105 Accounts Code Vol. II).

16.13 Postal Bills:

a) The Half-yearly bills in respect of postal mail bags carried under the 'Wightman system', will be checked in February before the bills are issued from the Accounts Office. The Chief Accounts Officer (TA) has agreed to send their bills to this office for concurrent check before issue, vide his letter no. CTB/176/46 dated 27th February 1947 (file No. TA/1-1-46).

b) The bills for Haulage charges of Postal Mail vans are also to be checked annually in April.

16.14 Coaching Balance Sheet

a) The audit of coaching balance sheets should be conducted with reference to the instructions in Chapter XXVII-All.

b) Besides above the following instructions should be borne in mind.

(i) Debit side of the Balance Sheet.

This should be compared with the amounts shown in the various statement of station figures received from Accounts Office viz. Passenger classification, excess fare returns, parcels forwarded and received returns, demurrage returns return of luggage horse carriage and days etc., returns statements of telegraph cash transactions and special debits if any etc.

It should be seen that all discrepancies noticed are noted against the entry concerned in the relevant statement received from the Accounts Office as well as in the balance sheet. Opening balance should be checked with the closing balance of the previous month.

(ii) Credit side of the Balance Sheet.

The cash remittance should be verified with the cash and voucher registers.

c) while auditing the balance sheets, the out-standing should be scrutinised to see:

(i) that the outstanding are not heavy.

(ii) that those are not very old.

(iii) that admitted debits are not kept outstanding for long and that recoveries are promptly made.

(iv) that cases appearing in the outstanding balance for debits repudiated by stations on grounds of non-receipt of error sheets is specifically taken up.

(v) that the objected debits are promptly investigated and either they are withdrawn, if the objections are valid, or the debits are maintained and enforced against the station.

(vi) that explanations are forthcoming in the list for the steps taken to clear the old outstanding.

(vii) that all admitted debits and base coins' debits are paid separately.

16.15 Rail travel facilities to member of parliament.

See instructions contained in para 166 of the Railway Audit Manual.

On the debit side, the opening balance as per station and as per the accounts office should be tallied with the closing balance of the last month and differences, if any, investigated. The totals of the various audited returns as per summaries as also telegraph earnings as per telegraph traffic return should be compared with the corresponding debits in the 'Balance Sheet'.

On the credit side, the cash remittance should be checked with the cash check sheets and the amount 'station pay orders' and 'vouchers' etc. with the various vouchers received the special credits such of as credit on account of re-booked parcel, parcels sent to Lost Property office, credits authorised by Accounts Office, amount of overcharge sheets etc. should be duly verified. The excess acknowledgement of cash by cashier should be brought on the debit side of the balance sheet under excess in booking and in the case of vouchers both on debit and credit sides. The station closing balance should be tallied with the list of unadjusted debits and parcels outstanding, and the totals of debits and credits sides (station & accounts) checked, it should be seen that the particulars of balance are correct and efficient.

In order to ensure the integrity of the processing of data under computerised system, the following checks are exercised:

(i) It should be seen that the run to run totals prescribed for processing integrity are actually agreed.

(ii) The total number of cards as shown in the station forwarding memo for the selected stations should be agreed with the number of cards in the card to tape programme and the grand total of cards in this programme should be agreed with the total number of cards in the paid statement and the outward abstract programmes.

16.16 Audit of Traffic Books and Accounts Office Balance Sheets

See item No. VII under 'Local traffic Audit Coaching/Goods' in the MOI.

The accounts office balance sheets should be reviewed yearly to see that the outstanding items are current and efficient and that adjustments relate to bonafied traffic accounts transactions. Any abnormal entries of outstanding should be taken up. In the analysis of traffic book balances in part 'B' It should be seen that the resulting balances tally with the unpaid balances of account current.

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16.17 Audit of Traffic Suspense Accounts.

See item No. XV under 'Local Traffic Audit Coaching' in the MOI.

After the accounts for march are closed the balance under heads Traffic Accounts (Station and AOB Sheets) Foreign Railways and should be verified with those in the general books as communicated by the Chief Accounts Officer. Any important differences between the two sets of figures should be Investigated.

It should also be seen that all items are current and efficient and likely to be cleared by recoveries or adjustments.

16.18 Examination of tariffs maintained in accounts office:

With a view to seeing that the tariffs maintained by the checkers in accounts office are maintained upto-date, the tariffs of any one clerk in any one sub-section selected at random, by the Section Officer would be taken for examination every half year and omissions., if any, pointed out through a T.A. Note.

Audit of Revenue Abstracts X and Z.

Entries in these statements will be test checked with the initial records from which they are compiled and the statements themselves will be checked in respect of accuracy of totals.

Review of inspection Reports of Stations Inspections.

The last filed inspection report submitted by the Travelling inspector of Accounts by Travelling Inspector of station Accounts and Traffic Accounts Officers.

Accounts officer should be selected and reviewed every month. It should be seen that necessary action has been taken on all the irregularities pointed out by both the Travelling Inspector of Accounts and the Accounts Officer. Stations having large number of irregularities should be preferred for local inspection and if considered necessary should be taken up for local audit in addition to the quantum prescribed.

On the review of Half Yearly Progress Report of the Accounts Office it should be seen that it does not present any unusual features. Any abnormal increase in the arrears or outstanding should be commented.

16.19 Scrutiny of larger contracts and tenders and review of completed contracts.

The traffic audit section, reviews contracts and tenders executed by the Chief Commercial Superintendent. The bills in respect of which are checked and passed for payment by the Dy. CAO (ITA)'s Office.

In terms of CAG's letter No. 2301-RAI/8/-7/66 dated 27-8/1966 handling contracts in respect of all transshipment points should be reviewed while other major handling contracts reviewed under item XV of central audit. While the contracts entered into by the CCS should be reviewed by the traffic audit section, the divisional audit offices should similarly review the contracts entered into by the divisional officers under the powers delegated to them.

16.20 Review of missing or delayed returns.

The position of missing or delayed returns of all the divisions should be reviewed every quarter i.e. the position of returns as no. 31st March, 30th June, 30th September and 31st December should be reviewed in April, July, October and January respectively. The late or non-submission of the more important returns such as balance sheets, returns etc., should be specifically commented in the review. The T.I.A.'s reports of the stations in respect of which serious delays in the submission of returns are noticed should be reviewed to see how far appropriate action was taken by the TIAs. In such cases action taken by the accounts office should also be critically examined for the adequacy and promptness.

The headquarters audit section should bring to the notice of the inspection section cases of the unusual delays in receipt of station returns or important missing returns selected for audit. On receipt of this information the position in respect of these returns should also be investigated by the Inspection section. The review notes should be treated as confidential and kept in the custody of the Section officer. The quarterly review notes should be put up to the Principal Director of Audit for the purpose of a possible comment in the Comptroller and Auditor General's Audit Report. (C. AG's letter No. 998- RAI/T-17.26/57/KW dated 28.10.1958).

16.21 Collection and delivery service procedure for payment to contractors.

In the course of audit of these bills the following points should be seen:

- (i) That (weight) particulars in the contractor's bills tally with those in (Parcel Way Bills, invoices or abstracts) etc. cleaning stores, ticket check staff.
- (ii) That the rates charged are in accordance with those provided in the agreement and
- (iii) That the arithmetical calculations are correct. (CAG's letter No. 3406-RAI/T. 17-5/66 dated 19-8- 1968)

16.22 Review of Accounts Office Work:

See para 9.36 of this Manual and Chapter V of M.O.I.

16.23 Salient features of computerised procedure of preparation of passenger accounts.

(See Para 162-167- RAM).

At the end of every month each station prepares a return called Passenger Classification. The 'Passenger Classification accounts for the transactions relating to passenger traffic in the following manner.

Part I (a) Printed Card Passenger tickets.

(b) Printed coupon tickets.

Part II (a) Blank paper tickets.

(b) Blank coupon Tickets.

(c) Other Misc. Tickets.

Audit of classification of passengers.

The commencing number, series, class of all printed tickets should be compared with the closing numbers as recorded in the previous month's classification, (Para 2110-A II).

The Accountal of non-issued-tickets should be checked with the original non-issue tickets received with the station returns which should be checked into the relevant column in the passenger classification. The entries of blank paper tickets should be verified with the collected blank paper tickets and with the junction returns. The commencing number of blank paper, special and party tickets/blank coupon tickets should be compared with the closing numbers of previous months returns. The Entries relating to blank paper tickets should be verified with the collected tickets to see that the tickets are actually issued for the stations for which accounted for and that the fares shown on the tickets have been correctly calculated. Issue of BPTs in serial order may be verified and their Accountal should be traced in passenger classification with reference to the cancelled BPTs received. It should be seen that the tickets not accounted for there-in have been duly accounted for in the respective returns.

(Paragraph 2111 to 2113 A II).

It should be seen that the fares of tickets issued (both printed and blank paper) are correctly charged and calculated at the rates given in Tariff that the concessions of deductions in fares are duly authorised, that the minimum charges for each compartment are not infringed, that all certificates, letters of concession, are duly filled in and correctly issued by competent authority and that they are in themselves valid.

(Paras 2114 to 2116 and 2124 A II).

A test checks over Indents for the passenger tickets is necessary in view of the checks prescribed for passenger classification and the checks over tickets stock books and indents at local inspection.

After the entries in the classification have been checked, the total of each page should be checked and verified into the general summary.

In addition to above, following checks may be exercised in connection with the audit of passenger accounts:

(i) A listing of passenger fares tape should be taken for checking that the rates of fares are in accordance with the rates notified by the Railway Board. The statement 'Checking Passenger Fares' should be examined to see that:

(a) corrections 'PALL CARDS TAPE' (Passenger all cards Tape) are made without delay, and

(b) there has been no leakage of revenue owing to under-charges having remained undetected because of incorrect fare rates of 'PALL CARDS TAPE'.

The periodicity of these checks should conform to the periodicity with which the programme is run by the Railway.

(ii) The regular monthly audit of passenger classification may be supplemented with reference to the instructions contained in para 165 RAM.

16.24 Computerisation of Passenger Ticket System:

Under this system, passenger classification is not prepared as there are no opening and closing number of tickets between pair of stations. The fares are fed in the computer after these have been checked by accounts. The computer prepares a monthly statement indicating the details of the amount to be incorporated from computerised system in the consolidated balance sheet of the station and the entries in the station balance sheet should be checked with reference to this statement. When tickets are non-issued, a 'Cancellation ticket is prepared and both the original ticket and the cancelled ticket are sent to the accounts office daily through cash office along with daily statement of nonissues computer printed tickets. Under computerised system special credit is taken of the value of the tickets non-issued whereas under the manual system the value of tickets is accounted for and taken to debit only after deducting the tickets non-issued. At the end of the month, summary of non-issued tickets is generated by the computer and sent to account office. Similarly, when refund of fares is granted by the station on computer printed tickets through the computer system, a cancellation ticket is prepared and both the original ticket and the cancellation ticket are sent to the Accounts Office daily through cash office along with daily statement of cancelled/refund tickets. At the end of the month summary of cancelled/refund tickets is generated by the computer and sent to Accounts office.

16.25 Goods Account Simplified procedure of accounting:

With a view to reducing the workload at the stations and in the Accounts office and ensuring the Accountal of goods traffic of a month in the same month's accounts. Simplified procedure of Accountal of goods traffic has been introduced in respect of local traffic and traffic interchanged with other Indian Govt. Railways. Under this procedure, the Accountal of goods traffic both 'paid' and 'To pay' is done on forwarded basis. The station prepares the invoices in four foils for local traffic, and five foils for through traffic. One of the foils is termed 'Accounts foil'. Each station arranges the invoices into four district bundles one for each of the following types of invoices:

- i) Local to pay
- ii) Local paid.
- iii) Through to pay.
- iv) Through paid.

A covering memo is prepared for each bundle. These bundles are collected from the stations and delivered in the Accounts Office by the couriers deputed for the purpose. The invoices are checked in the Accounts Office with reference to the covering memo to see that all invoices issued during the

period have been correctly received and in respect of cancelled invoice, all foils except the record 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 printed numbers, the numbers are verified by Accounts office with reference to the particulars of paid invoice books supplied to the stations. The concealed invoices are detached from the bundles and kept separately.

ii) The invoices are checked in Accounts office to the extent prescribed in regard to the correctness of the route, rate and classification and coded. The freight is checked manually only in the case of livestock, traffic in wagon loads, minimum charges, wagon kilometre rates etc. and traffic to non- government Rlys.

iii) The bundle of Accounts foils of the invoices is thereafter handed over the statistical branch with the covering memo where the calculation of the freight charges is checked by the machines. A card is punched for each invoice and machine outward abstracts are prepared detailing the invoices booked to each station from all the stations on the home railway and foreign railways separately in three copies for local traffic and four copies for through traffic. Simultaneously, a statement showing the under and overcharges found as a result of check of invoices is prepared by the machines and under charges over Rs. 50/- are advised to the destination stations immediately for collection before delivery. From the cards punched for the invoices a paid statement in respect of traffic booked from each station to various stations is also prepared by the machines separately for local/through traffic. The statement is utilised to verify the correctness of the debit taken against 'outward paid traffic (local/ through) in the balance sheet of the station. Copies of the machine outward abstracts are sent to the destination stations in duplicate. In the case of through traffic, two copies are sent to the Divisional offices and one copy to the receiving Railway

Accounts Office, there are converted by the destination stations as their inward abstracts after linking the entries appearing in their delivery books with the machine prepared abstracts. The undercharges or overcharges discovered as a result of check of invoices at the destinations are noted in both the copies of the abstracts. In the case of undercharges due to error in description and weight, a copy of the relevant invoice with particulars of undercharges is sent to the Accounts Office with the machine abstracts. The total of the 'To-pay' items in the abstracts are cast and this forms the basis of the debit to be taken against the item 'Goods Inward To-pay (local)' in the debit side of the balance sheet. In the case of through traffic, a summary is prepared by the destination station bringing forward the corrected totals to 'To-pay' items in the machine abstracts received from all the Railways and this forms the basis of the debit to be taken by the station against the item 'Goods Inward To-pay (foreign)' in the balance sheet.

iv) Copies of the converted abstracts (local and through) are submitted along with the balance sheet of the station for the month. The converted abstracts received from the stations are checked in the Accounts Office, with reference to the copies of the machine outward/abstracts available with them and the correctness of the debit taken in the balance sheet against 'Inward to-pay traffic (local/ through)' is verified.

v) The monthly incorrect statements which are received from the machine section forms the basis for raising debits against the stations. In the cases of through traffic the monthly incorrect statements for undercharges debatable against the destination stations as also for overcharges on "To-pay" invoices are sent by the forwarding Railway Accounts Office to the receiving railway accounts office duly supported by the imaginary invoices. Receiving Railway Accounts Office checks all items of overcharges before sending the advice to the commercial Departments for arranging refunds. As regards under-charges the verification in the first instance is done by the receiving Railway Accounts office with reference to the Machine prepared abstracts received back from the stations recording therein under-charges as per Inward Delivery Book. For items where undercharges have not been accounted for by the stations, necessary debits are raised after rechecking of charges.

16.28 Check of Invoices.

(See para 170 of the R.A.M. and paras 2306-2320-All)

The 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 stations selected for audit to the extent prescribed. The selection of invoices for audit is made from the paid statement of the selected stations which show details of invoices in respect of both 'paid' and 'to-pay' traffic, in regard to the selected Invoices (through) which have been included in the statement of incorrect invoices and sent by the Accounts Office to the Accounts Offices of the receiving Railways a list should be prepared and sent to the Principal Directors of Audit of the receiving railway concerned for audit. Other selected invoices paid and to pay' relating to both local and through traffic available in the Accounts office should be checked in all respects including class rate, freight etc. as indicated in para 2203-All. (a) The audited invoices should be traced into the machine prepared abstract. During such tracing it should be seen that invoices marked for weightiest enroot have been properly identified by an asterisk in the machine prepared Abstracts or alternatively have been included in the statement of invoices marked for weightiest enroot.

16.27 Comparison of outward and Inward returns and review of unaccounted for invoices (non-Govt. Rlys.).

The inward division sheets of the non-Government Railway selected for audit of invoices should be compared with the forwarded abstracts of the stations of this Railway selected for audit.

16.28 Wharf age and demurrage returns (Goods).

The wharf age and demurrage return of the stations selected for audit should be checked on the lines Indicated in para 2230-All and the total of the returns checked and traced into the balance sheets.

16.29 Handling and transshipment bills.

Handling and transshipment bills, if any, in respect of the stations selected for audit should be completely audited. Handling bill is prepared separately for coaching and Goods Traffic. The correctness of the weight handled by the contractor in regard to local and through traffic as indicated in the handling bill is verified by the local and through traffic audit sections. The instructions contained in Chapter XXX-AII and in Chapter XXIII of the IRC Manual should be borne in mind while auditing these bills.

In the case of forwarded 'paid' traffic, the weight handled should be compared with the weight recorded in the paid parcel cash book. As abstracts and summaries are not received from the receiving station for the paid parcel traffic, the weight handled by the contractor done the handling work at the station will not be available with the accounts office for check of weight shown by the contractors in their handling bills for inward paid parcels traffic received at the station. In these cases, the Accounts office arranges payment provisionally to the extent of 90% on the basis of the weights certified by commercial authorities. The balance amount of 10% is paid only after the weight lifted is checked by the T.I.A. with reference to the entries in the delivery book for inward paid parcel. In respect of bills for the balance 10% passed in the month under audit in respect of stations selected, it should also be seen that the weight shown by the contractors in the bills is certified by the T.L.A.

The Traffic Inspection section should ensure the correctness of the T.I. As certificate by verifications of the particulars of handling bills, (to be obtained from Accounts Office) locally during inspection. The weight shown in the handling bill in the case of parcel traffic outward 'To-pay' and 'inward to pay' should be checked with the outward and inward summaries of 'To-pay' parcels.

As regards handling bill, relating to good's traffic, the weight shown in the handling bills should be checked with reference to machine prepared paid statements for forwarded traffic and converted machine abstracts for received traffic.

The rates at which the claim is preferred should be checked with reference to the agreement.

Opportunity may be taken to review the rates paid to the station Master and outsiders from time to time to find out whether the rates allowed for the same kind of work at the same station or at stations in the same vicinity do not vary from each other to any considerable extent. The connected pay orders for payment of the handling and transshipment bills should also be called for. It should be seen that the amount of the pay order agrees with the amount finally passed by Accounts Office.

In respect of transshipment points, handling bills should be reviewed by sending local audit party at such points, besides the check exercised in central audit. Some stations which transshipment stations should be selected for local audit every year.

Transshipment sheds located away from the stations, should be included in the list of stations for the purpose of selection for audit inspection.

16.30 Goods Balance Sheets.

Instructions contained in chapter XXVIII-AII should be seen.

The accounts of a station selected for monthly audit should be checked completely with reference to its balance sheet both in respect of received and forwarded traffic.

a) 'Paid outward local and through': The correctness of the debits should be checked with reference to the debits should be checked with reference to the machine abstracts (also called 'paid statements. compiled by the Accounts Office.

b) 'To-pay Inward-Local and foreign': The correctness of the debits taken in the balance sheet of the stations selected for monthly audit should be checked with reference to the machine abstracts converted by the stations into their inward abstracts and submitted to the Accounts Office along with the station balance sheets.

c) other items accounted for in the balance sheet should be checked with reference to the connected returns.

16.31 Compensation for goods lost or damaged (para 174 of the Railway Audit Manual).

During the review of claims cases the provisions contained in the Indian Railways Act, 1890 as amended from time to time and instructions contained in paras 2413 & 2414-AII should also be bone in mind. The following points should also be seen:

(i) The claim for compensation has been made by the proper person and preferred within the prescribed time limit.

(ii) the claim is supported by original documents as required under the rules.

(iii) Amount of compensation paid has been determined properly with reference to high rate, market/ rate and party's books wherever necessary.

(iv) complete enquires have been made to establish Railways liability for loss or damages.

(v) In the case of damages full details of assessment of damages made by the authorised officials, the quantum of damages etc. have been given and that such assessments have been properly made.

(vi) "To pay" freight charges and wharf age/demur4rage charges wherever due have properly been deducted before settling the claim.

(vii) the original railway receipt has been surrendered by the party and it has been cancelled to present double payment.

(viii) The claim has been sanctioned by the competent authority fixt in cases where railway has been held liable, disciplinary action wherever called for has been taken against the staff at fault. For this the "staff responsibility" Register maintained by commercial Department should be reviewed.

(x) remedial measures, if necessary, under the circumstances have been taken/introduced to present 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 Pay-Orders to see that the amount has been paid to the right party and there is a proper acquaintance for the amount so paid.

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 course of a case e.g. filling of the affidavit of document. production of evidence, dealing with references from Railway Advocates etc.

iii) Inability to prove good cases.

iv) Stockiness' on the part of the claims branch.

v) Non-availability or non-production of relevant records.

vi) Fault of the Railway Staff.

vii) Delay in not satisfying court decrees resulting in delay in executions and consequent extra expenditure.

16.32 Remission and refund of wharf age and Demurrage.

General Manager and lower authorities have been delegated powers for waive of wharf age and demurrage charges, Instructions contained in 2211-AI, 2343(5)(6)-AII and 1102-T, 1103-T and para 173 of the Railway Audit Manual should be seen.

The programme of audit prescribes a monthly review of the important cases of remissions and refund of wharfage and demurrage charges. Selection of such cases should be done by Branch officers concerned. Devil. Audit Officers should also select the cases of sanction for remission and refund accorded by the D.R.M. The review includes cases of remission granted both by officers at H.Q. and those at the Divisional level. Further a special investigation based on overall review will also be carried out by the T.A. section once a year.

It should be seen that:

- i) the amount of wharfage/demurrage charges has been accounted for by the station in the concerned return.
- 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 the competent authority with the concurrence of the competent authority wherever necessary. It should also be seen that remission is not granted as a matter of course. Siding charges.

16.33 Siding charges.

[See chapter XVIII of Indian Railway code for the Traffic Department (Commercial) 1961-edition and paras 2232-34 AII)

A list of all sidings on this railway together with rates of siding charges, fixed from time to time. and the dates from which these are effective is maintained in Traffic audit section. The required number of sidings, the accounts of which are to be audited is selected from this list. This list should be kept up-to-date with reference to the rate circulars. In March every year the Divisional Audit Officers should furnish a list of sidings pertaining to their Division to Traffic Audit section for comparison with the list maintained by that section.

The following points should be seen in the audit of aiding statements:

- i) An agreement exists for each siding.
- ii) The charges have been calculated correctly according to the agreement and the rules in force.
- iii) In the case of detention to wagons beyond the free time, charges have been levied.
- iv) As and when a siding is used under the proper sanction by a department, firm or Merchant other than the one for whom it was originally constructed regeneration charges are recovered at the agreed rates and paid to the owner of the sidings, after deducting the commission.\
- v) The checked statement should be traced into the Register of siding charges maintained in the Accounts Office and the amount shown in the siding statement has been correctly taken to debit in the balance sheet, wherever siding charges are paid by credit notes, the bills should be checked with reference to the Register of siding charges.
- vi) The siding charges are revised correctly once in three years as per Railway Board's orders contained in their letter no. 4694-TCVII of 10.10.1958 and action for the revision is initiated to fix the siding charges at least six months before the revision because due.

18.34 Rebate of freight.

The audit is done yearly to the extent of on month's accounts selected for this purpose. The rebate statements should be checked to see:

- 1) the claim has been preferred within six months of the original booking.
- 2) the statements have been certified by the commercial Inspector and countersigned by the D.C.S.
- 3) The original invoice has been accounted for.
- 4) The rebooked weight is not more than the weight originally booked.
- 5) The rate charged and the rate should be being correct.

18.35 Refund list and over charge sheets.

(See para 2403-2412-All and para 176 of the Railway Audit Manual).

On receipt of the balance sheets of the stations selected for audit, the connected refund lists including

voluntary refunds and over charge sheets should be obtained and checked.

Special attention should be paid to the refunds made in respect of traffic originating from out-agencies it should be seen that whenever a refund is allowed, reduction is also made in the commission etc. paid to the out-agency. Besides it should be seen that a large number of overcharges or undercharges have not resulted in respect of traffic originating from a particular out-agency.

It must be seen that entries in regard to refunds are made in the abstracts or other suitable procedure exists in order to prevent the certification of duplicate claim.

16.36 Cashier's station cash book.

Cash receipts from all stations (station remittance notes) for the month selected for audit should be verified with cash (Traffic) sheets received from the chief cashier to the extent prescribed. Payments into the Treasury/Bank should be verified with the receipts the received from the Treasury office/Bank in token thereof, it should be examined whether there has been any delay on the part of the stations in remitting cash collections, whether the cash remitted by the stations have been duly acknowledged by the cashier and correctly accounted for in the check sheets. The action taken regarding shortages in the stations remittances if any should also be looked into. Total of the individual sheets are proved and checked with the summary sheet which is then checked with the cash book maintained by Assistant Chief Cashier.

16.37 Register of Miscellaneous Cash Receipts.

A register is maintained in the Accounts office for watching the prompt receipt of returns of miscellaneous cash in the prescribed form from all departmental officials who are authorised to collect and remit cash. The returns submitted by two officers are selected every month. It should be seen that:

The commencing number of Miscellaneous Receipt Transit Note in the return of a month received from the Departments is continuation of the closing number of the previous month and is accounted for in consecutive order. If there are any missing numbers, the matter should be taken up with the Accounts office.

The amount shown in the third foil of the miscellaneous receipt transit note agrees with the figure shown in the return.

The amount shown in the third foil of the miscellaneous receipt note received from the Department should be checked with the amount indicated in the corresponding second foil received from the station along with the miscellaneous cash Remittance Return as well as in the Miscellaneous Cash Remittance Return itself to ensure that the amount shown in the second and third foil of each M.R. Note agree and that the amount remitted to stations by the departments have been correctly accounted for by the stations in their balance sheets.

The correct classification of the receipts should also be checked.

The register mentioned above should also be reviewed yearly to see that it is complete in all respects, that the check over the receipt of returns is properly carried out and adequate action is taken by the Accounts Office in case of delay in receipt of returns.

16.38 Procedure of Selection of stations for audit of station accounts at Head Quarters.

This list of stations maintained in a manuscript register should be put up to the branch officer by the 18th of the previous month for selection of stations, the accounts of which are to be audited during the next month.

Stations inspected in the preceding months should be included in the selection of station for central audit as per prescribed extent. In addition to stations selected for monthly audit, one or two stations should also be selected for check to serve as an element of surprise.

The particulars of selection made by Audit Officer (TA) for check of local traffic, checks in respect of local traffic. After completion of audit, the audited figures should be traced for checking the same with the figures as appearing in the Station Balance Sheet audited.

16.39 Rate circulars and Tariff charges.

(See para 177 of the Railway Audit Manual 4th edition)

A suitable percentage is checked to see that the maximum and minimum rates laid down by the Government of India are not infringed.

16.40 Audit of rate circulars and tariff charges.....60

See item No. XVI under 'Local Traffic Audit Coaching' in the M.O.I.

The rate circulars should be put up monthly to the AUO (TA) for selection of necessary items. The items selected for audit should be checked to see that the maxima and minima rates laid down by the Government of India are not infringed. The Audit Officer (TA) charged but not notified through rate circular.

16.41 Review of Inspection Reports of station Inspections by T.I.A. and Accounts Officers.

All the reports of the T.I. As and Accounts Officers closed in a month should be reviewed in the following month to examine whether there is any important lacuna in the system and whether the system is working with reasonable efficiency. It should also be seen that necessary action is taken on all the points noticed by inspecting officers and T.I.As.

The results of the review should be submitted to the Branch Officer. Details of the cases reviewed should be kept in the selection Register.

Stations having large number of irregularities should be preferred for local inspection and if considered necessary, should be taken up for local audit in addition to the quantum prescribed. For this purpose, irregularities reported by the T.I. As and Accounts Officers, which require examination locally should be entered in a register maintained for the purpose.

16.42 Traffic Book and Accounts Office Balance Sheet.

See para 177 of the Railway Audit Manual 4th edition and provisions contained in paras 2923 to 2931-All and chapter XXXII of A-II).

Traffic book for any one month selected is checked yearly to see that the postings are correct and complete, and it should be verified that the balances under the heads 'Traffic Accounts', 'Foreign Railways' and 'Deposit Private companies' been reconciled with the balances appearing in the General Books.

Any old outstanding noticed under heads 'Foreign Railways' and 'Deposit Private Companies' should be pointed out in the analysis of Traffic Books balances in Part- 'B' it should be seen that resulting balance tally with the unpaid balances of Account Current. The Accounts office balance sheet should be reviewed yearly to the extent of one month's accounts to see that the outstanding items are current and efficient, and that adjustment relates to bonafied traffic accounts transactions. Outstandings remaining uncleared for over six months should be taken up. It should also be seen whether a reconciliation has been made between the total amounts of the vouchers received by the sections concerned and the total amounts of the vouchers received as whole from stations.

16.43 Warrants and credit notes.

- (a) The instructions contained in para 161 (i) of the Railway Audit Manual and paragraphs 2904 to 2917-All may be seen. Regarding the extent of check, note 2 in paragraph 10 of the M.O. I and item no. (ii) under through Traffic Audit Coaching/Goods in the M.O.I may be seen. These vouchers are required to be checked concurrently with the Accounts office as the connected vouchers which are sent away in support of the debit are not received back.
- (b) in the audit of these vouchers it should be seen.
- (i) that these vouchers show correct charges which are recoverable and are in accordance with the rules and orders mentioned above.
- (ii) that the warrants and credit notes have been billed for as per checked figures and commission charges have been correctly calculated and included in the bill.
- (iii) that these vouchers are linked up with the relevant entries in the return and remarks made therein.

16.44 Pilgrim and Terminal taxes:

The statements relating to pilgrim/terminal/poll taxes are to be checked to the extent prescribed in the M.O.I. while checking the statements the provisions contained in para 2138 of All and para 178 of the Railway Audit Manual and these prescribed in the C & AG's secret letter Nos. 6237-RAI/T/17-74/69 dated 22/24.12.69, No. 288-RAIII/T/17-35/80 dated 27.5.80 should be kept in view. While certifying the annual certificate of pilgrim tax it should be seen that it has been prepared in the specimen form enclosed with C&AG's letter No. 582-RAIL/T/17-11/78 dated 14.8.80.

(b) Apportionment if any, for pilgrim tax and the passenger classification of the station selected for audit should be checked and traced in the extracting statements and traced into the register maintained by the Accounts Office annually to the extent prescribed.

(c) A review should be made annually to see whether the cost of staff employed in traffic for this work is fully covered by commission received.

(d) Regarding terminal tax C&AG's circular letter No. 829-RAI/T-17-15/67 dated 19.3.69 may be seen.

Chapter XVII

Station Inspection

17.0 Scope of Audit:

See paras 414, 439 and 440 Railway Audit Manual. Para 66 and item XI-Local Traffic Audit-Coaching/ M.O.I. All the Station inspections were carried out by the traffic audit office at Calcutta.

17.1 List of Stations:

A complete list of very big, major and minor stations including L.P.Os, tourist agency and city booking agency/office Indicating the month and year in which they were last Inspected, earnings, no. of TIA days, and no. of days for audit inspection should be maintained by the traffic audit sections as well as co-ordination section and same should be updated from time to time changing the classification of stations based on changed figures of earnings, as and when found necessary.

17.2 Programme of Inspections:

The detailed stations inspection programme should be prepared for a quarter and submitted to co- ordination section one month in advance of the quarter for obtaining the approval of the Principal Director of Audit. The inspection programme of stations should be kept strictly confidential so as to ensure the element of surprise verification essential for such Inspections.

17.3 Items to be seen during Inspection:

Details of items of work to be done during station inspections have been standardised under CAG's letter inspections have been standardised under CAG's letter No. 470/RAIII/8-7/86 dated 4.8.1987 and a list of these items with suitable modifications approved by Principal Director of Audit is maintained in the section. In the case

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of marshalling yards, transshipment points etc., the items to be checked are late 13 dated 22 Deputy Comptroller and Auditor General of India (Ralya) letter No. 1269-A-590/RAI/8-11-73 dated 22.5.1974 (Annexure 'A & B' has been enclosed).

17.4 Computerised ticket system passenger operated machine (P.O.M & T.O.M.):

In respect of Account having computerised system, guidelines for check be exercised by Travelling Inspector of Accounts. These guidelines may be adopted in audit also to the extent they meet the audit requirement of conducting an effective check on the computerised ticket system.

17.5 General procedure of Audit during local Inspection:

17.5.1 During local inspection of station accounts, the procedure of check in respect of items of audit falling under "Central Audit" in the Appendix to the MOI will be the same as prescribed for other auditing sections. The documents, returns and records to be taken from head office should be as curtailed, listed and collected by the staff before the staff leave headquarter. The relevant codes and manuals along with the register of points to be seen specially during local inspections should also be taken and points mentioned therein examined.

17.5.2 Verification of cash:

On arrival at the station, the total cash in hand including imprest money, all coupons, pay orders, police requisitions and other cash vouchers must be counted in the presence of the station master or the head booking/head parcel/or head goods clerk, as the case may be. It should be seen whether any of the coins produced bear marks of having been rejected by the cash office, if so the matter should be noted. The stamped indemnity bonds should be counted and the actual number and value in stock should be recorded in the cash books in words and figures below the entry "Cash in Hand". It should be seen that cash realised for the identity cards, timetables and tariffs have been duly remitted. The cash of each branch should be counted separately, and the amount written in words and figure in the respective cash books and signed by the station master or Clark incharge. Care should be taken to see that the cash of one branch is not utilised to make good temporarily the deficiencies of the other. The guard's signature book for cash bags should be seen to ascertain up to what date the cash has actually been remitted.

17.5.3 Closing of books of account and preparation of balance sheet:

The following books and documents should be called for and the counterfoil of the last voucher issued should be initialled with dated, before starting the check thereof:

The excess fare ticket, and blank and other paper tickets and vouchers, etc. The fast entry in each book should be ruled off and balanced. Subsequent entries should be recorded below the line.

17.5.4 Daily trains cash cum summary book:

(a) The inspecting staff should request the booking clerk to close his daily trains cash-cum-summary book and when he has done so, verify the number of tickets in the tubes and in subsidiary paper ticket books, with the closing numbers in the daily train cash-cum-summary book. The non-issued tickets vouchers, coupon certificates, concession and privilege tickets orders in hand should be checked with the cash-cum-summary book in order to ascertain the accuracy of the day's posting. After detailed check of the day's entries grand total should be compared with the cash and vouchers in hand. Thereafter, the daily trains cash-cum-summary book should be checked in detail checking each day's transactions in lump and checking the numbers of tickets with those actually in hand from closing numbers recorded in the summary of train cash book for the last closed period, Credit taken by the Station for non-issued tickets should be checked by comparing the numbers shown in the daily trains cash-cum-summary book with that given in the record copies of the statement sent to accounts for which signature of guard is required to be taken in guard's signature book. It should also be seen that non-issued tickets and cancelled passenger foils of all paper tickets have been sent to accounts office on the next day, and that the clerk age charge, where due have been recovered and accounted for under the head 'clerk age' and reasons for nonissue are recorded. It should also be seen that Money Receipts are invariably issued to passengers surrendering unused tickets and to whom fares have been refunded after deducting clerk age charges. The closed accounts should then be test audited in the summary of the trains cash books in the manner described in the beginning of this para for the dates selected, what is intended by this 'test audit is that the entries in the final 'amount column' should be cast and balance with the cash remitted. Having thus ascertained that the cash has been remitted to cover the details exhibited in the account, as number of items should be checked for the entire period to prove further the accuracy of the account as a whole.

b) Finally, the daily trains cash-cum-summary book should be examined generally from the date of last Inspection of travelling inspector of accounts to the date of the current inspection to see that non corrections, erasures or other irregularities occur and that all corrections are properly authenticated.

c) The following are the usual frauds committed in connection with passenger tickets which they are laid down:

- i) Tickets issued but no account for.
- ii) Tickets issued and numbers accounted for but not the value.
- iii) Cash temporarily or permanently misappropriate by under casting the total of the daily trains cash- cum-summary book.
- iv) Wrong numbers shown in the cash book and classification so as to make the value agree with cash remitted.

17.6 Blank paper tickets, excess fare, telephone:

These should be checked in detail in the daily trains cash book. In the case of luggage tickets, the passenger tickets quoted for free allowance should be checked in these cases with the daily trains cash book to see that the tickets were actually issued. It should also be seen that the counterfoils of the tickets checked have been correctly filled in.

17.7 Sundry Earnings:

All miscellaneous receipts, on account of stall rent, sale of etc. are remitted through the cash transmit notes of miscellaneous receipts. The counterfoils of this should be checked that all amounts received have been correctly remitted.

17.8 Collection of Tickets:

The collected tickets should be scrutinised to see that they are stamped with the date of collection and cancelled immediately after collection before they are sent to Account office and that station and accounts returns are posted upto-date. It should also be examined that the number of missing tickets is not large and that charges in respect of irregular tickets are collected and that printed, and paper tickets are not of expired date or for a station short of the collecting station and the numbers for each class and each station run consecutively. It is not the duty of audit to undertake the work of collecting tickets at the gate and no attempt should be made to do this. Audit is concerned

merely with seeing and watching that proper arrangements exist for the collection of tickets and if any defects are noticed, they should be reported to the Railway-Admn. (DRA's-No. R. 1-55 dated the 16th of July 1937).

17.9 Ticket dating machine:

The dating machines should be examined to see that clear impressions are obtainable from them. This will guard against improper use of passenger ticket after date of expiry.

17.10 Ticket stock books and indents:

It should be seen that the stock of tickets is in order and is kept in safe custody under lock and key. The indents should be compared with the ticket stock book to see that they agree. In addition, the entries in the ticket advice, filed at stations should be compared with ticket stock books and indents to see that the entries in these books are correct. Blank paper tickets, blank season tickets should be counted to ascertain **(a)** that there are no duplicate tickets on hand **(b)** that no tickets are missing and **(c)** that tickets have not been issued out of series.

The ticket stock register should be checked to see that the books supplied have been entered and are brought into use in the serial order of their entry in the register. It should also be seen that dates of completion are entered and unused stock of each kind of book is actually on hand.

17.11 Cash remittance notes:

These should be checked with the grand totals of coaching and earnings as per cash books for the period from the last balance sheet submitted by the station upto the time of inspection.

