

## **PREFACE**

In terms of Para 5.9 of Perspective Plan 2003-08 and due to changes and developments that have taken place, this edition is issued incorporating the latest orders and instructions.

This Manual is issued for the guidance of the staff in accordance with Paragraph 81 of the Railway Audit Manual and its contents must be considered as subject and subsidiary to the rules in Manual of Standing Orders (Admn) III edition - 1993, Manual of Standing orders(Audit) Second edition 2002 and the Railway Audit Manual – Fifth Edition 2001. This Manual should not be quoted as an authority in any correspondence outside the office.

Suggestion for improvement of the manual are invited.

CHENNAI

MARCH 2006

PRINCIPAL DIRECTOR OF AUDIT

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## CHAPTER – I

### ORGANISATION AND FUNCTIONS

**101.** The Principal Director of Audit, Southern Railway is responsible for the audit of all transactions relating to:-

- a) Southern Railway
- b) Integral Coach Factory
- c) Railway Recruitment Boards at Chennai and Trivandrum
- d) Railway Rates Tribunal, Chennai
- e) Railway Claims Tribunal, Chennai
- f) Metropolitan Transport Project (Railways), Chennai.

The organisation of the Headquarters office and the subordinate offices of the Principal Director of Audit follows the administrative pattern adopted by these organisations.

**102.** The Southern Railway has its Headquarters at Chennai and has Divisional Headquarters at Chennai, Tiruchchirappalli, Madurai, Palghat, and Trivandrum. In addition, there are Workshops at Perambur (Loco and Carriage), Golden Rock (Ponmalai), Podanur (Signal and Tele-communication) and at Arakkonam (Engineering) and Stores Depots at Perambur, and Golden Rock (Ponmalai)

**103.** There is a separate construction organisation under the charge of Chief Engineer, Chennai Egmore. A Railway Electrification Project under the Charge of a Chief Electrical Engineer also functions at Chennai Egmore. There are several Field Officers functioning at different places under the control of these officers.

**104.** The audit of the accounts of the Railway Recruitment Board, Chennai and the Railway Rates Tribunal, Chennai and Railway Claims Tribunal, Chennai is conducted by the Headquarters office. As regards the audit of the Railway Recruitment Boards at Trivandrum, the same is done by the Divisional Audit Officer Trivandrum.

**105.** There are at present 15 sections at Headquarters. Their functions are briefly as under:

**(a) Administration Section:** All Establishment and administrative matters relating to the entire office, including the Divisional and Branch Audit Offices.

**(b) Establishment Section:** Audit of transactions relating to Gazetted and Non-Gazetted Establishment of the Headquarters offices of the Southern Railway, Railway Recruitment Board at Chennai, Railway Rates Tribunal at Chennai and Coordination work relating to Establishment matters.

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

**(d) Inspection Section:** Local inspection of the executive and administrative branches of the Headquarters offices of Southern Railway (excepting those relating to Workshop and Stores departments which are done by the Workshops and Stores departments which are done by the Workshops and Stores Audit offices), Railway

Recruitment Board, Chennai and Railway Rates Tribunal, Chennai, and Railway Claims Tribunal Chennai.

**(e) Books and Budget Section:** Check of General Books and other connected documents, audit of the consolidated Appropriation Accounts, Debt Head Report, Finance Accounts and Capital and Revenue Account etc.

**(f) Co-ordination Section:** Co-ordination work among the various Units, programme of audit etc.

**(g) Reports Section:** Processing of Draft Paras and other related matters etc. The distribution of work as above between Co-ordination and Reports sections follows the bifurcation of the work of Central Co-ordination section.(P.O.O. No.125 of 7.8.1987).

**(h) Efficiency-cum-performance Audit Section:** The Efficiency-cum-Performance Audit Section is responsible for conducting various reviews and investigations as ordered by the Principal Director of Audit. The ECPA section arranges to depute additional Assistant Audit Officers for conducting important inspections by different Branch Offices, as and when required.

**(i) Internal Test Audit Section: Chapter 24 of CAG's MSO (Audit)II Edn.2002.** This section conducts the Internal Audit of all the Branches and sections of this office. It also acts as liaison in connection with the inspections carried out by the Director of Inspection of Comptroller & Auditor General's Office.

**(j) EDP and Information Technology Audit Section.** This section is responsible for the preparation and updation of managerial information systems on computer and finalisation of computer training programme.

**(k) Secretariat:** The section is responsible for collection of data from various sections connected with the correspondence personally handled by the Principal Director of Audit. The section will also be responsible for compilation and sending of all reports to C&AG's office relating to complaints as prescribed by C&AG's office. Generally the section will act as multipurpose one, on behalf of the Principal Director of Audit.

**(l) Traffic Audit Section:** The accounts of coaching earnings are maintained at Tiruchchirappalli and those of Goods Traffic at Madras. Traffic Audit Sections are therefore located at Tiruchchirappalli and Madras. In addition, the local inspections of Railway stations, out agencies etc. are conducted by these sections. The section at Madras coordinates the work relating to Traffic Audit.

**(m) Receipt Audit Section:** Conduct of special investigations/Reviews on revenue matters as allotted by the Principal Director of Audit.

**(n) Costing Section:** On Indian Railway the following Costing Cells are furnishing at the Zonal level:

- 1)** Traffic Costing Cell for preparation of cost analysis and profitability in respect of selected Passenger (Mail/Express/Ordinary)trains and selected commodities moved by Goods Trains(with reference to the concessions/Special rates offered).
- 2)** Efficiency Cell for compilation of Action Plan and evaluation of efficiency and performance at Divisional level and at Zonal Headquarters-level and for evaluation of on going works.

**3)** Work study cell for reviewing deployment of staff in various cadres vis-a-vis and requirements from Zonal headquarters level to functional unit level in the field.

However, there exists no machinery for review and evaluation of expenditure incurred on operation and maintenance of track, track maintenance machines, rolling stock(Locos, Coaches and Wagons) at various locations and also for review and evaluation of carrying cost of inventory at various levels. Thus, a Costing cell is essential for critical review of Reports of the above Railway Cells and also for attempting review of other areas as may be considered necessary.

**(o) Review Cells - I and II :** Conduct of special Reviews on the subjects allotted by Director of Audit from time to time.

**106.** a) The inspection and Contract review work done by the Headquarters and Unit Audit Offices (Divisional & Extra Divisional) is further augmented by operation of posts of Audit Officer/I.I & Audit Officer/Contracts Review headquartered at Madras.

b) With effect from September 87, the nucleus of a core of trained personnel for audit of all computerised application systems on the Railway has been formed. This agency will, after carrying out necessary inspection/audits of the Computer systems/records, undertake formulation of effective audit procedures relating to the computerised accounting system/records.

**107.** The other branch offices and their duties are briefly as under:

**a) Divisional Audit Offices:** The Divisional Audit Offices deal with the audit of the accounts of the Divisions. Typically, each office comprises an Establishment Section, Expenditure Section and Books and Budget Section, Inspection Section and Routine Section.

**b) Workshop and Stores Audit Offices:** These offices located at Perambur, Ponmalai (Golden Rock) and Podanur conduct the audit of workshops and stores accounts including the local inspection of the administrative and executive office relating thereto. The workshop Audit Section/PER is also responsible for the audit of the accounts relating to Engineering Workshops at Arakkonam. The Workshop Stores Audit Office at Perambur co-ordinate the work of the other Workshop/Stores Audit Offices.

**c) Construction Audit Offices:** These offices conduct the audit of accounts relating to Projects undertaken by the Construction Branch of the Southern Railway. Construction Audit offices are located at Madras(Egmore) and Ernakulam. The Construction Audit office, Chennai Egmore also conducts the audit of the accounts relating to Railway Electrification Project and Metropolitan Transport Project (Railways) Chennai. The Construction Audit Office/Chennai Egmore co-ordinates the work relating to the Construction Audit Offices.

**d) Integral Coach Factory:** Integral coach factory administration is under the direct control of the Railway Board and has its headquarters at Chennai with a General Manager as its Administrative head. There are two divisions viz. **SHELL AND FURNISHING.**

The audit of the entire transaction of the Shell and Furnishing office are done by this office. This branch consists of Establishment, Production, Stores, Expenditure, Books and Budget and Inspection sections.

Audit of Shell Division consists of:

Audit of Furnishing Division consists of: (1) Central Audit:

a) Establishment audit of the entire ICF Accounts (Gazetted and Non-gazetted) and Retirement benefits etc. pertaining to entire ICF A/s. and other than Accounts Dept.(Gazetted & Non-Gazetted) is centralized in Furnishing Audit wing.

b) Stores Central Audit in respect of items procured by the Furnishing unit of ICF.

(2) **INSPECTION:** Besides exclusive Furnishing offices namely CWE/FUR, CMM/FUR and inspection of Personal Branch/FUR and PF accounts, the audit plan of

the unit covers the inspection of the offices of CEE, CDE/Electrical, CE, RH/ICF, GM/General and EDPM also.

In addition, review of major works pertaining to the executive offices inspected by the Furnishing audit is also undertaken as prescribed by Audit norms.

**e) The Signal & Telecommunication Workshops Audit Office/Podanur;** The audit of the accounts of the Signal & Telecommunication Workshop & Stores, Podanur is done by this office. This audit unit functions under the control of Audit Officer/Construction/Ernakulam.

## **108. POWERS, RESPONSIBILITIES AND FUNCTIONS OF THE PRINCIPAL DIRECTOR OF AUDIT**

a) Powers and responsibilities of Principal Director of Audit for the audit of accounts of the Railway are derived in the main from the provisions contained in the Railway Audit Manual, and orders issued by the Comptroller & Auditor General of India and the Additional Deputy Comptroller & Auditor General of India (Railways) from time to time.

b) The Principal Director of Audit has been authorised to exercise all powers as “Head of Department” under F.Rs and S.Rs and G.F.Rs. (C&AG’s letter No.1383-Admn.II/C-7-AG,Ar.G.Admn/55 dated 22.09.55)

c) The powers that can be exercised by the Principal Director of Audit are given in the C&AG’s M.S.O. (Administrative) Vol.II. The adoption of the powers exercisable by the Heads of Department as given in the “Delegation of Financial Powers Rules, 1958” is also notified by the Comptroller & Auditor General of India from time to time.

d) The Principal Director of Audit will keep himself in personal touch with the General Manager and other Principal Officers of the Railway and will ensure that all local officers have access to him and vice versa. He will further ensure that though the detailed audit is conducted under the immediate supervision of his Director/Deputy Director of Audit or Sr.Audit Officer/Audit Officers, it is done under his general supervision as the ultimate responsibility for such audit devolves upon him.

e) The extent of audit to be undertaken in the Railway Audit Offices is prescribed in the Memorandum of Instructions regarding extent of audit (Railway Audit). The extent specified therein should not ordinarily be deviated except in circumstances detailed in para 3, Chapter I thereof.

f) In the discharge of his duties the Principal Director of Audit is assisted by an IA&AS Officer (Director/Deputy Director of Audit) and a number of Audit Officers. When an IA & AS Officer is not available for filling up the post of Deputy Director of Audit, the post is filled by an Audit Officer with the approval of the Comptroller & Auditor General of India. The distribution of work among the Gazetted Officers is decided by the Principal Director of Audit from time to time as may be administratively convenient. A return showing the distribution of charges among the officers as on 1st March is to be sent to the Comptroller & Auditor General of India by 31st March every year.

g) The Director/Deputy Director of Audit has been declared as “Head of Office” under the G.F.Rs. The administration and Routine work of the office is controlled by the Deputy Director of Audit. Central (other than co-ordination) and Inspection sections at Headquarters office Chennai are placed under the charge of the Deputy Director of Audit.

**109.** The detailed powers of the Principal Director of Audit and Director/Deputy Director of Audit are given in Appendices I and II.

## CHAPTER II

### DEPARTMENTAL REGULATIONS GENERAL

#### **201. Postings & Appointments:**

The postings of IA & AS Officers to Railway Audit Offices are ordered by the Comptroller and Auditor General of India. The Principal Director of Audit is the authority to appoint other Gazetted Officers. The Comptroller and Auditor General of India should be kept informed about promotion, reversion etc. in the Gazetted Officers' cadres by forwarding copies of Gazetted Office Orders issued for the purpose.

#### **202. Change of Head Quarters (Para 24 RAM):**

The Headquarters of all IA & AS Officers are fixed by the Comptroller and Auditor General of India, while the powers to fix the Headquarters of other Gazetted Officers are vested with the Principal Director of Audit.

#### **203. Handing over notes:**

When an officer is relieved by another officer, a handing over note detailing the state of work in the Section/Branch under his control, should be prepared in the prescribed format I/II (Form No.1) and signed by both the officers. The handing over report of Audit Officers may be prepared in quadruplicate and distributed as under: One each for the relieved and relieving officers, One to Co-ordination Section for submission to PDA and One as Office Copy. In respect of Assistant Audit Officers/Section Officers, these may be prepared in triplicate and distributed as under: One each for the relieved and relieving officers, One for office file to be put to the immediate superior.

#### **204. Transfer of charge of Principal Director of Audit/Handing over Reports (Para 21 of RAM)**

(a) The Co-ordination section should prepare the memorandum referred to in paragraphs 43 to 45 of the Manual of Standing Orders (Administrative) Vol.I after gathering material from the various sections/branches/divisions. This should be prepared well in advance of the date of relief of the outgoing Principal Director of Audit. The instructions contained in paragraph 21 of the Railway Audit Manual should also be taken into account while preparing the Charge Report.

(b) The Handing over Reports should be prepared in five parts viz.

- i. Matters relating to IAAS Officers
- ii. Matters relating to Audit Officers.
- iii. Establishment matters relating to confidential issues.
- iv. Establishment matters not of a confidential nature; and
- v. other matters (General).

The report should be sent separately along with D O letters to the Officers mentioned below:

Part (i) to Asst. Comptroller and Auditor General (Personnel) & Parts (ii) to (v) to Joint Director (Railways). (CAG's letters Nos.1557-I.AO/TA.II/75 of 14.08.1975 and 922-RA.II/166-80 dated 23.07.1980).

(c) The Certificate of Transfer of Charge of IAAS Officers proceeding on transfer/leave or on return from leave should also be forwarded in duplicate to the Pay and Accounts Officer/Indian Audit Department/Chennai.

**205. Tour Programme:**

The Branch Officers should send their monthly tour programmes (in triplicate) to the co-ordination section invariably by the 25th of the previous month, the exception being in cases where the tour could not be foreseen earlier as in the case of urgent collection of particulars etc. required by Headquarters. In the cases of tours connected with special investigations/reviews, the note, if any, containing the justification for the tour may be appended as an enclosure to the tour programme. In any emergent case, if approval has to be obtained outside the purview of the monthly tour programme, necessary proposal should be routed through co-ordination section. The co-ordination section will consolidate and put up these programmes to the Principal Director of Audit. On approval, one copy each of the approved programme will be sent to the Administration section and the Branch Officer concerned by the Co-ordination section, retaining the triplicate copy for their record. A revised tour programme, if found necessary, may be sent for approval in the same manner as detailed above, duly explaining the circumstances necessitating the changes, for obtaining the approval of the Principal Director of Audit.

**206. Claims of IA & AS Officers:**

Consequent on the discontinuance of IRLA system of payments to Group 'A' Officers of the IA&AD posted at stations other than Delhi with effect from 01.06.1983, the following revised arrangements have been made for drawal and disbursal of the personal claims of Group 'A' Officers of this Office.

- (1) The Sr. Audit Officer/Administration and Officers nominated for the purpose by the Principal Director of Audit to draw bills in respect of these Officers.
- (2) The pay and allowances bills (including TA, medical reimbursement etc.) of Group 'A' Officers of this office will be prepared by the Sr. Audit Officer/Administration in the same manner as for Group 'B' Officers and staff and drawn from the nominated Pay & Accounts Officer, viz., Pay and Accounts Officer/IAD/Chennai. The bills should be prepared in the prescribed forms which should be marked conspicuously as Group 'A' Officers. The bills together with relevant schedules should be submitted to the Pay and Accounts Officer (Pay & Accounts Officer/IAD/Chennai) well in time and token obtained in acknowledgment of the same. The Pay & Accounts Officer will note down the token number against the relevant bill in the same Register. The token should be kept under the personal custody of the Sr. Audit Officer/Audit Officer/ Administration.
- (3) As soon as the cheques are ready in the Pay and Accounts Office, the same should be collected by surrendering the token. The acknowledgement of the Officers in token of the receipt of cheques should be obtained in a register maintained separately for the purpose.
- (4) A Pay Book in the prescribed form should be supplied to the concerned officers and entries therein completed every month and returned to the Officers.
- (5) When an officer is transferred to another office, the Sr. Audit Officer/Audit Officer/ Administration will issue Last Pay Certificate to the Drawing and Disbursing officer of the new Office.
- (6) The Administration section will also maintain the Service books and Leave accounts of Group 'A' Officers from 01.06.1983.
- (7) The pension papers of retiring Group 'A' Officers should also be prepared by the Head of the Office and sent to the Pay and Accounts Officer/IAD/Chennai for verification and issuing pension payment Order/Gratuity payment Order.

(CAG's letter No.363-TA.I/197-82 dated 23.03.1983).

**207. Dearness Allowance, Compensatory (city) Allowance and House Rent Allowance:**

The rates of Dearness Allowance, Compensatory (city) Allowance and House Rent Allowance to Officers and staff of this office are regulated by the orders of the Government of India issued from time to time.

**208. Travelling Allowance (Para 14 of RAM).**

(a) The Officers and staff of the Railway Audit Department (including the Officers of the IA&AS serving in the Railway Audit Department and deputationists to the Railway Audit Offices) are governed by the Railway Travelling Allowance Rules. This also applied to an Accountant General holding additional charge as Principal Director of Audit for his tours as Principal Director of Audit. The IA&AS Officers are governed by the Civil TA rules both on their transfer to and from the Railway Audit Branch. Non-railway deputationists to Railway Audit Offices are governed by the Railway Travelling rules during their periods of deputation. Officers and staff of the Railway Audit Department proceeding on or returning from deputation are governed by the Travelling Allowance Rules applicable to them while on deputation.

(b) Railway Audit staff proceeding on inspection of out-agencies are to avail of free conveyance provided by the out-agency contractors.

(c) The rates of daily allowance for the Officers and staff in the Railway Audit Department follow the rates sanctioned by the Ministry of Railways for the Railway staff.

**209. Inspection carriages (Para 19 of RAM)**

The supply of reserved or inspection carriages to Officers of this office is regulated by the rules and orders issued by the General Manager/Southern Railway.

**210. Passes and PTOs (Para 15 of RAM)**

(a) Officers and staff of the Railway Audit Department including IA&AS officers serving in the Railway Audit Department are entitled to the privilege of Passes and P.T.Os. irrespective of their date of joining the Railway Audit Department. The scale of passes/ P.T.Os and the rules governing their issue will be the same as applicable to the Railway servants from time to time.

(Railway Board's letter No.E(G)58/PS.5-20/1 dated 14-4-1960 received under C&AGs endt.No.564-RA.II/T.17-23/58 dated 18-4-1960 and CAGs endt.No.685-RA.II/T.17/23/58 dated 17-5-1960)

(b) In addition to Privilege passes/ PTOs, passes of the following nature are also admissible to the extent and under the conditions governing their issue to Railway employees.

- I. School passes;
- II. Transfer passes;
- III. Free residential Card Passes / Concessional season tickets over sections on which admissible;
- IV. passes for transport of cars;
- V. Settlement passes;
- VI. Post retirement Complimentary passes except officers of the IA&AS in respect of whom each case shall be referred to DAI/Rlys.
- VII. Miscellaneous passes over Home line as admissible to Railway employees under the Home line pass rules.

- VIII. Passes to receive settlement dues and
- IX. Passes on sports account.
- X. Widows/Widowers of Railway Audit staff are eligible for the grant of Passes on the same terms and conditions as applicable to Railway employees in accordance with provisions contained in Railway Servants (Pass) Rules, 1986 as amended from time to time.

Railway Audit staff inducted into IA & AS will however, not be eligible for this benefit.

(Authority : Railway Board's letter No. E(W)85-PS-5-8 dated 23.02.89)

- XI. Railway Audit staff on their absorption in Autonomous Bodies having pension scheme and who opt for benefit of combined service under the Railways and in the Autonomous Body, are eligible for the benefit of post-retirement complimentary passes subject to certain conditions.
- XII. Railway Audit Staff transferred to other Departments or absorbed permanently in Public Sector Undertaking are eligible for the facility of free passes after they retire from such departments at the scale as are given to Railway employee on post retirement scale subject to fulfilling the prescribed qualifying Railway Service.

