

MANUAL OF OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT

WESTERN RAILWAY (THIRD EDITION)

VOLUME - (TECHNICAL)

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CHAPTER 6

General Instructions Regarding Procedure Of Audit And Method Of Work

6.1 Programme of Audit

The extent of audit to be applied to different classes of Railway transactions is indicate in M.O.I. In addition to the items of work mentioned in MOI, special items of work peculiar to this office have to be undertaken for audit according to the orders issued by the Director of Audit from time to time. All the items of work including the special items, mentioned above, should be recorded in the selection register showing authority etc. to be maintained by each auditing section. In this connection, the instructions laid down in Chapter VIII to XI of Railway Audit Manual may also be seen.

6.2 Selection of Documents for Audit

6.2.1 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.

6.2.2 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 upto-date and there is no omission whatsoever in the prescribed percentage of audit.

6.2.3 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 number and amounts 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

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 A. B. Numbers of the bill, so selected.

6.2.4 The contractor's final bills should be checked according to the prescribed percentage. All relevant on account bills also should be checked alongwith the check of final bills. The details of all such on account bills should be noted in the selection register.

6.2.5 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.

6.2.6 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.

6.2.7 The selection of cases of final withdrawal from SRPF, GPF etc., and of Special Contribution to PF or 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 does separately for each type of payment from the vouchers, debit schedules, scrolls etc., as the case may be on the basis of acceptance/accounting made by the accounts departments monthly.

6.2.8 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.

6.2.9 The selection of various items of transactions of catering department are made directly from the connected returns submitted by the catering units.

6.2.10 In respect of pay orders paid out of station earning, the selection should be made from the list received from Traffic Audit Section at Ajmer.

6.2.11 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.

6.2.12 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.

6.2.13 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.

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6.2.14 The instructions regarding the rounding off of 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.

6.2.15 In making selection of contractor's bills and miscellaneous bills, the selecting officers should ensure that bills of all important contracts 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.

6.2.16 In order to ensure that selection of the requisite number of vouchers under each category is properly done, the Director or Auditor 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 MOI (Para 144 of Railway Audit Manual) before they are put up to the Audit Officers for the purposes of selection. In view of this changed procedure, no further surprise check will be necessary.

6.2.17 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 purview of Audit. **(P.O.O. No. 497 dated 19/20th April 1982)**

6.2.18 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.

6.2.19 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.

6.3 Requisition of vouchers for Audit

6.3.1 All sections should ensure that requisition 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 indicate clearly 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 filed serially. The Branch Officers may also occasionally see that the procedure outlined above is properly followed.

6.3.2 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.

(P.O.O. No. 374 dated 19.11.1962)

6.4 Collection of documents for Audit

6.4.1 As soon as documents to be audited are selected, they should be collected from the accounts 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

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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.

6.4.2 If the documents due for audit in a month are not made available by the accounts 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.

6.4.3 Any loss or destruction of vouchers and documents in the administrative offices rendering the prescribed audit impossible have to 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 Co-ordination section without delay.

6.4.4 A review should be made by sections in June every year of all the vouchers which have not been supplied by the accounts 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. this item of work should be noted in the calendar of returns of the sections.

6.5 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 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 of 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.

6.6 Raising and pursuit of objections

The instructions contained in chapter XXII of RAM should generally be followed.

6.6.1 Pursuant to certain changes which have taken place in the set up of the audit offices and with a view to minimise delays that occur in the settlement of audit objections and 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).

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(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 still 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 straight way where considered necessary.

(Joint P.O.O. No. 445 dated 09.10.1973).

6.6.2 In Head quarter Office at Churchgate, all audit objections should be addressed to the FA&CAO (AJ).

6.6.2.1 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 there of by the accountsoffice watched through ordinary correspondence and the case closed when recovery of irregular payment has been made or sanction to write off of loss or waival 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 reopened and a fresh objection be issued if considered necessary in the form of a Part II or a Part I.T.A. Note.

6.6.2.2 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.

6.6.2.3 It has also been decided in consultation with the accounts office that as required under Para 918-A1' 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 a case so closed by Accounts a fresh communication should be sent to the Accounts office, which will be treated as fresh objection.

6.6.2.4 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 really important items. Para 461 also requires that the audit office should

ensure that a machinery exists in the accounts office for the proper disposal of audit objections.

6.6.2.5 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 by 30th September and 31st March each year and the required entry regarding this item of 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 outstanding 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 sections and arrears if any exhibited in the monthly/quarterly arrears reports.

(P.O.O. No. 495 dated 27.03.1982)

6.6.2.6 Issue of important objections

(i) The important objections proposed to be issued as Special letter or Part I TA 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 T.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 Director of Audit through co-ordination 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 13.9 should be followed.

(iii) The objections proposed to be included in the Special letters, Part I T.A. notes or Part I Inspection reports should be self contained and should be in the form of Factual Statement with all relevant data, information etc, so that they can be issued straightaway 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 TA. Notes and Part I Inspection Reports when finally issued after approval by the Director of Audit should invariably be endorsed to co-ordination section.

(P.O.O.No. 427 dated 15.06.1966)

(v) The approval of the Director of Audit should invariably be taken before Special letters are closed by the unit officers. For this purpose, unit officers should send the special letter cases and proposals (in duplicate) for closure to the Audit Officer (Co-ordination). Such proposals should contain iter-alia, the main arguments, give

administration which are considered satisfactory for the closure of the special letter Audit Officer (Co-ordination) should scrutinise such proposals and after obtaining Director of Audit's orders thereon, he should return the cases to the concerned units communicating the Director of Audit's orders.

(P.O.O.No.471 dated 15.03.1982)

6.7 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 has to 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 upto the end of March but outstanding upto 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&CACAO'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 simulataneously 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.

(iii) The return should be sent in the prescribed proforma as under:-

Were money value is known				Where money value is not known			
Year	Test Audit Notes including Special Letters	Inspection Reports Part I	Test audit Notes including Special letters	Inspection Reports Part I	Test audit Notes including Special letters	Inspection Reports Part I	Inspection Reports Part I
	No. Item Amt.	No. Item Amt.	No. Item	No. Item	No. Item	No. Item	No. Item

6.8 Original Audit by Section Offices and GOs

See Para 136 to 139-RAM

6.8.1 The connected documents and vouchers for original audit should be submitted to them by concerned auditing sections before the 15th of the month.

6.8.2 The remarks recorded by GOs as a result of original audit should be attended to expeditiously and irregularities, if any, taken up with the Accounts Department.

6.8.3 The results of the objection should be entered in the original audit register

6.9 Current Review by Section Officers and Gazetted Officers

See Paras 147, 148 and 149 of Railway Audit Manual.

6.9.1 As soon as possible after the audit of an item has been completed by the Senior auditor, he should initial the items in the selection register in token of his having

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done the work. When the audit of an item for the month is completed, selection should be obtained by him, wherever necessary, from the Branch Officer as early as possible for the current review of that item of work by the Assistant Audit Officers. Soon after the completion of audit and review done in a particular month, but before the last day of the month, a certificate in the following form should be recorded in each of the selection registers under the dated initials of the Senior auditor and the Assistant Audit Officers. A few pages in the selection register may be earmarked for recording this certificate monthly.

“Certified that the audit and review of all vouchers and documents selected for audit and review has been completed and those required to be submitted to the Branch Officer/Assistant Audit Officer for review have been submitted”.

Dated Initials/Auditor/Sr. Auditor/S.O./AAuO.

6.9.2 A separate register for selection of documents for current review and recording the results of current review should be maintained in the form prescribed in para 158 of the Railway Audit Manual. Only the vouchers required to be current reviewed by the Section Officer/Assistant Audit Officer will be indicated in the register by the Branch Officer with reference to the entries in the register of selection of audit. In addition to the documents selected specially for current review by the Section Officer/Assistant Audit Officer, the other documents audited by the Senior Auditor should be submitted to the Asstt. Audit Officer for general review.

6.9.3 The Section Officer/Assistant Audit Officer should also initial the register of results of current review in token of his having current reviewed the items and record his current review remarks briefly. During the current review, a test check should be made to see that the arithmetical check and other routine process for which the Auditor is primarily responsible have been correctly done. The irregularities pointed out by the Auditor should be verified by the Section Officer and further action taken as indicated in Para 6.6 above.

(ADAI (Railways) letter No1`213-RAI/17-3/64 dated 24.4.1964 and 1216-RAI/17-3/64 dated 24.4.1964)

6.10 Post review of Audit

See Paras 150 to 157 of Railway Audit Manual.

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

6.10.2 As soon as items are selected 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 alongwith the register intended for recording the results of the review and audit notes, if any issued by the section on these documents.

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6.10.3 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.

6.10.4 After the 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 fo the points should also be entered in the register.

6.10.5 No documents received formt he accounts office for audit should ordinarily be returned to that office untl 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 document relating to that item audited in the previous month should be collected and submitted for review with the approval of the Branch Officer.

6.10.6 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.

6.10.7 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. These items should be grouped seperately 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.

6.10.8 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 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 co-ordination section on the prescribed dates for submission to the Director of Audit. Units at headquarter including compensation claims, W-PL, BCT Division and S&C(CCG) 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 the case of loss of dak, it is necessary for the unit concerned to take up the issue with the Divisional authority as well as with the S.M. concerned, besides chasing the matter through personal contact. The loss of dak should also be reported to Audit Officer (Admn.) for information and necessary action.

6.10.9 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 on Section Officers are headquartered at a place.

6.11 Register of Points to be looked into

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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.

6.12 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.

6.13 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 I.

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 (Railways) has also advised that the above statement should include brief details of individual items over Rs.1 lakhs.

To enable the headquarter office to consolidate the items, units should send the information pertaining to their units duly vetted by the local Accounts Officers so as to reach headquarters office by 15th of July every year.

6.14 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 Director of Audit.

(SA/HQ/C/I/27/6753 dated 18.1.1982)

6.15 Suggestion to the Railway administration for obtaining clarifications from Railway Board on cases of disagreement between the Railway administration and audit.

6.15.1 All Branch Officers should, when they do not agree with the 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.CAO/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.

6.15.2 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.

6.16 Relations of audit with Accounts and Executive Officers

(See Para 130 of Railway Audit Manual.

6.16.1 The FA&CAO who is responsible for the accountal 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 communications (seeking information) when addressed to the Executive Officers direct should be sent tot he concerned Accounts Officers also and the Executive Officers requested to route their replies through the accounts.

(P.O.O. No. 374 dated 19.11.1962)

6.16.2 In rare occasions, the Railway administration may consult the Director of Audit before taking a final decision. If, in such cases 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 section so that when the case comes up in audit subsequently, consideration of the opinion already expressed by the 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 Director of Audit when he hands over the charge for the information of his successor.

6.17 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 Director of Audit though co-ordination section.

(P.O.O. NO. 368 dated 12.7.1962)

Annexure I (Para 6.13)

Sr 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 & CAO		Amount recovered as a result of further review by the Railway Administration	Reference to Audit Notes and acceptance of F.A & CAO	Initials of the B.O.
As a result of transaction already checked by Accounts office	Other than these mentioned in sub-column 4 (a)			
4 (a)	4 (b)	5	6	7

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**Annexure II
(Para 6.13)**

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 those mentioned in column 3 (a)	
1	2 (a)	2 (b)	3 (a)	3 (b)	4

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CHAPTER –7

Establishment Audit General

7.1 In the audit of establishment charges, the relevant rules/instructions contained in the various codes, manuals, orders, rules and procedures issued from time to time by competent authorities such as President, Railway Board, GM's, HODs, DRMs, CAG, Director Audit etc. should be borne in mind.

7.2 Scrutiny and acceptance in audit of sanctions, orders etc.

(See paras 7,128,129 of RAM & Para 804 to 809-AI)

7.3 Audit of Salary Bills

See Para 204 of RAM and Para 1205 to 1212, 1303 to 1304 to 1304, 1402 to 1405 of AI.

The extent of check of G.O's/NGO's pay bills is as given against item No. IV (1) and (3) under central audit in M.O.I. as amended by Correction Slips and orders issued separately by Comptroller and Auditor General of India from time to time (Director of Audit, Western Railway's letter Nos, SA/HQ/C/1/25/Vol. V/80 dt. 3.4.1974 and 16.7.1975). These should be referred to as frequently as possible to ensure that there is no failure in audit in selection, percentage etc

7.3.1 Income tax deductions in pay, pension, etc.

See Para 1208 of A-I

7.3.2 Medical Attendance Bills of GO's

See Para 224 RAM.

7.3.3 Unpaid Wages Statements

See para 376 of RAM

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

7.3.4 Electricity charges

See Para 1208 of A-I

This is to be checked with reference to the instructions contained in Rly. Board's letter No.63/AC-II/Dir (Spl.) 22 dt. 28.1.1966 and Joint P.O.O. No. E(PS) 774/76 dt.28.2.1978.

7.3.5 Diet charges

See para 1208 AI

Statements of diet charges are received in the accounts 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 accounts office. Recoveries actually made through the pay bills as indicated in the statement of diet charges attached to Pay bill should be compared with the recovery statement received in the accounts office in advance.

7.3.6 History of Service of officers of the Railway Department.

See para 225 RAM

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

7.3.7 Disallowance lists

There should be reviewed annually with reference to instructions contained in Para 218 of Railway Audit Manual.

7.3.8 Allocation

See para 211-RAM

7.3.9 Revision of Pay

See para 210-RAM

7.3.10 Additions to Pay

See Para 207-RAM.

7.3.11 Payment Authority

The payments to employees working elsewhere on Railways are made on the basis of payment authority issued by the concerned Accounts Officers, who are responsible for detailed check of payments drawn and recoveries made in salary bill etc. In case any payment authority has been selected in audit, a reference may be made to the respective audit unit to verify its correctness.

7.3.12 Provident Fund Account

See Para 231-RAM

The P.F. Accounts of all Gazetted Officers (Both Accounts and Executive) are maintained in the headquarters accounts office. The auditing units on completion of check of salary bills of GO's, should list out the deductions made in the bills for P.F., V.P.F. etc. and advise the same to Estt. Audit Section, head quarters for tracing them into P.F. ledgers of the officers concerned

7.4 Washing Allowance

See para 1216 and 1416 of AI.

- (a) This allowance is granted at prescribed rates to certain class IV staff who are provided with uniforms and are required 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) II-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.

7.5 Night Duty Allowance

See Para 1416 of AI

This should be checked with reference to the rates notified from time to time.

7.6 Children's educational assistance to Rly. Employees & reimbursement of tuition fees

See Para 227 of RAM & para 1418 to 1419 of AI.

The correctness of these payments should be checked with reference to the rates notified by Railway Board from time to time.

7.7 Subsistence Allowance and admissibility of pay and allowances on reinstatement.

See para 228 of RAM, para 2043 and 2044 R.II

7.8 Outturn allowance to telegraph signallers

(i) Outturn Allowance to telegraph signallers at various stations is paid by the Divisional Accounts Officers under Para 431-RI (1971 edition) on the basis of authorities issued by the Superintendent Railway Telegraphs, Ajmer. During the check of salary bills in central audit, payments made on the basis of authorities issued by the STR Ajmer can be accepted without verification of the correctness of the authorities ab-initio.

(ii) Dy. Director of Audit, Ajmer 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) Ajmer 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, Ajmer indicating the number of messages sent or received by each signaller during the month are accurately compiled.

7.9 Audit of increments

See para 205 RAM

7.10 Grant of advance increments to Stenographers

This should be checked with reference to the instructions issued by Railway Board from time to time.

7.11 Qualification pay to Nurses

Nursing staff who possess at the time of recruitment or acquire subsequently a degree in Nursing should be granted two advance increments, provided they are not required to possess it as a condition of their employment. The qualification pay is admissible only to regular Nurses and not to substitute Nurses.

7.12 Special Pay

See para 207-RAM

This should be checked with reference to the instructions issued by Rly Board from time to time.

7.12.1 Non practising allowance

The Railway Doctors including Dental surgeons drawing pay in revised pay scales 1986 will draw non practising allowance, which is treated as pay for all purposes.

(Rly. Board's letter No. PCIII/87/Imp/17 of 6.10.1987)

7.13 Audit of leave entitlement and encashment of leave

See para 222-RAM

7.13.1 Earned Leave.

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From 1.1.1977, earned leave is credited at the rate of 15 days for half year on 1st January and 1st July subject to a ceiling of 240 days. (Prior to 1.7.1986, LAP could be accumulated upto 180 days) this is reduced by periods of LWP taken and periods of diesnon at the rate of 1/10th. In case of new recruits and staff retiring from service/death/removal/resignation credit is to be given at 2 ½ days per month in that half year. Half pay leave is admissible to permanent and temporary railway servants at the rate of 10 days each on the first of January and July of every calendar year in advance with effect from 1.1.1986, which includes all kinds of leave including LWP but excluding periods of diesnon. It is to be credited in two instalments on 1st January and 1st July each year without any ceiling. It can be sanctioned upto a maximum of 24 months at a time.

(Rly. Bd's letter No. E(P&A)1-85/JCM/MG/3 dt 30.06.1986 & PC-IV/86/LR-1 dt. 24.10.1986)

7.13.2 Commuted leave

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

7.13.3 Maternity Leave

This may be granted to female Railway employees on full pay (i.e. pay drawn before commencement of this leave) and also 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 upto a maximum of 60 days without production of medical certificate. In case of miscarriage it is granted upto a period of six weeks on medical certificate. Maternity leave is not debitible to employee's leave account.

7.13.4 Special Casual Leave

This is granted to railway servants on sports account and attending camps or rallies if they are Boy scouts or 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 debitible to employees' leave account. Special casual leave can be combined with regular leave as well.

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

7.13.5 Encashment of leave

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 of 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 15.11.1977)

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F (E)III/78/LEI/6 of 18.7.1978
F(E)III/78/LEI/4 of 24.7.1978
F(E)III/82/LEI/2 of 28.10.1985
PC-IV/86/LE/I of 24.10.1986)

7.13.6 Leave salary certificates for leave out of India to gazetted and non gazetted officers.
See para 222-RAM

7.14 Audit of Rent Rolls

See Para 215 RAM and para 1417, 1602 to 1631 A-1

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

7.14.1 Unauthorised occupation of residential buildings

The damage at the rate of Rs.15 per Sqm. Of plinth area in respect of type A to D (I to IV) and Rs.16/-per Sqm of plinth area in respect of type E(V)&above is recoverable w.e.f. 1.4.1989 which is to be revised after every 2 years. (Rly. Board's No. F (X)I-86/11/9 dt. 1.4.1989)

7.15 Audit of Honoraria and Fees

See para 207 of RAM

(i) The Railway servants are at times required to undertake duties for which no pay and allowances under the normal rules are admissible. For such additional duties, however, honorarium or free is paid in accordance with the principles laid down in para 2003 (10), 2035 and Appendix-XXX R-II.

(ii) This should be checked with reference to the orders issued by the Railway Board from time to time.

7.16 Audit of Attendance Registers of the Accounts Department

A list of attendance registers of the various sections of the accounts 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 absences 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.

7.17 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 Administration 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 requirements of this statutory provision, the Chief Accounts Officer has arranged that the wages of such persons should be paid through pay orders from station earnings. These pay orders (Form G-172-F) are received in the Accounts office after payment for post audit and adjustment. These pay orders fall under item IV (3) under Central Audit of programme of audit in appendix in M.O.I. A separate page should be allotted to this item.

7.18 Audit of T. A. Bills

See para 216 of RAM and para 1213 to 1215 of AI.

7.18.1 Transfer Allowance

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Payment of transfer allowance (Transfer Grant) to gazetted and non-gazetted staff is regulated with effect from 1.5.1976 in accordance with the Railway Board's letter No. PC. III/73/TA/1 dt. 29.4.1976. The payment of transfer grant or allowance should be checked with reference to the instructions issued by the Rly. Board from time to time.

(Rly. Board's No. PC. III/78/TA/1 dt. 26.4.1979, 23.1.1980 and PC, IV/86/imp/AL/7 dt. 4.12.1986 and 26.3.1987)

7.18.2 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 Rly. Board's letter No. E (P&A)/II/78/12 DA dt. 21/11/1978 may be seen.

7.18.3 Conveyance allowance to Blind and orthopaedically handicapped.

Blind employees and orthopaedically handicapped employees borne 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)I/78/AL-7/5 of 23.10.1978. The allowance will not be admissible during leave (except casual leave) joining time or suspension.

(Rly. Bd's letter Nos. F(E)I/78/AL.7/5 of 23.10.78, 15.1.80, 31.10.1981 and PC.IV/86/Imp/AL.23/of 8.5.1987)

7.19 Audit of contingent charges

- (1) See item IV 8 (b) under central Audit in M.O.I. for extent of check.
- (2) In auditing these charges, the instructions contained in Para 221 of RAM Para 816 to 818 of AI and Chapter X of F.I. may be borne in mind.

7.20 Audit of overtime and running allowance bills

See Item IV (5) under Divisional Audit in M.O.I. for extent of check, para 207 of RAM and Para 1416 of AI for general instructions.

The checks should be exercised with reference to the rules contained in the booklets 'Western Railway Rules for the payment of Running Allowance to running staff and 'Hours of Employment Regulations.'

7.20.1 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 3.11.1972 and PC.IV/86/IMP/24 of 24.4.1987.

7.21 Breach of Rest Allowance

See Para 1416

The Running staff are granted breach 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.

7.22 Computerisation of Railway Accounts

See para 197 to 203 of RAM & para 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 dt. 22.06.1971

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and No. 571-RAI/8-7/71-II dated 17.2.1972 are to be followed in auditing the computerised pay bills and Provident Fund Accounts.

7.23 Payment of Wages Act

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

7.24 Workmen's Compensation Act Payments.

(1) The extent of check is as prescribed against item IV (12) under 'Central Audit' in M.O.I. The instructions for audit are contained in para 226 of RAM. The substance of the main provisions of the W.C. Act and the various instructions issued there under are given in Chapter XXXIII of the Indian Railway Establishment Manual.

(2) The pay orders for lumpsum and fortnightly payments under W. C. Act should be listed out separately each month from the 'Register of Bills received for internal check' maintained in the accounts department and selection obtained. This category of vouchers should be excluded from miscellaneous Pay Orders.

7.25 Audit of leave Accounts of Railway Staff

See para 222 of RAM and P.O.O. No. 308 dt. 30.6.1955 amended from time to time. The extent of check is prescribed against item IV (9) and (13) under Central Audit in MOI.

7.25.1 Leave accounts of Gazetted staff

See para 222-RAM

The number of leave accounts to be checked should be fixed according to the percentage prescribed in the M.O.I.

7.25.2 Leave Accounts of Non Gazetted staff of the Account department

See para 222 of RAM and P.O.O. No. 308 dt. 30.6.1955 amended from time to time.

7.26 Audit of Service Sheets

The checks prescribed in para 23 of the MOI should be carried out monthly.

Note:- The Director of Audit has decided that the service books of pensionable railway employees which are verified during local inspections/central audit (in the case of accounts department) should be encased with an audit certificate as below:-

Services From _____ to _____ Verified from _____
Salary bills, office orders (periods of E.O.L. during the period being from to _____)

7.27 Railway Employees Insurance Scheme

See para 235 A of RAM & Rly. Board's letter No. PCIII/76/INS/ of 29.7.1977.

The above scheme was introduced on Indian Railways w.e.f. 1.7.1977. Later on a new Insurance scheme called Central Govt. Employees Group Insurance Scheme 1980 was also introduced w.e.f. 1.1.1982 vide Ministry of Finance's letter No. F. 15 (3)/78-WIP dt. 31.10.80. The existing employees were allowed to choose either of these.

7.28 Foreign Service Contribution

See Appendix -XXXVI-RII, Para 1221 to 1223 of AI and Para 219 of RAM.

7.29 Grant of various Advances to Railway Employees.

See Chapter XVI of Indian Railway Establishment Manual and Para 214 of RAM

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This should be checked with reference to the instructions issued by Railway Board from time to time.

7.30 Tracing of Bills

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

7.31 Recovery of Government share of fee received by Railway Servants.

A register is maintained in the establishment section of the accounts office to record particulars of employees authorised to accept fee and of the payments made to them. While auditing the sanctions accorded for acceptance of fee it should be seen that the particulars of sanctions are duly recorded in this register. The register should be reviewed half yearly to see that the fee have been actually credited in full, and also that the Government's share has been worked out correctly before making the payment to the employees.

(Rule 2036 (FR-48) & Appendix-XXX of RII)

7.32 Productivity Linked Bonus Payments to Railway employees.

See para 235-B of RAM.

The salient features of the scheme are contained in the Railway Board's letter No. E(P&A)II/79/PLB/1 dated 06.12.79, 15.3.80, 1.7.80 and D.O. No. E (P&A) 11/87/PLB-4 dt. 29.9.1987.

(C&AG's letter No. 898-RAII/4-25/79 dt. 26.9.1981 circulated under letter No. SA/HQ/C/I/25/Vol. I/4825 dt. 17.10.1981)

7.33 Review of Court cases finally settled in various courts (Staff matters).

In pursuance of 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 Director of Audit through co-ordination section.

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CHAPTER 8

Provident Fund and Pension Audit.

8.1 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 10 of M.S.O. (T) Vol. I and rules laid down in chapter 9 R-I, & A-1.

8.1.1 The simplified procedure for the preparation of deduction lists and the maintenance of PF accounts was introduced vide Railway Board's letter No. 63/ACII/Dir. (Spl.) 21 dt. 22/24.8.1964. Prior to the introduction of this procedure, the checks prescribed in respect of SRPF accounts are detailed in para 204 (v) and 231 RAM.

8.1.2 When the simplified procedure was introduced, the above procedure for the check of P.F. accounts was modified. The changed procedure has been laid vide HQ letter No. SA/HQ/C/1/25/460 dt. 16.12.1965.

8.1.3 The Railway Administration have again reverted to the old procedure of preparing complete deduction statements for all 12 months vide Joint POO no. PF/2360/A201/1Vol. III dated 26.3.1981.

8.1.4 In respect of the units covered by the system of preparation of complete deduction statements, the full checks as prescribed vide para 204 (v) 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 the concerned employees. For this purpose a separate column should be provided.

8.1.5 Amount of compulsory subscription

The rules for recovery of compulsory subscription are laid down in chapter IX R-I.

8.2 P.F. Ledger Accounts

The audit of ledger Accounts should be conducted as per instructions contained in para 231-RAM.

8.2.1 Contribution by Government

See para 234-RAM and 1312-RI

8.2.2 Interest

See Para 234 RAM.

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 Rly. Board's letter No. F (F)III73 PF-1/13 dt. 17.11.1973 and F (F) III 77 PF –1/10 dt. 31.8.1977.

8.3 Deposit linked Insurance Scheme

See para 235 –RAM

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The extent of check of payment made under this scheme is as prescribed against item Nos. IV(26), (27) (i) and (27) (ii) under central audit in M.O.I. as provided for final withdrawals from State Railway Provident Fund.

8.3.1 Railway Employees Insurance Scheme
See para 235 –A Railway Audit Manual.

8.4 Productivity linked Bonus

See para 235-B Railway Audit Manual.

8.5 Audit of Reconciliation of Provident Fund Ledgers with General Books.

- (i) The extent of check is as prescribed against item VI (5) under Central Audit in M.O.I.
- (ii) The instructions for audit contained in para 236 of Railway Audit Manual and para 916 A-1 may be seen.
- (iii) For monthly and annual reconciliation, the procedure as laid down in paras 913,916,921,922 A-1 may also be seen.

8.6 Audit of Temporary withdrawals.

- (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 Para 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 Rly. Bd's letter No. F(E). III/85/PF-1/13 dt. 7.7.86.

8.7 Audit of Final withdrawals

- (i) The extent of check is as prescribed against item Nos. IV 25,26,27 (i) & (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 para 924 to 940 RI and 945 RI (1985 edition).

8.8 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 para 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 dt. 24.4.1987)

8.9 Pension Payment Audit

8.9.1 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 IV (9) and (11) under central audit in M.O.I. and the instructions for audit are contained in para 241 of Railway Audit Manual.

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- (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 chapter 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. PC IV/87/Imp/Pn/1 dt. 15.4.1987 circulated vide H.O. No. SA/HQ/E/IX/4525 dt. 16.01.1989 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-AI.

8.9.2 Verification of Pensionable Service.

Para 1203 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.

8.9.3 Qualifying Service

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

8.9.4 Average emoluments shall be determined with reference to the emoluments drawn by a railway servant during the last 10 months of his service.

8.9.5 Amount of Pension

The amount of monthly pension whether it is compensation pension, invalid person, 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/- 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 such proportion of the maximum admissible pension as the qualifying service rendered bears to the maximum qualifying service of 33 years.

8.9.6 Dearness allowance to pensioners.

In addition to the pension calculated vide para 8.9.5. above, the dearness allowance also admissible on pension at the rates in excess of price index of 608 points which is revised from time to time.

8.10 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 01.04.1937.

The rules regarding grant of extra ordinary pension are set forth in Railway Service (Extra ordinary pension) rules vide Appendix XL III-RII. Modifications have been made in the above rules under Railway Board's letter Nos. PC.II/78/EOP/3/Pt. III dt. 18.8.1978, PC III/78/EOP/Pt. IV dated 19.08.1978. PC III/78. PC III/78/EOP/3 Pt. II dt. 21.8.1978, and PC III/78/EOP/3/Main dt. 22.6.1979. Detailed instructions and Govt. 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.

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8.11 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 ½ times of the emoluments. The amount of DCRG shall not exceed Rs.1 lakh.

8.12 Terminal/Death Gratuity

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

- (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 a Death gratuity at the rates specified in para 707 of MOPR.

8.13 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 01.01.1964. This will also apply to those who opt or have opted to come under the pension scheme on or after 01.01.1964 and to staff who were on pensionable service before 01.01.1964, if they have not exercised their option to retain their existing family pension benefit on or before 30.6.1964. It is admissible to all regular employees irrespective of whether they are permanent or temporary.

Consequent upon implementation of the judgement of the Supreme Court, family pension has also been allowed to families of Govt. employees who retired or dies before 01.01.64 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. 18.06.85)

8.14 Ex-gratia pension

The railway employees who retired on contributory provident fund system prior to 01.04.57 after completion of 20 years continuous service (except those who are dismissed/removed from service or those who resigned from service with less than 30 years service) and are still alive will be granted ex-gratia pension with effect from 01.01.67 at the rates prescribed from time to time.

(Rly. Bd's letter No. F(P)59-PN-1/15 dt. 23.1.67)

8.15 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. Commutation of family pension is not admissible.

8.16 Audit of pension paid vouchers and pension cases.

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This item has to be audited to the extent as prescribed in the programme of Audit CA, IV (11) and according to para 241 RAM. The POOs 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 Western Railway may also be seen.

8.17 Accounts of staff Benefit Fund.

See Para 239 R.A.M.

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CHAPTER-9

Expenditure Audit

9.1 General

9.1.1 Scope of Audit

The general principles and rules of audit of expenditure laid down in paragraphs 16 to 55 and 582 to 590 of MSO (T) Vol. I and chapter XVI-RAM should be observed.

9.1.2 Organisational set up

In the divisional organisation of the Railway, the execution of works and accounting of expenditure thereon is done by Divisional offices of the Railway and by the Survey and Construction offices in respect of lines under construction and such other important large open line works as may be entrusted to the Survey and Construction organisation established on the Railways. A few important works relating to Signal and Tele-Communications, Electrical, Engineering and Construction/rebuilding of certain bridges or similar other items of work are at times undertaken for execution by the headquarters office of the Railway. The working expenses of the centralised departments viz. Stores, Security, PRO, Education and headquarter office of General Manager and the FA&CAO etc. are recorded in the books maintained by the headquarters accounts office and those of the decentralised departments viz. Engineering, Mechanical, Signals and Tele-communications, Transportation, Commercial, Medical etc. are recorded in the books maintained by the divisional accounts offices. The working expenses of the Workshops and Stores are recorded in the books of the Accounts offices attached to them.

9.1.3 Distribution of Work.

The audit of expenditure on works and of the working expenses (other than Establishment) is conducted by the Expenditure audit section in headquarters office, in Divisional audit offices, unit audit offices attached to Workshop, Stores and Survey and construction audit offices etc. The Expenditure audit section at headquarters is also responsible for exercising necessary checks on the records maintained in the headquarters accounts office in connection with the investments of the Railway in the Road Transport Corporations, Railway consumers co-operative societies etc.

9.1.4 Audit Items

The works audit generally comprises of audit of (i) Sanctions (ii) Estimates (iii) Completion Reports (iv) Tenders and Contracts (v) Constructors' Bills (vi) Constructors' 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 items 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.

9.1.5 Reviews

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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-RA107-2/74 dated 18.06.1975) , (ii) Review of performance of execution of works (iii) Review of tenders (iv) review of works registers (v) Review of accounts of major works (vi) Capital and Revenue accounts of residential buildings (vi) (a) Review of court judgements relating to cases decided against Railways (b) Arbitration awards etc.

9.2 Audit of Sanctions.

See item No. 1 under Central Audit in MOI, Paras 6,7,128 and 129-RAM and 804 to 809-A.1.

9.2.1 All sanctions selected of audit should be accepted under the orders of the Branch Officer on the original sanctions themselves. The noting, if any, leading to their acceptance can, however, be made on separate noting sheets. Other sanctions not selected for audit should be filed under the orders of the Section Officer/Asstt. Audit Officer which should be recorded on the sanctions themselves (POO No. 405 dt. 3.2.64)

9.2.2 In accordance with the provisions of Para 808 A. I. Sanctions of permanent nature and sanctions with a long period of currency are 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.

9.2.3 Sanctions pertaining to more than one division or sanction issued by the authorities at headquarters of the Railway, should be audited by the concerned auditing section in the headquarters office and copies thereof should be supplied to the Divisions or sections concerned at out stations 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. (POO No. 326 dated 08.08.1957)

9.2.4 It should be seen that all sanctions to the waiving of overpayments and write off of losses are posted in the register of recoveries foregone (Para 846-AI) and the register of losses maintained by the accounts department. (Para 861-AI).

9.3 Audit of Estimates

See Para 242 to 253 –RAM, Chapter VII-E

No separate check is necessary but while auditing contracts, estimates should be reviewed 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.

9.4 Audit of Completion Reports.

See Item III under Central Audit in the MOI, Para 276-RAM and Chapter XVII-E.

9.4.1. 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 relevant contracts and estimates should also be reviewed simultaneously.

9.4.2. 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

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were noted in Accounts OI register, and the same regularised by revised estimates, if that was necessary (Para 1136-E)

9.4.3. In the case of deposit works it may be seen whether expenditure has been charged regularly (Para 1848-E) and was covered 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 born by railway and partly by the outsider or government department, it should be seen that all adjustments required under the rule have been carried out before the completion report is sanctioned.

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

9.5 Audit of Vouchers

See para 119 of MSO (Tech) Vol. I, para 261 of RAM and item IV under Central Audit.

9.5.1 The vouchers/bills other than contractor' bills dealt with under expenditure Audit are pay orders for refund of deposits etc., vendors bills for supply of materials for works, 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 wires, bills for services rendered by other Government departments etc.

9.5.2 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 bills payable where such sanctions may be recorded in order to safeguard against double claims being admitted in accounts. Where payments have been made provisionally pending receipt of proper sanction it should be seen that they are included in objectionable items register.

9.5.3 In case of bills 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 seeing the causes of delayed accountal and possible inclusion in Annexure 'J' – statement of misclassification and important mistakes in the accounts of the year.

9.6 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 1342 and 1355E.

9.6.1 The check of contractors' 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.

9.6.2 In the divisional organisation of the railway, however, the completed measurement books are received and kept in the divisional headquarters offices. The divisional audit offices located there may, therefore, check the bills with the available measurement books wherever considered necessary. This check should be in addition to that exercised during local inspections in respect of bills for which measurement books are not available at divisional headquarters at the time of monthly check of bills.

9.6.3 On completion of works, completion drawings 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 completion 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.

9.6.4 The following further checks should be exercised in addition to those detailed out in paragraphs 262 to 264 of RAM:

(i) The correctness of recoveries towards hire charges for tools and plant, water and cess charges should be verified with references to the rates fixed by the railway administration for that purpose examining inter alia, the adequacy of the rates 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 2825 of Way and Works Manual).

(iv) In case of bills for works for which estimates are required to be sanctioned but have not been sanctioned or the estimated costs as per sanctioned estimates of which the been exceeded, it should be seen that in the former case the works have been commenced on the strength of the urgency certificates 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 revised estimates as laid down in paragraphs 1136-E have been taken.

(v) It 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 Western Railway Works Hand Book (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 contractors which are to be arranged by the contractors in accordance with the terms of the contract, it should be seen that the quantity is generally commensurate with the quantity of

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work to be executed and also the rates charged to him are in accordance with extant orders (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 issue dby the engineering department of the Western Railway should be carefully studied to see that the measurement have been taken as per extant orders (para 1269-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 measurement of borro pits, the entries for lead in the measurement books may be checked with reference to the borrow pit plans. These checks may with 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.

9.6.5 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 accounts 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 be checked during the year and this item of check may be treated as monthly. When 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 26.5.1972 and Director of Audit , Western Railway' Office letter No. SA/HQ/C/I/25/Vol. IV/30838 dt. 23.8.1972)

9.7 Review of the accounts of Major Works

Extent of check is prescribed vide para 60 Chapter VI and Item VII-Central Audit – MOI.

9.7.1 In addition to the central audit conducted at the headquarters of the audit offices relating to the accounts of works such as audit of contractors' bills, labour pay sheet,

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contractors' ledgers, journal vouchers and review of works registers etc, it is necessary to review the accounts of major track renewal works costing Rs. One crore and above and other works costing over Rs. Lakhs completely during the progress of the works and after their completion.

All such works may be inspected every alternate year, the first inspection being taken up when the expenditure actually incurred exceeds Rs.5 lakhs or 10 per cent of the estimated cost whichever is higher.

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

- (i) Serial number
- (ii) Particulars of works
- (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 works registers should be 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 Directors of Audit for approval. However, before undertaking review of a particular work, 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 upto 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)

9.7.3 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 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 Number
- (ii) Particulars of work
- (iii) Estimated cost of the work
- (iv) Booked outlay
- (v) Date of first inspection
- (vi) Date of second inspection
- (vii) Date of third inspection and so on

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- (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.

9.7.4 The review of the accounts of a major work is complete analysis and examination 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.

9.7.5 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 Divisional 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 Railways, circumstances in which lowest tenders were passed over in favour of higher tenders etc., should be studied and noted.

9.7.6 The progress reports of execution of the work should be seen with a view to appreciate that the execution has proceeded according to the schedule of programme ordered by the Railway Board, General Manager or the C.E., as the case may be, and the contractual obligations 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.

9.7.7 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.

9.7.8 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 the general books according to the rules on the subject.

9.7.9 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

- (i) All materials transfer orders have been correctly prepared.
- (ii) The receipts of stores are accounted for in the tally books.
- (iii) The adjustment of stores charges are supported by the issue of stores shown in the tally books.

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- (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 of account of earlier erroneous adjustments have been adequately particularised to render verification possible.
- (vii) Whether there are any cases of payment of heavy demurrage charges.
- (viii) Non-acceptance and receipt of credits for released materials returned to Stores 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/XEN 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 or credit for released materials.
- (vii) Operation of work-charged posts.

9.7.10 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.

9.7.11 After the 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 be included in the comprehensive note.

9.8 Scrutiny of tenders and contracts

9.8.1 Refer Chapter XII-E, VI-F1, IV-S, VII-MSO(Tech) Vol. I(paras 333, 334 to 338), para 27 and Item XV under Central Audit of MOI.

9.8.2 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 accounts 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./AAUO/SO, as the case may be.

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9.8.3 The instructions regarding formation of Tender Committee for scrutiny and recommendations of acceptance of tenders are contained in the booklet Confidential Supplement to General Conditions of Contracts issued by Western Railway Administration, para 614 to 619-F1 and para 1255-E(Revised Edition_1982), 2910 of Railway Board Way & Works Manual and Railway Board's letter No. 72/1/CT/12 dated 11.3.81.

9.8.4 The procedure to be followed by the Railway Administration when only one tender is received in response to a call 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 is 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 dated 25.5.68 may also be referred to.

9.8.5 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 Director of audit for orders(POO No. 206 dated 2.5.51 and POO No. 436 dated 2.4.69 and DCA's secret D.O.No. C/s. 239/5655 dated 5.10.1958).

9.8.6 Review of Arbitration Cases/Court Judgements

All arbitration awards 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/judgement is given. Instructions issued in this regard in letter No. SA/HQ/C/1/25/Vol. V/1140 dated 11.6.73 may also be seen.