17.12 Advice of Internal Check:

See Para 2754 A.II.

It should be seen that these advice are properly filed and that the last advice has been correctly dealt with by the station. A balance sheet of error advice should be prepared in Form 5 and outstanding over 3 months detailed.

17.13 Check of closed months balance sheet (Coaching):

The closed month's balance sheets (Coaching) should be checked with initial records to see that these have been correctly prepared, the amount has been accounted for under proper heads, that full details have been given for special debits and particulars are correctly shown and balanced.

17.14 Register of advertisements:

All entries of posters, plates, hoardings etc. in the register of advertisement should be checked with the lists furnished by the Commercial Publicity Officer. An inventory of posters exhibited should be taken and compared with the register to see that time expired posters are duly removed.

17.15 Register of stall keepers and vendors:

It should be seen that licence fees, cess, water and electricity charges have been regularly recovered and remitted and that valid agreements have been executed with all of them.

17.16 Finalisation of inspection reports:

The officer in charge of the inspection must discuss the rough audit notes with the station master and obtain his remarks against each para of the draft report before leaving the station. The report should be arranged into two parts:

(i) Part I and special letter points containing important objections on which replies are considered necessary.

(ii) Part II containing objection for action at the level of Accounts Officer. The issue and distribution of inspection reports has been described in detail in Paras 18.8 and 18.9 in the chapter on inspections.

17.17 Station Inspections categorisation, frequency:

Categorisation of frequency. The criterion for classification of stations which is now based on the time taken by the TIAs, should be in absolute terms linked to the earnings, originating tonne or other suitable criteria. The categorisation may be made into 3 or more categories and the highest 2 categories of stations may be subjected to higher frequency of audit and supervision. The new categories corresponding to the present "very big" stations may be inspected once in every two years, while those corresponding to the present major stations may be inspected once in every 3 years, and those corresponding to minor once in every 5 years.

17.18 Supervision:

The supervisory Officer should devote the first few days of inspection to review of statistic figures of detention and evaluation of the performance of the Station. The extent of Branch Officer's supervision will be 100% and 75% for very big and major stations respectively. No Branch Officer's supervision is necessary for minor stations.

Annexure 'A'

Proforma for Important features of station Inspection

(To be kept in the I/R file of each station as per Principal Director of Audit's).

1. Name of the station inspected :
2. Name of the station Master/ Incharge :
3. Telephone No. of station :
4. Period of Inspection :
5. Period of detailed check :

6. Inspecting party :
 - 1)
 - 2)
 - 3)
 - 4)
 7. Supervising Officer:
 8. Period of Supervision :
 9. Earnings (Gross) : (a) (Coaching)
(b) (Goods)
 10. Outstanding : (a) (Coaching)
(b) (Goods)
 11. Siding :
 12. Special feature, if any :
 13. Important points taken up :
(i)
- Section Officer/Asstt. Audit Officer,
Traffic Audit/Inspection
Eastern Railway, Calcutta

Annexure-B

List of items to be checked.

- | A. General: | To whom allotted Signature | Remarks |
|--|-----------------------------------|----------------|
| 1. Scrutiny of with drawls from station earnings. | | |
| 2. Review of T.A. Reports. | | |
| 3. Examine Tariffs. | | |
| 4. Ensuring the use of double sided carbon. | | |
| 5. Scrutiny of arrangements for
(i) Custody of cash
(ii) Remittance of cash. | | |
| 6. Transit memo of vouchers and returns. | | |
| 7. Review of Advertisement. | | |
| 8. Register. Stamps Account. | | |
| 9. Inspection Register of High Officials. | | |
| 10. Review of Agreements, if any. | | |
| 11. Working of street Delivery if any | | |
| 12. Accountable of Tools & Plants, stationery, K. Oil Account etc. | | |
| 13. Muster Rolls and A. Register | | |
| 14. Check of Passes and P.T.Os. | | |
| 15. Free service waybills. | | |
| (b) Passenger Traffic: | | |
| 1. Count of cash surprise Verification. | | |
| 2. Verification of lowest number and in tube and | | |

3. paper tickets with the closing No. in D.T.C.B.
4. Marking of last tickets.
5. Inventory of luggage and left luggage.
6. Check of ticket requisition.
6. Check of entries in the ticket stock book with those in the D.T.C.B.
7. (a) Check of tickets sold during the borken period of inspection.
(b) Check of totals of 3 dates in the three periods of different months.
(c) Check of refunds of advance booking.

8. Check of Cr. Voucher & Books.
9. Check of D.T.C.B. & Summary.
10. Accountable of money receipts issued to T.T. Es.
11. Counting of tickets of 5 destination stations of classes in tubes in stock.
12. Check of fares of tickets, and correct fares are exhibited near the booking office.
13. Check of Dating Press machine.
14. Check of luggage, N.C.Dogs, cloak room tickets into cash-book & cash book into D.T.C.B. 10% check of passenger tickets shown in luggage tickets with D. T.C.B.
15. Check and accountable of
 - (a) B.P. Ts.
 - (b) Soldier ticket books.
 - (c) Return journey vouchers.
 - (d) EFT Books.
 - (e) Telegraph receipts.
 - (f) Vender tickets.
 - (g) Season tickets.
16. Check of timetables, guides, tariffs, RSC, forms sold.
17. Scrutiny of Sundry Receipts.
18. Verification of tickets sold by Halt Agents.
19. Check of T.C./TTE's cash book.
20. Check of Summary cash book.
21. Check of D.T.C.B./Summary cash book with C.R. Notes for the (a) broleen period and (b) one month of the closed period.
22. Check of acknowledgements from the cashier.
23. Due accountable of Error sheets- The advice of internal checks.
24. Check of closed month Balance sheet with initial records.
25. Check of register of money value books.
26. Check of collected tickets with T.C. returns.
27. Scrutiny of handing over

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28. Memo by TTE's. Arrangements for prevention of ticketless travel.
 29. Test check of some items of work done by TIA.
 30. Test Check of some items of work done by TIA.
- (C) Parcels Traffic :
1. Surprise verification of parcel cash.
 2. Closing of all books and tallying the cash on hand with books.
 3. Marking of O/S items in the Parcel Delivery book.
 4. Taking inventory of all parcels

- on hand for connection in the Delivery book.
5. Examine:
 - (a) Reg. of mis- declaration of parcels.
 - (b) Reg. of Rewighments.
 - (c) Reg. of unclaimed parcels.
6. Check of "paid" O/W way Bills in parcel cash book and D.T.C.B. for the period from the last Balance sheet into the time of Inspection. In addition, test check of some items for the last close period.
7. Check of few P.W. bills both "paid" & to-pay.
8. check of collected RRS with reference to all the allied documents.
9. Verification of special credits as "paid on charges". over charge sheets, credit advice etc.
10. Preparation of Test Balance sheet for inward parcels & error sheet.
11. General review of parcel cash book.
12. Cash Remittance Notes.
13. Comparison of totals of parcel cash book with DTCB. for the period from the last balance sheet submitted by the station.
14. General Money receipts.
15. Advice of accounts.
16. Loading Book-Review of
17. Review of unloading book.
18. Review/check of wharfage returns with cash book.
19. Test weighment of 5 O/W X 5 I/W parcels on hand.
20. Check of outstanding list.
21. Scrutiny of claim cases.
22. Scrutiny of D.D.R. etc.
23. Auction sale account.
24. Unaccounted for P.W. Bills.
25. Check of Handling Bills.
26. Review of Engagement of porters.
27. Test Check of "paid" P.W.

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- Bill books received from other stations.
28. Check of P.W. Bills in use and in stock.
29. Routing of parcel traffic.
30. Check of parcel van traffic- utilisation of parcel vanfien.
31. Check of perishable traffic.
32. Check of Gate pass. book & Register.
33. Check of Handing over & king over Registers of Out-Agencies/City Booking Offices.

List of Items to be checked (D) Goods Traffic :

1. Surprise Verification of Goods cash.
2. Closing of all books & Tallying in the cash on hand with books.

3. Taking inventory of all goods on hand with the Delivery book.
4. Marking of O/S items in the Goods Delivery book.
5. Comparison of "'O/W paid' amounts into cash books for the period from last Balance Sheet submitted by the station up to the time of inspection and any selected four days in the previous periods.
6. Check of totals of good cash book for the above period.
7. Check of collected R. Rs. for 4 dates in D. Book/Cash book.
8. Check of Delivery book totals for periods as mentioned in item 5 above.
9. Check of wagon Registration fee receipts and refunds with priority Register/Cash book.
10. Correctness of W.R. fee for the period as mentioned in item 5 above.
11. Auction sale account.
12. Register of Lease of plots.
13. Cash Remittance Notes :
 - (a) Check remittances from the last balance sheet up to the time of inspection.
 - (b) Check remittances for any one previous complete.
 - (c) Other points viz. acknowledgement, delay in remittances.
14. Check of outstanding list of closed months.
15. Preparation of Test Balance sheets.
16. Scrutiny of M.R. Book.
17. Accountable of Error sheets.
18. Check closed month of balance sheet.
19. Check of outstanding books.
20. Check of invoicing with forwarding notes.
21. Check of loading book with wagon register.
22. Check of unloading book with wagon register.
23. Check of Gate passbook with Register.

24. Scrutiny of following Register.
 - (a) Index Register.
 - (b) Register of weekly inventory
 - (c) Register of SWA.
 - (d) Register of weighments.
 - (e) Register of excess & unclaimed goods.
 - (f) Register of mis-declared consignments.
 - (g) Register of sweepings.
25. Scrutiny of Register showing quick-turn round of wagons.
26. Check of weigh bridges and weighing machines.
27. Check of money value books with stock books and indents.

28. Scrutiny of claims settled by the S. Ms. and by the officers at Headquarters.
29. Check of Handing Bills.
30. Engagement of (Good) porters.
31. Check of tarpaulined account etc.
32. Check of O.D. Consignment.
33. Check of R.M.C. Notes.
34. Check of outward machine Abstracts.
35. Check of F.F. Scheme.
36. Working of container system,
37. Check of O. Ts charges.
38. Routing of traffic with reference to Rationalisation order.
39. Review of D.D. Returns.
40. Review of trend of traffic.
41. Return of tourist Agents station pay orders.

Audit Officer
Traffic Audit Section
Eastern Railway, Calcutta

18.1 General (See Chapter XXI of Railway Audit Manual)

- 18.1.1 (1) The primary objects of local inspections are to apply a test audit to such accounts and vouchers, etc. as are not audited in the Central audit or as cannot be completely audited except in local audit, and to see that the initial documents from which the bills and accounts rendered by the local officers are compiled, or on which they are based, are properly maintained.
- 18.1.2 (2) The instructions contained in the Paras 6.2.1 to 6.1.3 of M.S.O.(Audit), First Edition, 1991 of RAM and the orders issued by the C & AG and the ADAI(R) from time to time should be borne in mind by the inspecting officer and the staff in conducting the local inspection.

18.2 Programme of inspections (See para 415 of the RAM)

(1) All auditing sections should maintain a list of all executive offices, sub-offices under the executive offices, Stores depots, Schools etc, coming under their audit control and this list should be brought UpToDate within the 2nd week of January each year. For this purpose, full particulars of offices under the local Accounts control (Pl. see Annexure II) may be obtained by the end of December each year. This list should also indicate the periodicity of inspections of all subordinate offices under each executive office, the number of days allotted for the inspection of main office, subordinate offices and gazetted supervision.

Programme of inspection for the next financial year should be drawn up with reference to this list by each year auditing section and sent to Central Co-ordination Section through their Branch Officers in the third week of

January each year and approved by the Principal Director of Audit. The following instructions should also be observed in drawing up the programme:-

(1) Offices which were due for inspection in the previous financial year but which could not be inspected during that year, as well those offices which are normally due for inspection during the year, should be included in the programme.

(i) If after making necessary provision for item

(ii) above some time is still available, provision should be made for inspection of offices which are not due for inspection during the year but which, on account of their intrinsic importance or irregularities revealed at previous inspection by audit or accounts, should in the opinion of the Section be inspected before due dates. In such cases the special reasons for inclusion of such offices should be given.

- 18.2.3 To avoid Inspection at close intervals by Audit of an office already inspected by Accounts there should be an interval of about six months between the two inspections.
- 18.2.4 All offices under the gazetted officers and other important offices should be supervised by the Branch officer.
- 18.2.5 Inspection of Engineering offices should not be taken up in the month of March.

- 18.2.6 Inspection of new Offices**
Proposals for inspection of new offices which are opened after the finalisation of the annual inspection programme should be submitted to the Pr. Director of Audit for approval with the following information:
- (1) Name of Office proposed for inspection during the month of
 - (2) Date of opening of new office
 - (3) Justification for opening the office
 - (4) Number of gazetted and non-gazetted staff in that office
 - (5) The duration for which the new office is likely to continue
 - (6) In case of work charged establishment, the following further information may be given:
 - a) Name/Names of work/works for which the office is opened.
 - b) Total sanctioned/estimated cost of work/works
 - c) Establishment Charges provided in the sanctioned estimates.
 - d) Number of Gazetted and non-Gazetted Staff posted in the office and name and place of Accounts Office maintaining the accounts.
 - e) Likely duration of the office.
 - f) Budget provision made as per works programme for 2/3 years.
 - g) Budget UpToDate expenditure booked in the month on which the proposal for inspection is submitted.
 - h) Any other important/special feature noticed by Unit Audit Officer.
- 18.2.7** The sectional programme should be scrutinised by the Central section to see that none of the offices due for inspection has been left out of the programme. The following instructions should be observed in the preparation of the consolidated programme.
- 18.2.8** The more important offices along with their sub-offices should be picked up from the sectional programmes for inspection to be done by the special investigation cell retaining other offices to be done by the special investigation cell retaining other offices to be done by the auditing section and branch offices.
- 18.2.9** The inspection work should be distributed amongst the gazetted officers in such a way that important inspections such as those of heads of departments, major works and yards, etc. are conducted, as far as possible by Senior IA&AS officers and Audit Officers and those at others by Junior IA&AS Officers or Audit Officers. The gazetted officer in charge of the inspection should himself carry out some of the important items of work. Principal Director of Audit should occasionally supervise the inspections personally, whenever conveniently possible. After listing out the offices for inspection as above the consolidated programme of inspection in the prescribed proforma (Annexure VI) which should be carried out by the Special Investigation Cell (SIC) and auditing sections should be submitted to the Principal Director of Audit for approval by the end of December every year. A copy of the approved programme should be sent to the Financial Adviser & Chief Accounts Officer concerned by the 1st week of February each year, extracts therefrom being sent to the SIC and auditing sections or offices concerned in duplicate. The auditing sections or offices concerned will thereafter send one copy of the extracts to the respective accounts offices under their audit control. The frequency and periodicity of inspection should be judiciously received by all sections every third year and concrete proposals sent to central section for submission to the Principal Director of Audit. Authority: C&AG's confidential letter no. 1294-RAI/A8-10/62 dated 17/18.4.62)

18.3 Inspection of local bodies and institutions receiving grants in aid.

The local bodies and institutions receiving recurring grants-in-aid exceeding Rs. 1 lakh a year or a non-

recurring grant exceeding Rs. 5 lakhs should be inspected. In the case of those receiving a recurring grant of less than 1 lakh a year each or a non-recurring grant of less than Rs. 5 lakhs each, the local body or the Institution which gets the highest amount of grant in the Division, workshops etc. should be inspected by the auditing section concerned.

A report on the results of the inspection should be submitted by all auditing sections to Central Report Section.

18.4 Advice of inspection.

Advice of inspection should be sent to the head of the office to be inspected in the form as per sample given in Annexure 1 (Copy being endorsed to the Accounts Officer and head of the department concerned) who should be requested to make it convenient to be present at headquarters in order that the points raised in the inspection may be duly discussed and settled on the spot as far as possible.

Inspection advice may be signed and issued by the Branch Officers concerned. Inspections of stations are conducted without any notice and no advice head issued in advance.

18.5 Periodically, duration, party composition & B.O.'s Supervision.

Periodically, duration, party composition and extent of B.O.'s supervision for inspecting different executive offices is given in the Annexure IIABC and the same may not be exceeded without obtaining the orders of the Principal Director of Audit.
(Authority: POO: 346 dated 04.9.89)

18.5.1 Periodicity of Inspection

The local inspections of accounts of different railway offices, stores depots, Workshops, etc. are conducted by the respective auditing sections responsible for the test audit of their accounts. However, the inspection of the accounts of the branches having headquarters office at Calcutta are conducted by Inspection section at headquarters. The frequency of inspection of various offices has been fixed as under.

Annual

- a) Inspection of all important executive offices and H.O. Ds of all branches, such as Electrical, Mechanical and Civil Engineering, Signal and Telecommunication, Ways and Works branch, Commercial, Operating Security, Medical, etc.
- b) Receipt and despatch section of section stores depots and D.S. - 8 years.
- c) Executive offices of construction organisation.
- d) Works manager's Office.
- e) Base depot of catering.
- f) All hospitals under administrative control of J.A. grade officer and above.
- g) Surprise verification of each one of the cashiers.

Biennial

- a) Personnel Branch with one handicraft centre.
- b) General Branch with one primary school.
- c) Divisional Paymaster/Cashier's Office
- d) Compilation office
- e) Superintendent Railway Telegraph office
- f) ACOs Offices.

Once in 3 years

- a) Railway Powerhouse.
- b) Superintendent Government Railway Police with one subordinate (Pass accounts).
- c) Shops in Workshops.
- d) Hospitals under the Administrative control of Sr. Scale Officer.

Once in 4 years

- a) Every Gazetted officer in independent charge outside divisional office.
- b) Every Railway Training School, subsidised Hostel Every Railway Education School, further than primary or middle schools), technical training school.

18.5.2 Supervision of inspections by Branch Officers.

The extent of supervision by the Branch Officer has been prescribed as under:

<u>Category</u>	<u>Composition of Party</u>	<u>Extent of Branch Officer's supervision</u>
Executive Offices and Offices of	AAO/SO-I AR/ Sr.1 Ar-1 or 2	Non Personnel 75% to 100% Personnel
(Note: In case of Office)		

HODS		of CPO, Sr. DPO/DPO this will be 75% to 100%)
Minor Executive Offices	AAO/SO-1 Ar./ Sr.Ar.-1	NIL
Very Big Stations	AAO/SO-2 Ar. / Sr.Ar.-1	100%
Major Stations	AAO/SO-1	75%
Minor Stations	Sr. Ar./Ar-1 AAO/SO-1 Ar-1	NIL

Group Officers are required to supervise the field offices not less than 7 year days minimum per month vide C&AG's Office Circular No. 15-TA I/1983 dated 16-02-83. (Authority: C&AG Office D.O. No. 353-Audit MOM/236-95 dated 17-07-95).

A return containing no. of days on which field parties were supervised by each of Group Officer in charge of inspection should be sent to C&AG Office each quarter so that it can reach Head Quarters by 15th of the following month to the quarter to which the return pertains in prescribed proforma. Reasons should be furnished in cases of inspection of short duration than 7 days minimum so that condonation of deficiency can be taken by ADAI(Rlys.).

18.6 Procedure for taking up of inspection: -

18.6.1 Initiating the inspection proposal: - The detailed proposals of inspection of offices, showing inter-alia the office/offices to be inspected date of inspection, the members of the Inspection Party should be submitted by the concerned A.A.O./S.O. to the Branch Manager in the second week of the month preceding the month of inspection to permit timely advice being issued to the concerned offices.

18.6.2 Selection for Inspection:

Month of accounts to be checked in details should got selected for by the Branch Office in addition one more month should be got selected for tracing of direct delivery bills into ledgers. Selection of items of work for Original Audit by the Supervising Officer and AAO/SO during the inspection will be done by the Supervising Officer concerned. The AAO/SO in charge of the inspection should mark the list of items to be done during inspection by the auditors nominated for the inspection. The items so marked should note by each member of the party. In the matter of distribution of items, it should be borne in mind that more important items are done by the Supervising Officer and the AAO. The Supervising Officers are advised to take the responsibility of seeing more important items by themselves so that no important irregularities escape from the audit scrutiny.

18.6.3 The main duties to be performed in connection with the conducting of Local Inspection are as under:

- i) Preparation of annual inspection programme of general offices (Stores, Workshops, Stations etc.).
- ii) Collection of Vouchers after obtaining necessary selections and their ultimate return after the inspection is over.
- iii) Maintenance of an up-to-date and complete list of offices and sub-offices to be inspected.
- iv) Issue of Inspection Advice to officers concerned.
- v) Determining the Personnel of each party under Audit Officers Orders.
- vi) Selection of items for Original Audit by Audit Officer and for Section Officer/Asst. Audit Officer by the Audit Officer and for various Auditors by Section Officers/Assistant Audit Officers.
- vii) Comparison & issue of inspection Reports.
- viii) Disposal of Part-I & Review of Part-II Inspection Reports.

18.7 Documents and records for Inspection

18.7.1 The Inspection party should take all the relevant vouchers like pay bills, TA bills, contractors bill etc. for the month selected for their detailed scrutiny with reference to the basic records. The Vouchers/records which cannot be taken from Headquarters, may be referred to in the executive offices themselves. One of the auditors should be made responsible for state custody of the records during inspection and their ultimate return to the concerned office. It is not advisable to send suited vouchers by Railway Free Service way-bills.

18.7.2 The staff associated with inspection should maintain a diary of references of important orders, circulars etc., with their number date and summary of contents and should invariably take it to the site of inspection to serve as a ready reference in drafting of objections.

18.8 Points to be seen during inspection.

Paras 421 to 442 of the Railway Audit Manual contain the important points to be seen during the inspection of various offices.

Detailed lists of items to be seen during the inspection of various offices given in Annexure-V to this section. Any other points coming to notice during inspection should also be examined in detailed. Besides

this any special point selected by the Principal Director of Audit, Dy. Director of Audit or other gazetted officers should also be noted in the register of points to be seen during inspection and such points should also be looked into and action taken thereon.

18.9 Register of points to be seen during the Inspection.

A register of points to be seen during inspection should be maintained for noting the points noted during central audit or as a result of review of certain case or as observed from paras of audit activities etc., which can only be verified during local inspection. This register should be submitted at the end of each inspection to the Supervising Officer/Branch Officer with remarks on each point relevant to the office inspected.

18.9.1 It should be ensured that all papers and documents required by the inspection party are made available by the Executive/Accounts. If for any special reason any document is not available for scrutiny, the fact may be specifically mentioned in the Part I Inspection Report. This is of great importance as any laxity in this may lead to defalcation or loss to the Railway. The previous audit and accounts inspection party and in respect of important

items if adequate action has not been taken or the irregularity brought out in the current inspection report in an emphatic manner.

18.10 Distribution of work during inspection

A list of works and documents to be inspected should be prepared before the Audit inspection party leaves headquarters. When the Inspecting officer leads the party the items to be checked by each member of the Inspection party should be selected by him personally on the spot.

In cases where Audit Officer supervises the inspection partially, the selection should be made by the Audit Officer before the party leaves for inspection.

The items to be checked by each member of the inspection party other than the Asst. Audit Officer/Section Officer, if necessary, may be left to be made Asst. Audit Officer/Section Officer to be put up to the inspecting Audit Officer for his approval. In the matter of distribution of items/points to be looked into during inspection as detailed in Annexure V to this chapter the following important items of works are normally to be entrusted to the Asst. Audit Officer/Section Officer and the rest items/points are to be distributed among the Asst. Audit Officer/Section Officer, Sr. Auditor/Auditor.

- a) Bills and Bill Register.
- b) Adjustment memo.
- c) Write off statement.
- d) Cash remittances.
- e) Register of losses.
- f) Cash value Book.
- g) Review of Agreement, Tenders/Contractors.
- h) Review of inspection notes of General Managers.
- i) Review of previous inspection reports.

Items like imprest account Miscellaneous Pay advance sores Account (pricing of Issue notes), Stamp Account, Tools & Plant Account etc. will be reviewed by Sr. AR's/AR's.

(Authority: Para 3 of C&AG's secret L/No. 95-RAI/17-69/83 dated 6.3.84).

The Gazetted Officer in charge of the inspection should himself carryout some of the important items of work. (Para 419 of the RAM)

In terms of P.O.O.no. 295 dated. 23.10.76 each auditing section including 1.1. Section will maintain a register showing distribution of the items amongst the members of the inspection party with a view to ensure that these items are duly checked by the concerned staff, the Asst. Audit Officer, Audit Officer, Dy. Director of Audit supervising the inspection shall test check some of the items in addition to his original audit of the items so selected and record the some in the register. At the time of submitting the progress Register of inspection to the Principal Director of Audit each month a certificate should be recorded that the inspection parties were furnished with the lists of items to be looked into during inspections and that each member of the party has checked the items so allotted to him and initialled against the concerned items in token of his verification and completion of the work.

18.11 Register of items audited during inspection.

The AAIO or S.O. concerned should ensure that all the items marked to the members of the inspection party have completed in all respect before the inspection party returns to Headquarters and the inspection is closed. A register should be maintained in each section for indicating the dated initials of the members of the party against each items marked to the person concerned in token of completing work. Such register shall be seen by the internal audit party during their visit. A record should also be kept of all vouchers, service sheets, leave accounts etc. audited during a particular inspection with the initials of the persons who audited them. (Para 421 RAM)

18.12 Procedure for inspection

Before leaving the Head Quarters the inspection party should study the last Audit and Accounts inspection report to see whether adequate action has been taken by the Executive on the objection raised therein and whether any of those is still outstanding.

The accounts of one selected month should be audited in detail and the accounts of other months generally scrutinised. The month's account to be checked in detail should be selected by the Inspecting officer before the Audit party leaves Head Quarter Detailed list of staff (including staff to retire within next two years) whose leave accounts, service Books, Service verification was checked tracing particulars of Accountable, C.G.I. scheme etc. should be kept with the office copy of the Inspection report. The paid Vouchers and other documents to be seen during the inspection should be obtained by placing requisitions on Accounts Officer and taken to the Office concerned for scrutiny with reference to initial records maintained by them. Important cases should be selected from the list of files maintained by the Executive and requisitions for such files and other relevant documents etc. should be placed with the executive in charge promptly.

18.13 Station Inspection

The inspection of the very Big Station, 'Major' stations and 'Minor' stations will be done by the TA Section. Categorisation of stations is made on absolute terms. Stations with annual earnings of more than two crores will be categorised as 'Very Big' stations. Stations with annual earnings between Rs. 50 lakhs and Rs. 2 lakhs will be clarified as 'Major' stations. All other stations will be grouped under 'Minor' station. The traffic Audit Section will send their proposed annual programmes above to 'C' stations.

Whereupon the latter with the approval of P.D.A. will fix the total no. of stations to be inspected during the year.

Since the programme of Traffic Audit Section is confidential the detailed programme showing Names of Stations and each category should be drawn monthly by the TA Section with the approval of P.D.A. (Hd. Qtrs. letter No. 397-RA III/T/17-81/87 dated 23.7.87 at page 51C/DA's confidential/87).

An inspection should take with them the following returns and documents in addition to the relevant codes & Manuals.

1. Copies of the checked balance sheet and latest advice of Accounts internal check.
2. Copies of indent for supply of Numbered Books.
3. Reports of Travelling Inspectors of Accounts.
4. Office copies of handling bills.
5. Collected tickets and T.C. Returns of nearby stations.

The register of points to be seen specially during local inspections should be taken and points mentioned therein examined. After completion of the inspection, this register should be put up to the Branch Officer indicating therein the result of examination of various points.

Branch officers will supervise the inspection of only "Very Big" and "Major" stations, Minor stations being supervised by the Section Officer (A)/AAO. The detailed instructions issued by the FA&CAO to the T.I. As may be taken as guidance for the conduct of these inspections. To check the correctness of Accountable of various transactions by the station to main emphasis is given on the Inspection of Station Accounts. The extent of Audit is broadly the detail check of the broken period and one complete period in respect of Accountable.

18.14 Review of outstanding audit objections during inspection.

- (1) The details of the paras outstanding in pending inspection report of an office should be exhibited in the current inspection report of that office as an item at the end of current inspection report. The O/ Paragraphs may, however, be pursued through the earlier reports and should not be treated as closed merely because they have been mentioned in the current report. (P.O.O. No. 337 dated 18.9.87)
- (2) (a) Each Inspecting officer should also review the outstanding objections raised in central audit through audit notes and special letters with a view to securing their speedy settlement.
(b) In the case of intensified Inspection section, the Central Audit Sections should supply them with the details of all outstanding points in Audit Notes.

Special letters etc. with a brief indication of the points relating to objections that may be considered helpful for discussion. For this purpose, the intensified Inspection section will furnish the central audit sections with a copy of their inspection programme (Excluding station inspection) so that the sections may be in a position to furnish the necessary details well in time. As regards station inspection the Branch Officer attached to special investigation cell may consult the Branch Officer in charge of Traffic Audit before undertaking station inspection to ascertain whether there are any outstanding points relating to the accounts of the station to be inspected. The result of the discussion of outstanding points with the executive should be intimated to the Accounts Officer concerned.

18.15 Duties and responsibility of Inspecting officer (See para 419 of the RAM).

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It is not necessary that the Branch Officer should be present throughout the period of inspection but they should be present at a stretch the specified time involved in the inspection of office.

The elementary and primary responsibility of the inspecting officers is that they should acquaint himself with the systems of financing and accounting of any Branch / Department in accounts of which he is inspecting what makes up its receipts/allotments etc. and expenditure, what registers are necessary for internal check purposes and how for the existing systems conforms to this standard. An inspecting officer should make it his duty to verify with reference to all the accounts documents that all money due is received and all money received is brought to account.

18.16 Framing, drafting, and issuing of Inspection Report.

The notes on audit objections as and when coming to notice as a result of local inspection of the initial records and documents of the executive and administrative offices should in the first instance be written out in duplicate by carbon process by the member of inspection party in the form vide Annexure-III and submitted to the Assistant Audit Officer/Section Officer for a scrutiny of the objections. After due scrutiny these objections known as

"Enquiry memo" will be handed over to the concerned sections or the Executive Offices for return of one copy with remarks on the someday or on the next day without waiting for the arrival of the Inspecting Audit Officer except when the AAO/SO (A) themselves feel it necessary, to consult the Inspecting Audit Officer.

The enquiry memo should be prepared in a self-contained form clearly indicating.

- 1) facts of the case as noticed by Audit.
- 2) Action taken by the Executive as mentioned by Audit and the action that should have been taken by the Executive, reference to the corresponding Manual, Code, rule or orders should be cited in the memo.
- 3) Conclusions drawn by Audit regarding (a) the defect in practice or lacuna in the procedure or rifle or order which prevented the same being detected by the departmental authorities (if the same had remained undetected till Audit pointed it out) and (c) the failure to take remedial action after detection by the departmental authorities or if it had been pointed out earlier in Audit.
- 4) Expectation of audit regarding (a) elucidation or examination called for from the Executive (b) Suggestions for action to regularise, to effect recovery or to set right the procedure for practice or to amend the rifle, order etc. It should be noted that there should be specific in nature.
- 5) In writing out the preliminary objections, it is desirable that the statements and figures in relation to any defect or irregularity discovered should be based on clear documentary evidence. It is desirable that in all cases the details of documents/records etc. from which the objection is taken is clearly recorded in the para itself. Copies of all relevant papers quoted in the report or which may substantiate the objection should be obtained and kept with the office copy of the Draft Inspection reports. These papers must be duly attested by the Inspecting Asstt. Audit Officer/Section Officer. It may not be sufficient to quote the rifle or the order violated; the actual and possible effect of such duration on the financial interest of the Govt. should explained clearly.
- 6) The language used should be polite and courteous. In connection with the points taken up in the "Enquiry memo" the examination of the documents should be as thorough as possible and complete information gathered and recorded. Whatever further information is required should be called for in a formal manner and the failure to furnish the same should be recorded in the Draft Inspection reports.

The draft inspection report should be 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 officer- in-charge or the office in the inspection report itself. During discussions the Inspecting Officer should try to get all the facts and explanations and to settle the objections as far as possible on the spot. If no discussion can be holding the draft inspection report should be put up for approval to the concerned Audit Officer. In that case, the fact that the report could not be discussed should also form a para of the report. After discussions of the report the following procedure should be observed: -

- 1) The points which have been satisfactorily explained and settled on the spot should separate.
- 2) The points relating to accounts procedure should be detected from the report and taken up with the Accounts officers concerned separately.
- 3) From the remaining points after taking into consideration the remarks of the Head of the Office inspected the final draft inspection report should be classified as special letter, Part I and Part II reports in accordance with the instructions contained in paras 451 and 452 of the RAM. Part I inspection report should contain points of primary importance of irregularity/losses, recoveries, infructuous expenditure etc. of serious nature; inadequacy of Rules and procedures should be issued by the Branch Officers from their level (vide POO 362 dt. 26.09.94) while copy of the part I report need also be endorsed to the Director and one copy to the Pr. Director of Audit through the AO/Report Part II of the report should contain points of less importance and procedural irregularities not leading to serious nature of objection. Part I cases

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entered into the Provisional Draft para Register to be maintained by Report Section may be closed only with approval of the PDA The Part I Paras which develop into Draft para can be closed by Branch Officers only when those are printed in audit Report or closed by PDA (Vide P.O.O. 362 dt. 26.09.04).

The part I Inspection Reports and Audit Notes after approval by the Pr. Director of Audit should be issued by the Branch Officer to the associated Accounts Officer and Executive Officer in the Annexure III. Copy of such objections should also be forwarded to the FA&CAD and Head of the Department proforma vide in the proforma vide Annexure IV in terms of P.O.O. No. 334 dt. 4.5.87 and the cases pursued accordingly Inspection reports should be issued within a month after the completion of the inspection. Any delay in issuing the inspection beyond 1 month after the completion of the inspection should be computed in terms of mandays and reflected in the monthly quarterly arrear report.

The important objections prima facie fit for processing Draft Para angles should be issued by the Branch Officers as Special letters under their signature after getting approval of the PDA (Vide P.O.O. No. 366 dt. 12.09.96).

Before issue of special letter all relevant data needed for establishing/supporting the audit point should as fit as possible be collected from the Administration records. All special letters should be issued in the form of Draft

letter from the Branch Officer to the FA & CAO with a copy to the respective HODs/DRM/CWM and SAD/Report if no reply is received within one month the case should be pursued vigorously through DO reminders at the level of Branch Officers/Dy. Director Principal Director of Audit or where possible taken up for a reply for preparation of draft Paragraphs without waiting indefinitely for a reply.

The Branch Officers are required to watch progress of disposal of the cases closely through the register of Special letters which is to be put up to the Pr. Director of Audit in the first week of each month.

One receipt of Administration remarks, the special letters should be scrutinised promptly & the case should be put up to the P.D.A. for his perusal within a fortnight.

In the event of discussion of such cases in tripartite meeting the minutes of the meeting jointly signed by the Executive Accounts & Audit should be put up to the Principal Director of Audit with the Branch Officer's recommendation for further orders.

The closure advice of the special letters should be issued after the approval of the Principal Director of Audit under the signature of Branch Officer.

(P.O.O. No. 366 dated 12.09.1996)

18.17 Disposal of Inspection Reports of offices inspected by the Special Investigation Cell.

The S.I.C. will be responsible for the inspection report till it is finally approved, typed, compared and signed by the Inspecting Officer. After signature by the Inspecting officer the fair copies or the report alongwith the finally approved office copies of the report and the relevant notes and papers should be sent to the auditing sections concerned. The auditing section concerned will thereafter issue the fair copies of the report up to its finality in addition to the disposal of the inspection reports of offices which are normally done by them.

Distribution of Inspection Report.

The Inspection Reports should be dealt with as under:

18.18.1. (A) Unit Offices

Inspection Reports Part I

These will prepare in five copies and will be dealt with as shown below:

- i. Two copies will be sent direct to the office inspected who will retain one copy and return the other one to the A. O. with his remarks for transmission to Audit Office.
- ii. One copy will be sent to the A.O. concerned.
- iii. One copy will be retained as office copy and another sent to the Audit Officer (Co-Ord) for record.

Inspection Report Part II

These will be prepared in quadruplicate and disposed of as under:

- i. Two copies will be sent to the office inspected who will retain one copy and return the other copy to the A.O. with replies.
- ii. One copy will be sent to A.O. concerned and
- iii. One copy will be retained as office copy and will be reviewed periodically with the disposals made in the Accounts Office.

(B) Non-Divisonalised Offices

Inspection Reports Part I and II

The procedure indicated above for Part I and II will also apply mutatis mutandis in case of inspection reports of the offices which have not been visualised. These reports will be dealt with by the concerned Accounts Officer.

Station Inspections

Five copies of Part I and II will be prepared and disposed of as under:

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- (a) Two copies, incorporating the rein the remarks of the Station Masters concerned will be sent direct to the D.C. M. concerned with the request that one copy may be returned with the replies through Dy. C.A.O (TA)
- (b) One copy will be sent to the Dy. CAO (TA), and
- (c) one copy will be retained as office copy and another sent to Director of Audit for perusal.

18.18.2 In respect to inspections of sub-offices which are inspected independently of the main office. Inspection Reports should be issued to the officer in charge of Sub-Office incorporating there in the remarks of the subordinate office inspected. The number of copies of the Inspection Report would be as indicated in A and B above according as the Inspection Reports are part I or II.

18.18.3 Each fair copy of the Inspection Report should bear the signature and designation of the Inspecting Officer who conducted the inspection or any officer locally available, after the last para of the report, and in addition, the forwarding endorsement also should likewise be signed. The forwarding endorsement should be in the following form:

The Inspection Report Part I/Part II on the Account of _____ is forwarded herewith along with _____ spare copy/ copies of the Report for information and return of one copy with remarks to the

- i) FA & CAO(AJ),
- ii) Dy. CAO(TA),
- iii) Concerned Accounts Office for transmission to the
 1. Pr. Director of Audit Rly. Calcutta
 2. Audit Officer (TA),
 3. Sr. Audit Offices, Audit Officer for disposal by Accounts offices concerned.

18.19 Subsidiary Instructions for Audit

18.19.1 Review of inspection reports: It should be seen that when an office, the inspection report for which is outstanding at the time of its next inspection is being inspected, the report should be carefully reviewed at that time and all important points should be included in the latest report and the old report should be made in the subsequent report and the fact also be brought to the notice of the Director of Audit for special action at higher levels.