(Authority : C.A.G's Office Letter No. 141-RA-W/T/17-12/85/KW-II dated 4/90 read with para 2 of C.A.G's office letter No. 811-RA-III/7/12-61/67 dated 28.10.1989)

Railway Audit staff shall not be entitled to the following concessions which are admissible to Railway servants only:-

- I. Passes on first appointment.
- II. Passes to the office bearers of Unions of staff of Railway Audit Department.

(CAG's endt. No.622-110-RA.I/7-1/77 dated 8-6-1977)

## 211. PASSES FOR I.A & A.S OFFICERS.

When Officers of the IA&AS, eligible for passes and privilege ticket orders, proceed on leave, the issue of privilege passes is subject to the following provisions:-

- i) When proceeding on long leave, i.e., leave exceeding 4 months, passes/P.T.Os will be admissible provided the officer has completed not less than one year's service in the Railway Audit Department and provided also that the Comptroller and Auditor General of India declares that the officer will probably return to a Railway Audit Department on the expiry of the leave. The IA&AS officers working in the Railway Audit Department will not be granted certificates to enable them to obtain travel concessions on Railway outside India.

(Railway Board's letter No.E(G)58 PS-5-20/T dated 14-4-60 received under C.A.Gs endt.No.564-RA.II/T.17-23/58 dated 18-4-1960)

- ii) In the case of an I.A. & A.S. Officer serving in the Railway Audit Branch, who proceeds on long leave not exceeding four months, passes, PTOs can be issued during or before the leave period. While the passes and P.T.Os so issued already can be availed of during the leave period and the joining time immediately following the leave can also be considered as part of the four months' limit for the purposes of availability, fresh passes to be availed of during the leave, cannot be issued either before or during the leave period, after it becomes known that on expiry of the leave, the officer is being posted to an office other than a Railway Audit or Accounts Office.

(C.A.Gs endt.No.512-RA.I/T/17-2/83 dated 16-2-1963)



iii) Privilege passes may be issued to an IA & AS officer in the Railway Audit Department while on leave preparatory to retirement not exceeding 4 months.

(Dy. Director of Railway Audit (Rly Wing.) letter No.911-RA.I/T-17-37/60 dated 25-6-1960 to Chief Auditor/Southern Railway/Madras)

The period of availability of privilege passes issued to IA & AS officers retiring from posts in the Railway Audit Offices would be as admissible to other staff of Railway Audit Offices retiring from Railway Audit Posts, i.e., the normal period of availability of the passes even if it extends beyond the date of superannuation. (C.A.Gs letter No.Ra.IV/T/17-12/85 KW.II dated 20-11-1987 to the DA/Central Railway).

iv) The IA & AS Officers appointed after 01-08-1969 whenever posted to Railway Audit Branch will be entitled to First Class 'A' passes and PTOs on the same terms and conditions as are applicable to the Railway Officers (Class I) appointed before 01-08-69. (Railway Board's letter No.E(Trg.)1-69/PS.5/1/14 dt. 21-07-69 received under C.A.Gs endt.No.6119-RA.I/T/17-64 dt. 18-12-69).

v An Accountant General/Director of Civil Audit Office, when holding additional charge of the post of Principal Director of Audit on a Railway, is entitled for using the Railway pass while performing his official duties as a Railway Audit Officer. But, he is not entitled for the issue of privilege passes and P.T.Os. while holding additional charge in a Railway Audit Office in a leave vacancy.

vi Any IA & AS Officer not already holding a post in Railway Audit Office but entrusted with the additional charge in a Railway Audit Office to exercise the statutory powers vested in the post of Deputy Director of Audit (Admn.) will not be entitled to privilege passes/P.T.Os. which will be admissible to regular incumbents only. (ACAG/P's Confidential D.O. No.8673/GE.I/142-82 dated 31-12-1983).

vii The Sr. Audit Officer/Audit Officers of Railway Audit Department promoted to the IA & AS and transferred outside the Railway Audit Department, will not be eligible for any post-retirement complimentary passes as long as they are in service in departments other than Railway Audit Department.

(C.A.G's letter No.148/RA.IV/RA.III/T/17-100/80 dated 4/84).

## **212. Passes for journeys on duty:**

i) Metal and Card passes may be issued to the officers and staff of the Railway Audit Department in accordance with Southern Railway Pass Rules.

(CAG's letter No.781-RA/II/T.17-23/58 dated 03-06-60).

ii) Metal passes in the possession of Officers who (i) retire from service; (ii) proceed on leave for 4 months or more or (iii) are transferred out of this Railway should be surrendered to the General Manager and should not be handed over to the successor under any circumstances.

(GM/S.RLY's circular letter No.P(FP)473/VII/Vol.3 dated 02-05-61).

## **213 Passes for Deputationists:**

i) Non-Railway officers and staff on deputation to the Railway Audit Offices are eligible for passes and P.T.Os. on the scale admissible to Railway employees from time to time provided the period of deputation is expected to last one year or more. However, issue of passes during the first year is not prohibited if the deputation is expected to last for a year or more. For the purpose of determining the class of passes admissible to the deputationists, Deputation Special Pay is to be counted as 'Salary', vide Rule 94(i)(iii) of the I.R.C.A. Pass Rules.

(Rly.Bd's letter No.E(G)59.PS.5-15/1 dt.18-5-60 received with CAG's endt. No.732-RA.II/T.17-15/60 dt.25-5-60 and CAG's letter No.781-RA.II/T.17-23/58 dt.3-6-60).

ii) The Railway Audit Staff on deputation to non-railway departments are eligible for benefits of privilege passes/PTOs including school passes for periods not exceeding four years. Beyond the period of 4 years, pass privileges may be continued only if the employer is prepared to bear the cost of passes actually issued. If the employer declines to bear the cost, the employee is entitled only to privilege passes, if any, on the same scale as if he had retired from service, on the date on which he completes 4 years of deputation.

(Rly. Bd's letter No.E(Trg.).I/66-os.5/15-2 dated 11-10-66).

#### **214 Passes on Sports Account.**

Special passes on Sports account are to be allowed to the staff of the Railway Audit Department for participating in Sports organised by the Central Sports Committee of the Indian Audit and Accounts Department. (Rly. Bd's letter No.E(Trg.)63.PS-5-20 dated 16-01-63).

**215** Gazetted Officers and Section Officers are authorised to issue passes/P.T.Os over Foreign Line and Home Lines respectively but such cases should be reviewed by the Principal Director of Audit either during local inspections of the Branch Offices or by obtaining periodical returns from these offices. (CAG's D.O. No.781-RA.II/T.17-23/58 dated 03-06-60).

Asst. Audit Officers may sign passes on privilege account, duty account, scholar account, post-retirement account, school season, Residential card passes on behalf of Principal Director of Audit. (P.O.O. No.124 of 02-04-1986)

**216** The check of accounts of passes and P.T.Os of the Office of the Principal Director of Audit need not be conducted by the Railway Accounts Office.

(Rly. Bd's letter No.56-AC.II/1/7 dt.24-10-62 received under CAG's endt. No.3718-RA.I/8-10/62 dated 07-12-62).

#### **217 Deputation.**

a) The general conditions governing deputations to Central Government and other Departments/State Governments/Corporations incorporated in the Ministry of Finance O.M. No. F.10(24)E.III/60 dated 04-05-1961 as amended from time to time, are applicable to the Officers and staff of this office.

b) Normally before an individual is selected for deputation the record of service of the individual is taken into account. The Principal Director of Audit is competent to depute Group 'C' Personnel other than Section Officers to any outside organisation.

c) When staff members are sent to private corporations etc., Foreign service contribution is recoverable towards leave salary and pension and before the individual is actually relieved, the acceptance of the borrowing organisation in regard to these contributions should be obtained. When individuals are sent to other Central Government Departments, no contributions are recoverable.

#### **218 Tenure of deputation/foreign service**

The period of deputation/foreign service shall be subject to a maximum of three years in all cases except for those posts where a longer period of tenure is prescribed in the Recruitment Rules.

The borrowing organisation may grant extension beyond this limit upto one year where such extension is considered necessary. The extension for the fifth year or second year in excess of the prescribed period in the Recruitment Rules where absolutely necessary should be forwarded to the Comptroller & Auditor General of India for obtaining necessary approval.

(CAG's letters No.1555-GE.II.10-70-II dated 27-5-74; No.1793-GE.II/10-70-II dated 13-6-74; No.43-15-N.III/6-85/Vol.I dated 26-12-86).

- a) Deputation to State Governments and Autonomous Bodies Corporations and Projects under them:

The Principal Director of Audit can extend the term of deputation upto 4 years. The Comptroller and Auditor General of India has decided that extension of deputation 4 years should be strictly discouraged, and the action for repatriation from deputation assignments in such cases should be taken well in time. Only in exceptional and deserving cases extension beyond 4 years should be referred to the Comptroller & Auditor General of India clearly bringing out in writing the reasons why such extension is considered necessary.

- b) Deputation to Central Government Ministries/Departments and the projects under them:

The Principal Director of Audit can extend the term of deputation upto 5 years. Extensions beyond the above period, should be referred to the Comptroller & Auditor General of India for approval.

- c) Deputation of Officers and staff to public sector undertakings:

Principal Director of Audit can extend the term of deputation upto 3 years. It has been decided by the Comptroller & Auditor General of India that no officer should remain on deputation with a public undertaking for more than three years unless he opts for absorption within that period. In case, any officer is retained by the undertaking beyond this period they may be advised to obtain the approval of the Appointments Committee of the Cabinet. Proposal for absorption on the expiry of three years time limit should not be recommended unless the borrowing authority obtains approval from the Appointments Committee of the Cabinet to the extension of the Officer's deputation beyond three year. From 1-3-1969 onwards, officers who had a spell of deputation with public undertakings for three years would not be eligible for further deputation to public undertakings in their service life.

(CAG's letters No.1390-GE.II/144-74 dt.20-05-1975 and 2950-GE.II/60-77 dated 3-12-77).

- d) Deputation of Group 'B' and 'C' officers to foreign countries:

Principal Director of Audit can extend the term of deputation upto three years, where the initial term of deputation is less than 3 years. Cases of extension beyond 3 years should be referred to Comptroller & Auditor General of India for approval, with appropriate recommendations. (CAG's letter No.1461-NGE.III/14-78 dated 18-7-78).

- e) Deputation within IA & AD:

The heads of Departments of I.A. & A.D. are authorised to send their staff on deputations within I.A. & A.D. under their own powers after mutual consultation with each other. Principal Director of Audit can give extension upto 4 years and for extension beyond 4 years, Comptroller & Auditor General of India's approval is necessary. (CAG's circular letter No.6944-N.2/102-80.II dated 29-12-81).

- f) TA to Officers called for interview in connection with deputations sponsored by Comptroller & Auditor General of India:

In the case of Officers called for interview in connection with deputation, T.A. should be regulated in accordance with Government of India's orders (3) below S.R.132, i.e. they will be treated as on tour and granted travelling allowance for the journey from headquarters to the place of interview and back. They will however, not be eligible to any daily allowance for the days of halt.  
(Jt. Director/NDLS letter No.1184-GE.II/27-81 dated 09-06-82).

## **219 Advances - Interest bearing advances.**

### **i) Advances for the purchase of motor car:**

The Principal Director of Audit may sanction an amount not exceeding Rs.1,80,000/- or 8 months' pay (basic pay plus DP plus NPA and stagnation increment) or the price of the motor car whichever is the least as advance to the officers drawing a pay of Rs.15,750/- per month (basic pay plus DP plus NPA and stagnation increment) or more for the purchase of a motor car. The advance is recoverable in not more than 200 monthly instalments and interest thereafter. The officer drawing the advance should execute a mortgage bond as provided in the General Financial Rules hypothecating the vehicle to the President. The condition regarding pay limit can be relaxed in deserving cases by the Secretary of the Administrative Ministry/Department.

The quantum of advance that may be granted on the second or subsequent occasions for the purchase of motor car shall be restricted to Rs.1,60,000 or eight months' basic pay (basic pay plus DP plus NPA and stagnation increment) or the anticipated price of the car to be purchased, whichever is the least. Such second advance for purchase of motor car will be admissible only after four years reckoned from the date of drawal of the last advance. For exceptions please see Rule 199 (2) of G.F.R. (GOI/Min. of Fin. O.M. No.F.16-E.II/A/86 dated 15-05-86).

### **ii) Personal Computer Advance:**

The conditions for eligibility, sanction and mortgage for Personal Computer Advance are the same as that of Motor Car Advance. The amount of advance that can be sanctioned is Rs.80,000/- on the first occasion and Rs.75,000/- on second or subsequent occasions or the anticipated price of the Computer (excl. Customs duty, if any), whichever is less. The advance sanctioned should be recovered in not more than 150 monthly instalments and interest will be recovered thereafter.

### **iii) Advance for the purchase of Motor Cycles, scooters and mopeds:**

The Principal Director of Audit may sanction Motor Cycle/Scooter to Officials whose basic pay together with Dearness Pay and Stagnation Increment is Rs.6,900/- or more, and if the sanctioning authority is satisfied about the employee's capacity for repayment, an advance not exceeding Rs.30,000/- or 4 months' basic pay + DP or the anticipated price of the motor cycle/scooter whichever is the least, may be sanctioned to such an employee. The advance is recoverable in 70 monthly instalments and interest thereon is recovered thereafter. The drawal of the advance is subject to other conditions specified in the G.F.R. The condition regarding pay limit can be relaxed in deserving cases, by the authority competent to sanction the advance. On second and subsequent occasion, the advance, restricted to Rs.24,000/- or three months' months' basic pay + DP or the anticipated price of the motor cycle/scooter whichever is the least, may be sanctioned to the employee.

### **iv) Advance for the purchase of bicycles:**

A non-Gazetted Government servant whose basic pay along with Dearness Pay does not exceed Rs.7,500/- per month may be granted for the purchase of a bicycle, an advance of Rs.1,500/- or anticipated price inclusive of sales tax, whichever is less. The advance is recoverable in not more than 30 monthly instalments and the

interest is recoverable thereafter. A second advance will be granted to an employee only after a lapse of a period of 3 years of the earlier advance.

Note: Priority in the matter of sanctioning advance for the purchase of a bicycle may be given to the requests of those employees who have not drawn similar advance during the last five years and the requests of other employees for advance under the normal rules may also be considered subject to availability of funds.

(General Circular No.79-TA.II/1981, Government of India, Ministry of Finance O.M. No.F.19(3)-8.II (A) /80 dated 23-5-81 and CAG's endt. No.765/TA.II/161-81 dated 24.06.1981).

**v) Advance for the purchase of Table Fan:**

Group 'D' employees living in houses provided with electricity and plug points and who do not already have a fan in the house, may be granted an advance not exceeding Rs.1,000/- or the anticipated price of the Table fan, whichever is less for the purchase of a table fan. The advance should be recovered in not more than 10 equal monthly instalments and interest recovered thereafter.

**vi) Advance for the purchase/construction/extension of a house:**

An advance of amount equal to 34 times the basic pay and dearness pay taken together subject to a maximum of Rs.7,50,000/-, or the cost of the house or the repaying capacity, may be sanctioned for new construction/enlargement of existing house or purchase of new house/ready-built flat. The cost ceiling limit is revised to 134 times the basic pay and dearness pay taken together subject to a maximum of Rs.18 lakhs relaxable upto maximum of 25%. These advances are sanctioned by the Principal Director of Audit and are paid in instalments during the various stages of construction. The advance with interest thereon shall be repaid in full by monthly instalments within a period not exceeding 20 years, i.e. the maximum number of instalments is 240.

**220 Advances - Interest Free Advances:-**

**i) Advance of leave salary:** An advance restricted to the net amount of leave salary for the first month of leave that is clearly admissible may be sanctioned to a Government servant proceeding on leave when the duration of leave is not less than one month/30 days. This advance should be adjusted in full against the leave salary in respect of the leave availed of.

**ii) Advance on the eve of important festivals:** Non gazetted Government servants drawing basic pay and dearness pay not exceeding Rs.12,450/- per month. may be granted an interest free advance of Rs.1,500/- on the eve of important nominated festivals. The advance is recoverable in 10 equal monthly instalments. Not more than one advance shall be granted in one calendar year. The advance shall be drawn and disbursed before the festival in connection with which the advance is sanctioned.

**iii) Advance to Government servants affected by floods, cyclones etc.:** The advance is admissible only to non gazetted employees whose property, movable or immovable, has been substantially affected or damaged by the floods/cyclones. The maximum amount of the advance is 3 months' pay of the Government servant or Rs.2,500/-, but not both. It is recoverable in not more than 24 monthly instalments, commencing from the second issue of pay after the drawal of the advance.

**iv) Advance of pay on transfer:** This advance is admissible to Government servants who (i) are under orders of transfers (ii) receive orders of transfer during leave (iii) proceed on foreign service in India or on reversion from such foreign

service. The amount of advance of pay shall not exceed one month's pay together with Dearness Pay of the Government servant before his transfer or the pay which he will be entitled to after the transfer, whichever is less. The recovery will be made in 3 equal instalments.

**v) Advance of Travelling Allowance on Tour:** The advance is for the amount sufficient to cover the personal travelling expense of the Government servant for a month/period of tour. This amount is to be adjusted in the Government servant's T.A. claim on his return to Headquarters or 31<sup>st</sup> March, whichever is earlier.

**vi) Advance of Travelling Allowance on Transfer:** The advance will be equal to 75% of the amount of the Composite Transfer Grant which the Government servant would be entitled to as Travelling Allowance consequent on his transfer.

**221 Reversal of orders (Para 25 of RAM):**

The Principal Director of Audit may not without the permission of the ADAI (Railways) reverse any deliberate or important orders passed by any of his predecessors.

**222 Communications on behalf of Government servants:**

Communications on behalf of Government servants regarding their personal matters, should not be sent at public expense.

**223 Broadcast talks by Government servants:**

The instructions contained in paras 150 and 173 of the MSO (Admn.) Vol.I second edition should be followed.

**224 Private Work:**

The instructions contained in paras 148,149, 302 & 303 pf MSO (Admn.) Vol. I are to be followed.

**225 Conduct and Disciplinary Rules: (Para 62 of RAM and paras 142 & 293 of MSO Admn.)**

The Officials and staff of this office are governed by the Central Civil Services (Conduct) Rules 1964 and the Central Services (Classification, Control and Appeal) Rules 1965, as amended from time to time.

**226 Conviction of Government servants in Court of Law:**

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

(b) Dismissal etc. in cases of conviction is not to be automatic; each case should be examined on its merits and orders imposing the appropriate penalty passed only where the charges against the Government servant on which his conviction is based shown that he was guilty of moral turpitude or of grave misconduct which is likely to render his further retention in service undesirable or contrary to public interest. (MHA O.M. No.25/70/49 - Ests. dated 20-12-1949).

**227 Pension:** The staff of the Railway Audit Department are governed by the CCS (Pension) Rules 1972.

**228 Residential Accommodation:**

a) The Railway Board have decided that although bungalows and quarters cannot be built specifically for the Railway Audit Department, the Railway Administration should take into consideration the demand of this department also in planning their programme for building quarters. They have also decided that the existing Railway quarters may similarly be allotted to the Railway Audit staff as availability and circumstances may permit. The allotment of Railway quarters to the officers and staff of the Railway Audit Department is on the basis of the same criteria as applicable to the Railway staff and the recovery of rent, water charges, electric charges, etc. will also be made as from the Railway staff. The Audit staff should vacate the Railway quarters when they cease to be Railway Audit staff and are posted to non-Railway Departments. (Railway Board's letter Nos.:

i)53/W/190/28 dt. 5-2-55, ii ) F(X)1-59 RN.5/2 dt.9-7-59, iii)59/W.II/RR/45 dt. 28-11-60 iv)59/W.2/QR/45 dt. 1-2-61).

b) Retention of Railway Accommodation by retired Railway Audit Employees and families of deceased Railway Audit employees:

The retention of railway accommodation by Railway Audit staff/their families after the retirement/death is allowed as under:

**Retirement:** For a period of two months from the date of retirement on payment of normal rent and the next four months on educational or sickness account in payment of double the assessed rent or double the normal rent.