9.8.7 The review of contracts and tenders should be conducted in accordance with the following arrangements:

Particulars of contracts	By whom to be reviewed
1. Contracts for open line whether entered into by the Divisional Railway Manger or the Heads of Departments or the GM	Officers concerned with the Audit of accounts of such works
2. Contracts entered into by the CME other than those relating to Workshops under the Audit control of AUO (W&S)Ajmer/Bhavnagar and Kota	Audit Officer (W) Churchgate
3. Contracts entered into by the CME pertaining to Workshops under Audit Control of Audit Officer (W&S)Ajmer/SBI/Bhavnagar and Kota	Audit Ofifcer (W&S) Ajmer/SBI/Bhavnagar Para/Kota
4. Contracts entered into by the Controller of Stores	Audit Officer (STR), Churchgate.
5. Contracts entered into by the Divisional Railway Manager for Catering and Vending	Concerned Divisional Audit Office
6. Contracts for winding and repairing Railway clocks at Stations and Offices in respect of which tenders were accepted by CCS	Concerned Divisional Audit Office

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| 7 | Contracts for cartage of luggages, parcels and goods from Railway Station to consignee's addresses and vice versa in respect of which tenders are accepted by CCS | Audit Officer (TA), Churchgat |
| 8 | Contracts for cartage of luggage etc., from city booking offices to stations and vice versa in respect of which tenders are accepted by CCS | Audit Officer (TA), Churchgat |
| 9 | Contracts for printing Time Tables | Audit Officer (X), Churchgat |
| 10 | Contracts for handling of sea borne coal received in Bombay Port | Audit Officer (S), Churchgat |
| 11 | Catering Contracts. | Officer Incharge of Catering Audit, Churchgate or the concerned Divisional Audit Officer |
| | (i) For opening Refreshment Rooms in respect of which agreements are entered into by CCS | |
| | (ii) Dining Cars and Refreshment Cars in respect of which agreements are entered into by CCS | Officer Incharge of Catering, Audit, Churchgate |
| | (iii) Tea Stalls and Tea Tables in respect of which agreements are entered into by DRMs | Concerned Divisional Audit Officer |
| | (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 CCS | Audit Officer (TA), Churchgat |
| 13 | Contracts for loading, unloading and transhipment of goods/parcels luggage (Handling Contracts) in respect of which tenders are accepted by CCS | Audit Officer (TA), Churchgate |
| 14 | Flag stations agreements with local agent | Audit Officer (TA), Churchgate |
| 15 | Agreement for Cycle Stand | Concerned Divisional Audit Office |
| 16 | Agreements with Tourist Agencies entered into by CCS | Audit Officer (TA), Churchgate |
| 17 | Contracts for weighing machines and wigh bridges in respect of which tenders are accepted by CCS | (i) Concerned Divisional Audit Officer
(ii) Audit Officer (X) CCG, for machines in use in Stores Department |
| 18 | Contracts for Petromax lamps in respect of which tenders are accepted by CCS | Concerned Divisional Audit Officer |
| 19 | Departmental Catering contracts, for purchase of commodities such as vegetables, dairy products, pulses, cooking oils, grains, non-vegetarian articles required for catering entered into by DRMs and Dy. CCS(G) and CCS. | (i) Concerned Divisional Audit Officers.
(ii) Officer In charge of Catering Section |

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(POO No. 297 dated 09/02/1955, 325 dated 08/08/1957, 328 dated 14/10/1957, 329, dated 21/07/1958, 337, dated 03/03/1959 and 394, dated 08/08/1963)

9.8.8 It has been decided that common tenders invited by the Heads of Department 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, Headquarters. Copies 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.

9.8.9 Tenders pertaining to the Division/Units (other than S&C Units finalised at the Headquarters Office of the Railway) will be reviewed by the Audit Officer (X). The following procedure shall be followed in this regard:-

(i) The Division/Unit Office 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 (i) should contain the names of contracts and the rates mentioned in the original accepted tender (available at the Division/Unit Office).

(iii) A report (in respect of tenders for the preceding quarter) to the effect that 'Other Checks' for 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 Checks' referred 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 an advice of Audit to the Unit concerned in respect of tenders reviewed on behalf of the Division and in respect of common tenders for work on more than one 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.

9.8.10 Review of Completed 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 percentages.

Selection for the review of contracts over one lakhs and upto five lakhs should be done at the time of review of tenders, preference being given to the contracts 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 should be

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examined every month and items required to be reviewed completed. The date of completion and result of the review should be noted in the register.

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

- (i) Planning for the work is invariably done with adequate care and in sufficient detail 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 response is 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 rates 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 tenders and in the execution of the agreement.
- (vii) If the lowest tender has not been accepted, the reasons therefore are recorded.
- (viii) The rates given in the agreement are the same as accepted by the Tender Committee and a responsible official of the Accounts Office has attested that these.
- (ix) The work order for the execution of the work is issued only after the acceptance of the tender.

If and when sanctioned to deviation from the standard conditions of contract is received, the competency should be examined and a note kept in the Register of Review of contracts for examining the reasons for and the propriety of the amendment at the time of the contract.

While Auditing the contract, relevant estimates should be checked simultaneous (CAG's letter No. 2301-RAD/8-7/66, dated 27/06/1966) 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, drawing etc.

9.9 Audit of Contingent Vouchers.

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.

9.10 Audit of Journal Vouchers including scrutiny of Adjustment Memo.

See para 36 and Item No. IV (22) under Central Audit in MOI para 377 – RAM & para 307 and 308 – AI.

9.10.1 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 Office (Headquarters and Divisions/Units) are duly covered by the scrutiny without omissions. The journal slips with amounts for which a percentage check only is prescribed should be listed out

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separately and selection to the extent required obtained 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 cash vouchers and utmost 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.

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

9.10.3 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.

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

9.10.5 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.

9.10.6 Special adjustments carried out towards the close of the financial year should be carefully scrutinised and those adjustments which require special examination, which the Auditing Sections are not in a position to undertake, should be reported in detail to the Co-ordination Section after the Audit of March Accounts is completed.

9.11 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.

9.11.1. 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 Joint Accounts and Personnel Branch POO No. 11 dated the 5th April 1963, POO No. 19 dated 29/09/1964, FA & CAO Western Railways letter No. E/2/4 130/886/166 (Simplification) dated 07/05/1966 and the orders regarding rent rolls and Capital and Revenue Accounts of buildings contained in the Railway Board's letter No. 63/AC-II/Div. (Spl.)/22, dated 12th March 1963 may be seen. Paras 1620 to 1630 – AI may also be referred to.

In order to save clerical labour, the Railway Board, vide their letter No. 63/AC-II/Dir/(Spl.)/22 dated 12/03/1963, 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 borne in mind.

9.11.2. The following items 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:

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- (i) Verification of the Capital Cost of buildings as adopted for the above accounts.
- (ii) Check of correctness of figures relating to additions, abandonment 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 Expenditure 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.

(POO No. 188 – A dated 06/01/1948).

9.12 Audit of Contractor's ledger

See Item IV (15) under Central Audit in the MOI., para 1483 to 1485E, 364 & 265 – RAM

9.13 Audit of Locomotive Energy Accounts

See Para 319 of RAM, Item VI – Stores Audit MOI.

9.13.1 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 (Railways) letter No. 806/RAI/8-3/68 of 16/03/68 and 1364-RAI/8-3/68 dated 08/04/69)

9.13.2 As regards HSD oil, instructions contained in Joint Operating, Mechanical, Commercial, Stores and Accounts Procedure Office order No. 174/699 dated 18/01/1969 may also be borne in mind. As for the electric power supply for traction purposes, the rates and conditions of supply should be checked with the relevant tariffs of electric supply companies/State Electricity Boards.

9.14 Audit of Labour Pay Sheets

See Item IV-18 of Central Audit – MOI, para 267, 268 – RAM, para 1307 to 1311E and 1302E to 1311E, paras 1404, 1405 – AI.

9.15 Audit of Expenditure of Experimental Works.

See para 740 – FI.

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

9.16 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 252 – FI.

(A) According to the FA & CAO's Circular No. P&S/2917/A – 108/293 dated 06/06/1958, the productivity review of Capital expenditure works – New Lines will be carried out in the FA & CAO's Office, Churchgate, and for this purpose, the Divisional Accounts Officers have to furnish figures of expenditure in respect of the lines and works

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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, Ajmer.

(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 & CAO's Office, taking into account the data furnished by the DAUOs as prescribed hereunder.

(ii) The Audit Officer (TA), Ajmer will verify the figures of earnings furnished by the Deputy Chief Accounts Officer (TA), Ajmer to the Divisional Accounts Officers and advice the Audited figures to the DAUOs concerned and the expenditure Audit Sections, Headquarters.

(iii) The DAUOs will furnish Audited figures of expenditure and earnings received from the Audit Officer (TA), Ajmer to Expenditure Audit Section Headquarters.

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

(POO No. 333 dated 31st December 1958)

(C) The following letters contain the extant orders issued by the Railway Board on the subject after the re-introduction of the productivity tests/review:

1. Railway Board's letter No. F(X) I – 53-PD/1 (Dup), dated 20/08/1956 (received under C&AG's endorsement No. RAI/A5-26/56 dated 20/10/1956)

2. Railway Board's letter No. F(X) I – 56. GMT/4/5, dated 09/11/1956 (received under C&AG's endorsement No. RAI/A5-36/56, dated 23/11/1956)

3. Railway Board's letter No. F(X) I – 53 – PD/1 (DUP), dated 16/10/1957 (received under C&AG's endorsement No. RAI/A5-26, dated 18/12/1957)

4. Railway Board's letter No. F(X) II –79/PD/10, dated 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 & CAO carries out the tests/reviews, as and when they fall due and reports the result to the Railway Board.

The reviews prepared by the Administration should be examined generally to see interalia, whether

(i) all the relevant factors affecting the final results have been taken into account without omission

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

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

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

9.16.2 Financial results of working of new Branch Lines

See para 520 of MSO (Technical), 284 of the RAM and 244-246-FI

It should be seen that they represent facts and that the methods adopted for computing the earnings and the calculations are fairly accurate. The actual figures of earnings and expenditure should also be compared with the estimated ones. It is, however, not necessary to vet these statements or give an Audit certificate before the submission of these statements to the Railway Board.

(Authority: ADAI (Railways) Confidential letter No. 1219-RAI/5-12/63, dated 22/04/1965).

9.17 Audit of Charges Debitables 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 any, chargeable, to the head 345-A/345-B Miscellaneous Railway Expenditure should also be included in the selection and Audited upto the prescribed percentages.

9.18 Audit of Works Registers and Revenues Allocation Register

See paras 28, 29 Item No. VI under 'Central Audit' in MOI, paras 272 and 273 of RAM, 1468-1475-E, 311-312-A-I & 51-F-I.

9.18.1 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 is laid down in paras 1471-E and 1480-E.

9.18.2 Register of Works for Deposit Works.
See para 1481-E and 1843-E.

9.19 Audit of Land Registers

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

The rules and procedure regarding acquisition, custody and management of land given in chapters 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 924-E to 949-E may be studied. The register should be reviewed generally to see that it is maintained and kept upto date. It should be seen that land is acquired only for sanctioned works and bonafide Railway purposes (913-E).

9.20 Audit of Private Sidings and Assisted Sidings Accounts.

See Item No. VIII (15) under 'Central Audit' in the MOI and para 277 of RAM.

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9.20.1 The rules regarding construction, working and maintenance of Assisted Sidings are given in paragraphs 1822-E to 1824-E. It should be seen that the rate of maintenance charges has been fixed correctly and that the charges have been recovered from the parties concerned in accordance with the agreement and extant instructions.

A standard agreement form for assisted industrial sidings necessitated due to various suggestions made by the Zonal Railway for amending siding agreements have been evolved by the Railway Board vide their letter No. 72/WI/SA/20 of 12/05/83, which should be referred to while auditing the siding's owners, 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 upto-date list of the assisted sidings on the Railway. Traffic Audit Section should be asked to advise particulars of any new sidings opened for traffic, or of existing 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 levied for delayed payment (vide 1837-E). Incidental charges for cost of staff, wherever loaned are also recoverable as per percentages provided in clause 10 of the Western Railway Sidings Agreement (Form E.A.31F/R5) in addition to the recovery of leave salary contribution, P.F. Bonus and Gratuity Contribution etc.

In view of introduction of new concepts of peripheral yard, full rake 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 01/12/86 which should be borne in mind while conducting the Audit of sidings 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 01/04/1984 vide their letter No. F(E)-83/Misc./1, dated 27/06/84 which should be borne in mind while conducting the Audit of sidings account.

9.20.2 For the recovery of interest and maintenance charges, paragraph 1827-E as amended from time to time may be seen. For the maintenance of private sidings or that portion of the assisted sidings which lies outside Railway Limits, the orders contained in GM. Western Railway's circular No. W 576/5/letter No. 686 dated 04/02/1964 may be referred. Maintenance and repair charges for private sidings, wherever these are maintained by the Railways, should be levied on Kms. basis as per the guidelines issued by the Railway Board vide their letter No. 58/WI/2A/13, dated 02/23-04-82 as further modified vide sub-para (X) of their letter No. 85/WI/SP/45, dated 01/12/1986. So far as the question of bearing the cost of electrification of sidings (OHE) is concerned, instructions issued under Board's letter No. 79/WI/SA/34, dated 01/03/82 should be borne in mind.

9.21 Audit of Miscellaneous Advances and Deposit Miscellaneous Registers

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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

9.21.1 The registers recordings 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 advanced or deposited as the case may be and the parties are traceable and that the action is taken to chase the transactions and clear them.

9.21.2 In reviewing the maintenance of these suspense registers, their reconciliation with General Books and review of suspense balances as provided in paragraphs 316 to 320-A, 610-A, 614-A, 615-A and 620-A, and balances under these heads of accounts, closed attention should be paid to old items involving considerable amounts which are not linked or pursued by the Accounts Office. The Half Yearly Review for May and November submitted to Railway Board may be referred to during the review of these registers. In the case of Deposit for works, works registers should be connected.

9.22 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

9.22.1 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.

9.22.2 While reviewing these registers as prescribed, it should be verified that all sanctions to losses and writes off received in the office have been recorded herein. The sanctions to losses and writes off are received in this office and scrutinised in the normal course. Therefore, at the time of review of these registers, attention should be paid to the cases of serious irregularities and losses which have not been reported to this office.

9.22.3 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 noticed the Railway Administration arranges for departmental enquiry to fix responsibility and disciplinary action against the defaulters is finalised forthwith.

9.22.4 All cases of frauds, losses, etc., amounting to less than 50, 000/- should be reviewed by the DAUOs/AAUOs 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 cases where frauds etc., are attributable to misdemeanor, negligence, etc., of the staff and for which disciplinary action taken by the administration is nominal or inadequate or where they are attributable to effective procedure for which effective action has not been taken to remedy the same, may sometimes necessitate preparation of a 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 by the Divisional Audit

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Officers/Auditing Sections and a report (supported by specific instances of the type mentioned above) sent to Co-ordination Section by 15th July each year.

9.22.5 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 there on may be submitted to Co-ordination Section Churchgate 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 reported as soon as they come to notice. Hitherto, 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 report is not forth coming immediately from the Railway Administration, the cases are reported to the ADAI(R) after a long time. By the time, detailed report is received, the case loses its importance and no useful purpose is served in reporting the same to ADAI(Railways). 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 Director of Audit to the ADAI(Railways) endorsing a 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(Railways). 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 ADAI(railways) or for preparation of draft paragraphs for Railway Audit Report should receive immediate attention by the Unit Offices referred to.

(POO No. 348, dated 26th September 1959, Co-ordination Section's circular letter No. C/23-1/3035, dated 29/06/1961 and ADAI(railway) letter No. 2199-RAI/A12-71/61, dated 20/06/1961 and Co-ordination letter No. SA/HQ/C/I/133/4015, dated 19/12/88).

9.23 Audit of Objectionable Item Registers

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

9.23.1 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.

9.24 Audit of account of Hospitality Fund

See Item XVI Central Audit MOI.

9.24.1 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

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from a fund known as Hospitality Fund. The detailed orders on the subject are contained in Railway Board's letter No. 1022/TG/55, dated 14/06/1956, dated 13/02/1957 and No. 1501/TCIV/57/1 dated 24/01/1958 and No. F(X) II-64-PW4/1 dated 23/07/1964.

9.24.2 The ADAI (Railways) has 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.

9.25 Audit Grants-in-aid

See para 227 of RAM paras 281 to 293 of MSO (Technical) Vol. I and Item IV(16) Under Central Audit in MOI.

9.25.1 Grants-in-aid or contributions are made by the Railway Administration either as a recurring or non-recurring ones to

- (1) The Educational and Medical Institution
- (2) The Railway Institutes and Sports Clubs
- (3) The Railway Co-Operative Societies and 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 Accounts Departments is given in paragraphs 1619-AI.

9.25.2 Every order sanctioning the Grants-in-aid should be Audited in the same manner as other financial sanctions.

9.25.3 Besides Auditing sanctions to grants-in-aid and vouchers relating to them, local inspections of the institutions receiving grants-in-aid are also required to be conducted.

9.25.4 E&X Section at Headquarters should submit proposals for conducting local inspections of those institutions receiving grant-in-aid less than Rs. 1 lakh recurring and Rs. 5 lakhs non-recurring for Director of Audit's approval in the month of May every year. Instructions contained in para 6 of Chapter VI of MOI, should be borne in mind while proposing inspections of such institutions. The required information is collected every year from the executive's files 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 grants-in-aid paid from Railway Revenues to any institution at Divisional level upto end of March may be submitted to Audit Officer (X) Headquarters on 10th April every year in the following proforma. This may be noted in the Calendar of returns.

Sr. No.	Name of the Institution to whom grant-in-aid is sanctioned.	Year to which the Amount Sanction grant relates No. & date grant relates.
	Headquarters letter No. SA/HQ/X/1/9(b)/6040	No. dated 28/06/1966.

9.26 Road Transport – Scope of Audit of Investments



See Para 288 of RAM

9.26.1 The investments by the Railways in the State Road Transport Corporation have been discontinued and transferred to Ministry of Shipping and Transport with effect from 1983-84. The total amount of investment upto 31/03/83 has also been transferred to that Ministry.

9.26.2 A statement showing details, as on 31st March each year of Government, Commercial, Quasi Commercial and Industrial Undertakings under this office Audit control, if any, and list of Commercial and Industrial concerns in which Government Funds are invested or loaned where Government have taken any contingent liability, are required to be furnished to the ADAI(Railways) so as to reach him by the 15th November at the latest. The form in which these statements are to be prepared are given in the C&AG's letter No. 210-CA/225-53, dated 17/03/1954 as amended by the C & AG's letter No. 256-CA/225-54, dated 02/04/1955.

(Director of Railway Audit's letter No. A8-1/52, dated 01/04/1954 and Indst. No. A8-1/52 KW, dated 26/04/1955)

9.27 Efficiency Audit and Overall performance Audit

9.27.1 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 as 'Efficiency Audit' on the basis of which the overall performance Audit is to be conducted. The general instructions for conducting this Audit are give in paragraphs 56 to 58 of C&AG's MSO (Tech.) Vol. I and chapter XXIV of RAM.

9.27.2 The selection of works for efficiency Audit has to be done keeping in view the results likely to be achieved. The Branch Officers will therefore, submit their proposals for undertaking efficiency Audit of projects/shemes simultaneously with the programme for review of the accounts of major works which is required to be submitted for the Director of Audit's approval in June each year.

9.27.3 The results of overall performance Audit are to be reported to the ADAI(Railways) positively by the middle of August each year. The report will be sent by the ECPA Section, on the basis of the reports received from unit offices after conducting further examination, if necessary, of the points with reference to the Administration's files, statistical data, 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/Schemes 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(Railway) sent to the Accounts Officer concerned by 15th June for his verification and acceptance, simultaneously endorsing a copy thereof to the ECPA Section at Headquarters. The acceptance, or remarks of the Administration on the proposed comments should be furnished by the unit offices to the ECPA Section by 15th July positively. An entry in the Calendar of Returns of each unit office and the ECPA Section regarding submission of these reports on the prescribed dates should be made.

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9.27.4 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, 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 remunerativeness or 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.

9.28 Register of Buildings

The register of buildings 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-AI may be borne in mind.

9.29 Law Charges

See para 269 of the RAM

It should be seen that the charges paid are within the maximum fixed by the Railway Board. Each year in April, the Railway Administration is sending an 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 accounts office records.

9.30 Review of Court cases and Arbitration Awards

See Item XVII of Central Audit MOI

(i) 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 complete in the fourth following month.

(ii) In cases where appeals are filed, the original judgments 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 mutatis mutandis apply.

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 Offices (Expenditure Audit Section) should similarly review the court cases if they are dealt with by the DRM and payment of legal charges is arranged through the DAOs. These cases should be reviewed to the extent

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laid down. All arbitration cases should be reviewed in Audit. Important results of both the reviews should be reported to the Director of Audit through Co-ordination Section.

9.31 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 kilometrage of wires and that the rates and calculations are correct.

9.32 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 wherever 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. Current rates effective from 1/4/89 have been prescribed in G.M. (Medical), Churchgate's letter No. M.D. 120/2/8, dated 31/03/89.

The statements prepared by the CMO on the basis of DMO's returns and sent to FA&CAO (X) should be checked by X (HQ) Audit Section to ensure that the dues are calculated correctly and realized.

9.33 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. (Rev). the percentage of improvement is shown. The percentages are decided by the technical authorities but it should be seen that prima facie 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 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.

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 the Block Accounts is worked out therein. The correctness of carrying over of the expenditure from the works register and totaling 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.

9.34 Subsidy to Co-operative Societies.

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9.34.1 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 CO6 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, dated 24/04/1965 and 65/E (Co-op)1443 dated 10/01/1966)

9.34.2 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 20/04/1963 and No. E (W) 65 CNI/14, dated 17/05/1966.

In respect of payments made by the Railway Administration for expenditure incurred on canteen items of non-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 09/07/1963, E(W) 63 CNI-12, dated 31/03/1964, E(W) 65 CNI-5, dated 07/08/1965, E(W) 64 CNI-17, dated 23/28/12/1967.

9.35 Bills for Family Planning

As per Comptroller and Auditor General's letter No. 1853-Tech. Admn-1/460-64 dated 08/07/1964 this office is required to furnish Audit certificate in support of expenditure booked by Western 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 this section to Director of Audit. Central Revenues 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/I/25/Vol. III/2774 of 02/08/1965 and FA&CAO (BB) CCG's letter No. BKS/CAP/A7507/A198/3005/Vol. II dated 26/09/88)

9.36. Review of Working of the Accounts Department

See para 131 RAM and Annexure to Chapter V of MOI.

9.36.1 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 compiled 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. Os issued by the Accounts Office should also be taken into account while compiling the list.

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9.36.2 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 of 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 years 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 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.

9.37 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 of the items, a proper procedure exists while for some it is not so. As such the following instructions are issued:-

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

- | | | |
|-----|----------------------------------|----------------------------|
| (a) | Land Registers – Para 9.19 | Director of Audit, Western |
| (b) | Register of Building – Para 9.28 | Railway Manual |
| (c) | Siding Register – para 9.20 | |

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 (Railways) letter No. 1191-RAI/8-11/67 of 01/04/1980)

9.38 Licensing of Railway Land.

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Surplus land on Railways is required to be managed on commercial lines. 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/LM/18/87 dated 17/09/1985 may be borne in mind.

9.39 Train performance – occupation ratio

The report of half yearly census under-taken by the Administration to assess the volume of traffic and occupation ratio by each class be reviewed in Audit and cases of low occupation ratio over specific sections or trains, brought to the pointed 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 DAUOs to watch its completion by the end of the month following the month in which the half yearly census is undertaken by the Administration.

(Dy. C.A. (TA) Aii's letter No. SA/TA/XII/29/767 ct. 08/08/1967).

9.40 Review of Annual Works Programme

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

(Authority: SA/HQ/C/I/25/Vol. IV/1843).

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CHAPTER 10.

Survey & Construction and Railway Electrification Audit.

10.1 Scope of Audit

Generally the works of following nature are undertaken by the construction organisation on Western Railway:-

- (i) Construction of new lines, doubling, gauge conversions and surveys.
- (ii) Line capacity works like additional loops, running lines and side tracking facilities, crossing stations, sick wagons detaching lines etc.
- (iii) Construction and remodeling of passenger and goods yards
- (iv) Bridge works.
- (v) Deposit works.
- (vi) Other specified works like construction of Railway workshops, loco sheds, residential quarters, signal and tele-communication 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 tele-communication works and electrical works costing over Rs. 10 lakhs undertaken by the construction organisation.

The following Survey & Construction Audit sections are functioning in this office. The sphere of their Audit work is shown against each:

- | | | |
|-----|--|---|
| (1) | Survey & Construction Audit Office (Headquarter) Churchgate, Bombay | Audit of Accounts maintained by FA&CAO (Construction), Bombay including works/surveys for which accounts are maintained by SAO (C) Bombay |
| (2) | Survey & Construction Audit Office, Ahmedabad | Audit of Accounts maintained by the SAO (C), Ahmedabad |
| (3) | Survey & Construction Audit Office, Kota | Audit of Accounts maintained by the SAO (C), Kota |
| (4) | Survey & Construction Audit Office, Ratlam & Ajmer (at Ratlam) | Audit of Accounts maintained by the SAO (C), Ajmer and Ratlam |
| (5) | Survey & Construction Audit Office, Rajkot and its cell at Ahmedabad | Audit Accounts of the VOP Project maintained by SAO (C) Ahmedabad. |

10.2 Periodicity of Audit

Keeping in view the provisions of para 120 of Railway Audit manual, for the following month ahs been prescribed as the periodicity of Audit in these offices except in

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the case of journal slips and accounts current in which case the periodicity is the third following month.

(Authority: DA's letter No. SA/HQ/B/VI/2/5239, dated 10/09/1964)

The extent of Audit various items is the same as prescribed for open line organisation which is given in the programme of Audit in the MOI and other orders issued from time to time.

Instructions contained in chapters on Establishment and Provident Fund Audit section, Expenditure Audit section and Inspection section apply in the case of Survey & Construction Audit section.

10.3 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, sanctions for the creation, extension and abolition of the gazetted posts of S&C organisation are Audited and accepted in Audit by the establishment Audit section at Headquarters and copies of the accepted sanctions are forwarded to the concerned S&C Audit units for information.

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

(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 is completed the particulars of PF deductions such as PF Account No., name and designation of the employee, and the amount of deduction and month should be advised to the concerned open line Auditing units for tracing the posting in the PF Accounts. It should be noted that check of salary bills can not be considered as complete unless the advices regarding the PF deductions are sent to the concerned open line auditing units.

10.4 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 log book 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 (or 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 useful 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:

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(a) In the case of works involving large quantities of earthwork, 'Key Plan' and the 'Project SHEets', if any, should be consulted in order to have a general 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 token 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 the bank or the cutting, the entries in the measurement books would show the area of the cross section on different suitable changes, the length of the bank or cutting between two consecutive cross sections and the quantity each 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 books/the bank cutting recorded in the level book by the AEN. The area of the cross sections 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 changes 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 spoils have been used to the best advantage of the Railway

(e) In the case of bank formed from cutting spoils, lead is reckoned from the center of gravity of the cutting marks to the center of gravity of the empankment 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/7.15/61, dated 01/06/1962).

(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 reclassification 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 to the Director of Audit

Soil classification registers maintained in the engineering offices should be reviewed by the inspecting officers for this purpose.

10.5 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 MOI (Railways) should be applied for check of 'On Account' bills. It should be noted that 'On Account' bills checked a separate item need not be rechecked at the time of Audit of final bills.

10.6 Employment of Project Casual Labour

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

(i) The project should be taken as one 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 IREM).

(ii) Project labourers are generally governed by the Minimum Wages Act and they are to be remunerated at rates fixed under the said Act.

(iii) Casual labourers employed on projects who have put in 180 days continuous service on the same type of work are to be treated as monthly rated of the minimum scale of pay plus dearness allowance thereon.

(iv) The conditions of service of project casual labour have been liberalised with effect from 01/01/81. They have been allowed to attain temporary status after 360 days of continuous service. On acquiring temporary status casual labourers on projects are entitled to get benefits as admissible to temporary employees.

(Railway Board's letter No. E (NG) II/84/CL/41, dated 11/09/1986).

(v) As far as possible casual labour required to be recruited on projects should be taken from amongst those casual labourers 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) General, project casual labourers 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 so as to facilitate the fixation of seniority and absorption against regular vacancies.

10.7 Inspection of construction offices

(i) General instructions contained in the chapter on inspections 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%. The time allowed, the composition of the inspection party in respect of construction offices is as given in the Director of Audit's secret letter No. SA/HQ/I/7/6706, dated 28/03/1974 as amended from time to time.

(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 open line.

10.8 Review of Major Works

See Para No. 60 of MOI. 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 lags for a long time after completion of work owing to delay in adjustment of stores debits, non payment of contractors bills due to arbitration, etc. and hence works can not be treated as completed in all respects. The review need not be shown in arrears but the pending items noticed should be noted and reviewed at the time of next inspection in alternate year.

(C&AG' No. 156-RA II/257/8-11/81, dated 23/05/1984)

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10.9 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 receipt 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 is regularly reconciled with those in the subsidiary registers maintained for the respective suspense heads.

(ADAI's Endst. No. 1803/RAI/7-15/61, dated 01/06/1962).

10.10 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, Bombay pertaining to any work undertaken by construction department on Western Railway are reviewed by the Audit Officer (X&C), Bombay. For this purpose advices about acceptance of tenders in various construction units are received quarterly from the CE (X&C)'s office. The results of the review of the tenders for works pertaining to Audit Offices other than S&C Audit Office at Bombay are intimated to the concerned Unit Audit Officers for action if any, required to be taken at their level. As regards the tenders accepted at other executive offices, the Audit Officers in charge of Survey & Construction units review these tenders on the basis of quarterly advices of accepted tenders received from the executive offices under their control.

Similar procedure is applicable in case of review of tenders finalised by the CSTE (C), Churchgate and the C.E.E. (C), Churchgate as also tenders accepted at Unit level by the Signal & Telecommunication and Electrical construction departments.

10.11 Railway Electrification

A Central Organisation for Railway Electrification (CORE) functions at Allahabad for the overall planning, Co-ordination and monitoring of progress of Railway Electrification projects. On the Western Railway two project offices were set up at Vadodara and Kota for the Electrification of Vadodara – Mathura section of B.G. trunk route. The Audit Offices were started for these project office at Vadodara and Kota, under the Audit control of Director of Audit, Western Railway. The Audit objections issued against FA&CAOs of these projects are being consolidated by FA&CAO, CORE, Allahabad. The instructions contained in Railway Audit Manual and the chapters on Establishment, Expenditure, Stores, Books and Budget are applicable to Railway Electrification Audit Offices also. The tenders and contracts finalised under the powers entrusted to the Chief Project Managers and other project officers are audited by the concerned Audit Officers. Apart from the construction of service buildings, staff quarters, central cabins, etc. the Railway Electrification works also involve change of signal and telecommunication from conventional to colour light-signalling and underground cables for the control circuits. Hence large Tele-communication works and engineering works are also executed. The major contracts for galvanizing of masts, portals, OHE wiring etc., are finalised at Allahabad and reviewed by Audit Officer (RE), Allahabad. The execution of such contracts pertaining to Western Railway is to be reviewed by the concerned RE Audit Offices. The unit appropriation accounts prepared for the project are sent to the Audit Officer (RE), Allahabad duly audited for checking the consolidated compiled accounts. The

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system and items of inspection are same as adopted for the open line construction audit offices.

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CHAPTER 11.

Books and Budget including Appropriation Accounts.

11.1 General

The accounting of the centralised departments and of the Headquarters Offices of the General Manager at Bombay and consolidation of the accounts of the entire Railway is done in the Central Accounts section of the FA&CAO's Office at Headquarters Bombay. Consequently, the Books and Budget (Headquarters) Audit section is responsible for the Audit of the General Books and Accounts of this Railway including the Audit of Capital and Revenue 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 Section, Ajmer in respect of the Accounts Offices is Audited by the corresponding Auditing Units of this Office.

11.2 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 Debt 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.

The details of the work done in the Books and Budget Section are given below:

11.3 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.

11.4 Check of Journal Vouchers including scrutiny of Adjustment Memo

See item IV (22) under Central Audit in the MOI

11.4.1 All adjustments pertaining to the Railway Accounts are effected through journal slips (J.S.). The journal in which all these adjustments are 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 the Journal. All the Journal slips received from other sections of the Accounts Office and those prepared by the Books Section itself are registered in a manuscript register maintained in the Books section in serial order for each month. The serial number and the month to which the J. S. relates is quoted in the journal when each journal slip is posted therein. These journal slips

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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.

11.4.2 Whenever amount 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 Books sections, it should also 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 Railway, necessary transfer certificates are accompanying the journal vouchers and that the supporting vouchers have been duly accepted and allocated to the correct heads of account.

11.5 Tracing the postings from Journal Vouchers into Journals

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 where general books are not being maintained by the respective Accounts Offices. The capital and Revenue journal vouchers prepared should be got selected to the extent prescribed and traced into the Capital and Revenue journals by the Books an 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 an Budget Headquarters Audit section to make up the deficiency an 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.

11.6 Check of monthly accounts with schedules and journals.

See item IX under Central Audit in the MOI Para 362 RAM and Paras 323 to 340-AI.

11.6.1 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 the 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 the 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 balance should then be checked. It should be seen that the heads of account shown in the ledgers, journals and account current are correct and uptodate.

11.6.2 As regards the consolidated Account Current sent to the Railway Board, a separate schedule register is maintained by the Headquarters books central section for consolidating the details received from the several units. The posting in these registers will first be checked with reference to the Account Current received from the various units. The correctness of the totals should then be checked. Thereafter the consolidated ledgers and Accounts Current will be checked with reference to these registers.

11.6.3 The fair copies of the Account Current for the month of March will be sent to Audit Offices by concerned Accounts Officers for certification of ~~the same~~. The

consolidated March Account Current at Headquarters will be sent to 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 Railway Audit Manual along with the office copies. After comparison of the Accounts Current and the accompaniments, the certificate will be recorded in the body of the main Account Current only and returned to the accounts office, relating one complete set for reference and record. The check of the Accounts 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 (Railways).

11.7 Check of General Cash Books

See item No. VI (b) under Central Audit in the MOI para 357 of RAM and Paras 303 to 306 of AI.

11.7.1 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.

11.7.2 The earnings of the Western Railway are received by the cash offices at Bombay, Ajmer, Ratlam and Bhavnagar. The cash check sheets prepared by these cash offices are sent to Deputy Chief Accounts Officer (TA), Ajmer 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.

11.7.3 The cash account is maintained under Revenue Accounts. The payments and receipts on account of Capital, therefore, adjusted by transfers in the Revenue Accounts, i.e. debited or credited to 'Transfers Capital'.

11.8 Check of Cashier's Cash Book.

See item No. VI (7) under Central Audit in the MOI para 358 of RAM and paras 1946, 1947, 1954 and 1955 – AI. Also see cash and pay department's manual.

11.8.1 Two sets of cash books are maintained by the cash office, viz. one for recording receipts of cash from 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 clerks for payment. The former is called cashier's cash book and the latter is called paymaster's cash book.

11.8.2 The cashier's cash book should be checked to see that:-

- (i) The opening balance agrees with the closing balance of the previous day.
- (ii) The total traffic collection tally with the total of the summary of traffic check sheets – Para 1943 AI,
- (iii) The miscellaneous collection tally with the daily total of the miscellaneous cash receipts books.

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(iv) The remittance into the treasuries agree with the amounts indicated in the counterfoils of remittance notes and they are supported by the treasury receipts (Para 1944 – AI), and

(v) The closing balance is correct.

As regards Audit of paymaster's cash book, the instructions contained in paragraphs 1962 and 1963 AI for internal check by accounts office should be followed. Each pay clerk has also to maintain a cash book. The Audit of this cash book should be conducted with reference to the rules and orders on the subject issued by the FA&CAO. The check of the accounts of the Pay Clerks, Divisional Pay Masters and Cashiers of Pay department may be carried out in terms of Para 360 of Railway Audit Manual.

11.9 Verification of Cash Balance

The instructions contained in para 359 of Railway Audit Manual should be followed in conducting the verification of cash balances.

11.10 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. The general instructions regarding maintenance of the general cash abstract book are given in paragraph 306 AI.

11.11 Review of working of the Cash and Pay Department

A review in regard to the handling of cash at various stages so as to enable personal responsibilities being fixed in the event of loss or embezzlement may be done with reference to the instructions issued by the Railway Board and those contained in paragraph 360 of Railway Audit Manual

11.12 Adjustment with other Government Departments

See para 361 of RAM and paras 223 (b), 432, 444, and 445 AI.

11.12.1 It should be seen that the 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.

11.12.2 Reconciliation of amounts booked under 'Reserve Bank Deposits', 'Remittance into Bank' and 'Cheques and Bills':

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.

11.13 Audit of 'Transfers within the same Railway' and 'Transfers between Railways'

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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.

11.14 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

These various suspense Registers are as under:

- (i) Demands payable Register
- (ii) Miscellaneous Advance Register
- (iii) O-Loans and Advances Register
- (iv) Deposits unpaid wages Register
- (v) Deposit Miscellaneous Register

The receipt and expenditure transactions recorded in these sub-sidiary registers by sub-detailed heads of accounts must agree with those recorded in general books without which the correctness of these records would not be ensured. In this connection the orders regarding reconciliation of the subsidiary registers with the general books contained in para 322 AI may be seen.

11.15 Audit of Capital and Revenue Accounts

See item VIII (10) under Central Audit in the MOI para 364 of RAM.

11.15.1 The various statements 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

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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 Railways. The statement numbers II to IV and VII are 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.

11.15.2 Advance copies of the Capital and Revenue Accounts together with the Audit certificate prescribed in Para 8 of Railways 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.

(CAG' letter No. 26 II/4-11/61, dated 19/07/1961)

11.16 Audit of Finance Accounts

For extent of Check – See item No. VIII (8) under Central Audit in MOI para 370 of RAM.

11.16.1 The definition of Finance Accounts, its scope, the description of the 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 747 AI.

11.16.2 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 pervious year for purposes of check of cumulative figures to end of the year shown in the various schedules. The instructions contained in the CAG's letter No. 2621 – RA/II/4-II/61, dated 19/07/1961 are also applicable in the check of Finance Accounts. After the check is over and the Audit certificate is recorded (Para 747-AI), an Audited copy should be sent to the Comptroller and Auditor General of India.

11.17 Audit of Debt Head Report

See Para 373 of RAM and Paras 748 to 752 AI.

11.17.1 The Debt Head Report will be compiled by the Accounts Officers attached to Divisions, Constructions Workshops etc., in respect of Debt Heads operated by them and sent to the headquarters booked section of the FA & 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 ledgers maintained in the accounts offices. In auditing the Debt 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.

11.17.2 A copy of the Audited Debt Head Reports together with comment which could not be settled at the unit level will be forwarded by the Auditing Section to Books and Budget (Headquarter) Audit Section.

11.17.3 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 entire Railway and forward the same to the Railway Board and

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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 (Railway) by the due date.

11.18 Statement showing transfers without financial adjustment.

11.18.1 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 GFA&CAO for the entire Railway based on the advises 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 adjustment, the acceptance of the foreign Railway to the inclusion of the amounts 'Per-contra' in the statements relating to them have been obtained and kept on record. Generally copies of the statements relating to other Railway 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 Railway have been correctly reflected by other Railway.

11.18.2 Items of adjustment within the Railway (Inter-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.

11.19 Statement showing calculation of dividend payable to General Revenue.

The statement prepared in the prescribed proforma indicates capital at charge upto the end of the previous year and that during the current year. As the rate of dividend payable prior to 01/04/1980 and from 01/04/1980 capital at charge is different, the statement also indicates total capital at charge at the end of the year distinguishing that pertaining to pre – 01/04/1980 and from 01/04/1980. The total capital at charge at the end of the previous year indicating pre 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 deduct entries for the following items:-

- (i) Residential Buildings
- (ii) Outlay on new lines other than those taken up on other than financial considerations, and
- (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.

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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 to 1989-90, the rates of dividend payable to General Revenue are as under:

- | | | |
|-------|---|---|
| (i) | On the Capital invested upto 31/03/1980 | 6% (Inclusive of 1.5% on Capital invested upto 31/03/1964 for payment to states in lieu of passenger fare tax etc.) |
| (ii) | On the Capital invested | 6.5% |
| (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 dividend for the year proposed to be paid will then verified.

11.20 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 01/04/1955 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.

11.21 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 to the dividend calculated at the rules specified for them:

- (a) Strategic lines
- (b) New lines taken up on or after 01/04/1955 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.

11.22 Review of Registers of

- (i) Serious irregularities

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- (ii) Losses
- (iii) Objectionable 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 Sections 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) Safeguard exist to avoid recurrence of such irregularities.

11.23 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 of 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 Railways Audit Manual should also be borne in mind.

11.24 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.

11.25 Audit of Budget Register and Re-appropriation Statement.

11.25.1 The general instructions for checking orders of appropriation and re-appropriation of funds and review of the system of control over expenditure contained in paragraphs 386 to 390 of Railway Audit Manual may be seen. It may further be seen that:

- (i) the Revised Estimates for the current year and the Budget Estimates for the ensuing year for the voted and the charged expenditure of the Railway are prepared in the prescribed forms for presentation to the Parliament.
- (ii) the various authorities exercise the powers of utilisation of funds, as provided in the sanctioned budget.
- (iii) the various authorities exercising the powers in the matter of transfer of funds originally assigned for expenditure on specific object to supplement the funds sanctioned for another object (such transfer of funds is called ‘re-appropriation’) are competent to do so.

11.25.2 It may be noted that the budget grants as voted by the Parliament and the appropriation as sanctioned by the President are the limits within which expenditure may be incurred by the Railway administration during financial year on the specific purposes for which the grants have been made. The unforeseen expenditure and expenditure on a new service not contemplated in the budget is, however, authorised to be incurred against advances from the contingency fund which may be sanctioned by the Government on application by the Railway Administration. Such expenditure is, however, required to be subsequently authorised by the Parliament. A statement of Contingency Fund account indicating advance from the fund, recoument to the Fund and expenditure, is sent to

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Additional Deputy Comptroller and Auditor General of India (Railways) each year by 31st August.

Copies of such authorisations are endorsed to the respective Directors of Audit. On receipt of such authorisation, the concerned auditing sections may, in addition to the works contained in the Works, Machinery and Rolling Stock Programme of the Railway for year, review such works as desired in CAG's letter No. 19122-REP/274-15, dated 24/09/68 received under ADAI's letter No. 4626-RR/6-1/68, dated 28/10/1968 to if expenditure thereon does not attract the provision of 'New Service/New Instrument of Service' and take up the matter with the administration, if necessary, with the least possible delay.