18.19.2 Leave Accounts and service Sheets

During local inspections, the leave accounts of all the employees due to retire prior to the end of the year in which the next inspections is due, and the service sheets, if available should be checked completely. If the total number thus checked does not work out to the required percentage of the total number of employees in that office, a further selection to make up the required number should be made.

18.19.3 The cash Imprest and Postage account be checked at the start of the inspection by closing the account and physical verification of the cash and postage stamp balance.

18.19.4 The verification of initial records e.g. Muster Rolls, Attendance Registers, Leave Accounts, Work Orders, Measurement books, etc. on the basis of which the various returns and accounts are submitted to the Accounts Offices for payment, should be done carefully and systematically. A general review with particular reference to the selected months' transactions in respect of registers of Miscellaneous cash receipts and remittances; Measurement Books/ Level Books, Numbered Books. Lease sidings, Tees., Rest Houses, Occupation Register, Material at site account, Motor vehicle logbooks, Services rendered to outsiders etc. should be made. These are important records and should on no account be overlooked on the ground that they involve routine checks only.

18.20 Production of records of inspection in court cases.

If at any stage it becomes necessary to produce in court cases the Audit Office records in connection with any inspection carried out by Audit the finally approved office copy of the Inspection Report should only be produced and not any other records.

18.21 Inspection of Major Works.

In terms of item VII of appendix to programme of the Secret Memorandum of Instructions (Railway Audit), Major Works costing more than Rs. 50 lakhs each should be treated as separate units for inspection when the construction has advanced to an appropriate stage. All such works may be inspected every alternative year; the first inspection being taken up when the expenditure actually incurred exceeds Rs. 5 lakhs or 10% of the estimated cost whichever is higher. Track renewal works costing over Rs. 1 crore only need be reviewed, the first review being taken up, was the expenditure incurred on the works exceeds 20 lakhs. In addition, one or two completed works selected by the Principal Director of Audit should also be reviewed every year. these reviews are treated as inspections and included in the Inspection programme.

As the Administrations records like the financial review can progress report will not generally show a work as 100% completed until all minor and ancillary works are completed, works which have been practically completed and brought into such as new lines doublings, bridges, yards etc. opened for traffic may be taken as completed works for the purpose of the review.

List of items to be checked during the review of major works is given in **Annexure V**.

18.22 Verification of cash in hand with the Chief Cashier, Pay Master and Pay Clerks at surprise visits. (Para 363 of RAM).

In accordance with the instructions contained in Para-61 of Secret Memorandum of Instructions regarding extent of audit, the cash in hand with the Chief Cashier/Pay Master and pay clerks may at surprise visits be reconciled with the cash book at the discretion of the Principal Director of Audit, preferably once a year. The procedure detailed below should be followed for the verification of the cash.

The physical verification of cash with the Chief Cashier, E. Rly/ Fairly Place need not be conducted. It should, however, be ensured during the periodical inspection of the Chief Cashier's Office, that the results of such check have been taken on record. The imprest cash with the Chief Cashier, may be verified during the periodical inspections.

The surprise verification of cash with the Divisional Pay Masters and the Pay clerks at outstations should be carried out once every year. Whenever verification of cash is done, the cash should be counted by the Railway Official who is in charge of the cash and not by the Audit staff. The result of the verification should however, be recorded in the cash book by the Audit Officer or the Asst. Audit Officer supervising the verification and the same should be got attested by the departmental official concerned.

18.23 Check of Imprest Account during inspection (see also para 4.0.22) in chapter IV

The imprest cash account should be checked with reference to the paid vouchers and the cash balance in hand. It should also be seen that the custody of large sums of cash is not given to low paid subordinate. In order to ensure that none of the imprest vouchers escape audit scrutiny. The Inspection parties should obtain the original paid voucher from the Accounts office and carry them to the office inspected for check with the Imprest cash Account and paid vouchers not sent to the Accounts office but maintained in Executive Offices.

18.24 Progress report in the issue of Inspection Reports.

The inspection reports should be issued within three weeks after the completion of the inspection.
(Central Section's circular letter No. C/2-3A/86 dt. 25.3.87)

18.25 Register of Inspection

Each auditing section/Office and I. Section should maintain a Progress Register of Inspections in the form laid down in para 416 of Railway Audit Manual. This register should be put to the Branch Officer on the 5th and to the Principal Director of Audit on the 10th of each month through Central Section. Number of inspection report outstanding for over 1-year-old, six months old and three months old should be shown in the remarks column of the inspection sheet when putting up the register on the dates mentioned above.

This register should also record on a separate page a progress report or the inspections showing the numbers of office due for inspections, the number inspected upto the end of previous month, the inspection carried out during the month and the balance remaining to be carried out. Reasons should also be given for arrears in inspections.

ANNEXURE - I

(Sample form of Advice of Inspection)
(Reference to para 18.4)

No:
From: -
Principal
Director of Audit
Eastern Railway,
Calcutta.

Dated:

To
The _____

Sub: Inspection.

The inspection of the initial accounts and records of your office will be taken up by Sri
(designation).....and the inspecting staff will commence their work on or about the
.....Necessary arrangements may please be made to keep the ready and the make available to the
inspecting staff.

Instructions may also please be issued to your office to offer remarks on the audit points day-to day to facility
settlement of the same on the spot and to eliminate them from the final report as far as possible.

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I shall be glad if you make it convenient to be present at headquarters to discuss the draft report or
about.....and any point about which you may like to consult me in connection with the accounts and
records maintained in your office.

The receipt of this Communication may please be acknowledged.

For Pr. Director of Audit
Dated:

NO:
Copy forwarded to the _____
(Head of the Department) and _____
(Accounts Officer, Eastern Railway, for information and necessary action.

For Pr. Director of Audit,

ANNEXURE – II

Total List of Offices of the E. Rly, Administration which are to be inspected by Audit in accordance with the Programme of (Inspection of the related year. (related to para 18.2)

<u>Name of the Audit Unit</u>	<u>Name of the Audit Unit</u>	<u>Name of the Audit Unit</u>
Sr. DEN/HWH ind.	<u>Under AEN/BDC at</u>	PWI/NDAE
DEN/D/HWH	HGY	PWI/BG/KWAE
AEN/HWH	CLOW/BDC	PWI/NG/KWAE
AEN/HWH Sub Office	SS/RWD/HGY	<u>Under AEN/AZ</u>
<u>CLOW/HWH</u>	<u>PWI/BDC</u>	<u>PWI/AZ</u>
Shop Supdt.	PWI/HGY	ION/AZ
Engg. W/Shop/HWH	Under AEN/BWN	Sr. DME/(C&W)/HWH
CBRI/HWH	PWI/W/BWN	<u>Under Sr. DME (C&W)/HWH</u>
AEN/Track/HWH	PWI/PDA	
AEN/Spl/HWH	IOW/BWN	Supdt. (C&W) HWH
Sr. DEN/HLOH	PWI/TD/Khana	Chargeman/TKPR (C&W)
(Main Office)	DEN/4/HWH done	Supdt. (C&W)
<u>Under AEN/1/LLH</u>	With Sr. DEN/HWH	
IOW/BNG	AEN/RPH	HWH goods shed
CLOW/LLH	<u>Under AEN/RPH</u>	Shorting yard/LLH FC
IOW/Bally	PWI/BHP	Supdt. (C& W/BDC
PWI/BMG	PWI/RPH	Supdt. /C&W/BWN
PWI/LLH	PWI/NH	Supdt. /C&W/RPH
DEN/2/LLH	PWI/PKR	Supdt. (C& W/KWAE
Done with Sr.		
DEN/HWH	IOW/BHP	Supdt. (C&W)/PKR
AKEN/2/LLH	IOW/RPH	DME/P/HWH
AEN/BDC/HGY	DEN/SP1/HWH	<u>Under Sr. DME(P)/HWH</u>
	Done with Sr	
	DEN/HWH	
AEN/BWN	AEN/AZ	LF/HWH
<u>Under AEN/2/LLH</u>		
PWI/KQU	AEN/PKR	LF/BDC
PWI/Gurap	<u>Under AKEN/Katwa</u>	LF/RPH
PWI/E/BWN	IOW/NDAE	LF/KWAE
ION/SKG at BWN		
Carriage Foreman/HWH		TFO/BWN
MT/OD /HWH		TFO/Cons/LLH
LF/AZ		TFO/BDC(STW)
Sr. DNE/D/HWH		Sr. DEE/TRS/HWH
<u>Under Sr. DME/D/HWH</u>		<u>Under Sr. DEE/TRS/HWH</u>

ACOS/D/BMG
ACOS/D/BWN
DME/D/BWN
DF/BWN
ACMT/D/BWN
Sr. DEE/G/HWH
Under SR. DEE/G/HWH
Sr. EF(G)/HWH Including
Power House.
EF/ACC/TKPR
EF/TL/TKPR
EF/G/BWN
EF/G/BWN
EF/(G)/BDC

TFR/BWN
CRFR/BWN
ELC/TRS/BDC
ELC/ACP/HGY
Sr. DSTE/HWH
Under Sr. DSTE/HWH
ASTE/BWN
SI/RPH

SI/1/HWH
TCI/G/HWH
Under Sr. DSTE/HWH
SI/S/HWH
BI/PS/HWH

ELC/KWAE

ELC/AZ

Sr. EF/ACC/HQ at TKPR

Sr. DEE/TRD/HWH

AEE/TRD/BWN

TFO/LLH

TFO/RC/LLH

TFO/SHE

TFO/Belmuri

CTPC/HWH

TFO/BDC

BI/C/HWH

SI/1/HWH

CHS/HWH

Under CHS/HWH

ADMO/KOQ

ADMO/BDC

DMO/BWN (Main Line)

ADMO/KWAE (NG)

ADMO/TKPR

Health Unit DRM Bldg./HWH

Health Unit, MSW/HWH

ADNO/Golmohar

ADMO/HLO

ADMO/BMG

ADMO/AZ

ADMO/BG/KWAE

Under CHS/HWH

CHI/HWH Stn.

HI/BWN

HI/BDC

HI/AZ

HI/RPH

HI/Gd/HWH

CHI/Goods/HWH

ADNO/RPH

Sr. Comdt. RPF (1)/HWH

IPF/RLY.

IPF/BDC

IPF/RPH

IPF/BWN(Stores)

SI/BNG

SI/AZ

CTCI/G/FP(Auto)

SI/ANG

CIWT/BEQ at FP

TCI/Wireless/LLH

SI(2)/HWH

TCI/CNL/HWH

SI/BWN

Under Sr. DPO/HWH

ATP School/KAN

ATP School/BWN

-Do- /RPH

-Do- /AZ

-Do-SNT

-DO-/BDC

-DO-BNG I

-DO-/BNG II

Under Sr. DPO/HWH

DRM Canteen

Under LF/HLO

HLO/Canteen

Under SCW/TRPR

C & W / Staff Canteen/TKPR

Under AEE/TRS/HWH

Carshed Canteen /HWH

Under DP/BMG

Diesel Shed Canteen/HWH

Under DF/BWN

D.S Canteen/BWN

Sr. DCS/HWH

List of major Station/Goods shed/CBOS are giving in List

No.1

Sr. DOST/HWH

List of SS/SN/YM under UPTG

Dept. are giving in List No. II

DSO/HWH

DCOS/HWH

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IPF/PKR

IPF/BOC HWH at Rly.

Sr. DPO/HWH

Divisional Cashier/HWH

Sr. Cashier/AZ

DO/RPH

DO/KWAE

DO/BWM

DO/BDC

List No. I

List of Major stations

Goods sheds, CBOs under the control of Sr. DCS/HWH

1. Ramkrishanapur Goods Shed.
2. Bandel Goods Shed.
3. Bally Goods Shed.

4. Sheroaphuli Goods Shed.
5. Chandannagar Goods Shed.
6. Burdwan Goods Shed.
7. Sainthia Goods Shed.
8. Nabadwip Goods Shed.
9. Katwa Goods Shed.
10. Azimgong Goods Shed.
11. Shrirampur Goods Shed.
12. Tarakeswar Goods Shed.
13. Belur Goods Shed.
14. Rampurhat Goods Shed.
15. CILI/HWH (Percels) Goods Shed.

List No. II

List of Major Stations under
SS/SM/YM under OPlg. Deptt.

1. SS/BDC
2. SS/Panduah
3. SS/Shrirampur
4. SS/Sheoraphauli
5. SS/Khana
6. SS/BWM
7. SS/Bolpur
8. SS/Rampurhat
9. SS/Kalna
10. SS/Katwa

Sealdah

Name of the Offices

A. Civil Engineering Deptt.

1. Sr. Divl. Engineer,
Including DEN/I/II/III
+ Track Bridge SDAH

Under DEN/I/Sealdah

2. AEN/I/Sealdah

3. AEN/II/Sealdah

4. AEN/Spl. Sealdah

Sub-Name of the Offices

1. Chief IOW/Sealdah
2. IOW/Water Works/Sealdah
3. IOW/Narkeldanga
4. Horticulture Inspection/Sealdah
1. Chief IWI/Sealdah
2. Chief IWI/Barrackpore
3. Inspectors of Works/BP
4. IWI/TD/Belghoria
5. Shop Supdt. /GP + WP/n
1. IOW/Chitpur
2. IWI/Chitpur

Order DEN/II/Sealdah

5. Asstt. Engineer/II/KPA

6. Asstt. Engineer/Ranaghat

1. IOW/Line/KPA
2. IOW/NH
3. IWI/NH
4. IWI/KPA
5. IWI/Mills-SNR/NH
1. IOW/Ranaghat
2. IOW/Krishnagar
3. IOW/Beldanga
4. PWI/Ranaghat
5. PWI/Krishnagar
6. PWI/Bhagabangola.

under DEN/III/Sealdah

7. Asstt. Engineer/South/Sealdah

1. Chief PWI/Sonarpur

8. AEN/Town-South/Sealdah

9. AEN/Barasat

Under Den/Bridge/SDAH

10. AEN/Bridge/SDAH

Mechanical Department

11. DME(C&W) SDAH

12. DME(P) Sealdah

13. DME(D)/ANIE(D) SDA along with
ACOS(D) + ACMT/ BGA

(C) Signal & Telecom Department

14. Sr. DSTC/ SDAH

2. Chief DWI/Beliaghata

3. Chief IOW/Sonarpur

4. PEI/Baruipur

1. Chief IOW/Ballygange

2. IOW/New Alipore(NAP)

1. PWI/Barasat

2. PWI/Bangaon

3. IOW/Bangaon

4. IWI/Bangaon

1. Chief Bridge Inspector/SDAH

2. Shop Supdt/Beliaghata

1. Supdt/C&W/SDAH

2. Supdt/C&W/SDAH/NH

3. Supdt/C&W/SDAH/Chitpur

4. Supdt/C&W/SDAH/Ranaghat

5. Casrriage and Workshop

Forceman/Bridge

6. SCW/Krishnapur

7. TXR-in-charge/Shantipur.

1. LF/Beliaghata + FIO/P/SDAH
LF/Chitpur

2. LF/Ranaghat

3. ALF/Krishnapur

4. LF/Krishnapur

5. Motor Forceman/SDAH

6. LF/NH

7. Sr. Fuel Inspt./SIO/SDAH

8. Asstt. Loco Forceman/Barasat.

1. Diesel Forceman/ Beliaghata.

1. Chief Signal Inspector(N)/SDAH

2. Signal Inspector/S-1/SDAH

3. Chief Singal Inspector/S-2/SDAH

4. Signal Inspector/Ranaghat

5. Chief Signal Inspector/RR/SDA

6. Signal Inspector/KPA

7. Telecom Inspector/Control/SDA

8. Chief Telecom Inspector/G/SDA

9. Chief Telecom Inspector/Works/SDP

10. Telecom Inspector/Con/SDA

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Electrical Deptt.

15. Sr. DEE/TRD/SDAH

1. Chief Traction Foreman/Baruipur

2. Chief Traction Foreman/South SDAH

3. Chief Traction Foreman/OHE/Narkeldanga

4. Chief Traction Foreman/OHE/ Halisahar

5. Chief Traction Power Controller/SDA

6. Chief Traction Foreman/RC/SDA

7. CTFO/Con/SDAH

8. TFO/PSI/NH

9. TFO/OHE/BP

10. TFO/OHE/Ranaghat

11. TFO/OHE/Sonarpur

16. Sr. DEE/TRS/SDAH

17. Sr. DEE(G)/SDAH

18. Operating Deptt.

Sr. Divisional Operating Manager
including Safety Office/SDAH

17. Stn. Manager /Canning

Commercial Deptt.

Sr. Divisional Commercial Manager

20. D.T.M/Chitpur

(F) Security Deptt.

21. DSC/RPF/SDAH including
ASC + SI/Stores/SDAH

22. ASC/RPF/KPA

12. TFO/OHE/Dattapukur

13. TFO/PSI/Narkeldange

14. TFO/HRS/SDAH

1. CTF/R/SDAH

2. CTF (M) /TRS/Narkeldanga

3. CTF(M)/TRS/Sonarpur

4. CTF (MI/TRS/ Barasat

1. Shop Supdt. /Elc. G/SDAH

2. Shop Supdt/Elec. TL/SDAH

3. Shop Supdt /Elec-G/Chitpur

4. Shop Supdt/Elec-G/Ranaghat

5. Electrical Foreman /NH

1. Station Manager /SDAH

2. O/o the Chief Controller/SDAH

3. Yard Supdt. + SS/NH

4. Asst. optg. Manager & CYMCP

5. CYM/ Kankinara.

6. Yard Master/Building Budge

7. Sup. Stn. Manager/RHA

8. Sup. Stn. Manager/ Dum Dum Jn.

9. Sup. Stn. Manager/ Krishnanagar

10. Sup. Stn. Manager/ Bangaon

11. Sup. Stn. Manager/ Ballygunge

12. Sup. Stn. Manager/ Barasat

13. Sup. Stn. Manager/ Berhampur Cant.

14. Sup. Stn. Manager/ Hasnabad.

15. Sup. Stn. Manager/ Lakshmikantapur

16. Sup. Stn. Manager/ Diamond Harbour

18. “ / Shantipur

19. “ / Gede

20. “ / BP

21. “ / Bidhannagar

22. Stn. Superintendent/Titagarh

23. Kulpi (South Stn.)

1. IPF/SDAH

2. IPF/Ballygunge

3. IPF/Dum Dum Jn.

4. IPF/Chitpur

5. IPF/CED (Cossipore)

6. IPF/NKG(i)

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7. IPF/NKG (III)

8. BIPF/Operation & Electric

9. IPF/Stores

10. IPF/Coaching Stock-CA

11. IPF/Fire/SDAH

12. St/ Fire-Sonarpur Carshed (formerly St/Fire Budge Budge)

1. IPF/KPA-LOCO

2. IPF/KPA (C+W)

3. IPF/KPA-CaSH + Train Escort

4. IPF/ Halishar (Store)

5. IPF/NH

6. IPF/Shyamnagar

7. IPF/Ranaghat

8. IPF/Berhampur Court

9. SI/Fire /KPA
- 10.SI/Stores/KPA
11. IPF/Store-KPA

G. Personal Branch

23. Sr. Div. Personal Manager/
SDA (23 Units)

1. Primary School / SDAH
2. Primary School /NH
3. Primary School /Ranaghat
4. Primary School / /Diamond Harbour
5. Primary School //Beliaghata/Hindi
6. Primary School/Chitpur
7. Primary School/ Krishnanagar
8. Primary School/ Halishar
9. Primary School/ Krishnanapur
10. Primary School/Belisghata
11. Primary School/ Narkeldanga
12. Primary School/ Mughalbazar
13. Primary School/ Bangaon/Bengali
14. Primary School/ Budge Budge
15. Beequet Institute/NH
16. Netaji Subhas institute/SDAH
17. Dr. B. C. Roy Institute/SDAH
18. Hervery Institute/RHA

(H)Hindi Deptt.

24. Asstt. Hindi Officer/
SDAH

(I) Medical Dept.

26. Medical Director/BRSH/
E. Rly/SDAH

1. Health Unit/ Fairlie Place
2. -do-/Koilaighat
3. -do-/Gholsapur
4. -do-/Kamardanga
5. -do-/Sonarpur
6. -do-/Narkeldanga
7. -do-/Chitpur
8. Health Unit/Dakshindari, Cal-37
9. -do-/NH
10. Health Inspector/Gholsapur
11. Health Inspector/Sonarpur
12. Health Inspector/ /Chitpur
13. Health Inspector//Dakshindary
14. Health Inspector//NH
15. Rockup Dispensory / Budge Budge
16. Rockup Dispensary/BP
17. -do-/Dakshindary

(J) Cash & Pay Deptt.

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26.Divl. Cashier/Sealdah

(K) Other Special. Category Offices

27. District Controller of Stores including DRM Stores/Sealdah

1.

2.

3.

ATP School/TC BRWD (1)
ATP School/TC,PTRU
ATP School/DC,PTRU
ATP School/Gomoh
ATP School/Kusunda

:ASANSOL:

Name of the Unit Offices

Sr. DEE/ASN

Sr. DSTE/ASN

CWS/ASN

AEN/HQ/ASN (Line & Track)	CSI/I/ASN	CWS/UDL
AEN/UDL	TCI/ASN	CES/DCOP
AEN/II/UDL	CSI/I/UDL	CWS/HSME
AEN/III/UDL	CSI/II/UDL	CWS/DSEV
AEN/MDP	SI/HUM/UDL	CWS/PAN
IOW/E/ASN	SI/RR/ASN	CWS/BRR
IOW/W/ASN	Elect.	CWS/STN
PWI/ASN	Sr. DEE(G)/ASN	Mech. (Power) Sr.
PWI/BRR	Sr. DEE/TRD/ASN	DME(Power)/ASN
IOW/STN	Sr. DEE/TRS/ASN	LF/ASN
PWI/Kalubathan	Sr. EF/ASN	LF/UDL
BRI/STN	Sr. EF/TLI/ASN	LF/STN
WP/ASN	Sr. EF/UDL	Mech. (Diesel)
PWI/KPK/ASN	EF/MDP	Sr. DME(D) UDL
PWI/W/ASN	TLI/UDL	DF/UDL
IOW/Line/UDL	TLI/MDP	<u>Optg.</u>
IOW/Col/UDL	TLI/TSNE	Sr.- DOM/ASN
PWI/Tard/UDL	TFO/OHE/PAN	CYM/UDL
PWI/Topsi	TFO/OHE/UDL	CYM/HSME
PWI/Siuri	TFO/OHE/ASN	CYM/DSEY
IOW/PAN	TFO/RC/ASN	CYM/STN
PWI/MNAE	TF/R/ASN	CYM/DCOP
PWI/PAN	CTFO/R/TRS/ASN	CYM/BRR
PW/ID/PAN	CTFO/TRS/ASN	ACOS (D)/UDL
PWI/E/UDL	ATFO/B/UDL	DSO/ASN
IOW/MDP	CTFO/ASN/Stores	(Traffic & Sports)
IOW/MDP	HTLI/UDL	Area Officer/UDL
PWI/Vidyasagar	Sr. DME/(C&W)/ASN	CMS/ASN
PWI/MDP	AME/C&W/UDL	MS/UDL
PWI/JSME		
CHI/UDL		Dy. CE(C)/ASN
HI/PAN		Dy. CE(C)/DHN
ADMO/UDL		DEN (C)/GMO
(North Colony)		IOW (C)/DHN
Sr. ADMO/STN		CPWI (C)/GMO
Sr. ADMO/MDP		(Including PWI/C/Bihar)
Sr. ADMO/Traffic		IOW (C)/UDL
Colony/ASN		IOC (C)/GMO
Sr. ADMO/Dolmohari/ASN		
ADMO/PAN		IOW (C)/BRWD
CHI/ASN		CLOW(C)/BERMO
CHI/STN		PWI/C/UDL
CHI/MDP		DSK/C/ASN
DSK/C/UDL		ADMO/BRR
DCOS/ASN		TFO/C/SGFL
Sr. DPO/ASN		DSTE/C/DHN

MEDICAL
CMS/DHN

ADMO/GMO
ADMC/Bhuli
ADMO/Tori
ADMO/Chopan
ADMO/BRKA
ADMO/KTA
ADMO/PEM

TFO, HZD
TFO/PSI/KQR
CTFO/GJD
T.F. (R), GMO
TFO/CRP
TF/R/DHN

- C. Health Gomoh
- C. Health BRKA
- C. Health BRKA/PEH
- C. Health BRKA/DHN
- C. Health BRKA/CPV

Security
Divisional Security
Commissioner DHN

Asstt. Security
Commissioner with
Principal/RPF Trg.
School/DHN
Asstt. Security
Commissioner BRKA

Inspector/C + TC/DHN
IPF/Gomoh
IPF/Gomoh/DHN
SI/Stores/DHN
IPF/PTRU
IPF/Fire/PTVR
IPF/Crime/DHN
IPF/Fire/DHN
SI/PEH
IPF/GJD
SI/GHD
SI/BRKA

SR. DME(D)/PTRU

SR. DME(C&W)/DHN
Including AME(C&W)/DHN

ACOS/Diesel/PTVR
(Esstt. Portion only)

CWF/Gomoh
CWS/DHN
CWF/Kusunda
CWS/KTH
CWS/GTD
CWS/PEH
Central Stores
(C&W) RV DHN
CWF/Dugda.
CWF/PTRV
CWS/BRKA
CWS/BRWD
CWS/Chopan
CTXR/RNO

Carriage contd.

AME/BRKA/CKW

CTXR/GHD
CWF/GHD
CWF/SGRL
PWI/DGD

Mechanical
Sr. DME(P)/DHN
Including AME(P)
DHN

LF	BRKA
LF	PTRV
LF	BRWD
LF	DHN
LF	Gomoh
LF	PEH
LF	KTH
LF	Chopa.

DME (P) Chopan

Divisional Cash Offices/DHN
DHN
Coal Supdt. WCDC, DHN
(Passes & PTO Account Only)

AGM Calliary
NCDC Calliary
Kangali Calliary
Swangt Calliary

Rly. Institutes, Clubs
Etc. under Sr. DPO/DHN
(Welfare Sec)

Rly. Institute - DHN
Rly. Club - DHN
DRM Office Canteen - DHN
Loco Canteen - DHN
Indoor patient Recreation
Club - DHN
Rly. Recreation Club -
Haripur.
Personal Branch Section.
Club - DHN
Coal Commercial Club - DHN
Accounts Office Club - DHN
CMA Office Club - DHN
Tetulate Sports Club- DHN
Combined Recreation Club,
Loco Colony- DHN
Old Station School- DHN
FA & CAC Sr. Boys Club- DHN
CFA Recreation Club- DHN
Loco Recreation Club- DHN
ID Colony Sports Club- DHN
M.P. School - EM- DHN
M.P. School - HM- DHN
Rly. Club - Gomoh
M.P. School - EM- Gomoh
Staff Canteen - Gomoh
Rly. Recreation Club - GHD
Rly. Recreation Club - CPU
M.P. School, HM - PEH
Rly. Recreation Club - BRKA
Rly. Recreation Club - PTRU
Staff Canteen Colony - PRTU
Staff Canteen/ Diesel - PTRU
Rly. Recreation Club - GID
Rly. Recreation Club - BRWD
Malvia Institute - GHD
Rly. Co. Operative Canteen - DHN
Rly. Recreation Club - KDS

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Pr./MTC/Bhuli under
Sr. DCM/Cal & DRM/(DHN)
(Every Year)
CAS/DHN
(Every Year)

Rly. Recreation Club - KGRL
Rly. Recreation Club - HID
Rly. Recreation Club - DGD
M.P. School - EM - DHN
M.P. School - ER - PEM
Girls High School - GMO
Girls Middle School - GMO

CWG/Sitarampur
CWG/BRKA & Arigada
“ BRP
“ Andal
“ DCOP/DGR

ATP School under
D.P.O./ DHN

“ ASN
“ Birmitt
“ BGD
“ Giridhi
“ Kumaloria
“ Singrauli
Ws Phussu
“ Bhowore
“ Kampali
“ Nas.
“ HKRA
ATP School/TTE, DHN
ATP School/ Hill colony
“ DO, DHN
“ OS, “
“ WN “
“ WB “
“ EM, KTH
“ EM, DEH
“ EM, SNMY
“ HM, KODARNA
“ HM, GID
“ EM/LC. BRKA
“ TC, BRKA

Jamalpur

1. Receipt and Despatch sec.
of Sports Department.
2. D.S.K. Otherwards
3. C.W.M. Office Mcl.
 - i) Central record
 - ii) Central Type section
 - iii) Station only.
4. Work Manager (D)
 - i) Diesel P.O.H. No. 50
 - ii) Diesel Component Shop
 - iii) Diesel Foreman
5. Dy. CME (M&P)
 - i) Machine Shop
 - ii) Crane Shop
 - iii) Brass finishing Shop
 - iv) Deinking Shop
6. Workshop Personal Officer
including pay bill.
Welfare Office and pass Section.

- i) E.R. Inter College
- ii) MP School & ATP Colony
- iii) ATP School Daulatpur & Rampur
- iv) M. School No. 1 & 2
- v) Workshop Canteen
- vi) S.N.I
- vii) Homeopathy Ayurvedically Dispensary
7. Works Manager (PVT)
 - i) T.T.S
 - ii) M.C.T.R
8. Principal Pranali Technical
School
 - i) Cinder Section
 - ii) Rampur Hostel
 - iii) B.T.C.
 - iv) T.P.T. Road
 - v) T.P.T. Rail
 - vi) S.N.I. (Colony)
9. Works Manager (Manufacturing)

- i) Heat treatment shop
- ii) Chain Shop
- iii) Spring Shop
- iv) Blacksmith Shop
- v) Bolt & Nut Shops
- vi) Inspection (Manufacturing)
- vii) Forge Shop
- viii) Rolling Mill.
10. Dy. Chief Project Manager
(Dy. CME Project)
 - i) Staff Foundry
 - ii) GIF
 - iii) BBF

- iv) B.W.F.
- v) Pattern & Carpentry
- vi) Brick Shop
- 11. Works Manager/plant
- i) Mill Weight Shop including P.O.H (Diesel)
- 12. Chief Medical Superintendent
- i) Rampur Health Unit
- ii) Workshops Health Unit
- iii) Traffic Health Unit
- iv) Gate No. 6 Health Unit
- v) Daulatpur Health Unit
- 13. Dy. C.O.S. Office including DCOS (Crane)
- 14. Dy. CEE Office
- i) Power House including other electric shop
- ii) Town Supply
- iii) Manager pontoon.
- 15. I.R.I.M.E.E.
- i) S.C.A. Hostel
- 16. Cash & Pay Office
- 17. Sr. C.M.T
- 18. Rajbhasa Adhikari
- 19. Other Offices
- i) Time Office (Gate No. 1 & 6)
- ii) C.I.N.I.
- 20. Town Engineer
- 21. Asstt. Town Engineer
- i) IOW(C)
- ii) IOW(W)
- iii) PWI(W)
- 22. Sr. D.P.M.
- 23. Dy. Mechanical Engineering Finishing
- i) Erecting Shop (Box Wagon)
- ii) Paint Shop
- iii) S.M.S (Sort Metal Shop)
- iv) Wheel Shop
- v) F.T.S
- vi) Inspection
- vii) scrap yard
- viii) N.T.S.
- 24. Dy. C.M.E. project

L I L U A H

Name of the Main Office

- 1. CWM. Rly, LLH
- 2. -
- 3. Dy. C.M.E (M)
- 4. -
- 5. -
- 6. -
- 7. -
- 8. -
- 9. -

Sub-Offices

- Jig Mill (F)
- Saw Mill (F)
- Black smith
- Tin Smith
- Spring (E) Shop
- Machine (G) Shop
- Mill Wright (H) Shop

- 10. -
- 11. -
- 12. -
- 13. Dy. CME(C)
- 14. -
- 15. -
- 16. -
- 17. -
- 18. PE, E.Rly, LLH
- 19. -
- 20. -
- 21. -
- 22. -
- 23. WPO/n

- Wheel (k)
- Welding (w)
- Shop Overseer
-
- Training (T)
- Carriage Building (N)
- Carriage Report(MR)
- Paint (N) Shop
-
- MIDC
- B.T.C
- Laboratory
- Tool Room
-

24.	-	Canteen
25.	-	Bengali High School
26.	-	Hindi High School
27.	-	Apprentice Hosts
28.	-	Ansterity School
29.	Tinae Office	-
30.	Cash & pay Office	-
31.	Dy. CME(W)	-
32.	-	Under Frame (J)
33.	-	Wagon Repair (L)
34.	-	Wagen Construction (B) shop
35.	Yard Master	-
36.	Dy. CEE (W)	-
37.	-	Train Lighting (P)
38.	-	Rajdhani
39.	-	Power/House
40.	-	Electric Repair Shop
41.	-	Power Car
42.	-	A.C. Shop
43.	MS/LLH	-
44.	Sr. EDPM	-
	DY. CME(MOD)	-
45.	Dy.COS/LLH	-
46.	-	Traction Depot/Bihar
47.	-	LCD Belur
48.	-	Wagon (Sub Store/Paragraph)
49.	DCOS/HWH	-
50.	-	Store Depot/KAN
51.	DCOS/BBSY	-

M a l d a h T o w n

SR.DEN/ER/MLDT	PWI/ER/JMP
AEN/ER/MLDT	PWI/II/ER/JMP
AEn/Er/SBG	PWI/TD/Er/SBG
AEN/ER/NFK	BRI/ER/MLDT
AEN/ER/JMP	IOW/ER/MLDT
PWI/ER/MLDT	IOW/IVE/MLDT
PWI/ER/BHW	IOW/ER/JRLE
PWI/ER/DGLE	IOW/ER/BHW
PWI/ER/SBG	IOW/ER/SBG
PWI/ER/BGP	IOW/ER/BIGP
DME/ER/MLDT	SS/ER/JMP
ANE/Er/SBG	SS/ER/SBG
LF/ER/JMP	SS/ER/MLDT
LF/ER/SBG	SS/ER/NFK
LF/D/MLDT	SM/ER/Rgl

SCW/ER/MLDT	SM/ER/TDLE
SCW/B/SBG	SM/ER/Maharajpur
SCW/ER/BCP	SM/ER/Kalyanchak
SCW/ER/JMP	SM/ER/Sibnarayanpur
SFI/ER/SBG	SM/ER/Ratanpur
LI/ER/BGP	SM/ER/Dasaratpur
Sr. DME (D)/ER/JMP	SM/ER/MDLE
DEE/ER/MLDT	SM/ER/BHW
Sr. EF/ER/MLDT	SM/ER/Sultangang
Sr. EF/TL/ER/MLDT	SM/ER/Jangipur
EF/G/ER/SBG	M/ER/Kahalgoan
EF/G/E/BGF	SM/ER/Manger
EIC/Er/BHW	SM/Er/Akbarnagar
EF/TL/ER/BGP	SM/Er/Kalyanpur RD.