**Death:** The family of a railway audit staff who dies while in service may be permitted to retain the railway quarter for a period of six months on payment of normal rent from the date immediately after the date of death of an employee.

Retention of railway quarters for the prescribed periods as indicated above, may be allowed by the General Managers of the Railway Administrations concerned on receipt of proper requests therefor. (Railway Board's letter No.E(G)83 RN.2-6 dated 31-12-1986 received under C.A.G's endorsement No.18-RA.II/14-1/78 dated 20-1-87).

**229 Use of Holiday Homes by Officers and staff of the Railway Audit Department:**

The officers and staff of the Railway Audit Department are permitted the use of Holiday Homes in the same way as Officers and staff of the Railway according to the usual priority etc.

(A.M.F. Ministry of Railways D.O. No.E(W)64 WR.2 - 7 dated 17-7-64 received under ADAI's endt. dated 25-7-64).

**230 Medical Attendance:**

a) The officers and staff of this office are generally governed by the Central Services (Medical Attendance) Rules 1944 as amended from time to time. In areas where the Central Government Health Scheme is functioning, the officers and staff residing in those areas are governed by this Scheme.

b) When both husband and wife are Central Government employees, they, as well as eligible dependents may be allowed to avail of the medical concession according to his/her status. For this purpose they should furnish to their respective authorities a joint declaration as to who will prefer the claim for reimbursement of medical expenses incurred on the medical attendance and treatment in respect of

wife/husband and the children. The above declaration should be submitted in duplicate and a copy of each shall be recorded in the personal file of each of them in their respective offices. The husband or wife of the Government servant employed in a State Government or in the Defence/Railway services or Corporation/Bodies financed partly or wholly by the Central or the State Government, Local Bodies and private organisations, which provide medical services would be entitled to choose either the facilities under the Central Government (Medical Attendance Rules), or the Medical facilities provided by the organisation in which he/she is employed. These declarations shall remain in force till such time as it is revised on the express request in writing by both the husband and wife e.g. in the event of promotion, transfer, resignation etc. of either of the two. In the absence of such a joint declaration, the medical facilities shall be availed of by the wife and the children according to the status of the husband.

c) The employees are also allowed to opt for Railway Medical facilities, subject to the following conditions:

- i. That status-quo be maintained, which means that the normal entitlement of a Railway Audit employee is the C.S. (M.A.) Rules or the C.G.H.S. where they are in operation but the employee can exercise an option to avail of Railway Medical facilities for himself and dependent members of his family, in terms of the provisions of para 18 of the Railway Audit Manual.
- ii. An employee will be governed either by the Railway Medical facilities or the Civil Medical Facilities but not both simultaneously.
- iii. The option to avail of either the Railway Medical facilities or the Civil Medical Facilities will be available to each individual employee and need not be exercised by all the employees of an office as a whole.
- iv. The option once exercised will not be changed except in the event of change of his residence at the same station or transfer to another station.

(CAG's Circular No.59-NGE I/80 received under letter No.3309-NGE.I/112-78 dated 24-09-80)

### **231 Medical attendance to Accounts staff on deputation to Audit under Mutual Exchange Scheme:**

The Railway Accounts staff on deputation to the Railway Audit Officers would be governed by Railway Medical Facilities only in the normal course. (CAG's letter No.901-NGE-I/112-78 dated 15-03-1982 to the Principal Director of Audit, Southern Railway).

### **232 Farewell Parties:**

Farewell Parties are in no case to be given by non-gazetted staff to officers. While a farewell entertainment of a substantially private and informal character may be held in honour of Senior Officers and others on the eve of their retirement or transfer as permitted under the proviso to Rule 14 of Central Civil Services (Conduct) Rules 1964 and gifts of trifling value (as defined in the explanation to Rule 13 thereof) presented and accepted on such occasions, it is hardly healthy or desirable to allow the practice of accepting gifts by officers from the staff. The entertainment or gifts on such occasions should be strictly confined to the limits permitted under the Conduct Rules.



(Ministry of Home Affairs O.M.No.25/40/58 Ests(A) dated 24-7-58 received under CAG's No.2894-NGE.II/258 dated 09-08-58 and Ministry of Home Affairs O.M.No.25/22/62 Ests(A) dated 21-12-62 received under CAG's No.2311-NGE.II/329 dated 10-12-62).

### **233 Representations:**

a) An appeal or representation for the redressal of grievances must not be made by the Government servant to a higher authority unless the lower authority has already rejected his case or unduly delayed the disposal of the case. Even then, representations should be submitted to the higher authority only through proper channel. Representations addressed to still higher authorities (like the President of India, CAG etc.) must not be made unless all means of securing attention of redress from lower authorities have been exhausted. In such cases, the petitions should be submitted in duplicate through proper channel and should not be forwarded by the Government servant direct.

b) Representations should receive prompt attention and it should be ensured that they are disposed of within a reasonable time. If it is anticipated that the appeal or petition under statutory rules and orders cannot be disposed of within a month of its submission, an acknowledgement or an interim reply should be sent to the individual within a month.

(Ministry of Home Affairs letter No.118/52-Ests of 30-4-52 as amended by O.M. No.25/34/68 Ests(A) dated 20-12-68 received under CAG's endt. No.83-NGE.III/6-69 dated 08-01-69).

### **234 Returns and sanctions regarding property:**

i) Annual returns due from officers (Group'B') under Rule 18 of the Central Civil Services (Conduct) Rules 1964 regarding movable and immovable properties held by the Officers should be sent to the Principal Director of Audit in the first week of January every year (Form No.2). The returns relating to officers of the I.A. & A.S. should be sent to the Comptroller & Auditor General of India in January each year.

ii) All Group 'C' employees should furnish the above return once in 5 years. Fresh appointees will have to furnish their first return within 3 months from the date of their appointment and subsequently once in five years in the form prescribed (Form No.2 A).

iii) Particulars of movable and immovable properties as and when acquired by the staff should be submitted to the office for the information of/for getting the permission of the Head of the Department/office as applicable in each case. In preparing the above returns and in furnishing the details/instructions contained in the Central Civil Services (Conduct) Rules 1964 should be borne in mind.

iv) Government Servants should obtain separate sanction of the competent authority under the rules viz. para 255(v) of the General Financial Rules and Rule 18 of the Central Civil Services (Conduct) Rules for the sale of a car or other conveyance purchased with an advance received from the Government.

(Ministry of Home Affairs O.M. No.25/47/58-Est(A) of 5-3-59 received under CAG's endt. No.1286-GE.I/170-58 dated 26-3-59)

### **235 Gradation List (Para 312 of MSO/ADMN.)**

A gradation list of Groups A, B, C and D staff as on 1st March every year should be prepared for the general information of the office. The list should be submitted (in triplicate) to the C&AG of India before 15<sup>th</sup> June of every year. In addition to a Table of contents and a list of abbreviations used, the body of the Gradation List is divided into various sections as detailed below:

Section I	List of Gazetted staff as on 1st March of the Year.
Section II	Statement showing the distribution and the sanctioned strength of Asst. Audit Officers, Group 'C' and Group 'D' staff as on 1st March of the year
Section III	Gradation list proper as on 1st March of the year (Gazetted and Non-gazetted)
Section IV	This section contains the following Appendix
Appendix IA	List of Matriculate Group 'D' staff who have passed Departmental Examination for promotion to Clerks Grade
Appendix IB	List of Non-Matriculate Group 'D' staff who have passed the Limited Departmental Competitive Examination and awaiting promotion as Clerk
Appendix IC	List of Graduate Group 'D' staff who have passed Departmental Examination for Auditors/SOGE passed Clerks and awaiting promotion to Auditor Grade
Appendix II	List of staff who have been sanctioned fixed Family Planning Allowance under Small family norms
Appendix III	List of Officers showing their service in each grade
Appendix IV	List of SOGE passed auditors awaiting promotion to S.O. cadre
Appendix V	List of directly recruited Clerks/Group 'D' promotee clerks who are yet to pass the Typing Test
Appendix VI	List of persons on foreign service
Appendix VII	List of persons on deputation in this Office
Appendix VIII	List of persons on deputation to Offices outside IA & AD
Appendix IX	List of persons on deputation to Offices within IA & AD
Appendix X	List of Section Officers, Asst. Audit Officers who have passed the Revenue Audit Examination for Section Officers/Asst. Audit Officers.
Appendix XI	List of staff who have passed the Revenue Audit Examination for Auditors
Appendix XII	List of Senior Auditors who have passed Incentive Examination
Appendix XIII	List of persons who have been granted Financial Upgradation under ACP Scheme

**236 Confidential Reports (Para 33 of Railway Audit Manual and paras 139, 140, 170 and 191 of MSO (Admn.)**

The Confidential Reports of staff based on their performance and conduct are written up annually in April each year or as otherwise required. However, no report is normally necessary for periods less than three months. A result oriented performance appraisal system for writing the Confidential Reports has been introduced with effect from the reporting year ending 31st March, 1987. Under this system, the self appraisal is made by the Officer reported upon specifying his achievements against targets/goals/objectives fixed for the year. The self appraisal has to be submitted to the Reporting Officer by the 15th April. The reporting officer for Auditors/Sr.Auditors/Clerks and Record Sorters is the Section Officer/Asst. Audit

Officer and for the Section Officer/Asst. Audit Officer, the Reporting Officer is the Branch Audit Officer. The Principal Director of Audit is the Reporting Officer for the I.A. & A.S. Officers and for Audit Officers working directly under him and his Sr. P.A. The Confidential Reports of Stenographers are written by their controlling Branch Officers.

b) The Confidential Reports of Asst. Audit Officers and Group 'C' staff are kept in the safe custody of the Director of Audit and those of Audit Officers are kept with the Principal Director of Audit. The Confidential Reports of the I.A. & A.S. Officers are sent to the Comptroller and Auditor General of India. The Senior Personal Assistant to the Principal Director of Audit and the stenographer to the Director of Audit are responsible for calling for the Confidential Reports from the Branch Officers and for the careful maintenance of the Reports. The Reports should be kept arranged category-wise in the order of seniority as per Gradation List.

c) The points to be observed while writing Confidential Reports are laid down in Government of India, Ministry of Home Affairs letter No.51/4/60 Ests(A) dated 31-10-1961 and Comptroller and Auditor General's letter No.192/N2/23-87 dated 27-2-1987 and subsequent letters on the subject. Reporting Officers should make themselves conversant with these instructions before writing the Confidential Reports.

### **C H A P T E R - III** **OFFICE PROCEDURE - GENERAL**

#### **301 HOURS OF WORK (Para 82 of RAM)**

The hours of work prescribed by the Railway Administration for their Head Office, Divisional and Administrative Offices are followed by this Office also. In exceptional cases, however, when the work is in arrears or the interests of public service demand it, these hours may be extended.

#### **302 ATTENDANCE REGISTER.**

An Attendance Register should be maintained in the prescribed form by the individual sections at the Headquarters Office and one register for the entire staff at the Branch Offices. Members of the Office should be punctual in their attendance and on their arrival in the Office initial against their names in the Register. The Group 'D' employees shall attend Office 15 minutes before the commencement of the hours of work. The Attendance Registers should be closed daily by the Assistant Audit Officer/Section Officer within 10 minutes of the commencement of the Office, by cross marking those who are not present at the time and should be submitted to the concerned Branch Officer. Any member of the Office arriving after the Attendance Register is closed should sign the Attendance Register duly marking the time of arrival. If the time is not so marked, half a day Casual Leave will be debited to his Casual Leave Account for each late attendance. Movement Registers should also be maintained to record the movement of the staff. The Director/Deputy Directors should carry out surprise checks to see whether the procedure of closing attendance register is followed scrupulously.

#### **303 LATE ATTENDANCE**

a) Permission either to attend late or leave the Office earlier will not be granted. Half a day's Casual leave will be forfeited for every late attendance but late attendance upto one hour may be condoned by the Branch Officer/Assistant Audit Officer/Section Officer on not more than two occasions in a month if he is satisfied that the same was due to unavoidable reasons.

b) If an Official who has no Casual Leave to his credit attends Office late without sufficient justification and the competent authority is not prepared to condone the late attendance, but does not at the same time propose to take disciplinary action, the Official may be informed that the absence for the day on which he attended Office late would be treated as unauthorised, leaving it to him either to face the consequences of such unauthorised absence or to apply for leave. If he applies for earned leave or any other kind of leave, due and admissible, for the entire day, the same may be sanctioned by the Competent Authority.

(MHA No.28034/3/82 Estts(A) dt..5th March 82 received under CAG's endt. No.1053-NGE.I/62-78 dt.30.3.82)

c) The results of review of late attendance of staff of the sections at the Headquarters Office and Divisional/Extra divisional offices should be submitted monthly to the Branch Officers in the first week of the following month. Besides debiting of leave, disciplinary action may also be initiated against the staff for habitual late attendance.

#### **304 HOLIDAYS (PARA 83 & 84 of RAM)**

a) Railway Audit Offices should observe the same holidays as are observed by the respective Railway Administrative Offices. 16 closed holidays and 2 restricted

holidays would be available for the staff and Officers of this Office except in case of Workshop audit Offices.

b) A list of closed/restricted holidays to be observed during the ensuing year should be sent to the CAG in duplicate by the Administration on or before 22nd December each year, after obtaining the necessary information from the Railway Administration. Notifications in the list, if any, should also be promptly intimated to the CAG.

c) The Branch/Divisional Audit Offices situated outside Chennai shall report promptly to the Principal Director of Audit any addition/modification to the list of holidays notified by Railway Administration.

### **305 ABSENCE FROM OFFICE**

Absence from the Office by any employee without proper leave or permission will not only entail forfeiture of pay for the period of absence but Muslim employees may be granted permission for an hour on Fridays to offer Jumma prayers. They may also be permitted to leave Office half an hour earlier during the month of Ramzan.

### **306 ABSENCE FROM HEADQUARTERS (PARA 44 OF RAM)**

a) Prior approval of the competent authority should be obtained whenever an employee wishes to leave Headquarters during Casual Leave and holidays. Address during absence from Headquarters should invariably be indicated in the application for such permission. Grant of Passes and P.T.O.s does not imply permission to leave Headquarters, which should always be obtained separately. The leave sanctioning authority is competent to accord such permission.

b) During regular leave also the leave address should be left with the office, but no formal permission to leave headquarters is necessary. Any change in address during such leave due to whatever reason should, however, be intimated to this Office.

(C&AG's letter No.4-OSD(P)/73.III dated 31.1.75)

### **307 CASUAL LEAVE**

Every Government servant is entitled to a maximum of 8 days casual leave in a calendar year. Casual leave is treated as duty for all purposes. Casual leave should not be availed of without the prior sanction of the Competent Authority except under unavoidable circumstances such as sudden illness. Not more than 8 days casual leave may be granted at a time except under special circumstances and with the prior approval of the Director. Casual leave can be combined with holidays and Restricted Holidays. However, when the total period of absence exceeds 10 days at a time, the prior sanction of the Director is necessary. Casual leave cannot be combined with regular leave.

### **308 GRANT OF HALF-A-DAY'S CASUAL LEAVE:**

Casual leave for half a day may be granted either by itself or in conjunction with casual leave for a full day(s). Half a day's casual leave for the forenoon session concludes by 13.30 hours and that for the afternoon session commences at 13.00 hours.

**309 RESTRICTED HOLIDAY**

Each employee is permitted to avail himself of any two holidays to be chosen by him out of the list of restricted holidays declared by the Railway Admn. The intention to avail of a restricted holiday should be intimated to the Office, in advance. The leave sanctioning authority may allow the staff working under their control to avail the Restricted Holidays which can be Prefixed/Suffixed with Regular/Casual leave. (CAG's letter No.F-4-OSD(P)/73 (Vol/II) dt.17.07.73)

**310 RECORD OF CASUAL LEAVE AND RESTRICTED HOLIDAY**

A Casual leave account register in the prescribed form should be maintained by each section. One page should only be used for whole year for all the employees in one section, appropriate indication being given in the relevant column against the date on which the Casual Leave or Restricted Holiday is availed of by an individual and the entry should be attested by the sanctioning authority promptly by means of dated initials. (CAG's letter No.3687-N/88/85, dated 18.10.1985)

**311. COMPENSATORY LEAVE: (Para 86 of RAM)**

a) Whenever staff are Compulsorily required to work on Saturdays and Sundays or other public holidays at Headquarters or at outstations during Inspections with the prior approval of the Branch Officer, such staff may be granted Compensatory leave, for the number of days they are required to attend office by the authority competent to grant Casual Leave. The grant of compensatory leave is regulated with reference to the position obtaining at the Headquarters of the employee i.e. if any employee works at an outstation on a day declared as holiday at his headquarters, he is eligible for compensatory leave. The Sections/branches should maintain a record of the compensatory leave earned and availed of by each employee in the prescribed form in a separate part of the Casual Leave account.

The accumulation of compensatory leave will not be subject to any limit, but such leave should be availed of within a month of its becoming due. This condition, may, however be relaxed in exceptional circumstances by the Principal Director of Audit.

(Ministry of Finance O.M.NO.F.9(17)E.II(E)/65 DT.27.11.65 received under CAG's endt.No.1748-Audit/7-65 dt.7.12.65 and Ministry of Finance O.M. No.F.9(17)E.II(B)/65 dt.20.03.67). As per endt. 20.03.67 HOD only are permitted to order the time limit pl.

**312. POWERS TO SANCTION, CASUAL LEAVE AND RESTRICTED HOLIDAY**

(a) Assistant Audit Officers/Section Officers can sanction Casual Leave to Senior Auditors, Auditors, Clerks, Record Keepers and Group D staff working under their control upto a maximum of 3 days at a time.

(b) Branch Officers can sanction Casual Leave up to 5 days at a time to Assistant Audit Officers/Section Officers working under their control and to the staff working under the Section Officers when the period exceeds the Section Officer's powers of sanction. (CAG's letter No.F-4-OSD(P)/73 dt.6.3.73).

(c) Restricted Holidays may also be allowed to be prefixed or Suffixed to the Casual Leave and this will not count for computing the limit of 5/8 days. (CAG's letter No.F-4-OSD(1)/73/Vol.II dt.17.7.73).

(d) Casual leave to Audit Officers/Sr. Audit Officers and Casual leave to staff in excess of the limit prescribed in (b) above will be sanctioned by the Respective Group Officer.

### **313 SPECIAL CASUAL LEAVE - GENERAL**

Special Casual leave may be allowed to an employee for a period not exceeding 30 days in any one Calendar Year. The period of absence in excess of 30 days may be treated as regular leave of the kind due and admissible under the relevant leave rules applicable to the employee concerned. This excess leave may be in connection with illness, urgent private affairs or for sight seeing etc. For this purpose, the employees may, as a special case, be permitted to combine special casual leave with regular leave, or ordinary casual leave as the Government servant may take; but combination of both casual leave and regular leave with special casual leave is not to be allowed.

### **314 SPECIAL CASUAL LEAVE FOR SPORTS ACTIVITIES.**

- a. The Special Casual leave may be allowed only for:
  - i. Participation in Sporting events of national/international importance.
  - ii. Coaching/Administration of teams participating in Sporting events of National/International importance
  - iii. Attending coaching or training camps under Rajkumaari Amrit Kaur coaching scheme or similar All India Coaching or Training Schemes.
  - iv. Attending coaching or training courses at National Institute of Sports, Patiala.
  - v. Participation in mountaineering expeditions.
  - vi. Attending coaching camps in sports organised by National Federations/Sports Boards recognised by the All India Council Boards, Ministry of Education and Youth Service.
  - vii. Employees who are selected or sponsored for giving running commentaries over the All India Radio and Doordarshan in National/International events organised by any National Sports Federation/Association recognised by the All India Council of Sports and approved by the Ministry of Education; and
  - viii. when the Government servant concerned is selected for such participation in respect of international sporting events by any one of the following organisation as a member of a team which is accepted as representative on behalf of India or by a State, Zone or Circle in connection with the coaching or administration of the teams participating in sporting events of National/International importance.
    1. Indian Olympic Association.
    2. Indian Hockey Federation.
    3. All Indian Women's Hockey Association.
    4. Board of Control for Cricket in India.
    5. Swimming Federation of India.
    6. Amateur Athletic Federation of India.
    7. All India Football Federation.
    8. Volleyball Federation of India.
    9. Badminton Association of India.
    10. Wrestling Federation of India.
    11. All Indian Lawn Tennis Association.
    12. Table Tennis Federation of India.
    13. Basket Ball Federation of India.
    14. Kabadi Federation of India.
    15. Indian Weight Lifting Federation.
    16. National Rifle Association of India.