11.25.3 A report on new services not contemplated in the budget including expenditure on individual survey works etc. is required to be sent to Additional Deputy Comptroller and Auditor General of India (Railways) by 31st August each year. Detailed guide lines to treat the work etc. as a new service not contemplated in the budget, have been given in letter No. F7/(15)-8(RA) 182 dated 13/04/82 of Ministry of Finance – CAG's endorsement No. 846-RA III/RR/81, dated 21/08/82.

11.25.4 The progress of expenditure has to be watched and kept within the grant or appropriation. The responsibility for doing this is that of the executive departments who are authorised to spend the money. The Accounts departments are, however, required to assist the executives in this regard.

11.25.5 In the accounts office attached to the spending units of the Railway Administration, a grant register is maintained to keep watch over the progress of expenditure against sanctioned grant. In this register, allotment of funds by sub-head under each grant is noted on separate pages for each grant. The allotment of funds is noted from the Budget orders and the Works Machinery and Rolling Stock Programme and subsequent sanctions by the Railway Board or other competent authorities. The allotment of funds is noted in the upper half of the page and the expenditure incurred during the month is recorded in the lower half of the page. In the accounts section of the headquarters accounts office, a similar grant register is maintained for consolidating and watching the expenditure against the total grants for the entire Railway. For that purpose, a subsidiary register is also maintained for collecting the expenditure under each sub-head of the grant relating to different accounting units and the total of all these is posted in the grant register for the whole Railway.

11.25.6 In checking the figures posted in the grant register, it should be seen that expenditure in excess of allotment under a grant or appropriation is treated as unauthorised to be regularised by the Administration by obtaining a supplementary allotment, and that till such time the expenditure in excess is held under objection by the accounts office for want of appropriation or as excess over appropriation.

11.25.7 The re-appropriation statements under grant heads sanctioned by the General Manager are received in this office. These should be checked to see that:

(i) The allotments are within the amounts placed at the disposal for the General Manager by the Railway Board.

(ii) The re-appropriation are within the powers of sanction of the General Manager as intimated in the budget order and as per the powers exercisable by him in accordance with the codal provisions.

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11.25.8 The re-appropriation should also be examined as to propriety, sufficiency, necessity and its frequency should be scrutinised. It should be seen if the orders of re-appropriations were passed as soon as necessity for additional expenditure was foreseen or if they were left to be sanctioned towards the close of the year. Frequent re-appropriation points to defective budgetting while faulty, unnecessary or insufficient re-appropriation indicates an inadequate watch over expenditure by the controlling authority. It should be seen if this inadequate watch is due to any defect in procedure in the accounts or Administrative offices or to any other cause.

11.25.9 The reasons which have necessitated the additions to and deductions from the sub-heads of grants affected by such re-appropriations are required to be indicated at the time, re-appropriations are sanctioned. Therefore wherever, the reasons are not given, these should be called for.

11.26 Introduction of New Accounts Classification

The new accounts classification system has been introduced with effect from 01/04/1979 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 breakdown 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 defining clearly management 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 headwise 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.

11.27 Audit of Appropriation Accounts

See chapter IV of Financial Code Vol. I, Chapter XX of App. 5 of the Railway Audit Manual.

11.27.1 The Appropriation Accounts, statements and annexures thereto are prepared by various accounting units. These are consolidated for the purpose of presenting the same for the Railway as a whole, by the Budget section of the headquarters accounts office.

The Appropriation Accounts and the statements should be Audited as expeditious as possible adhering to the programme fixed by the Railway Board and the Comptroller and Auditor General of India. A periodical Report showing the progress in check and submission of Appropriation Accounts should be sent to Comptroller and Auditor General of India by the prescribed dates.

11.27.2 The amounts of original grants should be checked from the book of demands for grants and the budget register. The amount of final grant should be checked from the General Manager's re-appropriation statements and the budget grant register, which have already been checked. The actual expenditure should be checked with

and Revenue Allocation Registers, Capital and Revenue Accounts, Pink Book and schedules accompany the March Account Current.

11.27.3 Explanations are given in the accounts for large variations between final grant and actual expenditure. The causes of variations including compensating variations being explained for the grant as a whole at the end of the Appropriation Accounts of that grant.

11.27.4 The correctness of these explanations should be verified after a close study of the accounts office file relating to the preparation of the budget and revised estimates and other review files containing explanations offered by the departmental offices. Cases of misclassifications, defective budgeting, irregular re-appropriation, coming to notice during Audit should be pointed to the FA & CAO for inclusion of these items in the relevant Annexures to the Appropriation Accounts. Any defects noticed in the explanation or in the figures shown should be got rectified, comments offered on the Appropriation Accounts should be sent to the FA & CAO for his acceptance or remarks, if any.

11.27.5 Grant No. 14 – Appropriation to Funds

This grant includes among other funds, appropriation to Accident Compensation and Passenger Amenities Fund. The actual appropriation to this fund i.e. surcharge creditable to this fund is worked out by the Traffic accounts branch, Ajmer. This amount, credited during the year should be checked by Traffic Audit branch, Ajmer and intimated to BB section (Headquarters). The information should indicate the total amount credited, total amount creditable based on the total passenger earnings upto 31st March, reasons for the difference, if any. This information should be sent by the end of second week after closure of March accounts each year.

11.27.6 A final copy of the Appropriation Account as accepted by Audit should be sent to the Comptroller and Auditor General of India with comments, if any. References received from C & AG in connection with these accounts should be attended to promptly.

11.27.7 After the submission of all the final copies of Appropriation Accounts to the Comptroller and Auditor General of India, the Audit certificate prescribed in Para 8 of the Railway Audit Manual should be furnished.

11.27.8 The following grant accounts are prepared and sent to Audit for check:

Grant Account

- | | |
|--------------------------|--|
| 1. Civil Grants | (i) Loans and Advances to Central Government servants etc., by the Central Govt. |
| | (ii) Interest on debt and other obligations and reduction or avoidance of debt |
| | (iii) Pre-partition payments |
| 2. Grant No.2 | Miscellaneous expenditure |
| 3. Grant No.3 Abstract A | General superintendence and services |
| 4. Grant No.4 Abstract B | Repairs and maintenance of permanent way and works |
| 5. Grant No.5 Abstract C | Repairs and maintenance of motive |

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6.	Grant No.6 Abstract D	power Repairs and maintenance of carriages and wagons
7.	Grant No.7 Abstract E	Repairs and maintenance of plant and equipment
8.	Grant No.8 Abstract F	Operating expenses-Rolling stock and equipment
9.	Grant No.9 Abstract G	Operating expenses-traffic
10.	Grant No.10 Abstract H	Operating expenses-fuel
11.	Grant No.11 Abstract J	Staff Welfare and Amenities
12.	Grant No.12	
	(i) Abstract K	Miscellaneous working expenses
	(ii) Abstract N	Suspense Miscellaneous Advance ® and Demands Payable
13.	Grant No.13 Abstract L	Provident fund, Pension and other retirement benefits
14.	Grant No.14	
	Abstract M (a)	Appropriation to DRF
	(b)	Appropriation to Pension fund
	(c)	Appropriation to Accident Compensation, Safety and Passenger Amenities Fund
15.	Grant No.15	Payment of Dividend to general revenues
16.	Grant No.16	Assets, Acquisition, Construction and Replacements
17.	Grant No.1	Railway Board

11.28 The following Annexures to Appropriation Accounts are prepared and sent to audit for check:

11.28.1 Annexure ‘A’ – Statement of unsanctioned expenditure

The following instructions may be borne in mind while checking the statements:

(a) The total amount of expenditure in respect of each item placed under objection to end of the year will be considered to decide as amounting to Rs.1 lakh or below Rs.1 lakh each.

(b) The total amount of expenditure placed under objection to end of the year is to be shown yearwise as:(1) relating to earlier than previous year, and (ii) relating to the previous year and (iii) relating to the year concerned. The amount to be shown against each year will be the amount of expenditure held under objection during that year, but not cleared upto 30th June of the year following the year to which the statement relates.

(c) The amount to be shown under the column previous year should be the same as shown in the current year column of the statement relating to the previous year or less than

this amount if there was some clearance. Similarly, the amount to be shown under the column earlier than previous year is the sum of columns earlier than previous year and previous year of the last year's statement or less if there was some clearance.

(d) To work out the total amount held under objection during the year, minus figures (credit figures) held under objection are to be treated as plus figures.

(e) In respect of items of Rs.1 lakh and above, under each category, viz. want of estimate, excess over estimates, and miscellaneous irregularities, a statement should be attached giving full details in respect of each item. The details should show inter alia the breakup of expenditure upto the years earlier than previous year, previous year and current year. The statement should indicate the amounts in units of Rupees. The statement prepared by the FA&CAO is checked with reference to audited copies received from units.

11.28.2 Annexure 'B' – Statement of undercharges detected by Accounts and Audit

(i) The following points may be borne in mind

- i. For the purpose of this statement amounts withdrawn, written off, cleared by overcharge sheets and recovered during the year concerned should be shown irrespective of the fact that the portion thereto related to past years.
- ii. The gross amount of earnings excluding refunds should be shown and not the net earnings.

(ii) This statement compiled by Dy. CAO(TA) Ajmer is checked by Audit Officer(TA) and forwarded to Books and Budget Section at Churchgate. The statement prepared by FA&CAO is checked with reference to this audited copy.

11.28.3 Annexure 'C' – Statement of remission and abandonment of claims to revenue

This statement shows the total amount of remission and abandonment of claims to revenue on account of wharfage and demurrage charges foregone by the Railway Administration. The items are categorised into Rs.25,000 each or more and below Rs.25,000 each and particulars of number of items are also shown in the statement. The amount foregone as a result of ticketless travelling is also explained in foot-note. In addition, a narrative report giving the balances of outstanding wharfage and demurrage at the beginning and the end of the year is also furnished to the ADAI (Railways). The items of remission include other items of miscellaneous nature, i.e., waiver or foregone pertaining to earnings. Further, for items of wharfage and demurrage amounting to Rs.1 lakh each or more, brief history of each case is required to be given. Wharfage and demurrage charges at item A(i) and A(ii) of the statement exclude refunds arising out of incorrect levy of charges as per Railway Board's letter No.60APP/4/6/68-69 dated 9.5.1970.

2. All the unit offices should send this statement to Audit Officer (TA) Ajmer. This statement compiled by Dy. CAO(TA) Ajmer is accepted by Audit Officer(TA) Ajmer and an audited copy is sent to Books and Budget section, headquarters.

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3. The consolidated statement furnished by the Railway Administration is to be checked with the audited copy received from the Audit Officer(TA), Ajmer.

11.28.4 Annexure 'D' – Statement of important open line Works

The annexure contains:

Part I (a) Works costing Rs.20 lakhs and over which were undertaken without budget provision.

(b) Works costing Rs.20 lakhs and over of previous years on which expenditure was booked during the year without budget provision.

Part II Works costing Rs.50 lakhs or more for which budget provision existed but were not undertaken during the course of the year.

Part III Statement of expenditure on open line works and new constructions costing not less than Rs.50 lakhs each completed during the year – Variation between original estimates and expenditure in respect of works completed during the course of the year.

This statement is checked with reference to the pink book and works registers. The statement prepared by the FA&CAO is checked with reference to the audited copies received from units. For the purpose of part III of the statement, a work is deemed to be completed when it is physically completed.

11.28.5 Annexure 'E' – Statement showing expenditure relating to statement showing expenditure relating to strategic lines

According to Railway Board's orders, the Bhuj-Nalia on Western Railway is treated as strategic line from 1988-89. The Annexure is required to be prepared showing grantwise expenditure for the Grant Nos.2 to 14 and 16 for the line during the year. This Annexure prepared by the Senior Accounts Officer (S&C) – Ahmedabad should be audited and sent to Audit Officer (BB) for certification of the copy received from the FA&CAO.

11.28.6 Annexure 'F' – Statement of Estimated and Actual credits or recoveries

This statement is compiled at headquarters by the FA & CAO (B) indicating Grant-wise particulars. It is verified at headquarters BB Section with reference to Railway Board's allotment of credits/recoveries and actual credits/recoveries as per the March Account Current.

11.28.7 Annexure 'G' – Block Account, Capital Statement, Balance Sheet and Profit and Loss Accounts.

Part I – Capital statement (comprising loan account)

The statement exhibits the sources of capital and how it has been spent. In fact it is a capital balance sheet showing the comparative figures of liabilities and assets for the current year and the preceding year in juxta position.

Part II- Statement of Block Account including Loans Account.

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This statement, besides showing the figures of part I Capital statement, also exhibits the amounts drawn from various sources like DRF, DF and Revenue (OLWR) for the purpose of acquisition of assets. In respect of these sources only such portion of the annual expenditure which is incurred in acquisition for the betterment or improvement in the assets replaced is exhibited in the Block Account. On the assets side, the breakup of the amount, which are the various assets acquired from DF, DRF and Revenue, is shown separately. The Capital statement and Block Account prepared by FA & CAO's Office is checked with reference to the audited copies received from various units.

11.28.8 Annexure 'H' – Statement of Losses

This statement indicates all the items of losses written off and adjusted in accounts during the year under review, contribution them against the grant accounts concerned. Whenever the amount in respect of any item is more than Rs.25,000/- full details of the case are given when the loss is not due to natural calamities like floods etc., When loss is due to natural calamities, lumpsum amount is exhibited indicating the details briefly.

The statement compiled by the Railway Administration is to be checked with the audited copies received from the various audit units.

11.28.9 Annexure 'I' : Statement showing irregular re-appropriation

This statement compiled at headquarters is checked with reference to the re-appropriations made during the year.

11.28.10 Annexure 'J' – Statement of misclassification and other mistakes detected during the course of the year

All cases of misclassification and other important mistakes of over Rs.5,000/- are listed in this annexure grantwise showing the particulars and the amount involved and the grants and their sub-heads affected. The particulars furnished should be such as to clearly indicate the nature of misclassification etc. In case of misclassification affecting more than one grant account, full particulars indicating the sub-head and the grant and the amounts in respect of each grant account affected should be furnished.

11.29 The following statements supporting the Appropriation Account are prepared and sent to Audit for check

11.29.1 Statement of outstanding suspense balances

(i) This statement is prepared separately for purchases, Miscellaneous advances (Capital) and Miscellaneous Advances (Revenue) duly analysed by credits and debits and distributed over the years for which items have been outstanding.

(ii) In the remarks column, an analysis of the credit and debit balances relating to the period prior to previous year should be given by the main item also indicating the steps taken to adjust those balances. Brief explanatory notes should also be appended to the

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statement indicating the nature of the transactions and the reasons for their adjustment under the suspense heads and for the delay in their clearance.

(iii) The statement compiled by the FA & CAO is checked with reference to the audited statements received from the units.

11.29.2 Statement of Stores accounts and Stock Adjustment Account

The statement of stores transactions include the entire stores transactions relating to both open lines and construction of new lines, figures relating to commercial and strategic sections being given separately. A statement for stock adjustment account is prepared separately. These statements are centrally audited by the Stores (Headquarter) audit section with reference to the audited copies received from unit offices and an audited copy is sent to Books and Budget (headquarter) audit section. The statement prepared by the FA&CAO(Budget) is checked with reference to the audited copy received from the Stores section.

11.29.3 Statement of defects in budgeting

(i) This statement is prepared in two parts, Part I shows the items where the defects in estimating have been noticed during the year and Part II shows the expenditure classified differently in the Budget from the Accounts.

(ii) The statement prepared by the FA & CAO is checked with reference to the statements received from the units and the items accepted by the FA & CAO for inclusion in the statement while finalizing the Appropriation Accounts of the various grants.

11.29.4 Statement of ex-gratia payments

This should be checked from the particulars recorded in the manuscript register maintained by the accounts office and the copies of the sanctions received in audit office. Payments exceeding Rs.20,000/- in each case only are included in the statement. This statement should be attached along with Annexure H. This statement compiled by the FA & CAO is to be checked with audited copies received from the various audit units.

11.29.5 Statement of changes in forms and classifications

A statement of changes effected during the year under orders of competent authority in forms, classifications and procedure is required to be furnished to the Board for their information and incorporation in the consolidated Appropriation Accounts Part I. In this statement changes ordered by the Railway Board as well as those ordered by the administration are shown quoting reference to letters of the Railway Board or of the administration, giving effect to such changes.

11.29.6 Statement of Annual 'Voted' and 'Charged' expenditure

A statement of annual expenditure showing the reconciliation of the figures as appearing in the Account Current with those appearing in the Appropriation Accounts for the year is required to be furnished to the Railway Board. The amounts in this statement are

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to be furnished in Units of rupees, and any difference due to rounding off between the figures of the Accounts Current and those of Appropriation Accounts are required to be suitably explained. This statement compiled by the FA & ACO is verified centrally by the Books and Budget Section, Headquarters.

11.29.7 Statement showing percentage of working expenses to earnings

This statement in respect of entire system including worked lines is also submitted with the appropriation accounts. This statement contains brief notes explaining the variations in the percentage for the year as compared with that for the previous year. This statement compiled by the FA & CAO is verified centrally by the Books and Budget section at Headquarters.

11.29.8 Fund Accounts : DRF, DF, Pension Fund, Accident Compensation, Safety and Passenger Amenities Fund

These accounts are compiled centrally by the FA & CAO (B) and are checked by the BB section, headquarters with reference to the records maintained in the accounts office.

11.29.9 Statement of Loans and Advances to Railway Consumer Cooperative Societies

A statement indicating loans to Railway consumers co-operative societies and their recovery etc., is prepared by the FA & ACO (Books) Churchgate. This statement is audited with reference to the audited statements received from the units.

11.29.10 Summary of working expenses by Revenue Abstracts

A statement showing working expenses abstractwise, is prepared by the FA & CAO (Books) Churchgate. This statement duly audited is sent to the ADAI (Rlys.).

11.29.11 Statement of credits to capital for retired assets

This statement indicates the amount credited to Capital by debit to DRF during the year in respect of abandoned/retired assets. The statement is verified with reference to the audited statements received from the unit offices.

11.29.12 Profit and Loss Account of Catering

This Account compiled by the FA&CAO (Catering) is checked by the Catering audit section headquarters, with reference to the audited copies of the account received from the divisions and an audited copy of the compiled account is sent to BB section, headquarters. The section will check the account received from the FA&CAO (Budget) with reference to this audited copy.

11.30 Audit of statement showing particulars of investments in shares of Private Companies, Co-operative Societies and State Corporations

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A statement showing the investment made by the Railways in the Railway consumer co-operative societies is required to be sent along with the Appropriation Accounts. This statement is checked by the Expenditure audit section, Headquarters with reference to the audited statements received from the unit offices. The audited statement received from the Expenditure audit section (Headquarters) is forwarded to the ADAI (Railways).

Railway wise investment in State Road Transport Corporations as sanctioned by the Railway Board used to be reflected in Railway accounts. From 1983-84, this work has been transferred to Ministry of Shipping and Transport. The total amount already invested upto 31.3.1983 was also transferred to that ministry. Hence, generally there is no such investment now.

11.31 Review of control over expenditure

In this regard the instructions contained in paragraphs 405 to 407 of Railway Audit Manual may be seen.

After the certification of all the Grant Accounts, Statements etc., each unit should send a report to Books and Budget section, Headquarters bringing out failure of administration if any on control over expenditure, duly accepted by the administration. Based on these reports, a report is sent to ADAI (Rlys).

11.32 Civil Audit Reports Finance Accounts, Appropriation Accounts and PAC Reports (Civil)

Audit Reports (other than Railway) Finance Accounts and Appropriation Accounts of the various accounts offices are received in the Books and Budget section headquarters. These are circulated to all Branch Officers of the headquarters office for information. PAC Reports and Audit Reports (Railways) are received in the Co-ordination section and are dealt with in that section.

11.33 Audit Certificate

After the completion of yearly test audit each year, each Audit Officer should send an audit certificate as per Para – 8 of Railway Audit Manual by 1st September each year to Books and Budget section headquarters. Based on these certificates, a similar certificate is sent to Additional Deputy Comptroller and Auditor General of India (Railways).

11.34 Audit of Pay Orders issued by the J.C.C.S. and by the Personnel Branch for payment to Staff from the Society's Account and the Railway Minister's Welfare Fund respectively and cashed at Stations

Consequent on the embargo placed by the Railway Board on the encashment of pay orders issued by the J.C. Credit Society, Railway minister's welfare fund and relief fund, etc., from station earnings, detailed instructions have been issued by the railway administration for meeting the requirement of the Railway Board. Under this procedure, the Secretary, J.C. Credit Society/C.P.O., Western Railway (for Railway minister's welfare fund) will deposit with Chief Cashier, the anticipated payments to employees from the JCCS/Fund during the next fortnight or month, simultaneously advising the FA & CAO (Books) of the amount deposited. A separate suspense head sty

J.C.C.S./Deposit Misc. Railway minister's welfare and relief fund account will be maintained by the FA & CAO(Books) to which head the amount will be credited. The pay orders issued by the J.C.C.S/C.P.O. (or an officer of the Personnel Branch) will be authenticated by the FA & CAO (Books) to the extent credits are available and return it to the society/C.P.O. who will make arrangements for payment to the employees through station master, out of station earnings.

With effect from February 1977, the total amount of J.C.C.C., Bombay and sub-offices will be shown in cashiers cash balance and be cleared on the subsequent working day by debiting the paid POS/DPOS to the head 'Deposit JCCS' on the payment side of the cashiers cash book.

The Chief Cashier/Divisional Cashier will prepare daily and monthwise separately for JCCS-headquarters and sub offices, a list of paid POS/DPOS (5 copies) and 3 copies of the list of said POS/DPOS duly countersigned by the Accounts Officer, who is controlling and counter signing the cash book along with the Daily Memo of cash book be sent to the concerned Accounts Officer who embossed the paid POS/DPOS. After scrutinising the list, 2 copies of the list along with paid POS/DPOS be sent to the JCC society for acceptance and return of one copy duly accepted. On receipt of the accepted copy, the same will be checked with accounts copy and a remark 'Checked by JCCS' be given in the office copy and signed by Section Officer of the concerned accounts office. In case of discrepancy, the same will be reversed and regularised by minus debit to 'Depot JCCS' and added to the cash balance.

(Authority : FA & CAO's P.O.O. No. 218/76 dated 10.1.1977)

In the case of Pay Orders issued by the Ajmer branch of the J.C.C.S. Bank, the Divisional Accounts Officer, Ajmer will authenticate the pay order on the basis of the credit transferred by the FA & CAO (Books) to the Divisional Accounts Officer, Ajmer.

For the purpose of audit of these transactions , the following instructions are laid down:

(i) The particulars of POS/Statements shown in payment side in the cash book will be verified with copies of the accounts office.

(ii) The proforma accounts and the register of deposits miscellaneous should also be subject to annual review as usual.

(Authority – P.OO No 371 dated 14th September 1962, as amended by P.OO. No. 399, dated 21st September 1963)

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CHAPTER – 12

WORKSHOP AUDIT

12.1 Scope of Audit

12.1.1 The audit work relating to the accounts of the various workshops on this railway is conducted by the Workshop Audit Sections set up at the following places in respect of the Workshops indicated against each:

Station	Workshops
Parel	(i) Carriage Workshop at Parel (ii) Electrical Workshop, Parel (iii) Printing Press, Mahalaxmi (iv) EMU POH Workshop, Mahalaxmi (v) Clothing Factory, Mahalaxmi (Test Audit only) (vi) Audit of such other bills and documents covered by the internal check by WAO Parel in respect of Dy COS. Mahalaxmi
Dahod	(i) Loco Workshop, Dahod (ii) Carriage and Wagon Workshop, Pratapnagar (iii) Audit of such other bills and documents covered by internal check by the Workshop Accounts Officer, Dahod eg. pay bills etc. of the Medical Superintendent Office and the Health Inspector's Office at Dahod. (iv) Electrical Workshop at Dahod (v) District Controller of Stores, Dahod (vi) Asstt Controller of Stores, Baroda Yard.
Sabarmati	(i) Engineering Wotrksshop, Sabarmati (ii) Signal Workshop, Sabarmati
Kota	(i) Wagon Repair Work Shop, Kota
Ajmer	(i) Carriage and Wagon Workshop, Ajmer (ii) Loco Workshop, Ajmer (iii) Electrical Workshop, Ajmer (iv) Electrical Workshop (Production) Ajmer (v) Signal Workshop, Ajmer (vi) CMT's Office, Ajmer (vii) System Technical School, Ajmer (viii) Wagon Repair Workshop, Jaipur (ix) Carriage and Wagon Workshop, Ranapratap Nagar
Bhavnagar para	(i) Workshops at Bhavnagar Para and Junagadh.

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12.1.2 As the account offices dealing with the accounts of these workshops are also responsible for exercising internal check on the establishment charges, maintenance of PF Accounts, Stores bills, maintenance of general books and dealing with matters connected with budgeting, appropriation accounts etc., relating to them, the workshop audit sections have also to conduct audit of items falling under 'Central Audit' in so far as they relate to workshops, including that of gazetted officer, (P.O.O. No 460 dated 17.12.1976), in addition to the items falling under 'Workshop Audit' in the M.O.I. Besides, the regular programme of audit, any special investigations ordered by the A.D.A.I (Railways) or the Director of Audit in matters connected with the workshops or rolling stock will also be conducted by the workshop audit sections.

12.1.3 The audit of items falling under 'Workshop Audit' is conducted in accordance with the instructions contained in Chapter XVIII of the R.A.M. and the audit of the items falling under 'Central Audit' and Stores is conducted in accordance with the instructions contained in the R.A.M. and this manual in the chapters on 'Establishment and P.F. audit', 'Expenditure audit', stores audit' and 'audit of General Books and Accounts (including 'Appropriation Accounts)'. The rules contained in the Indian Railway Code for the Mechanical Department (Workshps), Stores code and the Departmental (Workshop) manual should be borne in mind while auditing items falling under 'Workshop Audit'. Subsidiary instructions regarding audit of items pertaining to Workshop audit are given in the following paragraphs.

12.2 Audit of Sanctions

See item I under workshop Audit

12.2.1. All the sanctions accorded by the General Manager/Additional General Manager and higher authorities should be checked fully by the Section Officer/Asstt. Audit Officer, ab-initio, (C&AG's letter No. 773-RAI/8-10/72 dated 19.3.1974) in the subsequent month of their receipt in audit. Sanctioned accorded by the authorities subordinate to General Manager should, however, be checked when expenditure is audited.

12.2.2. The sanctions mainly dealt with in this section relate to additions and alternations to Rolling Stock holding of the Railway. The instructions relating to audit of sanctions contained in chapters on "Establishment audit and "Expenditure audit' of this manual will apply mutatis-mutandis to the sanctions received in this section.

12.3 Additions, Alternation or Reduction in Authorised Rolling Stock

See Paras 1505 & 1506 – W

12.4 Audit of Completion Reports

See item No III under workshop Audit in the MOI, Paras 1248-1254-W & Para 324-RAM

12.4.1 The instructions laid down in the chapter on Expenditure Audit of this manual apply to completion reports of works done in workshop also . In addition, the following checks are also to be exercised:

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(i) The completion report should be submitted to the authority competent to sanction the excess, after scrutinizing the explanation regarding excesses over estimates obtained from the Works Manger or the Dy. CME, as the case may be.

(ii) Completion reports which do not show any excess over the estimate should be filed after obtaining the explanation for the saving, if any, from the Works Manger or Dy. CME and after endorsement of a certificate of verification thereon.

(iii) Savings of over 15% should be reported to the CME (P/250-W).

(iv) Any alteration in the type of numbers of rolling stock constitutes a material modification requiring Railway Board's sanction even though there may be no excess over the sanctioned estimate.

(Para 1110-E)

(v) In the case of completion reports of saloons for other government departments and postal vehicles, it should be seen that the capital cost is correctly entered in the register maintained for the purpose of calculating the half yearly or yearly interest recoverable from the government departments concerned.

12.42 The audit of completion reports is to be done ab-initio at the level of Section Officer.

12.5 Audit of Work Orders

See item No. XVI under 'Workshop Audit' in the M.O.I. Para 334, 335-RAM, Chapter X-W

12.5.1 The work orders test checked during the course of the year should comprise work orders executed, in each of the shops and not confined to those executed in particular shops only and should be of different categories, viz., standing work orders, repair work orders, work orders for work done for other departments of the Railway, work orders for work done for private bodies or other government departments, work orders for big works etc.

12.5.2 The following points should be seen

(i) The Work Order is issued only after the estimate for the work has been sanctioned where necessary and funds have been provided to meet the cost and that the series of work orders issued for standing works or works of recurring nature are suitable;

(ii) Work orders are not closed before all charges properly debitible to a work have been booked against it and after a work order is completed and closed, no expenditure is booked;

(iii) Under and over charges in respect of completed work orders are adjusted to final heads of accounts without delay and such variations between the estimated and the actual cost of manufacture and adjusted in the accounts of the year in which the Work orders are reported as completed to avoid misclassification of expenditure;
See Para 1045-W

(iv) There is no credit outlay outstanding on work orders.

(v) That in respect of work orders for private jobs no additions and alternations to the work orders are made without the approval of the authority who sanctioned the

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original work order and that the on cost charges are correctly levied in accordance with para 1225-W.

See Para 1217-W

- (vi) In case of milk tank wagons, the work of overhauling is under taken after the receipt of sufficient security deposit.

12.6 Audit of Muster Rolls/Gate Attendance Cards and Time Sheets

See Item V (2) under “Workshop Audit’ in the MOI

The following checks should be exercised by visiting the shops concerned:

- (i) The method of booking labour against various work orders should be correct and that initial records are correctly maintained;
- (ii) There should be a proper system of recording labourers entering the shops, that a list of the absentees in the various shops is prepared daily from such record, that a list of absentees is prepared by the foreman or other responsible official from an actual inspection of labour employed and that these two lists of absentees are tallied with each other;
- (iii) The accuracy of the time sheets should be verified by actual counting of labour;
- (iv) It is fundamental that such a procedure is laid down for the check of muster rolls and the payment of wages, that the responsibility of each individual can be definitely allocated after the event, that there are adequate counter checks, that the functions of preparing and checking the bills are allocated independently from the functions of dealing in cash and making payments, and that the staff concerned are changed from time to time.
- (v) Payment of overtime is not admissible to staff who are getting incentive bonus. Hence, payment of overtime made in addition to incentive bonus should be investigated for audit comments.
- (vi) Check of muster rolls/gate attendance cards with time sheets in respect of hours booked against each man
- (vii) Check of increment granted with increment rolls
- (viii) Comparison of gate passes with muster rolls to see that the time given in the gate passes has properly been deducted in muster rolls/gate attendance cards;
- (ix) The provision of payment of wages act 1936 and rules made there under are not infringed.

12.7 Audit of Sub-Ledger (Labour and Stores)

See Item No. IX(i) under ‘Workshop Audit’ in the M.O.I.

- 12.7.1 In case of Sub-Ledgers for Labour, it should be seen that
- (i) they are correctly posted from the time sheets by tracing into print out and that the average hourly rates have been correctly worked out in terms of Railway Board’s letter No. 55 Cost Ac counts/55/10/of 29.3.1956 for different categories of labourers, viz., highly skilled, semi-skilled and unskilled;

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- (ii) Separate labour sub-ledger is maintained for each shop;
- (iii) Amount chargeable to shop on cost are posted from 'statement of indirect labour', 'leave statement' and 'register of labour charges';
- (iv) The total labour charges distributed amongst the jobs in the labour-sub-ledger are compared with the total labour charges for each shop as arrived at in register of shops. Labour charges which is posted from payment vouchers allocable to work-shop manufacture labour suspense; and
- (v) Labour charges incurred on each job appearing in the labour sub-ledger should be posted in the workshop general register.

12.7.2 In case of sub-ledgers for stores, the instructions contained in the Chapter VIII of Indian Railway Mechanical Code para 330-RAM should be borne in mind.

12.8 Audit of Workshop General Register

See item IX(2) under 'Workshop Audit' in the MOI

It is a subsidiary register containing details of accounts of various Work Orders operated under workshop manufacturing suspense account. While auditing this Register, it should be seen that

- (i) The direct labour expenditure is posted against each work order from the labour sub-ledger while the direct material cost is posted from stores sub-ledgers and miscellaneous charges are posted from miscellaneous sub-ledgers. Correctness of the postings of labour and stores including miscellaneous charges in this register should be checked with the help of check sheets and also ensure that no item is left out in posting;
- (ii) Shop-on-cost and General-on-cost (Labour and Stores) is calculated on predetermined percentage basis and posted in the workshop general register. Proforma on-cost charges, wherever leviable, are also calculated and posted in this register;
- (iii) The total debits in respect of each order under labour, stores and on-cost charges are struck in this register and transcribed to the out-turn statement. In the case of computerised workshop general register, the accuracy of compilation may be checked at the time of check of out-turn statement as progressive posting is not indicated in the computerised statement. The review of workshop general register may be done along with the review of WMS Balances (C&AG's letter No. 2123-162-RAI/8-8/71 dated 3.7.71)
- (iv) Credits in the workshop general register are posted from issue notes, bills or debit schedules, Upto date totals in workshop general register are struck and outstanding balances worked out. These balances should be tallied with the corresponding balances in out-turn statement Part II.
- (v) All works shown in the Workshop General Register are current and undertaken under competent sanction.
- (vi) The work orders on which no expenditure is booked for three consecutive months should be reported to the Works Manager and advice of completion called for (Para 1620-W).

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- (vii) The credit items in details of balance are noted for immediate adjustment.
- (viii) On receipt of advice of completion of a work order from the works manager, the date of completion should be noted against the work order in this register. If charges are booked after notification of completion of the work order, the matter should be reported to the works manager and steps taken to rectify the irregular booking. (1621-W).

12.9 Audit of On-Cost Charges

See Item Nos. IX (3) and (4) under 'Workshop Audit' in the M.O.I., Para 336-RAM

It should be seen that

- (i) the rate of percentage of on-cost charges is periodically reviewed and revised;
- (ii) the debits raised against each work order on the percentage are correct;
- (iii) the differences between actual total expenditure on account of shop or general on-cost and total of the amount distributed over the various work orders is adjusted periodically and heavy outstanding balance under this head is not allowed to remain for long.

12.10 Audit of Out-Turn Statements

See Item No. IX(5) under 'Workshop Audit' in the M.O.I., Para 346-RAM.

12.11 Audit of Workshop Account Current

See Item No. IX(6) under 'Workshop Audit' in the M.O.I., Para 347 RAM and Paragraphs 1616 and 1617-W.

12.12 Audit of reconciliation of monthly account current of Stores with Sub-Ledgers

See item No. IX(7) under 'Workshop Audit' in the M.O.I.

In addition to the instructions contained in paragraphs 347 of R.A.M., the following points should be seen:

- (i) The monthly account current of stores (issues) should be verified with that shown in daily summaries of issues together with the connected issue notes and also with grand material summary. The monthly account of stores(receipts) should be verified with the acknowledged advice notes of returned stores;
- (ii) It should be seen that proper reconciliation has been made and differences are adjusted, and;
- (iii) The copies of the issue notes received from the superintendent through the works manager should be paired with the corresponding issue notes received with the daily summaries from stores accounts office to see that the allocation is correct and that the quantity of stores for which debit has been received, agrees with that shown as having been received in the shop.

(Para 806-W)

12.13 Audit of Transfer Statements of Memo

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See item No. IX(8) under 'Workshop Audit in the M.O.I., Para 349-RAM

It should be seen that the adjustment mema are correctly posted in the 'Workshop General Register' against the work orders concerned.

12.14 Audit of Incorporation of Workshop Accounts into General Books

See Item No. VII(15) under 'Central Audit' in the M.O.I.

The general instructions contained in Para 347 of R.A.M. should be kept in view while auditing this item. It should also be seen that all items mentioned in the account current under check have been embodied in the journal slips from where they are taken into accounts-books.

12.15 Audit of Write-back Orders

12.15.1 The following instructions are required to be kept in view while auditing the write-back orders:

(i) Write back orders are prepared when stores are used on a work order other than the one for which they are 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 requirements of the particular work order to which their cost was originally debited or that they are obtained earlier than the time, they are actually required for use on works;

(ii) To regularize any incorrect allocation of stores charges to work orders, write back orders should be made out in Form W-823 and debits to the correct work orders and minus debit to work order from which the charges are written back should be summarized in a separate sub-ledger in Form W-808, technically called the adjustment sub-ledger, to be prepared for each shop separately.

(Para 823-W)

(iii) Before inclusion of the write back orders in the stores sub-ledger, it should be seen that the work order numbers quoted therein are current, the reason for the adjustments have been clearly given in sufficient detail, the arithmetical calculations are correct.

(Para 824-W)

12.15.2 The following points should be seen when scrutinizing write back orders:

- (i) That the explanation furnished for the write back order is reasonable;
- (ii) That the sanction of competent authority has been obtained to the work to which the cost of stores is being debited. Stores may sometimes be used on works yet awaiting sanction of competent authority and later their cost is adjusted. This would mean that the work was started without proper sanction.
- (iii) That the write back order has been signed by a gazetted officer

- (iv) That the stores can really be used on the work to which their cost is now being transferred;
- (v) That the allocation is correct; and,
- (vi) That it has been posted in the adjustment book with suitable endorsement to that effect. This endorsement is necessary to avoid double adjustment.

12.16 Audit of Advice Notes of Returned Stores

See Item No. IX(9) under 'Workshop Audit' in the M.O.I. Paras 1539 to 1548-S and Para 331-Ram may also be referred to.

It should be seen that

- (i) The amount of all advice notes of returned stores (DS8s) of a month as posted in the sub-ledger tallies with the statement received from stores accounts office;
- (ii) All Ds8s have been accounted for in the month of issue except those relating to the last days of the month; and,
- (iii) The reasons for returning stores are convincing.

12.17 Audit of Manufacture Accounts

See item No, X(i) under 'Workshop Audit ' in the M.O.I., Para 338-RAM and Chapters XIII & XIV-W may be referred to.

In consonance with the instructions contained in Para 337 of RAM a regular comparison of the cost of building different types of wagons in railway workshops with the cost of purchase of similar wagons from private wagon builders should be made. Cases involving substantial differences should be reported to the ADAI (Railways). (Authority: ADAI (Railways) Letter No. 153-RAII/7-177/62 dated 15.2.1965).

12.17.1 Audit of Saw Mill Accounts

The instructions for the audit of timber operations are as under;

In checking bills of timber purchase, it should be seen that the arrangements in force for the purchase, custody and issue of timer are efficient and that the measurements are taken and bills passed by a gazetted officer.

In checking the timber account in addition to checks presented in 341-Ram it should be seen that

- (i) Whether labor charges incurred in the different process of operation are accurately recorded, that on cost charges on account of labor, power and tools are included among the debits in the timber accounts.
- (ii) Whether scrap and fire wood is credited at a fixed rate; and when such rate was fixed by Competent authority and whether the revision in rate is called for; and
- (iii) Whether the balance of unfinished planks on hand with the Saw mill shop at the end of the month is not unduly high as such inflation in the monthly balances may need detailed examination in audit.

12.17.2 Audit of Foundry Accounts

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The procedure to be followed in an iron foundry in which job costing has been introduced should be on the lines detailed in paragraphs 1303 to 1315-W. Where a system of job costing has not been extended to the iron foundry on the lines detailed above, the procedure indicated in paragraphs 1317-1322-W is required to be followed. The instructions contained in Para 342 RAM may be followed.

It should also be seen that

- (i) there is a proper record of the quantities of other materials with which these raw materials are mixed before being put into the furnace.
- (ii) There is a proper account of the scrap metal which does not admit of any leakage;
- (iii) In most of the foundry operations a standard percentage is charges as wastage. It should be seen when such percentage was fixed and whether it needs revision in the light of subsequent experience;
- (iv) Whether there are any materials lying unused for a long period say six months or over and if no longer required why they are not returned; and,
- (v) Whether the stock is verified periodically and the shortage or excesses noticed are duly investigated and adjusted under competent saction

12.17.3 Audit of Electrical Manufacturing Account

See Para 339 and 340-Ram

12.18 Audit of Paints Accounts

See Para 343-RAM

12.19 Audit of Laboratory Account

See Para 344-RAM

12.20 Audit of accounts, custody and disposal of scrap materials

See Item No. XII under “Workshop Audit’ in the M.O.I. and Para 316-RAM.

12.21 Audit of records of rolling stock

See Item No. XIV under ‘Workshop Audit’ in the M.O.I. and Para 351-RAM.

It should be seen that

- (i) Engines and other rolling stock are not lying idle for long periods and full use is made of the available stock.
- (ii) Attempts are made by the administration to compare the repair costs of different classes of engines and vehicles kilometrage run between periodical over-hauls;

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12.22 Audit of Proforma Capital and Revenue Accounts of Saloons reserved for the exclusive use of other departments

See Item No. XVIII under “Workshop Audit’ in the M.O.I., Para 355-RAM and 1142-GI.

12.23 Audit of Stores and Contractors’ Bills

See Item No. IV under ‘Workshop Audit’ in the M.O.I., Para 263 and 298-RAM.

12.24 Audit of Registers of Works and Revenue Allocation Registers

See Item Nos. VI and VII under ‘Workshop Audit’ in the M.O.I., Para 348-RAM

12.25 Audit of miscellaneous Advances and Deposits Registers

See Item No. VIII under ‘Workshop Audit’ in the MOI., Para 371 and 372-RAM

12.26 Audit of Records of Plant and Equipment

See Item No. XV under ‘Workshop Audit’ in the M.O.I., Para 350-RAM.

12.27 Local Inspections of Shops and Power Stations and Sub-Station.

See Item No. XVII of ‘Workshop Audit’ M.O.I. , Para 434-RAM.