DSTE/Er/MLDY
 ASTE/ACO/ER/SBG
 CSI/EFUMLDT
 CSI/ER/SBG
 CSI/E/JMP
 TCI/ER/MLDT
 TC1/DH/ER/SBG
 TCI/G/ER/SBG
 DCM/ER/MLDT
 Sr. DOM/ER/MLDT
 Chief Controller/Er/MLDT
 SS/ER/BGP

Insp/RPF/JMP(W&P) post
 OC/Fire/JMP
 Insp/RPF/CIB/JMP
 */RPF/SIB/JMP
 Public Prosecutor/RPF/JMP
 IPF/Stores/JMP
 HI/E/MLDT

Sr. DMO/Main/Er/SBG
 ADMO/Line/ER/SBG
 HI/ER/SBG
 DNO/ER/BCP
 HI/ER/BGP
 ACOS/ER/MLDT
 DPO/ER/MLDT
 Boys Middle School/ER/SBG
 ATP/HM/E/SBG
 ATP/BM/E/SBG
 ATP/HM/Er/SGK
 ATP/HW/E/BGP
 H.S. School/ER/SBG
 DC/ERT/MLDT
 RRB/ER/MLDT

Kanchrapara

1. Chief Works Manager/KPA
2. CME(C&W)KPA
3. CME(G)KPA
4. CEE(G) KPA
5. Production Engineering incl. Power & Production Central (LOCO)KPA
31. D.TE/KPA
32. AEN-J/KPA

SM/ER/Sabur
 DSO/ER/MLDT
 DSC/ER/MLDT
 ASC/RPF/Er/JMP
 Insp/RPF/ER/MLDT
 "/FIR/ER/"
 "/RPF/CIB"
 Public Prosecutor/RPE/MLDT
 Insp/RPF/STB/MLDT
 Insp/RPF/BHW post.
 Insp/RPF/SBG post
 "/RP1/BGP post
 "/RPF/JMP post (yard)

6. Dy CEE (Mod project) KPA
7. CEE (P&D) KPA
8. COS/KPA & Stores Depot including R&D
9. COS/MER & Stores Depot incl.
10. COS/KPA and H&R (Est Portion only)
11. P.O. (Electrical) KPA
12. P.O. (C&W) KPA
13. P.O. (Loco & Misc) KPA
14. P.O. (other than electrical loco & W/KPA)
15. Principal Technical School/KPA
16. Cash Officer/KPA
17. Chief Medical Sudpt./KPA
18. Sr. DMO/Laco
19. Sr. DMO(C&W) KPA
20. Sr. DMO, Dangapara/KPA
21. Sr. DMO New Colony/KPA
22. Foundry Shop No. /KPA
23. Spring and Smithy Shop No.5/KPA

24. RTs Yard work shop No. B/KPA
25. Electrical Maintenance Shop 9/KPA
26. Saw mill shop 16/KPA
27. Punt shop 19/KPA
28. Foundry Shop Carriage No. 24 /KPA
29. Motor Coach P.Q.H. Shop No. 28/KPA
30. Meter Reading Shop No. 35/KPA

33. Dy CEE(con) KIA
34. Dy CEE including loco KPA
35. ATP School /Deshbandhu Colony KPA
36. POH of EMU trailer Coach body position shop 18/KPA
37. R.M.P. School /KPA
38. A.T.P. School /New colony
39. AT.P. School /Dangapur
40. AT.P. School
41. A.TP. School /Ambagan
42. A.T.P. School /Deshbandhu Colony /KPA
43. Head Time Keeper/HRL Stores.
44. Erection Shop No. 1/KPA
45. Machine Shop No. 2/KPA
46. Welding Shop No. 3/KPA

47. Foundry Shop No. 4/KPA
48. Springs and Smithy Shop No. 5/KPA
49. Loco Shop No. Δ/KPA
50. Small Tools /Machines repairing Shop No. 7/KPA
51. RTS Yard Workshop No. 8/KPA
52. Electrical Maintenance Shop 9/KPA
53. Electrical Maintenance Shop 10/KPA
54. Electrical Maintenance Shop 11/KPA
55. Cable shop No. 14/KPA
56. Wiring Shop No. 15/KPA
57. Saw Mill Shop No. 16/KPA
58. P.O.H. of EMU Trailor coach position under Shop No. 17/KPA
59. P.O.H. of EMU Trailor coach body position Shop No. 18/KPA
60. Paint Shop No. 19/KPA
61. Machine Carriage Shop No. 20/KPA
62. Foundry Carriage Shop No. 24/KPA
63. Bogle Shop No. 25/KPA
64. EMU(Elec) Fan Switch Fitting Shop No. 26/KPA
65. Mill wright shop No. 27/KPA
66. Motor Coach POH Shop No. 29/KPA
67. Heavy Corrosion Repair Shop No. 29/KPA
68. Yard Foreman, Management of Roller stock No. 30/KPA
69. Shop Supdt./C&W, Electric Shop No. 31/KPA
70. M.T. lorry Carriage Shop 33/KPA
71. Rewinding of motor Shop No. 34/KPA
72. Meter Reading Shop No. 35/KPA
73. Wheel and Axles shop No. /KPA
74. Computer Organisation CWM/KPA
75. DTE/KPA
76. AEN/1/KPA
77. I0W(loco)/KPA
78. SS/loco(Elec)/KPA
79. Dy. CEE(Con)/KPA
80. Dy. CEE(including loco)/KPA

List of offices of Mughalsarai

	<u>Main Office</u>	<u>Sub Office</u>
1.	Sr. DOM/MGS	SM/ER/MGS SS/ER/DOS SM/GR/GYA CYN/ER/SEB SS/ER/CDMR SS/ER/SYJ SS/ER/KMS SS/ER/DGO SS/ER/BBU
		SS/ER/KTO SS/ER/SSM SS/ER/AUBR SS/ER/RFG SS/UR/JPL SS/ER/MDJ SS/ER/NBJ
2.	Sr. DPO/MGS	
3.	Sr. DME/C&W/MGS	
4.	AME/C&W/MGS	CWS/TWC/MGS CES/DSL/MGS
5.	AME/BXNI/MGS	

6.	AME/C&W/GYA	CWS/SL/GYA CWS/DOS
7.	DME/P/MGS	LF/ER/MGS LF/ER/SEB LF/ER/GAYA
8.	DEE/G/MGS/	Sr. EF/MGS TLI/MGS TLI/GYA Sr. EF/GYA
9.	Sr. DEE/TRD/MGS	CTFO/MGS CTFO/MGS CTPC/MGS
10.	AEE/TRD/GYA	CTFO/DOS CTFO/GYA
11.	Sr. DSTE/MG	CTCI/G/MGS CTCI/GYA CSI/I/MGS CSI/II/MGS BI/DH/MGS
12.	ASTE/DOS	CSI/DOS CSI/GYA
13.	DSC/MGS	IRPF/WP/MGS IRPF/C&TE/MGS IRPF/UP/MGS IRPF/DP/MGS IRPF/DOS IRPF/Fine/MGS
14.	ASC/GYA	IRPF/C&TE/GYA IRPF/GYA
15.	Sr. DEM/MGS	
16.	AEN/Col/MGS	CPWI/II/MGS CPWI/N/MGS CPWI/S/MGS
17.	AEN/I/MGS	CLOW/I/MGS CPWI/KMS/ CLOW/Line/MGS CPWI/BBU CBBI/MGS
18.	AEN/II/MGS	CLOW/DOS PWI/DOS CPWI/AUBR PWI/East/JPL PWI/West/JPL CIW/JPL
19.	AEN/Bridge/MGS	CPWI/GYA CPWI/TD/GYA CPWI/RFJ
20.	AEN/DOS	
21.	AEN/JPL	
22.	AEN/GYA H	
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23.	ATE/GYA	IOW/Colony/GYA
24.	CMS/MGS	BMO/Traffic/MGS DMO/PD/MGS DMO/SEB/ DMO/DOS CMI/MGS HI/DOS HI/ER/GYA
25.	MS/GYA	RMPS/MGS
26.	Inter College/MGS	ATPS/RPF/MGS ATPS/Loco/MGS ATPS/DOS

27. DCM/MGS
28. Sr. DC/MGS

RMPS/DOS
ATPS/Loco/GYA
ATPS/Stn. Col/GYA
ATPS/RPF/GYA
ATPS/MV/GYA

29. DCOS/MGS

Cash and Pay office/DOS
Cash and Pay Office/GYA
ACOS/Diesel/MGS
ACOS/TRS/MGS

30. DRM/MGS

31. DSO/MGS

Misc
DF/MGS
CTFO/S/MGS
DPM/MGS
CBS/GYA
DMO/MC/MGS

32. RA/MGS

List of offices from Programme of Inspection of Divisional Audit Office DANAPUR.

1. Sr. DCM/DNR
2. DME/C&W/DNR
3. CWS/DNR
4. CWS/PNBE
5. CWS/MKA
6. CWS/IAJ
7. CWS/GHZ
8. CWS/NPO/IAJ
9. DME/P/DNR
10. LF/DNR
11. LF/IAJ
12. LF/GHZ
13. LF/PNBE
14. Sr. DSTE/DNR
15. CSI/I/DNR
16. CSI/II/DNR
17. CTI/I/Control/DNR
18. TCI/Auto/DNR
19. TCI/ /DNR
20. ASTE/Con/DNR
21. SI/Con/DNR
22. Sr. DEE/G/DNA

32. EF/TL/DNR
33. DCOS/DNR
34. CMS/DNR
35. Sr. DMO/IAJ
36. Sr. DMO/PNBE
37. ADMO/KEU
38. ADMO/MKA
39. ADMO/BXR
40. ADMO/BKP
41. ADMO/NWD
42. DMO/LOCO/DNR
43. H & MI/DNR
44. H & MI/BXR
45. H & MI/MKA
46. H & MI/PNBE
47. H & MI/KEU
48. H & MI/IAJ
49. Sr. M/DNR
50. AEN/DNR

51. AEN/MKA
52. AEN/GHZ

23. Sr. EF/DNR
24. Sr. EF/IAJ
25. Sr. EF/INBE
26. ELC/TL/IAJ
27. AEF/KEU
28. EF/TL/PNBE
29. EF/MKA
30. EF/BXR
31. EF/CHZ
63. IOW/BKP
64. IOW/BXR

54. AEN/XEU
55. AEN/BXR
56. AEN/I/GYA
57. IOW/Cal/DNR
58. IOW/L/DNR
59. IOW/L/DNR
60. IOW/PNBE
61. IOW/MKA
62. IOW/ARA
97. High school/DNR
98. Zonal Jr. School/ MKA

65.	IOW/GHZ	99.	Middle/DNR
66.	IOW/JHD	100.	RMP School/DNR
67.	IOW/NWD	101.	High School/JAJ
68.	IOW/KEW	102.	Middle School/JAJ
69.	WSF/DNR	103.	ATP School/EC/DNR
70.	IOW/JAJ	104.	ATP School/NC/DNR
71.	BRI/DNR	105.	ATP School/ARA
72.	BRI/R.Pul/GHZ	106.	ATP School/BXR
73.	RS/MKA	107.	ATP School /KEU
74.	PWI/DNR	108.	ATP School/I/JAJ
75.	PWI/ARA	109.	ATP School/II/JAJ
76.	PWI/PNBE	110.	ATP School /MKA
77.	PWI/MKA	111.	ATP School/BKP
78.	PWI/BKP	112.	ATP School/PNBE
79.	PWI/GHZ	113.	ATP School/GHZ
80.	PWI/KEU	114.	Sr. DOM/DNR
81.	PWI/JAJ	115.	CYM/JAJ
82.	PWI/JHD	116.	CYMI/GHZ
83.	PWI/NWD	117.	SS/DNR
84.	PWI/KKR	118.	SS/ARA
85.	PWI/BXR	119.	SS/BXR
86.	PWI/DLN	120.	SS/PNC
87.	Divl. Pay Office/DNR	121.	SS/RGD
88.	RRB	122.	SS/MKA
89.	DSC/RPF/DNR	123.	SS/KEU
90.	IPF/DNR	124.	SS/BKP
91.	IPF/JAJ	125.	SS/BEHS
92.	RPF/PNBE	126.	SS/JND
93.	IPF/BXR	127.	SS/NWD
94.	IPF/GHZ	128.	SS/RH
95.	Sr. DPO/DNB	129.	SS/PNBE
96.	Rly. Canteen/ DNR		
130.	SDO/T/BEHS (Card PASS)	131.	SDO/ARA
132.	SDO/GYA	133.	SDO/PNBE
134.	DE/T/GYA	135.	PMG/Pana
136.	SRP/Patna	137.	Railway claims Tribunal Patna
138.	DPM/DNR	139.	Dy. CE/Con/DNR
140.	IOW/Con/DNR	141.	IOW/Con/R. Nagar/Patna Jn.
142.	PWI/Con/DNR	143.	Dy. CE/Con/JMP
144.	IOW/Con/JMP	145.	PWI/Con/JMP

PROFORMA – I

Annexure - III (18.16)

OFFICE OF THE DIRECTOR OF AUDIT EASTERN RAILWAY

14, STRAND ROAD (5TH FLOOR)

CALCUTTA-700001.

Inspection Report Part I on the accounts and records of the office of _____
Indian Railway, _____ under the supervision of Shri _____
_____ held during the month of _____.

No. _____

Dated: _____

Forward with one spare copy to the _____
Eastern Railway, _____ with the request that the remarks of the Admn. May be
furnished to Audit through Accounts within one month.

DA: As Above

Audit Officer/
Eastern Railway.

No. _____

Dated: _____

A copy of the Inspection Report is forwarded to the _____
_____ Accounts Officer / _____ Eastern
Railway, _____ or information and necessary action.

DA: As Above

Audit Officer/
Eastern Railway.

Annexure – IV (18.16)

PROFORMA – II

PR. DIRECTOR OF AUDIT.

D.O. NO. _____

Dated: _____

Dear Shri _____

I enclose a copy of the Pt. I Inspection Report / Audit Note on _____ (Subject) on
the check of Accounts and records of _____ (Office inspected/
vouchers/ documents audited) issued to _____ (associated Accounts Officer &
Executive Officer) in _____ (Month and Year).

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I hope that the facts and comments stated therein could be verified and Administration's remarks sent
to audit within four weeks a Admn. Has accepted observations made thereProcess
the case accordingly.

Yours sincerely,

(Pr. DIRECTOR OF AUDIT)

No. _____

Dated: _____

- i. Shri _____ Hd. Of the Department.
- ii. _____ DRM / Head of workshop.

Annexure – IV

(See para 18.6)

List of items to be looked at the time of Inspection

Index

Sl. No.	Names of Offices
1.	Chief Personnel Officer including G M. Pass Section and Establishment portion of offices of other HODs viz. CME, CMO, CE, CEE, COPS, CSTE, CPRO, CSO, COS, CCS, JD (I&S), DIREC TOR (Railway Movement). Dy. GM(G) /Civil Defence, Chief Marketing Superintendent, Commandant/RPF, Pass and PTO Accounts of Offices like GM/Production/Central Coal Field /Ranchi.
2.	Inspector General /Rly. Production Force, Chief security Commissioner, Security Officer, Commandant, Asstt. Security Officer, Commandant, Asstt. Security Officer and Similar offices situated at Divisions & Workshops.
3.	Chief Works Manager, Plant Depot Mughalsarai.
4.	Chief Operating supdt. including CPTS, CFTS, CTSS etc.
5.	Chief Mechanical Engineer including CME(Fuel), CMPEIRL), CRSF ETC, ACME(PLI Chief Working Engineer (CWE), CWE (MOD) etc.
6.	Controller of Stores including SSOP, ACOS, SCRP/ASN, DCOS Clothing Factory.
7.	Chief Public Relation Officer including PRO situated at outstations.
8.	Printing Superintendent, Asstt. Printing Supdt. Press and Forms and Tickets and CAO's Ticket supply Section / Howrah.
9.	Cash and pay office under FA & CAO/E Rly and FA & CA)/C/E Rly.
10.	Chief Engineer (Cons) including CEIC)/Tender Works, CE(C)/Stores
11.	Chief Electrical Engineer including Elec/Genl. TRD, TRS under CEE or Dy CEE/G
12.	Chief Engineer including the office of CE were divided into some units viz. CE/Track, Bridge and so on and also similar offices under CE/C.
13.	Chief Planning Officer.
14.	Chief signal and Telecom Engineer, including CPJO(MW), Dy CSTE, Dy CSTE (MW) if with independent office and similar offices under CSTE/C.
15.	Chief Medical Officer.
16.	Chief Project Manager including PRS at HQ
17.	Rly. Recruitment Board.
18.	Chief Commercial Supdt.

Proforma for important features of station inspection including list of items to be looked into- (To be kept in the I/R file to each station as per C & AG's order vide letter no. 470-RAIII/8-7/87 dated 14.08.87).

- 1) Name of station inspected :
- 2) Name of the station Master :
- 3) Telephone No, of Station :
- 4) Period of Inspection :
- 5) Period of detailed Check :
- 6) Inspecting Party :-
(1)
(2)
(3)

- (4)
- 7) Supervising Officer :
 - 8) Period of Supervision :
 - 9) Earning (Gross) :- (a) (Coaching)
(b) (Goods)
 - 10) Outstanding :- (a) (Coaching)
(b) (Goods)
 - 11) Siding :
 - 12) Special Feature if any :
 - 13) Important Points taken up :

Section Officer/Asstt. Audit Officer

Traffic Audit / Inspection
Eastern Railway, Calcutta.

ANNURE – VI (Para 18.2)

Proforma for Annual Inspection Programme for the year _____ of _____

Sl. No.	Name of office to be inspected	Frequently	Month & Year of last inspection	Audit Accounts	Month of Proposal inspection	Accounts Audit	No. of Party days		Sub- Office	
							Perso nnel	Non- Personnel	Perso nnel	Non- Personnel
1	2	3	4	5	6	7	8	9	10	11

Total time (No. of days) Column 8 to 11	% to Br. Office supervision and No. of days.	Sub Office selected for Br. Officer Supervision	Sub office Proposed for inspection.	Remarks.
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Annexure V (Para 18.8) Part I Items common to all offices:

- 1) Engagement of Special Labour.
- 2) Sale of Grass.
- 3) Review of works Register.
- 4) Review of Major/Minor works.
- 5) Audit of Estimates and CRs of Works costing less than Rs. 5,000/-each.
- 6) Rate slips and rates registers.
- 7) Register of Measurement Books.
- 8) Work orders.
- 9) Measurement Books.
- 10) Contractors' Bills.
- 11) Adjustment Vouchers.

- 12) Siding Registers.
- 13) Materials-at-side account
- 14) Ballast Register.
- 15) Ballast train Journals.
- 16) Sale of Caol Ashes.
- 17) Sale of wooden sleepers.
- 18) Register of useful tress.
- 19) Contractors Ledgers.
- 20) Land registers and register of cases of encroachment on Rly. land including review of old cases.
- 21) Register of Buildings leased to outsiders.
- 22) Work charged Establishment.
- 23) Comparison of Rly. Rates with civil Rates.
- 24) Register of classification of soil.
- 25) Following items in AENs office:
 - i) Record of AEN in regard to witnessing of payment to staff.
 - ii) Register of Engineering vehicles.
 - iii) Credit Notes.
 - iv) Thumb impression Register.
- 26) AENs Workshops.
- 27) Tally cards and field time books.
- 28) Job cards.
- 29) Accounts of Materials issued to contractors.
- 30) Engine Fire Bills.
- 31) Review of Register of Rest House.
- 32) Check of movement shown in T.A. Journals with dates and records of measurement.
- 33) Review of Deposit works.
- 34) Electricity purchase Bills (Elec. Department)
- 35) Supply of Electricity to outsiders (Elec. Department)
- 36) Accounts of Fans and other loose Elec. fittings (Elec. Department).
- 37) Hire of Railway Property.
- 38) Meter Reading statement and Bills (Elec. Department).
- 39) Power House working of-power cost statement (Elec. Department)
- 40) Coal account and stores Account of Power House.
- 41) Inspection of Sub offices:-
 - i) SRs, leave Accounts and passes and PTOs.
 - ii) Numerical account of Stores imprest, custody and consumable stores.
 - iii) Receipt and issue.
 - iv) Stores Returns.
- 42) Engineering Plant reserve-hire to other Government Departments and outsiders (Bridge Engineers)
- 43) Bills for payment of Municipal Taxes.
- 44) Completion Reports.

PART-I(A)-Items common to all HODs Offices:

1. Sanctioned strength and distribution of staff of various categories according to percentage laid do the Board (ALL HODs).

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PART-1(B) - Special points to be seen during the inspection of HODs Offices:-

(A) Office of the General Manager:-

- 1) Log book of office staff gas and petrol account.
- 2) Review of sanctions of grants to outsiders.
- 3) Issue of passes to quasi-railway department and other than Railway employees.
- 4) Review of sanctions issued by General Manager and Sanction Register.
- 5) Allotment of Officers' Bungalows.
- 6) Review of the fixation of out-turn for payment of special pay to operators of various machines.
- 7) Travelling Allowance bills of members of advisory committees on Railways.

(B) Office of the Public Relations officers:-

- 1) Advertisement Bills payable to Railways.
- 2) Charges for public advertisement exhibited at stations, yards, Trains and time Tables, etc. due to Railway.
- 3) Examination of the version of rates charged to public.

- 4) Tenders and contracts.
 - 5) Charges incurred in connection with the publication of weekly news items.
 - 6) Hospitality fund expenses and furnishing statements of expenditure to the General Manager.
 - 7) Review of the Administrative Reports.
 - 8) Expenditure on brochures "South Central Railway News Bulletin" and staff letter etc.
- (C) **Office of the Chief Engineer :-**
- 1) Special Works, trials and experiments carried out under the orders of the Railway Board etc.
 - 2) Work orders.
 - 3) Payment to Municipalities.
 - 4) Procurement of Sleep and account of sleepers.
 - 5) Tenders and contracts.
 - 6) Standard schedule of Rates.
- (D) **Offices of the Chief Commercial Manager:-**
- 1) Review of statistics compensation claims/including the course wise and commodity wise statements of claims received from the Railway arranging payment of the claims and reports furnished to Railway Board.
 - 2) Refund of over charges.
 - 3) Auction sale in LPOs and review of L.P. Accounted.
 - 4) Concession to Public.
 - 5) Remission of wharfage and demurrage.
 - 6) Licencing of stabs.
 - 7) Accountable of saleable tariffs.
 - 8) Test weighing of newspapers parcels.
 - 9) Handling contracts.
 - 10) Street delivery contract and out-agency contracts.
 - 11) Siding charged.
 - 12) Debit Register and Excess Fare Ticket Register.
 - 13) Review of Headquarters Travelling Ticket Inspection Section.
 - 14) Review of the earnings of the Ticket Checking Examination.
 - 15) Payment of conveyance allowance to honorary magistrate and their accountable.
 - 16) Review of the working of Marketing and Sales organisation.
 - 17) Review of station to station rates for attracting goods traffic.
- (E) **Office of the COPM:-**
- 1) Hire and haulage charges account with IRCA.
 - 2) Saloons of High Officials.
 - 3) Postal Vans.
 - 4) Special Trains.
 - 5) Utilisation of Special Types wagons.
 - 6) Railway Accidents- Reports and payment of compensation.
 - 7) Agreements entered into with the contractors for printing Time Tables and Maps.
 - 8) Fixation of commission for wale of time-table by book stall keepers.
- (F) **Office of the Chief Electrical Engineer:-**
- 1) Special works, Trials and experiments carried out under the orders of the Rly. Board etc.
 - 2) Work orders.
 - 3) Review of agreements regarding purchase of electricity from outside sources.
 - 4) Fixation of rates for supply of Electric energy to Railway employees and outsiders.

- 5) Tenders and contracts.
- (G) **Office of the CMO: CMD**
- 1) Purchase of medical Stores.
 - 2) Stock ledgers of the medical depot, attached to the CMO's Office
 - 3) Charges paid to private / Government Sanatorium for the treatment of Railway Servants for T.B.
 - 4) Expenditure of family Planning.
 - 5) Acceptance of gifts by Rly. hospitals and accountable thereof.
- (H) **Office of the COS:**
- 1) Examination of Indents for Stores.
 - 2) Scrutiny of sanction to quantity and purchase through programme indents placed on the DGSKD.
 - 3) Special Works, trials and experiments carried out under the orders of the Railway Board of other authorities.
 - 4) Works orders.
 - 5) Reports relating to incentive scheme and working of the same.

- 6) Rolling stock account and proposals for additions and renewals, delay in installation and commissioning on.
 - 7) Machinery and Plant.
 - 8) Postal vans.
 - 9) Utilisation of special type of wagons and maintenance thereof.
 - 10) Introduction of dieselisation and working of the Diesel engines.
 - 11) Introduction of Electrification and working of the Electric Engines.
- (J) **C.S.T.E.**
- 1) Special Works, trials and experiments carried out under the orders of the Rly. Board etc.
 - 2) Work orders.
 - 3) Reports relating to incentive scheme and working of the same.
 - 4) Working of the Microwave communication system.
 - 5) Bills for hire of P.V.T Wire.
- Note:** (Other items included under the various Divisional offices should also be looked into during the inspection of the H.O.D. Offices concerned.)

Part-1-C:

- (A) **Divisional Superintendents (Operating and Mechanical):**
- 1) Mileage bill of loco staff.
 - 2) Mileage bill of Traffic staff.
 - 3) Payments of our turn allowance to signallers and Teleprint operators.
 - 4) Payments of good conduct money, if any.
 - 5) Cattle grazing tickets.
 - 6) Agreement with contractors for conl. handlings work and Misc. Work.
 - 7) Recovery of charges for Engine hire, wagon repairs, supply of water or any other service tendered to other Govt. departments local bodies and other departments of Railway.
 - 8) Coal survey sheets.
 - 9) Working of Imprest system in loco & C&W Shops.
 - 10) Supply of watches to guards and drivers.
 - 11) Register of relieving staff.
 - 12) Accounts of Transportation workshops, if any.
 - 13) Saloons allotment and movement of.
 - 14) Postal vans & Postal Bills.
 - 15) Account of first aid equipment.
 - 16) Mileage run by locos between successive POHs.
 - 17) Incidence of Hot axles.
 - 18) Fuel consumption statements.
 - 19) Hire of Locomotives.
 - 20) Idle machines.
 - 21) Sale in dress to employees.
 - 22) Guards and Drivers links.
 - 23) Scrutiny of trip rations for coal, and oil issued to drivers.

Loco Sheds and C&W Depots:

- 1) Verification of Coal handling bills with shed documents (loco shed).
- 2) **Shed returns (T.323)Comprising:**
 - i) Exchange Book (G. 210.F)
 - ii) Stock Register (G.291.B)

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- iii) Coal Checker's Register.
- iv) Coal checking Register.
- v) Coal issued to each Driver or Engine (T.41)
- vi) Daily issue of Coal-summary of daily issues.
- 3) Weigh Bridge inspection.
- 4) Time Board (Loco shed and C&W Depots)
- 5) Stores A/Cs (---- do ---- do-----)
- 6) Numerical ledgers (---do---do---)

(B) **Branch Stores offices and stores Depots under Stores Department of Engineering Department:**

- 1) Local purchase orders with day books and bills passed.
- 2) Penalties waived or imposed.
- 3) D.S.S. Register.
- 4) Auction Sale Account.

- 5) Craine charges.
- 6) Clearance of material Sale delivery notes and recovery of ground rent.
- 7) Inspection of issue wards.
- 8) Recoupment of Stores.
- 9) Scrutiny of sanction to quantity and purchase through programme indents placed on the DGS&D.
- 10) Fixation of maximum and minimum.
- 11) Disposal of surplus & overstock materials.
- 12) Newly purchased material classified as surplus.
- 13) Survey committee Report.
- 14) Sale of Stores and scrap to Rly. employees and outsiders.
- 15) Material issued on loan.
- 16) Accountable of empties.
- 17) Delay in release of loaded wagons and demurrage, if any, incurred.
- 18) Accuracy of weighing machines and weigh bridges.
- 19) Register of Samples and accountable of patterns.
- 20) System of stock verification to see that verification is not confined to these items the stocks of which are low.
- 21) Accounts, custody & disposal of scrap.
- 22) Arrangements for safe custody of valuable and early removable articles.
- 23) Accountable of rejected Stores.
- 24) Entrusting printing work to outside presses. (DCOS-G).
- 25) Timber Shed.
- 26) Purchase of stationary (S&F Depot)
- 27) Printing of Books and Forms (S&F Depot)
- 28) Tracing of postings of receipts and issues of stores on depot stock and custody account into numerical ledgers (Engineering & S&T Depot)
- 29) Review of priced ledgers (Engg. & S&T Depot)
- 30) Review of purchase ledgers (- do -)
- 31) Check of Account current (- do -)
- 32) Custody stores Account (- do -)
- 33) Unloading register (- do -)
- 34) Day Book of receipt (- do -)
- 35) System of verification of received stores with specification and quantity actually received.
- 36) Register of purchase orders.
- 37) Receipt notes.
- 38) Arrangement for inspection and valuation of returned stores (in returned stores ward if maintained separately).
- 39) Procedure for verification of quantity and quality of stores issued from stock.
- 40) Register of requisitions.
- 41) Issue Notes.
- 42) R.R. Register.
- 43) Gate passes.
- 44) Challans.
- 45) Railway Materials consignment Notes and Credit Notes.
- 46) Numerical stock cards (When maintained with Dept. Stores-Keeper)

- 47) Review of Register for stock items covered by indemnity.

Engineering offices (Civil, Electrical, S&T and Construction):

- 1) Engagement of Special labour.
- 2) Sale of Grass.
- 3) Review of works register.
- 4) Audit of completion reports of works costing less than Rs. one lakh.
- 5) Rate slips and rates register.
- 6) Register of measurement books.
- 7) Work orders.
- 8) Measurement Books.
- 9) Contractors bills.
- 10) Adjustment voucher.
- 11) Siding Register.

- 12) Material-at-site Account.
- 13) Ballast Register.
- 14) Ballast Train Journals.
- 15) Sale of Coal Ashes.
- 16) Sale of wooden Sleepers.
- 17) Register of us fruit trees.
- 18) Contractors ledgers.
- 19) Land Registers and Register of cases of encroachment on Rly. Land.
- 20) Register of Bridges, Register & Level Crossing.
- 21) List of completion Drugs.
- 22) Register of Buildings leased to outsiders.
- 23) Field Time Books.
- 24) Work charged establishment.
- 25) Comparison of Rly. Rates with civil Rates.
- 26) Register of classification of soil and cases of re-classification of soil.
- 27) Following items in AEN's office.
 - i) Record of AEN in regard to witnessing of payment to staff.
 - ii) Register of Engineering vehicles.
 - iii) Credit notes.
 - iv) Thumb impression register.
- 28) Motor trolley log book, Petrol and consumable stores, use of concrete mixer pump sets, road Rokers etc.
- 29) Inventory of materials laid in the track.
- 30) Need, urtication and replacement of battery Cells.
- 31) P&T Telephone Bills.
- 32) Trunk Call Bills.
- 33) Review of residential buildings.
- 34) Register of land leased to outsiders (DEN's office only).
- 35) AEN's Workshop
- 36) Tally Cards and field time books.
- 37) Reconciliation of field time books with job cards.
- 38) Job cards.
- 39) Account of materials issued to contractors.
- 40) Review of register of rest house.
- 41) Engine hire bills.
- 42) Check of movement shown in T.A. Journals with dates of records of measurement.
- 43) Review of deposit works.
- 44) Electricity purchase Bills (Elect. Deptt.)
- 45) Supply of Electricity to outsiders (Elect Deptt).
- 46) Accounts of fans and other loose electric fittings (Elect. Deptt.)
- 47) Engineering Plant reserve Hire to other Government Departments and outsiders.
- 48) Hire of Rly. Property.
- 49) Meter reading statement & Electricity Bills (Elect. Deptt.).
- 50) Power House working of Power cost statements (Elect. Deptt).
- 51) Coal Account and Stores Account of Power House.
- 52) Divisional Commercial Manager's Office.

(D) Divisional Commercial Manager's Office:

- 1) Agreement regarding goods handling work etc.
- 2) Lease of Plots of land.
- 3) Recoveries from sweet meat contractors.
- 4) Recoveries of excess fare.
- 5) Recoveries and remission of wharfage and demurrage.
- 6) Recoveries of fees etc. from Vendors.
- 7) Indemnity Bonds.
- 8) Review of Divisional superintendent report regarding ticketless travel.
- 9) Review of recoveries from station staff on account of accounts and its debits.
- 10) Accounts of badges issued to station hamauls.
- 11) Roster of duties of ticket checking staff.
- 12) Issue of concession certificates.
- 13) Agreements of Cycle Stand.

- 14) Compensation claims statistics and working of the claim prevention organisation.
- 15) Refund orders.
- 16) Clearance of station outstandings.
- 17) Arrangement for sale of tickets at train halts.
- 18) Accountable of saleable publications, viz. Tariffs Time Tables, concession order Book, Railway service commission Forms etc.
- 19) Departmental catering.

(E) **Medical Department:**

- 1) Indoor patients Register.
- 2) Diet charges recovery statements.
- 3) X-Ray charges recovery statements.
- 4) Register of medicine Instruments etc.
- 5) Register for supply of contraceptives to Railway employees and recovery of cost thereof wherever necessary.
- 6) Breakage and loss statement.
- 7) Distribution of conservancy Staff.
- 8) Medicines from staff Benefit Fund.
- 9) Register of outdoor patients. Bridge Engineer, Review of expenditure, allocation.
- 10) Incentive scheme working of.
- 11) Machinery and Plant-Installation of.
- 12) Machinery, Tools and Plant Register.

(G) **Catering Units:**

- 1) (A) Cash vouchers. (B) Credit vouchers.
- 2) Verification of rates and Tables.
- 3) Reconciliation of C.D.2 (com)
- 4) Bazar purchase Register C.D. 3 (com)
- 5) Classified Abstract of Bazar purchase C.D.- 4 (com).
- 6) Register of saleable consumable stores.
- 7) Cash book C.D.-6 (com).
- 8) Classified daily sales and returns C.D.-7 (com)
- 9) Production analysis Register.
- 10) Summary of month sales C.D.-9 (com)
- 11) Vendors Register C.D.-12 (com)
- 12) Vendors Commission Register C.D.-12 (Com)
- 13) Complaint Book.
- 14) Monthly P&L Account.
- 15) Outstanding bills.
- 16) Write off statement.
- 17) Attendance and C.L. Register.
- 18) Pass and P.T.O Accounts.
- 19) Coal and gas Accounts.
- 20) Uniform and livery account.
- 21) Stock and cash memo.
- 22) Dead stock register.
- 23) Washing charges Register.

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- 24) Accountable of empties.
- 25) Issue of table Account.
- 26) Statement of Receipt and expenditure of Table Account.
- 27) Theft and Loss Accounts.
- 28) Breakage and Losses of groceries catteries and recovery thereof.
- 29) Regular submission of returns to Accounts Office.
- 30) Realisation of security deposits.
- 31) Debit Register and debit issue notes.
- 32) Medical attendance Register.
- 33) CD-5 Com.
- 34) Cash remittance notebook.

(H) **Chief Cashier's Office:**

- 1) Receipt and remittance of a day.
- 2) Cash with pay clerk for a day.

- 3) Indemnity Bonds.
- (I) **Printing Press:**
 - 1) Muster Roll.
 - 2) Time office.
 - 3) Work orders.
 - 4) Stores Account.
 - 5) Work done for outsiders.
- (J) **R.P.F. Training Schools:**
 - 1) Armoury Account.
 - 2) Clothing Account.
 - 3) Messing arrangements.
- (K) **Staff training school:**
 - 1) Messing arrangements.
 - 2) Pay and allowances of Trainees.
 - 3) Expenditure on equipment, Libraries etc.
- (L) **Schools:**
 - 1) Recovery of school fees from staff and outsiders.
 - 2) Clothing Account and uniform supplied to children.
 - 3) Expenditure on stationery and Books.
 - 4) Annual receipt and expenditure Accounts.
 - 5) Realisation of grants-in-aid from state Govt.
 - 6) Library Books.
- (M) **Subsidised Hostels:**
 - 1) Eligibility of residents for admission.
 - 2) Recovery of messing charges.
 - 3) Review of working of hostel.
- (N) **Office of the Assistant Security Commandant:**
 - 1) Verification of Reward Imprest.
 - 2) Register of punishments.
 - 3) Register of thefts detected by or reported to the protection Force and fail action taken thereon.
 - 4) Monthly report of losses due to the fts.
 - 5) Register of missing fittings reported to the protection Force.
 - 6) Log book of Motor Van etc. and patrol Account.
 - 7) Allotment of motor cycles to Inspectors of Security Force scheme to be reviewed.
 - 8) Fire service organisation Maintenance of.
 - 9) Supply of kit and clothing.
 - 10) Clothing and equipment stock book.
 - 11) Individual uniform Register.
 - 12) Movement orders register.
 - 13) Index of Travelling allowance claims.
 - 14) Quarters allotment Register.
 - 15) Arms and Ammunition issue and Return Register.
 - 16) Crime Register.
 - 17) Damage and deficiency message report.
 - 18) Case property register.

- 19) Register of shortages and damages from Seal-intact wagons (Inwards & outwards).
- (O) **Items special to Civil Engineering Workshop:**
 - 1) Review of works Register.
 - 2) Audit of completion Reports.
 - 3) Contractors bills
 - 4) Firms Bills.
 - 5) Casual leave
 - 6) Attendance Register.
 - 7) Muster Rolls, if specially maintained
 - 8) Time office.
 - 9) Issue and Receipt Notes.
 - 10) Tally cards.

- 11) Gate passes. (Stores & labour)
- 12) Measurement Books.
- 13) Work shop Account current.
- 14) Special labour and work-charged establishments.
- 15) Proforma on cost budget.
- 16) Shop and General on cost percentage.

Part – IIA – Items common at all offices.

- 1) Payment under workmen's compensation Act.
- 2) Sanctioned strength.
- 3) Leave accounts including the staff due to retire
- 4) Rent recovery
- 5) Casual leave.
- 6) Attendance Register.
- 7) Muster Rolls, if specially maintained.
- 8) Service Registers.
- 9) Advance of TA recovery there of specially those granted from imprest.
- 10) Salary bills of subordinates and inferior staff.
- 11) Fixation of pay.
- 12) Rent recovery and title to rent free quarters or allowances in lieu thereof.
- 13) TA Journals of staff drawing less pay which are not sent to Accounts Office.
- 14) Hot Weather establishment.
- 15) Payment of local and special allowances such as Bad climate allowance.
- 16) Increment.
- 17) Pay orders.
- 18) Imprest cash.
- 19) Misc. cash Register, receipts and remittances.
- 20) Postage account.
- 21) Recovery of water and conservancy charges.
- 22) Passes and PTOS.
- 23) Dead Stock and tools and plants registers.
- 24) Stationery
- 25) Clothing Account.
- 26) Recovery of diet Charges.
- 27) Misc. Bills including expenditure on entertainment.
- 28) Tenders and agreements valued below Rs. 10,000 but above Rs. 500/-.
- 29) Approved list of contractors and whether they are only such as have produced I.T.C. Certificate.
- 30) Capital Revenue accounts of residential buildings.
- 31) Recoveries from other Departments and outsiders for recurring and non-recurring services rendered.
- 32) Log Books.
- 33) Review of inspections Reports - Part-II
- 34) Register of losses, statement of losses, and cases of claims against Traffic department.
- 35) Review of reconciliation of issue notes received from parties acknowledging receipt of stores and corresponding copies of Inspection Notes received from Accounts office with the Block copy.
- 36) Register of numbered books.
- 37) Register of staff liabilities.
- 38) Security Deposit from staff entrusted with the custody of cash and stores.

- 39) control of expenditure, maintenance of liability register.
- 40) Maintenance of collective record of special casual leave.
- 41) Payment of tax if any, for motor vehicles.
- 42) Compensation for loss of art booked under F.S.W. Bills.
- 43) Verification of Pensionable services especially those due to retire before next inspection.
- 44) Withdrawal from station earnings.
- 45) Law charge and sprit cases.
- 46) Review of handing over reports of stock holders and S.V. sheets.
- 47) Cases for local investigation.
- 48) stock and/trial purposes. Recovery of test charges on samples called for in connection with tenders/stores obtained for stock and/trial purposes.
- 49) Reimbursement of tuition fees.

50)	Overtime bills.
51)	School Fee bills.
52)	N.D. Allowance.
53)	R.M.C. Notes and freight bills.
54)	Register of repair to typewriters and office bicycles.
55)	Review of handing over reports and inspection Reports of G.M. HODs, DGs, and other officers.
56)	Economy achieved by surrender of posts as per Railway Board's directive.
57)	Surrender of posts due to dieselization, computerization.
58)	Parodical confidential DOs.
59)	Material for General Managers' Annual Reports.
60)	Working of the simplified procedure for recovery of rent, Festival advance, electrical energy etc.
61)	Review of Inspection Reports of Accounts Office

PART-II **Items Common to shop.**

SL NO.	Particulars	G.O.	Initials Sr. Ars/ Ars.
1)	Gate passes.		
2)	Time sheets.		
3)	Attendance Registers and overtime registers.		
4)	The system or preparing M/Rolls for coolies for whom no time sheets are prepared.		
5)	Duty Certificate of labourers temporary engaged out of shops.		
6)	The system of allocating labour to a particular work orders,		
7)	The system of accountable of stores.		
8)	Stores charged off to works.		
9)	Accounts of Stores spared from Works.		
10)	Accountable of dead stock.		
11)	Accounts of consumable stores.		
12)	Scrap accounts and the arrangements for the weighment of scrap returned to stores.		
13)	Work order Register.		
14)	Clothing accounts including water proof, equipment and		
15)	Tools and plaints register.		
16)	Accounts of sanctioned strength with the actual strength.		
17)	Arrangement for shift duty for labour staff.		
18)	Misc. Cash accountable there of Imprest Cash.		
19)	Pay orders.		
20)	Card passes, Residential Card passes.		
21)	Passes and PTOS		
22)	D.S.B and returned stores.		
23)	Coal, Coke and oil Accounts.		
24)	Accountable of material issued on loan.		
25)	Check of ticket Board.		
26)	Actual count of labour with T/Sheets and to see whether men are actually present.		
27)	Machinery and Plant lying surplus.		
28)	Motor Lorry accounts, if any.		
29)	Tally cards maximum and minimum.		