17. Gymnastic Federation of India.
18. Ball Badminton Federation of India.
19. Indian Polo Association.
20. Indian Golf Union.
21. Squash Rackets Association of India.
22. Wrestling Association of India.
23. Indian Amadrum Booking Federation.
24. All India Chess Federation.
25. Indian Style Wrestling Association of India.
26. School Games Federation of India.
27. Inter-Ministry of Board of India.
28. Services Sports Control Board.
29. Railway Sports Control Board.
30. Billiards Association and Control Committee of India.
31. Cycling Federation of India.
32. Indian Mountaineering Foundation.
33. All India Bridge Federation;

or in respect of events of national importance, when the sporting event in which participation takes place, is held on the Inter-state, Inter-zonal or Inter-circles basis and the Government Servant concerned takes part in the event in a team as duly nominated representative on behalf of the State, Zone or Circle as the case may be.

b. The concession is not be allowed for participation either in a national or international sporting event in which such participation of the Government servant concerned takes place in his personal capacity and not in a representative capacity.

c. The grant of Special Casual leave will be subject to the general principles laid down in Section (v) (2) of the Administrative instructions in Appendix 3 to the Posts and Telegraphs compilation of the Fundamental Rules and Supplementary Rules Vol. II except for the modification indicated in paragraph (a) above. The power of granting special casual leave under these orders will be exercised by the Principal Director of Audit.

- i. Government of India, Department of Personnel OM No. 27/3/70-Ests(B) dtd: 14-6-71 received under CAG's endt. No. 813-Audit/73-69 dated: 25-6-71.
- ii. Government of India, Ministry of Home Affairs, Department of Personnel and Administrative Reforms OM No. 46-7/50/Ests dtd: 5-4-1954 received under CAG's endt No. 191-NGE.I/102-78 dated: 5-2-80 and
- iii. CAG's letter No. 262-NGE.I/102-78 dated: 28-1-81.

### **315 SPECIAL CASUAL LEAVE FOR CULTURAL ACTIVITIES.**

a. Central Government employees participating in the Cultural Activities (like drama, dance, music and poetic symposium etc. of All India or Inter State character organised by the Central Secretariat Sports Control Board or on its behalf) and inter ministerial or inter-departmental tournaments held in or outside Delhi are eligible for special casual leave subject to the overall limit of 30 days in one calendar year.

b. When an employee participates both in National and International events as well as cultural events, the maximum special casual leave should be limited to 30 days for all the events.

c. No special casual leave will be allowed for practice or for participation in cultural activities organised locally.

(Ministry of Home Affairs OM No. 27/3/6/Ests (B) dtd: 28-6-69 received under CAG's endt. No. 379-Audit/73-69 dtd: 6-4-70. and Department of Personnel OM No. 27/3/70 Ests(B) dtd: 14-6-61 received under CAG's endt. No. 813-Audit/73-69 dtd: 25-6-71.)



Note: The Outstation teams need not stay for the whole duration of the tournament but should return soon after they are knocked out.  
(CAG's letter No. 1230-NGE.II/39-69 Part III dtd: 10-5-60.)

**316** In the case of Government Servants, who are permitted to take up Military service, the period of absence from duty occasioned by their interview and medical examination etc. in connection with their joining military service should be treated as special casual leave. This concession, would, however, be admissible only in those cases where it is not possible for the Government servants concerned to attend their duties after the Interview/Medical examination etc. If a Government servant withdraws his candidature subsequently he would not be entitled to any special casual leave;

(Ministry of Home Affairs. OM No. F/25/3/63 Ests (B) dtd: 28-1-63 received under CAG's endt. No. 303/Audit/24-63 dtd: 20-1-63).

**317 SPECIAL CASUAL LEAVE FOR SERVICE ASSOCIATION ACTIVITIES.**

The following facilities of Special casual leave are admissible to the members of the recognised Unions/Associations of the office to carryout their activities.

- a) The Office bearers of recognised service associations/unions of the office are eligible for special casual leave upto a maximum of 20 days in a Calendar Year for participation in the activities of the associations subject to the conditions laid down in Govt. of India, Ministry of Home Affairs OM No. 24/33/59/Ests (B) dtd: 4-1-60.
- b) Special Casual Leave upto 10 days in a Calendar year will be admissible to outstation delegates/members of executive committee of a recognised All India Association/Federation to attend its meetings.
- c) Special Casual Leave upto 5 days in a Calendar year will be admissible to local delegates and local members of executive committee of all recognised associations/Unions/Federations for attending meetings of the Associations/Unions/Federations.

Those who would be availing of casual leave in their capacity as office bearers under (a) above would not be entitled to avail of Casual leave separately in their capacity as delegates/executive committee members under (b) & (c).

(Ministry of Labour, Employment and Rehabilitation (Dept. of Labour and Employment) OM No. B/2011/8/70/LW2(1) dtd: 11-3-71 received under CAG's endt. No. 750-NGE.III/10-71 dt. 14-4-71 and CAG letter No. 892-NGE.IV/10-75 dtd: 4-9-75).

**318 SPECIAL CASUAL LEAVE UNDER FAMILY PLANNING SCHEME.**

**a. VASACTOMY.**

Special Casual Leave not exceeding 6 working days is admissible to a male employee who undergo sterilisation operation. If an employee undergoes vasectomy operation for the second time, special casual leave of six days is again admissible on production of medial certificate from the prescribed medical authority, to the effect that the first operation was a failure and the second operation was actually performed. In the case of post-sterilisation complications, special casual leave may be granted to cover the period for which the person is hospitalised on production of a certificate from the concerned hospital authority/authorised medical attendant.

**b. TUBECTOMY.**

Special Casual leave not exceeding 14 working days is admissible to female employee of the office who undergo non-puerperal tubectomy operation/salpingectomy operation after Medical Termination of Pregnancy (MTP). In the event of failure of a sterilisation operation, if an employee undergoes tubectomy operation for the second time, special casual leave of 14 working days is again admissible on production of a medical certificate from the Competent Medical Authority to the effect that the first operation was a failure and the second operation was actually performed. In the case of post-sterilisation, special casual leave may be granted to cover the period for which the person is hospitalised on production of a certificate from the concerned hospital authority/authorised medical attendant.

**c.** Special Casual Leave upto 7 days is admissible to a male Government whose wife undergoes either puerperal or non-puerperal tubectomy operation for the first time or for the second time due to failure of the first operation (under FWP) subject to the production of a medical certificate from the doctor who performed the operation.

**d.** Male Government employees whose wives undergo tubectomy/salpingectomy operation after Medical Termination of Pregnancy (MTP) may also be granted special casual leave upto 7 days subject to production of medical certificate stating that their wives have undergone tubectomy/salpingectomy operation after Medical Termination of Pregnancy (MTP).

**e. IUD.** One day's special casual leave is admissible to a regular non-industrial female Government servant who undergoes IUD insertion.

**f. RECANALISATION**

Special Casual Leave upto a period of 21 days or actual period of hospitalisation whichever is less as certified by the authorised medical attendant is admissible to an employee who undergo recanalization operation subject to the condition that the employees are unmarried, or have less than 2 children or desire recanalization for substantial reasons. The special casual leave will be subject to the following conditions:

i. the operation should have been performed in hospital/medical college/Institute where facilities for recanalisation are available. If the operation is performed in a private hospital, it should be one nominated by the State Government/Union Territory Administration, for performing recanalising operations.

ii. The request for grant of special casual leave is supported by a medical certificate from a Medical Officer who performed the operation to the effect that hospitalisation of the Government servant for the period stipulated therein, is essential for the operation and post-operation recovery.

In addition, special casual leave can also be granted for the actual period of the to and fro journey performed for undergoing this operation.

Special casual leave connected with sterilisation/ recanalisation may be prefixed to regular leave. It cannot, however, be granted in combination with both special casual leave and regular leave.

(Government of India, Ministry of Health & Family Welfare letter No. A.60015 /1/78-Ply dtd: 29-9-78 received under CAG's endt. No. 714-Audit/122-71 dated: 8-12-78.

and

Govt. of India, Ministry of Home Affairs, OM No. 28016/3/78-Es(A) dtd: 6-8-79 received under CAG's endt. No. 678-A/F.122/71/1-79(88) dtd: 25-9-79).

**319 LEAVE OF ABSENCE COUNTING AS DUTY.**

In addition to the periods mentioned in FR 9(b) and the Govt. of India decisions thereunder, the following periods will be treated as on duty or on casual leave.

a. The period of training and duty in officially sponsored auxiliary Police Organisations such as Home Guards etc. will be treated as Special Casual Leave. Group 'D' staff recruited should compulsorily undergo training as Home Guards for a period of three years.

(Govt. of India, Ministry of Home Affairs OM No. 25/1/49-Ests dtd: 10-1-49 received under Director of Railway Audit endt. No. GI-I/49 dtd: 28-1-49.

and

Ministry of Home Affairs OM No. 14017/46/76-Estt. (D) cell dtd: 9-8-77 received under CAG's endt. No. 1569/NGE.II/51-75/III(KW) Part I dtd: 5-9-77).

b. Employees of the office permitted to join the St. John Ambulance Brigade should ordinarily be required to undergo the necessary training etc. out of office hours. In cases, however, where this is not possible, there is no objection to the period of training etc. being treated as casual leave to the extent such leave is due, and as special casual leave to the extent casual leave is not due. Further, special casual leave not exceeding three days per annum may be allowed to Government servants who are members of the Brigade to cover their absence on any special duties e.g. first aid posts organised by the Brigade (in fares and on important occasions) that may be assigned to them by the Brigade provided that-

- i. such duties are performed during office hours on working days; and
- ii. if the duties so performed extend only to half-a-day, half-a-day's casual leave should be allowed.

(Ministry of Home Affairs OM No. F.25/21/49-Ests dtd: 31-5-49 received under CAG's endt. No. 2020-NGE/II/46-49 dtd: 27-6-49

and

Dept. of Personnel OM No. F.27/5/70-Estts (B) dtd: 12-1-71 received under CAG's endt. No. 274-Audit/213-70 dtd: 25-2-71).

c. Leave to tender evidence or to attend a Court of Law as an assessor or juror, in the circumstances prescribed in SR 154 and 155.

d. Quarantine leave granted under Section F(3) of the Appendix 3 of Accountant General/Posts and Telegraph Compilation of Fundamental Rules and Supplementary Rules.

e. The period of absence of staff on the days of the Hindi/Hindi Typewriting/Hindi Stenography Examinations conducted by the Ministry of Home Affairs/Ministry of Railways including reasonable time required for the journey, if any, to and from the place of Examination will be treated as duty. Where an examination is held locally and takes full or 3/4th of the day, the staff are not expected to attend office on that day. But, if the examination lasts for half-a-day or less, they are required to attend office provided that the examination centre is not situated far off and satisfactory mode of transport is not available. Branch Officers have discretion in the matter.

## 320 LETTERS RECEIPT AND DISPOSAL

### Inward DAK.

a. All the letters meant for the office will be received by the Routine Section. The letters except Secret, Confidential and Demi-official will be opened by the Routine Clerk in the presence of the Director/Admn and in his/her absence, in the presence of the Dy. Director/WST or the Audit Officer/Administration. As soon as the letters are opened, they will be date stamped by the Routine Clerk. After perusal of the letters

by the Officer opening the letters, the letters received from the Comptroller and Audit General, Railway Board, Ministries of the Govt. of India, State Governments and the sanctions of the General Manager will be sorted out and kept in respective pads and the remaining letters in another pad duly indicating on the Circulation slips the number of letters placed in each pad. The pads containing letters received from CAG of India, Railway Board, Ministries of the Govt., of India, State Govts. and GM's sanctions will be sent to the Pr. Director of Audit and Deputy Directors without any delay. Letters which require immediate attention will be forwarded by the Deputy Director to the Branch Officers concerned for registration and appropriate action indicating the number of letters taken, on the concerned circulation slip. The pad containing other letters will be submitted to the Deputy Director. These letters need not be submitted to the Pr. Director of Audit but important letters will be brought to his notice. Both the pads will be circulated among the Branch Officers at Head Office. No letters other than those taken out for immediate attention should be taken out from the pad during the course of circulation. Care should be taken to see that the DAK pads are not delayed at any stage and the pads should normally be sent back to Administration at the earliest or the day after.

**b. Secret and Confidential letters.**

All secret and confidential letters addressed to the Pr. Director of Audit will be opened by the Pr. Director of Audit personally and in his absence by the Director/Admn or Dy. Director. These letters will be sent to the Sections, wherever necessary through the Sr. Personal Assistant/Personal Assistant/ Stenographer.

**c. Demi-official letters.**

The Demi-official letters addressed to the Officers will be opened by them and after perusal will be sent for registration.

**d. Remarks of the Pr. Director of Audit and Dy. Director on Inward Dak.**

Whenever Pr. Director of Audit/Director/Dy. Director have received any orders or made any query in the letters seen by them in the dak, the Sr. Personal Asst/ Stenographer concerned should keep a record and remind the sections to take prompt action and action taken thereon should be brought to the notice of the Pr. Director of Audit or Director or Dy. Director concerned.

**321 RECEIPTS AND DIARISING OF LETTERS.**

The following instructions are issued in the matter of receipt and registration of letters, files, etc. received in the office:-

1. Letters other than DO letters and other than those marked Confidential or Secret:
  - a. Two central diaries will be maintained by Receipt Section (R) one for registering all letters received from the Government of India, Comptroller and Auditor General of India, Railway Board etc. and the other one for diarising letters received from other sources. All letters received in the Headquarters office, irrespective of the Sections to which they pertain, shall first be diarised in these Central diaries.
  - b. After diarising the letters in the Central diary, letters pertaining to the various sections will be diarised in the Inward registers of the respective sections and handed over to the sections concerned. The Assistant Audit Officer/Section Officer of the Section will ensure that all the letters entered in the Central diaries have actually been received and distributed to the official concerned in his section.

In token of this the Asst. Audit Officer/Section Officer or any official shall give his acknowledgement in the Central diary concerned.

c. Once a week, the diarising clerk of the 'R' section will collect the Inward registers from the various sections and copy down in the Central diaries, the mode of disposal of the letters together the file numbers in which the various letters have been filed.

d. For the purposes of watching prompt disposal of letters, circulars etc, received from the Comptroller and Auditor General of India, such references shall be entered in a separate inward register of each section. Disposals of the letters received from the Comptroller and Auditor General of India pertaining to General or specific audit or offices procedure, interpretation of rules contained in accounts, finance, audit manuals and codes etc. shall always be routed to the Pr. Director of Audit/Director/Dy. Director concerned through the Co-ordination section concerned.

e. While submitting the inward register relating to C& AG of India's references and other letters to the Branch Officers concerned every week, the sections will indicate separately in the arrear report those letters regarding which action has been taken but a final reply is still to be issued or further action is yet to be taken. Such letters will be indicated in Section 'B' of the weekly arrear report till they are finally disposed off. The references for which final replies are still to be sent should be noted in the pending cases register also and their disposal watched. Section 'A' of the report will contain particulars of letters, in respect of which action has not been initiated for disposal.

f. In respect of those letters for which a final reply is due to the Comptroller & Auditor General of India, the concerned section will indicate the progress in the issue of final reply to such letters in the consolidated monthly arrear report and also send a report on the 15th of each month to the Co-ordination section.

g. Disposal of letters received from the office of the Comptroller and Auditor General of India shall be entrusted to the Sr. Personal Asst. to the Pr. Director of Audit on the first working day of each week so as to enable him to submit the position of pending letters to the Pr. Director of Audit.

## **2. Confidential or Secret letters, other than demi-official letters.**

a. A Central diary will be maintained by the PS to PDA and Personal Assts. to the Director/Dy. Director for diarising these letters. Such letters will be handed over to the concerned Branch officers only after obtaining their acknowledgement.

b. The concerned sections will have these letters entered in their respective Confidential inward registers and watch their disposal.

c. Once a week the Branch Officers shall arrange to intimate the PS to PDA and Personal Assts to the Director/Dy. Director about disposal of such letters and the file number in which the Confidential letters have been filed.

## **3. Demi-official letters.**

a. Two Central diaries - one for recording ordinary DO letters and the other for DO letters marked 'Confidential' or 'Secret' will be maintained by the following officials:

- i. By the PS to the Pr.DA in respect of DO letters addressed to the Pr. DA.
- ii. By the PAs attached to the Director/Dy. Director in respect of DO letters addressed to the Director/Dy. Director.
- iii. One of the pool stenos nominated by the Audit Officer/Admn. in respect of DO letters addressed to the Branch officers at Head office.

b. After perusal by the Officers, these letters will be diarised in the Central diaries and thereafter these will be delivered to the concerned sections for being entered in a separate inward register. The disposal of the letters shall be intimated by

the Sections to the PS to the PDA and the PAs to the Director/ Dy. Director and stenographers to enable them to submit the position of pending letters to the Pr. Director of Audit and the Director/Dy. Director concerned.

**4. Queries made by the Pr. Director of Audit/Director/Dy. Director.**

- a. A separate register should be kept by the PS to the PDA and PAs attached to the Director/Dy. Director for noting down the queries/remarks made by the Pr. Director of Audit or Director or Dy. Director on any inward reference.
- b. Prompt compliance by the Sections concerned with these observations will be watched by the PS to the Pr. DA, PAs of Director/Dy. Director and the stenographer and cases of delay brought to the notice of Director/Dy. Director and Pr. Director of Audit every week.

**5. Other documents.**

- a. Files/notes/drafts for approval etc. received from the various units for approval of the Pr. DA/Director/Dy. Director will on receipt be submitted by the 'R' Section to the Pr. DA/Director/Dy. Director at the dak stage.
- b. After perusal by these officers, the files/notes will also be entered in the Central diary and then in the inward register of the sections concerned and handed over to them for further action. The notes/files that are outstanding for over 15 days should be reflected in the CMAR of the section concerned.

**322 INWARD REGISTER**

- a. Each section in the Head office will have two registers of inward letters, one for diarising the letters received from Comptroller & Auditor General of India, Railway Board, other Ministries of the Government of India, and state Governments and the other for 'Other letters'. Sanctions of the Railway Boards received either directly or through the Comptroller & Auditor General of India and of the General Manager will be registered in separate registers. In the Branch Office also, four registers as stated above will be maintained. The register of General Manager's sanctions will be used for registering sanctions accorded by the authorities subordinate to General Manager also.
- b. Applications for Passes and PTOs Medical Bills and Travelling Allowance Journals are to be entered in the Register maintained by the Routine Clerk and handed over to the concerned Auditors/Senior Auditors for taking action.
- c. The numbering in all the Inward Registers will be from April to March, each section having separate serial number for each Register. The column 'subject' in these registers will be filled in briefly but intelligently to bring out clearly the purport of the letter.
- d. The Inward Registers will be sent by the sections to the Routine Clerk every morning and the same will be returned by the 'R' Section to the sections concerned during the course of the day together with the letters received on that day.

**323 PROCEDURE FOR DISPOSAL OF LETTERS:**

On receipt of the Inward Register with letters, the Asst. Audit Officer/Section Officer of each section will verify the letters with the entries in the Inward Register. He will thereafter mark the letters to the staff of his section for disposal. Each member of staff will initial against the entries in the Inward Register for the letters received by him.

The employee responsible for disposal of letters will file the paper under correspondence (PUC) in the concerned file and submit the disposal in a note on a separate sheet duly furnishing page reference of the earlier correspondence wherever necessary. For this purpose, separate files will be opened for each subject. The files should be maintained in such a way that letters containing orders and important decisions on a subject are filed separately and the correspondence on the subject is kept separately in another file. Both the files will bear the same number with the difference that the file containing orders will have the letter 'O' added to the number. The 'Orders' file will have hard board covers and will have to be preserved for a long time. Whenever correspondence emanates from a letter containing an order, an indication of the reference will be made in the file containing orders. Similar reference to the order will be made in correspondence files also. A list of files maintained in the section will be kept on the record in the Sectional Register. The pages in the file should be serially numbered and when the number of pages exceeds 400, a new volume should be opened, and reference to the previous and current files being indicated on the current and previous files respectively. Every effort should be made to dispose of the letters without any delay. If there is any doubt as to rules or procedure, the matter should be brought to the notice of the Branch Officer concerned who, in turn, should consult concerned Deputy Director/Director or Pr. Director of Audit, if necessary. Ordinarily letters received from the office of the Comptroller & Auditor General of India should be disposed of within seven days from the date of receipt. If any particulars are to be collected from the Units/Divisions a self-contained note should be submitted to the Pr. Director of Audit indicating the line of action proposed to be taken. The letter to the Divisions/Units should clearly indicate how and from where the required particulars should be collected. Branch Officers receiving references from Head office relating to the references received from the office of the Comptroller & Auditor General of India should devote special attention and furnish the information called for therein as quickly as possible in complete shape with a view to avoid further reference to the Branch Office. In cases where marginal remarks have been made by the Principal Director of Audit/ Director/Deputy Directors the dealing section should take special care to see that action is taken and such cases are submitted to Principal Director of Audit/ Director/Deputy Director. In respect of letters received from the office of the Comptroller & Auditor General of India for which reply need not be sent will be filed under the orders of the Branch Officer. In respect of letters for which correspondence is to be initiated, appropriate drafts will be put upto the Branch Officer.