Local inspection of shops- All the existing shops should be divided into the category of major and minor. Shops carrying out repairs, overhauling and reconditioning of locomotives, wagons and coaches, manufacturing major articles required by the stores department, for general use or for other railways, departments, local bodies etc., should be treated as major shops and these should be locally inspected once in four years. The programme of inspection should be got approved by the Director of Audit through the Co-ordination section. While submitting the programme, the name of each of the shops with a brief description of the nature of work done as detailed above should be furnished for information of the Director of Audit.

(C.A.G’s letter No. 647-590-RAI/8-11/73 dated 5.3.1974).

12.27.2 Power stations and sub-stations

See para 435-RAM

12.28 Review of statistics of periodical overhaul and cost of unit repair

See Item No. XX under ‘Workshop Audit’ in the M.O.I., and para 354-RAM.

12.29 Audit of cost accounts and job costing sheets

See Item No. XIX under “Workshop Audit’ in the M.O.I. and Para 337-RAM.

12.30 Audit of Contracts

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See Para 27 & Item XV under ‘Central Audit’ of the M.O.I. Chapter 7 MSO (tech) Vol. I, Chapters VI-F1 XII-E.

The instructions in this regard contained in the chapter on ‘Expenditure Audit’ of this manual and para 262, 263, 298 of RAM are required to be kept in view while auditing the contracts.

12.31 Audit of Bonus and piece work bills (Incentive Bonus Bills)

See Item No. V(i) under ‘Workshop Audit in the M.O.I. and Para 327-RAM.

Incentive Bonus: The introduction of a bonus system should normally result in increased out turn and reduced cost per unit of outurn. Where this is not so, it may be necessary to see for a justification of the system by a reference to the administrative authorities. The incentive bonus rates are reviewed at intervals by a competent authority to see whether they are reasonable and the conclusions drawn in some such review may be test checked with reference to paragraphs 608 and 625-W. A general review of records maintained in the incentive branch of the accounts office should also be undertaken yearly to review the system and fixation of allowed time, change in productivity due to the incentive scheme, incidence of overtime in conjunction with increased bonus payment etc. (H.O. Secret Letter No SA/HQ/C/I/25/Vol.V/50/ dated 3.4.1974).

In addition to the above, the following checks should be exercised:

- (i) The correctness of the total time taken as shown on the reverse of the job card by the booth clerk should be checked.
- (ii) The total time allowed should be worked out on the basis of the quantity to be repaired/manufactured as printed on the job card and with reference to master planning card.
- (iii) The time saved/lost for each card should be worked out and piece work profit or production bonus restricted to the extent of 50% of the time saved to time taken as recorded on each card. In cases where percentage of time saved to time taken is more than 50%, the card should be rubber stamped as ‘abnormal profit’ and in all cards where the ‘time taken’ exceeds ‘time allowed,’ ‘Loss stamp should be fixed. The results should be worked out to the nearest minute.
- (iv) The continuity of serial nos. of the job card should be checked with reference to closing and opening nos. of the previous day/month cards.
- (v) In the case of squad card, not time saved/lost for each squad as also where more than one worker have completed an operation, net time saved/lost thereon will be worked out-distributed over the workmen in proportion to the time taken by each one of them. Money value extension of squad cards will also be done.
- (vi) It should be seen that all the completed cards for the month as a whole have been taken into account in arriving at the amount of net production bonus earnings of the workman. The production bonus bills of direct workers will be compiled after the above is done. For this purpose, the total number of cards as per statements received from the time booth should be tallied with the corresponding figures listed in the statement.

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- (vii) Essential indirect workers, such as chageman are entitled to 80% of average percentage of bonus earned by the direct workers supervised by them whereas the mistries are eligible to get 100% of the average percentage of bonus earned by the direct workers under their charge.
- (viii) Production bonus earnings of the chageman and mistries at the above rates are, however, liable to reduction for idle time arising out of (i) lack of work and (ii) lack of tools only in their section.

(Accounts of P.O.O. No . 89/61 of January 1961)

12.32 **Audit of Journal Slips**

12.32.1 Detailed instructions regarding check of items are contained in Para 377 of RAM. The instructions contained in this regard in the chapter on 'Expenditure Audit' may also be seen.

12.32.2 The nature of transactions journalized by workshop accounts sections are:

- i) WMS account
- ii) Issues to Capital and Revenue Workshop and returned stores
- iii) Revenue/Capital Transactions/Transfer
- iv) Deposit Miscellaneous Coal/Coke
- v) Remittances/Transfers between Divisions and with Headquarter

12.32.3 The audit of journal slips is to be conducted abinitio at the level of section officers and the current review by the branch officer.

12.33 Review of balances under WMS suspense Accounts.
See para 1625-W

12.34 **Booking of Overtime**

The following checks should be exercised during the audit of overtime allowance:

- (i) No overtime should be worked in shops without the prior sanction of works manager which should be obtained by the foreman by the submission of an overtime requisition in duplicate, one copy being sent to time office and the other to the accounts officer (Para 453-W).
- (ii) Overtime worked in one week should not be counted against short time worked in another (Para 454-W)
- (iii) No overtime should ordinarily be worked in shops unless under the supervision of a chageman (Para 455-W)
- (iv) Where a worked in a non-seasonal factory works for more than nine hours in any day or for more than 48 hours in any week, he is to be paid at the rate of twice his ordinary rate of pay (Para 459-W)

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(v) Workman may be paid overtime for the actual number of hours worked beyond shop hours in the interest of service at the rate of 1/208th of the monthly pay for every hour so worked (Para 406(i)-W)

(vi) Daily rated staff receive full pay for certain holidays in a year. When they are required to work on these holidays, they should be paid overtime for doing so (Para 460(2)-W)

(vii) Workmen sent from shops to work at outstation temporarily should be given daily allowance (Para 460(3)-W)

(viii) Workmen sent out from shops temporarily to work at their Headquarters station are not allowed overtime allowance unless they work beyond shop hours (Para 460(4)-W)

(ix) Workmen sent out from shops engines and vehicles on trial trips should be paid for the actual no. of hours worked beyond shop hours (Para 460(5)-W)

12.35 Recoveries from other departments, bodies, out-siders etc., viz. recovery for maintenance of mild vans, milk tankers etc., recovery of interest and maintenance charges of postal vans etc.

The following checks should be exercised during the audit of recoveries from other departments bodies, outsiders etc.

(i) That incase of works for other government and non-government railways and government departments or ministries, the formal acceptance of the estimated cost comprising of labour, material, shop on-cost, general on cost, freight charges, storage supervision, proforma on cost and profit leviable is obtained from the officers ordering the work before the work is the CME of the manufacturing railway, can start the work under certain circumstances without obtaining formal acceptance of the other government railway (Para 1218 W)

(ii) That the actual cost of the work, inclusive of proforma on-cost and profit as agreed to will be realized (Para 1218-W)

(iii) That the work to be undertaken on behalf of the private bodies, other than the individuals is accepted with the sanction of the General Manager of the railway and with the concurrence of the FA&CAO and the cost of work does not exceed Rs.25000/- in each individual case (Para 1217A(i)-W)

(iv) That the cost of work is deposited by the party concerned in advance (Para 1217-W)

(v) When capital expenditure is incurred on work constructed for use by another department or ministries subject to interest and maintenance charges being recovered under the rules, the interest on outlay on such work is also charged during the period of construction as per rules (Para 1221-W).

(vi) Interest should be charged during the period of construction on the expenditure on works which are constructed by railway at the cost of another department or ministry to be handed over to that department or ministry after construction. Interest in such cases should be calculated on half the sum of the unadjusted outlay at the beginning and end of the year (Para 1222-W).

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(viii) The departmental charges may be levied on a reciprocal basis to cover the cost of tools and plant and establishment supervision in case of works undertaken in Railway Workshop for other government departments or Ministries or other public bodies (e.g. municipalities, trusts etc.) (Para 1228-W)

(ix) When works are executed outside the workshop, an addition of 122 percent only should be made on the total estimated outlay on labour and stores to cover the cost of supervision etc.(Para 1229-W)

(x) When work is done partly inside the workshop and party outside, the cost of these portions should be separately worked out and proforma on cost and profit levied only on the cost of work done inside the shops and percentage charges of 12.5% charged on the cost of work done outside the shops (Para 1230-W).

12.36 Review of major works undertaken in Workshops

The programme for reviews of major work should be framed in June of each year after the close of March accounts and submitted to Director of Audit of approval. Detailed instructions given in the chapter for expenditure should be borne in mind. Review of major works costing over Rs.50 lakhs should be undertaken by the Workshop audit section. The schemes of increase in capacity in the workshops, the manufacture of wagons, coaches, component for locomotives, cranes, permanent way materials costing over 50 lakhs should be reviewed on the lines of review of major works. Such scheme should be reviewed taking into consideration the anticipated increase in the outturn and the outturn actually achieved.

(CAG's letter No.647-590-RAI/9-II-73 dated 5.3.1974)

12.37 Recovery of non-ferrous turnings/borings from shop floor

In order to ensure that the railways do not suffer losses on account of short collection of borings and turnings, detailed instructions have been issued by the railway board for tightening up of arrangements for the collection of non-ferrous turnings and borings vide their letter No.69/M(W)/964/103 dated 31.1.1970. It has also been laid down that the headquarters office of each railway should obtain 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 investigated by the railway administration. It should be seen that detailed instructions laid down by the Railway Board are followed for the recovery and disposal of non-ferrous turnings and borings.

These items should be scrutinized yearly during Inspection of shops.

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CHAPTER 13

Stores Audit

13.1 Scope of Audit

13.1.1 The purchases of stores for the entire Railway are centrally arranged by the Stores branch of the headquarters offices of Railway. Bills for direct purchase of stores are passed by the headquarters accounts office in respect of supplies of steel materials, coal bills and stores delivered to the Stores depots. Bills for purchases of stores directly delivered to the indentor's against the supply order placed by the Controller of Stores are passed for payment by the indentors' Accounts Officers. The audit of payments for the purchase of stores is, therefore, conducted by all the units concerned, including Stores audit section at Headquarters. Joint Stores and Accounts POOs No.149/65 dated 2.8.1965 and 189/72 dated 10.2.72 contain detailed instructions in this regard.

Copies of the Railway Board's contracts, order, relevant indents of the Railway Administration and amendments thereto should be forwarded to the auditing units concerned, as and when received from ADAI (Rlys.), or from the Railway administration by the Stores Audit Unit at Headquarters.

(Authority POO No.424 dt. 3.9.1965)

13.1.2 The audit of Stores accounts maintained by the Stores depots and the Stores accounts offices is conducted by the Stores audit sections established at the following stations. The Stores depots, the accounts of which are audited by these sections are indicated against each:

Audit Unit	Account Officer	Stores Depots, the accounts of which are audited
Stores Audit Section, HQrs	FA&CAO, SAO (S), PL	Stores Department, Headquarters Stores Depotsf at BCT, Mahalakshmi, Parel, Bandra-Marshalling Yard, Virar cutting up yard, Valsad and Udhna
Workshop & Stores Audit Section, DHD	AAO (S), DHD	Stores depots at Dahod, Electrical depot, BRCY, PRTN and Vishwamitri
W&S Audit section, SBI	SAO(S) SBI	Stores Depots at Sabarmati, Diesel Stores Depot-Vatva
W&S Audit Section, Ajmer	Dy. CAO(S) Aii	Stores depots at Ajmer, Cutting up yard-Madar, Jaipur, Udaipur, Gandhidham and Diesel Stores depot, Abu Road
W&S Audit Section	AAO(S) BVP	Stores depots at Bhavnagar

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Bhavnagar Para

W&S audit section Kota SAO(S) KTT

para, Junagadh, Morvi and
Bhaktinagar cutting up Yard
Stores depots at Kota, TKD,
Ratlam and Bharatpur

13.1.3 The Stores Audit Sections are generally responsible for audit of items falling under 'Stores Audit' in the MOI and such other local items as may be prescribed by DA from time to time. As however, the Stores accounts offices at Dahod, Sabarmati, Ajmer, Bhavnagar & Kota also deal with establishment matters and provident fund Accounts of the Stores depots/Stores offices to which they are attached and maintain General books, the Stores Audit sections at these places are responsible for audit of items falling under 'Central Audit' in the MOI, besides those falling under 'Stores Audit' in so far as they relate to Stores depots/Stores Offices/Stores accounts offices at these places.

13.1.4 The general instructions for audit of Stores are contained in chapter XVII of RAM. The instructions for audit of items falling under 'Central Audit' are contained in the chapter on 'Establishment and Provident Fund Audit'. 'Works audit' and 'Audit of General Books and Accounts' in RAM and this manual. The instructions contained in Chapter 7 of MSO (Technical) and chapter IV of Store Code may also be borne in mind.

13.1.5 Orders regarding the placement and scrutiny of indents, check of supply orders, passing of the suppliers' bills for payment, review of suspense balances in the purchase account etc. are contained in the circulars issued by the Railway Board and Railway Administration from time to time. As these orders are primarily intended to prevent the occurrence as also enable detection of irregularities in purchases of stores, Stores audit staff should bear in mind these instructions during the audit of all stores transactions.

13.1.6 Subsidiary instructions for audit of various items dealt with by Stores Audit sections are given in the following paragraphs:

13.2 Review of stores contracts

Extent of check-See item No.XIII (ii) under Stores Audit in the MOI, paras 290 to 295 of RAM and para 27 of the MOI. The instructions contained in the chapter of Expenditure audit may also be seen.

13.2.1 The tender review section at headquarters is responsible for the audit of all contracts/purchase orders finalised by COS-CCG and audit units are responsible for the audit of all contracts/purchase orders finalized by the respective unit offices.

13.2.2 The rates etc. of the accepted tenders should be compared with purchase orders issued against them to see that the purchase orders have been made out correctly.

13.2.3. A record of the contracts reviewed should be kept in a register in the following form:

- 1) Serial No.
- 2) Purchase order No. and date

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- 3) Description of supply
- 4) Name of the successful tenderer/contractor
- 5) Rate accepted
- 6) Quantity ordered
- 7) Value of supply order
- 8) Delivery period
- 9) Date of receipt of tender case
- 10) Date of review
- 11) Whether the lowest tender has been accepted or not
- 12) Remarks

13.2.4 The Audit Officer should undertake a general review of the tenders, reviewed by the Section Officer/Asstt. Audit Officer. For this purpose, the tenders under 'B' & 'C' Categories (tenders costing less than Rs.3 lakh) after review by SO/AAuO should be submitted to the Audit Officer who will at random, select a few tenders and conduct the review. A remark should be made in the tender review register in respect of tenders so reviewed against the entry of the particular tender by the Audit Officer himself.

(POO No.469 dated 28.2.1978)

13.3. Review of completed contracts

A review of all purchase orders/store contracts is to be conducted on completion to the extent laid down in para 32 of MOI and item No.XIII-3 under Stores Audit in MOI.

The review of completed purchase orders relating to stock items shall be conducted by Store Section headquarters. For non-stock items, review shall be carried out by the concerned Divisional Audit Officers/Unit Audit Officers. For this purpose, they may make permanent standing arrangements with their accounts counterparts for supply of list of completed purchase orders to audit regularly. From this list selection for review of completed contracts should be made.

The review of completed purchase orders/store contracts should include the agreements entered into by the DGS&D, Railway Board and COFMOW on behalf of the Western Railway Administration.

The register of review of completed orders/contracts should be maintained in the following proforma:-

- (i) Serial Number
- (ii) Quarter to which tender pertains
- (iii) Contract agreement/Purchase order number and date
- (iv) Name of contractor/firm
- (v) Name of work/particulars of materials supplied
- (vi) Value of contract
- (vii) Date of commencement and completion of contract
- (viii) Remarks of the reviewing officer

The register should be put up to the Audit Officer monthly.

13.4 Purchase orders

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The scrutiny of purchase orders should be carried out according to Para No.298 of RAM.

Extent of check : See item No.XIII(1) under Stores Audit.

13.5 Review of Claims Registers (Yearly)

The registers of claims maintained by the headquarters Stores Accounts Office indicating the claim preferred against contractors/suppliers on account of risk purchase, rejected supplies etc. should be reviewed in audit once a year. Claim bills themselves should be subjected to general review. In respect of claims preferred by the Depot Officers or consignees, it should be ensured that the necessary acknowledgements for receipt of bills have been sent by the Stores Accounts Office at Headquarters.

13.6 Review of Recovery Register (Quarterly)

The recovery register maintained by the various accounts offices to watch recoveries on account of risk purchases/rejected supplies should be reviewed quarterly by the local audit offices.

(POO No.406 dated 11.3.1964)

13.7 Audit of stores bills including coal, stationary, port and customs charges ISD and sleepers purchases

See para 30 and 43 and Item I under Stores Audit of the MOI and paras 296 to 298 of RAM.

13.7.1 Pay orders for refund of earnest money, security deposit, ground rent etc. passed by the Stores account office at headquarters are also entered in the register of bills passed for payment (CO6). Selection for audit of such pay orders should be made separately under item No. IV-21 'Central Audit' in the MOI Pay orders pertaining to payments made for work done at handicraft centres should however, be treated as Stores purchase bills.

13.7.2 Stores Bills for which direct payments are made should be checked in accordance with the instructions contained in paras 298 & 299 of RAM and those for which book adjustments are made should be checked in accordance with the instructions contained in para 297 of RAM. The rules in paras 2819-S to 2882-S in respect of the former category and those in paras 2836-S to 2839-S in respect of the later category of bills may be seen.

13.7.3 It should be seen that

- (i) The rates bear evidence of having been checked as far as possible with reference to previous purchase.
- (ii) There is no undue delay on the part of the accounts office in passing the bills.
- (iii) Reference to the receipt orders are given on the bills.

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(iv) The accompaniment of the bills according to the procedure in force on his Railway are sent with the bills and that they are linked with supply orders.

(v) The port and customs charges are correctly payable in accordance with tariff schedules issued by the custom authorities and the rates of wharfage, surtax, unloading etc. are in accordance with the scales at Bombay, Kandla, Madras, Calcutta etc. in port trust where necessary refunds are claimed.

(vi) That the sales tax is correctly charged wither at rates prescribed in the States Sales Tax Act or the Central Sales Tax Act which came into force from 1.7.1957. The former is levied only when the purchase and consumption is in the same state, while the latter is levied when the sale or purchase occasions inter-state movements of goods in which case Railway has to pay tax at the rate of sales tax leviable from time to time.

13.7.4 Bills for supplies of stores arranged through the Directorate General of Supplies and Disposals are passed for payment by the Pay and Accounts Office whose claims for reimbursement, supported by the suppliers bills are admitted by the Stores accounts office at the headquarters. While suppliers bills for stores delivered to stores depot are retained at the headquarters Stores accounts office, bills in respect of stores delivered direct to other consignees (Direct Delivery Bills) are passed on to the accounts unit concerned alongwith transfer certificate for adjustment and record. Audit of DGS&D bills is, therefore, carried out by the Stores audit unit at the headquarters in respect of Stores depot deliveries and by the auditing units concerned in regard to bills for stores delivered direct to consignees. Detailed procedure followed by the accounts department is contained in FA&CAO's POO No.148/65 dated 29.07.1965. Documents for audit will be selected by the auditing units from the list of bills forwarded by headquarters stores accounts office or other relevant records available with the indenter's Accounts Officer concerned. Full particulars of bills selected for audit viz. DV No., CO6 No. and date and amount of bills should be entered in the selection registers.

(POO No.424 dated 3.9.1965)

13.7.5 Sleeper Bills

A summary of such bills is prepared and journalized but original copy of the bills is available in Stores accounts office, Bombay. Necessary selection to the extent prescribed should be made from the summary accompanying the journal vouchers and audited in the same manner as the DGS&D bills by the Stores Section, headquarters.

13.7.6. Port and Custom charges bills

(i) Custom charges are adjusted by adjustments. A register of such bills journalized during a month is maintained by Stores accounts office, Bombay. Necessary selection may be made quarterly from this register and checked by Stores section, Headquarters.

(ii) The handling work of materials received from abroad is done by contractors. These bills should be checked monthly to the extent prescribed against Item No.IV (21) Central Audit in MOI.

13.7.7 Purchases made abroad both relating to Store and Workshop.

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Actual bills are not received but the amount adjustable with complete details are advised by the India offices situated abroad. These are adjusted in Railway books through journal vouchers. These adjustments should be completely checked with reference to estimates and correspondence on the subject as also packing accounts invoices and other documents locally available.

13.7.8 After check of bills, a statement of receipt orders accompanying audited bills for stores supplied to depots should be prepared and copies sent to Stores audit sections situated at various places for tracing into transaction registers and purchase statements. The receipt orders relating to BCT, MX, PL and BAMY Depots will be listed out and traced by the Headquarters Stores Audit section.

13.8 Audit of coal bills and coal Accounts

See Para 319 & 320 of RAM

13.8.1 Coal Bills

(a) The bills of the collieries for cost of coal supplied to this Railway are checked and passed for payments by the Headquarters Accounts Office (Coal section) and hence all the connected documents are available with that office. The audit of coal bills is, therefore, conducted by the Stores audit section at Headquarters. In auditing coal bills it should be seen that:-

(i) Particulars of sanction quoted by collieries agree with those shown in allotment orders received from Coal Supdt., Dhanbad.

(ii) Quantity supplied does not exceed that mentioned in allotment order and quantity and description of coal as per bill agrees with those in wagon disposal statements and declaration advice notes duly acknowledged by railway representative.

(iii) Rates are same as per relevant rate lists circulated by the Ministry of Energy.

(iv) Particulars of wagons in the declaration Advice Notes agree with those shown in the wagon disposal statements.

(v) Classification of Seam/Seams as shown in Declaration Advice Notes accord with the Schedules of Classification of Coal Controller (Production), Calcutta.

(vi) Necessary recoveries towards short loading or over loading are according to extant rules.

(vii) Any extra charges claimed by colliery such as ST, freight, postage, cartage etc. are authorized by competent authority.

(viii) Claims, if any, e.g. for misgraded coal or inferior quality of coal against collieries as recorded in the contractor's ledger are recovered from the bills.

(b) These bills should thereafter be traced in the purchase register and contractor's ledger. It should be also seen whether the wagon disposal statement received from COPS (Fuel), Churchgate, are paired with the copy of the wagon disposal statement received alongwith the bills from the same stations.

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13.8.2 Coal Accounts – (A) The audit of coal accounts is divided between Stores Audit Section at Headquarters Office and the Divisional Audit Offices and the Workshop Audit sections as under:-

Stores Audit Section, Headquarters	(i) Contractor's ledger (ii) Suspense registers relating to purchase (Coal), Stores-in-Transit (Coal), Deposits Misc. (Coal), Stock Adjustment Accounts (Coal) etc. (iii) Monthly Account Current relating to receipt, consumption and balance of Loco coal/coke of entire railway. (iv) Priced Ledgers
Divisional Audit Offices	(a) During Central Audit: (i) Priced Ledgers (ii) Sub-registers (iii) Deposit Fuel (iv) Stock Adjustment Account (v) Auction sale of coal ashes and payment of auctioneer's bills in respect thereof (vi) Auction sale of coal (b) During local inspections of Mechanical and Operating branches: (i) Detention of wagons by the coal handling contractors. (ii) Bills for coal etc. supplied at junction stations by other Railways (iii) System of accountal of coal cinders and coal ashes. (iv) Demurrage charges in respect of coal wagons. (v) Coal handling contracts (vi) Agreements with reference to coal handling, ash pits and cinder contracts. (vii) Coal handling bills received from collieries with wagon statements. (viii) Review of half yearly reports from sheds. (ix) Review of periodical returns of receipt, issue and balances of coal and other fuel received from sheds.
Workshop Audit Section	Priced ledgers.

In addition, during the inspection of a sub office the following items are also to be seen:-

- (i) Sale of coal ashes
- (ii) Out-turn statement of wagons
- (B) The coal and coke supplies from various collieries are arranged through distribution centers at Agra East Bank and Ujjain from where the coal wagons are rebooked to different consuming units (Sheds, Dumps, Powerhouses, Workshop etc.) in accordance with orders issued by COPS (Fuel). The detailed instructions laying down the procedure of coal and coke accounting are given in the Joint Operating, Mechanical, Commercial and Accounts procedure Order No.CA/Susp/2976/FA/5/126 dated 1.10.58 as amended through correction slips thereto issued from time to time. The instructions given in the following paragraphs may be borne in mind in while auditing coal accounts.

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13.8.3 Monthly account current

A monthly account current showing opening balance, receipts, issues and closing balance is submitted to Coal accounts office by every 5th of the following month. While checking this statement it should be particularly seen whether receipts are valued by Accounts at standard rates applicable to quality of coal received in dumps as per 10 day receipt statement (Annexure III-2) and issues at book rates struck periodically and whether receipts and issues are posted periodically in the priced ledgers maintained on the dumps.

13.8.4 Suspense balances

(a) The following suspense heads are operated in coal accounts for which separate suspense registers are maintained:

- (i) Purchases (Loco Coal)
- (ii) Stores in Transit (Coal)
- (iii) Stock Adjustment (Coal)
- (iv) Deposit Misc. (Coal)

Under these suspense heads are recorded all such transactions as are ultimately removed by payment or recovery in cash or by book adjustment. These registers are maintained to record transactions of coal wagons received & paid for received as unconnected or unlinked.

While reviewing the suspense balance it should be mainly seen whether balances are efficient and adequate steps are taken to clear them as far as possible.

(b) Purchases (Loco Coal) – It should be seen whether balance pertaining to each bill in the purchase account represents value of coal/coke, billed for by colliery which has reached the railway or has been taken over by parties etc. under competent sanction and whether balances are not allowed to remain for more than 3 months.

(c) Stores-in-transit (coal) – It should be seen that each debit balance pertains to those consignments which have actually been received at the intake points, distributing centers or the Bharatpur dump.

13.8.5 Sale rate of coal – It should be seen that the rate of coal sold to railway employees, outsiders, tourist cars etc. is calculated on the basis of following factors:

- (a) Prime cost including royalty charges
- (b) Incidental charges at 2% on (a) above
- (c) Freight charges
- (d) L.D.C.C. (including showing excise duty Rs.3.50)
- (e) Local cesses of state governments
- (f) Average handling
- (g) Sales tax at 4 % on (a), (e) and showing excise duty
- (h) Supervision charges

It should be seen that in case of sale of coal cinders rate is 50% of that of coals or market rate whichever is higher.

13.8.6. Rail-cum-sea borne coal – The work of receiving coal from Pit-heads and loading into ships for dispatch to consignee Railway as per approved schedule is being done by Eastern Railway. Eastern Railway arranges payment towards co

handling, port charges etc. and raises debits against consignee Rlys. It should be seen whether debits raised by Eastern Railway are supported by quantitative statement, gradewise and that they are verified with advice of coal received as per bill of loading. It should be seen that debits received from Eastern Railway are regularly transferred to divisions without undue delay, and the debit is raised at average rate struck from time to time for each shipment of coal.

13.8.7 Check of subsidy payment to Western Railway on coal moved by rail-cum-sea route:

Adjustment relating to railway claims for reimbursement of the additional cost incurred in movement of coal by sea-cum-rail route instead of all rail routes are to be checked in accordance with items No.VIII 6(a) and IV (22) of the Central Audit of MOI by the Divisional Audit Officers. As annual general review of all such claims, subject to a detailed scrutiny of one month's transactions should be carried out by the Stores Audit section at headquarters.

(POO No.408 dated 17.3.1964)

13.9 Review of statements of un-connected and missing wagon loads of loco coal

13.9.1 Wagon disposal statements received with the bill from the collieries show wagon particulars paid for. The 10 day receipt statements received from the sheds, shops transshipment points and dumps show particulars of all wagons received therein. Particulars of the wagons shown in the wagon disposal statements and the 10 day receipt statement are separately taped by the EDP center, Churchgate and sent to the EDPMSC Railway, Secundarabad for centralized linking. Particulars of unlinked wagons are sent by S.C. Rly., to the respective Zonal Railways in the form of missing wagon reports and unconnected wagon reports developed by the computer. These reports should be reviewed quarterly by the Stores Audit section, headquarters.

13.9.2 The action taken in cases of wagons remaining unconnected or missing for a long period should be specially reviewed.

13.10 Audit of Stores Suspense account registers

The following suspense accounts are maintained in the Stores department:

- (i) Purchases Indigenous
- (ii) Purchases Imported
- (iii) Sales Account
- (iv) Deposit Miscellaneous Account
- (v) Miscellaneous Advances Account
- (vi) Inter Depot Transfer Registers
- (vii) Stores-in-transit
- (ix) Fund Register

(See paras 298, 310, 311 of RAM, Chapter VI-AI and paras 2721, 2729, 2739, 2740-0, 2746 & 2809 to 2816-S)

13.10.1 The instructions contained in paras 601 to 608, 619 to 620 AI should be seen while reviewing the suspense balance. The balance at the end of each year should be

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analysed and agreed with the General Books. It should be seen that the registers are periodically inspected by the Stores Accounts Officer. Items outstanding under purchases for over three months and any abnormal delays in payment of bills should be specially scrutinized. All irregular items should be taken up with the FA&CAO. It should be seen that there is no undue retention under Stock adjustment or Stores-in-Transit of items undergoing enquiry i.e. without adequate step being taken for their clearance and adjustments.

13.11 Audit of Journal slips

Detailed instructions regarding check of items are contained in para 377 of RAM. The instructions in this regard contained in Chapter on 'Audit of Expenditure' may also be seen.

The nature of transactions journalized by the Stores accounts section are:

- (i) Purchases
- (ii) Sales
- (iii) Miscellaneous Advances
- (iv) Deposit Miscellaneous
- (v) Inter-depot transfers, receipts and issues
- (vi) Gains and Losses
- (vii) Purchase imported
- (viii) Workshop manufacture
- (ix) Provisional ROs
- (x) Stock adjustment account
- (xi) Issues to capital and revenue, workshop and returned stores

13.12 Audit of sanctions

- (1) The sanction received in this section relate to receipt and disposal of stores.
- (2) The instructions in this regard contained in para 128 and 129 of RAM and Chapter on 'Audit of expenditure' may also be seen.

13.13 Audit of yearly statement of stores transactions

See item No.IX (1) under Stores Audit in the MOI and para 314 of RAM and 3001 S It should be seen that

- (i) the balances shown in the statement are correct, effective and efficient.
- (ii) the Railway Administration has not necessarily reduced the stores balances by resorting to the following means:
 - (a) writing down the value without sufficient cause
 - (b) under valuing returned stores
 - (c) undue acceleration of the sale of surplus stores
 - (d) Keeping off the payment or account of receipt of stores towards the end of the year or the next financial year.

13.14 Audit of stores account

See paras 548 to 549, Indian Railway Financial Code, Vol.I

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The review of the account should be carried out according to paras 391 and 392 of RAM

13.15 Audit of yearly statement of stores purchases

See item No.IX(2) under Stores Audit in the MOI and para 315 of RAM and paras 2943 to 2946-S

This statement is complied by the FA&CAO and should be checked with the relevant vouchers filed in the Stores accounts office. The statement should be compared with previous year's statement and the reasons for important variations may be seen.

13.16 Audit of Stores Journal

See para 308 of RAM and 2393-S to 2395-S

13.17 Computerisation of Stores Accounting

See paras 299 to 300 A of RAM

13.17.1 The Railway Board in their letter No.67/ACII/37/15 dated 10.7.68 issued instructions regarding plan and programme for taking over stores accounting and certain allied functions on computer. This was to be done in five phases as indicated below:

Phase I	:	Priced Ledger Mechanisation
Phase II	:	Numerical ledger-Stage I
Phase III	:	Order progressing
Phase IV	:	Payment and Accountal of Bills
Phase V	:	Numerical Ledger – Stage II

13.17.2 On Western Railway, Phases I, II, III & V have already been implemented, Mechanisation is a continuous process and it will take some time for the Railways to complete the process of mechanization. With the installation of the new computer, Stores programme module I & II covering the above phases developed by the Systems Development Group, Central Railway have been implemented on this Railway.

13.17.3 All records printed out by the computer during the processing of stores records and running of various programmes are transferred to the respective Accounts Officer alongwith the transaction register, exception reports and managerial statements. The basic documents i.e. receipt, issue, adjustment vouchers etc. are also available in the accounts office.

13.17.4 Changes in the audit procedure as a result of computerization of Stors Accounts as prescribed by the ADAI (Rlys) are contained in his letter No.SA/HQ/C/I/25/MAC/3115 dt.30.8.71 and No.11250162/RAI/8-8/71 dt.7.4.72 circulated under HQ letter No.SA/HQ/C/I/25/MAC/669 dt.1..5.72.

13.17.5 No major change in the existing audit procedure is considered necessary as the input source documents and output tabulations remain practically the same as before.

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Even when the source data and final output remain the same, the programmes are being revised and refined to take into account unusual and unforeseen situations or to make more economical use of computer time as well as to get more information necessary for managerial purposes as by-products.

13.17.6 Having been satisfied broadly about the logical correctness of the system as a whole, audit should continue the existing method of check including arithmetical calculations with reference to source data and out-put documents. If in the course of audit any error is noticed, the reasons for such error should be traced back through various stages of processing to determine whether the error was due to human failure, such as error in coding, punching etc., or whether it could be attributed to any lacuna in the programme. If the latter is suspected, the matter should be taken up with the Data Processing manager for remedial action.

13.17.7 The existing quantum of audit is not disturbed. However, since the computer possesses the ability to carry out arithmetical operations with almost unfailing consistency, checking of arithmetical accuracy of vouchers which is also subjected to calculation by computer may be reduced to 50% of the cases. For this purpose no separate selection is necessary and the arithmetical check may be made on alternate vouchers.

13.17.8 With a view to ensure the completeness of accountal of all transactions originating in a stores depot, the following checks should be exercised:

(i) The manual lot total of dates selected for voucher audit should be reconciled with the Hash totals developed by the computer.

(ii) The continuity of the vouchers should be checked with reference to the continuity registers manually maintained by the accounts office and store transaction vouchers statement (edit-list) prepared on the computer.

(iii) The posting of vouchers (both receipts and issues) selected for audit should be traced into the transactions registers and in addition into:

- (a) Accounts stock verification statements (Statements No.1 to 3)
- (b) Departmental stock verification statements (Statements No.4 to 6)
- (c) Book transfer statement (Statement No.7)
- (d) Returned stores statements (Statement No.8)
- (e) Stock adjustment account and stock sheet account (Statement No.9)
- (g) Depot transfer – issues statement (Statement No.11)
- (h) Purchases statement (Statement No.12)
- (i) Misc. advance account statement (Statement No.13)
- (j) Depot sheets and stock sheets statement (Statement No.14)
- (k) Deposit Misc. account statement (Statement No.15)
- (l) Debit/Credit summaries (Statement No.16)
- (m) Sales statement (Statement No.17)
- (n) Receipts/issues by petty shops statement (Statement No.18)
- (o) Shop issue notes – Receipt orders statement (Statement No.19)

(iv) Check whether the total number of vouchers sent by the wards as per forwarding memo is equal to the total number edited (as per edit list) plus the number of vouchers rejected. Also check that the total number of transactions edited for posting is equal to total

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number actually posted plus number rejected by the computer due to creation of credit balances etc.

(v) Verify that the manual lot totals (quantity & value etc.) are reconciled invariably with the hash totals developed by the computer. The lot registers should be examined for this purpose.

(vi) Verify that the vouchers which are sent back to the wards 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.

13.17.9 The edit lists printed for the month should also be checked to see that there are no cases printed with the message 'controls do not tally'.

13.17.10 Transaction Registers (price ledgers)
See item No.IV under Stores Audit in MOI and Para 307 of RAM
As the nomenclature of stores items has been changed from Class to Group, the review of transaction registers should be done groupwise monthly, so that the entire field is covered in specified time.

13.17.11 The review of transaction registers should be supplemented by a review of the following managerial statements prepared on the computer. The review should also be directed to see that the action taken is adequate and also as to why irregular or excessive balances arise in the first place, etc.

Sr. No.	Name of the statement	Periodicity	Section where available
1	Periodical listing of priced ledgers which contain all the items	Quarterly	Depot accounts office and Depot
2	Review of non-moved items showing the item not moved over one year or two years	Once a year or on request by COS(IC)	COS (IC) who distributes to the depot if necessary
3	Statement showing no issues for a certain period	On request by COS(IC)	-do-
4	Statement showing stock holding over one year's requirement	on request by COS(IC)	COS(IC) who distributes to the depot if necessary
5	Stock below danger level	as and when danger level is reached	-do-
6	Out of stock statement	On request by COS(IC)	-do-
7	List of items with more than 10% variation in rate	Alongwith transaction registers	-do-

The periodicity of review of these statements may follow the periodicity of their preparation on computer.

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In respect of transactions resulting in irregular balances, the computer does not permit processing of such vouchers and as such the rejected transactions should be watched for subsequent accountal.

The opening balances in the master information printed out quarterly should be reviewed to the extent prescribed every month. To achieve harmony, this should be done in respect of the same groups selected for review of the transactions registers.

13.17.12 Reconciliation of Transaction Register with General Books

(a) The reconciliation of the transaction registers with the General Books has been rendered easy under the computerized procedure. it should be ensured that the procedure provides for a monthly reconciliation of:

- (i) Class (Group) summaries with department summaries
- (ii) the debits, credits and balances in the group ledgers agree with those appearing in the general books and
- (iii) the balances in the transaction register with those in the general books

(b) The adequacy of action taken by the Accounts Office for discrepancies in different set of figures may also be reviewed.

(c) Reconciliation of purchases and sales with the purchases & sales statement:

This reconciliation should be effected by the Head-quarters Stores section furnishing the details of purchase ROs to the various Stores audit offices for tracing them into the purchases and sales statement.

This reconciliation should be effected by the Head-quarters Stores section furnishing the details of purchase R.Os to the various Stores audit offices for tracing them into the purchases and sales statement.

13.18 Audit of Receipt Returns

See item No.II under 'Stores Audit' in the MOI see paras 301 to 304 and 331 of RAM

13.18.1 Advice Notes of returned stores

It should be sent that:

- (i) the numbers on them run serially for each department and that none are unduly delayed in stores office.
- (ii) The reference is quoted to the daily summaries of receipts (Para 2705-S) and the quantities and values shown in the daily summaries of receipts.
- (iii) The valuation of advice notes especially in case of Engineering Stores, Loco and Carriage and Wagon duplicates is done in accordance with the orders issued by the Railway Board from time to time.

13.18.2 Summary of receipts from all sources i.e.,

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- (i) Purchase-Imported
- (ii) Local Purchase
- (iii) Workshop out-turn
- (iv) Inter-Depot Transfers
- (v) Returned Stores

The posting of receipt of stores should be examined to see that group and unit of stores agree with those of the standard classified lists and that the posting of items in the ledgers concerned.

13.19 Audit of Delivery Notes or issue Returns

See Item No.III under Stores Audit in MOI

13.19.1 Issues to (i) Revenue and capital (ii) Sale (iii) Workshop (iv) Inter-Depot Transfer

See paras 304 to 306 RAM

13.19.2 It should also be seen that:

- (i) the nomenclature/group has been correctly given
- (ii) the issues are not unauthorized
- (iii) the issues for the month of March are accounted for in the same month and not in the accounts of the subsequent year.
- (iv) In respect of issue notes for sales, the issue notes are posted in the sale account register.
- (v) In case of inter-depot transfers, the transactions are treated as minus receipts in the ledgers of the issuing depot and as receipt in that of receiving depot (2545-S).
- (vi) The summaries are sent in time to the departments concerned and they are accepted without delay.

13.20 Audit of Auction Sale Account

See item No.VII under stores audit in the MOI and para 318 RAM paras 2412-S to 2447-S.

13.20.1 It should be seen that the Depot Officers, Stock Verifier and Auctioneer, submit accounts in time and they agree with each other in respect of quantity and sale proceeds (See para 2441-S and 2442-S and 2733-S and 2734-S). The difference detailed in the manuscript register maintained in the accounts office should be scrutinized. The rate of commission charged by the Auctioneer should be checked with reference to the agreement and it should be seen that there is no delay on the part of auctioneer in remitting the amount to the Railway. It should be seen occasionally that the materials put up for sale in auction are not serviceable and costly articles are not missed up with lots of scraps or condemned materials. In case of sale accounts of scrap metals, the reasons for realizing a higher value than the book value should be carefully looked into.

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13.20.2 It should also be seen that materials sold are removed within the stipulated period and that in cases of failure, the penalty a per terms of sale is levied. Also that no remission or reduction of ground rent on materials sold by auction but not removed within the free time is allowed except with the sanction of the competent authority.

13.20.3 inc ase of local deliveries, the gate passes should be checked with delivery order for auction sale. It should be ensured that all materials sold in lots are weighed before auction in the presence of stock verifier. The list of weighment of these lots received in accounts office should be compared with the prices obtained in recent auction sale to see if any of them calls for revision. The auction sales accounts should be checked with advice notes marked 'Auctionable'.

13.21 Audit of Sales Abstract

See item No.V (3) under 'Stores Audit' in the MOI and para 305 and 310 of RAM chapters XXIII-S and XXIV-S.

13.22 Audit of stores adjustment sheets

See Item XIV under 'Stores Audit' in the MOI and para 312 of RAM.

13.23 Audit of stock sheets (Verification Reports)

See item No.VIII under 'Store Audit' in the <OI and para 317 RAM and Chapter XXXII-S.

The posting of the excesses and deficiencies, after review by the competent authority in the Transaction Registers (Priced Ledgers) and Bin Cards should be verified.