30)	Service cards including comparison of rate of pay with muster Roll.
31)	Leave Accounts.
32)	Installation and utilisation of surplus machines.
33)	Para-15 of POO No. 819 of 28.2.1963 (Review of incentive scheme).
34)	taken up. The reconciliation of the time sheet with M/Rolls should be test checked and large differences taken up.
35)	System of payment of wages etc. to labours including the witnessing of payment during the period of inspections.
36)	System of distribution of on-cost.
37)	System of sending out material from shops.
38)	System of shop delivery notes etc. for articles manufactured for other shops and inter shops transfer notes of stores.
39)	Measurement Books.
40)	Cupola books or other initial records of manufacture.

- 41) Does the unit cost of manufacture of similar articles at different times vary considerably if so, are the factors contributory to the variation suitably investigated and defects rectified (Para 358 RAM).
- 42) Recovery of non-ferrous turnings borings from shop floor-Accounts of boring as also arrangements for collection and their disposal.

ANNEXURE - V

List of items to be checked during the review/inspection of major works (completed works and works in progress).

Work portion:-

- 1) Estimate
- 2) Review of works Register.
- 3) Agreements
- 4) Contractors Bills.
- 5) Contractors ledgers.
- 6) Work orders.
- 7) Measurement Books.
- 8) Tracing of bills, vouchers into works Registers.
- 9) Financial Reviews for the work (quarterly or half yearly progress Reports showing financial and physical progress.)

Establishment Portion:-

- 1) Indents
- 2) Stores Bills
- 3) DSK's Numerical Ledgers including Receipts and Issues.
- 4) Tracing of paid stores bills into DSK's Numerical Ledgers.
- 5) Credit Notes.
- 6) Wharfage and demurrage cases.
- 7) Material-at-site account and returns.
- 8) Shortages and Losses.
- 9) Account of Released Materials.

MISC. Portion:-

- 1) Dead Stock.
- 2) Tools and Plant.
- 3) Numbered Books.
- 4) Register of number Books, Card Passes and Passes and PTOs.

Establishment Portion:-

- 1) Extra Labour Register.
- 2) Labour Pay Sheets
- 3) Station Pay Orders.
- 4) T. A. Journals
- 5) Field Time Books.
- 6) Musler Roths
- 7) A Handmade Registers of DSK/ PWI/BRI etc

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- 8) Temporary Establishment currency and extension.

Important features of Station Inspection including List & Iku's to be looked into to be kept in the I/R. file of each station as per C.... order ride letter no. 470-RA III/8-7/86

1. Name of Station inspected:-
2. Name of the Station:-
- Master/Incharge:-**
3. Telephone No. of Station:-
4. Period of Inspection:-
5. Period of detailed check:-
6. Inspecting Party:
 - (1)
 - (2)
 - (3)

- (4)
1. Supervising Officer:-
 2. Period of Supervision:-
 3. Earning (Gross) (a) (Coaching)
(b) (Goods)
 4. Outstanding (a) (Coaching)
(b) (Goods)
 5. Sidings:-
 6. Special feature, if any:
 7. Important points taken up:-
(i)

Section officer/Asst. audit officer
Traffic Audit/Inspection
Eastern Railway, Calcutta.

LIST OF ITEMS TO BE CHECKED

GENERAL

1. Scrutiny of withdrawals from Station Earnings.
2. Review of TIA Reports.
3. Examine whether Tariffs and other Books of references are maintained upto date.
4. Preparation of station vouchers in double-sided carbon. This should be ensured.
5. Scrutiny of arrangements for
(i) Custody of cash
(ii) Remittance of cash
to see that adequate safeguards are taken to carry the cash to the Treasury/Bank if the cash is not sent to Chief Cashier through travelling safes and that there is no avoidable delay in transmission of cash to the Treasury/Bank / Chief Cashier.
6. Transit Memo of Voucher and Returns. It should be seen that vouchers and returns are sent on due dates.
7. Advertisement Register: The advertisements actually displayed should be linked with the Register to ensure that they are exhibited under proper authority and that no advertisement is exhibited beyond the authorised period.
8. Stamp Account: The balance on hand should be checked with reference to the account maintained.
9. Review of Inspection Register maintained at the station. It should be reviewed that irregularities pointed out have been set right. A review of the Inspection Notes of Officers. Commercial Inspector's Reports, Traffic Inspector's Reports must also be undertaken.
10. Review of Agreements of octagons/Town Booking Office/siding if any. The Agreement should be reviewed generally.

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11. Working of street delivery arrangement, if any.
12. Accountable of Tools and Plant, Stationery Kerosene Oil etc. The Registers should be reviewed to see whether stock verification has been done as required.
13. Muster Rolls and attendance register: These should be generally reviewed.
14. Check of Passes and PTOs issued by Station Master: The Passes and PTOs should be generally reviewed with reference to Pass Rules.
15. Free Service way bills: To be seen that nothing other than required are despatched free.

LIST OF ITEMS TO BE CHECKED

PASSENGER TRAFIC

1. Count of Cash: Cash on hand (Including imprest cash and A.B.R. cash to be counted and agreed with the sale of tickets etc.) upto the time of inspections as per D.T.C.B. and verification of vouchers, P.T.Os. Jail requisition military vouchers forms. Cash with S.M./A.S.M. should also be checked.
2. Verification of lowest numbers in the tube and paper ticket books with the closing numbers in the D.T.C.B.
3. Marking of last tickets issued from paper ticket, luggage books, receipt books etc.
4. Inventory of luggage and left luggage on hand (as for parcels).
5. Check of ticket requisition (indent book) to see that tickets supplied have been correctly entered in the ticket stock register and that tickets are not issued (taken in the tube for issue) out of consecutive order. Arrangements for safe custody of tickets and their periodical verification by the Administration should be scrutinised.
6. Check of entries in the ticket stock book with these in the D.T.C.B. and also to see that all stock of tickets supplied has been entered in the summary of D.T.C.D. (i.e. Passenger Classification) irrespective of the fact whether there is sale of tickets or not. Regarding tickets issued out of series noticed by Audit, the "left cut" series of tickets should be physically verified and a certificate recorded. Also, to so that there is no surplus stock of tickets. While checking the recalled indents under which the surplus/obsolete tickets are returned to Traffic Accounts Office, the actual of the last ticket sold which be mentioned in the relevant column of the 'form' should be test checked.
7. Check of tickets sold during the broken period of the inspection. In addition, check of totals of 3 dates to be selected) in the three periods of different months. Advance Booking refunds should be checked with reference to the sale of tickets in the DTCB. Reservation charts and the correctness of cancellation charges, to see whether it has been included as a voucher.
8. Check of credit voucher books for non-issued tickets (local and foreign). Credits for refunds in the DTCB should be checked with the non-issued statement. To see this acknowledgement for non-issued tickets sent have been received from Accounts office promptly.
9. Check of D.T.C.B and summary with reference to respective books checking of totals for the broken period of the inspection and verifying the accountable of money receipts issued to TTEs.
10. Printed card tickets on hand la. in Tubes and in stock are to be counted in detail for about 5 destinations of all Classes/Categories.
11. Check of fares over ticket tubes, and to see that correct fares in force are also exhibited near the booking office for the information of the public. Check of fares on Halt Tickets may also be made.
12. To see that manuscript alterations on printed ticket are made wherever fares are changed before the tickets are kept in the tube and issued to the public.
13. Dating press: To see if it is in order and gives clear impression of dates and that it has been tested regularly by the Inspector.
14. Checked of luggage, N.C. Dogs, Cloak room, Motor tickets, into cash book and cash book into D.T.C.B. 10 percent check of passenger tickets shown in luggage tickets with D.T.C.B.
15. Check and accountable of:
 1. Blank paper Tickets.
 2. Soldier ticket books.
 3. Return journey vouchers,
 4. Excess fare ticket books.
 5. Telegraph receipts (should be checked with reference to draft messages).
 6. Badges and Venders' tickets.
16. Check and accountable of season ticket traffic.
17. Check of time tables, guides and tariffs, RSC Application forms to see that the account of these publication received and sold is correct.
18. Scrutiny of sundry receipts: See that moneys due from stall, fruit stall and platform vendors, Licensed Porters, Car/Audit Cycle Rickshaw/Cycle stand etc. Contractors are collected and remitted on due dates as per advice received from time to time.

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19. Halt Agent: The tickets sold to the Halt Agent and the commission deducted should be verify. The balance of cash to be traced in the Cash Book. The balance of cash to be traced in the Cash Book, The Book. The stock of Halt tickets, the issues to the Contractors and the balance stock to be verified with the Ticket stock Book. A test check of halt tickets for a few destination stations should be made.
20. Check of Ticket Collectors/TTEs' Cash Book:- To see that all the Excess Fare ticket amounts collected by the TCs are checked and accounted for in the Cash Book and the acknowledgement of the Cash handed over to the Booking Office to be verified. Also see that there is no delay in the accountable of cash collected by the TCs. When the TTE's Headquarters are fixed at the station, their EFTs are also to be checked for accuracy and accountable.
21. Check of summary Cash Book: To see that all cash See that proper arrangements exist for the collection of tickets from the passengers and that suitable record of surprise checks conducted is kept at the station.

22. Test check some items of work done by the Inspection of station accounts, by taking his latest report received in the Accounts Office.
Refunds allowed on partially used tickets should be specially looked into. Refunds of fares on the same day of purchase should be viewed with suspicion and investigated thoroughly to see whether the tickets are issued and cancelled during the same shift without actual exchange of cash.

LIST OF ITEMS TO BE CHECKED

PARCELS TRAFFIC

1. Count of Cash of parcels, luggage etc., on hand at the time of inspection.
2. closing of all books in use by the date of inspection and calling the Cash on hand with books.
3. Marketing of outstanding items in the Delivery Book.
Taking inventory of all parcels on hand and connecting them with the outstandings in the Delivery Book and reporting cases parcels lying on hand unconnected and unclaimed.

Examine:

1. Register of misdeclaration of parcels, 2. Register of weighments and 3. Register of unclaimed and excess articles lying at the station.
4. Check of "paid" outward way bills in detail in parcels Cash Book and DTCBs for the period from the last. Balance-sheet Submitted by the station upto the time of inspection. In addition, test check some items for the last closed period.
5. A few "To pay" and "paid" way Bills should be checked to see that they have been correctly prepared, risk notes held and weights as per forwarding Notes have been correctly entered on the parcel Way Bills. Verify totals of inward "to-pay" traffic and undercharges in the Delivery Books. While doing so, pick up the items outstanding in jump after verification with the list of parcels on hand.
Special credits such as "paid-on", overcharge sheets and credit advice etc., should be verified.
6. Check of Delivery Book with Cash Book all items during the period of compilation of test Balance-sheet; In addition, check D.B. with C.B. for not less than 4 days during the periods for which Balance sheets have been submitted by the station.
7. Check some collected receipts with Delivery Book and Cash Book in order to verify the amount, dates of delivery and remittance.

Test Balance-sheet:-

Prepare Test Balance-sheet for inward parcels and Error-sheet account from the last Balance sheet submit-
ted by the station upto the time of inspection. Examine the Cash Book generally for erasures, alternations etc. Totals to be checked at random for 3 days.

Cash Remittance Notes:-

- I. Check remittances from the last Balance-sheet submitted by the station upto the time of inspection.
 - II. Check remittances for any one previous complete month other than the "closed month" with reference to Balance-sheet.
 - III. See that acknowledgements from the Cashier have been reference to remittance into Bank/Guard's signature book.
10. **Cash Book:-**
Compare totals of parcels Cash Book with DTCB for the period from the last Balance-sheet submitted by the station.
11. **General Money Receipts:-**
The amounts for which receipts have been issued should be compared with amounts accounted for in the Cash Book to ensure proper accountable of the amounts for which the receipts have been issued for the selected periods.

12. Advice of Accounts see if these are promptly received from the Accounts Office and that error sheets issued are taken to account by the station.
13. Check of closed month's balance sheet with reference to initial records at the station.
14. **Loading Books:-**
Check not less than items with pay Bills to see that packages have been promptly and correctly dispatched.
15. **Unloading Book:-** Check not less than 20 items with the Delivery Book to see that dates of unloading have been correctly shown in the Delivery Book.

16. **Wharfage:-** check accuracy and accountability of wharfage collected from the last Balance-sheet submitted by the station upto the time of inspection and also for any 2 previous months with Cash Book/Wharfage Return.
17. Test weightment of 5 outward and 5 inward parcels on hand; excess weight noticed, if any, should be got recorded in the Delivery Book. In the case of regular under weightments by particular stations, the action taken should be reviewed.
18. **Check of outstanding items:-**
 - (a) Freight outstanding. (b) Admitted Debits outstandings.
 - (c) Not Admitted Debits outstandings. (d) Any other outstandings.

See that outstandings are genuine and prompt has been taken for their clearance. Report cases outstandings over six months for necessary action by the Administration.
19. Scrutiny of claims settled by SMS with reference to initial records of the station and also see whether Railway Receipts are stamped and endorsed with reference to pay orders issued and connected entries in the Delivery Bok are referenced off. Regarding claims settled at Headquarters it should be seen that suitable entries are made in the Delivery Bok to avoid duplicate claims.
20. Scrutiny of Damage and Deficiency Report, Partial Delivery Certificate, Shortage Certificates; to see that there is no delay in assessing the damages of consignments so that excess payment of compensation due to further deterioration is avoided.
21. Auction Sale Account.
22. Unaccounted for Way Bills (A list of unaccounted for Way Bills obtained from Accounts Office should be compared with Delivery Book).
23. **Handling Bills:-** The weight lifted for which payment has been made should be completely checked with reference to initial records. The justification for the strength of Parcel Porters engaged should be examined.
24. Test check of machine numbers of "paid" Parcel Books received from other Stations and account for in the local Delivery Books with the list of Books supplied to those stations.
25. Check of machine numbered books in use and in stock with reference to parcels Traffic.
26. Routing of Parcels by a dearer route: When alternate routes are available, whether freight charges are being collected by the carried route.
27. **Check of parcel Van Traffic:-**
 - (1) Placement and released of parcel vans and proper utilisation of parcel Vans.
 - (2) Whether any seasonal traffic is lost due to non-availability of parcel vendor non-supply on wagons.
28. Check of perishable traffic, if any, are perishable Deposits Register.
29. See that weighing machines give correct weights and that scales are tested by the inspecting officials periodically.
30. Check of Gate pass Boks and Gate pass Register: To see that the packages delivered are correctly removed on the date of delivery. The date of removal as shown on the gate pass should be verified with the date of removal as shown in the Delivery Book.
31. In the case out-agencies and City/Town Booking Offices-parcels received at serving station should be checked with reference to entries in the Handing over and Taking over Registers to see that wharfage charges have been recovered in the case of delayed removal beyond the free time. It should

also be seen that parcels received from out agencies or City/Town Booking Offices are not detailed at the serving station. A test check of loading and unloading Book for at least 20 entries be made.

LIST OF ITEMS TO BE CHECKED

GOODS TRAFFIC

1. Counting of Cash on hand at the time of opinion of the inspection. The cash on hand should be checked with reference to deliveries effected as per delivery books, outward goods booked as per the paid invoice Books and Cash Books for other miscellaneous earnings.

2. An inventory all goods on hand should be prepared including wagons awaiting to be loaded/unloaded. The consignments should be linked with Delivery Books, Gate pass, unloading tally Books and Vehicle Registers. The outward consignments should be tallied with forwarding notes/invoices. The outstanding items should be marked in the delivery book. Report cases of goods lying on hand unconnected and unclaimed.
3. Comparison of "Outward-paid amounts from record portions sheet submitted by the station upto the time of invoices into cash books, for the period from the last balance sheet submitted by the station upto the time of inspection and any selected four days in the previous periods.
4. Check of Railway Receipts for 4 dates into D.B./C.B.
5. Check of wagon Demand Registration Fee, Receipts and Refunds and Review of Priority Register.
6. The correctness towards S.D.R. fees for the period mentioned in item 3 above should be traced in Cash Book. The amounts refunded during the raid period should be checked.
7. Auction sale statements:- The amounts realised in Auction sales should be traced into the Cash Book.
8. Register of lease of plots:- To see whether demarcation of plots has been properly made and the amounts towards licence fees are promptly collected and accounted for. Arrears in payment of licence fees etc., and other irregularities noticed should be reported to the Divisional Audit Officers concerned for taking up the matter with the Divisional Authorities.
9. Cash Remittance Notes.
 - I. Check remittances from the last balance sheet submitted by the station upto the time of inspection.
 - II. Check remittances for any one previous complete month other than the "closed month with reference to Balance-sheet.
 - III. See that acknowledgements from the Cashier have been received and pasted to counter foils.
 - IV. Delay in remittance into Bank/Guard's signature book.
10. Check of outstanding of closed months and comments on items outstanding over six months. 12. Prepare test balance sheet for goods inward transactions and Error sheets from the last Balance sheet submitted by the station upto the time of inspection.
11. Scrutiny of money receipts with reference to amounts accounted for in Cash Book for the selected periods.
12. See that advice of account are regularly reported and that Error sheets issued have been taken to account by the station.
13. Check of closed month's Balance-sheet with reference to the initial records at the station.
14. Check of old outstandings, "to-pay freight", debits admitted and not admitted with a view to see they are genuine and that action has been taken to clear them.
15. Invoice books and consignments notes:-
To see that actual weights as shown on consignments notes are reflected on invoices; To examine at least some percentage to see that invoices are correctly prepared, promptly issued (i.e. before despatch of the consignments), references, risk notes held, etc., are given. To see also that there is no violation of restrictions imposed from time to time.
16. Check of loading books and guard's signature books for transhipped packages with record invoices.
17. Check of loading book with wagon exchange book and guard's signature book for consignments/wagons despatched.
18. Check of unloading and wagon exchange books with delivery books to see that dates of unloading are correctly recorded in the Delivery Book.
19. Check of Gate Pass Book and gate pass register:-
To see that packages delivered are correctly removed on the date of delivery. The date of removal as shown on the gate pass should be verified with the date of removal as shown in the Delivery Book.

Scrutiny of following registers:-

- a) Index Register
 - b) Register of weekly inventory
 - c) Register of sender's weight accepted
 - d) Register of weighments
 - e) Register of excess and unclaimed goods
 - f) Register of mis declared consignments
20. Scrutiny of quick-turn-round register with a view to see that wagons are not detained in Goods shed and, in the yard, unnecessarily. It should also be seen that the wagons are not unduly detained at the station yard from the it's of arrival to the time of despatch with reference to vehicle registers.

21. Scrutiny of weighing machines and weighbridges so that they give correct weights and that scales are tips by the inspectors periodically. To see whether the weighbridges are fully utilised.
22. Check of machine numbered books (money value books) with a view to see that they are entered in the register as per indents complied with, they are signed for when issued, dates of completed books are marked and that the books so to be on hand are correct. Also test check machine number of paid invoice books received from other stations and accounted for in the local Delivery Books with the list of Book supplied to these stations.
23. Scrutiny of claims settled by Station Masters to be reviewed with the initial records there and to see whether railway receipts are stamped and endorsed with reference to pay orders issued and connected entries in the D... are references off as to payments made for shortage, damage or loss of entire consignments. Regarding claims settled at Good Porters it should be seen that suitable entries are made in the delivery book to avoid duplicate claims.
24. Handling Bills:- The weight lifted for which payment has been made should be completely checked with reference to initial records. The payments made should be checked with reference to the terms of agreement.
25. Review of Engagement of Goods Porters with reference to Yard stick prescribed: The justification for the strength of Goods porters engaged should be examined.
26. Sheets and ropes register.
27. scrutiny of traffic on livestock, over dimension consignments etc.
28. Scrutiny of Railway Material consignment Traffic.
29. See that machine-prepared Abstracts have been taken into account promptly and correctly.
30. Freight Forwarding Scheme.
31. Working of container System.
32. Recovery of Quick Transit service charges and Refunds, if any, to be verified.
33. Routing of traffic with reference to Rationalisation orders.
34. Damages and Deficiencies: To see whether the ponding conditions are fulfilled. Scrutiny of Damage and deficiency Reports, Partial Delivery Certificate, Shortage Certificates. To see that there is no delay in assessing the damages of consignments so that the excess payment of compensation due to further deterioration is avoided.
35. Trend of Traffic:- To see whether the traffic offered is related to the Raw material carried to the station.

CHAPTER - (XIX)

REPORT

19.1. Introduction:-

The section is under the charge of Senior Audit Officer(Report). This section consists of three AAAs and three Sr. Auditors/Auditor. The main function of the section is processing of Draft paras for the report of the Comptroller & Auditor General of India. Chapter 23 of RAM contains detailed instructions on processing of cases for inclusion in the Audit Report.

19.2. Duties of the Section:-

The duties and the important records to be maintained by this section, etc. are detailed as below :-

1. Selection of cases for processing draft Para angle:-
 - I. To maintain Register of important objections taken up in different unite/sections.
 - II. Register of cases referred to different units/sections for investigation/Review.
 - III. Register of cases selected by DA/PDA for review and draft para.
2. Issues of draft paras/review:-
 - I. To maintain Register of draft paras/reviews.\
 - II. Dealing with queries received from Head Quarter regarding draft para issued.
 - III. Dealing with Administration's remarks on draft para causes.

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3. Draft para cases of other offices referred to this office for obtaining remark in the procedure followed In Eastern Railway.
4. PAC reports action taken by Administration on the PAC recommendations.
5. Compendium report on the issue of draft paras to be sent to Head Quarter, (Authority: P.O.O. No. 347 dt. 21.09.1989.)

19.2.1. Processing of Draft Paras:-

Normally the suitability of a case for comment in the Audit Report is assessed by the Branch Officer after scrutiny of the administration's reply to an audit objection. Cases where complete replies are not received within a reasonable time, are also to be considered for issue of Draft paras on the basis of the facts known to audit. Branch Offices are to send Draft paras on all such cases in duplicate alongwith copies of all

correspondences(key documents) and chronological history of the cases in support of the facts and figures in the Draft para. Draft paras on topics selected for review/appraisal are submitted to Report Section by the Senior Audit Officer nominated by principal Director of Audit to conduct such review/Appraisal. The issue of such D.F.S. by the target date fixed by ADAR(Rlys.) is to be ensured by the section by the target touring the progress of review from time to time. Annexures and statements prepared by audit are to be signed by AAG and copies of other document are to be certified as true copies. Scrutiny of the Draft para in Report Section involved a verification of the facts and figures sentences by sentence with the whole of key document. A thorough check of statistics compiled by Audit is an integral part of such verification of any mistake can lead to incorrect conclusions. The cases which are found suitable after such verification are duly edited and submitted to Principal Director of Audit for approval through the D.D.A. The cases not considered fit for issue of Draft paras are returned to the concerned section pointing out the deficiencies or weak points of the case. Copies of approved Draft Cases together with a list of key documents and copies of annexures/statements completed by audit are sent to G.M.M.E. Rly., F.A & C.A.G.E. Rly. for obtaining E.Rly. Administration's remarks. Simultaneously, copies of the Draft Paras alongwith all key documents are endorsed to Director/Accounts (BC), Ministry of Rlys, (Rly. Board) and ADAI (Rlys), New Delhi, chronological history of the case is required to be attached with D.P. forwarded to ADAI(Rlys). Draft Paras and all correspondence thereon are treated as confidential. The Railway administration has to send the reply to the Draft Press within eight weeks. The reply of the administration on its receipt is examined and further comments are forwarded to AWAI(Rlys) for inclusion in the Audit Report is sent to the Railway Board as a Provisional Para and a copy of it is also sent to Principal Director of Audit. the verification of the facts and figures in the provisional para is to be done promptly, advising the results to ADAI (Rlys). Modifications in the figures, if found necessary are to be get verified by the Rly. Admn, before advising the ADAI (Rlys).

19.2.2. Processing of Reviews (Local and Central):-

Both local reviews and central reviews conducted by various units are submitted to this section for examination and processing the case. Products of processing of reviews are as same as processing DPs as mentioned in previous para.

19.2.3. Draft Paras on "Recoveries at the instance of audit' and 'Statistics of audit objections" (issued upto 31st March but outstanding on 31st August) are issued by the ADAI(Plys) to the Railway Board. Necessary details to be incorporated therein are to be sent to ADAI (Rlys) duly verified by FA & CAO by 31st August and 1st week of October respectively. The Branch Officers have to send the information duly vatted by Ac-counts department by 15th of July and 2nd week of September respectively. Synopsis of individual cases involving recovery of Rs. 1 lakh and above in to be furnished in duplicate alongwith the statement of recoveries at the instance of audit.

19.2.4. The ADAI (Rlys.) can circulate the Draft paras of any Railway to other Principal Directors of Audit investigation and issue of Draft paras. On completion of such investigation undertaken through Branch Officers, further action as directed by ADAI(Rlys) is taken.

19.2.5. A monthly report on the issue of Draft paras in the proforma shown in Annexure is sent to the ABAl(Rlys) by 10th of every month.

19.2.6. Audit Report:-

Para 493 of RAM with action to be taken by Principal Director of Audit on Audit Report. Certain number of copies of Audit Report received in this office are sent to the Railway Administration for their reference. The remaining copies are distributed amongst the various officers of this office.

19.2.7. Memorandum for Public Accounts committee:-

Action to be taken on Railway Board's memorandum for Public Accounts Committee is indicated in Para 495-RAM.

19.2.8. Maintenance of Registers:-

1. Potential Draft Para Register: Potential cases of Draft Paras identified from Draft para objections received from Pr. Director of Audit's approval are noted in this register (to ensure their quick processing

for issue of Draft Paras. The register is to be put up monthly to the Branch officer) and half yearly to Pr. Director of Audit & Dy. Director. There is an Inspection sheet in each register. The main part of the register is as under.

Proposed D.P.

Sl.No.	Case No.	Received from Unit Offices	Letter No. & Date	Dt. of Receipt
1	2	3	4	5

Subject	Circulated to & Date of issue	Reminder issued	Remarks
6	7	8	9

II. Draft para Register

This section has to maintain a register of Draft paras (para 486 of RAM) and submit it to Pr. Director of Audit by 10th of every month. The register will indicate the progress of Draft Paras from time to time. The register is also to be put up to ADAI(Rlys) during his visit to the offices. The register should be maintained in the following form in three parts.

- 1) Inspection sheets.
- 2) Index of cause
- 3) Details of Draft Paragraph and action thereof in the Inspection sheet the column of remarks contains.

A. No. of Draft Paragraph issued for Audit Report Opening Balance.....

B. Add: Issued during the month.

Total.

C. Reviews
Central Reviews for A.R year.

(2) **Index of cases is arranged as under.**

Sl.No.	Case No.	Section/ Unit	Date of issue	Subject	Page Reference	Remarks
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(3) The proforma of the remaining part of the register is as follows.

Case No.

Date of issue

Subject.

III. Reference received from other offices (other than Eastern Railway) are recorded in the Pending case Register the Proforma of which is as follows.

A. Inspection Sheet.

B. Main part of the register.

Sl.No	Date of Receipt	File No.	From whom received (Letter No. & Date)	Brief Particular of the case
1	2	3	4	5

To whom referred	Remarks of the case.	Further Development A.O/Sr .A.O	Initial of
6	7	8	9

CHAPTER – XX

Catering Audit

Eastern Railway Catering Organisation:

20.1 Eastern Railway with approximately 4300 kms. route carries about 550 million passengers per annum and serves through more than 600 stations.

In order to serve the passengers, Eastern Railway admn. introduced departmental catering service in 1956 which expanded in due course and at present consists of twenty nine static units of refreshment

rooms and vending stalls at sixteen stations Railway Yatri Nivas at Howrah and twelve mobile units attached to different important trains.

In Eastern Railway, departmental catering system works under overall administrative control of chief commercial Superintendent/Eastern Railway/Calcutta and executive control of Chief Catering Superintendent Eastern Railway/Calcutta. In five divisions viz. Asansol, Dhanbad, Mugalsaral, Danapur and Malda Town. catering works have been decentralised partially and are under administrative control of D.FR.M.s and policy matters like budget, procurement of consumable stores as well as block stock items are under the control of Hd. Qrs. Catering works of Howrah and Sealdah divisions as well as mobile units on and from HWH to SDAH are under control of Hd. Qrs. office. There are thirteen nos, refreshment rooms(veg. non-veg) operated through contractors over Eastern Railway and there is no contractor operated mobile unit on any train.

- 20.2** The central audit local inspections of various departmental catering units of Eastern Railway are inspected by the Catering Audit Unit located at Head Qrs. Calcutta centrally under the guidance of Principal Director of Audit/Eastern Railway/Calcutta.

Catering Audit units consists of one Senior Audit Officer, two Assistant Audit Officer and nine Sr. Auditors/Auditors.

There are twenty five static units at various stations on Eastern Railway other than Head Qrs. under F.A. & CTA.O/CTG/E Rly/Calcutta which are inspected either once in three years or once in two years depending upon 'very big' or 'major' station as and when traffic Audit conducts the inspection of station Account except annually as per instruction of Principal Director of Audit/Eastern Railway/Calcutta Authority (1) P.P.O. No. 337 Dt. 18.9.87 and (2) Sr. A.O./Cor's note dt. 19.3.96 based on PDA/E.R./Cal's verbal order in programme of Inspection files.

- 20.3** The list of Static Units are given below:

"Static Units' at the stations other than Head Quarter under FA. &C.A.O.

Catering/Eastern Railway/Calcutta.

Refreshment rooms	No of Vending Stall	No. of unit.
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1)	Bardhaman	One	Bardhaman	One
2)	Bolpur	One	Bolpur	One
3)	Bhagalpur	One	Bhagalpur	One
4)	Assansol	One	Assansol	One
5)	Dhanbad	One	Dhanbad	One
6)	Patna	One	Patna	One
7)	Kiulm	One	Kilum	One
8)	Mughalsarai	One	Mughalsarai	One
9)	Jamalpur	One	Jamalpur	One
10)	Gaya	One	Gaya	One
11)	Malda Town	One	Malda Town	One
12)	Durgapur	One		
13)	Bidhanagar	One		
14)	Danapur	One		
15)	Sahenganj			

20.4 LIST OF MOBILE UNITS

Sl. 'MOBILE UNITS' at the stations other than Head
No Quarters under F.A. & C.A.O/CTG/Ely/Calcutta.

- 1) Black Diamond Exp/DHN.
- 2) Magadh Exp. 1 & 2/PNDE
- 3) AC Exp. Rake 3/HWH.
- 4) AC Exp./Rake 1/HWH.
- 5) Coal Field Exp./HWH.

- 6) Himgiri Exp. Rake 1/HWH.
- 7) NVR/HWH
- 8) CI/Refreshment Room/SDAH
- 9) CI/Vending Stall/SDAH.
- 10) Pantry Car/Rajdhani Exp. 1/HWH.
- 11) Pantry Car/Rajdhani Exp. 2/HWH,
- 12) Coffee Corner HWH including GN's lunch room/FP. Calcutta
- 13) AC Express Rako 2/HWH.
- 14) North Wing & Snacks Bar/HWH.
- 15) Himgiri Exp. Rake 2/HWH.
- 16) Base Kitchen/HWH
- 17) Central Catering Stores Howrah.
- 18) Railway Yatri Nivas/HWH.
- 19) Chief Catering Supdt./K.G./Calcutta.
- 20) Pantry Car/Rajdhani Exp./Rake III/HWH
- 21) Bhagirathi Exp./SDAH.
- 22) New Car Complex./HWH

20.5 Duties of the Catering Audit Section.

Consequent on the formation of Departmental Catering organisation on 'No loss' and 'No profit' basis as well as a centralised catering accounts section in the office of the F.A. & C.A.O. Eastern Railway, at Calcutta as a result of taking over of Departmental Catering system by the Eastern Railway from the administrative central of South Eastern Railway with effect from the 1st. March, 195, a catering audit section has been formed at Calcutta with effect from December, 1956 to carry out the following duties:

- i. Audit of expenditure incurred by the subordinates in charge of different catering units and the Superintendent, Catering.
- ii. Audit of accounts relating to receipts and expenditure involved in the Departmental Catering as maintained by the Catering Accounts section of F.A. & C.A.O.'s office, Eastern Railway, and
- iii. Inspection of Executive offices and Catering units viz. Railway hotels, if any, Refreshment rooms. Restaurants, Stalls, pantry cars and comprehensive catering.

The establishment portion of the work like audit of salary Bills, Travelling Allowance bills etc. will be done by the Establishment Audit Section, Calcutta.

Following Accounts and statements are maintained by the Catering Unit Managers on Eastern Railway, the procedure of check of these records are given in subsequent paras.

- a) Indent of Cash Memo CDI (Com)
- b) Summary of daily sale cash memo-wise CD2 (Com)
- c) Bazar Purchase Account CD3 (Com)
- d) Daily account of Bazar Purchase and other expenditure i.e. CD3 (Com) - CD4 (Com)
- e) Stock Book of store items CD5 (Com)
- f) cash Book showing (opening balance, sale, detention, expenditure and cash balance) CD6 (Com)
- g) Item wise daily sale with value - CD7 (Com)
- h) Production Analysis Register- CDS (Com)
- i) Monthly summary sales, remittances and detention CD7 (Com)-CD9 (Com)
- j) Distribution register of Vendors - CD10 (Com)
- k) Commission payment Register of Vendors CD11 (Com)
- l) Summary of commission earned during the month and paid during the month-CD 12 (Com).

While checking the account it should be seen that the financial policy of the departmental catering to work it on 'no loss basis has been adhered to and that it makes a profit to the extent of 5% on the turnover. Points contained in para 194A of the R.A.M. may also be looked into.

20.6 Scope and Extent of Audit.

The audit of catering transactions should be conducted keeping in view the general principles laid down in paras 735-739 of the Indian Railway Code for Traffic Department and the rules contained in chapter

XXVIII of the Indian Railway Commercial Manual.

Chapter XIV of R.A.M. and paragraph 38 of M.Q.1. may also be seen in this context. All inspections of catering units of Eastern Railway, Hd. Qrs., Divisions etc. are done in a centralised may be the senior Audit Officer/Catering under the guidance of Principal Director of Audit/Eastern Railway See para 185 of the Railway Audit Manual and Appendix to A.D.A.I. (R)'s Secret D.O. No. 2301-RAI/87/86 dt. 27.8.66)

20.7 Profit and Loss Accounts

An annual profit and loss accounts is prepared by the Railway Administration on the lines given in Railway Boards letters No. 59-TC-III/677/28 dt. 20.10.59 and 09/12/59 received under ADAI(R)'s endorsements no. 3172-RAI/1-4/59 dated 29th. October 1959 and no. 3861-RAI/1-4/59 dt. 2nd January 1960 respectively filed at pages 134-41 and 155 of case no. CTG/7-2/56.

In audit it would be seen that the account has been prepared according to the instructions of the Railway Board and that no avoidable loss is being incurred by the Railway in running departmental catering (Para 367 of the R.A.M.)

20.8 Cash Memo (CD4)

(see para 186 of the R.A.M.)

During check in audit, it should be seen that:

- i) Continuity of printed serial number of the cash memo books in use in cash unit is maintained.
- ii) The cash memo bears the stamps of the Unit Manager.
- iii) In the case of a cancelled memo both the foils are submitted with an endorsement showing the reasons for cancellation duly attested by the Unit Manager.
- iv) The rate for the menu charged are in accordance with the price list fixed by the Railway Admn. and the changes made there to from time to time.
- v) There is no error in calculation or in total, and
- vi) The sales tax on meals or stores, where leviable has been correctly realised.

20.9 Daily abstract of Cash Sales. (CD7)

(See para 197 of R.A.M.)

It should be seen in audit that

- i. The sale proceeds as per cash memo selected for check have been properly accounted for in the daily abstract of cash sales.
- ii. The total is arithmetically correct, and
- iii. Total sale proceeds as accounted for in the daily abstract have been remitted to the Station Master through cash remittance notes after deduction of the authorised amount for meeting day to day expenses on account of bazar purchase and the acknowledgement of the station Master obtained on the Cash Remittance notes. when any portion of the sale proceeds has not been remitted to the Station Master but shown as transferred to other catering units to meet their urgent requirements, it should be seen that such transfer of cash has been acknowledged and duly accounted for by the receiving units.

20.10 Daily account of cash bazar purchases - (CD3)

(See para 188 of the R.A.M.)

This account should be checked with reference to the stock book. CD5 (Com).

It should be seen in audit that:-

- i. The previous cash balance and the amount retained out of the sale proceeds of the previous day have been brought into accounts.
- ii. The rates paid are not inconsistent with the market rates.
- iii. All possible vouchers in support of the purchases made are attached with the account.
- iv. There is no mistake in calculation.

20.11 Daily account of Credit Bazar Purchases.

(See para 189 of R.A.M.)

20.12 Daily Transaction statement (CD6)

(See para 190 of R.A.M.) In this statement are shown daily purchases of materials as well as sales under each major head showing wastages etc. and the total cash receipts. While the details of the purchases should be tallied with daily account of cash/credit/Bazar purchases, the sales should be checked to see that

- i. The total quantity of each kind of meals including those received from base kitchens and stores, sold in a day agrees with the sale proceeds as per cash memo of the corresponding date.

- ii. the number of meals received from base kitchens and accounted for in the transaction statement of Pantry cars should be tallied with the daily summaries of issues prepared by the base kitchens.
- iii. the rates charged are according to the price list fixed by the Railway Administration and the charges made thereto from time to time.
- iv. total quantity of meals, stores and sale proceeds thereof agrees with the daily abstract of cash sales, and
- v. the sales tax realised as per cash memo have been properly accounted for.
- vi.