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

- i. the case or file number should invariably be recorded at the top.
- ii. a letter to which a reply is required should have the word "reply" written on the top of the draft.
- iii. the subject (which should ordinarily be the case title) should be given as the heading in the draft.
- iv. If there has been previous correspondence on the subject, the draft should, commence "with a reference thereto" or "I am to invite a reference to".
- v. Nothing should be written in the margin, and sufficient space should be left between the lines so as to enable the Section Officer, Asst. Audit Officer or Branch officer to make corrections wherever necessary. Both sides of the paper should be used and the paragraphs numbered. Only recognised abbreviations should be used.
- vi. Enclosures, if any, accompanying the letter should be indicated in a note on the left hand side, below the draft.
- vii. Drafts should be written on separate sheets and not in continuation of notes.

- viii. In each file, correspondence portion should be in left hand side and note portion should be in right hand side and page numbers for the correspondence side and note side should invariably be given.

The Financial Adviser and Chief Accounts Officer shall ordinarily be the channel of communication between the Principal Director of Audit and the Railway Administration. All matters, whether relating to accounts maintained in the Accounts Office, or in the Executive and Administrative Offices, should be referred to the Financial Adviser and Chief Accounts Officer who is expected to initiate action for the regularisation of the same.

The Principal Director of Audit himself has no powers of surcharge of disallowance. In drafting audit notes, therefore, directive phrases such as "This may be recovered", "This may be regularised" should not be used. All correspondence with higher authorities should have the subject briefly stated at the top. Reference to such authorities for orders should be self-contained and all previous correspondence, orders issued on the subject on earlier occasions should be quoted. As far as possible and the matter in respect of which orders are sought to be brought out precisely. Official letters addressed to an office should not bear the same of the Head of the office cover unless it is intended that the cover should be opened by the Head of the office personally. All communications addressed to the Comptroller & Auditor General of India which will require to be forwarded ultimately to the Central Government or other authority (for example applications for revision of pay, for increased establishment, for extra grants, etc.) should be submitted in duplicate. Whenever an audit objection in respect of a sanction of the Railway Board or higher authority is communicated to the Additional Deputy Comptroller & Auditor General of India (Railways), a copy of the sanction objected to should also be enclosed to the reference made to the office of the Comptroller & Auditor General of India.

Printed routine letters and documents on which no objection is raised may be sent out by Asst. Audit Officers/Section Officers on behalf of the Branch Officers in charge of sections. Requisitions to Accounts Office and other departments for files should be signed atleast by the Branch Officer and those calling for vouchers by persons not below the rank of Section Officer.

Letters to the Comptroller & Auditor General of India other than on routine matters, should ordinarily be issued over the signature of the Principal Director of Audit or by the Director/Dy. Director's with the approval of the Principal Director of Audit and in the latter case, this fact should be invariably indicated on the letter itself. Acknowledgements may be issued over the signature of the Branch Officers.

(Comptroller & Auditor General of India's letter No. 2830-Code 1/487-70 dtd: 2-6-1972).

## **324 TYPING WORK:**

As soon as a draft is approved, it will be forwarded by the section to the typing section together with the necessary enclosures. The typing section will type out promptly and neatly so that the fair copy can be issued on the same day. Typing of abbreviations except recognised ones should be avoided in fair copies. When the draft is full of corrections and not easily readable, a clean typed draft should also be prepared. The typist should type his initials at the left side bottom of the letters or statements. The DO letters and important confidential letters approved by the Principal Director of Audit and the enclosures thereto which do not require stencilling, will be typed by the PS to PDA and Personal Assistants/Stenos who will also attend to



other typing work if and when required by the Audit Officer (Administration)/Branch Officers. When the typed fair copy is received in the section it should be compared. The person comparing the fair copy with initial the fair copy in token of its correctness and see that all enclosures are enclosed and ready for despatch before the fair copies are submitted to the Branch Officers for signature. Fair copies of all letters and statements to be sent to the office of the Comptroller & Auditor General of India should be compared and initialled by the Asst. Audit Officer/Section Officers also. When copies of letters are sent along with these, they should be certified as true copies by the Asst. Audit Officer/Section Officer, signing his name in full. There should not be any corrections in the fair copies. Any correction of the figures in important statements or in letters must be attested by a responsible person of the section. The approved drafts of letters must also accompany the fair copies submitted to the Branch Officer, for signature, but the relevant files need not be sent.

### **325 DESPATCH OF PAPERS.**

After signature by the Officer concerned the letters to be despatched will be sent by the Sections concerned to the Routine Section. On receipt, it should be examined by the Routine Section to see if these letters are complete, in all respects with all the necessary enclosures. These will then be registered in the Despatch register. The serial number and date of despatch will be noted on the fair copy and the office copy of the letters. The office copies will then be sent back to the section concerned immediately thereafter. The letters intended for the same office should be put in one cover to save postage. Due care should be taken in addressing and franking the letters and noting the references outside the covers. In the case of letters not typed on the printed office letter papers, the office stamp should be affixed on the top of the letter.

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

Secret and Confidential letters will also be registered in a separate register kept for the purpose. These letters will be placed in a cover, sealed with the personal seal of the Officer concerned, marked 'Confidential' or 'Secret' and the sealed cover placed in another outer cover which should be sealed with official seal. The outer cover should not be marked, 'Secret' or 'Confidential'.

The office copies of the letters despatched will be returned to the Sections concerned with the remark, "despatched", initialled and dated by the despatch clerk. The telegrams will also be registered, the entry being made in red ink.

Dockets forwarding documents from this office for note and return will be entered in the register of letters in such a manner that the return of the same may be watched by the Routine Section. This will not, however, relieve the sections concerned from keeping a suitable record for watching the return of the papers.

Papers to be despatched to Divisional Offices/Branches will be listed in a transit memo, prepared in triplicate. Two copies of the Memo are to be sent to the Divisional Offices/Branches with the papers and one of these will be received back duly acknowledging the receipt of the papers listed in the transit memo. The receipt of these should be watched by the Routine Clerk and the receipted copies will be attached to the Original memos. These originals and acknowledged copies of the transit memo should be preserved carefully. The papers sent to the other offices should be neatly and carefully packed and addressed to be written in a neat and legible manner duly indicating the postal Pin code to ensure correct delivery and an acknowledgement obtained from the Station Staff/Central Despatch Office therefor.

Letters to be sent by hand will be despatched through a peon despatch book. Covers to be sent by post are to be affixed with the required postage stamps and franked. As a general rule, used covers received with letters should be re-used as far as possible. In doing so, care should be taken to see that the address, if any, written on the reverse of the previously used covers is scored out. Letters etc. to be sent to the Railway Officers outside the Headquarters and to the staff of this office who are on line, will be sent through the Railway Free Service, as far as possible.

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

In order to ensure that the outward letters are despatched promptly and that there is no undue delay by the Asst. Audit Officer/Section Officer in charge of the Despatch Section should exercise control by making surprise checks to examine whether the letters are despatched on the day of receipt or at least on the day following in case it is not possible to despatch them on the day of their receipt. As regards Headquarters 'R' section is concerned, the Asst. Audit Officer/ Section Officer nominated by the Director(Admn.) every week will conduct the above check. (Comptroller & Auditor General of India's letter No. 22-O&M/157-79 dtd: 30-1-80).

As per General Manager/General Branch order No. 1/91 dtd: 12-6-91, the files/papers meant for each Divisions Audit Officer over Offices are to be kept in one bundle or cover and handed over them to the "CDO incharge" at 1530 Hrs. for onward transmission to the Divn. Audit Offices/Branch Offices. CDO who collects these and arrange to transmit them to the Divisions and Branch offices on the same day/along with GM's office files and letters. At the Divisional/Unit offices the local CDO will arrange to sort out the files and papers meant for Audit Office and keep them in a separate pigeon hole to be collected by the Audit Staff and similar procedure will be followed in the return direction viz. the unit offices sending their files and papers to the local CDO and at Hd. Qrts. CDO, these papers and files meant for Audit being kept in a separate pigeon hole for collection by the staff of Hd.Qrts. office.

### **326 RECEIPT AND DESPATCH OF LETTERS RELATING TO BRANCH OFFICES AT CHENNAI.**

The Routine Section will be responsible for the receipt and despatch of Papers from and to the Branch Offices located outside Chennai. The workshops/Stores Audit Offices at Perambur and Construction Audit Office at Egmore and the Divisional Audit Office at Chennai and the Traffic Audit Section at MMC/Chennai will send their Group 'D' staff to the Head Office for handing over the papers and also to take the papers intended for their offices. The Routine Section in Head Office will check the papers intended for the Head Office with the entries in the Register brought by them and acknowledged their receipt. Similarly, the Receipt Section in the Divisional Audit Office/branch Audit Offices will check the papers brought by the Group 'D' and acknowledge their receipt in the same Register. The papers will thereafter be submitted to the Branch Officers or sent to the Offices concerned, as the case may be, by the Routine Clerk.

### **327 WEEKLY ARREAR REPORT OF LETTERS**

As soon as the letters are disposed of under the orders of the Branch Officer concerned, mode of disposal of each letter, the page number and file number in which these are filed should be noted in the Inward Register. The Asst. Audit Officer/Section Officer should atleast initial in the inward register and in token of disposal of the letters and ensure that all letters disposed of are filed in the proper

files and page numbers are given both on the correspondence and note sides then and there and that the file number given in the registers are correct.

Every Monday or on the first working day of the week a report of the letters, the disposal of which is in arrears will be prepared in the Inward Register and submitted to the Branch Officer. For this purpose the letters received upto the end of the previous week will be taken into account i.e. for weekly closing to be submitted on 15th, only letters received upto 7th and not disposed of until 15th (the day of submission) will be reflected in the arrear report. The Asst. Audit Officer/Section Officer of the Section should personally satisfy himself that the number of outstanding letters shown in the report is correct.

As regards the letters received from the office of the Comptroller & Auditor General of India for which replies are due, the Co-ordination Section should prepare, after ascertaining the position of letters from the concerned sections the arrear report with reference to the register maintained by them and submit it to the Director/Dy. Director/ Principal Director of Audit on every Monday.

As regards confidential and secret letters, the PS to the Principal Director of Audit and Personal Assistant to the Director/Dy. Directors will be responsible for submission of the arrear report.

### **328            PRESERVATION OF FILES AND REGISTERS ETC. NOT REQUIRED FOR DAILY USE.**

A quarterly review of files/registers should be conducted and files/registers which are not required for frequent reference should be sent to the Record Room. Before doing so, the Asst. Audit Officer/Section Officer of the section should indicate thereon the period of preservation and the due date for destruction and sign against it. The period of preservation of various records maintained in the office, is given in the Railway Audit Manual vide Appendix 1 to Para 96. The orders of the Director/Dy. Director concerned should be obtained for destruction, such of the records for which no specific preservation period has been prescribed. The period of preservation should be reckoned from the end of the financial year in which the file or the register is closed. For example if a file is closed say, in December 2005 and if it is to be preserved for three years, the period of preservation should be reckoned from 1st April 2006.

Acknowledgement of files sent to the Record Room should be obtained from the Record Section in the Sectional Register. In the Divisional and Branch Offices where there is no separate record room, a separate place should be set apart for keeping such records. The clerk of the units will be responsible for the receipt, custody and subsequent issue and destruction of these records.

### **329            OLD RECORDS (Para 96 of Railway Audit Manual)**

As soon as the files, registers, etc. are received from the Sections, they will be acknowledged in the concerned sectional registers by the Records Section, after ensuring that the period of preservation and the due date for destruction are noted therein and the same should be entered in a Register in the Prescribed form. If any such files are required for reference by the sections, the issue of such files and their receipt back in the Records Section will be watched through another Register. The Section returning the files after reference, should ensure that the Record Section acknowledges receipt thereof in the Register.

In August every year, a review will be made by the Records Section and a list of files due for destruction will be made out section-wise, and sent to the concerned sections where they will be reviewed to see whether the files are to be destroyed or retained for a further period. These lists with the remarks of the Branch Officers will be sent to the Director/Deputy Director. After approval the files which are to be retained for a further period will be so marked by the Records Section. The other files and registers etc. which are to be destroyed will be sent to the District Controller of Stores with an appropriate request. Confidential and Secret files should be burnt in the presence of the Asst. Audit Officer/Section Officer. The fact that the files have either been retained for a further period, or have been destroyed should be noted in the Registers both by the section concerned and the Records Section. The lists as approved by the Director/Deputy Director's should be pasted in a guard file and preserved as a permanent record.

Note: The Record Keeper/Clerk in Branch Office will attend to the functions of Records Section.

During September each year, the PS to the Principal Director of Audit will review the Confidential and Secret files with the Principal Director of Audit and put up proposals for weeding out such files/records which may not be required to be preserved according to the extant orders.

Similarly, the Personal Assistants to the Director/Dy. Director will review the Secret and Confidential files with the Director/Dy. Director's and the PS to the Principal Director of Audit will put up proposals for weeding out such records which are no longer required to be preserved.

The weeded out confidential and secret files should be burnt in the presence of the PS to PDA/Personal Assistants to the Director/Dy. Directors and certificate of the destruction, duly recorded under their signature, should be kept in the list of secret/Confidential files.

### **330 SECURITY AND TIDINESS**

In Head Office, a Group 'D' (Peon) employee will be nominated for opening the office for a week. He will open the office one hour before the commencement of the office hours, and arrange for sweeper to clean the office by the sweepers. Railway Administration appointed for the purpose and also for removal of the waste papers etc. lying in the Sections and the rooms of the Branch officers etc. The Welfare Assistant and part time caretakers will check of the work of this Group 'D' employee in this regard. This Group 'D' employee will leave the office one hour before the close of office hours. Another Group 'D' employee will be rostered to close the office and help the Despatch Clerk in the evening hours. He may come one hour late in the morning session and leave office an hour after close of the office hours or till the work in the despatch section is completed. He will lock all doors and hand over the keys to the Railway Protection Force personnel on duty.

The Asst. Audit Officers/Section Officers of the concerned sections are personally responsible to keep the section neat and tidy. Group 'D' employees attached to Sections and Branch Officers dust all the tables and chairs in the Section and in the room of their Branch Officers. They are also responsible for providing drinking water in the Sections and also in the room of the Branch Officers. Each member of the staff should, at the close of the day's work, keep the files, vouchers and documents taken for the days work in racks and almirahs. On no account should documents taken for the day's work be kept on the floor. The reference books and

other confidential files should be kept by the Asst. Audit Officer/Section Officer or any Sr.Auditor/Auditor nominated for the purpose.

The following security regulations should be observed by all staff:

- i. The information contained in the vouchers and documents received for audit should be treated as official secret.
- ii. Strangers must not be permitted to enter the office premises except in connection with bonafide work of the office. The strangers should on no account be allowed to discuss official matters with the staff; they should be directed to discuss these matters with the Branch Officers only.

The general procedure to be followed in fire accidents will be observed by all staff.

A report in regard to the loss of National Property, the previous calendar year is to be sent to the Comptroller & Auditor General of India on 1st March of each year. For this purpose, the particulars will be sent by the Divisional/Branch Officers so as to reach the Administration Section by 25th January.

The provisions in the Departmental Security Regulations will be observed by all Supervisory and Gazetted Officers. The Branch Audit Officer is nominated as Security Officer in respect of his branch/office under his control. Surprise security checks should be conducted by him and the monthly report in marked 'Secret' should be sent to the Director/Dy. Director Admn. (by name). At Headquarters also the surprise check of security arrangements is to be done monthly by the concerned Audit Officers in charge of the sections and a similar report sent to the Director/Dy. Director (Admn). by name.

### **331 MAINTENANCE AND VERIFICATION OF DUPLICATE KEYS.**

The duplicate keys of the cup-boards and tables etc. of Staff and the duplicate keys of the almirahs in the Section should be kept in the custody of the concerned Branch Officer.

The duplicate keys of cup-boards, tables and almirahs of Branch Officers should be kept in the custody of the link Officers concerned at places where the link officers are situated at the same station, viz., Chennai, Tiruchchirappalli and Bangalore. Regarding the duplicate keys of the other Branch Officers, they may be handed over for safe custody to the Senior most Asst. Audit Officer/Section Officer working under the Branch Officer duly sealed. In case of any necessity for making use of duplicate keys in the absence of the Branch Officer, suitable instructions must be taken from the Director/Dy. Director concerned/ Principal Director of Audit by the concerned Asst. Audit Officer/Section Officer.

Duplicate keys of Director/Dy. Directors will be in the custody of Principal Director of Audit, and the duplicate keys of Principal Director of Audit will be kept in the custody of Director/Dy. Director/HQ (Admn.) duly sealed.

A record of the duplicate keys in the custody of the officers should be maintained by all the Branch Officers/Divl. Audit Officers in the Sectional Register to ensure proper accountal of the keys. Annual verification of duplicate keys in the custody of the various officers should be conducted by themselves by middle of April every year and a report thereof furnished to the Principal Director of Audit/ Administration/Chennai before the end of April. The report on the verification of the keys with the Director/Dy. Director and Principal Director of Audit will be furnished by the PAs to Director/Dy. Directors PS to Principal Director of Audit respectively.

**332 CONTINGENT EXPENDITURE.****SERVICE POSTAGE STAMP ACCOUNT:**

Wherever possible the letters will be sent by the Railway Free Service. In other cases, postage stamps will be used. For this purpose, an imprest of stamps worth Rs.3,000/- is available, out of which imprest has been allotted to each Branch Offices. In each office, a Stamp Account will be maintained to show the receipt and expenditure of service postage stamps. Full particulars of letters despatched by post will be furnished therein. The stamp account should be checked daily and the balance of stamps on hand on the 1st working day of each month should be verified and the fact of such check and verification recorded therein by the Asst. Audit Officer/Administration at Headquarters office and by the Asst. Audit Officer/Section Officers in other offices. The Stamp Account Register with the certificate should be submitted to the Audit Officer (Admn.)/Branch Officer for information. If Franking machine is used, a separate Register should be maintained for letters franked and the Register should be submitted to the Asst. Audit Officer for verification daily.

In the case of letters sent by Registered post or by telegrams, the postal receipts should be pasted in the register in support of the entries.

Indents for stamps will be placed by the Head office as and when required, on the Post Master, General Post Office, Chennai--600 001 duly indicating the denominations of stamps required. A cheque will be obtained from the Financial Adviser and Chief Accounts Officer, Southern Railway, Chennai in favour of the Post Master, Post Office, Chennai--600 001 for the required value and this will be sent along with indent. On receipt of stamps, the value thereof will be entered in the stamp account and the entry initialled by the Asst. Audit Officer/Administration. The Divisional and other Branch Offices, will place their indents for stamps on Head Office whenever necessary. The Head Office will arrange to send the stamps to the Branch Offices from their stock.