13.24 Review of surplus stores (including scrap)

See para 33 of the MOI

The review should be conducted as directed in para IV (2) of confidential circular No.Co-ord/Secret/I/817 of 2.7.1957. The Stores audit sections at outstations should submit the results of review to Stores Audit section at headquarters who will review them again with reference to COS files leading to purchase, manufacture of such surplus stores and submit important results to the DA for information.

13.25 Audit of Accounts, custody and disposal of scrap materials

See item No.XVI under Stores Audit in the MOI and para 316 of RAM and Cahpter XXIV-S.

13.26 Audit of stores Account Current

See item No.V(1) under 'Stores Audit' in MOI and para 309 of RAM.

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13.27 Audit of Account Current and out-turn statement of the printing press

See item No.V(2) under 'Stores Audit' in the MOI and para 321 of RAM para 31 of the MOI.

13.27.1 There are two printing presses, one at Mahalakshmi, Bombay and the other at Ajmer. The one at Mahalakshmi deals with the printing of books and forms for the Railway and the other one at Ajmer deals with printing of railway tickets. Accounts current is being prepared only for the former and sent monthly to the FA&CAO, Bombay.

13.27.2 The inspection of the accounts of the printing press at Mahalakshmi, is done by the Workshop audit section, Parel, Bombay and that of the press at Ajmer, is done by Workshop audit section, Ajmer.

13.28 Audit of Price lists

See item No.XV under 'Stores Audit' in the MOI and para 313 of RAM and para 210-S.

It should be seen that price lists exist for all classes of stores and that necessary corrections are carried out as and when the rates are revised.

13.29 Audit of Stores Manufacturing Account

See para 391 and 392 of RAM

13.29.1 The receipt side of the account current should be checked with summary of issue notes as regards stores charges and with adjustment memo as regards labour charges. It should be seen that the articles are correctly priced after manufacture and the issue from the accounts are supported by the vouchers.

13.29.2 Check of Clothing Factory Account

(a) A clothing factory has been set up at Mahalakshmi to under take cutting of cloth required for uniforms of Western Railway employees. Garments are got stitched either through handicraft centers or private contractors. The audit of the accounts of the clothing factory as well as inspection thereof is to be carried out by Stores section, Headquarters. Detailed instructions, for the accountal of the transactions arising in the factory have been laid down in the Joint Stores and Account POO No.169/68 dated 22.7.1968.

(b) The following items of work are required to be done during central audit at headquarters:

- (i) Check of issue notes showing the quantity of cloth issued to the clothing factory and their accountal in the transaction registers.
- (ii) Scrutiny of shop issue notes showing the cut garments sent by the clothing factory and their accountal in the transaction registers.
- (iii) Scrutiny of advise notes of returned stores for the left over material returned after cutting of garments and their accountal in transaction Registers.

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- (iv) Review of 'manufactured Stores suspense account clothing factory.'
 - (v) Reconciliation for balances in Misc. Advance ledger for each handicraft center with the balance appearing under the head 'Manufacture Stores – suspense Clothing Account' in the general books.
 - (vi) Reconciliation of debits and credits adjusted during the local inspection of the accounts of the clothing factory.
- (c) The following points should be seen during the local inspection of the accounts of the clothing factory.
- (i) that separate work orders are prepared for each type of garments viz. Kurtas, Coats, pants etc.
 - (ii) that the requirements of the cloth and other materials are calculated correctly by the Foreman as per the schedules laid down by the ward stocking the materials.
 - (iii) that labour charges incurred in the clothing factory are correctly computed and allocated to different work orders through time sheet.
 - (iv) that the work order registers are maintained properly and the following charges incurred in the clothing factory are collected by the foreman under each work order:
 - (1) Cost of materials drawn for each work order.
 - (2) Labour charges are distributed among the work orders.
 - (3) Other charges such as electric energy, consumable stores, rent etc. which are incurred in the clothing factory and for which bills are accepted by the foreman and that at the end of the month these charges are distributed pro-rata on the basis of direct labour under various work orders.
 - (4) That on completion of the various jobs, cut-garments are sent to the stocking depot through the shop issue notes.
 - (5) That any material left over after cutting of the garments that cannot be utilized in the factory, is returned to the depot through the Advice Note of returned stores and credit afforded to the work order.
 - (6) That proper account has been maintained in respect of items like caps, napkins etc. manufactured from the left over cut pieces of clothe procured for garments.
 - (7) That the following returns which are to be submitted monthly by the Foreman of the factory to the attached stores accounts office are compiled correctly.
 - (i) A monthly out turn statement of debits and credits showing the expenditure on completed jobs against work orders.
 - (ii) Statements showing the particulars of debits and credits adjusted to the head 'Manufacture Stores Suspense-Clothing Capital – 9700' during a month.

13.30 Inspection of Receiving and Despatching Section of a Stores Depot

See item No.XII under 'Stores Audit' in the MOI and paragraphs 436 and 437 of RAM

13.30.1 The following points may also be seen:

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- (i) that the bin cards are correctly posted with reference to receipt and issue vouchers and that in respect of issues, acknowledged foils of issue notes have been duly receipted and properly filed.
- (ii) That in cases of failures or delays in supply of materials, penalties imposed have been recovered from the suppliers.
- (iii) That rejected stores are promptly removed by the suppliers and that ground rent and freight charges, if any are recovered.
- (iv) That sample quantities shown in forwarding orders tally with those shown in the issue notes.
- (v) That bin cards are reconciled with Transaction Registers/priced ledgers periodically as required under the rules.
- (vi) That balances as per bin cards are within the fixed maxima and minima as far as possible.
- (vii) That items of stores in respect of which there has been no consumption for a long period are brought on surplus stores lists.
- (viii) That returned materials are not allowed to lie unaccounted for without being properly linked up with the advice notes.
- (ix) That proper account of samples is maintained and
- (x) That the particulars of loading, unloading shown in the contractors' bills agree with those shown in the respective registers.

13.30.2 important files relating to purchase, sales, auction, tenders etc. may be reviewed to see that the procedure followed is in conformity with the instructions issued by the Administration.

CHAPTER – 14

AUDIT OF EARNINGS

14.1 Scope of Audit

14.1.1 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 MSO (Technical) Vol.I. The receipts of the railways are mostly on account of earnings from the transport of passenger and merchandise traffic. The other receipts like amounts realized by disposal of lost property or by telegraph traffic are comparatively of little magnitude. Stations are the main agency through which traffic earnings are realized. The other agencies are:

- (i) Tourist agents who are authorized under the terms of their agreements with the railways, to issue tourist coupons.
- (ii) Out agents
- (iii) Lost property offices.

14.1.2 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 way bills, 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 accounts in a consolidated record for the whole railway called “Traffic Book” (para 3201 A-Ii) in which the earnings are recorded duly classified into coaching, good, sundries etc. and the progress of realization of earnings is watched. Recovery of dues in lieu of vouchers (credit notes, warrants, PVs, JRs, High official requisitions etc.) is watched through accounts office balance sheet.

14.1.3 The checking of earnings relating to local traffic is done by the traffic accounts office at Ajmer, and that relating to foreign traffic is done by the foreign traffic accounts office at Delhi. The transactions pertaining to military coaching traffic both local and foreign are, however, dealt with by traffic accounts office at Ajmer and those concerning tourist agents (both local and foreign) in traffic accounts office at Delhi. The accounting of earnings relating to both local and foreign traffic is done by the traffic accounts office at Ajmer.

14.1.4 Besides checking and accounting of traffic returns, the traffic accounts office at Ajmer is also responsible for checking, accounting and watching recoveries of wharfage and demurrage charges, crane charges, siding charges, checking and accounting of terminal tax etc., checking and passing of payment bills for carting charges submitted by out-agents, bills for handling of goods by contractors/station master, checking pay orders for payment of compensation for goods lost or damaged, cashed at stations, checking terminal charges paid to Bombay Port Trust Railway etc.

14.1.5 The central audit of earnings is conducted by three audit offices located at Ajmer, Churchgate and Delhi Kishanganj as follows:-

Office of the Principal Director of Audit, Western Railway, Church

(i) Traffic Audit Office, Ajmer

This office is responsible for audit of all transactions dealt with by the traffic accounts office, Ajmer and review of cases of remission and refund of wharfage and demurrage charges pertaining to Divisions other than Bombay Central, Vadodara and the Chief commercial superintendent's office, Churchgate.

(ii) Traffic Audit officer, Churchgate

This office was opened with effect from 22.4.74 and is responsible for the following:

(a) Review of cases of remission and refund of wharfage and demurrage charges pertaining to CCS Office Churchgate, Bombay Central and Vadodara Divisions.

(b) Scrutiny of larger contracts and tenders and review of completed contracts in the office of CCS-CCG.

(c) Review of CCS-office Churchgate's files as necessary.

The audit objections raised by this office are included in the statistics of Dy. CAO(TA) Ajmer.

(iii) Traffic Audit Officer, Delhi Kishanganj

This office is responsible for audit of all the transactions dealt with by the foreign traffic accounts office Delhi Kishanganj. Prior to 1.7.1980 this work was being done by Director of Audit, N. Rly.

14.1.6 The particulars of items of audit relating to local traffic required to be dealt with by the traffic audit office, Ajmer and the extent of check to be exercised in respect of each item are given in the Appendix to the MOI under the caption 'Local Traffic Audit (Coaching/Goods)'. Similarly the particulars of items of audit relating to foreign traffic audit required to be dealt with by the traffic audit office, Delhi Kishanganj and the extent of check to be exercised in respect of each item are given in the Appendix to the MOI under the caption 'Through Traffic Audit Coaching/Goods'.

The general instructions in regard to audit of earnings are contained in Chapter XII & XIII of the Railway Audit Manual.

14.1.7 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 been detailed out in the Indian Railway Code for the Accounts Department Part II Traffic Accounts. The audit should generally be conducted on the same lines.

14.1.8 The procedure laid down for the maintenance of various station books and preparation of station returns and their forms in the relevant paragraph in Indian Railway

Commercial Manual Vol.I and II and Part II to IV of the manual of Station Accounts, Western Railway, the rules in the Conference Regulations, the Coaching Traffic, the Goods Traffic and the various pamphlets like rate circulars etc. and the sectional manuals of the accounts office should be carefully and referred to in conducting the audit of earnings.

14.2 Procedure of Selection of Stations for Audit of Station Accounts at Head Quarters

14.2.1 The extent of audit of traffic accounts prescribed in Para 9 and 45 of the MOI refers to major and minor stations. Major stations are taken to be those for the check of which the traveling inspector of accounts' takes more than eight days. All other stations are to be treated as minor.

14.2.2 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 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.

14.2.3 The particulars of selection made by Audit Officer (TA) Ajmer for check of local traffic should be advised to Audit Officer (FTA) Delhi Kishanganj for carrying out the necessary checks in respect of foreign traffic. After completion of audit, the audited figures should be advised by Audit Officer (FTA) Delhi to Audit Officer (TA) Ajmer for checking the same with the figures as appearing in the Station Balance Sheet audited by the latter.

14.3 General Procedure of Audit at Headquarters

14.3.1 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 to audit vis-à-vis internal check in the matter of availability of records.

14.3.2 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/goods and through traffic audit coaching/goods in the Appendix to the MOI are given in the following paragraphs:

14.4 Audit of Ticket Collector's Report

14.4.1 The highest numbers of local printed tickets shows as collected in the Ticket Collector's Report of the Station selected for audit in any month will be compared with the numbers accounted for in the respective passenger classification of the station of issue, the comparison being limited to the passenger classification of the stations selected for audit.

14.4.2 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 21-5 Accounts Code Vol.II)

14.5 Salient features of computerized procedure of preparation of passenger accounts

See Para 1620-167-RAM

14.5.1 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 Card Season Tickets

Part II(a) Blank Paper Tickets
(b) Blank Season Tickets
(c) Other Misc. Tickets

14.5.2 Audit of classification of passengers

14.5.2.1 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-AII).

14.5.2.2 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 season 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.
(Para 2111 to 2113 A-II)

14.5.2.3 It should be seen that the fares of tickets issued (Both printed and blank paper) are correctly charged and calculated at the rate given in Coaching Tariff Pt.II, that the concessions of deductions in fares are duly authorized, that the minimum charges for each compartment or special trains are not infringed, that all certificates, privilege ticket orders, letters of concession, military requisition, police warrants etc. are duly filled in and correctly issued by competent authority and that they are in themselves valid. The charge for reserved carriages and special trains should receive special attention and it should be seen that the minimum charges prescribed by the Railway Board are implemented.

(Paras 2114 to 2116 and 2124 A II)

14.5.2.4 A test check over Indents for the passenger tickets is not necessary in view of the checks prescribed for passenger classification and the checks over tickets stock books and indents at local inspection.

14.5.2.5 While checking requisition etc. of high officials, it should be seen that the orders contained in paragraph 2145 AII regarding the apportionment of fares of persons traveling with high officials in reserved accommodation are observed.

14.5.2.6 After the entries in the classification have been checked, the total of each page should be checked and verified into the general summary.

14.5.2.7 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 on 'PALL CARDS TAPE'

The periodicity of these checks should conform to the periodicity with which the programme are 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.

14.6 Computerisation of Passenger Reservation System

The computerization of Passenger Reservation System has been introduced on W. Rly. At Bombay Central and Churchgate (GLOB) station. 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 computerized 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 alongwith daily statement of non-issued computer printed tickets. Under computerized 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 in support of issue of tickets at concessional rates are also sent to accounts office alongwith daily/monthly statement. Necessary check should be exercised mutates mutandis.

14.7 Audit of warrant & credit notes

14.7.1 See Note 2 under paragraph 10 of the Memorandum of Instructions.

14.7.2 In auditing there vouchers the instructions contained in paras 2730, 2904 and 2905. All for internal check may be borne in mind.

14.7.3 The check of commission charges on warrants and credit notes should be conducted with reference to the provisions in paragraphs 2911 to 2917 A-II.

14.7.4 The audit of returns in connection with the above should be conducted as per rules and rates in the Indian Railway Conference Associations Publication on Military Traffic Rules. It should be seen that correct fares are passed and that under and overcharges detected and recovered by stations are noted in the station returns.

14.7.5 In the case of troop (extra) trains it should be seen that the charges due for the accommodation supplied are in accordance with the number of vehicles attached to the special trains as shown in the composition statement. The entries in the returns should, also be compared with those in the collected soldier's tickets, and it should be seen that the ticket numbers accounted for in the return are in serial order and that the commencing numbers tally with in closing numbers in the previous month's return.

14.8 Audit of excess fare tickets & returns

The entries should be compared with the accounts foils of excess fare tickets and verified with the collected excess fare tickets and guards certificates and verified with the station returns. It should be seen that the current month's commencing number tallies with the previous month's closing number, that the numbers of subsequent issues are in

serial order, that each excess fare ticket book is completely accounted for that the fares are correct, that penalty charges are correctly recovered as per rules and that undercharges have been duly debited to the stations. The total in the return should be checked completely.

(See para 2150 to 2160 A II)

14.9 Audit of returns of luggage, horse carriage and dogs

The entries in the return should be compared with the respective collected tickets. In the case of luggage ticket, the free allowance should be verified by reference to accounts of passenger's tickets in the classification. In the case of unbooked luggage, it should be seen that free allowance is allowed as per rules.

(See paras 2202 to 2207 A II)

14.10 Audit of inward 'To-Pay' parcel abstracts including audit of P.W. Bills.

See Paras 2213 to 2221 A II

14.10.1 The guard foils of Inward 'To-Pay' P.W. Bills are received in the accounts office from destination stations. The freight charges on PW Bills should be checked according to weight, description of articles and condition of booking e.g. railway risk or owner's risk pre-payment of freight etc.

14.10.2 In case of return of empties, if contents and particulars of original booking are omitted to be shown in the way bills and freight is calculated at the reduced rate, the charges should be calculated at the normal parcel rates and the difference debited to station concerned.

14.10.3 It should be seen that the PW Bills accounted for in the abstracts but not received in accounts office have been called for from the destination station and checked.

14.10.4 The To-pay totals in the abstract should be checked and the total of each abstract checked into summary. The grand total in the summary should also be checked.

14.10.5 The outward and inward summaries relating to To-Pay traffic should be compared item by item.

14.11 Audit of Outward Paid P.W. Bills

See para 2229 A-II

The outward paid parcel way bills (Accounts Foils) should be checked in the same manner as inward 'To-Pay' way bills.

14.12 Audit of return of demurrage on vehicles, wharfage on luggage and parcel's storage, left luggage and lost property fees

14.12.1 The number of days charged for and the amount realized should be checked in accordance with the rules and rates published in the Coaching Tariff Part I.

14.12.2 In the case of left luggage, the commencing number of the left luggage tickets should be verified with the closing numbers in the previous months return and it should be seen that all tickets between the commencing and closing numbers have been accounted for. (This cannot be done in all cases, as the tickets are accounted for as and when left luggage is delivered).

(See para 2208 to 2212 A-B)

14.13 Audit of Telegraph Returns

(See paras 2244 to 2257 A II & Note below Para 171 RAM)

14.14 Audit of Coaching Balance Sheets

See chapter XXVII-AII

14.14.1 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 difference, 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'.

14.14.2 On the credit side, the cash remittance should be checked with the cash check sheets and the amount of 'station pay orders' and 'vouchers' etc. with the various vouchers received and special credits such as credit on account of re-booked parcel, parcels sent to Lost Property Office, credits authorized 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.

14.14.3 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.

14.15 Audit of Invoices

See para 2306 A II & Para 161 A of IRCA goods Tariff Part I (Vol.I)

Freight charges on all invoices received from the stations selected for audit should be checked in regard to the classification of goods, packing conditions, prepayment of freight, weight charged, railway's or Owner's risk, rates and calculations, minimum charge, etc. in short bearing in mind all conditions that go to determine the freight leviable.

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14.16 Simplified procedure and computerization on goods accounting

14.16.1 (a) Simplified procedure:- The main features of this scheme are as given:

- (i) A copy of all invoices issued are collected for each forwarding station by couriers
- (ii) Abstract of all traffic booked to a station during a month from all other stations are prepared by machines.
- (iii) Copies of these abstracts are sent to each destination station in time to take debit in its balance sheet for all the traffic booked to it in any particular month.

(b) Computerisation: The significant operations in the computerized applications are as under.:

- (i) After the invoices are received in the Accounts Office, their continuity rates and other charges are checked by the rate checkers and freight code and other charges code entered on the invoices.
- (ii) Codification of the invoices regarding card code, commonly code, gauge code, via-code, 'station to code is done.
- (iii) Punching and verification of cards on the basis of invoices so codified.
- (iv) Daily scrutiny of punched cards through the computer for continuity of invoice numbers within a lot and for punching errors.
- (v) Card to tape conversion of punched card and preparation of
 - (a) Monthly incorrect statement
 - (b) Outward abstracts
 - (c) Paid on charges statement
 - (d) Paid statement

14.16.2 Review of monthly incorrect statements

In addition to tracing the undercharges noticed as a result of check of invoices in the incorrect statement, it should also be verified that action has been taken by the accounts office to issue error advices etc. to the stations concerned.

14.16.3 Check of continuity of invoices

Continuity of paid invoices should be verified with reference to the register of paid invoice books supplied to the stations and the number of 'To-Pay' invoices should be checked with the commencing and the closing numbers given in the covering memo (forwarding memo) received in accounts office from stations. Continuity should also be checked by comparing the first entry in the current month's paid statement with the last entry in the previous month's paid statement both for 'Paid' and 'To-Pay' invoices.

14.16.4 Check of S.W.A. Invoices

Invoices marked for weighment enroute should be checked both with reference to the accounts foil of the invoices and the converted abstracts of the stations selected for audit. Checks prescribed in para (4) of CAG's letter No.1941-RAI/8-6/71 dated 10.6.71, regarding check of S.W.A. Invoices, should also be exercised.

14.16.5 in order to ensure the integrity of the processing of data under computerized 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 raid statement and the outward abstract programmes.
- (iii) The machine prepared statement 'Continuity Check of invoices' should be agreed with the station memo of invoices and the register of missing invoices in respect of the selected stations.

14.16.6 The action taken by accounts office on entries linked into the MPA (converted Abstract) by the destination stations should be verified in respect of local/foreign traffic with reference to the original invoices themselves and it should also be ensured that the withdrawal of debit was correctly advised.

(See paras 2324 to 2333 of A-II)

14.17 Audit of Abstract of overcharges

The entries in the list of refunds of overcharges granted at the time of delivery of goods/parcels should be checked as to the freight charged, with the connected invoices/P.W. bills. It should also be seen that a suitable remark as to the refund of the overcharges has been given in the converted abstracts (MPAs) To Pay parcels Abstract) to prevent the possibility of a second claim in respect of the same invoice/P.W. bill being passed again.

(See Para 2403 A-Ii)

14.18 Audit of wharfage & demurrage returns

It should be seen that full particulars required by the columns of the form have been given, that the number of days charged and the rates applied are correct as per rules in Western Railway Supplementary Goods Tariff in force, that the amount has been correctly arrived at, that the charges have been accounted for in the month in which they are collected and that short collections have been debited to the stations where necessary.

(See Para 2343 A-II)

14.19 Audit of Goods Balance Sheet

This is done on the lines similar to those explained for audit of coaching balance sheet vide para 14.14 above.

14.20 Audit of apportionment of earnings between the main, out agencies & branch lines

See Item No.II under ;Local Traffic Audit Coaching/Goods' in Appendix to M.O.I. The instructions contained in para 171 7 172 of Railway Audit Manual may also be seen.

14.21 Audit of remission & refunds of wharfage and demurrage charges Extent of check

See item No.IV under ;Local Traffic Audit Coaching/Goods' in the MOI. The instructions contained in Para 173 of Railway Audit Manual may also be seen.

Cases selected for audit should be checked to see that all remissions have received the approval of the competent authority, that the credits have been passed in the balance sheet after ascertaining whether the station has accounted for the charges in its returns. Files dealing with the remission not available at Ajmer are reviewed in the office of the CCS-Bombay and DRM (Commercial) Office periodically.

14.22 Audit of handling bills

See item No.V under 'Local Traffic Audit Coaching/Goods' in the MOI.

14.22.1 In the test check of goods handling bills, the following points may particularly be kept in view:-

(i) (a) Outward traffic:- The weight shown in the paid statement in the column handled by the Railway should be utilized for the check of handling bills.

(b) Inward traffic:- The weight shown in the handling bills is to be verified with that shown in the machine prepared abstracts returned by the destination stations after comparison with the delivery books.

Where any entry appearing in the machine prepared abstracts is deleted by the destination station with the remarks that the account of the relevant invoices was made in the previous month's abstract, necessary verification should be made with reference to the previous month's machine prepared abstracts.

(c) Foreign traffic (i) The weight claimed for foreign traffic, if any, in the handling bill should be advised to Foreign Traffic Audit Office, Delhi Kishanganj for verification.

(ii) Other checks prescribed in paragraphs 3002 to 3004 of the Indian Railway Code for the accounts department may also be exercised over the bills as a whole. Apart from the deductions given under items 1 to 9 of the para 3003 bid, it should also be seen that deductions are made for the weight of local packages received through road vans paid at wagon rates. The usual checks prescribed for pay orders should also be exercised on the consolidated pay order issued for the total amount passed for payment in respect of each handling bill.

(iii) The rates should be checked with the rate register kept in H.B. section (Goods) of the traffic accounts office. The contracts may be referred to see that entries in the register are correct.

14.22.2 Besides the regular handling bills, certain extra bills for special handling done in the case of transshipment of goods from sick into sound wagons, adjustment of load of wagons enroute or checking of suspected seal broken etc. wagons are also received duly countersigned by the Divl. Railway Manger (Commercial). Such bills should be scrutinised to see that:

(a) that where sanctioned rates are in force, special higher rates have not been allowed, for similar services.

(b) that the work for which payment is claimed is not as is covered by a lumpsum payment allowed to the same or another contractor at the station concerned,

(c) that there is actual evidence of such work having been done.

14.22.3 In the case of bills for transshipment, the checks prescribed in para 3006 A-II may be exercised in respect of the stations selected (if any of these happen to be transshipment points). These bills should also be checked upto the stage of payment as in case of other handling bills.

14.23 Audit of Compensation for Goods, Parcels lost etc.

See item No.VI under local traffic audit coaching/goods in the MOI Para 174 RAM and paras 2732 to 2736 A-II.

14.23.1 As a measure of convenience these are being audited in the head office. The pay orders relating thereto are, however, checked in T.A. Section, Ajmer vide item IV 21 under central audit in the M.O.I.

14.23.2 All cash orders selected for audit should be scrutinised monthly to see that the payments have been made within the period of currency of the cash orders, that the

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amounts have been correctly acknowledged and duly stamped where necessary, that where payments have been made to nominees, proper authorities (duly translated or transliterated into English where necessary) have been attached to the cash order and that in case of persons signing on behalf of a firm the designation of the person signing is given.

14.23.3 A statement of the cash orders checked should be sent to the compensation claims audit section, head office, not later than the 5th of each month showing number 7 date of the cash orders, amount, name of party to whom paid and particulars of file number of the CCS Office to enable the head office to audit the compensation claims cases.

14.24 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 bonafide traffic accounts transactions. Any abnormal entries of outstandings should be taken up. In the analysis of traffic book balances in Part 'B' it should be seen that their resulting balances tally with the unpaid balances of accounts current.

14.25 Audit of Rebate of Freight

See Item No.VIII under 'Local Traffic Audit Coaching/Goods in the MOI.

Instances where the rebate in freight is sanctioned by the Railway Board from time to time are recorded in the programme selection register. The selected items should be checked to see that the rebate has been allowed in conformity with the instructions of the Railway Board in each case.

14.26 Audit of refund lists & overcharge sheets.

See Item No.XII under 'Local Traffic Audit Coaching/Goods' in the M.O.I. & Para 176-RAM.

All the refund lists and overcharge sheets in respect of which credits have been taken by the Stations in the balance sheet of the Stations selected for check should be scrutinized alongwith the check of the respective returns. It should also be seen that overcharge sheets have been certified by the competent authority. When in connection with a particular station a large number of overcharge refunds of similar nature are noticed, the reasons therefore should be cautiously investigated.

14.27 Audit of register of miscellaneous receipts

See item No.XIII under 'Local Traffic Audit Coaching/Goods' in the MOI.

14.28 Audit of Cashier's Station Cash Book

See Item No.XIV under 'Local Traffic Audit Coaching/Goods' in the MOI.

All the cash remittance notes received from the stations for the selected day may be obtained and compared with the cash check sheets to verify the accuracy of the amounts acknowledged. Total of the individual sheets are proved and checked with the summary sheet which is then checked with the cash book maintained Asstt. Chief Cashier, Ajmer in respect of cash remitted to cash office, Ajmer. Lists of cash remitted to cash office, Bhavnagar Para, Ratlam and Bombay are sent to divisional audit office, Bhavnagar Para, Ratlam and audit Officer (BB) Churchgate respectively every month for verification with the cash book maintained there.

14.29 Audit of Traffic Suspense Accounts

See Item No.XV under 'Local Traffic Audit Coaching/Goods' in the MOI.

14.29.1 After the accounts for march are closed the balance under heads Traffic Accounts (Station and AOB sheets) Foreign Railways and Deposit Private Companies should be verified with those in the general books as communicated by the Chief Accounts Officer, Bombay. Any important differences between the two sets of figures should be investigated.

14.29.2 It should also be seen that all items are current and efficient and likely to be cleared by recoveries or adjustments.

14.30 Audit of rate circulars and tariff changes.

See item No.XVI under 'Local Traffic Audit Coaching/Goods' in the MOI.

The rate circulars should be put up monthly to the AuO (TA) Churchgate 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) Ajmer/Delhi Kishanganj should bring to notice of Audit Officer (TA) Churchgate any special rates (station to station rates, rates for container service, rates for freight forwarders etc.) charged but not notified through rate circulars.

14.31 Audit of Terminal Tax and other charges payable to Local Bodies

See Item No.XVII under 'Local Traffic Audit Coaching/Goods' in the MOI, Para 178-RAM.

14.31.1 Pilgrim Tax: Instructions contained in Para (2) of CAG's letter No.1941-160 RAI/8-6/71 dated 10.06.1971 regarding changes in Audit procedure consequent upon computerization of account of traffic receipts should be borne in mind. The amount of tax payable is calculated on the basis of passengers, typewise and classwise, and the prescribed rate of tax to be levied from time to time. The figures are then extracted in statements and summarized in a register for each station which shows also the net amount payable to the municipality after deducting the commission.

14.31.2 The payment of pilgrim tax payable to the municipalities is verified at the time of passing journal vouchers. The check of this item is, therefore, included in Item IV-22 under central audit in the MOI. Apportionments, if any, for pilgrim tax in the passenger classifications of the stations selected for audit should be checked and traced in the extracting statements monthly and the total of the extracting statements traced into the register maintained by the accounts office.

14.31.3 The percentage leviable and charges for stationery and forms are as shown in Annexure 'A'.

14.31.4 A review should be made annually to see whether the cost of the staff employed in traffic for this work is fully covered by the commission received.

14.31.5 Terminal Taxes levied by the Govt. Terminal taxes levied by the Govt. of India under Article 269 (i) of the constitution of India are required to be certified by the C&AG. The net proceeds of terminal and pilgrim taxes levied by the States or Municipalities prior to the commencement of the constitution and validated under article 277 ibid do not require any prior certification by the C&AG until they are superseded by new legislation in Parliament when only they will come within the scope of article 279 (1) of the Constitution. Prior to the certification by the C&AG of the taxes leviable under article 279 91) ibid, the Director of Audit is required to countersign certificate of the Admn. to this effect that the accounts of the particular month in question or of a particular place of pilgrimage or mela traffic as the case may be for notified stations are also rounded off like other stations, the taxes are not collected separately in respect of notified stations. The statements therefore, show only the amount computed at prescribed rates for payment to the state Govt. towards pilgrim tax.

14.32 Audit of returns of tourist agents

See item No.XIX under 'Local Traffic Audit Coaching/Goods' in the MOI.

14.32.1 The continuity of numbers of the tickets accounted for is verified. For this purpose, the commencing numbers should be verified with the closing numbers of the last month. The correctness of charges and the accuracy of totals should be checked and it should be seen that nothing more than the commission at fixed percentage is deducted on the fares charged.

14.32.2 The security deposits paid by the tourist agents are adequate with reference to sales returns.

14.32.3 There is no delay in the submission of returns and remittances by the tourist agents. The tourist agents are required to render their accounts monthly and should remit the sale proceeds and submit their sales statements within five working day after expiry of each fortnight.

Railway Board's letter No.TC/II/2025/65 dated 19.07.1967.

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14.32.4 There are no outstandings of sale proceeds of railways tickets lying against the tourist agents for unduly long period.

14.32.5 The stock registers are maintained by the accounts office and kept upto-date and that large sock of tickets is not allowed to remain with the agents for unduly long period.

14.32.6 Error sheets not cleared by remittance of cash by the tourist agent are being entered in the objectionable items register in the accounts office.

14.33 Audit of statement of apportionment of earnings from interchanged telegrams booked in Railways Telegraph Offices.

See Item No. XVIII under 'Local Traffic Audit Coaching/Goods' in the MOI. The instructions contained in Note/1 under para 171 of Railways Audit Manual may also be seen.

14.34 Audit of returns submitted by Travelling Ticket Examiners

See Note (iv) of Item 1 under Local Traffic Audit coaching/Goods in M.O.I.

14.34.1 The commencing number should be verified with the closing number of the last month and the continuity of the numbers checked to ensure that all the tickets issued have been accounted for. Receipts cancelled (Accounts Foils) should be verified with the cancelled receipts (Passenger Foils) submitted by the TTE. In case of penalty charges, it should be seen that the name of the station at which the penalty was charged has been given. Where no penalty has been charged, it should be seen that guard certificate have been submitted and that these are in themselves valid.

14.35 Audit of statement of siding charges

See item No. XX under 'Local Audit Coaching/Goods in the MOI

With effect from 1-7-87, no siding charges are leviable on notified sidings when a train runs through to or from the siding with railways locomotive or originates from or terminates in the exchange/peripheral yard provided by the siding holder. Freight charges on the train load traffic are levied upto the siding/exchange yard on through distance basis. Following points should be seen during the audit of siding statements:-

- i. An agreement exists for each siding
- ii. The charges have been calculated according to the agreement and the rules in force
- iii. In the case of detention to wagons beyond free time demurrage charges have been levied
- iv. In should be seen that there is no modification or changes in the layout of the yard of the siding or yards serving the same necessitating revision of the siding/placement charges.

(Railway Board's letter No. TC1/1089/74/2 dated 19-6-1976)

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14.36 Audit of special Items

14.36.1 During audit of statement of write-off of irrecoverable station Debits, the reasons for the write off should be scrutinized to see that the sanction of competent authority has been obtained in each case and that the propriety of the sanction is admissible in audit.

14.36.2 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.

14.36.3 Audit of special Trains
The Director of Audit has ordered a special check of this item in addition to the check exercised through passenger classification in the course of check of station accounts selected for audit in a month. The accounts officer, Ajmer maintained a register showing special trains run from time to time.

14.36.4 Audit of Revenue Abstracts X,Y 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.

14.36.5 Audit of Crane Charges
These are to be checked in respect of the accuracy of charges with the rates prescribed in the staff and the account of the amount into the debit side of the station balance sheet.

14.36.6 Audit of Bombay Port Trust 'Railway Terminal Charges'
As the loading and unloading work is done and paid by the Bombay Port Trust Railway, the amount of terminal charges included in the ordinary rate is paid to the Bombay Port Trust Railway for the terminal service rendered by them (Railway Board's letter No. 6260/TC dated the 12th March' 1951 revised from time to time). The amount of payment should be checked with the paid statements and machine prepared abstracts of the Bombay Port Trust Railway and the amount verified with the paid vouchers. Terminal charges paid on the foreign traffic (goods and coaching) should be got verified by the audit officer (FTA) Delhi Kishanganj).

14.36.7 Audit of Postal Bills
Three kinds of bills are prepared by the accounts office against the postal department. These are:

- (i) regular or extra accommodation bills
- (ii) regular dispatches under weightment system, and
- (iii) bills for occasional dispatches of mails and haulage of extra train accommodations supplied it should be seen that the provisions contained in Chapter XVI of Commercial Code. (Revised edition 1961), have been observed and that the charges at the current rates have been correctly worked out in the bill. The accommodation charges

for in the bills rendered should be checked with the accommodation actually supplied as per statement furnished by the station master/Divisional Railway Manager(Commercial),

14.36.8 Audit of unpaid military official telegrams handed over at railway stations

The message by the movement, control units are issued only from Bombay Central and are endorsed 'Debit army' in red ink. It is to be seen that the commission charges are recovered at the rates prescribed from time to time.

14.36.9 Audit of Carting Bills

The selected bill should be checked with reference to the received and forwarded abstracts and summaries. The rate may be verified with the relevant clause in the agreement with the carting agents.

14.36.10 Review of Inspection Reports of Stations Inspections

The last filed inspection report submitted by the Travelling Inspection of accounts by Travelling Inspections 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 Inspection 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.

14.36.11 In the audit of Bills for Hire and Haulage on Rolling Stock lent to the Defence Department and Railway Departments it should be seen that the bill has been correctly prepared and that there is no unusual delay in the recovery of bills preferred by the Railway.

14.36.12 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 outstandings should be commented.

14.36.13 In the case of audit of rejection statements received from defence department. A general review, will be conducted of these statements (Ad-vices of credits) should be conducted to see that

- (i) no items are omitted by the Controller of Defence Accounts, (Factories) Railway Section, Calcutta.
- (ii) claims for the discrepancies noticed in local as well as foreign traffic have been preferred against the Controller of Defence Accounts (Factories) Railway Section, Calcutta.

14.37 Audit of items falling under Central Audit

From 1st August '1957', the traffic accounts office at Ajmer started functioning as a separate and independent unit for purpose of drawing cheques for expenditure and maintaining all ancillary records and general books connected therewith. Consequent on this, the audit of items of central audit is also required to be done by traffic audit section.

14.38 scrutiny of larger contracts and tenders and review of completed contracts

The traffic audit section, Churchgate reviews contracts and tenders executed by the Chief Commercial Supdt., the bills in respect of which are checked by the Chief Office of the Principal Director of Audit, Western Railway, Churchgate

Commercial Supdt., the bills in respect of which are checked and passed for payment by the Dy. CAO(TA);s Office, Ajmer.

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, Churchgate, the divisional audit offices should similarly review the contracts entered into by the divisional officers under the powers delegated to them.

14.39 Audit of statement of indentity card-cum-Railway passes to the members of Parliament

The entries in the statements prepared by the Dy. CAO(TA), Ajmer showing the cost of vouchers for submission to the Lok Sabha Secretariat and Pay and Accounts Officers Rajya Sabha, New Delhi should be checked monthly alongwith the vouchers concurrently i.e. before the vouchers leave the accounts office to the prescribed extent.

(Authority: Director of Railway Audit's letter No. R-10-4/51111, dt. 1-7-1955)

14.40 Review of productivity of capital works- New Branch Lines

The traffic audit branch is responsible for the audit of figures of earnings furnished by Dy. CAO(TA) Ajmer. The check of the earnings will be done on the following lines:

Check of summaries, departmental and general with the extracting sheets to be done completely and totals of extracting sheets to be test checked to the prescribed extent.

(ii) The earnings as exhibited in the extracting sheets should be generally reviewed in the light of instructions contained in Para 246 F1 and other subsidiary instructions. It should particularly be seen that the additional earnings of the existing lines arte attributable to the earnings solely arising as a result of the construction of the new lines and due allowance is made for short circuiting and diversions etc.

(iii) Postings of the extracting sheets from the initial records may be test checked including checking of apportionment to the prescribed extent covering different sections. The items selected for test check should not fall below the minimum percentage prescribed for that purpose and the test check should be applied to entries on each sheet. The month for which the test check is to be exercised will be selected by Deputy Director of Audit, Ajmer. (Authority: Director of Audit's order dated 11-12-1961 on File No. SA/TA/VI/3).

14.41 Audit of railway material consignment note (RMC? Ntes) and review of registers pertaining to RM Traffic

Railway material traffic does not come under the purview or simplification of traffic accounts procedure. The check of RMC notes and the bills should be done concurrently in respect of the stations selected for audit. While checking these RMC notes, instructions given in paras 3402-AII should be borne in mind. It a should particularly be seen that in cases where either the consignor or the consignee is a non-railway party, the same has been specially permitted by the Railway Board.

During the review it should be seen that the total of RM Traffic as per forwarded abstract is tallied with the bills preferred and necessary certificate of reconciliation is recorded in the bills register maintained by the accounts office. It should also be seen that the total of freight charges billed for as per bills register acknowledgments from FA & CAO (EXP) and DAOs have been duly received. It should also be seen that prompt action is taken to clear old outstanding items.

14.42 Check of wagons registration fees

The statement of wagon registration fee collected, refunded forfeited should be checked with reference to 'Debit and Credit' in the balance sheet. In respect of amounts refunded it should be seen that the amount had been originally deposited and that the receipt given to the party is collected in support of the credit taken.

14.43 Review of demurrage charges due from big firms

Wharfage and Demurrage charges outstanding against big firms should be specially scrutinized at the end of each financial year. The review should be carried out in the month of October each year after obtaining full particulars from the FA & CAO (T). Important cases which after investigation present interesting features justifying comment in the Railway Audit Report either individually or alongwith similar cases should be reported to the C & AG.

14.44 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 on 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, passenger classification, wharfage and demurrage 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 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-RAII/T-17.26/57/KW dated 28.10.1958)

14.45 Polling traffic arrangements

The scope of audit required to be exercised in conducting the annual general review of this item is laid down in Para 179 of RAM. Such arrangements wherever existing should be scrutinized with a view to seeing that the interest of the government as a whole is not appreciably affected and that the distribution of earnings between the parties concerned is done on a fair and equitable basis. For this purpose, the files of the railway administration should also be reviewed to see whether over a period of years the

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arrangements have not been operated unfavorably to any party justifying a revision of the terms originally agreed upon.

(C.A.G.'s letter No. 706-RAII/T-17-45/62, dated 21.3.1964)

14.46 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 contractors bills tally with those in Parcel Way Bills, invoices or abstracts etc.
- (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 19.08.1968)

14.47 Review of Accounts Office work

See Para 9.36 of this Manual and Chapter V of M.O.I.

14.48 Review of Appraisal Reports of Container Service

An annual review of the appraisal reports of the container service and of the Freight Forwarding Scheme-which are of recent innovation on the railway should be conducted in audit. The purpose of the review is to see whether the return on the capital invested as anticipated has been realized or not. (C/f P.A.C's recommendation No. 4 contained in Para 1. II of 109th Report of the PAC (1973-74). The following further points should also be kept in view while conducting the review:

- (i) Maintenance and depreciation charges on the newly built containers have been correctly taken into account. Electricity and telephone charges etc. incurred in respect of terminal buildings have also been included.
- (ii) Cost of RPF-Staff posted in the container terminal building and proportionate cost of staff in commercial department etc. for this service have been taken into account.
- (iii) Cost of documentation and marshalling at certain yards reroute have been charged fully.
- (iv) the unit cost of maintenance of container flats and line haul costs have been worked out correctly.
- (v) Life of the reconditioned BFRs used as container flats have been prescribed correctly and not as for the new ones.
- (vi) Cost of haulage of box wagons used to meet the shortfall in container flat has been reckoned correctly.

14.49 Review of Concessions granted by G.M.

The General Managers of Indian Railways have been delegated powers to give concessions in individual cases as also to waive detention charges of special coaches etc. The justification for the sanctions issued should be examined yearly and a report assessing the financial effect of such concessions sent to AUO (Co-ord) by June every year.