In regard to wastage, it should be seen that there are not in excess of the prescribed limit. On Eastern Rly. Cash Book CD6(Com) is maintained which represents i) Opening balance, ii) Sales, iii) detention iv) Sales tax, v) expenditure and vi) closing balance. These should be checked centrally with reference to 'Purchase Account' -CD4 (Com) and 'Sales Account -CD 7(Com).

20.13. Daily/Trip-wise/10 days summarise of raw materials issued.

(See para 191 R.A.M.)

Materials issued for preparation of articles should be compared with those required on the basis of the prescribed formulae and the actual yield. Any differences should be investigated. Issues made to refreshment rooms, stall keepers and vendors as recorded there in should be traced into their sales returns. Similarly transfer of material from one catering unit to another and supply of meals by base kitchens to the pantry cars should be traced into the transaction statement of the receiving units. On Eastern Railway this account is not maintained, hence necessary check may be exercised with reference to 'Stock Book -CD5 (Com) and production Analysis Register -CDB(Com) which indicates daily issue of materials from stock book for the preparation of food items. Store Items like drinks, sauce, cigarettes, cakes and biscuits etc. should be checked from 'Daily Abstract of item wise' -CD7 (Com) and 'Monthly summary of items'-CD9 (Com).

20.14. Statement of Receipt and Expenditure of Table Account

(Para 193 of R.A.M.)

Monthly debits on account of cash bazar purchases and value of stores issued from stock and credits on account of sale proceeds are shown in this statement along with a summary of and expenditure during the month. It should be seen during audit that:-

- i. the daily postings of the value of stores used and the cash bazar purchases on the debit the corresponding vouchers, viz. daily issues to table/contingency account and daily account of cash bazar purchases.
- ii. the daily sale proceeds as accounted for on the credit side agree with those shown in the daily sales abstract of cash sales.
- iii. the totals of both debits and credits are correct, and
- iv. the total expenditure is not in excess of the receipt during the month. As separate table account is not maintained in Eastern Railway necessary check may be exercised with reference to stock Book CD5 (Com), Daily abstract of item wise CD7(Com) and Monthly Summary of items-CD9 (Com)

20.15. Issue of Table/Contingency Account.

(See para 192 of R.A.M.)

It should be seen during monthly audit that:-i) the rates and the amount on account of stores issued daily have been properly computed and ii) the value of stores issued agrees with that shown in the debit side of the statement of receipts and expenditure on table account. During inspection it should be seen that the quantity of stores shown as issued from stock agrees with that shown in the production Analysis Register. On Eastern Railway, separate Table/Contingency Account is not maintained. Stock and issues are shown in stock book-CD5(Com) necessary check may be exercised with reference to Daily Abstract of item wise CD7(Com) and monthly summary of items CD9 (Com).

20.16. Production Analysis Register.

This is maintained by the subordinates in charge of different catering units. It should be seen during Inspection that:-

- i. the stores issued from stock have been properly accounted for and agree with those shown in the table(Contingency account)
- ii. the production made out of the stores issued from stock is in accordance with receipt fixed by the Railway Administration.
- iii. there has been no excess or wastage of stores beyond the quantum actually required in production.
- iv. the production made agrees with the sale proceeds accounted for in the abstract of cash sales and the balance, if any, in stock; and

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- v. the production made but not sold and subsequently thrown being out of human use has been written off under sanction of competent authority.

20.17. Price list. (See para 194 of R.A.M.)

It should be seen that rates have been so fixed as to make the budget of the catering Department balanced that uniform rates have been fixed over the entire area at their variations in the actual menu to suit local taste have been into account.

20.18. Account of left over or spoiled materials etc. (See para 1948 of R.A.M.)

It should be checked during inspection that:-

- i. purchases and production of food stuffs are on the basis of minimum requirements for a day.
- ii. no loss or deterioration generally occurs specially where there is proper cold storage equipment.
- iii. wastage exceeding the prescribed limits are properly investigated.
- iv. consumable stores are certified by the officials as unfit for consumption due to long storage or otherwise after duly examining whether the loss could have been avoided and
- v. amount of loss has been recovered from the defaulting staff or written off under the sanction of competent authority.

CHAPTER - XXI

21.0 Efficiency our Performance Audit:-

The erstwhile Higher Audit Section has been revamped and renamed as efficiency-cum-performance Audit to cope with the changing pattern of Railway expenditure over the years. A new approach to Audit brought the transactions audit has been adopted to assess and evaluate the three 'E' i.e. efficiency, economy and effectiveness of developmental scissiors, projects, organisations etc.

Efficiency cu Performance Audit is totally different from Registry and property Audit and overs both financial and social aspects.

Economy means operation the lowest possible cost. Efficiency is effective output without unnecessary waste of resources including adherence to time schedules, and Effectiveness is achieving preround objective and goals and ensuring that intended benefits arise in real term.

The financial aspect is to see that:-

- i. the agency maintains an effective control over income, expenditures, assets and obligations
- ii. the agency is responsible for its resources obligation and expenditure and
- iii. the agency reports include specific, true and useful date. The social aspect is to see how far
 - a) the goals/target set have been achieved and
 - b) the intended benefits to the community have accrued.

Thus, the object of E.C.P.A. is to assist the Government and the Parliament

- i. in protecting the interest of the tax payers
- ii. in developing revenue and
- iii. in effecting economy in expenditure wherever possible.

21.1. ORGANISATION:-

In the office of the Principal Director of Audit/Eastern Railway/Calcutta, E.C.P.A. section is situated at Head Quarter and consists of one Seniormost Audit Officer, one Assistant Audit Officer/section Officer and one/two Senior Auditors.

21.2. FUNCTION:-

Through one of the important function of the E.C.P.A. section is to undertake special investigation, but due to formation of special Investigation cell e.g. 13.4.1973 vide Eastern Railway Audit Procedure Office Order No 285 dt. 21.5.1973 with an Sr. Audit Officer incharge prompt disposal of all investigation cases as referred to it by or under orders of the Principal Director of Audit/Eastern Railway/Calcutta and its continuance till November, the E.C.P.A. section is at present entrusted with the following jobs:-

- 1) November scrutiny
- 2) Compilation of Quarterly and Monthly Arrear Report
- 3) Internal Audit
- 4) Disposal of D.I Inspection Reports and other works associated there to.

21.2.1. Scrutiny of Newspaper:-

E.C.P.A. section should study the daily newspapers purchased by the office for selecting press oilrigs, if any, worth reporting to Head Quarters office on subjects relating to railway working and take out the outing of important and interesting matters relating to Railway working and finance. Such clippings should be put up to Dy. Director/Principal Director of Audit for personal and orders. For the purpose a Newspaper-

with the instructions given in Para 5.24 and 5.25 of the Office Manual Vol. 1. The monthly arrear reports as submitted by the individual section should be consolidated to assess the overall state of work and consolidated arrear report should be submitted to the Principal Director of Audit along with individual reports for his perusal and orders. The orders of the Principal Director of Audit on the consolidated report should be communicated by E.C.P.A. section to the sections concerned.

Quarterly Arrear Report Qrly. Arrear Reports of all auditing units/sections are checked and compiled in E.C.P.A. section. The months of submission and to whom it would be furnished is narrated in Para 5.25 of C.M(4th. Addition)-Vol. 1.

21.2.3. Internal Audit:- Chapter XXV of the Railway Audit Manual, 4th Edition and Paras 563-566 of the Manual of Standing Orders-Technical any please be seen in this context.

The E.C.P.A. section will also conduct a test check of the work of other sections/branches of the office of the Principal Director of Audit, Eastern Railway with a view to find out that:

- i. procedural Rules and regulations are correctly followed
- ii. the various registers are prescribed are maintained properly
- iii. the returns are submitted on the due dates, and
- iv. the sections/branches function as efficient units of the office.

The internal audit of all the sections/branches of the office will be completed in a cycle of two years. Each year in the month of February, a programme may be prepared with the approval of the Principal Director of Audit and the same may be strictly adhered to. The internal audit party will examine following interilic:-

- i. whether prescribed programme of audit is being followed by the sections and whether the process of audit applied in the sections ensure a complete scrutiny of the records under their audit contract
- ii. whether the periodical arrear reports submitted by the section faithfully represent the actual position of arrears in that section.
- iii. Delays in the disposal of correspondence, if any and whether these have been brought to the notice of the Branch Officer/Principal Director of Audit wherever necessary through registers, returns, arrear reports etc
- iv. whether returns shown as having been sent on the dates mentioned in the calendar of Returns were actually sent on those dates or not
- v. whether queries made by the Principal Director of Audit/Dy. Director of Audit/Branch Officer are
- vi. being attended to expeditiously.
- vii. whether the files and other records of the section are maintained in a neat and systematic manner. whether the prescribed programme of audit is itself adequate or whether any multiplication or addition is necessary to enable the Principal Director of Audit to record his annual certificate on the accounts of the Railway.
- viii. whether the voucher selection registers, registers of current review and post review etc. are properly maintained indicating details of vouchers/documents audited/reviewed, date of completion of audit/review and initial of the staff concerned and submitted to the proper authority in time.
- ix. whether various other reviews are properly conducted observing the time schedule, results thereof are recorded properly and submitted to proper authority in time.
- x. whether inspection reports are issued within the prescribed period and if not, whether arrears in terms of man day on account of delay in issue of the inspection report is properly depicted in arrear report
- xi. whether the sectional library is maintained uptodate by pasting correction slips and orders from time to time.

21.3. Finalisation, issue and disposal of Internal Audit Reports.

On completion of the internal audit of a section preferably on the last day of the inspection the internal audit inspection party would hand over the draft internal audit inspection report to the concerned Branch Officer, who in turn would offer his preliminary remarks against each para. In exceptional circumstances where Branch Officer is unable to the present during inspection, the seniormost Asstt. Audit Officer/Section Officer(A) would offer preliminary remarks. The reply to preliminary report must give within three days.

For speedy settlement of internal audit reports, if the preliminary remarks of the Branch Officer are not forthcoming, finalisation of the report should not be delayed and the final report may be issued indicating the fact of non-receipt of preliminary report. The report must be issued within fourteen days of the closing day of the inspection. The inspection report may be returned to the E.C.P.A. section within a month positively officer obtaining the approval of the supervisory Dy. Director of Audit indicating the fact of such approval in the memo sending reply. The disposal of the internal audit report may be watched by the E.C.P.A. section till the reports are treated as settled by Dy. Director of Audit/Principal Director of Audit.

E.C.P.A. section will maintain a register showing date of inspection, date of issue of inspection report and No. of paras contained in the report and the register should be put up to the Dy. Director of Audit/Principal Director of Audit monthly.

E.C.P.A. section should also put up a monthly report to the Principal Director of Audit indicating the position of reports dying outstanding for more than three months.

(Ref: Eastern Railway Audit P.O.O. No. 340 dt. 22.4.88.)

B. Inspection by the Director of Inspection.

The E.C.P.A. section should act as Lisen between the Director of Inspection Party and other sections and Branch Offices of the office of the Principal Director of Audit, Eastern Railway during the inspection period. The inspection report issued by the Director of Inspection should be dealt with by the E.C.P.A. section. The branch offices/sections might be asked to give reply to the points relating to them. The E.C.P.A. section should coordinate before sending any reply to Head Quarters on the D.I. Inspection report. Necessary instructions should also be got issued by the E.C.P.A. sections wherever necessary to ensure that the irregularities pointed out by the Director of inspection do not recur in future.

CHAPTER XXII

SPECIAL INVESTIGATION CELL

22.0. General

The special Investigation Call, called as S.I.C., was formed in the year 1973 w.e.f. 13.4.73 vide the then Chief Auditor/E.Rly's P.O. No. 285 dt. 21.5.73 with an Audit Officer in Charge for prompt disposal of all Investigation cases referred to it by or under the orders of the Chief Auditor. The supervisory charge of the Special Investigation Call was entrusted to the then Deputy Chief Auditor.

However, at present SIC consists of one Seniormost Audit Officer, One Assistant Audit Officer and two Senior Auditors.

22.1. Function

The function of the call is detailed below:

- 22.1.1.** SIG is to take up all investigation cases referred to it by or under the orders of the Chief Auditor.
- 22.1.2.** to collect all information, materials, date etc, from the Railway Administration either direct or through the dealing audit sections.
- 22.1.3.** to consult the concerned sections including the Divisional and Workshop audit offices and obtain their remarks, wherever necessary.
- 22.1.4.** to submit the result of its investigation from time to time to the Director of Audit/E.Rly.
- 22.1.5.** to submit the relevant case to the Report Section with a tentative draft para for further action to be taken by that section, in case the results of the investigation finally disclose potential points for inclusion in the Audit Report.
- 22.1.6.** The Special Investigation Call should undertake the work of investigation upon itself and avoid making protracted correspondence with the Railway Administration, Divisional or Workshop Audit Offices, as far as possible. However, the dealing audit sections would promptly respond to the requirement of the cell and render all possible assistance required by it in the proper discharge of its function.
- 22.1.7.** For the information of the ADAI(Rlys), the S.I.C. should submit a progress report of the work done by it to the Pr. Director of Audit fortnightly, i.e. on the 1st and 16th of each month. In order to facilitate watching of the progress at a glance, it should maintain a register showing the items of investigation entrusted to it and the action taken against them from time to time.
- 22.1.8.** In order to keep the Special Investigation, Call conversant with the up-to-date position of rules and orders. copies If all circulars, bulletins etc. Incorporating new rules, orders, amendments or modifications should be endorsed to it by all issuing sections.
- 22.1.9.** SIG should review the reports of different committees set up by the Central Government.
- 22.1.10.** To review the Railway Budget, Appreciation and various other reports sent by various departments of Railway to the Railway Board, Reports of the economy committee etc.
- 22.1.11.** To undertake investigations on important topics. List of topics for investigation is given in Annexure to Chapter 2 under Section II of C & AG's M.S.O. (Tech) Volume I & Chapter XXIV of Railway Audit Manual, 4th Edition.
- 22.1.12.** To look into the instances of important special adjustments carried out towards the class of financial year, suggested for investigation by auditing sections.
- 22.1.13.** Items for investigation selected by the Principal Director of Audit, Eastern Railway, in accordance with para 499 of R.A.M. (4th edition).
- 22.1.14.** Review of G.M.'s Annual Report.
- 22.1.15.** Review of publications of Railway Admn. suggestion for investigation by auditing sections.

- 22.1.16.** Items for investigation selected by the Principal Director of Audit, Eastern Railway, in accordance with para 499 of R.A.M.(4th edition).
- 22.1.17.** Review of G.M.'s Annual Report.
- 22.1.18.** Review of publications of Railway Admn.
- 22.1.19.** Review of the report of the Efficiency cell of the Eastern Railway Administration.
- 22.1.20.** Maintenance & submission of Register of investigation.

22.2. SCOPE & STANDARD OF FIELD INVESTIGATIONS:

It is neither correct nor desirable to conduct efficiency audit on certain pre-determined lines as schemes differ in concepts, techniques of performance, nature of the objectives etc. Information available for analysis will also differ. Only after a detailed in depth study, the scheme should be selected for review. At that time, the areas of investigation at each level should be identified and the lines of possible further investigation determined. After approval or the selection of the scheme of review, an "Audit Programme" should be chalked out for such scheme indicating the lines of investigation, the offices/units to be visited and overall strategy for collecting relevant data. Detailed guidelines indicating the further lines of investigation should be drawn up and got approved by Headquarters, in respect of All India Reviews, selected by the Headquarters, the detailed guidelines are issued by the Headquarters itself.

22.2.1. LAY OUT FOR A REVIEW CAN BE :-

- 1) Introduction, description of the organisation, scheme/project.
- 2) Finance, resources, expenditure. 3) Targets Physical, Financial.
- 4) Use of financial assistance/resources. 5) Utilisation of materials/equipment.
- 6) Utilisation of man power. 7) Components of scheme-goals, achievements, shortfall.
- 8) Inventory. 9) Operational costs-variable, fixed.
- 10) Assets-targets/fixed. 11) Social objectives how far met.
- 12) Summary of findings.

(Authority: Audit Guide Series No. 3 issued by the O & M Division of the C & AG of India, New Delhi).

22.3. STANDARDS OF FIELD INVESTIGATION IN THE SPECIAL INVESTIGATION CELL

The reviews on schemes/Projects should be prepared after intensive study of the schemes/projects and they should be auditing based covering both financial and social aspects.

A review is essentially a vertical study. Unlike the audit of regular inspection parties, the review parties should visit all the important offices/units connected with the scheme wherever feasible taking into account organisational set up right from the secretariate down to the field formations and should get a comprehensive and balanced picture.

S.I.C. is directed to examine the system, procedures, planning, implementation and performance of programmed activities and bringing out among other things weakness and deficiencies as also lapses of various types including those relating to individual transactions for appropriate action.

22.3.1. Some of the board guidelines enlisting the steps to be taken for field investigation are given below:

- a) Identify the objectives and the targets fixed, physical as well as financial.
- b) Check whether sound systems exist in respect of all disciplines of management control and monitoring mechanism.
- c) Co-relate achievements with targets prescribed under the scheme.
- d) Whenever the performance prefaces appears to be less than efficient, ascertain the reasons thereof, not in a mechanical way but with an analytical eye. Consult the concerned departmental authorities if further probing is found necessary.
- e) See whether technical estimates, detailed programmes and cost schedules are being followed and whether the same are adhered to by the executing departments.
- f) Analyse the reasons for delay in execution of projects and identify the bottlenecks, if any.

In this connection, the Audit Guide Series No.4-standards of field investigation in Efficiency cum Performance Audit may also be referred to.

22.4. Other Duties: Other than review work, S.I.C. performs some other duties which are detailed below:

22.4.1. Review of General Manager's Annual Reports:-

SIC Section should review the G.M. E.Rly's annual report to the Rly. Board with a view to select items therefrom for further investigations either by SIC or by any other auditing section as directed by the Pr. Director of Audit.

22.4.2. Review of Publication of Railway Board:-

Railway Boards annual report should be reviewed and interesting should be submitted to the PDA.

22.4.3. Appreciation and other reports sent by various departments of the Railway Admn. to Railway Board etc. Monthly appreciation and other periodical reports submitted by Commercial Operating, Safety & Statistical Departments, Fuel economy reports etc. should be reviewed and a note bringing out interesting cases/

22.4.5. This section shall also be responsible for investigation of the cases referred to by other auditing sections with the orders of the Pr. Director of Audit.

22.4.6. Register of investigation undertaken by the E.C.P.A. section:-

The programme of investigation to be conducted by the SIC should be got approved by the Pr. Director of Audit, E.Rly. quarterly i.e. in April, July, October & January each year. As soon as the approval of the PDA is obtained regarding a subject for investigation, it should be noted in a register which should indicate the progress of

CHAPTER-XXIII

CO-ORDINATION

23.0. General

The erstwhile Central (Co-ordination) Section has been bifurcated into two independent section vice.(i) report & (ii) Co-ordination, under the supervision of two separate Audit Officers. File number of co-ordination section will start with 'COR' to identify section concerned. [Authority and AG'S Letter no. 503-BRS/434-87-1 dt. 11.2.88 and P.O.NO.347dt. 21.9.89] 23.1. Main Function. The functions of the Co-ordinating section shall mainly be as under:-

23.1.1. Issue of monthly Progress Report on the issue of Inspection Reports:-

Information is to be collected from different units regarding the issue of inspection reports of all the audit units of E.RLY. Audit monthly and the actual position is to be brought to the notice of the PDA; properly showing alongwith the unsatisfactory position; if any.

23.1.2. Report on the Bipartite/Tripartite (monthly):-

Co-ordination section is responsible to watch the overall position of outstanding audit under the preview of eastern railway audit and to collect all information and to watch and deal with all matters concerning periodical meetings of audit officers and the meeting of the head of the Departments of the Railways.

23.1.4. Materials for quarterly confidential D.O. to C and AG (quarterly):-

The information regarding administrative matters and position of arrears are to be collected from administrative section and ECP A section and the position alongwith briefs of draft paragraphs etc. are to be submitted to the QDA/E.RLY./CAL.

23.1.5. Quarterly Audit Bulletin:- It is the duty of the co-ordination section to circulate all the sulcations received from headquarters to all the branch officers and units.

23.1.6. Pare for the register of important of audit:-

The paras as and when approved by the Principal Director of Audit are to be posted in a Register and all the paras approved in a quarter are to be circulated to all as well as to other railways and also to the C & AG. Similarly, the paras received from other units are also to be circulated to different units.

23.1.7. Reconciliation of C.O. 6 & C.O. 7(Half-yearly):-

The account of the month(selected for audit) for which reconciliation is to be carried out is to be got selected from the Principal Director of Audit and to intimated to different units.

23.1.8. Deviation from Code Rules Half-Yearly):-

The information is to be collected from different units and unusual feature if any, noticed is to be initiated to C & AG of India.

23.1.9. (a) Stock taking of Secret Menos(Half-Yearly):- The positions of stock taking of Secret Menos is to be ascertained from different units and intimated to C & AG of India. (b) Implementation of Instructions from Headquarters regarding revision of the extent and scope of Audit is done by Co-ordination Section and necessary instructions are communicated to all the units, if necessitates.

23.1.10. Cases of New Services not contemplated in Budget Yearly):-

The information is to be collected from different units and C & AG is to be informed with the approval of Dy. Director/Pr. Director of Audit if there is any such cases.

23.1.11. List of completed works or nearing completion costing more than Rs. 50 lakhs (Yearly):-

List is to be collected from different units and one or two cases of each unit is to be selected by PDA and intimated to the units for completing review.

23.1.12. Programme of Inspection (Yearly):-

The programme of different units as selected by PDA are to be circulated to them by the Co-ordination Section at the end of compilation of Programme of Inspection from different units and its certification & election by PDA. Proposal for minor changes, if any, are also to be got approved by DDA/DA and intimated to the unite concerned.

23.1.13. Selection of Cash Office for Surprises Verification of Cash(Yearly):-

Selection of the unit for surprise verification of cash by different divisions and workshops are to be got

selected PDA and intimated to the units by the Co-ordination Section. Surprise Verification of cash in respect of Head Quarters/Calcutta Cash Office and Divisional Cash and pay Offices to be conducted in every year and that of Cash & Pay Offices, out of Divisional Head Quarters is to be conducted once in two years. The reports received from the units are to be put up to PDA through Books Section/Calcutta if there is any unusual features.

23.1.14. Recovery at the instance of Audit:-

The information is to be collected from different auditing units and the consolidated position is to be compiled and sent to the C & AG Office.

- 23.1.15. Yearly statement of outstanding objections issued upto 31st March of a year but not disposed of by 31st August of that year (with money value and without money value).**

The statement is compiled by Co-ordination Section after collecting information from different units and sent to Head Quarters.

23.1.16. Annual Statistics for the volume of work done in Ply Audit Office:-

The statement is compiled after getting the relevant information from unit Audit Offices and sent to Head Quarters.

23.1.17. Programme of Audit & Misc. Matters:-

Dealing with reference from Hd. Quarter. In connection with Programme of Audit & other miscellaneous matters, is duty of Co-ordination section.

23.1.18. Dealing with references from different units in connection with programme of Audit & Inspections:-

All such matters are dealt by the Co-ordination Section.

23.1.19. Dealing with miscellaneous references from other Rlys. in connection with Programme of Audit etc:-

All the references from different Railways in connection with Programme of Audit is done by Co-ordination Section.

23.1.20. Administrative Report Compilation:-

Statistical data of the Annual Administrative report is to be collected, compiled and printed out by September such year. Copies of the Annual Administrative Report of the offices of the Principal Director of Audit.

Eastern Railway is required to be submitted to Headquarters and other Principal Director of Audit by the Co-ordination Section.

23.1.21. Activity Report:-

Statistical data as called for by the C & AG from time to time for the Activity Report for previous year is to be collected, compiled and is required to be submitted to Head Quarters by 15th June of the following year by the Co-ordination Section.

23.1.22. Preparation of Performances Report:-

Collection of Performance Reports in printed form from all the units, compilation thereof, preparation of consolidated Performance Report and submission of the same to the Head Quarters after being approved by the PDA is one of the duties of the Co-ordination Section.

23.1.23. Audit Plan:-

The preparation of Audit Plan, of the office of the PDA/E.Rly/Calcutta each year is also a vital work of Coordination Section. This report is early in January each year for the ensuing financial year after taking into consideration the manpower resource constraints, particularly in the cadre of 5.0.5.A.ADS, and the relative importance of the audit to units. The plan, in the form of annual programme as approved by PDA/ E.Rly/Calcutta is to be split up as follows:-

- a) Central Audit
- b) Inspection
- c) Draft Paras
- d) Reviews (Local/Central)

The aim of audit plan is to ensure the completion of audit works in time and improvement of quality of Audit Reports. The statistical data's are to be compiled after collecting the same from the different units. An approved copy of audit plan is forwarded to Head Quarter for intimation. Ona copy of the same also have sent to the FA & CAD/E.Rly.

Pare 23.2. Periodical meetings of the Principal Director of Audit with the Group Officers and Senior Officers, Austi Officers. Assistant Audit Officers Section Officers (Audit).

- 23.2.1.** Principal Director of Audit will meet Officers once is a quarter, via in Juna, September, December & March of a financial year. For this purpose, the Group Officers of all the units should send to the Coordination Section the materials for Branch Officers meeting by the month is which meeting to be held under the following categories:-

- a) A brief history of important cases being perused by the units which are of a general nature and merit, similar investigation by other units.
- b) Position of outstanding Audit Objection raised through special letters, Port Audit Notes and Part Inspection Reports issued upto the last date of the concluding month of the previous quarter, but not yet disposed of.

- c) Position of the cases entrusted to the units for investigation/review as per discussions and orders in the previous meetings or as per Coordination Section's reference.
- d) Position of progress of local inspection and arrear in issue of Inspection Report.
- e) Suggestions for Special Investigation.
- f) Arrears in Audits Office proper.

g) Arrears in Original Audit and Post Reviews by G.O.S.

h) Miscellaneous items.

The Group officers should prepare an agenda points to be discussed based on the materials collected from all units of E.Rly, Audit.

23.2.2. The Group Officers would in turn meet their respective Senior Audit Officers/Audit Officers/Assistant Audit Officers/Section Officers once in a month in order to obtain firsthand information on the state of work in their respective Groups.

2. The actual date of meeting with Group Officers and Branch Officers and the agenda to be discussed in the meeting would be intimated to all Branch Officers by the Co-ordination Section and

3. the meeting should minute so that an authenticated record is available for reference during future meetings.

4. A record of the minutes of the meeting should be maintained and copies of the same should be forwarded to all units for necessary action.

(P.O.O. No. 328 dt. 25.5.64 and P.O.O. No. 353 dt. 9.6.1993).

23.3. Meetings of the Heads of Departments.

23.3.1. The meetings of the Heads of Department are third monthly. The intimation regarding the exact date of meeting together with the agenda for discussion in the meeting is received from the Railway Administration. This and other connected papers received from the E. Railway Administration should be submitted to the PDA/E.Rly/Calcutta alongwith the briefs of various departments as and when received from the Rail way Administration for information.

23.3.2. The Co-ordination Section in collaboration with the Report Section shall prepares a brief for the meeting which shall be submitted to the Principal Director of Audit well in advance of the meeting. The brief shall contain the position of Draft Paras issued to the Railway Administration long awaited documents, records and outstanding important matter to be discussed in the meeting of HOD by Principal Director of Audit.

23.4. Charge Reports of the ADAI(Rlys.)and Pr. Director of Audit.

23.4.1. Necessary material for the charge report of the Principal Director of Audit shall be obtained by the Co-ordination Section from the branches or unit offices as and when there is any change in the incumbency. The charge report as prescribed under the Competition and Auditor General of India's letter No. 1557-I-AD-TAIL/75, dt 14.08.75 and E. 2789-GEII/254-84, dt. 19.09.85 will be prepared in 5 parts and submitted to the Principal Directors of Audit for signatures and to his successor for counter signature. Material for the charge report of ADAI(Rlys.) is prepared from the information available at Head Quarters.

23.4.2. The charge report of other officer will be prepared by the respective sections. Copies of such charge reports shall be received by the Co-ordination section for reference and record.

23.5. Progress of Inspection:-

A report showing the position of inspections in arrears and the position of issue of inspection reports at the end of the previous month should be sent by the units so as to reach Co-ordination section by the 2nd of every month in the proforma prescribed vide para 416 of Railway Audit Manual. The Co-ordination Section will consolidate the information and submit it to the Principal Director of Audit by 10th of each month.

23.6. Quarterly Confidential D. D. to the C & AG:-

The Branch Officers should send materials for quarterly D.D. on the various issues under the following categories:-

1. Fresh Suggestions, innovations, new ideas or approaches as well as substantial improvements, deliberate changes in matters relating to administration, audit activities etc. should be exhibited under the following heads.

a) Administrations.

b) Audit activates.

c) Miscellaneous.

2. Progress of Reviews.

3. Draft Paragraphs.

4. Resume of important objections.

The materials should reach Co-ordination Section from all units Section well in advance so as to enable the

Pr. DA to send the confidential D.O. to the C & AG by the 15th of the due month. In case there is no important feature to report the nil report need not be sent.

(Authority: 1) C & AG letter No. 384/0 & M/118-84/Kw dt. 30.03.88.

2) P.O.O. No. 326 dt. 11.4.84 of Pr. DA, E.Rly.).

23.7. Statistics of volumes of work done in audit office:-

For the purpose of collection of suitable statistics to serve as a fair index of the volume of work done in Railway audit offices, figures relating to various items of audit work in the office during the previous financial year are to be sent by the unite to the Co-ordination Section by 15th of July each year, to the ADAI(Rlys.) in prescribed proforma shown in Annexure A & Ali) by the Co-ordination section. The Coordination Section shall consolidate it and sent to ADAI(Rlys.) by 10th August each year. Items of any special or peculiar character which cannot normally be grouped under any of the prescribed heads should be indicated separately.

23.8. Tour Notes of Principal Director of Audit/Deputy Director of Audit:-

Tour notes of Principal Director of Audit/Dy. Director of Audit are received in Co-ordination sanction, copies of these tour notes are forwarded to the branch offices/sections concerned for sending their report tour notes should be put up to Principal Director of Audit/Dy. Director of Audit, as the case may be. The tour notes are to be submitted to ADAI(Rlys.) during his visit.

23.9. List of cases/registers to be submitted to the ADAI(Rlys.) during his Visit:-

The following register and file's should be collected and kept ready for submission to ADAI(Rlys.) during his visit.

1. Results of original audit by Audit Officers(all Branch Officers).
2. Results of post review by Audit Officer stall Branch Officers).
3. Register of Draft Paras for Railway Audit Report (Report Section).
4. Register of important events of Audit Co-ordination Section).
5. Register of cases being dealt with in ECPA Section,
6. Tour notes of Principal Directors of Audit Co-ordination Section).
7. File regarding minutes of meetings of Audit Officers (Co-ordination Section).

23.10. Procedure Office orders issued by Principal Director of Audit Issue and upkeep of the files.

23.10.1. The orders issued by the Principal Director of Audit/Dy. Director of Audit from time to time, affecting the work of the department involving change in the procedure or laying down the procedure will be circulated to all Branch Officers/Sections in the form of P.O.O.S. Draft P.O.O.S. as and when necessary, will be submitted to the Principal Director of Audit for approval through Co-ordination Section. After their approval by Principal Director of Audit, these will be allotted serials, by Co-ordination Section and circulated to all unit officers. One copy will be posted in the register of P.O.O.S, Procedure office order issued by the FA & CAO.

23.10.2. All P.O.O.S issued by the FA & CAO are received in the Co-ordination Section. The Co-ordination Section should distribute the P.O.O.S. issued by the FA & CAO devolves on the concerned Headquarters audit section.

23.11. Reference received from the ADAI(Rlys.), other Rlys., Divisional Audit Offices. FA & CAO etc.

Important references received from the ADAI(Rlys.), other Railways, Divisional Audit Offices etc., which call for collection of information from different Branch Offices/Sections and issue a consolidated reply, are marked to Co-ordination Section. On receipt of such references immediate action should be taken to address the various Branch Offices/Section concerned to collect the required information. A separate files for each subject should be maintained.

23.12. Quarterly Report on the settlement of outstanding audit objections:-

With a view to watch over the progress of clearance of outstanding audit objection raised through Audit Notes, Special Letters and showing clearance of such objections should be prepared in the following form and submitted to the ADAI(Rlys.) so as to reach his office by the 5th of April July, October and January each year.

23.12.2. Statement showing clearance of outstanding objections for the quarter ending.

Particulars Of Objections.	No. of outstanding at the end of last quarter.	No. cleared during the quarter.	No. of outstanding at the end of the quarters.
Audit Notes Part-I Special Letters Inspection Reports Pt-I			

23.12.3. In order to enable the Co-ordination Section to prepare the consolidated statement for submission to the ADAI(Rlys.) all auditing section should submit to the section quarterly, a statement of outstanding objections in

the above form so as to reach by the 2nd of the month following the quarter ending March, June September & December.

23.12.4. However, vide St. A.Q./Co-ordination's letter No. COR/2-3A/95 dt. 12.3.96 all the sections have been directed to send monthly report to the Co-ordination section by the 10th of the month showing position upto the end of the preceding month in the proforma given below (Annexure B of P.O.O .No. 295 dt. 23.10.76.).

23.12.5. Progress Report on the issue of the Inspection. Reports.

Name of the Officer Inspected.	date of Completion of the inspected.	date of submission of the draft report for GO's approval.	date of approval by G.O.	due date of issue of the report.	date of issue of the typed copy of the report.	Remark for delay.
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Section I (for inspections conducted during the month of report).

Section II (for inspections conducted during the previous month but the reports for which were not issued in that month).

Section III Summary of arrears in the issues of Inspection Report.

No. of I/R's issued at the beginning of the month. this month.	No. of I/R's pertaining to section II due for issue this month.	No. of I/R's (old) during this month.	Arrears in the issue of I /Reports	Man Hours	Reasons for arrangers end the action taken to pull up the same.
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Part I/Part II : Part I/Part II : Part I /Part II : Part I/Part II :

23.13 Position of outstanding Inspection Report showing thereof in the Inspection Report Register.

The money value in respect of outstanding Part I Inspection reports should be shown in three categories in the Inspection Register which are given below:-

- i. Upto Rs. 5 Lakhs.
- ii. Above Rs. 5 lakhs but below 10 lakhs.
- iii. Rs.10 lakhs and above.

All auditing units should comply & submit their reports regarding outstanding Inspection reports to the Co-ordination Section, so outstanding position can be found at a glance.

(P. O. O. No. 363 dt. 31.10.94)

23.14. Content Audit

A list of Consent Audit performed in terms of para 5 of Manual of Standing Orders(Technical) Vol. I of the Comptroller and Auditor General of India together with the terms and conditions as may have been settled between CAG and the Governments Concerned or any modification there should be furnished to the ADAI(Rlys.) in triplicate be the end of April every year in the following form. In case there is no change in the list already sent, a nil return should be sent.

- i. Serial No.
- ii. Name of audit.
- iii. Periodicity of audit.
- iv. Whether audit fee is waived or recovered in case audit fee is recovered and the basis on which calculated.
- v. Authority for undertaking the audit.

The audits undertaken in respect of statutory and autonomous bodies in cases where the responsibility for audit does not specifically devolve on the Comptroller and Auditor General of India under the provision of the Act will fall in the category of 'Consent' Audit.

CAG's latter No. 3187-49-RAI/8-3/74 dt. 6.12.74.

23.15 Audit of Statutory and Autonomous Bodies.

23.15.1. Along with the list of Consent Audit of list of statutory and autonomous bodies the audit of which is conducted by this office on statutory basis on behalf of the Comptroller and Auditor General of India under the Article No. 149

of the Constitution of the Indian Union or any modification thereto should be sent to ADAI(R) in triplicate by the end of April every year in the following form. In case there is no change in the list already sent, a nil return should be sent.

- 23.15.2** To Central Section to Section to send the list to the ADAI(Rlys.) the auditing section should send their list to by the first week of April every year.
Serial No. (i) Name of Audit, (ii) Periodicity of Audit, (iii) Authority for undertaking.
- 23.15.3** A list of statutory audit will include all audits which are entrusted to the Comptroller and Auditor General Specially by an act of Parliament or when an Act Compuware the Comptroller & Auditor General to conduct the audit at his discretion e.g. supplementary audit in the case of Government Companion Under Section 619(3)(b) of the Indian Companies Act, 1956 as amended. It will also include the efficiency-cum preparatory audits in respect of certain commercial concerns not falling under 619(3)(b) of the Indian Companies Act. 1956.
- 23.15.4** The audits of Grants-in-aid to private institutions or local bodies under taken by the Comptroller and Auditor General under the provision of the Government of India, Mins, of Finance's O.M. No. F.S.11(39)-E.II. A/56 dated 4.1.57 or similar instructions issued by the state Governments, though treated as the statutory responsibility of the Comptroller of & Auditor General of India are not to be included in the list of 'Statutory Audit's.
(CAG's letter No. 1796-Admn. 1/179-58. II dt. 26.7.58 and No. 3137-49/RAI/B-3/74 dt. 6.12.74).
- 23.16** **Audit of Commercial Undertaking**
- 23.16.1** A list of Government, Commercial, Quesi-Commercial and Industrial undertaking showing their names only, in which the Governments funds are invested or loaned or where Government have undertaken any contingent liability the audit of which is entrusted to this office should be sent to ADAI Rlys.) annually in triplicate soon to reach his by the 1st week of December each year. The auditing sections concerned should send their list to the Central Section by the middle of November each year to enable them to send the consolidated list to the ADAI(rlys.) in due time.
- 23.16.2** The list of Commercial or Industrial Undertaking which are likely to be set up by Government in the near future would also be indicated in the forwarding letter to the ADAI(Rlys.) or General Section.
- 23.16.3** Any modification or if there is no change in the list already sent should also be intimated to the ADAI(Rlys.) on the same date as above.
- 23.16.4** (2) The details of commercial undertakings the list of which has already been sent should be furnished to the ADAI(Rlys.) in triplicate in the form laid down in Comptroller and Auditor General's letter No. 210-CA/325 33 dt. 17.3.54 as modified under his letter No. 256-CA/225-54 dt. 2.4.55 so as to reach his office by the 15th of November each year.
- 23.16.5** The General Section should send the consolidated list to the ADAI(Rlys.). The concerned auditing sections should send their list to the Central Section by the end of August each year.
- 23.17** **Review completed major works at Divisional Head Quarters.**
All expenditure auditing sections including Workshop Audit Section s should review completely one or two completed major works as selected by the Director of Audit in January each year. For the facility of selection of major works to be reviewed by the Director of Audit, all expenditure audit sections should send a list of completed major work by the first week of December each year.
- 23.18** **Draft Paragraph on cases of frauds and Losses etc.**
- 23.18.1** Draft paragraph on really important cases of frauds, serious irregularities etc. involving Rs. 5000/- and above each and disclosing procedural and other defects should be prepared from the quarterly reports submitted by the auditing sections and dealt with by the Central Section for report to the ADAI(Rlys.).
- 23.18.2** In respect of items of losses amounting to less than Rs. 5000/- where the action on the part of the Administration is considered inadequate or ineffective a general factual statement supported by instances of (i) inadequate action, (ii) Delayed action, (iii) cases in which action is pending for a long time should be prepared and copies thereof sent to the ADAI(Rlys.) by the middle of August each year.
ADAI(Rlys.) No. 2583-HAI/A 6-10/59 dated 8.9.1939.
The materials for draft paragraph on this account should be sent by all sections in Central Section by the 1st week of August each year.