**333 TOOLS AND PLANT****a. Scale of furniture**

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

**(i) Principal Director of Audit.**

Woolen Carpet	1 (size will depend on the size of the room)
Cotton Durry	1
Table Officers	1
Chair Armless	1
Chair Armed	6
Side Table	1
Easy Chair	1
Door Mat	1
Side Rack	1
Hat stand	1
Book case	1
Foot Rest	1

**(ii) Director/Dy. Director**

Woolen Carpet	1 (size 12' x 9')
Cotton Durry	1
Table Officers	1
Chair Armless	1
Chair Armed	3
Side Table	1
Door Mat	1
Side Rack	1
Hat stand	1
Book case	1
Foot Rest	1

**(iii) Asst. Director/Audit Officer**

Officers Table	1
Side Table	1
Side Rack	1
Chair Armed	2
Chair Armless	1
Cotton Durry	1
Book Case	1

**(iv) Asst. Audit Officer/Section Officers**

Table Superintendent	1
Side Rack	2
Chair Armed	2
Chair Armless	1

**(v) Clerks/Sr. Auditors/Auditors/Stenographers/Daftries**

Clerks Table	1
Clerks Chair	1
Side Rack	1 (For Sr.Ars./Auditors)

**(vi) Typists**

Table Typist	1
Chair Clerk	1

The furniture required for the general use of the office, such as almirahs, racks, iron safe etc., may be provided with proper sanction according to the requirements of each office, with reference to any particular scale. As regards, furniture to Gr. 'D' servants, Daftries may be provided with ordinary tables and chairs and Gr. 'D's with benches or stools.

(Comptroller & Auditor General of India's No. 1272 - NGE.II/83-48 dtd: 11th May 1949 and No. 80-NGE I/26-65 dtd: 15th January 1965).

**b. Purchase of Furniture:**

The Pr. Director of Audit is empowered to sanction expenditure on the purchase and repairs of furniture to the extent of provision in the budget and subject to the orders issued by the Government of India and Comptroller & Auditor General of India issued from time to time.

All items of stationery and other items required are to be purchased from the local central whole sale consumer co-operative society, Kendriya Bhandar (Central Govt. Employees consumer Co-op. Society) located. If the society is not able to supply a particular items, such purchase should be made from other sources as per rules after obtaining a "No objection Certificate" from them.

( Authority: Govt. of India. Dept. of Personnel & Training OM No. 14/3/88-Welfare dtd: 4-2-88 received under Comptroller & Auditor General of India 's (circular No. NGE/52/91) letter No. 2038-N3/76-91 dtd: 20-11-91).

All items of furniture required may be purchased locally. For this purpose, quotations from various firms dealing in furniture should be obtained and the rates quoted by them should be tabulated in a comparative statement, showing the conditions etc., stipulated by each firm. As far as possible, the lowest quotation will be accepted by the Principal Director of Audit. If it is not accepted, the reasons for not accepting the lowest rates should be duly recorded. On approval of the rates, orders will be placed on the firm whose rate is accepted and they will be asked to supply the furniture within the stipulated period. On receipt, the furniture will be examined to see that they are in good condition and are as per the specifications quoted in the purchase order. On verification of the above particulars, the furniture will be accepted. The bills received from the firms will be accepted after due verification and forwarded to the Financial Adviser and Chief Accounts Officer, Southern Railway for arranging payment to the firm.

c. Supply of Furniture to residence of Officers;

Supplies of office furniture at the Officers' residences for office work can be made free of rent under the orders of the Principal Director of Audit. The following procedure will be followed in such allotment.

- i. The office should take a receipt from the allottee for the furniture allotted to him with an undertaking to the effect that he will be personally responsible for their safe custody and return the furniture so supplied in good condition.
- ii. Non-essential items of furniture such as sofa sets, carpets, takhats, beds, drinking tables etc. should not be supplied. However, a steel almirah for keeping confidential papers etc. may be allowed wherever necessary.
- iii. In cases in which the Competent Authority issued an order for the supply of furniture in his own favour, a copy of such order should be sent to the Audit Officer. In other cases, the order should not be sent to the Audit Office but should be preserved in the respective offices and shown to Audit at the time of local inspections, if necessary.
- iv. All such furniture will be borne on the inventory of the office, which should prominently be shown in red ink, the items of furniture issued to officers at their residences.
- v. A Stock verification should be carried out annually to ensure that the articles of furniture issued are actually in existence and are correct according to the number borne on the inventory of the office.
- vi. The authority competent to sanction and supply the furniture at the residences will also be competent to prescribe the scale and items of furniture which may be supplied.
- vii. The Competent Authority should review his orders atleast once in two years to see that the number of articles of furniture issued are essential in the interests of office work and no curtailment is possible.



- viii. In respect of officers who retire or are transferred or otherwise quit service, the items of furniture issued to them should be taken back immediately on the occurrence of the above event.
- ix. Officers under suspension are not eligible for retaining furniture at their residence.
- x. The supply of furniture will not entitle the offices in question to claim (i) any rent for the portion of their residence used for office work (ii) lighting charges any other connected expenditure that may have to be incurred.  
(Ministry of Finance OM No. F.1(7)(EG)/54 dtd: 15-6-64 and cag's letters No. 1927-Admn./KW-19-54 dtd: 15-10-54 - No. 115.NGE.III/249-54 dtd: 25-1-55 and No. 644-NGE.I/45-79 dtd: 23-2-80).
- xi. The expenditure on furniture should be kept under check and particular care should be taken to ensure that the scale of furniture and expenditure thereon both in official and residential buildings are kept at drastically reduced to the minimum. It should also be ensured that minimum items of furniture essential for doing office work at home are only authorised for issue.  
(GOI OM No. 15-2-63 C&M dtd: 18-2-63)
- xii. The following scale of furniture are prescribed for supply at the residence of Officers for doing office work.

Sl. No.		Office Table	Chairs	Side Rack
1	Principal Director of Audit	1	4	1
2	Sr.DAG/Director of Audit	1	4	1
		(Ordinary)	(Wooden)	
3	Deputy Director	1	2	1
		(Ordinary)	(Wooden)	

(Authority: Comptroller & Auditor General of India's letter No. 690-NIII/68-91 dtd: 12-4-91 (F.287 A.30/FW/XIV).

### **334 DEAD STOCK REGISTER (Para 108 of Railway Audit Manual)**

One Register will be maintained in each office in the prescribed form for recording the receipts and issues of all items of tools and plant. Every item of Tools and Plant should be arranged to be pointed with a distinctive number, the reference to that number noted against the relevant entry in the Dead Stock Register for identification during physical verification. Separate pages should be assigned for each item and the register will have an index showing the name of the item and the page reference in which the entries are made. In addition, separate lists of item issued to the various units should be maintained in the Administration Section of Head office. The price of the article costing above Rs.25/- should also be shown against each item.

Annual verification of dead stock items at Head Office should be done in January every year by one Asst. Audit Officer/Section Officer nominated by the Director/Deputy Director (Admn.) while in other Units, the Branch Officer may nominate one Asst. Audit Officer/Section Officer for this purpose. On completion of verification by the Asst. Audit Officer/Section Officer, the inventory should be test checked by the Audit Officer/Admn. or by any other Branch Officer nominated for this purpose.

A certificate of verification with the items test checked by the Branch Officer should also be embodied in the register itself as under:

“Certified that all items of Tools & Plant have been verified by Asst. Audit Officer/Section Officer during January and actual balances have been found to agree with the books. Item Nos. have been test checked by me”.

The results of annual verification conducted by the units should be reported to the Head Office annually, before 5th February. The report should also contain a list of the actual items available and these lists on receipt, should be compared with the details available at Headquarters and discrepancies if any, brought to the notice of the Principal Director of Audit for orders.

When a new register is opened the Asst. Audit Officer/Section Officer should ensure that all the items as may be necessary have been duly carried forward. A certificate to this effect should also be recorded before the index page.

### **335 Office Machines - Typewriters, Duplicating, Accounting and other Machines.**

#### **a. Purchase:**

The Principal Director of Audit has got full powers to sanction the purchase of new typewriters and other machines subject to the provision in the budget. He can also order direct purchases of the above machines locally upto the financial limits prescribed by the Government of India and the Comptroller & Auditor General of India from time to time.

(Ministry of supply and rehabilitation, Department of supply OM No. P.III.1.(20)/79 dtd: 13-3-81).

#### **b. Hiring.**

Where an office machine is required to augment the existing stock and hiring is resorted to as an interim arrangement, the Principal Director of Audit may sanction the hiring for a total period of 6 months or till the new typewriter is received whichever is earlier. Director/Dy. Director (Admn.) may sanction such hiring upto a period of 4 months provided the purchase of additional machine has already been sanctioned. In other cases, where the office machine is hired without any intention of acquiring a new one (e.g. to cope with temporary increase in work) Principal Director of Audit may sanction the hiring for a period not exceeding 4 months.

#### **c. Upkeep and repairs.**

The clerks working in the typing section will be responsible for the proper handling of the typewriters. They will dust and oil the typewriter at regular intervals and before leaving office, will see that the typewriters are covered properly. The details of the machine make etc., will be indicated in a card in respect of each typewriter which will be in the custody of the Clerk/Typist handling the machine. The date of servicing and other repairs done will be noted in this card. Whenever there is a change in the typist, this change will also be recorded in the card. The administration section will maintain a register, wherein the full details of the machines together with the charges incurred for repairs and the cost of spare parts used from time to time, will be recorded. This register will contain the particulars not only in respect of machines at Head Office but also in Branch/Divisional Audit Offices. Whenever a proposal for major repairs is received from the Section/Branch/Divisional Office, this register will be consulted to ascertain the total expenditure incurred on account of repairs etc., on a particular machine. The Principal Director of Audit has full powers to incur expenditure on the servicing, maintenance, repairs and replacement of parts of

typewriters and other office machines subject to the condition that the charges paid for servicing, repairs, replacements etc. are in accordance with the rate contract concluded by the DGS&D with the different approved firms, from time to time.

The Director/Dy. Director/HQ/ Admn. as the Head of Office is competent to sanction expenditure on the upkeep, service and maintenance of all office machines to the full extent in accordance with the rate contracts concluded by the DGS&D. The repairs may be done without any limit for spare parts as long as such repairs are considered economical.

d. Condemnation:

The Principal Director of Audit may, subject to the following conditions, accord sanction for condemnation of unserviceable typewriters and other office machines, if he considers that it would be uneconomical to have the machine repaired.

Typewriters:

The total expenditure on the repairs and replacement of parts throughout the lifetime of the machine should exceed two thirds of the cost of a new machine of the same make, type, and size as the machine to be condemned and the machine should have outlived its prescribed life of 15 years. While condemning typewriters, the following points will be kept in mind.

- i. Age of the typewriter
- ii. Estimated cost of repairs
- iii. Expenditure Asst. Audit Officer/Section Officer far incurred on repairs and replacement of parts.
- iv. Firms opinion on the general condition of the machine and certificate as to the expected life of the machine after repairs.
- v. The Branch Officer's opinion.
- vi. Whether the present condition of the machine is due to normal wear and tear (if parts are missing from the machine, enquiry is to be made and responsibility fixed where necessary before condemnation).

In regard to other office machines all the particulars mentioned above and in addition, the cost of replacement of machine will be taken into consideration.

After the machines are condemned by the Principal Director of Audit, they will be sent to the Stores Department of the Railway who will afford necessary credit.

(Ministry of Works, Housing and Supply OM No. S&P. II/34(9)59 dtd: 12-4-60. Ministry of Works, Housing and Supply OM No. PI-1(14)/67 dtd: 1-2-68 and 11-4-68 received under CAG's endt. No. 1398-NGE.I/139-68 dtd: 3-6-68 and CAG's letter No. 1597-NGE-I/139-68 dtd: 4-7-68).

### **336            TELEPHONES:**

a. Railway Telephones:

The Railway Administration provides the facility of Railway Telephones in the Audit Offices free of charge. The administrative approval of the Principal Director of Audit is necessary to install a Railway Phone. After the approval, the Signal and Telecommunication Department of the Railway will be addressed to provide the telephone. The Railways supply the telephone directory which should be kept upto date. Each Branch Office has to intimate the Administration Section of the Head Office any change in the telephone numbers.

b. P & T Telephone:

The installation of Post and Telegraph phones in offices and at the residences of the Principal Director of Audit & Director in charge of Administration/Branch Office, may be sanctioned by the Principal Director of Audit. (Comptroller & Auditor General of India's letter No. 2083-GE II/1-65 dtd: 27-8-66).

Phones have been provided in the rooms and Principal Director of Audit and Director and at the Headquarters office with extension to Audit Officer/ Administration and also at the Residence of the Principal Director of Audit and Director/Admn. The Southern Railway. PS to the Principal Director of Audit and Stenographer to the Director/Admn., are responsible for the proper maintenance and custody of the directories and registers for residential/official telephones. In the Head Office, the Stenographer to Audit Officers is responsible for such maintenance of the Register.

The bills for rent, calls etc. on receipt will be passed by the Administration Section after scrutiny and forwarded them to the Financial Adviser and Chief Accounts Officer for arranging payment within the due date. Entries in the Register maintained in the Admn. Section should also be made concurrently.

Any change of Officers' telephone numbers will be advised to the office of the Comptroller & Auditor General of India by the Administration Section.

**337 Office Clocks.**

Office clocks are wound and regulated weekly by the staff of the Mechanical Department of the Railway. Stoppage of clocks and irregular working of these clocks should be reported to that Department for immediate attention.

**338 Rent for Office Accommodation.**

In terms of para 1968E rent for accommodation of Railway Audit Offices will not be charged. The Southern Railway Administration have agreed not to levy charges on electricity consumed in Railway Audit Offices.

**339 Secret Memorandum of Instructions: (Para 62 MSO/Admn.)**

One copy of 'Secret Memoranda' regarding Extent of Audit' issued by the Comptroller & Auditor General of India should be supplied to each Branch Officer and Asst. Audit Officer/Section Officer of the section. These should be treated as personal copies and retained by the individuals till their retirement or transfer away from Railway Audit Office. In the case of such transfers or retirement, the individuals should surrender the books to the Administration Section after obtaining proper acknowledgement.(DA/A Office letter No. A/Sec. Memo/4989 to 5016 dtd: 19-8-85).

**340 Codes, Manuals and other Publications (Paras 92 & 93 of Railway Audit Manual and Paras 65 & 66 of MSO/Admn.)**

The following books, depending on availability, will be supplied as personal copies to all Branch Officers Asst. Audit Officers and Section Officers which are to be returned to Admn. Section either on the date of retirement or on the event of leaving the organisation.

- i. Indian Railway Code for Mechanical Department.
- ii. Indian Railway Code for Traffic Department.
- iii. Indian Railway code for Stores Department.
- iv. Indian Railway Code for Accounts Department (Parts I and II)
- v. Indian Railway Code for Engineering Department.
- vi. Indian Railway Administration and Finance introduction
- vii. Indian Railway Financial Code - Vol. I
- viii. Indian Railway Financial Code - Vol. II
- ix. Indian Railway Establishment code Vol. I & II.

- x. Manual of Standing Orders (Technical)
- xi. Posts and Telegraph Compilation of Fundamental Rules and supplementary Rules (Vol. I & II).
- xii. Railway Audit Manual.
- xiii. General financial Rules of the Central Government.
- xiv. Railway Boards Establishment Manual.
- xv. Office Manual.

Copies of the various codes issued by the Railway Board are supplied free of cost to this office by the Manager of Publications, New Delhi, through the Comptroller & Auditor General of India. All codes, manuals etc. received in the office are distributed to various sections in the Head Office and other Branch Offices. Before new editions are supplied, the recipients should be asked to surrender the old editions to the office. In case of any loss, double the price of the book should be recovered from the person concerned. Two spare sets of Departmental codes should be kept in the office library to be loaned in rotation to candidates appearing for the Section Officers' Grade Examination.

The Principal Director of Audit has full powers to purchase books and publications (official and non-official) required for the Head office and Branch Offices from Budget allotment available under the Head 'Books and Periodicals'. But the discretion in the matter of purchase of books and publications should be exercised keeping in view whether they are useful for and have relevance to the work done in the Indian Audit and Accounts Department.

(Comptroller & Auditor General of India's letter No. 3822-NGE.I/21-78 dtd:29-12-79).

#### **341 Supply of Codes at concessional rates. (Para 63 of MSO/Admn.)**

With a view to facilitating preparation for the Departmental examination for Auditors/Section Officers' Grade Examination and to keep them posted with the latest rules, orders etc. and also to improve their efficiency, the clerical staff may be supplied with such priced publications of the Indian Audit and Accounts Department. Central and State Governments, as are of general use in the office, together with sets of corrections thereto, at 50% of the cost price, 25% being met out of the office contingency and the remaining 25% being covered by the discount allowed by the publishing Departments. In cases, where the publishing departments are not prepared to supply the copies at 25% discount, whole of the balance of 50% of the cost price should be met out of the contingent grant of the office. The supply of books at concessional rates should be made to a person only once.

#### **342 Library Maintenance.**

The Asst. Audit Officer/Admn. Section should be responsible for the upkeep and maintenance of all books of reference, gazettes and other printed publications in the Head Office (Administration Section) library. He should maintain an upto date catalogue of all such publications and arrange to post all correction slips therein. A separate Register is to be maintained for Codes and Manuals for the use of IA & AD. All issues should be made against proper receipt; the entries are to be cancelled when the book is returned.

Branch officers are responsible for seeing that all correction slips are pasted in their personal/library copies. An Auditor in each section should be made responsible for the upkeep (including pasting of correction slips) of the Sectional Library. A list of such books in the Sectional Officer's library should be entered in the Sectional Register. In addition to the above, an Accession Register should also be maintained.

The books in stock on 31st March of every year in the libraries of Administration and Routine Section should be verified by one Asst. Audit Officer/Section Officer to be nominated by the Director/Admn. The library of the PDA/Director/Dy. Director's will be maintained and verified by the Southern Railway. Personal Assistant/PAs to the Director/Dy. Directors attached to them. As regards other sections at Head Office and Branch Offices, verification will be done by the concerned Asst. Audit Officer/Section Officer and certificate of verification sent to the Administration Section by the Units before 15th April. The results of verification of library books should be consolidated and put up to the Director/Admn. for perusal and orders. In case of missing codes, manuals etc. immediate action should be taken to fix the responsibility for the loss and recovery/write off action taken under the orders of the Principal Director of Audit.

### **343        Gazettes and Railway Magazines:**

Gazette of India Part I Sections (1) and (2) and Part II Section (2) are obtained for use in the office from the Controller of Publications Government of India, Civil Lines, New Delhi--110 054. Routine Section will keep these filed carefully, section-wise, in serial order, after they have been perused by the Branch Officers, Orders if any passed by the Branch Officers on these will be communicated to the Sections concerned for necessary action. The annual subscription for the Gazettes is generally payable in advance on receipt of advice from the Controller of Publications, Government of India, New Delhi. The Financial Adviser and Chief Accounts Officer, Southern Railway, will be requested to make the payment not later than the 31st March each year.

Copies of the Southern Railway fortnightly gazette will be received from the General Manager's office, Southern Railway. One copy will be circulated in the office for the information of the staff and for noting important communications contained therein and the others filed carefully in serial order.

Other magazines issued by the Railway Board, other Railways, Integral Coach Factory etc. are received and circulated to all the Branch Officers by means of circulation slips and are then filed in the Routine Sections for future reference.

### **344        Newspapers and Periodicals.**

Newspapers and periodicals subscribed by the office will be gone through by the Principal Director of Audit who will mark any important and interesting material affecting the Railways. The PS to the Principal Director of Audit should take out an extract of these and pass them on to the concerned section for examination and submission of the results to the Principal Director of Audit if necessary. The originally marked cutting from the papers should be pasted in a register indicating the section to which it has been sent. The newspapers and periodicals should then be passed on to the Record Section for further disposal.

Press clippings relating to the coverage of Audit Reports, points arising out of Accounts and Entitlement functions or which may be of importance from the Audit point of view are required to be sent for the information of the Comptroller & Auditor General of India by the ECPA section in the prescribed proforma monthly or as frequently as possible. The clippings other than in English should be accompanied by an English Translation. Such clippings are to be forwarded without recording any comments to the Director (O&M&T) by name for submission to the Comptroller & Auditor General of India, DAI as well as other ADAs. (Dy. Dir./Admn. DO No. F.66/O&M/87 dtd: 7/8-7-87).

A register indicating the particulars of subscriptions made to the various newspapers periodicals should be maintained. Separate pages will be allotted for

each newspaper/periodical and the rates of subscription should be noted at the top as required in the form. The bills as and when passed, will be duly entered in the Register.

Newspapers/periodicals will be disposed of once in six months i.e. accumulations from January to June will be disposed of in July and from July to December in January each year. The sale proceeds should be remitted to the Cashier on the same day. The record of disposal of old newspapers/periodicals will be maintained duly allotting separate pages for each periodical/newspaper.