JD (Rlys)'s D.O.No. JD (Rly)/Confdl-6/72 dated 17.2.73)

- (i) Bills (Pay and Accounts Officer's bills) (Monthly)
- (ii) Monthly account current, with schedules and journal

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- (iii) Ledger (Monthly)
- (iv) Miscellaneous pay orders (refund of security deposits etc) and other pay orders not falling in any other category (monthly)
- (v) Reconciliation of C.O.6 and C.O. 7 registers (half yearly)
- (vi) Review of Headquarters and Divisional transfers (Yearly)
- (vii) review of balances (Yearly)
 - (a) Cheques & bills
 - (b) Accounts of states
 - (c) Reserve Bank Suspense etc.
- (viii) Debt head balances under 'Deposit miscellaneous' (Yearly)
- (ix) Reconciliation of subsidiary registers with General books
- (x) Deposit unpaid wages (amount remaining unpaid in respect of Cheques drawn for handling etc.) (monthly)
- (xi) Divisional paymaster's cash book for Dy. CAO (TA)'s portion (yearly)
- (xii) Acquittance of D.P. Ms Cash Book (Yearly)
- (xiii) Register of irregularities and losses (Quarterly)
- (xiv) Register of overpayments waived (Quarterly)
- (xv) Objectionable items register (Quarterly)
- (xvi) Register of Security deposits which includes indemnity bonds (Quarterly)
- (xvii) Review of Court judgments and Arbitration awards (Monthly)
- (xviii) Check of journal vouchers with adjustment memo (Monthly)

CHAPTER – 15

Station Inspection

15.1 Scope of Audit

See Paras 414, 439 and 440 – Railway Audit Manual, Para 66 and item XI – Local Traffic Audit :- Coaching /goods – M.O.I.

The station inspection of the stations on Western Railway is distributed between traffic audit office, Ajmer, and traffic audit office, Churchgate. The office at Ajmer is entrusted with the inspection of stations falling on Ajmer, Jaipur, Kota, Ratlam Rajkot and Bhavanagar Divisions and the office at Churchgate is entrusted with the inspection of stations falling on Bombay and Baroda Divisions. The traffic Audit unit at Churchgate was established from 22.4.1974 and prior to that all the station inspection were carried out by the traffic audit office at Ajmer.

15.2 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 as well as co-ordination section at Churchgate 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.

15.3 Programme of inspections

The detailed station 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 Director of Audit, The inspection programme of stations should be kept strictly confidential so as to ensure the element of surprise for such inspections.

15.4 Item to be seen during inspection

Details of items of work to be during station inspection have been standardized under CAG's letter No. 470/RA III/8-7/86, dated 4.8.1987 and a list of these items with suitable modifications approved by Director of Audit is maintained in the section. In the case of marshalling yards, transshipment points etc. the items to be checked are listed in Additional Deputy Comptroller and Auditor General of India (Rlys)'s letter No. 1269-A-590/RAI/8-11-73 dated 22.5.1974.

15.5 Computersied reservation system

In respect of stations having Computersied reservation system, guide-lines for checks to be exercised by Travelling Inspector of Accounts are given in Dy, CAO (TA) Ajmer's letter No. G 143/Insp./11/88 dated 2.9.1988. These guidelines may be adopted in audit also to the extent they meet the audit requirements of conducting an effective check on the computerized reservation system.

15.6 General procedure of Audit during local inspection

15.6.1 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 ascertained, 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.

15.6.2 Verification of cash

On arrival at the station, the total cash in hand including imprest money, all coupons, warrants, credit notes, pay orders, jail and place requisitions, PTOs and other cash vouchers must be counted in the presence of the station master or the head booking/head parcel/ head goods clerk, as the case may be. The stamped indemnity bonds should also be counted and their details with value should be recorded in the cash books below the entry 'cash in hand'. 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 realized for the identify cards, time tables and tariffs has been duly remitted. The cash of each branch should be counted separately and the amount written in words and figures in the respective cash books and signed by the Station Master or clerk incharge. Care should be taken to see that the cash of one branch is not utilized 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.

15.6.3 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 issue should be intialled with date, before starting the check there of.

The excess fare ticket, luggage ticket, carriage horse and dog ticket, clock room and left luggage tickets, blank and other paper tickets and vouchers, way bills, invoice DTCBs etc.

The last entry in each book should be ruled off and balanced. Subsequent entries should be recorded below the line. As "To-pay" parcels/goods do not at a given time represent all cash transactions, in order to ascertain the accuracy of the accounts it is necessary, that the Auditor should see that the total amount 'to-pay' parcels/goods received corresponds with the cash remitted and the undelivered parcels/goods outstanding on hand. For this purpose a balance sheet should be PREPARED IN form (1,2 &5).

15.6.4 Closing of books of account and preparation of balance sheet.

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The excess fare ticket, luggage ticket, carriage horse and dog ticket, clock room and left luggage tickets, blank and other paper tickets and vouchers, way bills, invoice DTCBs etc.

The last entry in each book should be ruled off and balanced. Subsequent entries should be recorded below the line. As “To-pay” parcels/goods do not at a given time represent all cash transactions, in order to ascertain the accuracy of the accounts it is necessary, that the Auditor should see that the total amount ‘ to-pay’ parcels/goods received corresponds with the cash remitted and the undelivered parcels/goods outstanding on hand. For this purpose a balance sheet should be prepared in Form (1,2 &5).

15.6.5 Inventory of goods and parcels on hand

A complete list of goods and parcels on hand should be prepared and signed jointly by the Inspecting and the station staff. The list should show the following: -

Goods:- Station from, No. of packages, reference to invoice and marks.

Parcels and Luggage:- Station from, PW Bill of luggage ticket no. and number of packages.

These lists should be compared with the delivery books. This will assist in detecting the following irregularities:

- (a) delivery of consignments and retention of freight charges collected.
- (b) delivery of consignments in advance of receipt of freight.
- (c) Delivery of part consignments.
- (d) Unlooked inward consignments lying at the station.
- (e) Consignments warehoused within the station premises after delivery and without levy of wharfage.
- (f) Consignments lying at stations which have been booked to some other station.
- (g) Under invoicing of goods and wrong deliveries.

15.6.6 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 daay’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 n the daily trains cash0cum-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 clerkage charges, where due have been recovered and accounted for under the head ‘clerkage’ and reasons for non-issue 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 clerkage 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 balanced with the cash remitted. Having thus ascertained that the cash has been remitted to cover the details exhibited in the account, a 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 travellings-inspector of accounts to the date of the current inspection to see that no 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 the check laid down above should bring to light:

(i) Tickets issued but not accounted for.

(ii) Tickets issued and numbers accounted for but not the value.

(iii) Cash temporarily or permanently misappropriated 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.

15.7 Refund on tickets issued in advance

The account of tickets issued in advance and on which refund is allowed by the station, should be verified in the daily trains cash-cum-summary book and the dispatch of non-issued tickets. The correctness of the amount refunded should be checked according to the extant rules. The date and train no. by which reservation has been made and the time and date of cancellation of reservation should be verified from reservation register. It may also be ensured that the statement of refund has been prepared in the prescribed proforma, all the required particulars filled in and the refunds are acknowledged by payees.

15.8 Blank paper tickets, retiring room tickets, bed roll charges, excess fare, telegraph, soldier's tickets, luggage, horse carriages and dog's tickets

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 a few 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.

15.9 Parcels (Outward)

15.9.1 Parcel way bills issued during the period under examination should be examined and all paid items checked into the parcels and luggage cash book, where this book is maintained, otherwise into the summary or daily trains cash book. It should be seen that the printed numbers are consecutive, that the date has not been omitted and no way bills have been torn out or removed, paid items are marked accordingly and that the realizations have been remitted on due dates.

15.9.2 Parcels (Inward)

Total amount of the parcels received 'To-Pay' should be tallied with the amount remitted and the amount outstanding on un-delivered parcels. For this purpose amount of undelivered parcels shown outstanding in the last balance sheet should be taken into account. The dates of arrival and delivery should be scrutinized and it should be seen that demurrage or wharfage which accrued under the rules has been correctly accounted for.

15.9.3 Delivery Book (Parcels)

Deliveries should be checked with the cash book to see whether there are any cases of temporary misappropriation or irregular remittances. Some collected receipts should be checked with delivery books and cash book, in order to verify the amount, date of delivery and remittance.

15.9.4 Parcels cash Book

The totals should be checked at random. It should be seen that the book is closed and balanced and that the daily totals are correct. Total should be compared with General Summary. The cash book should also be examined generally for erasures and alterations.

15.10 Left luggage and lost property register

Compare the articles on hand with the entries in the register and left luggage tickets and note items of luggage on hand without issue of tickets. The left luggage tickets should be scrutinized to see that the storage charges have been correctly recovered accounted for and remitted. Luggage transferred to lost property office should be verified with the record foils of outward free way bills.

15.11 Sundry Earnings

All miscellaneous receipts, on account of ground rent, sale of unclaimed luggage and parcels etc. are remitted through the cash transmit notes of miscellaneous receipts. The counterfoils of this should be checked with the summary to see that all amounts received have been correctly remitted.

15.12 Collections of Tickets

The collected tickets should be scrutinized to see that they are stamped with the date of collection and cancelled immediately after collection before they are sent to accounts 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.14-55,dated the 16th July 1937.

15.13 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.

15.14 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 advices, 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 issue 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.

15.15 Goods Cash Book

The goods cash book should be generally examined to see

- (i) That the book has been closed and balanced at the end of each day and signed by the goods clerk and the station master.
- (ii) That the daily totals are correct. The totals for the period from last balance sheet submitted by the station upto the time of inspection and any selected four days previous periods should be checked.

15.16 Machine prepared abstract

It should be ensured that machine prepared abstract of last month available has been reconciled with delivery book and the total of machine prepared abstracts (after the adjustments) tallies with the corresponding entries in the last Balance Sheet checked. A few items appearing in machine prepared abstract should be traced into delivery books and vice-versa.

The following should be checked:

- (a) Difference in freight charges and/or weight shown in machine prepared abstract to correspond with the figures shown in delivery books. Correctness of such alternations/differences should be verified from the collected railway receipts.
- (b) The figures of additions and/or subtractions from the total of 'To-pay' & figures appearing in machine prepared abstract.
- (c) All Railway Receipts appearing in the machine prepared abstract but not taken into account in delivery books due to such railway receipt having been already accounted for in previous months or duplicate entries in the machine prepared abstract.

15.17 Delivery books (Goods)

Collected receipts should be checked with the delivery book and cash book. Correctness of freight charged should also be checked. It should also be seen that the deliveries are acknowledged in the delivery book and dates of removal are invariably recorded. Totals of delivery book should also be checked. At stations where gate passes are in use these should be checked with the collected receipts and delivery books to see that the date of delivery and removal of consignments agree and that wharfage is levied on goods not removed within the time allowed.

15.18 Register for railway materials

A few forwarding notes should be scrutinized to see that the materials booked are railway stores and not private property.

15.19 Test weighments

- (a) It is an important part of inspection duties to make test weightment of goods, parcels and inward luggage waiting for delivery. (See Form 3). Where the halt at the stations of several days duration, test weighments need not be confined to articles on hand at the time of arrival. At a station where there is a weigh bridge, a few inward loaded wagons should be reweighed.

(b) Attention should be given to parcels of perishable nature (Viz. fresh-fruits, vegetables, betel leaves etc.) and bulky articles occupying more space but weighing less which may give greater charges on measurement basis.

(c) All uncharges should be mentioned in the inspection notes.

15.20 Wharfage and demurrage

It may be seen that the charges have been correctly levied and regularly remitted. Wharfage on rebooking consignments should be checked with the returns on hand. Occasional partial inventory of a few parcels/consignments on hand should be taken and checked with the unloading tally book, delivery book and gate passes (wherever maintained) to ensure that wharfage charges have been realized wherever due.

Similarly surprise test checks should be made to see that the wagons placed for loading/unloading are recorded in the respective wagon transfer registers, date and time of placement and release recorded. It should be seen that consignors/consignees/handling contractors sign the wagon transfer registers. It should be ensured that dates and time of release have not been recorded in the transfers registers in the case of the wagons which are still in the process of loading or unloading.

A similar check should be exercised on the wagons and oil tanks placed in private/assisted sidings.

A few items in the wagon transfer register and siding vouchers/statements should be checked to see that demurrage wherever due has been collected and accounted for in the cash book.

15.21 Cash remittance notes

These should be checked with the grand totals of Coaching and Goods earnings as per cash books for the period from the last balance sheet submitted by the station upto the time of inspection.

15.22 Advice of Internal Check

See Para 2754 A-II

It should be seen that these advices are properly filed and that the last advice has been correctly dealt with by the station. A balance sheet of error advices should be prepared in Form 5 and outstandings over 3 months detailed.

15.23 Old outstandings

All items outstanding over three months should be scrutinized with reference to correspondence and accounts records to ascertain that the outstanding is genuine and

proper action is being taken for its clearance. All such items should be detailed in the report with explanatory notes. (Form 4)

15.24 Check of closed months balance sheet (Coaching and Goods)

The closed month's balance sheets (goods and 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.

15.25 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, Bombay. An inventory of posters exhibited should be taken and compared with the register to see that time expired posters are duly removed.

15.26 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.

15.27 Accounts of time tables, guides, railway service commission forms/booklets of circular tour tickets, Identity cards and other publication supplied to the station for sale to the public.

It should be seen that proper registers are maintained for the accountal of these books and forms. The accountal of their receipt and sale should be checked to verify that the sake proceeds have been correctly accounted for and remitted. The balance of unsold copies should be verified by actual count.

15.28 Retiring rooms

The retiring rooms register should be examined to see that

- (i) Retiring room tickets of correct denomination (single bed, double bed and dormitory) are quoted against the respective entries of various types of rooms
- (ii) The dates and hours of occupation and vacation are shown
- (iii) Correct charges for the entire period of occupation are recovered and remitted
- (iv) The occupant's address and signatures are recorded and
- (v) The retiring rooms are not allowed to be occupied beyond the prescribed period

15.29 Register of plots given to outsiders on rent

The register should be checked to see that:

- (i) The agreement or proper authority for leasing out the land is available at the station
- (ii) That land or plot has been properly demarcated
- (iii) There are no encroachments or unauthorized stacking on Railway Land.
- (iv) The land is used for the purpose for which and by the person or party to whom it is let out
- (v) The rent is duly recovered and remitted and particulars of remittances noted in the register.

15.30 Wagon registration fees register

It should be seen that:

- (i) The amount of registration fee for requisitioning wagon has been collected correctly and remitted and accounted for.
- (ii) The wagons have been allotted according to priority of entries in the 'Priority Register'.

The money receipt has been collected in case of refund and acknowledgement of the payee obtained both on the back of money receipt and in the Register.

15.31 Check of accounts of chief ticket inspector

It should be seen that the blank EFT Books received from the stores dept. Have been entered in the stock book and the books, supplied to the TTEs have been recorded. In case of completed books the date of completion is given and the used books are in custody. In case of transfer of partially used books between the TTEs it should be seen that suitable remarks are given in the Stock Book. The stock of un-used books should be verified. The remittances made by the travelling ticket examiners should be checked. Remittances made at the headquarters station should also be traced in the summary of coaching transactions.

15.32 Review of restrictions in booking

Restrictions imposed for booking to the station inspected should be examined to see that these were not imposed due to inefficiency of operations or of handling agency or delay on the part of consignees in unloading and taking delivery of the consignments.

Action taken by the railway administration for disposal of consignments after the expiry of 7 days upto which railway is responsible as bailee with a view to reduce or eliminate congestion may also be studied. The adequacy of action taken to remove the restriction quickly and remedial measures taken to avoid imposition of similar restrictions in future should also be reviewed.

15.33 Review of utilization of Rolling Stock

It should be seen at transshipment points that

- (i) the loaded stock of one gauge was not detained due to non-availability of matching stock of another gauge
- (ii) there was no unnecessary haulage of empties to and from the transshipment point and
- (iii) there was no under utilization of goods stock due to irrational placement and loading of wagons.

It should further be seen at transshipment or repacking points that detention to parcel vans and wagons was not caused due to inefficiency or inadequacy of supply of labour by the handling contractors. The progress report attached with the handling bills should also be verified with the basic record of placement and removal of wagons/parcel vans.

At transshipment points or marshalling yards, it should be seen that trains were formed in time and were not delayed after formation due to want of power, crew, guard or path, if so, reasons should be examined from the records of station running shed/control office.

At interchange points with foreign railways it should be seen that the goods trains were not detained or stabled short of interchange point or started late from that point.

15.34 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 17.8 and 17.9 in the chapter on inspections.

FORM 1
Test Balance Sheet of
Inward to Pay Parcels

Outstanding as per last B/s submitted	Cash remittances, upto date of Inspection
Received to pay during the month	Cash on hand, Rebookings with particulars
undercharges	O/C at the time of delivery, Current
	outstanding, Irregular outstanding .
Total	Total

FORM 2
Coaching

Admitted
 Non-Admitted
 _____ debits outstanding in _____ over 3 months

E/S No.	Date	Amount	Particulars of debit or name of persons responsible in case of admitted debits.
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FORM 3
Reweighting of Goods

Invoice or PWB No.	Date	From or to	Invoiced Weight	RT	Weight	Under Charges	Remarks
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FORM 4
Freight Outstanding over 3 months old

Invoice or PEB No.	Date	From	Amount	Reasons for Outstanding
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FORM 5
Coaching

Error Sheet Account _____

Goods

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Debit

Outstanding as per Last B/S
E/S received during the
month

Amount

Credit

Clearance by Cash Amount
Credit by TA/Accounts
Office Credit for the
amount recovered through
Salary Bills.
Outstanding
TOTAL

TOTAL

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CHAPTER - 16

Compensation Claims Audit

16.1 Scope of audit

16.1.1 Claims audit section should maintain separate registers and submit periodical returns like other auditing sections. The section should also conduct audit and reviews of items which are common to all auditing sections, as per the programme of audit. All claims for compensation on account of parcels, goods etc, lost, damaged, destroyed, deteriorated or non-delivered except the minor claims settled by Station Masters and Claims Inspectors, Area Superintendent, Ahmedabad and CCS (Claims) Jaipur as per the powers delegated to them are dealt with centrally by the Headquarters Office (Commercial branch) of the railway administration. The audit of compensation claims cases is, therefore conducted by the Compensation claims audit section in headquarters Office.

16.1.2. The scope of audit of payment made by the railway admn. Towards compensation for parcels or goods lost, damaged etc. has been outlined in para 174 of RAM. The audit of compensation cases for goods lost, damaged etc. is monthly item of review wherein important cases as selected by Director of Audit at his discretion and special investigations based on an overall review of the list of admitted claims in accordance with item VI under local traffic audit-coaching/Goods in the M.O.I. are reviewed. The selection for review and special investigation is done by Audit Officer (Claims) and confirmation thereof is obtained from Director of Audit in terms of Audit Officer (Co-ordination)'s letter No. C/Secret-1/147 of 20.11.1962 (see also para 14.23 of chapter on audit of earnings – Central Audit of this manual).

16.1.3. Court judgements in respect of compensation claim cases amounting to Rs. 5,000/- and over, which are decided against the railway admn. Should be reviewed as per the quantum prescribed vide item CA-XVII (a) of the M.O.I.

(Authority letter No. SA/HQ/C/I/25/459 dated 15.12.1965)

16.1.4. Besides the audit of payments of compensation towards parcels or goods etc. lost, damaged, the compensation claims audit section in headquarters office is also responsible for:

- (i) tracing into the register of financial advice maintained by the FA & CAO's office, all changes in rates and fares intimated by the Traffic audit section, Ajmer after having been duly audited by them and
- (ii) review of cases selected by the Director of Audit where liabilities for payments of compensation made by other railway administrations have been accepted by this railway administration.

16.2 Method of selection

16.2.1 In order that selection and review are more productive, examination of the cases need be done on the following basis:

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- (1) Commoditywise
- (2) Cause-wise. Usual causes are as below:
 - i Entire loss of consignment
 - ii Pilferage
 - iii Breakage
 - iv Leakage
 - v Damage by fire
 - vi Damage by wet
 - vii Delays, and
 - viii Other causes
- (3) Area-wise i.e. groupwise say RTM-KTT group, Ajmer-Jaipur group, Bhavnagar group, Rajkot group etc.

16.2.2. The CCO's office sends a monthly statement showing particulars of claims paid by pay orders during a month to the accounts office and a copy of the same to this office, each sheet being duly page numbered.

The necessary selection is obtained according to the accounts copy of these lists after due comparison of the same with the copy available with this office to ensure that no sheets (or pay orders) are left out. Thereafter, the cases are duly requisitioned from CCO's Office.

A further check to ensure that no pay orders are omitted from these statements is exercised by a half yearly test check of these statements with the sub-foils of paid pay orders.

16.2.3. Pay orders passed for payment of compensation claims

See item iv-21 under Central Audit – M.O.I.

16.2.4. Claims paid by cash orders and claims paid by Station Masters, Commercial Inspectors etc.

As detailed in para 14.23 of this Manual, necessary selection is obtained by the Traffic audit section, Ajmer and a statement of cash orders, after they are duly checked is sent by that section, showing there-in the number and date of cash order, amount and particulars of CCO's file. Necessary selection of cases should be obtained from this statement for review by the claims audit section.

The selected cases should be obtained from CCO's office and review completed.

The cases reviewed in respect of cash orders issued by the CCO's office should be linked with the counterfoils of the cash orders to ensure the genuineness of the cash orders.

16.2.5 Liability cases

List of cases where-in liability has been accepted by the railway administration for payment by other Railways on behalf of this Railway are available in the CCO's office. Selection of important cases should be made after a review of lists and the selected cases should be obtained and reviewed.

16.2.6 Court cases

Arrangements have been made with the CCO's Office to send to this office monthly lists of court decree cases amounting to Rs. 5000/- and above satisfied during the earlier month, under the signature of a Gazetted Officer, indicating therein whether copies of

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judgment are available on file or not. Selection for audit of court judgments according to the quantum of check prescribed vide Central Audit XVII (a) of M.O.I. is made from this list. The selected cases should be called for from the CCO's office and the review completed.

16.2.7 Claims cases settled by the Area Manager (ARM), Ahmedabad

Ordinary claims upto Rs. 8000/- (inclusive) except for coal consignments and outward/cross traffic in respect of goods, parcels, luggage booked to Ahmedabad which includes Kankaria (BG), Gandhidham (MG), Maninagar, Asarava and Sabarmati (BG & MG) are being dealt with by the claims cell at Ahmedabad under the control of the ARM, Ahmedabad.

A list of cases settled by the ARM Ahmedabad is received in the Accounts/Commercial offices every month. The selection of cases, should cover this list also.

16.2.8 Claims cases settled by the C.C.O. (Claims), Jaipur

Claims upto Rs. 4000/- except for coal traffic booked on or after 1.7.85 to stations situated on Jaipur, Kota and Ajmer divisions are being dealt with by the C.C.O. (Claims), Jaipur. However, the claims upto Rs. 1000/- for consignments booked to Kota, Kota CBA and DDV sidings of Kota and Ajmer division and goods & parcels of Ajmer division are dealt with by DRM Kota and Ajmer respectively. Claims for coal consignments and for refund of freight and fare are dealt with in Headquarters office.

(Authority: CCS CCG's letter No. C 358/1/30 dt. 9.9.85)

A list of cases settled by claim section, Jaipur is also received in the Accounts/Commercial offices every month. The selection of cases should cover this list also.

16.3 Audit of claims cases

16.3.1. The following instructions may be found useful in checking the compensation claims cases:

- (i) Definition of a claim – A claim is a request for compensation owing to loss, damage, destruction etc., to goods, luggage, parcels and other coaching traffic.
 - (a) A claim for compensation should be preferred within 6 months from the date of booking, failing which the claim becomes time barred for consideration (for details see Articles 78-B, 80 and 140 of Indian Railway Amendment Act).
 - (b) Claims for sale proceeds should be treated as "Claims" and the time limit for claiming sale proceed is 3 years from the date of booking.
 - (c) Claims as between Railway should be made within 12 months of the date of booking (under conference Rules)
- (ii) Said-to-contain R.Rs. can be issued only when the consignment is of articles, loose or in bulk and not countable and is loaded in other than railway premises where railway staff are not posted.

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(iii) Expected Articles – This list of such articles is given in the second schedule to the Indian Railways Act and the responsibility of the railway in respect of a package or parcel containing such articles whose value exceed Rs. 500 is given in Article 77-B et sec of Indian Railways Act.

(iv) It has to be verified that the claimant is the proper party i.e. the consigner, if the consignment is booked to self and railway receipt is not endorsed in favour of any other person, or the invoiced consignee, or the endorsee of the Railway Receipt. It should be noted that a person as Agent of the proper claimant may claim compensation on behalf of his principal but he cannot bring a suit in his own name.

(v) Measure of damages for compensation in cases of delay. In estimating damages for breach of contract, the party who suffers by the breach of contract is entitled to receive such breach and he cannot claim anything for damage which is remote or indirect. On this principle, the measure of damages in cases of unreasonable delay in delivery of goods will be the value of the goods at the place of destination at or about the time the goods should have been delivered in the ordinary course. If there be no market for a particular commodity, then it would be reasonable to allow a reasonable profit over and above the cost price and the cost of carriage.

(vi) Delivery of goods-When delivery of a valuable consignment (i.e. a consignment exceeding Rs. 1,000 approximately in value) is demanded by a person not known to the station staff; delivery should not be given until the railway receipt is compared with the “Through Invoice”. If the “Through Invoice” is not available, the station should request the party to get himself identified by someone known to the station staff. If he refuses to do this, delivery should be given only after the S.M. is satisfied of the bonafides of the person asking for delivery. If necessary an urgent telegram may be sent to the sending station to get the booking particulars confirmed before delivery is effected. During course of audit of claims it should be seen that the above provisions were observed.

(Railway Board’s letter No. TC1/1174/58 of 30/31.1.61)

Also, in all cases of through consignments if (a) the parcel or goods are ‘to hand’ without a way bill or invoice but the Railway Receipt show the freight paid, or (b) the Invoice being to hand shows the freight ‘to pay’ while RR is marked ‘paid’ or vice-versa, the forwarding station should be telegraphed before delivery of the parcels r goods to ascertain whether entry is correct and if so, which is correct.

(Para 70 of Chapter IV of Audit Manual Vol. IV – Station Accounts)

(vii) Delivery of goods in absence or Railway Receipts

(a) If RR is lost or misplaced, an Indemnity Bond in the prescribed form should be obtained from the consignee before giving him delivery of the goods. In case of goods consigned to self or those booked under the value payable system, the Indemnity Bond should be executed by consigner and certified by S.M. of forwarding station. In all cases of through consignments for which prepayment of freight is compulsory, the sending station should be telegraphed before delivery of the goods to ascertain whether it was actually paid or not.

(b) Every Indemnity Bond (except for government consignment consigned to a government officer in his official capacity) should be correctly witnessed and signed by a well known surely who should be a person of standing.

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(viii) Disposal of unclaimed/undelivered booked consignments – Notice of removals under Sections 55 and 56 Indian Railway Act by Registered Post A.D. should be served on sender and consignee, if know, before sale by auction is proceeded with.

Also see paras 1904 T and 1909 T.

Coal consignments lying undelivered at stations need not be kept on hand for a period of 6 months like other goods.

(ix) Foreign Railway's liability – When foreign railways are responsible for loss, damage etc.; their acceptance of claim should be obtained after fixing their liability under C. Rules Vol. II and observing the formalities laid down there in and debits should be raised against them through the monthly T.C. It should be noted that such debits must be raised within 6 months from the date of acceptance of liability or payment of the claims, whichever occurs later.

For claims for compensation for goods etc., lost or damaged etc., the railway paying the claim shall make no adjustment against another railway involving a sum not exceeding Rs. 5000/- after deducting credits on account of sale proceeds of rejected or damaged articles connected with the claims, such items being borne by the former railway irrespective of liability.

(x) Interest can only be claimed under the interest act from the date of receipt of his notice of suit.

(xi) Amounts to be paid for when damaged goods are delivered after having the extent of damage assessed.

The procedure in vogue now is as follows:

When the plaintiff does not maintain separate accounts, the assessed damage should be the basis for negotiation for Cis who would naturally try to negotiate to the minimum in the best interest of the Railway Admn. Putting the party to produce proof of the actual loss sustained. Every case has to be negotiated on merits as any hard and fast rulings are likely to create difficulties.

If, however, the party is adamant and is not prepared to accept anything less than the assessed loss and our enquiries indicate facts which show the actual loss less than the assessed loss, we can force the party to have same proved in the court of law. Such cases should however be compromised at the a p appropriate moment in the best interests of the railway, when the plaintiff comes forward with a reasonable compromise proposal. If this does not happen, the suit should be contested to the final outcome.

(Dy. CCS ©'s notes dated 4.7.1961 duly approved by CCS based on Railway Board's letter No. TC-II/3006/60/R dated 28.9.1960)

16.3.2. The instructions contained in paras 2342, 2413, 2414 A – II (Revised edition 1985), Para 174 of Railway Audit Manual, relevant clauses of Indian Railways Act 1890 as amended from time to time, Indian Railway Code for the Commercial Department, Coaching, Goods, Military and other Tariffs, Conference Rules Part II, Local Manuals etc. should be borne in mind. A good grounding in the various operations connected with receiving, booking and forwarding and delivery of goods, parcels and luggage is also essentials and can be had from the above references. The admissibility or otherwise, of a claim for compensation for goods, parcels etc. lost or damaged etc. depends to a great extent on the merits and the nature of each individual case. As such no exhaustive list of rules can

be prescribed for scrutiny of a claim. However, the nature of common checks to be exercised in connection with the Compensation Claim cases have been indicated in Para 2414 A-II (Revised edition 1985) and may be taken note of while auditing claims cases.

The following points should, inter alia, be seen while reviewing the cases of Compensation Claims:

- (i) the claim for compensation has been made by the proper persons and preferred within the prescribed time limit.
- (ii) The claim is supported by original documents as required under the rules.
- (iii) Complete enquiries have been made to establish Railway's liability for loss or damage.
- (iv) Amount of compensation paid has been determined properly with reference to beejuck rate, market rate and party's books wherever necessary.
- (v) In the case of damages, full details of assessment of damages made by the authorized officials, the quantum of damage etc. have been given;
- (vi) 'To pay' freight charges and wharfage/demurrage charges wherever due have been deducted before settling the claim.
- (vii) The original railway receipt has been surrendered by the party and it has been cancelled to prevent double payment.
- (viii) The claim has been sanctioned by the competent authority.
- (ix) In cases where this railway has been held liable, disciplinary action wherever called for has been taken against the staff at fault.
- (x) Remedial measures, if necessary under the circumstances, have been taken/introduced to prevent recurrence.
- (xi) In the case of other than local traffic, the incidence of claim as between railways has been determined and allocated as per conference rules.
- (xii) The payment of claims is traced to the relevant pay orders to see that the amount has been paid to the right party and that there is a proper acquaintance for the amount so paid.

16.4 Check of claims cases settled by courts of law

16.4.1 Only cases where suits filed by the aggrieved parties for recovery of claims in the courts of law were contested by the railway admn. And the same were decreed against the railway admn, come for audit. The following points should inter alia be seen in the check of these cases:

- (i) that the railway admn, had contested the suit on sufficiently strong grounds.
- (ii) That the Law Officers advice had been taken, in doubtful cases, to verify that the suit was otherwise, technically in order or not.
- (iii) That the railway pleader had properly defended the suit and that the suit had in no way been lost due to lapses on his part.
- (iv) That the suit had not been lost on account of the fault of the staff
- (v) That the amount of decree, interest, costs etc. are authentically correct.
- (vi) That measures have been taken to remedy the commissions/omissions on the part of the railway admn. As disclosed in the suit to avoid recurrence of such cases.
- (vii) That full consideration has been given to the question for going in for an appeal against the judgment of the lower court and the opinions of the L.O. and Railway Pleader and the Solicitors (i.e. Deputy Secretary to the Government of

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India, Ministry of Law) or expert opinion wherever necessary have been obtained before satisfying decree, and

- (viii) That in case it is decided to go in for an appeal, the decretal amount is not paid to the party, but deposited in the court concerned pending decision of the appellate court.

16.4.2 Further, in order to ensure better handing of court cases of high valuation and particularly in respect of suits filed for recovery of damage caused to goods due to fire or other accidents, the Railway Board have directed as under:

- (i) Joint enquiry should invariably be held in accordance with the extant instructions to determine the cause of fire or accident or find out whether that railway took adequate steps to extinguish the fire, to minimize loss and to suggest measures to prevent recurrence of similar accidents.
- (ii) Written statements as drawn by the railway pleader bringing out all points should be thoroughly scrutinized by the railway to ensure that all points of defence both of facts and law, have been brought out there in before filing the same in the court and documents and witnesses to be produced in the court should be carefully determined.
- (iii) Staff concerned called as witnesses should be properly briefed by the railway pleader to avoid contradictions.
- (iv) Any reference received from the railway pleader seeking information should be urgently dealt with and the required information conveyed to him with the least possible delay.
- (v) Attendance of the witnesses in the court as decided in consultation with the railway pleader should be arranged invariably.
- (vi) In all cases of suits of high valuation, the Dy. CCO should take charge of the case, to determine whether the case is to be contested, to hold discussion with the railway pleader in order to chalk out the line of defence to be put up, to determine the documents and the witnesses to be produced in court and to satisfy himself about the briefing of witnesses etc.

In all cases of suits of high valuation of Rs. 50,000 or more, this work should be supervised by the CCO personally.

In doubtful cases, the opinion of the L.O. should be obtained as to whether the case is fit for contesting. In all cases of valuation, say Rs. 1000 or more, the opinion of the railway counsel should be obtained before-hand as to whether the case is fit for contest.

(Railway Board's letter No. TC III/3016/60/P/II dated 18.8.1960)

16.4.3. The following instructions may be found useful in the exercise of the above checks:

- (i) With a view to deciding whether suits (where notices are received) are fit to contest or not, the following points are to be scrutinized:
 - (a) Whether the notice of suit served under the provisions of Section 80 Civil Procedure Code is served on the proper party as required under the provisions of that section.
 - (b) Whether the notice of claim due under Section 77 of the Indian Railway Act is properly served. (A notice served on CCS is considered to be valid) although, the said section required such a notice being served on the General Manager.

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- © Whether the claimant is the proper party and has a title to sue and
- (d) To see what pertinent section (if any) of any Act governs the repudiation and
- (e) Merits compared with the case law.

(ii) Limitation for suits: Under Articles 80 and 81 of the Limitation Act, suits for compensation for damages etc. have to be filed within one year and the suits for refund of freight and sale proceeds etc, and for other claims within 3 years from the date of the cause of action. The latter limitation is governed by Article 62. This date is the date when normally the goods are due for delivery but it varies according to merits and nature of each case. In this connection Railway Board's letter No. TC III/3264/5758 dt. 25.9.1958 detailing the legal position may please be referred to.

Section 80 of the Civil Procedure Code provides for two months time for filing suits against the Government after issue of notice required to be served under the provisions of that section. The aggrieved party (plaintiff) thus gets 14 months time for filing a suit against the Railway. Any suit filed before expiry of two months is treated as premature and is thus liable to be dismissed.

(iii) Railway competent to be sued: Under section 80 of the Indian Railways Act a suit can be filed in Court having jurisdiction over the booking Railway, the destination Railway or an intermediate Railway on which the loss of damage occurred.

16.4.4. While scrutinizing cases wherein appeal against the judgment of a lower court had been files, it should be seen:

- (i) That the appeal had been filed strictly on commercial considerations.
- (ii) That the Law Officer's opinion had been obtained and he was in favour of filing the appeal. In cases of high valuation or involving principles or creating bad precedents, the Railway Solicitors also should have been consulted.
- (iii) That in cases other than above, the Railway Board's prior approval had been obtained.
- (iv) Sanction of the Railway Board is necessary for either appealing or defending an appeal in the Supreme Court of India.
- (v) In case of regular suits, the party losing the suit has a right to two appeals. First appeal lies to the District Judge's Court, for which the period of limitation is ordinarily 30 days from the date of judgement. If this is lost, second appeal has to be filed in the High Cort for which limitation period is 90 days (This varies withsome High Courts) from the date of delivery of the judgement by the District Court (In counting the period of limitation for revision of Appeal period occupied in obtaining certified copies of the judgment and decree is deducted.)
- (vi) Suit compromised out of court in connection with compensation claims:
It should be seen that
 - (a) The compromise was justified from the legal point of view and that looking to the circumstances of the case, if a compromise was reached it was in the interest of the Railway Admn.
 - (b) The suit was free from all technical defects and there were remote chances for the Railway Admn. To succeed on the suit.
- © Not only the Railway Pleader's advice but also Law Officer's opinion was obtained.

- (d) In case the party did not agree for a reasonable amount, advantage was taken of the weak points of the party to bring him to terms.
- (e) The compromise was generally negotiated at the beejuck value or for the actual amount of loss sustained by the party.
- (f) If the compromise was initiated at an early stage of the suit and it was proposed to pay costs and lawyers fees to the party, a percentage of such charges was allowed in the case of such courts where court fee are refunded on a percentage basis, if the suit is compromised after a few hearings.
- (g) The compromise was negotiated with the prior approval of the competent authority.
- (h) In case the suit was contested on behalf of another railway, a compromise was accepted only after the approval of the railway concerned.

(vii) Time barred Claims: At present the General Manager has no power to settle time barred claims. Subject to this, the General Manager personally exercises the powers after prior consultation with the FA & CAO. Powers are delegated to General Manager for settlement of time barred claims cases valued at not more than Rs.50,000 in each case. This has the sanction of the President.

(Railway Board's letter No. 77TC III/4 20.6.1977)

(viii) Suit barred claims cases: The General Managers of Zonal Railways will have full powers in regard to settlement of suit barred claims for compensation with further authority to redelegate their powers to CCS and Dy. CCS to the extent considered necessary. The concurrence of the FA & CAO or Dy. FA & CAO is to be obtained in each case.

(Railway Board's letter No. TC III/3264/71 dt. 22.10.71)

16.5 Review of Court Cases:

16.5.1 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. filing of the affidavit or document, production of evidence, dealing with references from Railway Advocates etc.
- (iii) Inability to prove good cases.
- (iv) Insufficient or incorrect advice given by lawyers including the written statement not being drawn up properly covering all point and the suit not being properly defended or arguments of opposite party not being properly rebutted.
- (v) Slackness of the work in the claims branch.
- (vi) Non-availability or non-production of relevant records.
- (vii) Faults of the railway staff.
- (viii) Absence of railway witnesses.
- (ix) Non-appearance of the railway advocate.
- (x) Adjournment not being granted by the court.
- (xi) Delay in not satisfying court decrees resulting in executions and consequent extra expenditure.

16.5.2. A record of all court cases over Rs.5,000/- each reviewed in audit should be maintained giving the following details:

- (1) S.No. in the register.

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- (2) C.C.C. file No., Invoice No., R.R. No., and date, station from and to, nature of consignment etc.
- (3) Brief cause of the claim suit
- (4) Whether decreed or compromised out of court.
- (5) Amount of compensation and month of payment.
- (6) Legal Expenses
- (7) Special features noticed e.g. remarks regarding (i) whether suit could have been avoided (ii) failure of the Advocate (iii) faults of the Railway Staff (iv) absence of railway witnesses in Court (v) delay in not settling court decree resulting in extra expenditure (vi) non-availability or non-production of relevant records etc. (vii) whether appeal has been preferred or not etc.
- (8) Reference to audit note, special letter etc.
- (9) Detailed initials of the person conducting the original audit.

16.5.3 Unusual or extra-ordinary cases of compensation claims on accounts of well planned thefts, robberies, frauds, accidents, fire et., should be suitably noted for exhibition in Annexure H to Appropriation Accounts statement of Losses.

16.5.4 Cases of delivery on spurious railway receipts etc. should be reviewed zealously and comments, if any, offered with suggestion to overcome such malpractices.

16.6 Half Yearly Reviews

In addition to the prescribed monthly audit of claims, the following reviews should also be undertaken:

- (1) A half yearly review (April and October) of the reports of the claims prevention branch sent to the Railway Board.
- (2) A half yearly review (July and January) of heavy incidence of claim relating to parcels/goods booked at particular forwarding stations. For the purpose of this review one important station from where bookings are heavy is selected for the review and cases called for from the CCO's office for review.

16.7 Audit of staff liability registers

As every claim for compensation on account of parcels or goods lost or damaged which is admitted and paid for, generally implies neglect or carelessness at one point or the other by some member of the railway staff, it should be ensured that each such claim has been diagnosed as to its cause and investigated with a view to fix responsibility (Para 1732-T)

This, in actual practice, being a very lengthy process involves time for finalisation to the very end, the following procedures has been adopted by the CCO's Office:

- (i) In the CCO's office (C.P. Section), two registers are maintained, one for claims above Rs. 500 and the other for those below Rs. 500 showing all relevant particulars to watch fixation of staff responsibility and imposition of penalties by DRM's concerned. Only in cases above Rs. 500, the CCO's office would wate the ultimate action taken against staff etc. In cases upto Rs.500, the office would only report particulars to Divisional Commercial Superintendents concerned monthly through a consolidated statement for taking up the matter and once acknowledgement of same is received, the action is entirely left to Divisional Officers.
- (ii) In the course of audit, wherever action has been initiated in this connection (as would be seen from the case file) the same may be traced into the staff liability register to

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ensure further pursuit by the CCS's Office. Further, the final action taken is watched in audit by a quarterly review of these registers.

16.8 Audit of Inter Railway Liability.

Maintenance of suspense register for compensation claims-Miscellaneous Advance – Revenue (FC)

(1) The suspense head 'Misc' Advances (FC) is operated in the Compensation Claims section of the Finance Accounts branch for the purpose of temporary booking of the following type of transactions:

- (i) Charges, the allocation of which is not known or which cannot immediately be carried to a final head
- (ii) The amounts of claims paid on behalf of other railways pending acceptance of liabilities.
- (iii) Part amounts of claims paid for which other Railways are responsible under C.R. or 'misdemeanor' convention pending acceptance of liability by other Railways.