Chapter XXIV

Costing

- 24.1** Aim & 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 to take necessary precautions to minimize to avoid such wastages or losses.

24.2. **Object of Cost Accounting**

The object and scope of cost accounting are

- I. To ascertain the cost of components, assemblies, complete engines and complete locomotive, coaches and the special jobs undertaken for departments, other Railways, and outsiders.
- II. to ensure an effective control over expenditure on different elements of cost viz. material, labour and overheads.
- III. to analyze and interpret cost data, highlight special features and present the same through Managerial Reports for information, guidance, and necessary action at different levels.

24.3. **Scope of Costing**

The system of costing described in this chapter covers manufacture of

- a) complete locomotives of various types.
- b) spare boilers.
- c) standard loco duplicates.
- d) Coaches.

and other miscellaneous jobs executed for departments, other Railways, and private parties etc.

While Chittaranjan Locomotive Works has been set up for the manufacture of Steam Locos (since discontinued), Electric locos and Diesel Locos, the Diesel Locomotives Works manufactures the following times: -

Diesel locomotives--Broad Gauge (WDM2)

Meter Gauge (YDM4)

Shunting locos (WDS6)

Power Packs--WDM2

YDM4

D.G. sets

WDM1

in integral Coach Factory, all metal light weight coaches from ordinary second class to most complicated types of coaches like A.C. & D.C. EMUs, A.C. Express, Rajdhani Express, Metro Coaches etc. are being manufactured.

24.4. **Elements of Cost**

The expenditure incurred on manufacture comprises (i) Direct labour, (ii) incentives, (iii) Direct Stores, (iv) Direct expense, (v) Overhead or indirect expenses.

- i) **Direct labour:** - These are the pay and allowances of all direct workers who are directly connected with the manufacture of Locomotive, Coaches etc.
- ii) **Incentives:** - The incentive earnings of direct workers are allocated to the Batch orders concerned.
- iii) **Direct Stores:** - Raw materials, finished components manufactured and components purchased, utilized, and identified with production are direct stores.
- iv) **Direct Expenses:** The only direct expenditure is spraying of coaches & locomotives and requirements with asbestos or fiber glass under contract system. This expenditure is acted to batch concerned.
- v) **Overheads or Indirect expenses:** - There are indirect expenses which cannot be charged to jobs, but which are included in the cost on certain equitable basis. Indirect expenses account for a large share of the total cost of production and comprises both comprises both fixed and variable charges; fixed charges do not vary significantly or at all with the volume of production. Variable expenses fluctuate in amount though not exactly in direct proportion to the volume of production but mainly so and in sympathy with it.

24.5. These expenses are also called overheads. To ensure proper control, the overhead expenditure has been broken up into groups. Viz.: -

- i) Factory Overhead (F OH)
- ii) Administrative Overheads (A OH)
- iii) Township Overheads (TOH) and
- iv) Stores Overheads (S OH)

Factory Overheads (F OH): These constitute expenditure of the shop concerned and proportionate share of the expenditure in respect of repairs and maintenance of Civil assets, Technical Training School, and Service departments inside and outside the workshops. These also include appreciation of building, plants, and Machineries of shops etc. F OH charges are levied on the direct labour cost.

Administrative Overheads (A OH): These constitute expenditure of administrative offices, General department excluding stores Deptt. and a portion of Account Department (stores Accounts Branch). The A OH are levied on the direct labour cost.

Township Overheads (T OH): These comprise expenditure of Civil Engineering, water supply etc. Stores

These charges are levied on the direct stores cost.

The expenditure which comprises the above overheads (F OH, A OH, TOH & S OH) are listed below:

24.6. Factory Overheads

- 1) Wages, Overtime etc., of supervisory and electrical staff and indirect labour.
- 2) Leave pays and allowances excluding dearness allowance of direct and indirect labour.
- 3) Wages for paid holidays, Sunday's Voluntary duty, idle time etc.
- 4) Dearness allowance of indirect workers and supervisory staff.
- 5) Injury pays and compensation payable under Workmen's Compensation Act and other compensations.
- 6) Contribution to provident Fund.
- 7) Pay and allowances labour charges not allocable to jobs.
- 8) Repair to machinery, plant, Furniture etc.
- 9) Repairs and maintenance of workshop buildings.
- 10) Repairs and workings expenses of motor cars, shunting engines cranes etc.
- 11) Operation of Machinery and power charges.
- 12) Cost of coke, coal, consumable stores etc.
- 13) Cost of small tools, jigs and fixtures, patterns, stationery, uniforms etc.
- 14) Replacements, experimental and defective work.
- 15) Fire protection.
- 16) Maintenance of canteen, meal sheds etc.
- 17) Cost of minor works not chargeable to Capital.
- 18) The Expenditure of service departments, e.g.
(a) Patter Shop, (b) Tool Room, (c) Transport & Yard, (d) Millwright Shop. (e) Electric Branch shop. (f) Inspection. (g) Laboratory (h) Dy. CME's Office (Works Office).
- 19) Deprecation of workshop machinery and building, Work office Building and share of the depreciation of water works.
- 20) Electricity charges apportioned to Shops.
- 21)

24.7. Administrative Overheads

- 1) Expenditure including pay and allowances of the Chief Mechanical Engineer's Office and Technical School.
- 2) Share of the expenditure including pay and allowances of the following departments relating to General Administration.
 - a) General Management including Schools.
 - b) Security Establishment.
 - c) Medical Department.
 - d) Electrical Department.
 - e) Accounts Department.
 - f) Town Engineering Department.
- 3) Electricity supply to General administrative Office
- 4) Depreciation on administrative Building and a share of depreciation on water works.
- 5) Relief on account of school fee receipts and diet charges recovered.

24.8. Township Overheads

- 1) Expenditure on the maintenance of township including pay and allowances of the Engineering, Sanitation, Antimalaria, Horticulture and Water works Department.
- 2) Share of the expenditure including pay and allowances of the following departments, relating to township: -
 - a) General Management including Schools.
 - b) Security Establishment.
 - c) Medical Department.
 - d) Electrical Department.
 - e) Accounts Department.
- 3) Electricity supply to township.
- 4) Depreciation on township.
- 5) Relief on account of house Rent, Electricity and water charges recovered.

24.9. Stores Overheads

- 1) Expenditure on personnel and contingencies of the stores Department
- 2) Share of the expenditure of the following departments relation to stores Service.
 - a) Account Department.
 - b) Town Engineering Department.
 - c) General Administration including departments other than Chief Mechanical. Engineer's Office & Technical School.
- 3) Rent on hired building in Calcutta.
- 4) Depreciation on Stores Building & equipment.

- 5) Freight and handling charges not allocable directly.

24.10. Work Order System

A work order system has been introduced for the collection of costs, for the purpose of effective cost control, in addition to the classification of expenditure by the units or cost centers. This work order system has been classified as Production work order and non-production work order.

24.11. Production Work Orders

These including standing work order for different types of coaches, locos, etc. items manufactured for stock and subsequent issue to production and for spares manufactured for other Railways.

24.12. Non-production work orders

These are for the collection of indirect expenditure of shops/departments forming cost centra

24.13. Authority for Manufacture

After the authorization of batch other, route cards are issued which are taken as authorities for manufacture of components or assembly thereof. The route cards contain instructions to shops regarding: -

- 1) Operation to be carried out in the various centers in their sequences.
- 2) The materials and tools to issued.
- 3) Time required for setting up machines and operations.

The route card bears all relevant particulars as per work order system and classification as also drawing No. of the components. Along with the route card documents like job cards, material requisitions, squad job cards, idle timecards are also sent. Almost all these documents are prepared by the computer on advice from Production Engineer.

24.14. Collection of Cost

The cost of each batch order is collected Shopwise monthly through the following computer printed documents: -

- 1) Labour Sub Ledger.
- 2) Main Sub Ledger.
- 3) Miscellaneous Sub Ledger.
- 4) Workshop General Register.

In Labour Sub Ledger, the cost is booked batch order wise through the evolution of job cards based on the hours taken by the direct workers at the average rate determined quarterly for each category of workers. The incentive paid to the workers is directly allocated to the jobs. The pre-determined overheads are distributed on the Direct Labour Cost.

In the Stores Sub-Ledger, the values of the materials drawn from the depots ate allocated to the batch Orders concerned at the average rates indicated in the priced ledgers. The SOH charges are levied on the Value of direct stores at the predetermined percentage.

In the Miscellaneous Sub-Ledger, the charges are allocated to Batch Orders/Work Orders shop-wise relating to J.E. transactions, A.M. transactions, direct purchase of materials etc. The charges booked relating to a particular batch order/work order though Labour Sub Ledger. Stores Sub Ledger, Miscellaneous Sub Ledger are compiled in W.G.R. monthly Shopwise under the elements of cost like Labour, Incentive, F. OH, A OH, Direct Stores and S OH.

24.15. Adjustment of the cost

As and when coaches, locos etc. after manufacture are dispatched to various Railways as per the Boards allotment, the cost of the same at the estimated price as provided in the Budget and Rolling Stock pro-gramme is debited to the Railway Board for subsequent adjustment with the allottee Railways concerned Any difference between the estimated cost and actual cost after the batch orders are closed is also debited is also debited to the Railway Board subsequently duly making necessary provision in the Budget.

24.16. Finailsation of Cost Reports

After the completion of the manufacture of a batch, completion report is prepared and sent by the Mechanical Department The batches are closed duly considering the expenditure booked upto the month in which the completion report was received.

In the cost reports the following proforma charges are also included: -

- 1) Dividend to General Revenues.
- 2) incidence of S.C. to P.F/Gratuity.
- 3) Share of cost of Railway Board etc.

In the completion report the approximate amount of depreciation charges included in the overheads is also included.

The total cost as per the cost reports are compared, with the previous batch cost report, estimated cost after conducting necessary investigations for the variations in all elements of cost. Then the cost reports are sent to the Railway Board with brief remarks for the variations.

The cost report shows the cost per loco/coach excluding proforma charges as also including proforma

charges. The cost of locos is also shown under different elements of cost. The incidence of depreciation per loco/coach is also separately indicated.

24.17. Items to checked (Monthly/Periodically) in Costing Audit Section are as follows:

Monthly items

- 1) Workshop Accounts including average rates of wages.
- 2) Sub-Ledger showing the total labour and stores.
- 3) Oncost.
- 4) Work Orders.
- 5) Cost sheet (Current, closed & Assembly)
- 6) Cost cards (Cost statistics or Cost Note)
- 7) Estimates-chargeable wholly or partly to
 - i) Capital.
 - ii) Other Govt., Public bodies, Worked lines or other bodies.
 - iii) D.R. F., D.F., OLW(R).
 - iv) Revenue.
- 8) Completion Reports.

Quarterly items

- 1) Excise duty paid on iron & Steel Products.
- 2) Average rate of wages.

The average rates fixed by F.A. & C.A.O. are revised and difference adjusted to overheads artery. The review of the average rates so fixed by the FA&CAD should be done quarterly with a view to seeing that the rate so fixed are not to bear heavy difference on account of over/under charges absorption.

(Authority: C&AGs Secret letter No. 2121-162-RAI/8-8171 dated 3.7.71)

Half-Yearly Items

- 1) Work orders.
- 2) Deposit. Miscellaneous.
- 3) Half-yearly Progress Report.

Yearly-Items

- 1) Out-turn statement with reference to acceptance of debit and clearance. 2
- 2) Workshop Account Current with Schedules.
- 3) Reconciliation of monthly account current of stores in the sub-ledgers.
- 4) Transfer statement of Mema (Adj. Vouchers).
- 5) Advice Notes of returned stores.
- 6) Manufacturing Accounts of Foundries.
- 7) Cost of completer loco Foundries.
- 8) Material spared from work order.
- 9) Administrative reports and manuals.
- 10) O.M. & P.O.O. of the Accounts Office
- 11) Deposit Misc. (Debt Head Report, Appr, Accounts)
- 12) Workshop General Register recording Capital under each Work Order.
- 13) Distribution of oncost among Work Orders.
- 14) record of Plant and Equipment.

24.18. Average Rate of Wages.

The check is exercised in seeing that the rates were worked out correctly from the Labour Pey Sheets and G.A. Cards and whether the rates so fixed based on actuals for the proceeding half yearly have adequately covered the actual labour charges during the subsequent half year without having any appreciable amount of under or over absorption. It is also to be seen that there exists an avator for recollection of the total hours of the shop as recovered in Muster Rolls (G.A. Cards) with that appearing in the job cards. It should be seen that the hours booked against the work orders are evaluated correctly and corresponds as close as possible to the actual wages and that the reconciliation of the total hours of the G.A. Cards and job Cards has been made.

24.19. Workshop General Register.

As the labour and stores portion would have been checked during the audit of labour and stores sub-ledgers these need not be checked again.

24.20. Calculation of Oncost

(Departmentalization of Overheads) There are four types of overheads: -

(i) Factory, (ii) Administration, (iii) Township and (iv) Stores

24.21. Distribution of oncost among work orders, it should be seen that (i) the rates levied are efficient. (ii) whether the actual indirect expenditure is fully absorbed by the leveled overheads.

24.22. Transfer Statements or Mema

The adjustment affecting the work orders may arise either through journal vouchers or through adjustment Mema. Journal vouchers are audited separately in accordance with the instructions contained in para 386-of RAM. Adjustment Mema are prepared for effecting transfer of charges or credit from one W.O. to another for the same department or group of shops on only one side of the account (Debit and minus debit or credit and minus credit). Such adjustments do not affect general books and will not appear as journal vouchers.

24.23. Reconciliation of Monthly Account Current of Stores with Sub-Ledgers

The check prescribed in para 333 of RAM are to be exercised at the time of audit of stores issued vouchers and their tracing into stores sub-ledgers. The reconciliation of the figures in monthly account current of stores with the sub-ledgers can also be done at the time of audit of Monthly stores Account Current when it is seen that the total issues to shops are reconciled with the statements of direct and indirect stores issued.

24.24. Manufacturing Accounts of Foundries Including Balance Sheets

In the General Iron Foundry and Grass & White Metal Foundry (which are parts of the Loco Works) as well as the separately set up Steel Foundry, the system of recording of expenditure through work orders is in force. The system of booking of direct and indirect charges is the same as for the Workshop, with some minor changes and all the items of check described earlier the Workshop costing apply to the Foundry Work Orders also. The selection of vouchers/ units etc. should be made on as to cover the Foundry Shop/Work Orders as well.

While the labour charges incurred in operations like moldings, core making and fitting are identifiable (Metling) as well as metal (scrap) cost ate not so identifiable and are, therefore, booked initially to a standing order and then distributed on weight basis to the different castings by evolving a rate per Kg. of outturn lot melting shops).

The audit check of outturn statements should cover the scrutiny of the log sheets, imprest accounts, issue vouchers etc. to ensure that the cost to the molten metal is activated at currently. The standing instructions regarding evolution of the rejected casting and levy of overheads should be property ensured. The debits from outrun statements should be traced into Workshop General Register in about 10% of the items. It should also be seen that necessary adjustment between the Melting Sanding Order and imprest standing order has been carried out for the materials issued out of the imprest.

24.25. Route Cards (Loco Works and Steel Foundry)

It should be seen that quantity on order and manufacturing is correct with reference to the prescribed quantity per loco and the labour and material charges are properly documented. It should also be seen that the quantity finally passed is acknowledged by the stores or by the Assembly Shop concerned. The check of bookings of labour and stores to work orders are checked separately during audit of stores and labour sub-ledgers. Hence at this stage it will be sufficient if a test check is conducted by, tracking a few P.W. Job Cards and issue notes onto the labour and stores evaluations of the relevant months.

24.26. The functions of the various forms used in reduction Units are explained in the following paragraphs:

i) Process Sheet (Scroll copy): The form is compiled by the Planner who first enters the usual information in the different cages on the heading portion of the heading portion of the scroll process sheet from the cost and detail book.

The planner than details the operations required to manufacture the component or the assembly in their due sequence. Against each operation in the appropriate columns he enters the operation number, the number of the departments (shop) and section in which the operation will be performed.

The operation is briefly but precisely stated. The Scroll Process Sheet is checked by the Incharge, Processing Section and installed in token of his approval. It is thereafter forwarded to the Rate Fixing Section. The Rate Fixer fills in the necessary confirmation regarding P.A. & A.T. (preparatory allowance and allowed time) in the appropriate columns. The Scroll Process Sheet, after being installed by the Chief Rate Fixer in token of his approval, moves to the Adreima Section (Production Control), Adreima Section embosses arena plates from the scroll process Sheet for subsequent printing of factify forms.

Process Sheet is the basic record. On return from Adreima Section it is filed in the Planning Office Whenever a change in process is decided, it is noted on the back of the relevant Form indicating the authority and the resins for the change. Each alteration initialed by the incharge. Processing Section in token of his record. All alterations to process are advised to the Rate Fixing Section and the Adreima Printing Section.

ii) Process Sheet (Master Copy): This copy of the Process Sheet is a replica of previously mentioned form. It is a reference copy printed on thicker paper.

iii) Route Card (Normal Production Work): - This document is the authority for the shops to undertake of the component or assembly for which it is issued.

This is an exact replica of the Process Sheet with adequate space provided for the Inspection Staff to

record the result of inspection or checking on completion of each operation. The Route Card is issued by the Production Control (through the Progress Office) to the shop initiating manufacture and thereafter it accompanies the material till it is delivered to stores on completions. The Stores Dept acknowledges on the Route Card receipt of the component/assembly sent to the depot from the shops. The shop foreman thereafter passes the Route Card to the Progress office. The Progress office sorts out the Route Cards by batches of locomotives and boilers after scrutinizing that necessary reference to material requisition and piece work cards have been entered therein and forwards them to the Costing Section of the accounts Office. Normally only one Route Card is issued to the component/assembly required for a batch but in exceptional cases more than one Route Card may be issued splitting up the batch quantities.

iv) Route Card (Replacement): - This document is the same as stated in the previous para except that it is confined to replacement work and is of pink color for easy identification.

This document is issued for the manufacture of components in replacement of rejections on the authority of Inspection Form issued by the inspector. As far as possible replacement orders are issued along with a normal production order for the component so that additional preparatory time otherwise required is save.

v) Job Card (Normal Production Work): - On this card is booked the time worked direct by workman (other than squad) on individual operations. Job Card are printed by the Production Control (Adreima Section) separately for each operation indicated on the Route Card and sent direct to the Shop concerned simultaneously when the Route Card and other forms are handed over to the Stage Progress Section. When a job is taken up, the operator purchases 'ON' (the time of commencement) on the job card with the aid of the time recording clock installed in the Time Booth. Similarly, when the Job is finished, the operator purchase 'Off' time on the Job Card. The particulars of ticket number, total time allowed and taken are filled in by the Time both Clerk. On completion of the operation of the operation, the job card is passed on the Shop Inspection for certifying the quantity passed on the Job Card under his dated initials and then to Rate Fixer for necessary scrutiny and dated initials in token to the scrutiny. The Job Card is then allotted a serial number by the Time Both Clerk and passed to the Accounts Office within 48 hours of the completion of the job. In respect of Jobs Which remain incomplete during the month, the time put in during the month is transcribed by the Time Booth Clerk on Proceeding Timecard and Proceeding Timecard passed on to the Accounts Office by retaining the original Job Card till it is completed.

vi) Job Card (Replacement): - This form is the same so for Job Card except that its use is combined to the 'replacement' work and is in pink color for easy identification.

vii) Material Requisition: This form serves as an authority for the shop superintendent to draw raw materials as specified therein for manufacture of components etc. This form is printed with the aid of Adreima plates and shows all particulars as shown on the top portion of the Route Card. Necessary cages are provided on the reverse of the form for the particulars and value of the material issued. Only one copy is prepared and sent to the stores Department for reservation of material before it is passed on to the shops through Progress Office. The shop superintendent signs the material requisition form and the Route Card before surrendering the form to the Stores Dept. posts the quantity issued, as mentioned in the form, in the numerical ledgers and further account.

viii) Material Tag: This form also is printed with the aid of the same Adreima plates with which the top portion of the Route card is printed. The form remains tagged with the material right from the time raw material is drawn till the component/assembly is delivered to the Stores Department, to identify the batch to which it relates. It serves as the receipt voucher and is posted in the numerical ledgers in the Stores Account Office. Where part supplies are made, handwritten Material Tags are used.

ix) Workshop Issue Slip: These forms are issued in block pads to the shop progress and are used for drawl of finished components held in the Stores Depot under stock Suspense. The engine or boiler batch no. for which the material is required is indicated on the form. The form is filled by the Shop Progress Section and signed by the Shop Superintendent. The forms prepared in three copies-one being retained as office copy and two handed over to the Stores Depot. of the two copies one is retained as Stores copy and the other forwarded to the Stores Account Office, all the three copies shall be signed by DSK/ASK in token of having issued the material and by the Shop Superintendent as token of having received the material.

x) Inspection Form: These forms are issued in block pads to the Shop Inspectors and are used as follows:

(i) In the case of jobs requiring rectification the Inspectors form in three copies. One copy is retained as Inspector's copy, and one handed over to the progress as an advance intimation. The third copy is passed on by the Inspector to the Shop Superintendent who after his signature and counter signature of the Works Manager makes it over to the shop progress for arranging necessary rectification order.

(ii) In the case of rejections requiring replacement the Inspector makes five copies of the Inspection Form. One copy is retained by the Inspector and one copy passed on to the Progress Office as an advance Intimation. The three copies shall be passed on to the Shop Superintendent who after his signature and counter signature of the Works Manager returns two copies to the Progress and retains one copy for record.

The Shop Superintendent also indicates reference to the relevant Advice Note to Returned Stores on each of the three copies.

The Shop Progress forwards one copy of the Inspection Sheet received from Shop Supdt. to the Production Control Office for the issue of a replacement Work Order and one copy to the Accounts Office. The copy retained by the Shop Superintendent is sent to the Stores Depot along with the necessary Advice Notes of Returned Stores and the rejected material. The Stores Department takes necessary action for the replacement of materials from the supplying firm in case the rejection is due to faulty material supplied by a firm.

xi) Advice Note of Returned Stores

This form is used for return of rejected materials to Stores. It is prepared by the Shop Supdt. in triplicate of which one copy is forwarded to the Stores Depot with the material, one copy to the Accounts for the forwarding necessary credit and the third is retained for record.

xii) Material Tag 'Replacement': The use of the form is confined to replacement work. This is in pink color for easy identification.

xiii) Material Requisition 'Replacement': The use of this form is confined to replacement. It is in pink color for easy identification.

xiv) Squad Summary Card: - This Card is used for booking labour on jobs for which a gang of work men is employed. The heading of this card is Adria printed and one such card is issued for each operation. This card is punched 'ON' by the leading hand at the time of starting the job and punches "Off" by him again on its completion.

xv) Job Card for Squad Work: This card is used for booking time spent by each to the workmen (including the leading hand) in a gang. When a gang operation is to be taken up, the Supervisor (Charger man of Mistry) fills in the particulars of ticket number, batch number, C & D number and operation number is separate job cards for each man. The leading hand purchase 'ON' the job card for each man along with the squad summary card and hand over the cards to the Time Booth Clerk. Similarly, when the work is completed the leading hand punches 'Off' the job cards for each man in the gang along with the squad summary card.

The Completed job cards are sent to the Accounts Office within 48 hours of completion of the job.

xvi) Proceeding Timecard: This card is used for indicating time spent on a job during a month which remains incomplete at the end of the month to enable Accounts Office to include time worked by workmen in the accounts for the month. The time booth clears transcribe on these cards the time put in by each workman in respect of all job cards in progress on the last date of the month. All such cards are given a separate serial number and sent to the Accounts office (Machine Section) by the end of the first week of the following month. The original job cards of squad summary cards remain with the time clerk till the jobs are completed.

xvii) Process/Time Alteration: On completion of investigation into the proposal made by shop sore man this for is issued by the planner or Rate Fixer wherever the alteration suggested is justified and acceptable.

xviii) Pesquest for investigation: This form is used whenever the Shop Superintendent desires to have investigation carried out in respect of any process or time laid down in the process sheet. Th submits two copies of the form to the Processing/Rate Fixing Section depending on the nature of investigation required. The forms are required to be signed by the Shop Supdt, personally.

Investigation, as required, is undertaken by the Planner / Rate Fixer and the result recorded on the two. copies. One of the copies so forwarded to the Shop superintendent and the other retained in the Office for record.

xix) Duty Certificate: In the case of a man going on official duty land not for his personal work, such as obtaining passes and PTOs etc.) outside the Workshop, he is provided by the Shop Supt's office with a duty certificate. On presentation of the duty certificate, the time clerk issues a gate pass. When the workman returns to the Shop along with the duty certificate, he is allowed to pound 'ON' his Gate Attendance Card. All Duty Certificates are attested by the Shop Superintendent/Assistant Shop Superintendent hen the workman goes out on duty and returns to Shops. The duty certificates are field (in the order of date of return from duty) with the time clerk. The time booth clerk sees that the Work Order to which the period covered by the duty certificate is clearly indicated by the Shop Superintendent without which no duty certificate can be entertained for issue of a Gate Pass. In cases when a worker returns to the Shop in the same period in which he left for duty no punching "IN" will be necessary.

xx) Idle Time Slips: The idle time slips are issued in Blick pads to the shops whenever any operator is idle for any of the various reasons indicated on the idle timecard and Chargeman concerned shall prepare the idle time slip. The operator who must be idle for the reasons indicated by the Supervision on the idle slip delivers the slip personally to the time booth clerk. The booking of idle time is done on idle timecards. Idle timecards are issued to enable the Chargeman to book idle time as and when necessary due to the reason stated on the reverse of the Card. These cards should be scrutinized, and counter signed by the Shop

Superintendent. The Shop chargemen/Miseries are directly responsible for (a) Lack of work, and (b) a lack of tools. For idle time arising out of these two causes, proportionate deductions should be made from the piece work profits earned by the Chargeman/Mistry concerned.

xxi) Suspended Job: This form is issued in block pads to the shops whenever a job in operation is required to be suspended for any reason. The Sectional Charger man fills in this form and gives it to the operator for presentation to the time booth clerk. On the authority of this form, the time booth clerk gives the relevant job card to the operator for punching "Off" and permits punching 'ON' in another card for the next operation to be taken in half as indicated by the Sectional Chargemen on Suspended Job Cards.

xxii) Resumption of Suspended Job

This form is issued on Block pads to the shops. The sectional chargeman shall prepare high form and hand it over to the operator or the head of the gang, for presenting to the time booth clerk whenever a suspended job is to be resumed. The time booth clerk shall give the relevant suspended job cards as well as the current job card to the operator for punching 'ON' and 'Off' respectively.

xxiii) Entrusting job in progress to another operator.

This form is issued in block pads and is prepared by the shop chargeman who hands it over to an operator to whom the job is to be entrusted, for presentation to the time booth clerk. The time booth clerk notes down the ticket number of the operator on the job card of the job in progress, and blank time put in by the new operator from day to day till completion. Job in progress shall be entrusted to another operator only when the operator who had previously booked time on the job card is absent or when the job must be transferred to some other machine for reasons of plant break down or other unavoidable contingencies. In the case of squad work, a separate "Job card for squared work" is opened by the chargeman and the leading hand presents this card duly punched 'on' along with form Entrusting job in progress to another operator" at the time booth. The time booth clerk shall attach this card to the "Squad Summary Card" concerned.

xxiv) Gate Attendance Cards and job required for night shift.

This form is issued in block pads to the shops and is used only when there is no time booth clerk on night shift duty. The shop chargeman supervising the night shift fills up this form giving details of all the jobs to be done by the night shift staff and obtains from the time booth the Gate Attendance Cards and Job Cards (normal production work) of the operators concerned.

The chargeman opens "Job Card (normal production work)" and "Job card for Squad Work of all the operators who have to start work during night shift and after due punching "ON" by the operators shall connect relevant "Job Card for Squad Work" of all the operators who have to start work during night shift and after due punching 'ON' by the operators shall connect relevant "Job Card for Squad Work" to the Squad Summary Cards". The Squad summary cards and Job cards (normal production work) shall be punched 'ON' only in case jobs started in the night for the first time and in the case of resumption of suspended jobs. On completion of the shift all the Squad summary cards and Job cards (normal production work) along with the Gate Attendance cards duly punched shall be put in the overtime box by the chargeman. The time booth clerk shall, on the following morning post time put in each job card with reference to the attendance purchased on the corresponding job card. The Squad summary cards, Job cards for squad work and Job cards (normal production work) complete during the night shift shall be punched 'Off' by the leading heads/operators and the letters 'NS' will be inscribed against the T. No. on the squad summary card and Job cards (normal production work) to distinguish night shift from day shift.

xxv) Essential indirect workers.

Blank cards are issued to the shops for booking of time of all essential indirect workers. The sectional chargeman fills in the work order number and category of the staff etc. and authorizes punching 'ON' these cards at the beginning of the month. The cards are punched 'Off' at the end of the month and reconciled by the time booth clerk with the respective G.A. cards.

xxvi) Idle Timecards.

24.27. Standing Work Order for Manufacture of Locomotives & Boilers, Coaches etc.

The erection of locomotives, coaches, and manufacture of all wholly shop manufactured components of the engine/coaches and tender are undertaken on Standing Work Order (SWO) No. suffixed by order and batch no. The assembly of boilers and manufacture of all wholly shop manufactured components of boilers are undertaken on Standing Work Order suffixed by order and batch no. The manufacture of all balancing items, partly manufactured, and partly purchased on engine, tender and boiler which are borne under stores suspense is taken up on SWO suffixed by order and batch no. When the materials manufactured under SWO are deposited in stores suspense, credit is afforded to the SWO at the priced list rates. The balance left under the SWO represents under and over charges for manufacture for the batch and adjusted against the cost of the batch.

24.28. Reconciliation between Financial and Cost Accounts (compiled Accounts of Workshop manufacture Suspense)

In the General Books, the expenditure incurred on the manufacturing operations and other works incidental thereto is debited, and the cost of locomotive, boilers, spare parts etc. supplied to Railways and recovered made on account of work done for other Govt. Departments outsiders etc. is credited to Capital to Capital IX-9600 Workshop Suspense.

A monthly reconciliation is affected between this Suspense Account in the General Books and the monthly account current.

24.29. Reconciliation of compiled Accounts of Workshop Manufacture Suspense with the General Books.

The procedure followed for the reconciliation of the compiled account of Workshop Manufacture Suspense with that of The General Books is as follows:-

a) Transactions are included in the Workshop Manufacture Suspense Account through (i) Cash (ii) journal Slip and (iii) Adjustment Mema. Transaction made through cash either payment of receipt and journal slip debit or credit are required to be included both in the compiled accounts and the General Books (except in cases where journal slip are made for adjusting discrepancies in the General Books). The transactions through adjustment made for adjustments between one work order and another for the same department or group of shop are only one side of the account viz. debit or credit. In other words, adjustment through adjustment Mema are made between shops and within individual departments as debit and cordiaminums debit or credit and contra minus credit. For these reasons such adjustment do not affect the General Books and therefore, adjustment Mema are not included in the General Books.

b) The tabulations for each transaction paid voucher and cash receipt show the amount by each C.0.7 and C.R. allocated to WMS Account which have been included in the compiled accounts. The C.0.7s and C.R.s are summarised by the Books and Budget Section daily on the basis of which the journal for different accounts are posted. These two sets of figures in the tabulations and the daily summaries are reconciled separately for debit and credit side of the account and discrepancies, if any, are noted down. When recon-ciliation is completed for the whole month, the total transactions on the two sets of records are reconciled after taking the discrepancies' into account. The vouchers when discrepancies are noticed are refd. to see as to which set of records is correct with a view to carrying out necessary adjustment either in the compiled account of the General Books.

c) Similarly, the tabulation for journal slips show the accounts allocated to WMS account by individual Journal slips which are included in the compiled Section. In the journal compiled by the Books and Budget Section, the amounts are posted by individual journal slips. These amounts as appearing in the sets of records are compared separately for debit and credit and discrepancies are noted. When the comparison is completed for the whole month the total amount of the journal slips in the two sets in the two sets of records are reconciled after taking into accounts the discrepancies. The journal slips, when the discrepancies have been noticed, are referred to see as to which set of records is incorrect with a view to carrying out necessary adjustment either in the compiled accounts or the General Books as the case may be.

d) The items of discrepancies noted in respect of cash and journal slip transactions are summarised in a statement, quoting references, to the vouchers, C.0.7 and cash receipts, so as to indicate the amount of discrepancies on column (1) more on compiled accounts and (2) less in compiled accounts. Suitable remarks are given against each entry to indicate how discrepancies for the month, also shows the unadjusted discrepancies upto the previous month under the respective columns. The net amount of the two cols, is struck which represents the difference between the accounts and the General Books upto the accounts for the month under reconciliation. The closing balances as per the compiled accounts and the General Books and the difference between two are shown in the statement. The amount of difference is the same as the net total of the two colons "more on compiled accounts" and less in compiled accounts."

e) The discrepancy statement as also the subsidiary register showing the balances as per the compiled accounts and the General Books together with the difference between the two accounts are put up to the Accounts Officer for signature duty verified and attested by the Accountant of the Books Section.

24.30. Reconciliation of Cost Accounts with the Financial Accounts

The procedure for the reconciliation of the compiled accounts of the Workshop Manufacture Suspense with that of the General Books is as follows. Separate folios are maintained for each work order in the Workshop General Registers in which monthly charges are posted and progressive totals are struck. This Workshop General Register, therefore, represents ipso facto, the cost account which are reconciled monthly with the financial accounts. Charges incurred for a batch are tabulated by groups and assemblies separately form punched Cards and that the totals of groups and assemblies are reconciled with batch totals. The charges for the batch are posted in the Workshop General Register and those for the groups and assemblies in separate cost sheets, under different elements of costs and direct man-hours.

The monthly figures posted for groups and assemblies for batch under different elements of costs and direct man hours as also the total cost are reconciled with the corresponding figures available by batches in the Workshop General Registers and discrepancies, if any are set right.

Chapter - XXV

Audit of Computerised Systems:

25.1. Introduction:-

To cope with the increasing need and growing use of computer in various fields of Railways for both types of job, administrative and technical, the approach methodology, technique and system of audit are required to be modified in such a way that all the special features and factors causing radical difference between the 'manual' and 'computerised' system can be audited in the most competent way, keeping the basic concepts, principles and characteristics of audit unaltered. Thus, why EDT Audit has been introduced. The main factors necessitating the change are the following difference in the essential features of a computerised system from those of a manual systems.

Natural System Computerized System

i) Organisation's systems are directly

25.2. Control:-

Control of computer system is a very important factor. Use of computer facilities has brought about radically different way of processing, recording and controlling information as well as had combined many previously separated functions and at the same time the potential for material system error has thereby greatly increased causing great costs to organisations e.g. the highly repetitive nature of many computer applications means that small error may lead to large losses. An error in calculation of Annual General Provident Fund interest to be paid by employees in a manual system will not occur in each case but once an error is introduced in a computerised system, it will affect each case. Thus, why it is imperative for the auditor to test the irresistible process, and the controls embodied in them within the computer.

Besides being economical, computer systems are efficient and achieve results accurately and at great speed if they work the way they are designed to. The systems have controls provided to ensure that but the controls have to be effective. The most important work of an auditor is to see that not only adequate controls exist, which are of great value of a computerised system, but they also work efficiently to ensure results. It should be kept in mind that controls should be commensurate with the environment in which the systems operate striking a balance between control and efficiency, risk and cost. Significance of controls in a computerised system is for several reasons notable among them being.

- i) wrong selection of computer hardware/software etc. and inefficient development process may result in very expensive and time consuming process to make it work effectively.
- ii) data loss due to file damages, data corruption or manipulation, fire, burglary, power failure or fluctuations, vergers etc. can put the organisation in tight spot.
- iii) error in software can cause manifold damages as one transaction in a computer system may affect data everywhere.
- iv) computer abuses like fraud, vengeance, negligent use etc. is a great potential danger.
- v) absence of audit trails etc. make it difficult for an auditor to ensure efficient and affective functioning of a computerised systems.

The objectives of controls do not change with many of the manual controls being computerised and new technical computer controls added to achieve the control objectives. Typical control objectives within a Govt. Data Processing (DP) function may be to ensure:-

- a) provision of effective organisation control over functions.
- b) effective management control over development of Data Processing (DP) resources in accordance with organizational objectives.
- c) practices related to D.P. activities in accordance with statutory requirements and laid down administrative procedures.
- d) formulation of an adherence to policies standards and procedures for all functions related to D.P.
- e) efficiency and effectiveness of the DP system towards achievement of its desired objectives.

25.2.2. Classification of Control keeping in mind the purpose that the control serve may be as follows:

A. Authorisation Controls the controls which help to verify the identity and authority of the person authorised to use the computer facilities. Some of the examples are password, signatures, plastic cards, cryptographic, system etc. These control's ensure that only an authorised person has access to the facilities and their use to enter or alter transactions and to take information from the systems. There are methods by which the person may be authorised for access to some files or information and devil to others. Levals of authorisation from person to person will vary.