### **345 Stationery and Forms (Para 106 of Railway Audit Manual)**

The Divisions and Branch Offices will intimate the Administration Section of the Headquarters Office every half year their requirements of Stationery and forms indicating the classification reference number, consumption during the previous half year, stock on hand and the quantity to be indented for. These returns will be sent by Asst. Audit Officer/Section Officer as to reach Headquarters office before 7th October (First Half Year of next year) and 7th April (Second half year). The statement relating to Headquarters office will be kept ready before this date. The Administration Section will check the requirements with reference to the consumption and decide the quantity to be indented for. The financial implications will be worked out and the approval of the Director/Admn. obtained. Thereafter, indents will be prepared in the Southern Railway Indent Form No. S1313 in six foils Section/Division wise and countersigned by the Auditor Officer/Admn. Indents will be placed for the supply of stationery on the DCOS/GSD/PER in respect of offices at Chennai, Palghat and Trivandrum. In respect of offices at Tiruchchirappali/Madurai and Madurai, the indents will be placed on the DSK/GSD/GOC and ACOS/NGT, respectively.

As regards, Southern Railway's printed Books and Forms, the indents should be placed on the Depot Store Keeper/Forms Depot/Perambur as per the programme given below.

	Unit	Periodicity
1	Head office and Chennai Division	To indent quarterly and indents to be submitted on 1st January, March, July and October.
2	Workshops at PER, GOC, PTJ	-do-
3	MYS & SBC Divisions	To indent Half-yearly and indents to be submitted on 1st January & July.
4	TPJ & MDU Divisions	To indent Half-yearly and indents to be submitted on 1st March & 1st September
5	TVC, PGT Divisions and CN/ERS	To indent Half-yearly and indents to be submitted on 1st May & 1st November

(SPS/RPM circular No. A7/14/B&F dtd: 17-12-81).

As soon as supplies are received, the same will be entered as receipts in the Register of Stationery and Forms by the Routine Section Clerk indicating the date of receipt and the source of supply. Separate pages will be allotted for each item of stationery form and the issues will be made according to the Yard stick/actual requirements on requisitions sent by the Asst. Audit Officer/Section Officers of the concerned sections. Such issues will be immediately entered in the Register. The balance of stock will be shown therein at the end of the month and this will be verified and attested by the Asst. Audit Officer/Admn. in Headquarters office and Asst. Audit Officer/Section Officer in other Branch Offices. At the end of March each year, the actual stock of stationery and forms should be compared with the closing balance shown in the register by the Audit Officer/ Asst. Audit Officer/Section Officer and any

discrepancies noted should be reported to the Director (Admn.). Apart from this verification, the Asst. Audit Officer/Admn. in the Head office and Asst. Audit Officer/Section Officer in the case of other branch offices will carry out a surprise check of the stationery stock balances with the balances in the stationery register once a year and record a certificate to that effect in the Stationery Register bringing shortages or excesses to the notice of the Audit Officer. The register should be put up to the Audit Officer/Admn./Branch Officer half yearly on 5th of April/October

### Accountal

In respect of supply of stationery and Forms by the Controller of Stores/ Southern Railway, Chennai, debits will be received through the summary of Issue notes. The Branch Offices while transmitting the acknowledged copies of indents, to the Head Office should enclose a list thereof in the following proforma. A copy of the list should also be retained by them, for tracing the receipts in their stationery register, Accounts Register, whenever required.

Date of receipt	Indent No.	Description	Quantity as per Issue Note	Quantity received

The debits raised for the stores supplied will be linked with the acknowledged copies of indents received from the Branch Offices. The debits will then be accepted and the summary of Issue notes along with a note on the discrepancies noticed will be sent to the Financial Adviser and Chief Accounts Officer, Southern Railway, for adjustment. The actual receipt of debits with reference to the indents will be watched through a Register maintained in the Admn. Section. These debits will also be noted in the Register of Contingent Expenditure.

### **346 Supply of Ball point pens to Gazetted and Non-gazetted officers.**

The Gazetted and Non-gazetted officers of this office are to be supplied with Ball point pens and refills as per the scale prescribed below:

Grade	Scale of Entitlement
Gazetted Officers	i. One Red Ball-point pen (superior quality) and 4 refills per year ii. One blue or blue black or black ball-point pen (superior quality) and 4 refills per year
Non-Gazetted Officers	One blue or blue black or black ball point pen and 6 refills per year

(Comptroller & Auditor General of India's letter Nos. 3380-NGE-I/65-78 dtd: 24-9-80 and 3432-N3/NI/65-78 dtd: 2-12-82).

### **347 Liveries**

The scale of supply of liveries to the Group 'D' employees of this office will be the same as for Central Government employees. As per the current orders, 2 sets of trousers and shirts are being supplied to all the Group 'D' employees of this office in alternate years for male Group 'D' employees. For female Group 'D' employees, 2 sets of uniform as prescribed are supplied annually. The indents for



liveries will be placed on the National Textile Corporation in the prescribed form showing the measurements and sizes of the Group 'D' servants every year. These indents are to be placed sufficiently in advance by the Asst. Audit Officer/Section Officer so that the liveries may be received in time and supplied to the Group 'D' employees.

The Staff Car Driver is entitled to 3 sets of prescribed Uniforms in alternate years.

A consolidated register of liveries should be maintained in 3 sections. As soon as the liveries are received they will be checked and recorded in livery stock register. As and when issues are made to the Group 'D' employees, the signatures of the concerned employees will be obtained in the Issue Register and total issues of each category will then be recorded in the liveries stock register. The balance of stock should be struck as and when there is a receipt/issue. The register should be submitted to the Branch Officer half yearly on 5th April and 5th October.

The liveries should be used for the prescribed life in full before a fresh issue can be made (i.e. if the issue is annual, one full year must elapse before the subsequent issue).

#### **348 Permanent Advance (Imprest) Para 109 Railway Audit Manual.**

A permanent advance of Rs.1500/- (Rs.500/- for HO and Rs.1000/- for Units) has been sanctioned to the Principal Director of Audit for meeting petty expenses. The Branch and Divisional Audit Officers have been sanctioned imprest of Rs.100/- each. The Principal Director of Audit has delegated the Branch Officers with powers to incur expenditure of a contingent nature upto Rs.50/- in each case and the actual amount in regard to periodical service charges (cleaning, oiling and adjusting) of the typewriters. The Audit Officer/Admn. Head Office, Chennai has powers to incur expenditure upto Rs.50/- in each case and also actual expenditure on the periodical service charges of the typewriters.

Any expenditure exceeding the limits prescribed above, in each case is required to be sanctioned by the Director/Admn. The expenditure shall be incurred after obtaining the sanction of the Competent Authority. All expenditure should be supported by vouchers which will be marked "cancelled" after payment.

The officers holding permanent advance will maintain an imprest account in triplicate. The following instructions should scrupulously be followed in maintaining the Imprest Account Register.

1. All items of expenditure from the imprest will be entered in the Imprest Account and initialled by the Audit Officer/Admn or Branch Officer, as and when the expenditure is incurred.
2. The Register of Imprest Account should manually be numbered in triplicate as 1.1.1, 2.2.2 etc., and a certificate of pages should be furnished on the first page of the register.
3. All the receipt entries should be attested by the Audit Officer/Admn or Branch Officer as the case may be. Two or three entries arising in a day should also be attested by the Audit Officer/Admn or Branch officer individually.
4. Overwritings in the imprest account register should be avoided. Whenever they become unavoidable, they should be properly attested by the Audit Officer/Admn or Branch officer as the case may be.

The Divisional and Branch Officers will forward to the Admn. Section, Chennai, the original and duplicate copies of the Imprest Account, together with the vouchers for recoupment after two thirds of the Imprest amount is spent. The account will be checked by the Admn. Section before acceptance by the Director/Admn.

Thereafter, the amount due for recoupment will be arranged to be sent to the concerned Branch Officers. The Imprest Account in the Head Office will be maintained by Admn. Section. When recoupment is required, the original and duplicate of the Imprest Account will be forwarded to the Financial Adviser and Chief Accounts Officer.

While sending the imprest account for recoupment, the following certificates will be furnished in the Imprest Account. "I certify that the expenditure charged in this bill could not with due regard to the interest of public service be avoided. I Certify that to the best of my knowledge and belief and payments entered in this bill have been duly made to the parties entitled to receive them. I have as far as possible obtained vouchers for all items of expenditure and am responsible that they have been destroyed or Asst. Audit Officer/Section Officer defaced or mutilated that they cannot be used again.

Certified that all the Articles detailed in the vouchers and in those retained in my office have been accounted for in the Stock Register.

Certified that the purchases billed for have been received in good order, that their quantities are correct, their quality good and that the rates paid are not in excess of the accepted and marked rates and that suitable notes of payment have been recorded against indents/invoices concerned to prevent double payment".

All imprest holders will send a certificate as under on the 25th March each year showing the actual cash balance on that date.

Certificate of Imprest  
Balance as on 31st March

I hereby certify that I hold a cash imprest of Rs.....  
(Rupees.....)  
and the balance of cash on actual count on .....is  
Rs.....(Rupees .....)

No expenditure should be incurred from imprest by them till 31st March. Based on these certificates and balance of cash in the Headquarters Impresdt Account on 31st March. Based on these certificates and balance of cash in the Headquarters Imprest Account on 31st March, the Principal Director of Audit will furnish a certificate to the Financial Adviser & Chief Accounts Officer on 31st March, regarding the actual cash balance which will be recorded in the Imprest Register also.

### 349      **Contingent Bills:**

Items of contingent expenditure such as cost of stationery and forms, liveries etc., supplied by Railway Administration that are to be adjusted by book transfers, should be accepted by the Audit Officer/Admn, after scrutiny in the Administration Section and one copy of the acceptance returned to the Financial Adviser & Chief Accounts Officer/Southern Railway or the Accounts Officer concerned. Bills relating to other items of contingent expenses such as furniture Books & Periodicals etc., should be accepted after verification, duly ensuring that the expenditure has been sanctioned by the competent authority and that provision exists in the budget. In respect of imprest recouped the specific sub-detailed head of expense should be identified and the expenditure recorded under the respective heads. The total should not be posted under 'Office expenses' unless the entire amount pertains to that head. The bills passed for payment should be submitted to the Audit Officer/Admn along with the Register of contingent expenditure duly posted with the item of expenditure accepted. Other concerned registers such as Register of

Telephone bills passed, Register of debits for Stationery & Forms, Register of liveries etc. should also be posted simultaneously and attested by the Audit Officer/Admn. The monthly totals in this register should be struck and posted in the summary for reconciling the expenditure of a month, with that recorded in the books of the Accounts office. The Register of Contingent Expenditure will be maintained and submitted monthly to the Audit Officer (Administration) by 5th of each month.

### **350 Cash Book: (Paras 20 and 95 of Railway Audit Manual)**

Generally, payments relating to this office will be disbursed by the Financial Adviser & Chief Accounts Officer either in cash or by cheque. Petty contingent charges will, however, be met out of the permanent advance. Apart from this, occasions may arise when certain contingent charges, such as purchase of books for the library from the market, may have to be disbursed directly by this office. For this purpose, Pay Orders for the required amount will be drawn payable to the Audit Officer (Administration) and forwarded to the Financial Adviser and Chief Accounts Officer for arranging payment. It should be ensured that in such cases the amounts are not drawn much ahead of the date on which the expenditure is expected to be incurred. When cash is received the amount will be immediately noted in the receipt side of a Cash Book to be maintained in the Head Office. When the amount is disbursed, the same will be noted as an item of expenditure. As soon as the purpose for which cash is drawn is fulfilled, the unspent balance should be remitted to the Chief Cashier, forthwith. The cash book will be closed daily and submitted to the Audit Officer/Administration as long as cash is retained in the office.

### **351 Credit Notes:**

When items of stationery from the Government of India from Press, Codes and Manuals etc., from the Government of India and Audit Bulletin and other particulars sent by CAG's office and articles sent from the Head Office to the Branch Offices are booked as Railway Parcels or goods the freight charges in such cases should be paid by issue of Credit Notes only and not by paying cash. The Credit Note books supplied for this purpose should be kept in safe custody of the Audit Officer/Admn. at Head office and the Branch Officer at Units.

### **352 Inspection Box.**

When an Inspection party goes out on line, and when the documents to be taken to the office inspected are sufficiently large, the documents will be placed in the Inspection box, which will be locked and handed over to the Routine Section. The Box will be booked under Parcel Way Bill, the freight charges being paid through a Credit Note. When the Inspection Party returns to the Headquarters, the box will be booked by them under a 'To-pay' Parcel Way Bill, which will be handed over to the Routine Section on their arrival at the Headquarters. The Routine Section will arrange to take delivery of the same by paying the freight charges through a credit note.

### **353 Notice Board.**

A Notice Board will be kept in each office in which copies of all circulars, orders and other communications of personal interest to the members of the office will be displayed under the orders of the Asst. Audit Officer/Admn and in other offices under the orders of the Branch Officers.

**354 Sectional Register (Para 110 of Railway Audit Manual)**

Each section should maintain a register to serve as a permanent record of orders affecting the duties of that section. In this register the sanctioned strength of the section together with the nominal roll with the status and qualifications and house address of each member, the prescribed duties of the section as a whole and of each individual member thereof, a complete list of books comprising the sectional library and orders which affect the section individually (not general orders which apply to all sections alike) should be entered. The list of files maintained in the section should also be entered in this register which should be kept currently posted as and when new files are opened. The register is maintained which should be submitted to the Branch Officer every month before the 5th.

**355 Calendar of Returns (Para 97 of Railway Audit Manual).**

Each Section of the office should maintain a calendar of Returns for each financial year showing the due and actual dates of (1) Receipt of returns from other offices (2) despatch of returns, etc. from the section or office to other sections or offices respectively and (3) submission of registers, etc. to the Branch Officers. The return should be classified as weekly, bi-monthly, monthly, quarterly, half yearly, annually or occasional and entered in separate sections in the Register. References to the authority/order etc. under which the return is prescribed should also be noted against each. The Asst. Audit Officer/Section Officer of each section is responsible for seeing that there is no delay in the submission of the returns.

The calendar of returns maintained should be submitted to the Branch Officers on the 1st working day of the week. Branch Officers should test check the dates at the time of every submission of the Calendar of Returns in such a manner that each item in the Calendar of Returns comes under such test check once in a year. The Branch Officers should also indicate the items test checked by them during the time of the submission of the register.

On the opening of a new Register, the Asst. Audit Officer/Section Officer should ensure that all the items that are required to be carried forward have been Asst. Audit Officer/Section Officer done and record a certificate to that effect under his signature in the leaf before the index page.

**356 Register of Pending Cases.**

This will contain a brief record of all important pending cases not finally disposed of, but kept pending in the sections under the orders of the Branch Officers. A double page will be opened for each subject. On the left side page will be furnished, the serial number, reference to the file and the Inward or Outward letter leading to the case subject and a brief narrative report giving the particulars of the case. On the immediate right hand page and in the subsequent pages latest position will be indicated each month. When a case has been finally disposed of, this fact should be indicated at the top of the left hand side page and attested by the Asst. Audit Officer/Section Officer. The Register with the record of submission should be submitted to the Branch Officer each month before the 5th.

**357 Test Audit Notes, Inspection Reports and Special letter Register. (Para 470 of Railway Audit Manual)**

Each section issuing Test Audit Notes, Inspection Reports and Special letters should maintain separate registers to deal with Test Audit Notes Part I, Test Audit Notes Part II, Inspection Reports Part I & Part II and Special letters. These registers should be submitted to the Branch Officer on the 5th of every month.

**358 Register of outward References.**

Each section should maintain a 'Register of Outward Reference' to record references issued in the course of audit which are not in the nature of formal objections and other miscellaneous references issued to other office/sections, when such references call for replies from the addressees. The register should be closed every month and put up to the Branch Officer once in every quarter.

The Auditors/Sr. Auditors are responsible for issue of reminders on all outstanding letters shown in the closing balance indicated above. Printed Cards may be used for the first two reminders which can issue over the Asst. Audit Officer/Section Officer's signature. If no reply is received for these two reminders, A DO reminder at the level of the concerned Branch Officer should be issued. If DO reminders at the level of the Branch Officer too fails to elicit a reply, reminders at the level of Director/ Principal Director of Audit should be put up.

**359 Reminder Register**

A reminder register should be maintained in every section of the Headquarters office and in the Divisional and Branch offices. This register should contain particulars of reminders from all offices and should be submitted to the Branch Officer every Monday and Thursday (if those are holidays on the following working day) Asst. Audit Officer/Section Officer that he may arrange for the early disposal of the outstanding cases.

**360 Monthly Arrear Report (Para 101 of Railway Audit Manual)**

All the sections should submit to the Director/ Principal Director of Audit a report on the state of affairs of each section by 5th of each month.

**361 Quarterly Arrear Report.**

An arrear report on the state of affairs of this office is prepared and sent to the Addl. Comptroller & Auditor General as on 31st March, 30th June, 30th Sept and 31st December by the 15th of the succeeding month. The sections of head office and other branch offices should furnish the material for the report. The report should be despatched to the Co-ordination section positively on the last working day of the quarter to which the report related to allow sufficient time for consolidation and obtaining Principal Director of Audit's approval for the report.

The detailed instructions issued by the Comptroller & Auditor General of India on this subject should be kept in view, by the Sections/branches, while furnishing the report to the Headquarters office.  
(CAg's letter No. 495-RA III/18-1/89 dtd: 26-7-80 and 988-110-RA-III/10-9-81 dtd:1-9-81).

**362 Visit of the Dy. Director's/Director/ Principal Director of Audit to the Divisional and Branch Audit Offices:**

During the visit of Dy. Director's/Director/ Principal Director of Audit to the Divisional and Branch Audit Offices, the following registers and documents should be submitted in addition to the questionnaire in the prescribed proforma.

The Divisional Railway Manager and the Sr.DAO/DAO may also be advised of the visit of the Principal Director of Audit, to the Division/Branch office.

- i. Progress Report (all section).
- ii. Progress Report of Inspections
- iii. Register of Possible Draft Paragraphs.
- iv. Pending cases Register.
- v. Register of outstanding Inspection Reports, Audit Notes and Special lettrs.
- vi. Register of major and important development, policies etc.
- vii. Results of post review and original Audit by the Gazetted Officers and Section Officers.
- viii. Outstanding references from the Comptroller & Auditor General showing the latest position.
- ix. Important cases of special interest and all important Part I Inspection Reports issued since his last visit.
- x. Register of Audit of Contracts.
- xi. Register of Review of Works.
- xii. Register of Railway Board's sanctions.
- xiii. Sectional Register.
- xiv. Register of Audit activities.

### **363 Visit of the Deputy Comptroller & Auditor General of India (Railways).**

On receipt of the tour programme of the . Deputy Comptroller & Auditor General (Railways) intimating his visit to this office, action should be taken as under:

- a. Routine Section will arrange with the Railway Administration for the reservation of accommodation in trains, retiring rooms, haulage of saloons, etc. for the Deputy Comptroller & Auditor General (Railways) and his staff in accordance with the tour programme.

The General Manager and the Financial Adviser and Chief Accounts Officer of the Railway will be advised demi-officially about the . Deputy Comptroller & Auditor General's visit and requested to state if they have any subjects for discussion with him. If they have, any, the . Dy. Comptroller & Auditor General (Railways) will be avised of the same and concerned office case files kept ready for submission to the Dy. Comptroller & Auditor General (Railways).

The Co-ordination section should send a circular to all sections, as soon as the Dy. Comptroller & Auditor General (Railways) tour programme is received, enquiring if there are any cases for discussion. Each section in the office will examine whether there are any cases which require to be discussed by the Principal Director of Audit with the Dy Comptroller & Auditor General (Railways). A brief self contained note on each subject will be prepared and submitted with the relevant papers to the Co-ordination section, with the connected papers. The Audit Officer/Co-ordination will collect all such cases and submit them to the Principal Director of Audit sufficiently in advance of the Dy. Comptroller & Auditor General (Railways) visit.

The following registers and documents will be submitted to the Dy. Comptroller & Auditor General (Railways), and these will be sent by the sections concerned to the Audit Officer/Co-ordination section well in advance of the Dy. Comptroller & Auditor General (Railways) visit after careful scrutiny by the Audit Officer of the sections concerned to see whether they are complete and upto-date in regard to the entries made therein;

- i. Register of para for Audit activities
- ii. Register of review of changes of duties of staff (Admn. Section).