(2) The detailed procedure in respect of operation of the suspense is laid down in Joint Accounts and Commercial P.O.O. No. FA/Susp/4857/A-218/171 of 16.4.1958.

(3) A review of the balances and operations under this head should be made yearly and checked in accordance with the rules laid down in the State Railway Code for the Accounts Department.

16.9 Review of statement of unconnected wagon loads of coal and of commodities other than coal.

The statements of unconnected wagonloads of coal and commodities other than coal prepared by the CCS's Office should be reviewed monthly by the claims section to see if any claims have been paid against these unconnected wagon and whether efforts have been made in the CCS Office to connect such unconnected wagons with the claims received.

The action taken in cases of wagons remaining unconnected for a long period should be specially reviewed.

(Item (ii) of P.O.O. NO. 348 of 1.10.1959)

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CHAPTER 17

INSPECTIONS

17.1 General

The instruction contained in Paras 767-769 of MSO (Technical) Volume 1, chapters XXI of Railway Audit Manual and Chapter VI and Paras 64 and 68 of Secret Memorandum of Instructions should be borne in mind by the Inspecting Officers and the staff while conducting the local inspections. The general rules and regulations applied in the test audit at headquarters will apply mutatis mutandis during inspections also.

17.2 Inspection objectives

The primary object of local inspections is to apply test audit to such accounts, vouchers and other initial records which are not audited in Central audit or cannot be completely audited except at the place of their origin. It should be seen that the initial documents from which the bills and accounts are rendered by the local officers or on which they are based are properly maintained and that the financial rules and orders on the subject are being implemented faithfully. It is also meant to test the degree of care exercised by the departmental authorities responsible for keeping the accounts over the accuracy of the original records.

17.3 Programme of Inspections

17.3.1 Instructions given in Para 415 of Railway Audit Manual should be borne in mind while preparing the programme of inspections for each year. The inspection section should maintain a comprehensive list of all executive offices, sub-offices, stores depots, schools, hospitals, etc., coming under its audit control and should maintain a complete list updating it every year before preparing the annual inspecting programme. After conducting inspection of a particular office/sub-office a mention should be made in this list, indicating the month and year in which a particular office is inspected, so that it may serve as a ready index. The programme of inspection for the ensuing year should be prepared with reference to this list, after consulting the previous year's inspection programme as well as the programme of the accounts office. It should be borne in mind that the same sub-office is not visited by the inspection party frequently leaving some offices uninspected for a long time. The inspection programme should be submitted in the prescribed proforma (Annexure) to the Co-ordination section by end of December every year for obtaining the approval of the Director of Audit. An approved copy of the inspection programme is to be sent to Additional Deputy Comptroller and Auditor General of India (Railways) by the 28th February each year. Any change in the inspection programme or the periodicity of the inspection should be done only with the prior approval of the Director of Audit through co-ordination section. No inspection should be undertaken without prior approval of the Director of Audit.

17.3.2 The local inspections of the accounts of the departmental catering units are conducted as indicated in the Chapter 19 on catering audit and those of station accounts are conducted as indicated in the Chapter 15 on audit of Earnings – Station Inspections.

17.3.3. Certain executive offices (especially construction units) are subjected to inspection by different auditing units in respect of works pertaining to their accounting

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units. In order to have a uniform procedure of inspection of such executing offices where more than one auditing unit is involved, the following procedure should be followed:

(a) At the time of framing the inspecting programme for the year, the concerned audit units after consultation amongst themselves should decide the month of inspection of such office and indicate such offices specifically in their inspection programme.

(b) The composition of the inspection party should represent personnel from all auditing units who will do the inspection individually in respect of portions pertaining to their unit. The periodicity of inspection be fixed according to the quantum of work involved and in any case, should not exceed the prescribed periodicity of inspection of that office.

© The supervision of inspection of such offices will be done by one of the Branch Officers as nominated by the Director of Audit. The inspection report will, however, be issued separately by each auditing unit in respect of work pertaining to that unit.

(Authority: Audit Officer (RCPA) Churchgate's Circular letter No. SA/HQ/ECPA/V/1/204 dated 7.4.1979)

17.3.4 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 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:
 - (i) Name/Names of work/works for which the office is opened
 - (ii) Total sanctioned/estimated cost of work/work
- iii. Establishment Charges provided in the sanctioned estimates
- iv. Number of Gazetted and non-Gazetted Staff posted in the office and name and place of Accounts Office maintaining the accounts
- v. Likely duration of the office
- vi. Budget provision made as per works programme for 2/3 years.
- vii. Actual upto date expenditure booked in the month on which the proposal for inspection is submitted
- viii. Any other important/special feature notices by unit Audit Officer.

(Audit Officer (I)'s Circular No. SA/HQ/Insp./IX/9/3290 dated 13.8.1979)

17.4 Periodicity of Inspections

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 inspecting of the accounts of the branches having headquarters office at Churchgate are conducted by Inspection section at headquarters. The inspections of catering mobile units may be done only with prior approval of Director of Audit and should not be included in the normal inspection programme or tour programme.

The frequency of inspection of various offices has been fixed as under:

Annual

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- (i) Inspection of all important executive offices and H.O.D.s of all branches, such as Electrical, Mechanical and Civil Engineering, Signal and Telecommunication, Ways and Works branch, Commercial, Operating, Security, Medical, etc.
- (ii) Receipt and dispatch section of stores depts. And D.S. – 8 yards.
- (iii) Executive offices of construction organization
- (iv) Works manager's office.
- (v) Base dept of catering
- (vi) All hospitals under administrative control of J.A. grade officer and above.
- (vii) Surprise verification of each one of the cashiers.

Biennial

- (i) Personnel Branch with one handicraft center
- (ii) General Branch with one primary school
- (iii) Divisional Paymaster/Cashier's offices
- (iv) Compilation office – Ajmer
- (v) Superintendent Railway Telegraph office Ajmer
- (vi) ACOs Offices

Once in 3 years

- (i) Railway Power Hose
- (ii) Superintendent- Government Railway Police with one subordinate (pass accounts)
- (iii) Shops in workshops
- (iv) Hospitals under the Administrative control of Sr. Scale Officer

Once in 4 years

- (i) Every Gazetted officer in independent charge outside divisional office
- (ii) Every Railway Training school, subsidized Hostel, every Railway Education school, (other than primary or middle schools). Technical training school.
- (iii) Railway catering units like tea stall, refreshment rooms not inspected by Headquarters.

17.5 Procedure for taking up of inspections

17.5.1 Initiating the inspection proposals: The detailed proposals regarding inspection of offices, showing inter alia the office/offices to be inspected, the date of inspection, the members of the inspection party should be submitted by the concerned AAUO or S.O. to the Branch Officers in 2nd week of the month preceding the month of inspection to permit timely advices being issued to the concerned offices.

17.5.2 Selections for inspection: The month of accounts to be checked in detail should be got selected by the Branch Officer and in addition one more month should be got selected for tracing of direct delivery bills into ledgers. The selection of items of work for original audit by the Supervising Officer and AAUO/S.O. during the inspection will be done by the Supervising Officer concerned. The AAUO/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 be noted by each member of the party. In the matter of distribution of items. It should be borne in mind that the more important items are done by the supervising officer and the AAUO. 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.

17.5.3 Documents and records for inspection

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17.5.3.1 The inspection party should take all the relevant vouchers like pay bills, TA bills, contractor bills, 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 safe custody of the records during inspection and their ultimate return to the concerned office. It is not advisable to send audited vouchers by Railway Free Service way-bills.

17.5.3.2 The staff associated with inspections 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.

17.5.3.3. 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 noticed 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.

17.5.4 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 and 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 reports should also be studied by the inspection party and in respect of important items if adequate action has not been taken or the irregularity is found to be persisting, the point may be specifically brought out in the correct inspection report in an emphatic manner.

17.5.5 Register of items audited during inspection

The AAUO or SO concerned should ensure that all the items marked to the members of the inspection party have been completed in all respects 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 item marked to the person concerned in taken of completing the 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 the particular inspection with the initials of the persons who audited them.

(Para 421 RAM)

17.5.6 The main duties to be performed in connection with the conduct of local inspections are as under:

- (i) Preparation of annual inspection programme of general offices (other than Stores, Workshop, Stations etc.)
- (ii) Collection of vouchers after obtaining necessary selections and their ultimate returns after the inspection is over.
- (iii) Maintenance of an upto-date and complete list of offices and sub-offices to be inspected.

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- (iv) Issue of inspection advises to officers concerned.
- (v) Determining the personnel of each party under Audit Officer's Orders.
- (vi) Selection of items for original audit by Audit Officer and for Section Officer/Asstt. Audit Officer by the Audit Officer and for various Auditors by Section Officers/Asstt. Audit Officer.
- (vii) Comparison and issue of Inspection Reports
- (viii) Disposal of Part I and Review of Part II Inspection Reports.

17.6 Progress register of inspections- Para 416 of Railway Audit Manual

17.6.1 Inspecting unit should maintain a register of inspections indicating the details of the inspections carried out, dates of inspections, members of inspection party, the details of the inspection reports issued and finalized etc., as per the proforma prescribed vide Para 416 of RAM. This register along with summary sheet shall be put up to the Branch Officer during the first week of each month. A sheet of progress report on inspections carried out the previous month shall be prepared and submitted to the coordination section every month by each inspecting unit. This progress sheet shall indicate the name of the office inspected during the previous month, the dates proposed for inspection, the actual date of inspection and the details of the inspection reports issued r under finalisation. This inspection report shall also indicate the position in respect in inspections and inspection reports relating thereto carried out earlier than the month to which the progress report relates.

17.6.2 The reasons for delay in the issue of the inspection report if any, should be indicated against each office inspected, This progress sheets should be sent to Co-ordination section by 5th of every month.

17.6.3 The Co-ordination section will receive such progress sheets of inspection and after compilation thereof make necessary entries in the register of inspections maintained in the co-ordination section and submit the same to the Director of Audit by 15th of each month.

17.7 Supervision of inspections by Branch Officers

The extent of supervision by the Branch Officer has been prescribed as under:

Category	Composition of party	Extent of Branch Office's supervision
Executive Offices and Offices of HODs	AAO/SO-1 Ar/Sr. Ar-1 Or 2	Non Personnel 75% to 100 Personnel – Nil (Note : In case of Office 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 Ar./Sr. Ar – 2	75%
Minor Stations	AAO/SO-1 Ar-1	NIL

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(Authority: SA/HQ/C/I/25/Vol. V/37 dt. 27.3.84 SA/HQ/C/IX/C/AC-6/87/4240 dt. 30.12.88 and SA/HQ/C/I/25/Vol. VI/511 dt. 27.4.85)

The annual inspection programme submitted by inspecting units for obtaining Director of Audit's approval should clearly indicate the offices proposed to be supervised by the Branch Officers.

17.8 Issue of Inspection reports

17.8.1 The inspection notes should be written after complete examination of voucher and records and should be drafted in most polite and impersonal language. The objections should contain complete particulars regarding name, designation, reference to voucher number, date, amount etc., so as to enable the office to trace the basis of the objections. If possible, copy of important relevant letters may also be kept along with the Inspection notes. The inspection notes should be written and handed over daily by the members of the inspection party to the Asstt. Audit Officer or Section Officer in-charge, who should then hand them over to the Supervising Officer after verifying the facts mentioned therein and editing the rough notes. The Asstt. Audit Officer/Section Officer should also hand over the inspection notes written by him to the Supervising Officer as promptly as possible. The officer incharge after scrutinizing the inspection notes should discuss them with the officer incharge of the office inspected and in case of his unavoidable absence the notes should be discussed with the next office. On no occasion, the discussion should be postponed resulting in delay in the issue of the inspection notes. Cases where the Executive Officers do not make themselves available for such a discussion, may be brought to the notice of the Director of Audit.

17.8.2 The Supervising Officer should seriously carry out the work of drafting and editing the objection at his personal level and should in no case leave this work to his AAUO/SO. The Supervising Officer should ensure that the language used in the notes is polite, impersonal, unambiguous and unequivocal. It is of utmost importance that any statement of criticism is accurate, fair, moderately worded and dispassionate. There should not be any hint of a matter which cannot be substantiated readily. Supervising Officer should also ensure that the statements and figures, in support of the objections are compiled correctly. The remarks of the Executive Officers may be mentioned in each para of the report for information of the Dy. Director of Audit/Director of Audit.

17.8.3 The inspection notes should be classified as Special letter, Part – I Inspection report and Part II Inspection report in accordance with the instructions contained in Paras 451 and 452 of Railway Audit Manual. In no case, part – I inspection report or special letter should be issued without prior approval of the Director of Audit (Para 458 RAM). It must be ensured that the inspection reports are issued within three weeks from the date of completion of the inspection. The Branch Officer should ensure that the inspection reports are issued within three weeks from the date of completion of the inspection. The Branch Officer should ensure that the inspection reports are finalised and issued without delay, Special care should also be taken to ensure that minor matters are not included in Part – I Inspection Report or TA Notes (Para 452 RAM); In respect of Part I Inspection Reports, the top sheet as prescribed under this office circular letter No. SA/HQ/C/IX/1(b)/4783, dated 4.12.84 should invariably be sent alongwith the Part I Inspection Report to the Co-ordination section for obtaining approval of the Director of Audit. A copy of the Special letter or Part I Inspection report/Part I.T.A. Notes, should be forwarded to Co-ordination

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Section for recored. When the objection is proposed to be issued as a special letter, care should be taken to ensure that they are well drafted and are self contained giving complete information so that they can be issued as a Draft Para straightaway, if necessary. Current position of outstanding paras of the pending inspection reports may be included in the current Inspection Report.

(Authority: Circular No. : SA/HQ/C/IX/DAC-June 87/2507 dated 27.8.87)

17.8.4 Disposal of audit objections

The reply to special letter or Part I Audit objections received from the Railway Administration should be scrutinized with considerate approach. No useful purpose will be served by keeping the untenable/trifling objections pending. The Branch Officer should send the proposal for closure of the special letter to the AUO(Coord) in duplicate for obtaining the approval of the Director of Audit. Such proposal should contain brief resume of the cases, the main arguments given by the Railway Administration which are considered satisfactory to close the case. In this connection, P.O.O. No. 471 dated 15.3.78 may also be referred.

In regard to Part II Inspection reports and audit notes the instructions contained in paras 460 and 461 of RAM and P.O.O. No. 495 dated 27.3.82 may be borne in mine.

17.9 Distribution of Inspection Report

17.9.1 The Inspection Reports should be dealt with as under:

(A) Divisional Offices

Inspection Reports Part I

This will be prepared 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 D.A.. with his remarks for transmission to Divisional Audit Office.
- (ii) One copy will be sent to the D.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 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 D.A.O. with replies.
- (ii) One copy will be sent to D.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-Divisionalised Offices

Inspection Reports Part I and II

The procedure indicated above for Part I and II will also apply mutates mutandis in case of inspection reports of the offices which have not been divisionalised. These reports will be dealt with by the concerned Accounts Officer.

(C) 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 therein the remarks of the Station Masters concerned will be sent direct to the D.C.S. , concerned with the request that one copy may be returned with the replies through Dy. C.A.O. (TA), Ajmer.
- (b) One copy will be sent to the Dy. CAO (TA), Ajmer and
- © One copy will be retained as office copy and another sent to Director of Audit for perusal.

17.9.2 In respect of inspections of sub-offices which are inspected independently of the main office, inspection Report should be issued to the officer incharge of Sub-office incorporating therein 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.

17.9.3 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 like-wise be signed. The forwarding endorsement should be in the following form:

The Inspection Report Part I/Part II on the Accounts 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) , Churchgate
- (ii) Dy. CAO (TA), Ajmer
- (iii) Concerned Accounts Office

for transmission to the

- (1) Director of Audit, Western Rly, Bombay
- (2) Audit Officer (TA), Ajmer
- (3) Divl. Audit Officer/Audit Officer.

For disposal by Accounts Officer Concerned.

17.10 Subsidiary instructions for Audit

17.10.1 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 closed. However, where the entire or almost the entire report is outstanding, a special mention of this fact 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.

17.10.2 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.

(P.O.O. No. 308 dated 30.6.1955- Para 3)

17.10.3 The Cash Imprest and Postage account should be checked at the start of the inspection by closing the account and physical verification of the cash and postage stamp balance.

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17.10.4 The verification of initial records e.g. Muster Rolls, Attendance Register, Service 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 to the selected months' transactions in respect of registers of Miscellaneous cash receipts and remittances; Measurement Books/Level Books, Numbered Books, Lease sidings, Trees, Rest houses, Occupation Register, Material at site account, Motor vehicle log books, Services rendered to outsiders etc., should be made. These are important records and should on no account be over looked on the ground that they involve routine checks only.

17.11 Intensified Inspections

P.O.O. No. 433 dated 27.5.1967 provided for strengthening of the inspection parties for the inspections of important executive offices by assistance from headquarters through two Senior Auditors (now Section Officers) attached to ECPA Section. With the sanction of one post of Audit Officer, a separate cell for intensified inspection has been functioning from 1.9.1982.

The Intensified Inspection Section associates with the inspection of certain selected offices, and conducts investigations on topics as allotted by the Director of Audit.

Proforma for annual Inspection Programme for the Year _____ of _____ (of Para 17.3.1)

Sl. No.	Name of office to be inspected	Frequentl y	Month and year of inspection		Month of proposal inspection		No. of Party days main office		Sub office	
			of last inspection	last	proposal inspection	of	Perso- Non-	Perso- Non-		
			Acc- counts	Aud- ited	Acc- counts	Aud- ited	Perso- nel	Non- personnel	Perso- nel	Non- perso- nel
1	2	3	4	5	6	7	8	9	10	11
Total	Percentage of	Sub Office	Sub office	Remarks						
(No. of days)	of supervisi on and days	selected for Branch offic er Super visi on	propos ed for inspect ion							
11	12	13	14	15	16					

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CHAPTER - 18

CO-ORDINATION

18.1 Main Functions

The functions of the Co-ordination section shall mainly be as under;

- (1) To consolidate the material received from the branch offices/ sections in connection with various returns due to be submitted to ADAI (Rlys) or Director of Audit excepting those relating to the Office Administration, Finance accounts, Capital and Revenue account, Appropriation Accounts, etc.
- (2) To deal with important references received from ADAI (Rlys) relating to more than one section of the office and requiring collection of information from the various branch offices/sections.
- (3) To circulate to the branch offices/sections concerned, copies of important circular letters received from Railway Board, General Manager, FA & CAO, etc on matters relating to audit.
- (4) To deal with all matters concerning periodical meetings of the Audit Officers and the meetings of the Heads of Departments of the Railways.
- (5) To scrutinize and submit to the Director of Audit, the paras for register of audit activities received from the branch offices and to circulate to other Railway audit offices, the paras selected by the Director of Audit from this register. The co-ordination section has also to circulate to the branch offices the extracts of important results of audit received from other Railway audit offices and the digest of important and interesting cases received from the office of the ADAI (Rlys).
- (6) To deal with the tour notes of the ADAI (Rlys), the Director of Audit and Dy. Director of Audit, CCG & Ajj..
- (7) To deal with the charge report of ADAI (Rlys), Director of audit and Dy. Director of Audit, CCG & Ajj.
- (8) To maintain copies of charge reports of all Audit Officers.
- (9) To scrutinize monthly tour programme of Audit Officers on receipt from the Administration section and send them back to Administration section for obtaining the approval of the Director of Audit.
- (10) To scrutinize and consolidate the monthly arrear reports and quarterly arrear reports received from the branch offices/sections.

(11) To prepare agenda for Director of audit's conference and to maintain correspondence thereof.

(12) To scrutinize the annual inspection programme of the Divisional offices, Workshop and Stores offices, S&C Offices, etc. and also the quarterly inspection programmes of Traffic audit units located at Ajmer and Churchgate and submit them to Director of Audit for approval.

(13) To call for and consolidate the statistics of volume of work done in the office and submit the same to the offices of ADAI (Rlys)

(14) To receive proposals from Branch Officers and to obtain sanction from Director of audit for review of major works (completed and in progress) and to advise the same to the concerned Branch Officers.

(15) To review the cases of losses on the Railway as reported by the branch offices and to submit the necessary report to the ADAI (Rlys).

(16) To review the frequency of local inspections and to examine the need for any change in the frequency or the time allocation so as to ensure that the time allowed is according to the quantum of work involved.

(Authority: ADA's letter No. 1294/RAI/A-8-10-62, dated: 18.4.62).

(17) To scrutinize draft Part I inspection Reports, Part ITA Notes and Special letters received from auditing units and to submit them to the Director of Audit for approval.

(18) To issue correction slips to the office manual from time to time and keep it upto date.

(19) To deal with all technical matters pertaining to audit.

(20) To compile and furnish material for C & AG's Activity Report and prepare Annual Administration Report of this office.

(21) To deal with the complaints (other than those relating to administration) allegations, grievances etc., received from various sources.

18.2 Circulation of important results of audit and maintenance of register of important results of audit See Para 474 of Railway Audit Manual.

18.2.1 A register should be maintained in the Co-ordination section wherein a copy of all the epitomes indicating the results of important objections raised in audit duly approved by the Director of Audit, would be pasted. The register shall be put up to the Director of Audit by the Co-ordination Section for selection of important paras to be circulated to Directors of Audit of other Railways /ADAI (Rlys)/Divisions/Branches of this Railway in the months of January, April, July & October. A note shall be kept in the

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register that the paragraphs were dcirculated to the other Railways. The register shall be submitted to the ADAI (Rlys) for his perusal during his tour.

18.2.2 Extracts of important results of audit

Copies of the extracts of important results of audit received from other Director of Audit shall be circulated to all Divisions/Branches for information and guidance.

Note: Each Division and Branch shall maintain a sectional register of important results of audit in which approved copies of epitome prepared by that Division/Branch shall be pasted. This register shall be put up to the Branch Officer quarterly.

18.3 Meeting of Audit Officers

18.3.1 The meeting of Audit Officers with Director of Audit is arranged for discussion of important matters of the office. The exact date of the meeting and the Agenda for the meeting as officially approved by Director of Audit shall be circulated to all the Branch Officers in advance of the date of meeting.

18.3.2 A record of the minutes of the meeting shall be maintained by Co-ordination section and copies of the same forwarded to all units for information and necessary action. The action taken on various items by the concerned officers shall be inimated to the Co-ordination section who shall then put up the papers to Director of Audit for perusal and orders.

18.3.3 The minutes of meeting are to the submitted to ADAI(Rlys) during his visit.

18.4 Meetings of Heads of Departments (HOSs) of Western Railway

18.4.1 The intimation regarding the date and venue of the meeing of the HODs of Railways is received from the Secretary to General Manager. This intimation letter shall be submitted to the Director of Audit along with the briefs of various departments as and when received from the Railway admn. For information.

18.4.2 The Co-ordination section in collaboration with the Reports sections shall prepare a brief for the meeting which shall be submitted to the 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 Audit objections along with any other important matter to the discussed in the meeting of HOD by Director of Audit.

18.5 Charge Reports of the ADAI (Rlys) and Director of Audit

18.5.1 Necessary material for the charge report of the Director of Audit shall be obtained by the CO-ordinatino section from the branches or nit offices and and when there is any change in the incumbency. The charge report as presecribed under the Comptroller and Auditor General of India's letter No. 1557-I-AO-TAII/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 Director of Audit for signature and to his successor for counter signature. Material for the charge report of ADAI (Rlys) is prepared from the information available at Head quarters.

18.5.2 The charge report of other officers will be prepared by the respective sections. Copies of such charge reports shall be received by the Co-ordination section for reference and record.

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18.6 Submission of monthly Arrear Reports to Director of Audit and Quarterly Arrear Reports to ADAI (Rlys)

18.6.1 The monthly arrear reports in the prescribed proformas showing, inter alia, the position of arrears due to arrears in accounts office, non-supply of vouchers by accounts office, arrears in audit office together the position of inspection and inspection reports etc. will be sent by unit offices to the Co-ordination section by the 5th of each month. These arrear reports are to be scrutinized and consolidated position will be submitted to Director of Audit by 15th of each month.

Form A-I-	Arrears in Audit and Review
Form A- II	Resume of important items of Arrears
Form B- I	Statement of outstanding Objections
Form B – II	Yearwise Breakup of outstanding Objections
Form C -	Statistics of letters received (General) and their disposal
Form – D	Statistics of letters received from the C & AG of India and their disposal
Form E- I -	Statistics of Inspections
Form E- II	Statistics of Review of Major Works
Form F –	Statistics of Pending Cases

18.6.2 The quarterly arrear reports in the following pro-foma prescribed by the office of the ADAI (Rlys) (See appendix I) shall be received from the units by the Co-ordination section and submitted to the ADAI(Rlys) by the 20th of January, April, July and October each year in respect of quarters ending December, March, June and September. The unit officers shall send quarterly arrear reports by the 2nd working day of the month so that the time schedule prescribed by the ADAI (Rlys) is maintained. The unit officers inspection and having Draft Para potential or involving recoveries of more than Rupees one lakh in each case which shall be sent to DAI(Rlys) along with quarterly arrear report.

A. Proforma 'A'

1	Section – I:	Statistics of External and internal Arrears
	Details:	Form I Statement showing details of arrears in mandays in Railway Audit Offices
		Form II Brief resume of more important items of arrears
2	Section II	: Inspections
	Details:	Form III List of important objection noticed during inspections and having draft para potential.
		Form IV Statements showing Inspection Reports not issued within one month
3	Section III	Audit of Tenders and Contracts including completed contracts.
	Details:	Form IV Brief particulars of cases having draft para potential in audit of Tenders and Contracts
4	Section – IV	Audit of Railway Board's sanctions
5	Section – V	Contractors bills and stores bills
6.	Section – VI	Progress of Reviews
7.	Section – VII	Other matters

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8.	Section – VIII		Recoveries effected at the instance of Audit.
	Details	Form VI	Brief details of case with amount recovered /agreed to be recovered
B.	Proforma 'B'		Statement showing outstanding letters received from C & AG (Railway)
C.	Proforma 'C'		Certificates regarding weeding and destruction of records
D.	Proforma 'D'		Statement of outstanding objections as on 30.9/31.4

18.6.3 While sending the quarterly arrear report for the quarter ending March and September, a statement of audit objections shall be enclosed with the quarterly arrear report to be sent to ADAI (Rlys).

(Authority: ADAI (Rlys) letter No. 151-RAIV/10-1/88, dated: 14.03.88)

18.6.4 A note giving critical appreciation of the work in the office should also sent to ADAI (Rlys) along with quarterly arrear report.

(Para 22 of MSO(Admn) Vol. I)

18.7 Statistics of volume of work done in audit offices

18.7.1 For the purpose of collection of suitable statistics to serve as a fair index of the volume of work done in Railway audit offices, information in the proforma shown in Annexures A & A (i) shall be sent by the units to the Co-ordination section by 15th of July each year. The Co-ordination section shall consolidate it and send to ADAI (Rlys) by 10th August each year.

18.7.2 Items of any special or peculiar character which cannot normally be grouped under any of the prescribed heads should be indicated separately.

18.8 Progress of Inspections

A report showing the position of insepctinos conducted, the 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 Director of Audit by 10th of each month.

18.9 Periodical of D.O. letters to DA, FA & CAO & C & AG

18.9.1 Monthly confidential D.O. letters from the Branch Officers to the Director of Audit

Each Brach Officer except Reports, Administration and Co-ordination shall send a confidential D.O. letter to the Director of Audit so al to reach in the first week of each month. The D.O. shall include (i) Significant audit activity (ii) Problems/Constraints (iii) Major local events (iv) Cases sent/references made to Headquarters where the reply is due for more than two months (v) material for D.O. to FA & CAO (vi) Material for quarterly

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D.O. to C & AG (to be included only in D.O. for the month of March, June September & December).

Points of major important need only be mentioned in the material to FA & CAO/C & AG.

(P.O.O. No. 538 of 4-8-89 and P.O.O. No. 543 of 21-02-90)

18.9.2 Monthly D.O. letter to FA & CAO

Instruction contained in paras 446 and 462 of Railway Audit Manual are to be followed.

18.9.3 Quarterly confidential D.O. letters to be Comptroller and Auditor General of India

On the basis of material/information furnished by Branch Officers in their monthly D.. letters, the Fdirector of Audit shall send quarterly D.O. to the Comptroller & Auditor General of India so as to reach him by 15th of Feb, May, August, November. The D.O. to C & AG shall contain Feb., May. Events or cases worth bringing it to the personal notice of the C & AG. In case of 'Nil' information, the D.O. letter need not be sent.

(Authority: C & AG's letter No. 384/O&M/118-84/KW/dated 30.03.88)

18.10 Tour notes of Director of Audit /Deputy Director of Audit

Tour notes of Director of Audit/Dy. Director of Audit are received in Co-ordinatio section. Copies of these tour notes are forwarded to the branch offices/sections concerned for sending their report as expeditiously as possible. The reports in respect of each item of the tour notes should be put up to 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.

18.11 List of cases/registers to be submitted to the ADAI (Rlys) during his visit

The following registers and files should be collected and kept ready for sub mission to ADAI (Rlys) during his visit:

- (1) Results of original audit by Audit Officers (all Branch Officers)
- (2) Results of post review by Audit Officers (all 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 (ECPA section)
- (6) Tour notes of Director of Audit (Co-ordination section)
- (7) File regarding minutes of meetings of Audit Officers(Co-ordination section)

18.12 Procedure office orders issued by Director of Audit- Issue and up-keep of the files

The orders issued by the 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.Os Draft P.O.Os as and when necessary will be submitted to the Director of Audit for approval through Co-ordination section. After their approval by Director of audit, these will be allotted serial nos. by CO-ordination section and circulated to all unit officers. One copy will be pasted in the register of P.O.Os.

18.13 Procedure office orders issued by the FA & CAO

All POOs issued by the FA & CAO are received in Co-ordination section. The Co-ordination section should distribute the POOs to the concerned sections/Divisions for information and necessary action. The scrutiny of POOs issued by the FA & CAO devolves on the concerned Headquarters Audit section.

18.14 Arrear list of outstanding letters

18.14.1 A list of letters received from C & AG during fortnight together with the detailed particulars mainly letter no. & date, subject & action taken/final replies sent should be furnished by the concerned units to the Co-ordination section for compilation and submission to the Director of Audit (POO No. 372 dt: 22.09.62). The letters received from C&AG's office should not be shown as cleared unless a final report has been sent. This, list should be appended to the monthly arrear report.

18.14.2 The endorsement on the Railway Board's letter ADAI (Rlys) should be studied carefully. The letters with endorsements calling for special reports should be separated and immediate action should be taken to address the audit sections concerned for necessary action and report. A separate case file should be maintained for each such letter on which report is to be made to the ADAI (Rlys).

18.15 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/Sections and issue of 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/sections concerned to collect the required information. A separate file for each subject should be maintained.

18.16 Review of manuals published by the Railway administration

1. The manuals issued by the Accounts department and the Railway administration in so far as they affect financial accounting and audit procedure are to be scrutinized by this office in terms of Para 116 of Railway Audit Manual. In order to have the work evenly distributed, the Director of Audit has fixed the responsibility for scrutinizing the manuals and books on the sections as indicated in P.O.O. 316 of 20th December 1955.
2. The concerned sections should complete the scrutiny and take up the discrepancies direct with the FA & CAO. The completion of check should be intimated to the Co-ordination section.
3. Correction slips to these manuals will also be scrutinized by the sections indicated in the above P.O.O., who will intimate to all branch offices/sections that the same have been scrutinised and accepted in audit.
4. Three copies of all Manuals will be supplied to the ADAI ® by Co-ordination section.

(Authority: P.O.O. 316 of 20th December 1955)

18.17 Receipt and supply of copies of the general orders and advance correction slips to reference books issued by the C & AG Railway Board, G.M. and FA & CAO

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See instructions contained in paragraph 418 & 431 of Chapter on Office Procedure'

18.18 Reporting of cases of losses due to frauds/thefts/embez-ellement etc

18.18.1 All cases of losses due to fire, theft, frauds, embezzlements etc exceeding Rs. 50,000/- each may be reviewed by the unit officers and report thereon may be submitted to Co-ordination section by 15th July every year, indicating the details of cases revealing interesting points worth including in the Audit Report.

18.18.2 Where the detailed report is not forth coming immediately from the Railway Administration, the Branch Officers should intimate the cases to the Co-ordination section along with the preliminary report and a draft resume of the case to be included in the letter from Director of Audit to the ADAI(Rlys). A detailed report may be sent subsequently on receipt from Railway Administration for submission to the ADAI (Rlys). The Railway administration may however, be pursued vigorously for expediting the outstanding detailed reports.

Annexure 'A'

(cf Para 18.7)

Statement of volume of work done in the Western Railway Audit Office for the year 1988-89

Sr. No.	Particulars	Figures as reported previously	Final Figures after closing of accounts				Current Year
			Total Inspection	Nos. Inspected	Total Inspection	Nos. Inspected	
1.	Section I						
1.	No. of offices departments, stations, etc. whose accounts are audited.						
2.	No. of construction						
3.	Inspection						
i.	Executive offices						
ii.	Stations						
iii.	Stores Departments						
iv.	Workshops						
v.	Others						
	Section – II						
1.	No. of letters						
	(i) Receipt						
	(ii) Despatch						
2.	No. of estimates checked as per Railway Audit Programme						

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3. Completion Reports
4. i) No. of Pay bills -
GOs
ii) No. of TA Bills –
GOs
5. i) No. of Pay bills -
NGOs
ii) No. of TA Bills –
NGOs
6. Leve A/cs of GOs of
Accouts and Other
than Accounts Office
7. No. of contractors
bills
8. No. of Labour pay
sheets/Ers
9. No. of application for
pension.
SC to PF Gratuity
checked in a year
10. PF Accounts
(i) No. checked
(ii) No. of payments
11. No. of JVs and
adjustment Memo
12. No. of other bills
13. No. of Reviews
(i) Suspense Register
(ii) Allocation/Works
Register
(iii) Exchange &
remittance
(iv) Others
14. No. of compiles
accounts
15. No. of stations
accounts
(i) Local
(a) Coaching
(b) Goods
© TTEs return
(iii) Refund lists
overcharge sheets
(iv) Compensation
claims
(v) No. of collected
passes

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16. No. of stores vouchers including bills
 a) (i) Work Orders
 (ii) Issues
 (iii) Priced Ledgers
 (b) (i) Manufacturing a/cs
 (ii) Suspense a/cs
17. Workshops A/cs
 (i) Work Orders
 (ii) L.P. Sheets
 (iii) Stores Bills
 (iv) Time Sheets
 (v) Bonus and piece work bills
 (vi) Job costing sheets

Annexure – A (I)
(cf Para 18.7)

Sr. No.	Particulars	Figures as reported previously (A)	Final figures after closing of a/cs (B)	Current
	The following items are done but not shown in the above proforma			
(i)	Leave Accountns of NGOs			
(ii)	Overtime bills			
(iii)	Sales Abstract etc.			
(iv)	Stores adjustment Sheets			
(v)	Sanctions			
(vi)	Tracing of JVs into works and Allocations register and journals			
(vii)	Service sheets of Accounts staff			
(viii)	Deposit linked insurance scheme			
(ix)	Review of purchase orders			

CHAPTER – 19

Report

19.1 Introduction

The section is under the charge of Audit Officer (Report). The main function of the section is processing of Draft Paras for the report of CAG. 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 of the section the important records to be maintained, etc are explained in the following paragraphs.

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 administrative 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 Officers are to send Draft Paras in all such cases in duplicate alongwith copies of all correspondences (key documents) 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 AUO nominated by DA to conduct such review/appraisal. The issue of such DPs by the target date fixed by ADAI (Rlys) is to be ensured by the section by monitoring the progress of the review from time to time. Annexures and Statements prepared by audit are to be signed by AAUO or SO and copies of other documents are to be certified as true copies. Scrutiny of the Draft Para in Report section involved a verification of the facts and figures sentence by sentence with the help of key documents. A thorough check of statistics compiled by audit is an integral part of such verification as any mistake can lead to incorrect conclusions. The cases which are found suitable after such verification are duly edited and submitted to DA for approval through the DDA. The cases not considered fit or ripe 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 Paras together with a list of key documents and copies of Annexures/Statements compiled by audit are sent to GM, FA & CAO and other concerned HODs for obtaining railway administration's remarks. Simultaneously, copies of the Draft Paras together with all key documents are endorsed to Director, Accounts (BC), Ministry of Railways (RBd) and ADAI (RIs), New Delhi . Draft Pars and all correspondence thereon are treated as confidential. The Railway administration has to send the reply to the Draft Para within 8 weeks. The reply of the administration on its receipt is examined and further comments are forwarded to ADAI (Rlys). A para which is tentatively approved by the ADAI (Rlys) for inclusion in the report is sent to the Railway Board as a Provisional Para and a copy of it is also sent to DA. 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 got verified by the Rly Admn before advising the ADAI (Rlys).

19.2.2. Draft Paras on Recoveries at the instance of audit and statistics of audit objections (Issued up to 31st March but outstanding on 31st August) are issued by the ADAI (Rlys) 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

respectively. The Branch Officers have to send to the information duly vetted by Accounts deptt. by 15th of July and 2nd week of September respectively. Synopsis of individual cases involving recovery of Rs. 1 lakh and above is to be furnished in duplicate alongwith the 'Statement of recoveries at the instance of Audit'.

19.2.3 The ADAI(Rlys) can circulate the Draft Paras of any railway to other Director of Audit for investigation and issue of Draft Paras. On completion of such investigation undertaken through Branch Officers, further action as directed by ADAI (Rlys) is taken.

19.2.4 A monthly report on issue of Draft Paras in the proforma shown in Annexure is sent to the ADAI (Rlys) by 10th of every month.

19.2.5 Audit Report – Para 493 RAM deals with action to be taken by DA on Audit Report. Certain number of copies of Audit Report received in this office are sent to the Rly Administration for their reference. The remaining copies are distributed amongst the various officers of this office.

19.2.6 Maintenance of Registers

1) Potential Draft Para register – Potential cases of Draft Paras identified from draft audit objections received for DA'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 Branch Officer and half yearly to DDA & DA.

2) Draft Para register – The section has to maintain a register of Draft Paras (Para 486 of RAM) and submit it to DA 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 office.

19.2.7 Memoranda for Public Accounts Committee

Action to be taken on Railway Board's memoranda for Public Accounts Committee is indicated in Para 494 RAM.

ANNEXURE

(Para 19.2.4)

Progress Report on the Issue of Draft Paragraphs and Review notes for the month of _____

- (1) Number of draft paragraphs and reviews outstanding
- (2) Number issued during the month
- (3) Total (1+2)
- (4) Number for which replies are due
- (5) Number for which replies have been received
- (6) Number approved for inclusion in the report
- (7) Number closed or settled
- (8) Balance outstanding (3-6-7)

(Authority – ADAI(Rlys) letter no. 289-RAI RR2 – 10/87 dt. May 1987)

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CHAPTER - 20

CATERINGG AUDIT

20.1 Scope Of Audit

20.1.1 (a) 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 Deptt. And The Rules Contained In Chapter Xxviii Of The Indian Railway Commercial Manual

(b) Also See Cahpter Xiv Of Ram And Paragraph 38 Of M.O.I.

20.1.2 The Central Auddit And Local Inspections Of Various Departmental Catering Units Are Undertaken By The Following Audit Units.

(i) Audit Officer (Inspection)- CCG

- (a) Refreshment Room - CCG
- (b) Base Kitchen – Bct (Including Rajdhani)
- (c) Central Provison Stores - BCT
- (d) Frontier Mail Ddining Car
- (e) Flying Ranee Dining Car
- (f) A.C (Western Express) Dining Car
- (g) Rajdhani Express Dining Car
- (h) Super Fas Bombay – Jammu Dining Car

(ii) Divisional Audit Officer - BRC

- (a) Refreshment Room & Base Kitchen - Godhara
- (b) Refreshment Room & Base Kitchen - Ahemedabad
- © Sarvodaya Express Dining Car
- (d) Navjeevan Express Dining Car

(iii) Divisional Audit Officer - BCT

Refreshment Rooms at BCT, Surat, which includes catering arrangements made from cafeteria refreshment rooms, stalls & trolleys at main and local platforms.

(iv) Divisional Audit Officer - KTT

Refreshment Rooms & Base Kitchen at Kota , (b) Shamgarh and (c) Bharatpur.

(v) Dy. Director of Audit/Divisional Audit Officer - Ajmer

Refreshment Rooms and Base Kitchens at (a) Ajmer (b) Abu Road and (c) Bharatpur.

(vi) Divisional Audit Officer - RTM

Refreshment Room & Base Kitchen, Ratlam.

(vii) Divisional Audit Officer - JP

(b) Refreshment Room & Base Kitchen at Jaipur

- (c) Pink city Express Dining Car
- (c) Garib Nawaz Express Dining Car

(viii) Divisional Audit Officer - RJT

Refreshment Room and Base Kitchen at MSH

(Authority: P.O.O. No. 476 dt. 06.04.79, No. 480 dt: 29.11.79 & No. SA/HQ/Insp/I/9/1211 of 27.05.83)

20.1.3 The extent of check has been prescribed in M.O.I. at pages 47-48 under catering audit.

20.1.4 Local Inspections of static units are to be done once in four years and of mobile units once in a year. (P.O.O. No. 480 dated : 29.11.79)

20.1.5 All the dining cars should be covered in a year and the transactions of at least three selected trips should be checked in detail. Remittance of cash collections should be reviewed for the whose year to ensure that there have been no delays or losses.