B. Accuracy Controls - Terse Controls help to ensure correctness of data and accuracy of processing and operations in the systems. The accuracy controls for data input may be in the form of in built checks of acceptance or otherwise of some types of figures, provision of control totals, verification of..... type or

alphabetic data etc., which may be achieved through data code controls, style and design, batch controls, data entry evaluation etc.

C. Completeness Controls - These controls aim at verifying that the transactions are complete. For example, the accounts software would refuse to accept the transactions without a data or an account head etc.

D. Existence Controls - These are intended to assure the existence of necessary resources of the system. Vis. controls are needed to ensure manual verification of the data entered, to ensure adequate and proper backing up procedures etc.

In evaluating the controls, key controls - whose absence would have a material impact on the achievement of overall control objectives are to be identified and compliance tests performed on these. At the same time, control deficiencies which are critical weakness in the system are also to be identified for substantive testing. The analysis of any compliance deviations and control deficiencies would be the next step involving

- i) Identification of the specific consequence of all weaknesses.
- ii) consideration of the impact of any general compensating countries.
- iii) determining whether or not a material error could occur.
- iv) description of a practical recommendation for improvement.

25.3. Process of computerisation:

The establishment and functioning of a computerised system involve the processes as detailed below:

- 25.3.1.** Acquisition An organisation should plan for computerised systems according to a laid down EDP policy and a strategic plan for provision of EDP services, which should take into account organisational, environmental and technological changes likely to occur within a timeframe, say of three to five years. Highly coordinated effort is required for the process of acquiring computers and systems. Otherwise, there is a danger of uncontrolled proliferation of computers and lack of user awareness of services available.
- 25.3.2.** Development- System analysis and design is very important as smooth functioning of the computerised system will depend on how well this process is gone through. System has to be designed to meet the requirements efficiently and effectively. It should be well documented and flexible enough to accommodate necessary changes from time to time.
- 25.3.3.** Operation and maintenance Operation of a system means currently performing functions to meet the organisational needs while maintenance involves changes or adjustments or modification to keep the system functional and capable of delivering needed results from time to time.
- 25.3.4.** Replacement - Replacement involves acquisition and/or development as well as operational aspects.

28.4. Introduction to EDP Audit:-

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 the application of these principles. While computerisation is often viewed in the application of these principles. While computerisation is often viewed in terms of change in the 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 limitation of human processing abilities are eliminated. With proper systems design, the tasks can be performed in much the same manner but more efficiently by using the computer as a processing tool. Computer do not alter the basic concepts or objectives of system controls. However, the technique and points of controls must be adopted to the changing conditions and responsibilities of an EDP environment.

25.5. Auditing EDP Systems.

- 28.5.1.** Basic objectives of the audit of EDP systems include evaluating.
 - acquisition and installation of the computer and computer system.
 - System effectiveness.
 - System economy and efficiency.
 - Data integrity.
 - System security and
 - Compliance of system related activities with laws, regulations and guidelines.

25.5.2. EDP Audit Objectives: -

- to review whether computer based systems incorporate adequate procedural controls and these are not invalidated by subsequent amendments.
 - to review the adequacy of controls governing development and most maintenance of computerised systems.
 - to review the adequacy of administrative and organisational controls which ensures safe and expedient day to day operation of the installation.
 - to review the acquisition of computer facilities and to review the acquisition of computer facilities.
- to review the use of resources and to appraise and report on waste and extravagance and inefficient administration or poor value of money.

Therefore, it is necessary for an auditor to identify specifically:-

- a) the method of documentation.
- b) the change in procedure.
- c) the steps in audit process and the detailed checks which have rendered impracticable, inoperative and redundant.

25.5.3. The audit objective can be covered under seven functional headings:-

1. Audit review of planning and acquisition of EDP facilities and use of resources.
2. Audit Review of installation controls.
3. Audit review of systems under development.
4. Audit review of production systems.
5. Audit review of data base system.
6. Audit review of microcomputer system/office automation.
7. EDP audit techniques.

The extent and scope of EDP audit under the above headings will depend upon the state of development of computer organisation and more importantly, technical expertise of the audit personnel. (EDP Audit Guide New Audit Guide Series No. 1)

25.5.4. EDP Audit:-

The overall work of computer auditing, therefore, may be divided into:

- curtaining the system and reviewing the organizational and operational control of the computer department
- ascertaining and reviewing application system which are under development or being run.
- carrying out audits of live data and results for systems in use.
- carrying out efficiency and effectiveness audit.

While the responsibility for designing, implementing and operating accurate, reliable and secure computer systems of all types rest with the computer management, the auditor can provide the computer manager with an independent evaluation of procedures and systems. Care must be taken to ensure that auditor does not assume management responsibilities, become involved in the design stages, or lose the ability to make an independent and critical review. Nevertheless, the auditor should be aware of all systems developments which are likely to have significant impact on the audit process, and should consider providing specific comments on the followings:-

- Internal controls in the light of weaknesses noted in the existing systems and
- audit needs such as data retention, retrieval facilities and audit trail.
- The auditor is usually involved in ensuring that adequate controls are incorporated into the system for audit purposes.

Organisational and operational controls should provide a secure environment in which to develop, maintain and operate computer-based system, and should incorporate followings:-

- provision of a secure and orderly processing environment.
- prevention of detection of unauthorised access.

ability, in the event of equipment failure, to ensure reconstruction of lost data and to provide continually of processing for critical functions application control requirements cover documentation standards, input controls, processing controls, output controls and audit requirements. Thus, application controls should ensure that

- all and only valid data are authorised for input.
- the input, processing and output of data is complete and accurate.
- the system files are securely held and accurately maintained.
- there is an adequate audit trail to facilitate.
- the tracing of any given transaction backwards through the processing cycle.
- the linking of computer records and output documents to associated input. During the early stages of computerization, when batch processing was widely carried out by the use of input documents and output printouts which were compared with pre-calculated results. This type of audit is termed 'audit around the computer' because it looks at the inputs and outputs of the systems without any consideration of the processing done by the computer. Various techniques have since been developed for carrying out audits of live data and the results of computerised systems 'through the computer'. These Computer Assisted Audit.

Techniques (CATA) can be broadly categorised as CAAT programmes, and test data techniques.

CAAT programmes are used for substantive testing of computer processing, by providing the facility to read computer files and perform selective test through:-

- statistical selection of records
- summarisation and/or stratification of data files
- selection of key items
- mathematical calculations

Test data techniques are used for basic compliance testing of the applications system through test decks, which can be designed so that each transaction test some aspect of a critical field, particularly testing marginal values.

25.6. Preliminary evaluation

First set in audit should be preliminary evaluation of the computer systems covering: -

- how is the computer function organised
- use of computer hardware and software
- applications processed by the computer and their relative significance to the organisation
- methods and procedures laid down for implementation of new applications or revision to existing applications.

In course of preliminary evaluation, auditor should ascertain the level of control awareness on the auditee organisation and existence (or nonexistence) of control standards. The preliminary evaluation should inter identify potential key controls and any serious key control weaknesses. For each control objective the auditor should state whether or not the objective has been achieved: if not, he should assess the significance of the control deficiencies and aside on any necessary consequential action.

Preliminary evaluation of all new applications and installations should be carried out during the first year that the application/installation operators. In doing this, the auditor should also examine the controls on both the testing of the new application and the transfer of data to it. There after preliminary evaluation may be carried out over 3-4 years. In the intervening years, the auditor should review the situation briefly to establish whether changes have been made sufficient to warrant a fresh preliminary evaluation.

(It may be noted that association controls should not be evaluated in isolation as poor isolation as poor installation and development controls may undermine their installations using small mini and microcomputers, it strong application controls may possibly offset weak operation and maintenance controls but reverse will never be true.)

25.7. Audit of use of computer facilities:-

The auditor has to apprise and report upon waste, extravagance, inefficient administration or poor value for money as far as use of computer facilities are concerned. While the responsibility for effective and efficient use of all resources rests with the auditee organisations 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 wastes of jobs, inequality defined. standards, insufficient monitoring, to optimistic forecast. Too little users: participation and excess costs of new system development are some of the areas requesting auditors 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 resources of an organisation is not just the hardware installed since can, therefore, be increased more effectively by improving contribution from these factors rather than acquiring more equipment.

25.8. Audit of acquisition:-

Generally, the acquisition of computer facilities involves the following stages:-

- definition of a computer policy and strategy evolution of organisational requirements and the ways and means of satisfying them.
- establishing need.
- a thorough examination and evaluation of the alternative course of action available.
- Precisely specifying the requirements (delineation existing and future application, hardware, software, modes of operations, conditions of supply etc).
- evaluating the alternative sources of supply and selecting the most appropriate sources(s)
- physically acquiring the facilities and the systems.

Often these stages tend to overlap of margin imperceptibly into one another.

Acquisition of computer facilities may include:

- acquisition of hardware involving.
- i) introduction of a completely new installation.
- ii) enhancement of central processor.
- iii) enhance of peripherals.
- iv) addition /replacement of a pacific equipment and
- v) introduction of small computers.
 - acquit ion of software involving:
- i) general software associated with changes in hardware (a new operating system).
- ii) specific purpose software and
- iii) off the shelf application software.

25.8.1. The auditor has to review the adequacy of administrative procedures and controls used by the audited organisation when considering and deciding upon the aquation of computers facilities. For this purpose, he has to see that:-

- a sound administrative structure exist to produce a proper analysis of the requirements of computer facilities.
- the aquation procedure are effective in producing a viable computing policy and strategy.
- the process of evaluation and selection ensure that the requirements of the organisation are not in the most effective and efficient way sufficient and adequate disposal.

25.8.2. The auditor should direct his attention to the following areas

- EDP policy and strategy plan.
- administrative structure.
- feasibility study/project report containing proposals, costs and benefits.
- equipment selection.
- justification for hardware and software.
- installation of equipment and adequacy of testing and
- post implementation review and costs.

During the survey stage of feasibility study the forms to be completed by an auditor of office of the Auditor General Canada are shown in Appendix 'A' containing Forms A- 1 to A- 6 on (i) EDP Facility Profile, (ii) Application System in Production, (iii) Application Systems under Development, (iv) Overall EDP & Programme Costs, (v) Annual EDP Costs by Operational Unit, (vi) Internal Audit of EDP Questionnaire Respectively, as an example.

Feasibility study report should over points like clear statement of objectivism, existing arrangements, alternative solutions, financial implications and schedule of implementation.

In case of equipment selection, points to be borne in mind are:-

- specifications of requirements for acquisition, enhancement or replacement of computing facilities are stated concisely and precisely I as they form the basis for potential suppliers).
- both technical and commercial aspects of the proposal are evaluated cording to standard contracting procedures and
- procurement action is taken after ensuring that the suppliers offers meet the requirements of the specifications by taking into account inter alia (i) technology options available at the time of procumbent, (ii) extent of built in observance a useful life of the asset, (iii) incidental costs which could eventually be of sufficient magnitude besides Hardware and Software costs and (iv) future development plan of the potential suppliers in terms of expandability up gradualists etc.

25.9. Duty of development:

Since the underlying purpose of aquation and development I designing, building or modifying I, is the same, the audit concerns relating to aquation, vis, planning, requirement definition, analysis of alternatives and justification for the selected approach, are equally important in the review of systems development Broadly stated the audit objective of system development contrast is to ascertain that procedures are adequate to ensure that the development results in well documented computer systema incorporating adulate controls and meeting properly defined user requirements in an efficient manner.

There is also a need to examiner the system testing and data transfer procedure as inadequate system testing before line operation may result in the operation of a system which may not correctly process and record transaction and inadequate data transfer procedures may result in the relevant records being inaccurately and incompletely transferred from the old to the new system.

System development audits can be categorised into three general classes:

- monitoring audits, in which the auditor evaluates the project throughout he process to determine whether development is proceeding effectively, whether milestones are being met, expenditure rates are predicted, high quality documentation is being written, software conforms to established technical standards, test are being conducted as scheduled or evaluated as planned.

- design review audits, in which the objective is to determine whether the preliminary and detailed designs accurately reflect the functional systems specifications and incorporate adequate internal controls.

post implementation audits, performed three to six months after the system became operational, serve to evaluate whether the system meets requirements, is cost-effective and generally provides benefits predicted in projected in project planning documents. Where systems development is entrusted to contractors, the contract and its management become Important audit concerns.

25.9.1. Association of audit in systems development - The ultimate responsibility for incorporating internal controls and adequate trail into computer-based systems must rest with the auditee. The auditor therefore does not need to provide, as a matter of policy, and consultancy advice on developing systems. None the less, audit should be aware of all developments which are likely to have significant impact on his audit, at an early state in the design process of a new system, auditor should consider providing the audits with specific comment on:-

- internal control in the light of weaknesses identified in the existing system.
- audit need such as data retention or retrieval facilities and audit trail requirements and
- any requirement which might enable him to carry out his audit or improve its efficiency and effectiveness. While the auditor should be cautious enough not to be drawn into an unproductive involvement in system development, the points that he should examine are the following.
- whether a published standard methodology is being used for designing and developing systems?
- whether there is a common understanding by all parties-users, systems analysis 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 man-agreement?
- Whether the system development work was preceded by a feasibility study to determine the most appropriate solutions to standard problems?
- Whether there is adequate cross referencing between the following stages:
 - ❖ content and format of preliminary studies
 - ❖ feasibility studies
 - ❖ system specifications
 - ❖ program 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 deciding upon new in-house application development?

25.10. Audit of operation and maintenance:

The audit has to review the internal controls which are essential for proper operation and maintenance. Some of the operation and maintenance controls fall in the category of 'environmental or general controls' relating to the whole set of computer facilities while others called 'application controls' relates to the Individual application systems.

25.10.1. The overall audit objective in reviewing the General controls is to ensure that the controls and procedures are adequate to provide secure, effective and efficient day-to-day operation of the computer facilities. The controls and procedures which together from the general controls can be grouped as under:

- *Organisational control
- *Operation and file control
- *System and programme Amendment control
- *Environmental control
- *Recovery and stand by control

Organisational control ensure that **(1)** there is judicious separation of duties to reduce the risk of employees fraud for sabotage by limiting the scope of authority or any individual, **(2)** there are comprehensive written standards and **(3)** access to and use of computer terminals is properly authorised.

The authorisation control helps verify the identity and authority of the person desiring to attend a procedure or an operation. This control is exercised through use of passwords, signature plastic cards, cryptographic system etc. Operation and file control are meant to ensure safeguarding the computer and computer files from unauthorised access, loss of theft. Controls relating to reception, convention and processing of data

and distribution of the final output promote the completeness and reliability of this operation and save guard against the unauthorised data of programmes. File controls and procedures adequately save guard and software against lost, misuse, theft, damage, unauthorised disclosure and accidental or deliberate corruption. As the computer provides a means of holding, assessing and amending information, it is imperative that its use is controlled. It should have a definite schedule of work that is authorised to run on it and restrictions should be placed on the number and type of staff allowed access to it. Also, computer files are records of an organisation which have to be well-safeguarded.

System and program Amendment controls are to ensure that all system and programme amendments are satisfactorily justified, authorised, documented and tested. Also, an audit trail of changes has to be maintained. In the absence of these controls, data can be manipulated by computer and other staff.

Environmental controls are to ensure that staff computer equipment and applications, data and documentation are protected against accidental or deliberate damage.

Recovery and stand by controls are for ensuring that data can be reconstituted after file loss or corruption and providing continuity of secure operating in the event of equipment failure. Disaster recovery plans have to be understood by the staff responsible for their implementation.

The following points should be covered while reviewing these controls:

--obtain a list of hardware including computer ancillary and terminal equipment in use indicating modal, performance details and check the existence of this equipment; obtain an organisational chart which is up-to-date and see how the computer files into the overall organisation.

--obtain an up-to-date staff organisation chart of the computer department showing the relative responsibilities and authorities and note any change on review.

-- obtain job specification (Role definition) for senior computer staff and supervision of the ancillary section and note any changes; obtained the details of standards and norms fixed for each of the functioning like data control, data preparation, system-operation and verify their implementation.

- i) Computer utilisation per shift in terms of CPU (Central Processing Unit) and peripheral use.
- ii) Key depression per shift per data entry operator and error allowance.
- iii) Document standards and controls batching balancing and sequencing:
- iv) Run to run controls maintained by system operators:
- v) whether manuals are maintained and kept up-to-date specifying the control procedures and whether they are enforced in practice though a 'test check'.

--obtain and verify existence of the following terminal controls to protect data and system integrity:-

- i) physical access controls to terminal rooms.
- ii) software controls through password protection and user directories.
- iii) logging of terminal activities by all users.

-- obtain details of security measures, both physical and system, for check and review of the following:

- i) adequacy of protection of hardware and software against risk of the fire (fire prevention steps and firefighting arrangement).
- ii) maintenance of hardware and system software:
- iii) air conditioning and protection against possible recitations, vibrations.
- iv) possible industrial action, malicious action by programmes, operators, input-output staff (discontent among computer operating staff).
- v) security awareness and training provided to all employees.
- vi) emergency shut-down procedures in case of power failures.
- vii) safe custody of software and data files and type library.
- viii) adequacy of back-up files (offsite storage included).
- ix) operator access to program files and data.
- x) procedures for reconstructing files in the event of tape or disk errors/tape errors (contingency plans).
- xi) computer equipment back-up through the use of compatible equipment at other dispersed sites.
- xii) computer room should be off limits to all except systems operators, hardware engineers.
- xiii) insurances of the installation to cover possible risk.

25.10.2. Association controls complement the general controls in making information systems achieve their objectives. These controls govern the processing of transactions and standing data within systems by ensuring that (1) all and only valid data are authorised for input; (2) the input, processing and output of data are complete are accurate and (3) the system files are securely held and accurately maintained.

Before getting on evaluating of application controls, it will be necessary for an auditor to secure a reasonable understanding of the system. For this purpose, a brief description of the application should be prepared.

- Indicating the major transactions:

- describing the transaction flow and main output.
- Indicating the transaction flow and main output.
- Indicating the major files maintained.
- providing approximate figures for transaction volumes.

25.10.3. Application Control requirement may be divided into:

- Documentation standards
- Input control
- processing control
- Output control
- Master/Standing Date File control
- Audit requirements.

25.10.3.1. Documentation standards ensure that adequate and up-to-date system documentation is maintained. Careful updating of documentation is also important.

(Auditor will find documentation helpful as an aid to understanding the system but he must be careful to ensure that it is up-to date- before using it). There should be standards to ensure that:

- system documentation is sufficiently comprehensive
- documentation is updated to reflect system amendment and
- a back-up copy of the documentation is held.

Without good documentation, it will be difficult to assure that controls will operate on continuous basis and there will be greater likelihood of error.

25.10.3.2. Input Control's objective is to ensure that the procedures and controls reasonable guarantee that (1) the data received for processing are genuine, complete, not previously processed, accurate and properly authorised and (2) data are entered accurately and without duplication.

Input control is extremely important as the most important source of error or fraud computerised systems is incorrect or fraudulent input. Controls over input are vital to the integrity of the system. The controls that the auditor should like to see are:

- all prime input, including changes to standing data, is appropriately authorised.
- for on-line systems, the ability to enter data from a terminal is adequately restricted and controlled. there is a method to prevent and detect duplicating processing of a source document
- all authorised input has been submitted or, in an on-line system transmitted and there are procedures for ensuring correction and resub millions of rejected data.

28.10.3.3. Processing controls ensure complete and accurate processing of input and generated data. This objective is achieved by providing controls for:

- adequately validating input and generated data.
 - processing correct files (and generations),
 - detecting and rejecting errors during processing and referring them back to the originators for re-processing.
 - Proper transfer of data from one processing stage ton another.
 - checking control totals established prior to processing) during or after processing.
- It may be noted that weakness in processing may sometimes be compensated by strong controls over output.

28.10.3.4. -Output controls ensure that all output is.

- produced and distributed on time.
- fully reconciled with pre-input control parameters.
- physically controlled at all times, depending on the confidentiality of the document.
- ensure and exceptions are properly investigated and acted upto.

A well-controlled system for input and processing is likely to be completely undersigned if output is uncontrolled. Reconciliation carried out at the end of the output stage can provide vary considerable assurance over the completeness and accuracy of earlier stages in the complete cycle.

25.10.3.5. Master/ Standing Data File control are meant for integrity and accuracy of Master Files and Standing Data.

These have to ensure that:

- amendments to standing data are properly authorised and controlled,
- integrity of Master and Standing Files is verified by checking control totals and periodic reconciliation with independently held records.
- special emended facilities are properly recorded in and then use controlled by management authorisation and subsequent review.
- physical and logical access to application data files are restricted and controlled. Accuracy of data on Master and Standing files is of vital importance to the auditor.

25.10.3.6. Audit requirements have to be provided to ensure that the system can be audited in an effective and efficient

manner. Audit trail has to be maintained to enable tracing of an item from input through to its final resting place and break up a result into its constituent parts. (Auditors may have to use audit software or test data for the efficient execution of their audit. They have, therefore to be granted reasonable requests for access to copies of system data files, report generators and processing time.

Before considering the audit requirements for a system being developed, the auditor should have a knowledge of the currently existing system and should keep in mind:

- Weakness in the current system affecting the audit approach,
 - features in the existing system which are relied on to provide an effective audit that should be retained in the new system and
 - Additional facilities not correctly provided which would assist the audit of the new system.
- 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 adequacy:
- Whether the data processed are genuine, complete, accurate and not provisional ?
 - Whether expected output is produced and distributed on time ?
 - Whether application programme process data as intended and accurately ?
 - Whether a complete audit trail is available 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 mentioned and what is the extent of compliance?
 - Whether the application system provides for the following programmed controls?
 - Check of missing/duplicate transactions, e.g.
 - Check for continuity of goods invoice numbers issued by a situation for missing numbers.
 - 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.
 - Rejection of issue notes in a stores accounting system due to want of balances.
 - Input validation for date purification (alphanumeric checks to conform to data types): e.g.
 - Personal identity number should be numeric.
 - Station name field is alphabetic (depends on system requirements).

*Limit/Range Checks: e.g.

- The transaction type in a financial accounting with (expressed in terms of rupees), should not have values less than 1 or greater than 6.
- The maximum basic pay cannot exceed Rs.9000/- per month.
- The code for treasury alone for any State should have values not exceeding two digits.

*Overflow checks, e.g.

If the field length for withdrawal/advances in a PF system is 5 digits and there is a valid debit transaction with 6 digits, the high order digit gets truncated, i.e., the debit will be recorded by one digit less.

- In arithmetic operations like weight multiplied by rate to give freight if adequate field length is not provided for 'freight' the transaction will be incorrectly recorded as it will be confined to the field length.

*Some fields should not be blanks or zeros (mandatory fields); e.g.

- In a leave accounting system, the leave type codes cannot be left blank since the entire transaction will be invalid without this.
- A treasury transaction should indicate in the relevant fields whether it is voted/charged, plan/non-plan, and not be left blank.

*Check digits, e.g.

- In a pay roll 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 check digit given. If the check digits do not tally, then the account number is wrongly entered (May be a transposition error).

---The station code in the freight accounting system in the Railways has a check digit to detect data entry errors this code.

---compatibility checks, e.g., if that transaction type is for official receipts in a financial accounting system, the amount cannot normally be a negative value.

*Exception condition Check: e.g., the amount column in a treasury transaction for a month has a value greater than the budget for a quarter.

*Total for a batch/lot, e.g. the batch total for a major head under 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).

* Record totals and summaries for reconciliation; eg, 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.

---Whether output reports are test-checked before, being distributed to the user department and the output is produced in accordance with prescribed schedule.

25.10.3.7In conducting EDP application audit, certain test are to be done by the auditor of the office of the Auditor General of Canada, as detailed in Appendix 'F' on "Performance & EDP Applications" contains for sets of questioners on **(1)** F1- Application Background, **(2)** F2- Application Operation, **(3)** F3 - Reporting to Management & **(4)** F4- User assessment, which should be monitored to assess their efficiency and to categorise the results as 'S' Satisfactory, 'U' Unsatisfactory 'N/A' Not available. In this contract, Appendix 'F' may please be seen as a guiding example.

28.11. Audit Trail:

Objective of audit trail is to obtain sufficient evidential matter regarding the reliability and integrity of the application system. To achieve this, the audit trail should contain enough information to allow management, the auditor and user.

---to recreate processing action.

---to verify summary totals and

---to trace the sources of error and abuse.

---the audit trail should include the following information.

---system information including start up time atop time, restarts, recovery etc.

---Transaction information including input items which change the date-base control totals and rejected items (relevant to data base applications).

---Communication information including terminal log-on/off password use security violation, network changes and transmission statistics (relevant transaction processing (TP) Applications)

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 reported produced only on exception basis. The general procedure is to first investigate control totals and run to run 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 errors that might creep into the system, there is a possibility of frauds, which might go undetected due to control weakness.

25.12. Audit Replacement:

As replacement involves acquisition and for development as well as operation issues, the audit concerns and criteria relating to these stages of the system will apply to replacement also. Since continuity of service to the user is a primary concern, the audit review of the replacement stage will also focus on the management of the transaction from the old to the new.

25.13. Audit Approach:

After completing the preliminary evaluation of the computer systems, the audit has to decide about the appropriate audit approach, system based or direct substantive testing. In doing so, the aspects to be borne in mind are:

---results of the preliminary evaluation

---extent to which reliance can be placed on any work carried out by Internal Audit and

---nature of any constraints like lack of any audit trail and the practicability of testing.

---The Auditor has to recognise the fact that :

---Effective compliance testing of key computer controls may be difficult and

---each control to be tested will require large samples

In this context Appendix 'B' may please be seen which is an extract of Audit Guide of U.S.A. of "Assessing Reliability of Computer Output" which shows methodically the audit approach to judge the reliability of the computer output and ascertaining risk factors etc. preparing summary memorandum, evaluation etc which is covered in section I to section VI of Appendix "B' alongwith to IV and self-explanatory note on Audit of Computerised Inventory Accounting.

25.13.1. At this stage, use of computer assisted audit techniques (CAATS) may also be considered.

25.13.2. If direct Substantive Testing approach is chosen, a sample of transactions should be selected and tested. Result of the preliminary evaluation will be of help particularly as it would have

---provided an overall assessment of the control environment and identified any serious weaknesses which should be raised with the audits.

---given sufficient familiarity with system to be able to decide the point from which to select the transactions for testing and how to substantiate them efficiently and --Provided sufficient information to determine and any initial requirement for any CAATS.

25.13.3. For system Based Audit approach aspects of regularity, economy efficiency and effectiveness of the system have to be looked into besides evaluating data integrity and data security.

System effectiveness is measured by determining whether the system performs the intended functions and whether users get the needed information in the right form and in time.

A system is economical and efficient if it use the minimum number of information resources to achieve the output required by the users. The use of system resources hardware, software, personnel and money should be optimised.

System activities would be regular if they comply with applicable laws, rules, policies, guidelines etc.

Achieving data integrity implies that the internal controls must be adequate to ensure that error are not introduced when entering communicating, processing, storing, or reporting data

For date security system resources, like other assets, must be sufficiently protected against theft, waste. fraud unauthorised use and natural disasters.

The key controls for ensuring the above will have to be identified, recorded, evaluated and compliance tested.

The result of the preliminary evaluation would be of help particularly as they would indicate system deficiencies, major weaknesses and the areas requiring in-depth study. Identification of key con-trois would also depend on experience of the auditor gained course of audit of similar installations.

25.13.4. At the time preliminary evaluation, the auditor can take a view on using CAATS for compliance testing and also on the kind of CAATS.

25.14. Computer Assisted Audit Techniques.

Compliance testing of controls in computer systems and programmes is difficult and complicated as their operation is automatic, invisible and not fully evidenced only the exceptions are normally evidenced.)

Detailed manual testing of these controls is rarely cost effective but a possible alternative approach is to use a CAATS for example, either test data or audit software may be used to test a control which is designed to ensure that payments exceeding a certain value should not be made.

Audit software can be used to interrogate the whole payments file to identify any payments which exceeded the certain value. If no such cases are revealed, the auditor has some, assurance in that n such payment was made. This is a negative assurance since it is possible that no invalid data was in fact presented to the system (and hence the control was never involved). However, if the interrogation is applied to the whole year's transactions, it achieves the main audit objective in that no excessive payments will have been made in the period.

Even when test packs or interrogation are used, the auditor should examine the procedures for dealing with exception or error reports, to ensure that invalid transactions are corrected and re-input for processing.

25.15. Audit Techniques:

EDP audit techniques refer to the use of computers, including software, as a tool to independently test computer data of audit interest.

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.

---Stimulating the auditor's application programme using audit software to verify the results of processing

---reviewing program listings periodically to see that that there are unauthorised alterations the programme.

---Using wither commercial software or inhouse developed programme to interrogate and retrieve data applying selection criteria and to perform calculations and

---extending samples of data from the auditor database/ files, using sampling techniques, for past 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.

25.15.1. Computer audit Techniques are employed for:

---verification of ledger balances and control totals independently.

---re-calculation of critical computerised calculation to check mathematical correctness.

---range check 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 date abuse/ fraud and

---substantive testing with large volumes of data, which is difficult, if not impossible in a manual audit process.

The particulars 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 assured 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. The auditor should break up his project of application system audit into three stages, in the first stage they 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 verifications, in the second stage he can carry out compliance testing by using the test check method and integrated test facilities with resident audit programme. If the complained testing espouses some control weaknesses, substantive testing may resort in the third and final stage using retrieval software and simulation techniques with audit software.

25.15.2. Some EDP audit technique are briefly described:

a) Test Deck Method

In this method, the auditor prepares both real and fictitious data to test the accuracy of the programme. 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 programme operate as specified in the documentation.

---only clip data is accepted and processed correctly.

---erroneous data is rejected as anticipated and

---exception conditions are tested by the applications are tested by the application programmes to avoid absurd results.

b) Integrated Test Facilities

This techniques requires involvement of auditors at the system development stage. Separate programs 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 first 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.

c) Simulation Using Audit Programs

While, in the test deck method, the auditor's programs are tested with the auditors 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 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.

d) Programme review and comparison

This techniques programming skills on the part of the auditor to periodically go through the programme listings 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 program listings can only be done manually. This technique is not recommended for our environment once 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 program files: In such a situation, the examination/ comparison of program files does not serve the purpose.

e) Retrieval/ interrogation programs

Retrieval software should be comprehensive and include the following functional routines. facilities to:

- retrieve record by record by record from a files.
- total value fields for reconciling computer figure with booked figures.
- perform calculations on numeric data to check the resident modules mathematical correctness.
- sort and merge data in any design sequence.
- select data from an index file on any desired criteria and
- print reports for post-audit analysis and review.

There are a number of commercial package like FILETAB, EASYTRIEVE IDEA available off the shelf. There are various for use both on conventional files and data base systems. The auditor can also develop inhouse retrieval programs. 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 and 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 report writer facilities. Unstructured queries on the data files are also possible in some advanced system. These utilities could be profitably employed for audit purpose. The auditor will be able to obtain the relevant information from the auditee's computer centre.

The distinct advantages of retrieval packages over 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 serial programming.

25.16. Audit of microcomputers/office automatism

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 systems.

25.16.1. The purpose of audit is to see:

- Whether there is a comprehensive EDT policy for the organisation.
- that there is no unplanned proliferation of computers due to lack of coordination of EDP facilities.
- that only persons with extensive specialised training are employed to use microcomputer to ensure quality and standard of data processing (when tools are introduced and used without detailed understanding, the potential for misapplication always exists).

25.16.2. The software industry is fully of "user-friendly" packages for microcomputer system, but in many cases these programmes have limited capability on 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.

25.16.3 Audit implications of office automation system 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.
- 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 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 auto-mated systems are installed and in use.

25.18.4. In general, information should be automated only when these are clear benefits to be gained from doing so. For example, automation makes sense if the volume of information so is information so large, requiring analysis in several different ways and/or used by various users in different ways.

25.17. Prioritizing in and planning for Audit

With the growing reliance being placed by government and semi government organisation on computer-based systems, there will be less DP specialist staff in an audit office than there is work available. At the same time, audit would like to make the greatest possible impact on the government sector as a whole. For this, it is necessary to:

- make an assessment of the skills available for DP audit.
- have a strategy for making an impact on the management of DP in the government sector as a whole.

25.17.1. While making the work plan skills available must be taken into account:

- If staff have only limited DP skills than they must start on audit taken of a low technical complexity with a work programme designed to increase their knowledge and experience.
- Such experience should preferably be gained under the supervision of an experienced DP auditor or with advice and assistance from an experienced DP specialist.
- with or without that assistance, action must be started on small audits with time to research and evaluate.

25.17.2. To be able to decide where scarce resource should be allocated, audit planners need a method of determining priorities of work across auditee organisations. This will have to take into account information about the organisations, including:

-Identification of the organisations major systems and to what extent they are computerised

-knowledge of the organisation's system development plans and

-an assessment of how well managed each organisation's system development progress is-

The priority allocation will depend on the state of development of the audits. For example, if it is known that an organisation is new to the use of DP consideration should be given to a review of DP management effectiveness at the time of the preliminary evaluation. If an organisation is developing computer based systems, then a review of the development should also be undertaken.

25.17.3. Some of the criteria that influence the ranking of systems or audit coverage, and which should be considered when developing a priority selection mechanism are:

-Impact of the various statements (materiality)

-security and confidentiality impact

-degree of user involvement

-high development cost

-technological complexity

-specific request for system review

-parliamentary interest

-contribution to profits or operational control

-impact on customers or customer service.

-contribution to decision making

-degree to which system will make decisions and authorise actions (eg. cheque-writing, stock ordering).

-history or troublesome performance

-equality of internal audit-coverage

25.17.4. For EDP auditing, at the apex level it is necessary to have one or two persons qualified in at disciplines is possessing both EDP and audit skills) or alternately, and EDP audit team which will consist of staff with a sound financial and audit background and computer specialists, could be formed. At the operational level a large number of trained audit staff with different levels of skills will be required.

The audit environment in which we work today is one where there is extensive computerisation of not only accounting systems but also financial and other management information systems. There is also a dynamic situation due to continuous change and development in technology and its applications. The consequences for us are that all auditors need to be computer literate: ie trained in various aspects of computing and use of computers and to be kept at least of development in computing. What then are the particular resources that the auditing profession needs ? We need first of all the fundamental skills and ability to audit computerised financial applications. At another level a significant number of auditors who can make effective use of computers and software for audit, whether it be microcomputer and menu driven programs of main frame computer with enquiry software, at yet another level we require a smaller group of specialists at this headquarters who are clarences in computing and in computing and who can provide technical support and advice in the field of operations. These are our basic needs.

In order to have the audit resource at the desired level in number and skills, we should have EDP auditors who have been periodically put through special training programmes.

25.18. Computerisation of Eastern Railway

With the installation of various major computer system la installation of mini computers/micro-computers personal computer, mainframe etc. in various units and various Railway Divisions, workshop, stores Depots, Sheds Survey and Construction ag. 1) EDP Centre, Eastern Railway, Calcutta 2) Eastern Railway Workshop/Kanchrapara 3) C. &W. Workshop/Liluah 4) passenger Reservation System/Calcutta 5) Divisional Computer Centre, Danapur 6) Workshop Computer Centre/ Jamalpur 7) Divisional Computer Centre, Asansol, B Divisional computer Centre, Mughalsarai several applications are being taken up in these units for processing of various types of data including financial applications, e.g. pay roll, Stores Accounts & Inventory! Control, Passenger Traffic accountable etc. The detailed of which, ag. name of the unit works areas that have come under computerisation, total expenditure involved and incurred by the Eastern Railway Admin Instruction, nature of computer systems etc. are shown in APPENDIX 'C', The major work regarding computer station in Traffic Accounts, has been discussed in detail APPENDIX 'D' along with annexure I wherein the list of Daily and monthly generated reports are given. The computerised accounting system prevailing in Easter Railway Auditee organisation are given in APPENDIX 'G". In this contest APENDIX'H' should also be seen.

25.19. Changes in Audit Procedure.

The changes in audit procedures as a result of mechanisation have been discussed in previous paras of this chapter. In this context chapter VI of Indian Railway Admn. & finance-An introduction may be referred to general information's in Electronic Data processing in Indian Railways. The changes in audit procedure has been discussed in Head quarter's letter mentioned below:

- 1) Pay Roll & P.F. Accounts.
(ADAI Rlys's) secret letter No. 2038-161-RAT/8-6/71 dt. 22.6.1971.
- 2) Traffic Accounts
(ADAI (Rlys.) secret letter No's :1941-160-RAI/B-6/71dt. 10.6.71. No. 896-OSD(c)/42/71 dt. 14.3.72 and no. 1007-OSD/lax 44/71 dt. 30.3.72.)

However, the Audit of computerised inventory accounting has been elaborated in Appendix "E"

25.20. COMPUTER AUDIT In Office of the Principal Director of Audit, Eastern Railway, Calcutta, proper.

In consequence with the significant use of computers in Eastern Railway. Administration the Eastern Railway audit has also acquired the responsibility to audit them, in order to do so a long term EDP plan for the office of the Principal Director of Audit has been formulate which may please be seen in APPENDIX T (Authority: 0/8. the P. D. A.'s letter no. EDP/Long Term Plan/96/630 dt. June, 28th, 1996.)

The audit codes allotted by the O/o. P. D. A./E. Rly/EDP Audit to its auditee organisations the location of Auditee, Auditee type, type of Hardware, and the Software used in the auditee organisation are given in APPENDIX 'J'. APPENDIX 'K' shows the chart showing Auditee code, application categories description of application status of application in the auditee organisations and need of changes in audit procedure etc. Function of the Computer Audit Group has been detailed in APPENDIX 'L' (P/L-11. However, no audit work is being done yet by this group. It is acquiring skills and will be operative in near future. A list of the computer trainees at Nagpur, Shillong and Allahabad for the period April 1993 to March 1996 is detailed in APPENDIX 'L' (P/L-3).

Recently, vide C. & AG.'s circular No. 632 Audit (Audit Blg.) 193-94-11 dt. 14.8.96 regarding Audit of computerised systems in auditee organisations, it has been stated that all personnels trained in either at the level of PDA, Group Officer or at Branch Officer/ AAO/S.O. level should work exclusively for IT Audit. This is detailed in APPENDIX 'M'. The proforma in which a quarterly return IT Audit is required to be sent by all audit officers to the C & AG. office so that it reaches Director, EDP by the first working day of the month following the end of the quarter is given in APPENDIX "M" (P-3).