20.1.6 In addition to above, inspection of accounts of dining cars on run at the end of first leg of a trip will also be undertaken by the respective Audit Officers annually, wherever feasible under the orders of Director of Audit.

(Authority: ADAI (Rlys)'s letter No. 1049-RAI/8-1/71, dated 22/03.71)

20.2 Audit of Sanctions

The instructions for audit of sanctions contained in the chapter on audit of expenditure should be followed.

20.3 Audit of Contracts

The purchase policy laid down by the Rly. Admn. And instructions contained in Paras 290 to 296 of RAM should be kept in view while auditing contracts.

Commodities for daily use such as green vegetables, eggs, fish, bread, etc. are purchased daily, payments for which are made from the cashimprest placed at the disposal of Rly. Officers under whom the catering units are functioning. This should be cheked with reference to relevant rules under schedule of powers of purchase. Where purchases are made without calling for tenders, the reasons leading to the decision not to call for tenders are to be recorded. It should be seen whether these reasons appear to be sufficient as laid down in Para 290 of RAM.

20.4 Audit of Cash Imprest

See. Para 188A of RAM

20.5 Audit of Contractor's Bills

It should be seen that the bills are supported by the receipt note acknowledging the receipt of the materials shoing the folio of stock ledger at which posted. A certificate of the unit manager for receipt of materials should also be recorded showing the entry of the materials in the stock ledger. There should be an indication on the bill that the same has been checked by the Account Inspector. The allocation and payment should be traced in allocation register/computerized statements. The other checks should also be applied.

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20.6 Audit of Cash Memo – Daily Abstract of Sale Proceeds

- (i) See Rules 2856 (a) to (d) and 2857 of the Indian Rly. Commercial Manual Vol. II.
- (ii) The cash memo and counter foils of coupons will be checked with daily abstracts of cash memo coupons.
- (iii) The cash memo must be checked to see that
 - (a) there is continuity of the serial no. of the cash memo.
 - (b) they bear the stamps of the unit manager.
 - © in the case of cancelled memo, both the foils are submitted with the endorsement showing the reasons for the cancellation, which should be attested by the Unit Manager.
 - (d) the calculations of all cash memos are correct, and
 - (e) the rates quoted are according to the approved tariff.

20.7 Audit of Daily/Trip wise/10 days summaries of raw materials issued

Materials issued for preparation of articles should be compared with the quantities arrived at on the basis of the formula and the actual yield. Any differences should be investigated. Issues made to refreshment rooms, stall keepers and vendors as recorded therein should be traced into their sales returns and as such these should be linked with sales statements.

20.8 Audit of Daily Sales Statements

It should be seen that

- (a) the totals are correct and the total amount of cash sales as abstracted in the daily abstract of cash bills has been remitted in full to the S.M. as per C.R. note.
- (b) the monthly statement of cash remittance made by the unit manager and sent to the catering accounts office is reconciled with the remittances vide daily sales statements for the month.
- © these should also be linked with daily summaries of raw material issued and food stuff prepared and sold.

20.9 Audit of Profit & Loss Accounts

See para 194A- RAM

20.10 Account of left over or spoiled materials, etc.

See Para 194B – RAM

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CHAPTER - 21

EFFICIENCY CUM PERFORMANCE AUDIT

21.1 Introduction

Efficiency- cum-Performance Audit is a technique of audit adopted to assess and evaluate the economy, efficiency and effectiveness of developmental scheme/projects/ organizations.

- (1) Economy means operation at the lowest possible cost;
- (2) Efficiency is effective out-put without unnecessary waste of resources including adherence to time schedules, and
- (3) Effectiveness is achieving programmed objectives and goals and ensuring that intended benefits arise in real term.

The audit encompasses both financial and social aspects. The financial aspects would be to see that

- (i) the agency maintains an effective control over its income, expenditure, assets and obligations
- (ii) the agency is responsible for its resources, obligations and operations, and
- (iii) the agency reports include specific, true and useful data, whereas the social aspects to be seen are how far
 - (a) the goals/targets set have been achieved, and
 - (b) the intended benefits to the community/area have accrued.

In view of its all embracing nature, this type of audit is also known as Economy, Efficiency and Effectiveness audit.

21.1.1 Lay-out for a review can be

- (1) Introduction – description of the organization, scheme/project
- (2) Finances, 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, short-fall
- (8) Inventory
- (9) Operational costs-variable, fixed
- (10) Assets- targets/fixed
- (11) Social objectives-how far met; and
- (12) Summary of findings.

(Authority: Audit Guide Series NO. 3 issued by the O&M Division of the Comptroller and Auditor General of India, New Delhi).

21.2 Standards of field investigation in efficiency-cum-performance audit

The reviews on schemes/projects should be prepared after intensive study of the schemes/projects and they should be audit 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 off

with the scheme wherever feasible taking into account organizational set up right from the secretariat down to the field formations and should get a comprehensive and balanced picture.

ECPA is directed to examination of the systems, procedures, planning, implementation and operational performance of programmes, activities etc. and bringing out among things weakness and deficiencies as also lapses of various types including those relating to individual transactions for appropriate action.

Some of the broad guide lines 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 prima-facie appears to be less than efficient, ascertain the reasons there-of, 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 framed and whether the same are adhered to by the executing departments.
- (f) See whether there have been any serious avoidable delays in the progress of work resulting in increase in the total cost of the scheme or any loss of revenue due to delayed execution or holding up of other connected schemes.
- (g) 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.

21.3 Duties of ECPA Section

The duties of the ECPA Section are outlined in paras 56 to 59 of the Comptroller and Auditor General of India's Manual of Standing Order (Technical) Volume I and Chapter XXIV of Railway Audit Manual. The main functions of the section are as under:

1. To undertake investigations on important topics. List of topics for investigation is given in Annexure to Chapter 2 under Section II of C & AG. Manual of Standing Orders (Technical) Vol. I and Chapter XXIV of Railway Audit Manual.
2. To review the periodical reports viz. General Manager's annual report, reports of different committees set up by the Central Government, Railway Budget, Appreciation and other reports sent by various departments of the Railway to the Railway Board, Reports of the economy committees etc.
3. To conduct scrutiny of contracts exceeding Rs. 1 lakhs whenever there is a deviation from the standard approved form of contract. (SA/HQ/HA/IX/1(b) 9685 dated 9.11.1966).
4. To look into instances of important special adjustments carried out towards the close of the financial year, suggested for investigation by auditing sections.
5. To deal with the inspection reports on the inspection of office by the Director of Inspection.

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6. Items for investigation by ECPA Section are selected by the Director of Audit, in accordance with para 499 of Railway Audit Manual.
7. Submission of monthly of domestic statistics Part I, Part II- Section A, Part II- Section B & C to the Director of Audit for onward transmission to Additional Deputy Comptroller and Auditor General of India (Rlys) as and when received from the statistical branch of Railway.
8. Annual verification of service books i.e. leave accounts and service verifications of the entire audit staff including group 'B' Officers.
9. Salary entitlements of Gazetted Officers as on 31st March every year.
10. Review of daily news-papers purchased by the office for selecting press clippings, if any worth reporting to Headquarters Office on subjects relating to railway working.
11. To receive all letters of headquarters office relating to central/local reviews and distribute them among concerned officers for execution, after obtaining Director of Audit's approval. The topics for local reviews are to be sent by unit offices by may each year and ECPA should itself also identify topics for the purpose. The selected topics with guidelines are to be sent to headquarters by July each year.

21.4 Progress Register of Investigations

A central register as indicated in Annexure A to this chapter is maintained by the ECPA Section to watch the progress and completion of items of investigation by ECPA and, Reviews section as well as other auditing sections/Divisions from time to time.

21.5 Suggestions for improvement in audit and accounting practices and procedures

Suggestions from departmental personnel at all levels for the simplification or betterment of accounting and audit practices and procedures which may strike them in the course of their actual work as feasible and necessary are welcomed by the C & AG, Any such suggestions made by members of staff will be first examined by the respective Branch Officers to decide whether they would merit further consideration and those worth further examination reported to the ECPA Section. The suggestions so reported by the Branch Officers are to be examined by ECPA Section and put up to the Director of Audit for consideration.

(Authority: PP No. 302 dt. 8.2.55)

21.6 Special investigations based on published railway statistics

The published railway statistics received in ECPA section is also to be circulated among the Gazetted Officers to enable them to initiate investigations and also for suggesting fruitful topics for investigation. The list of statistical subjects is at Annexure B of this chapter.

21.7 Review of progress report of economy

The report on the subject submitted by the General Manager to the Railway Board should be reviewed by ECPA Section and interesting points, if any, reported to the DA for transmission to Additional Deputy Comptroller & Auditor General of India (Rlys), if considered fit.

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21.8 Perusal of vigilance cell cases and review of periodical reports of the Vigilance Cell

(i) The nature of duties to be performed by the Vigilance cell is indicated in the Railway Board's letter No. E(L)RP/12 dt. 9.7.1957.

(ii) The periodical reports on the working of the Vigilance cell made to the Railway Board should be reviewed and comments, if any, submitted to Director of Audit for reporting to ADAI (Rlys) if considered necessary.

(Authority: C&AG's letter No. 1590-RAI/4-24/57 dt. 11.6.1959 No. 1483-RAI/4/24/57 dt. 1.6.60 No. 479-RAI/4/24/57 dt. 14.2.1961, No. 2954-RAI/A 17-4/61 dt. 2.8.1961).

21.9 Efficiency-cum-performance Audit Review

See Para 56 to 58 of C&AG's Manual of Standing Orders (Technical).

21.9.1 For the purpose of certifying the accounts, routine checks have to be carried out to ensure that the accounts are correct and give fair view of the financial results for the year. Apart from taking care of the regularity of expenditure aspect, it is also necessary to examine whether the expenditure has been incurred with "Wisdom, Faithfulness and Economy".

21.9.2 As under the decentralized divisional set up, the relevant initial records of the works are maintained at the Divisions/Construction units etc. the Efficiency-cum-Performance Audit Review of works is undertaken by the Divisional Audit Officers/Branch Audit Officers concerned to assess the actual performance both technical and financial in relation to the original planning and anticipations. A record of such works reviewed should be kept by the respective Division/Section. Reports on review alongwith full particulars of the schemes taken up for review should be furnished to the ECPA section on prescribed date.

21.10 Other Periodical Reviews

21.10.1 Review of General Manager's Annual Report

ECPA Section should review the General Manger's Annual report to the Railway Board and submit a note to the Director of Audit, bringing out important points, if any.

21.10.2 Railway Board's annual report should also be reviewed and interesting points, if any, pertaining Western Railway should be submitted to the Director Audit.

21.10.3 Digest of important and interesting cases appearing in the Audit Bulletin.

These reports should be reviewed by ECPA section with a view to selecting items there from for further investigation either by ECPA section itself or by the auditing units as may be directed by the Director of Audit.

20.10.4 Appreciations and other reports sent by various departments of the Railway Administration to the Railway Board etc.

Monthly appreciation and other periodical reports submitted by Commercial, operating, Safety and Statistical Departments, Fuel economy reports etc. should be reviewed and a note bringing out interesting cases/aspects if any, should be submitted to the Director of audit by the Audit Officer (ECPA) during the last week of the second following month/quarter to which the reports relate.

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Annexure 'A'

Sr. No of the case	Date of orders by the Director Audit investigation by the ECPA section	Name of the section from which the case has originated	Subject matter of the case with a brief History	Progress of the case	Final decision
1	2	3	4	5	6
I	Rules				
II	Audit and Accounting Procedure				
III	Suggestions for economy in expenditure				
IV	Suggestion towards development of earning				
V	Audit of Sanctions				
VI	Audit of Contracts				
VII	Audit of PAY and Allowance				
VIII	Audit of TA				
IX	Audit of Contingencies				
X	Investigatinon of cases of serious Financial irregularities including frauds and embezzlements				
XI	Works Expenditure				
XII	Miscellaneous				

Note: I to XII should be opened as separate in the register.

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ANNEXURE 'B' (Para 21.6)

List of statistical, subjects:

I. Operating Statistics

- (1) Fuel consumption
- (2) Engine sage
- (3) Engine Failures
- (4) Lubricating oil consumption
- (5) Repairs and maintenance cost of rolling stock per engine kilometer coaching vehicle/wagon on line
- (6) Rolling stock under repairs or awaiting repairs
 - a) Locos
 - b) Coaches
 - c) Wagons
- (7) Average kilometere run by engine undergoing POH, since last POH
- (8) Engine held up in sheds for want of repair material from the Mechanical department
- (9) Cost of special repairs/POH per standard unit of repair in workshop
- (10) Detention to wagons
 - a) In yards
 - b) At terminal stations
 - c) In transit
 - d) At transshipment points
 - e) At stick lines
 - f) In workshops
- (11) Utilisation of wagons
- (12) No. of wagons delat with per shunting hour
- (13) Average time taken in sending out a wagon from station after being released or re-loaded quick turn round of wagons.

II. Maintenance

- (i) Cost of maintenance per unit of track, building, bridges etc., on different Railways or on the same Railway over same years.

III Claims

- (i) Examination of statistics of compensation claims vis-à-vis the cost of commercial staff, RPF staff and the efficiency of the arrangements for handling traffic.

IV. Traffic

- (ii) Tonne kilometer per engine hour (to serve as an index of efficiency) for different Railways and for the same Railways over some years.

V Financial Results

- (iii) Financial results including operating ratios of the difference Railways or of the same Railway for the past few years.

- (2) Economics of some selected sections of the Railways e-g. Branch lines, suburban system etc. to examine the cost of operation vis-à-vis the

(3) Money value of the traffic, seasonal and standing concessions vis-à-vis the cost of operation for examining the property of the concessions.

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CHAPTER – 22

INTERNAL AUDIT

The internal audit procedure has been explained in detail in Manual of Standing Orders' (technical) Part I at paras 563 to 566.

22.1 The internal audit wing will conduct a test check of the work of other sections of the office with a view to check whether .

- (a) the procedural rules and regulations are being followed.
- (b) the various registers prescribed have been maintained properly.
- (c) the returns are submitted on the due dates and
- (d) the sections function as efficient units of the office.

22.2 One or more section will be selected by the Director of Audit for internal audit every month. The internal audit of all the sections of the office will be completed in a cycle of two years. The results of review by Internal Audit should be put up to the Director of Audit soon after the party returns to head quarters. These objectives shall be achieved in the following manner.

- (i) by investigating important arrears and verifying whether the periodical arrear report etc. submitted to the Director of Audit faithfully represents the actual position of arrears in that Branch/Section.
- (ii) by verifying whether returns shown as having been sent on the dates mentioned in the calendar of returns were actually sent on those dates.
- (iii) by reporting whether the files and other records are maintained in a neat and systematic manner.
- (iv) by bringing to the notice of the Director of Audit, the number of audit objections issued during the previous quarter.
- (v) by watching the implementation of important Procedure office orders issued from time to time.
- (vi) by seeing whether the prescribed programme of audit is being correctly followed and scrutinizing the adequacy of other wise of the arrangements for audit and review.
- (vii) by verifying whether the audit work has been done adequately and intelligently and if absolutely necessary, by a test audit of vouchers and other documents already audited.
- (viii) by checking the man-hour statistics prepared by the section represent the work done in the section. A test of this statement should be carried out (Authority: C&AG's letter No. 589-RAI/8-2/68 dated 2.3.1968)
- (ix) by looking into the cases of delay in receipt and issue of inspection reports and review of inspection reports.

The existence and proper maintenance of the register of receipt and issue of inspection reports should also be checked.

- (x) by test checking the returns

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Test check of returns should be done in such a way that all returns should be covered by test check once in a year Authority: (C&AG's circular No. 16 O&M/85 letter No. 1440-O&M/107-85 K.W. dt. 18.11.85 circulated by AuO-Admn vide endorsement letter No. SA/HQ/Admn/I/30/4993 dt. 27.12.1985)

(xi) by checking that the listing of vouchers done by Auditors for selection has been checked cent percent and found correct and the monthly/quarterly certificate certifying that the extent of checks prescribed for audit and percentage fixed for current review/post review has been verified and corrections carried out.

(Authority: secret letter No. SA/HQ/ECPA/VI/84/DOI/4791/dated 4.12.1984)

22.3 After the review is completed, the Section Officer/Asstt. Audit Officer will discuss his findings with the Section Officer/Asstt. Audit Officer of the section concerned and also with the concerned Branch Officer, if available and submit his final report to the Audit Officer (Internal Audit). Who will then submit the same to Director of audit for information. The report will then be sent to the concerned Branch Officer for necessary action.

The Branch Officer concerned will send his remarks on the points raised in the report within a period of two weeks to the ECPA Section and Audit Officer (Internal Audit) will obtain the approval of Director of Audit for such action as may be necessary before final closure of the report.

22.4 The following items of works also devolve on the Internal Audit Section.

(i) Independent check of leave accounts and service books of all non-gazetted staff of the office:

The check should be carried out during the month of March to April and a report submitted to the Director of audit through the Deputy Director of audit (Headquarters).

(ii) Check of entitlements of Group 'B' Audit Officers: Consequent on decentralization of work relating to the preparation of Salary Bills of Group B Officers of the Indian Audit and Accounts Department, the Internal Audit section should test check the entitlements of the Officers Authority:

(CAG's letter No. 1325-TAI/398-71 dt. 12.9.1972)

(iii) Review of Reports for Scheduled Castes/Tribes etc. maintained by the Administration Section: Rosters for scheduled caste/tribes etc. maintained by Administration section are required to be checked every year and remarks intimated to the administration section by the 15th of February (CAG's letter No. 2164-NGE II/58-70(1) dt. 17.12.1970).

(iv) Scrutiny of Job-analysis (Audit Officer (Admn)'s letter No. SA/HQ/Admn/VII/6A/8057 dated 22.3.1980)

(v) Efficiency of Weeding and destruction of records.

22.5 Internal Inspection by the Director of Inspections:

The Internal Audit Section should act as liaison between the Director of Inspection party and other sections of the office. The inspection report issued by the Director of Inspection should be dealt with by the Internal Audit section in consultation with other

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sections and necessary instructions should be issued from the internal audit section to ensure that the irregularities pointed out by the Director of Inspection do not recur.

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CHAPTER – 23

Computer Audit

23.1 Computerisation on Western Railway

Computerisation on Western Railway was started with the installation of an IBM-1401 system in 1967. This was replaced by a fourth generation ICIM-6060 computer in 1987. Various applications have been taken up on computer for processing major ones being Goods & Passenger traffic accountal and statistics, stores accounting and inventory control, Workshop incentive bonus bills and payroll, general payroll, operation statistics, financial management system etc. Chapter VI of Indian Railway Administration & Finance – An introduction may also be referred to for general information on Electronic Data Processing in Indian Railways.

The changes in audit procedures as a result of mechanisatino have been discussed in detail in Headquarters letters mentioned below:

(1) Payroll & PF Accounts

ADAI (Rlys)'s secret letter No. 2038-161-RAI/8-7/71-1 dated 22.06.1971 circulated under DCA-CCG's letter NO. SA/HQ/C/I/25/Mac/3060 dated: 27.08.71

(2) Traffic Accounts

ADAI (Rlys) secret letter Nos. 1941-160-RAI/8-6/71, dated 10.06.71, No. 896-OSD©/42/71 dated 14.03.72 and No. 1007-OSD/©/44/71, dated 30.03.72 circulated under DA, W.Rly's No. SA/HQ/C/I/5/MAC/2116 dated 13.07.71 and even No. dated 30.03.72 and 21.04.72.

(3) Workshop & Stores Accounts

ADAI (Rlys)'s secret letter No. 3055/RAI/8-8/71, Vol. I circulated under letter No. SA/HQ/C/I/25/MAC/3848, dated 25.09.72.

23.2 Audit Jurisdiction

With the installation of mini-computers/micro-computers in various Railway Divisions, Workshops, Stores, Sheds, Survey and Construction etc., several applications are being taken up in these units for processing of various types of data including financial applications like payroll, financial management systems, inventory accounting & control etc. It is therefore, necessary that EDP audit should be taken up for the various installations on a continuous basis to be done by the audit units where computers have been installed.

23.3 Introduction to EDP Audit

EDP audit is part of comprehensive audit of an organization. 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 computerization is often viewed in terms of changes in the way things are done, an automated system does not necessarily require any new ideas. An automated system simply applies the processing abilites of a computer to the task,. By using the computer, the limitations of human processing abilites 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. Computers do not alter the basic

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concepts or objectives of systems controls. However, the technique & points of control must be adopted to the changing conditions and responsibilities of an EDP environment.

23.4 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 maintenance of computerized systems.
- To review the adequacy of administrative and organizational controls which ensure safe and expedient day to day operation of the installation
- To review the acquisition of computer facilities and
- To review the use of resources and to appraise and report on waste and extravagance and inefficient administration or poor value for money

This 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 systems
- (6) Audit review of micro-computer systems/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 organization and more importantly, the technical expertise of the audit personnel.

(EDP Audit Guide – New Audit Guide Series No. 1)

23.5 EDP Audit

23.5.1 The overall work of computer auditing may be divided into:

- ascertaining the system and reviewing the organizational and operational, controls of the computer department
- ascertaining and reviewing application systems which are under development or being run
- carrying out audits of live data and results for systems in use
- carrying out an efficiency and effectiveness audit

23.5.2 While the responsibility for designing, implementing and operating accurate, reliable and secure computer systems of all types rests 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 the auditor does not assume management, the auditor can provide the computer manager with an independent evaluation of procedures and systems. Care must be taken to ensure that the 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

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developments which are likely to have significant impact on the audit process, and should consider providing specific comments on the following:

- internal controls in the light of weaknesses noted in the existing system; 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.

25.5.3 Organisational and operational controls should provide a secure environment in which to develop, maintain and operate computer based system, and should incorporate following:

- provision of a secure and orderly processing environment
- prevention or detection of unauthorized access
- ability, in the event of equipment failure, to ensure reconstruction of lost data and to provide continuity of processing for critical functions

25.5.4 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 authorized 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 or forwards through the processing cycle, and
 - the linking of computer records and output documents to associated input

25.5.5 During the early stages of computerization, when batch processing was widely used, the computer was regarded as an accounting machine and audit was 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 system 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 computerized systems 'through the computer'. These Computer Assisted Techniques (CAATs) can be broadly categorized 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
- summarization and / or stratification of data files
- selection of key items

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- 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 tests some aspect of a critical field, particularly testing marginal values.

23.6 Audit Approach to Computers

- (1) The Vouching Approach and Audit Trails
- (2) The Verification Approach
- (3) The Systems Approach

23.6.1 The auditor must have AUDIT TRAIL in order to pursue the Vouching approach and with computer systems this may be inadequate. The vouching approach when applied to computer auditing is often called “The Black Box Approach”.

Audit Trail, implies the preparation and retention within an organization:

- (a) for an adequate period
- (b) in a reasonably accessible form; and
- (c) in enough detail to satisfy the auditors, of records which allow each detailed element of any transaction to be tracked from its source through each intermediate state to its final disposition and vice-versa i.e. the facility to use records to trace back in detail from the final outcome through the intermediate stages back to the initial source of the transaction.

It should be realized that the information that auditors call Audit Trail is also the information that management needs for detailed control and hence is also Management Trail.

23.6.2 With Verification Approach, the auditor devices independent means of verifying the existence, ownership and valuation of cash and assets. Verification techniques can also be used for other balance sheet and Income and Expenditure accounts items. Under this approach, the auditor visits computer center frequently to verify whether the laid down procedures are correctly being followed & checks ‘what is being done’ instead ‘what has been done’.

23.6.3 The System Approach

23.6.3.1 Under the Systems Approach, the auditor asks three questions:

- (i) What the Systems Approach, the auditor asks three questions:
- (ii) Is it operating according to plan?
- (iii) It is adequate?

To answer the third question, he also needs to keep three things in mind

- (i) What should happen (to achieve the objectives of the system)?
- (ii) What can go wrong (in view of the way the system has been designed)?
- (iii) What has been done to stop it?

The systems auditor will use vouching and verification techniques as subordinate tools to his systems approach. For instance, he will conduct limited tests to confirm his

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understanding of the system by checking the processing of a limited number of transactions through the system. These are sometimes called WALK THROUGH or CRADLE to GRAVE tests as they usually trace the processing of data right through the system. The testing may not be feasible if audit trail is defective.

23.6.3.2 Testing: The auditor should therefore conduct compliance tests of apparently strong controls upon which he hopes to place reliance. These will be performed after the evaluation of the system and are designed to discover whether these controls have in fact operated throughout the period under review.

Where the auditor has identified a weakness, in control either during his review of the system or due to an unsatisfactory result of a compliance test, then he will conduct checks on weakness of substantive tests, which are designed to identify and assess the effects of control weaknesses or control violations.

23.6.3.3 Risk Analysis:

One very productive variant of the systems approach is known as Risk Analysis. In summary the issues to be addressed in risk analysis are INTEGRITY, SECURITY & PRIVACY.

Integrity means completeness and accuracy;

Security means guaranteeing continued Integrity; and

Privacy means protection from unauthorized access.

All systems have good and bad, deliberate and unintended, characteristics or design features, unsatisfactory characteristics (i.e. weaknesses) may result in unacceptable consequences which are often called CONTINGENCIES. Sensible enterprises will develop a contingency plan to reduce or eliminate the weaknesses and risks and to facilitate recovery if a contingency nevertheless does occur. RECOVERY simply means restoring integrity, security & privacy. To avoid degradation of either, there must be a pattern of monitoring in order to review these arrangements independently and objectively, and this monitoring must itself be formally provided for.

Restricted entry to authorized personnel only in the Computer Centre, Fire prevention, back up procedure for data & program files, proper distribution of output, etc are procedures required for preventing the risks involved & may be reviewed.

23.6.3.4 Systems Audit:

Systems Audit includes all activities undertaken to evaluate a computerized system at any stage of its life cycle, from acquisition or development through operation and maintenance and ultimately, replacement. The basic objectives in auditing computerized systems include evaluation:

(1) **System effectiveness:** Does the system fulfil the aims for which it was acquired or developed? Does it perform the intended functions correctly? Does it provide the information needed by users in a convenient format and timely fashion?

(2) **System economy and efficiency:** Is the use of system resources (hardware, software, people; money) optimized?

(3) **Data integrity:** Are the internal controls adequate to ensure that errors are not introduced while entering, communicating processing, storing or reporting data?

(4) **System security:** Are the internal controls adequate to ensure that data cannot be altered maliciously or accessed by unauthorized personnel? Are the system resources adequately protected against theft, waste, fraud and natural disasters?

(5) **System regularity:** Are system activities (e.g. , acquisition, development, operations, maintenance) compatible with applicable laws, regulations, policies, directives and guidelines?

These objectives are broad, and cannot be optimized simultaneously (e.g. increased security can only be obtained at the expense of economy and efficiency). Therefore, the auditor must refine the objectives to reflect the issues that are essential during each stage of the system life cycle and evaluate the system as a whole in the context of its aims and operational constraints.

23.7 The following may also be referred:

1. Computer & Audit – Audit Bulletin – December 1982
2. Performance Evaluation of Computer System – Audit Bulletin- March 1983
3. System Analysis – Journal of Management and Training VOL. 5 No. 1 April 1987
4. Computer & Audit – Journal of Management & Training – Vol. 6 NO. 4 January 1989

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Appendix – I
Monthly Arrear Report (Clause 18.6.1)
 FORM – A—I
 SHOWING ARREARS IN AUDIT AND REVIEW

Section _____ Station _____ For the month of

Sr. No.	Functional group/Sub functional group	Arrears in Accounts Office			Arrears due to non-availability of vouchers			Arrears in Audit Office			Total		
		Arrears at the end of	Arrears at the end of	Increase (+) Decrease (-)	Arrears at the end of	Arrears at the end of	Increase (+) Decrease (-)	Arrears at the end of	Arrears at the end of	Increase (+) Decrease (-)	Arrears at the end of	Arrears at the end of	Increase (+) Decrease (-)
Total													

SECTION OFFICER

ASSISTANT AUDIT OFFICER

BARNCH OFFICER

FORM -A—II
SHOWING RESUME OF IMPROTANT ITEMS OF ARREARS

Section _____ For the month of _____

1	2	3	4	5	6	7	8	
Name of Functional Group /Sub-Functional Group	Category of Arrears i.e. whether the Arrears are due to accounts office or due to non-availability of vouchers or arrears due to arrears in audit office proper	Item of Arrears	of Arrears expressed in terms of mandays	Period in which arrears relate	to the existence of arrears	Detailed reasons for the existence of arrears	Steps taken or proposed to be taken for clearance of arrears (In case of chronic arrears it may be specifically stated whether the matter is required to be taken up at HQR level)	Date by which the arrears are likely to be cleared. (In this column specified date is to be indicated)
1								

Section Officer

Assistant Audit Officer

Brach Officer

FORM 'B' – I
STATISTICS OF OUTSTANDING OBJECTIONS

Section _____ - Station _____ for the month of _____

Sr. No.	Nature of objection	Number/Items outstanding at the beginning of the month		Issued during the month		Closed during the month		Outstanding at the close of the month		Agewise analysis of the number outstanding as per column. 6					
		No.	Item	No.	Item	No.	Item	No.	Item	More than one year old		More than 6 months but less than 1 yr		More than 3 months but less than 6 months	
1	2	3		4		5		6		7		8		9	
1.	Special Letters														
2.	Pt. I Inspection Reports														
3.	Pt. I T.A. Notes														

Note: In respect of Special letters closed during the month under report, a statement should be attached with the form indicating the result of the closure, viz. recovery waived or effected, staff responsibility etc. (Interim replies, rejoinders etc., need not be duplicated to this office.)

Section Officer /Asstt. Audit Officer

Audit Officer

FROM --- B—II

(i) SHOWING YEARWISE BRAKUP OF OUTSTANDING OBJECTIONS

Section _____ Station _____ For the month of _____

Sr. No.	Nature of objections	Prior to (1985-86) (Mention the year to which pertain) No Items	to 86-87 No Items	87-88 No Items	88-89 No Items	89-90 No Items	90-91 No Items	Total No Items
1.	Special letter							
2.	Pt. I Inspection Reports							
3.	Pt. I T.A. Notes							

(ii) Details of special letters during the month

<u>Sr. No.</u>	<u>Subject</u>	<u>Reference No./Date</u>	<u>No. of paras</u>	<u>Money Value</u>
	<u>(ii)Details of special letters closed during the month</u>			
<u>Sr. No.</u>	<u>Subject</u>	<u>Reference No./Date</u>	<u>No. of paras</u>	<u>Money Value</u>

PROFORMA – C

Quarterly Report on weeding and destruction for the quarter ending _____

Records due for destruction for the quarter ending _____ have been segregated and destroyed during quarter ending _____

(ref: C & AG's letter No. 231/RAIII/52/10-2/85 dtd. 24.5.85)

Audit Officer

PROFORMA – D

Unit _____

STATEMENT OF OBJECTIONS OUTSTANDING AS ON

Nature of Objectinos	<u>Yearwise split up of objections outstanding</u>							
	<u>Prior to 1985-86</u>		<u>1985-86</u>		<u>1986-87 and so on</u>		<u>Total</u>	
	No. of objections	No. of paras	No. of objections	No. of paras	No. of objections	No. of paras	No. of objections	No. of paras
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Part I Audit Note Part I Inspection report Special letters								
TOTAL								

Asstt. Audit Officer
Section Officer

Branch Officer

FORM – E- I

SHOWING DETAILS OF INSPECTIONS

_____ Division /Section _____ Station _____

For the month of _____

Sr. No.	Particulars	No. of Inspections	No. of mandays	Remarks
1.	Total number of inspections during the year			
2.	Number of inspections conducted upto the preceding month.			
3.	Number of inspections conducted during the month under report			
4.	Number of inspections remaining to be done			
5.	No. of inspections conducted upto the end of preceding month for which Inspections Reports have not been issued.			

(Remarks for non-issue in each case should be specified in the remarks column)

Section Officer
Asstt. Audit Officer

Audit Officer

FORM – E- II
SHOWING DETAILS OF REVIEW OF MAJOR WORKS

Sr. No.	Particulars	No. of works in progress/completed works	No. of mandays	Remarks
1.	Total number of Reviews due during the year.			
2.	Number of Reviews conducted upto the preceding month			
3.	Number of Reviews conducted during the month under report.			
4.	Number of Reviews remaining to be done			
5.	No. of Reviews conducted upto the end of preceding month for which Inspections Report have not been issued. (Remarks for non-issue of Inspection Report) (Remarks for non-issue of Inspection Report)			

Section Officer
Asstt. Audit Officer

Audit Officer

FORM - F

SHOWING DETAILS OF CASES PENDING IN THE SECTION

Section _____ Station _____ Month _____

Sr. No.	Subject	Reference N. & Dt.	Reasons for pending the case	Action taken for clearance
1	(A) <u>More than 1 year old</u>			
2				
3				
1	(B) <u>More than 6 months old</u>			
2				
3				
1	(B) <u>More than 3 months old</u>			
2				
3				

Section Officer
Asstt. Audit Officer

Audit Officer

Appendix – II

PROFORMA – ‘A’

QUARTERLY PROGRESS REPORT FOR THE QUARTER ENDING

Section I

- A. Statistics of External and Internal Arrears : See FORM I & II for details
- B. (i) Brief reasons for (a) Internal Arrears :
(b) :
(ii) Steps taken/proposed for clearance of :
arrears :

Section – II

	Hdqrs. Audit	Divl. Audit	Constn. Audit	W/Shop Audit	Stores Audit	Traffic Audit	Other Audit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
A. INSPECTION							
1. No. of Inspections due during the quarter							
2. No. of inspections conducted							
3. No. of inspections carried over (including balance from previous quarter)							
B. Important Objections issued during inspections and having draft para potential or involving recoveries in excess of Rs. One Lakh. * 9Note:- Summary of each such case to be enclosed). Form III							
C. (i) Special letters							
(ii) Arrears in issue of inspection reports (Details of inspections and brief reasons for delay in issue of inspection reports (over one month) may be indicated – Form IV)							

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Section – III							
AUDIT OF TENDERS AND CONTRACTS INCLUDING COMPLETED CONTRACTS							
(A)	Major points having Draft para potential noted during Audit of Tenders & Contracts – (Form V)						
(B)	Number of contracts due for Audit						
©	Number audited						
(D)	Balance due for audit						
(E)	Brief reasons for arrears						
Section IV							
AUDIT OF RAILWAY BOARD'S SANCTIONS							
i)	Numebr of due for audit						
ii)	Balance audited						
iii)	Balance due for audit						
iv)	Brief reasons for pendency						
v)	Important objections noticed in the course of audit – to be narrated in brief (in the form of Annexure)						
Section – V							
CONTRACTOR'S BILLS AND STORES BILLS							
A.	Major objections noticed during audit of contractors Bills and Stores Bills.						
B.	Arrears in audit of contractors bills and Stores Bills <u>with brief reasons and steps taken to clear the arrears.</u>						
SECTION – VI							
<u>PROGRESS OF REVIES</u>							

1. Number and details of reviews (including Central reviews) selected.
2. Details of reviews finalized
3. Position in respect of other reviews.
(intemswise progress to be indicated)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
-----	-----	-----	-----	-----	-----	-----

Section – VII

OTHER MATTERS

1. Other important matters taken during audit in the form of Part I Test audit notes of ordinary letters.

Section – VIII

EFFECTED AT THE INSTANCE OF AUDIT

1. Brief details with amount recovered/agreed to be recovered (Form VI)

Audit Officer

FORM – I (Of Section I – Proforma ‘A’)

Statement showing details of Arrears in terms of Man-days in Railway Audit Office for Quarter ending

Functional Group or General Group	<u>Arrears due to Arrears in Accounts Office</u>			<u>Arrears due to non-availability of Vouchers / records</u>					
	Arrears at the end of	Accretion during the Quarter	Clearance during the Quarter	Arrears at the end of	Increase (+) Decrease (-)	Arrears at the end of	Accretion during the Quarter	Clearance during the Quarter	Arrears at the end of
1	2	3	4	5	6	7	8	9	10
1. <u>General Divisional Audit</u>									
i. <u>Establishment Audit</u>									
Headquarters									
Divisions									
ii. <u>Expenditure Audit</u>									
a. <u>Other than Catering</u>									
Headquarters									
Divisions									
b. <u>Catering Audit</u>									
Headquarters									
Divisions									
iii. <u>Books & Budget</u>									
Headquarters									
2. Stores									
3. Workshop Audit									
4. Traffic Audit									
5. Construction Audit									
6. Others – W & S/RE etc.									
TOTAL									

<u>Records Arrers in Audit Office (Internal Arrears)</u>							<u>TOTAL</u>			
Increase (+) Decrease(-)	Arrears at the end of	Accretion during the Quarter	Clearan ce during the Quarter	Arrears at the end of	Increase (+) Decrease (-)	Arrears at the end of	Accretion during the Quarter	Clearance during the Quarter	Arrear s at the end of	Increa se(+) Decre ase (-)
11	12	13	14	15	16	17	18	19	20	21

TOTAL

ASSISTANT AUDIT OFFICER /SECTION OFFICER

AUDIT OFFICER

FORM – II (of Section - of Proforma ‘A’)

Unit _____

Brief resume of more important items of arrears including arrears in Audit Office at the Quarter ending

Name of functional group/Sub functional Group	Category of Arrears i.e. whether the arrears are due to Arrears in A/c office or due to non-availability of vouchers	Items of Arrears	Arrears (Col. 3) expressed in terms of man days	Period to which the arrears relates	Detailed reasons for the existence of arrears	Steps taken or proposed to be taken for clearance of arrears (in case of chronic arrears it may be specifically stated whether this is taken up with the Rly. Board.	Date by which arrears are likely to be cleared (in his column specific date is to be indicated)
1	2	3	4	5	6	7	8

Asstt. Audit Officer
Section Officer

Audit Officer

FORM III (of Section II of B – Proforma ‘A’)

LIST OF IMPORTANT OBJECTIONS NOTICED DURING INSPECTIONS AND
HAVING DRAFT PARA POTENTIAL (Summary of each case to be enclosed)

Sr. No.	Ref.No.	Subject	Amount involved
---------	---------	---------	-----------------

Asstt. Audit Officer /Section Officer

Audit Officer

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FORM – IV (section IIC (ii) of Proforma A)

Unit _____

Statement showing Inspection Reports not issued within one month

Sr. No.	<u>This quarter</u> <u>No. of Inspection Reports</u>		<u>Previous quarter</u> <u>No. of Inspection Reports</u>		<u>Arrears in terms of</u> <u>Mandays (internal)</u>	
	More than one month old	More than three months old	More than one month old	More than three months old	This quarter	Previous quarter

Asstt. Audit Officer
Section Officer

Audit Officer

FORM V (Section III A of Proforma 'A')

BRIEF PARTICULARS OF CASES HAVING DRAFT PARA POTENTIAL
IN AUDIT OF TENDERS AND CONTRACTS

Sr. No.	Brief Particulars	Amount involveds
---------	-------------------	------------------

Asstt. Audit Officer /Section Officer

Audit Officer

FORM VI (Section VII of Proforma 'A')

Unit _____

Brief details of case with amount recovered / agreed to be recovered during quarter ending _____

Sr. No.	Particulars ref. To objection No./Para No. and subject including A/cs Office's letter of acceptance)	Amount involved	
		Above Rs. 1 lakh (for Traffic Audit Section)/Above Rs. 50,000 (For other units)	Below Rs. 1 lakh (For Traffic Audit section) Below Rs. 50,000 (For other units)

- Note:- I) In case of traffic earnings and undercharges – recoveries of One lakh and above each are to be given itemwise in brief.
- ii) In case of recoveries relating to establishment and other matters – the cases of Rs. 50,000 and above each are to be itemized giving brief details of each case.
 - iii) Other recoveries below the limits specified in (i) & (ii) above may be lumped together, giving details of total amount recovered / agreed to be recovered.

It is to be ensured that the total number of cases and the amount of recoveries for all the four quarters agrees with the yearly return on the same subject, for inclusion in the report to be sent to Addl. Dy. Controller and Auditor General of India in the month of August of each year.

PROFORMA – 'B'

Statement showing letters received from Comptroller & Auditor General of India (Rlys) upto the period _____
and not cleared upto _____

Part – I – Letters more than 6 months old

Sr. No.	Headquarters office letters No. and Date	Subject	Brief reasons for non-disposal	Date by which likely to be disposed off.
---------	--	---------	--------------------------------	--

Part II – Letter more than 2 years old

Sr. No.	Headquarters office letters No. and Date	Subject	Brief reasons for non-disposal	Date by which likely to be disposed off.
---------	--	---------	--------------------------------	--

Asstt. Audit Officer
Section Officer

Audit Officer

FORM 'C'

Statement of arrears in disposal of letters (GENERAL)

Section _____ Station _____ Month _____

Balance as per last month's report	Letters received from the 16 th preceding month upto the 15 th of the month of the report	No. of letters disposed	Balance outstanding	Details of outstanding letters	Remarks
------------------------------------	---	-------------------------	---------------------	--------------------------------	---------

Note: Details of all letters outstanding for more than One month alongwith the reasons for their non-disposal should be given.

SECTION OFFICER

ASSISTANT AUDIT OFFICER

AUDIT OFFICER

FORM 'D'

Section _____ Station _____

Statistics of letters received from Comptroller and Auditor General of India and Rly. Board and their Disposal
To be submitted twice a month (Once with the Monthly Arrears Report and on the 16th each month)

Opening Balance	Letters received upto the date of preparation of report	Letters disposed upto the date of the report	Outstanding Balance	Remarks*
1	2	3	4	5

Note*: Full particulars of letters outstanding for more than seven days should be shown with reasons thereof.

Section Officer

Assistant Audit Officer

Audit Officer

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