- iii. Register of results of Original Audit by Branch Officers.
- iv. Register of results of post-review by Branch Officers (all sections).
- v. Register of results of Post-Review by Asst. Audit Officer/Section Officer (all sections).
- vi. Register of progress of Inspections (Traffic Audit and Inspection sections).
- vii. Higher Audit Register.
- viii. Internal Audit Register.
- ix. A note on items of Tools and Plant, if any, to be written off by the Dy. Comptroller & Auditor General.
- x. Results of annual review of the Accounts Office.
- xi. Register of Draft Paras and Potential Draft Paras.

Leave Accounts of the staff of this office should also be submitted for perusal by the Dy. Comptroller & Auditor General (Railways).

If the Service Associations wish to meet the Dy. Comptroller & Auditor General (Railways) during his visit, a brief note on the subjects they propose to discuss with him, will be obtained by the Admn. Section and submitted to the Principal Director of Audit in advance, with any remarks that may be called for thereon.

Expeditious action will be taken on the orders that may be passed by the Dy. Comptroller & Auditor General (Railways) on the papers and documents submitted to him. Notes or files of the Dy. Comptroller & Auditor General (Railways) office given to this office for remarks or report, should be distributed to the sections concerned by the Co-ordination section and as far as possible, these should be attended to immediately, Asst. Audit Officer/Section Officer that the disposal thereof may be put up to the Dy. Comptroller & Auditor General (Railways) before he leaves the station.

A record of papers and registers submitted to the Dy. Comptroller & Auditor General (Railways) during each visit, cases discussed orders passed by him etc. should be kept in the Co-ordination section for guidance and ready reference in future. If any further action is due to be taken in the office on the orders passed by the Dy. Comptroller & Auditor General of India, the Co-ordination section should keep a register opened for this purpose and watch that this is done by the sections concerned and action taken to that effect by the Principal Director of Audit monthly, by submitting the register to him with the latest developments noted therein.

## CHAPTER IV ADMINISTRATION

**401.** The Administration Section will generally deal with all establishment and administrative matters relating to this office which can be broadly indicated as under :

**a) General Administration :**

- (i) Appointment of staff upto Audit Officer's grade, transfers, deputation, grant of leave and grant of advances etc.
- (ii) Conducting various departmental examination viz. Section Officer's Grade Examination, Departmental Revenue Audit Examination for Asst. Audit Officers/Section Officers, Departmental Examination for Auditors, and other Limited Competitive Examinations for Clerks, Group'D' etc.,
- (iii) Office accommodation.
- (iv) Maintenance of Service Registers and Leave accounts.
- (v) Preparation of Pension papers.
- (vi) General maintenance and up-keep of office.

**b) Payment of claims:**

- (i) Maintenance of salary registers and preparation of salary, TA advances and other bills of all staff including Group A & B Officers and arranging payment.
- (ii) Maintenance of Recovery Registers.
- (iii) Maintenance of Registers of expenditure and their reconciliation.

**c) Budget and Control over Expenditure:**

- (i) Preparation of temporary staff proposals, Budget proposals etc., Distribution of allotment of funds.
- (ii) Compilation and Sending of Control Statements to the Comptroller and Auditor General of India.
- (iii) Appropriation Accounts relating to the accounts of this office.

**d)** In the discharge of his duties relating to routine matters, the AuO (Admn) is assisted by Assistant Audit Officers, and an Assistant Superintendent (Routine) whose supervisory duties are detailed below:

- 1) Preparation of Pay, TA etc. bills.
- 2) Maintenance of pass account of staff working in Head office.
- 3) Maintenance of Service Books and leave accounts.
- 4) Receiving, registering and distributing the letters and papers received for this office and circulating general papers to the Branch Officers and in the office wherever necessary.
- 5) Typing work of the Head Office and Maintenance of Typewriters.
- 6) Registering and despatching outward letters and papers.
- 7) Upkeep of case files and custody of office records such as Gazettes etc.,
- 8) Arranging the duties and control of the Group D staff.
- 9) Supply off Liveries to Group D staff
- 10) Maintenance of Service postage stamp and stationery accounts.
- 11) Acquisition of Tools and Plant, their maintenance, maintenance of Dead Stock Registers etc.,
- 12) Upkeep of the Codes and other reference books available in the Administration Section Library, receiving and distributing Codes and other publications to other sections/Branch Offices.
- 13) Miscellaneous general work of the office such as arranging to open



and close the office, cleaning the office, maintenance of Clocks etc.

**402. Staff proposals:**

The proposals for the creation of additional temporary posts/continuance of existing temporary posts supported by man-hour statistics based on the yardsticks laid down by the Comptroller and Auditor General of India and for the existing temporary posts into permanent ones supported by detailed justification should be sent to the Office of the Comptroller and Auditor General of India, in the form prescribed by 25<sup>th</sup> July every year.

The following are the general instructions which may be borne in mind while assessing the staff requirements:

- i) The man-hour statistics should be based on the average work of 5 accounts months (viz. May, July, January, February and March excluding March supplementary and March Final Accounts).(CAG's letters No.1573-NGE.II/70-61 DT: 2.06.60 No.1459-NGE.II/70-61 DT: 31.5.62 No.1400-BRS/18-64 DT: 6.7.64 CAG's letter DT: 24.6.87)
- ii) The number of working hours per Auditor per month should be taken as 158.33 hours.(CAG's letter No.753-N4/7-83-II DT: 17.10.85.)
- iii) The prescribed standard time for each item of work as fixed by the Comptroller and Auditor General of India should be adopted.
- iv) Items for which no standards are fixed by the Comptroller and Auditor General of India should be exhibited in a separate statement adopting adhoc standards.
- (v) The items should be serially arranged strictly according to the programme of Audit given in the Secret Memorandum. The item number of the programme of Audit should be indicated invariably against each.
- (vi) While submitting proposals for conversion of a temporary post into permanent one, it should be seen that the post in question has been in existence for a continuous period of not less than 3 years.  
(CAG's letter No.1731-NGE.II/34/71-I DT: 10.7.72)
- (vii) Posts for construction Audit Section will always be temporary. Even in a Section where all posts are permanent, detailed man-hour statistics justifying their retention should be furnished.
- (viii) As the posts of Asst. Audit Officers/Section Officers are based on the number of posts of Senior Auditors/Auditors, man-hour statistics for these posts need not be submitted.
- (ix) The man-hour statistics compiled by the Asst. Audit Officer/Section Officer of one unit should be checked independently by Asst. Audit Officer/Section Officer of another unit nominated for this purpose by Principal Director of Audit and reviewed by the concerned Branch Officer. A certificate to the effect that the statistical data prepared by the respective sections have been checked independently by an Assistant Audit Officer/Section Officer of other unit should be furnished in the letter forwarding the staff proposals to the Comptroller and Auditor General of India. (CAG's letter No.808.RAI/8-4/68 DT: 16.3.68).
- (x) On receipt of the proposals supported by man hour statistics from the sections and Branch Offices, the Administration Section should submit a note to the Principal Director of Audit indicating the particulars of posts proposed for creation, continuance and conversion and only the posts approved by the Principal Director of Audit for Creation, conversion and continuance should be included (classifying them under different categories) in the staff proposals to be submitted to the Comptroller and Auditor General of India.

- (xi) Proposals for additional staff on adhoc basis should be forwarded separately to the Comptroller and Auditor General of India. But a copy of the note for creation of posts on adhoc basis should be sent along with the regular staff proposals referred to in the preceding paragraph.  
(CAG's letter No.1138-BRS/50-73 DT: 16.4.73)
- (xii) The Administration Section while consolidating the man-hour statistics for the whole office, will work out the total number of posts of Asst. Audit Officer/Section Officers for the entire office on pooled basis as per the standards laid down by the Comptroller and Auditor General of India.  
(CAG's letter No.2484-RAI/8-3/64 DT: 26.8.64)

#### **403 Register of Sanctions to Posts:**

All sanctions for the creation of new temporary posts under Group 'B', 'C' and 'D' and for the conversion of temporary posts into permanent ones are accorded by the Comptroller and Auditor General of India. The sanctions for the continuance of Gazetted Group 'B' Asst. Audit Officers; Sr.PA to PDA and Non-Gazetted posts and sanction for casual and seasonal posts required for less than a year and provided for in the approved Budget Estimates are accorded by the Principal Director of Audit. All the details about sanctions to posts should be recorded in a register exhibiting separately permanent and temporary posts. The Register in the prescribed Form should contain information about the details of posts, date of sanction etc. and the entries in the Register should be attested by the Audit Officer/Administration.

#### **404. Recruitment of Auditors, Clerks and Stenographers:**

The Staff Selection Commission, a unit of the Department of Personnel and Training, Government of India, New Delhi is the Central Agency for various categories of posts viz., Auditors, Clerks, Stenographers of the Indian Audit and Accounts Department. The dossiers for recruitment of candidates in this office for these posts are requisitioned from the Regional Office of the Staff Selection Commission at Chennai in respect of the vacancies in Tamilnadu and Kerala States and from the Office of the Deputy Regional Director, Staff Selection Commission, Bangalore in respect of Karnataka State. As soon as the dossier is received and offer of appointment will be issued by the Director (Administration) who is the appointing authority in respect of Auditors, Clerks and Stenographers. Communal and other Reservation Rosters should be referred to, to ensure that a vacancy reserved for a particular category is filled up by a member of that category without fail. The offer of appointment should contain a specific clause intimating the candidate about his posting, transfer liabilities to any Divisional/Branch Audit Offices at Chennai, Tiruchirappalli, Madurai, Trivandrum, Ernakulam, Palaghat, Podanur, Railway Production Unit, Integral Coach Factory, Perambur and any of the Offices/Railway Zones that may be formed in future.

It should also be clearly indicated in the offer of appointment for the information of the candidates that :

- i) No TA will be paid for joining initial appointment.
- ii) Offer of appointment should not be construed as an appointment order and the Firm Offer of appointment will be issued only on his/her being medically found fit for appointment in Government service;

The candidates should be required to produce two certificates of character from the Head of the educational institutions last attended. In case such certificates cannot be obtained, two certificates should be produced in the same form from two different Gazetted Officers (in both cases duly attested by a District Magistrate or

Sub-Divisional Magistrate or Stipendary First Class Magistrate). The officers issuing the character certificate should know the candidates character and antecedents at least for a period of two years preceding the date of issue of the certificate.

In addition to the above, the candidate selected for appointment should also be required to submit the following :

- i) Acceptance of offer.
- ii) Attestation form duly completed.
- iii) A Scheduled Caste/tribe certificate in the form prescribed from a District magistrate, Additional District Magistrate, Collector, Deputy Commissioner, Additional Deputy Commissioner, Deputy Collector, First Class Stipendary Magistrate, City Magistrate, Sub-Divisional Magistrate not below the rank of I class Stipendary Magistrate, Taluk Magistrate, Executive Magistrate, Extra Asst. Commissioner, Chief Presidency Magistrate, Additional Chief Presidency Magistrate, Presidency Magistrate, Revenue Officer, not below the rank of Thasildar, Sub-Divisional Officer of the area where he/she or his family normally resides.

“The appointment is provisional and is subject to the caste/tribe certificates being verified through the proper channels and if the verification reveals that the claim to belong to Scheduled Caste or Scheduled Tribe, as the case may be, is false, the services will be terminated forthwith without assigning any further reasons and without prejudice to such further action as may be taken under the provisions of the Indian Penal Code for production of false certificates.”

- iv) A declaration to the effect that (a) he/she has not entered into or contracted a marriage with a person having a spouse living or (b) who having a spouse living has not entered into or contracted a marriage with any person.
- v) No objection certificate from his/her previous employer and release order from his/her employer accepting his/her resignation from that service.

The form of attestation, certificate of character, SC/ST certificate etc., are given in Annexure – 2.

#### **405. Recruitment of Group'D' Staff : (Para 342 of MSO Admn.)**

The vacancies in Group'D' cadre are to be filled in by requisitioning suitable number of candidates from the Employment Exchanges and by giving wide publicity in the newspapers and putting up in Notice Board etc. The persons will be selected after an interview.(CAG's letter No.4561-NGE.III/34-86/Vol.I.KW 53 DT: 23.12.87)

The minimum educational qualification is a pass in a Middle School Standard examination with English as one of the Subjects. The Director (Admn.) is the competent authority to appoint Group'D' staff. (CAG's endt. No.1569-NGE.II/51.75.II (KW) Part.I DT: 5.9.77)

#### **406. Medical Examination (Para 41 of RAM)**

The candidates to be appointed in this office should be medically examined by the competent Medical Officer before being appointed. For this purpose a requisition to the Medical Officer should be sent by Administration Section. The Competent Medical authority will be a Civil Surgeon or a District Medical Officer or a Medical Officer of equivalent status in the case of Non-Gazetted staff other than Group'D'. For Group'D' staff, Medical Officer of the rank of Civil Assistant Surgeon Grade.I or II or a Medical Officer of equivalent status will be the competent authority.

(CAG's letter No.2934-NGE.II/51-74 DT: 18.12.74)

The candidates should pay the fee for the medical examination direct to the Medical Officer at the time of Medical Examination and then claim reimbursement thereof, from the office after joining duty. No reimbursement will be allowed in the case of candidates who are found unfit, during the Medical examination. The expenditure on reimbursement of the fee is debited to the head " Medical Treatment Charges".

#### **407. Relaxation of age limit:**

(a) The upper age limit for recruitment to Group'C' and Group'D' posts is 25 years. The upper age limit is relaxable by 5 years in the case of Scheduled Caste/Scheduled Tribe candidates. Relaxation of upper age limit is also permissible inter alia in the following cases with reference to the orders issued by Government of India in consultation with the Comptroller and Auditor General of India.

- (i) From time to time Retrenched Central Government employees bonafide displaced goldsmiths, blind, deaf, mute, orthopaedically handicapped persons.
  - (ii) Whole time cadet instructions in NCC.
    - i) Ex-Servicemen
    - ii) Ex General Reserve Engineer Force Personnel.
  - iii) Person of Indian origin who were employed in Government Service in African countries of Kenya, Tanzania and Uganda and migrated to India due to constitutional changes.
  - iv) Repatriates from Burma migrated to India on or after 1.1.1963 and from Ceylon on or after 1.11.64.
- (CAG's confidential letter No.1483-NGE.II/51-71-IV DT: 2.7.73 and corrections thereto)

(b) The upper age limit in respect of persons who are within the prescribed age limit and placed in the panel may be relaxed upto one year at the time of appointment by the appointing authority in respect of Group'C' and 'D' (Class.III and Class.IV) posts in terms of Para 280 and 342-MSO Admn. All other cases requiring relaxation of upper age limit, will require the approval of the Comptroller and Auditor General of India.

#### **408. Communal Roster:**

A communal Roster indicating the number of posts to be reserved in favour of Scheduled Castes/Scheduled Tribes candidates in respect of recruitment and promotion should be maintained in accordance with the orders issued by the Government of India from time to time in consultation with the Comptroller and Auditor General of India. Various instructions contained in the 'Brochure on Reservations for Scheduled Castes and Scheduled Tribes in Services' may be referred to in this regard.

#### **409. Oath of Allegiance : (Para 285 of MSO Admn.)**

All new entrants to Government service should take an oath of allegiance. The oath should be taken in the presence of a Gazetted Officer in the form indicated below:-

"I \_\_\_\_\_ do swear/solemnly affirm \*  
that I will be faithful and bear true allegiance to India and to the Constitution of India as by law established and that I will be loyally carry out the duties of my office. So help me God".

**\*Note :** Conscientious objector to oath-taking may make a solemn affirmation to the same effect.

#### **410. Extension of time limit for joining duty by new recruits :**

##### **a) Cases of Lady candidates :**

If a lady candidate is found to be pregnant of 12 weeks standing or above, she should be declared temporarily unfit until the confinement is over and re-examined for a fitness certificate six weeks after the date of labour. The Principal Director of Audit has been delegated with powers to grant necessary extension of time in the case of such lady candidates. The seniority of such lady candidates who have been found fit to join duty after re-examination by a Registered Medical Practitioner will, however, be fixed with reference to their actual date of joining duty.

(CAG's letter No.970-NGE.III/17-13 DT: 27.5.74)

##### **b) Other Cases:**

(i) Normally the candidates are allowed 30 days to join duty from the date of issue of the offer of appointment

(ii) The Principal Director of Audit may grant extension of time to join initial appointment, without any limit of time in respect of cases where the delay is solely due to non-completion of medical formalities for the reason affordable to the candidate himself. In these cases, the panel seniority of the candidate will remain intact.

(iii) In respect of cases of candidates who could not join duty within the prescribed time limit due to self illness or other reasons, the Principal Director of Audit is empowered to grant extension of time to join initial appointment for a maximum period of two months beyond the date indicated in the offer of appointment for joining. In these cases, the seniority will be reckoned with reference to the actual date of joining duty.

(iv) The cases involving delay beyond two months for reasons other than non-completion of medical formalities of the candidate should be referred to CAG's office for approval.

(CAG's letter No.(i)3173-NGE.III/98-79 DT: 18.10.79 and (ii)345-N2/29-82 DT: 28.10.83)

#### **411. Training of Auditors (Para 61 of RAM and Para 286 of MSO Admn.)**

All new recruits appointed as Auditors in this office will be given training for a period of three months. An Asst. Audit Officer/Section Officer nominated for this purpose will function under the supervision of the Audit Officer/Administration. The salient features of the training schemes are as under:

i) The trainees should receive training on precis writing and on a general principles of accounting and audit, classification of expenditure, compilation of accounts, the more important financial rules and should also be given practical lessons for applying the above principles. The trainees should be access to the actual process of accounting and audit of different classes of transactions in the sections with reference to vouchers and documents obtained from Audit Sections.

ii) As a part of the training in practical work the trainees should be taken to local offices such as Divisional Audit and Account Office, Cash and Pay Office, Workshops and Stores Office and one nearest Railway Station.

- iii) The officer nominated to impart training may be given one hour leisure every day for preparing the lessons for the next day, to correct answer papers, etc. the trainees should be asked to study the lessons taught to them, during this period.
- iv) There should be periodical, weekly or fortnightly tests conducted during the course of training.
- v) As early as possible after recruitment, the Auditors should be given training in the work of the office by attaching them to the Training Section for a period of three months. Similarly suitable training should also be provided to the Clerks on promotion as Auditors for a period of 6 weeks.

**412. Departmental Examination for Auditors (Para 60 of RAM & Paras 287 & 288 of MSO Admn.)**

(a) All direct recruits to the posts of Auditors should pass a Departmental Examination for Auditors within six chances in order to render themselves eligible for confirmation and for promotion to the grade of Senior Auditors. The Clerks promoted to the cadre of Auditors against Seniority quota are also required to pass the Departmental Examination for Auditors within six chances so as to enable their case to be considered for promotion to the grade of Senior Auditors. The Departmental Examination will be held twice in a year, i.e. in February and August. The syllabus for the Departmental Examination for Auditors to be held in Railway Audit Offices is as given in Annexure I.

The temporary and officiating Auditors who have rendered atleast one year's continuous service, on 1<sup>st</sup> February or 1<sup>st</sup> August are eligible to appear for this Departmental Examination. Each Auditor is allowed a maximum of six chances to pass the examination. Each successive examination held after the completion of one year's service in the Auditor's cadre will count towards this number. If he fails to appear at any of these consecutive examination he is to be considered to have lost one chance and that chance will count against the maximum number of six chances admissible. In respect of direct recruits to the cadre Auditors who fail to pass the said examination within the chances allowed their services are liable to be terminated. In respect of Clerks promoted to the cadre of Auditors who could not negotiate the said examination within the prescribed chances will be reverted to the cadre of Clerks. Auditors transferred from other offices who have already passed the said Examination before their transfer to this office on unilateral/mutual exchange basis need not write the said examination in this office.

The Principal Director of Audit may condone deficiencies in the prescribed service as Auditor upto a maximum limit of 60 days as on 1<sup>st</sup> day of the month in which the examination is held in computing qualifying service for appearing in the Departmental Examination for Auditors/Clerks and Graduated Group'D's . Cases for condonation of deficiencies beyond the above limit should not be considered or referred to the O/o the Comptroller and Auditor General of India(CAG's letter No.527-Exam/20-84-IV DT: 20.08.91).

The Principal Director of Audit may grant an extra chance in exceptional cases where an Auditor could not avail of any of the prescribed number of chances due to causes beyond his/her control on account of protracted illness, tuberculosis, Maternity leave etc.

(CAG's letter No.2391-NGE.III/3-61 DT: 22.8.61)

An Auditor who is permitted to appear for the Examination before completing one year's service by condoning the deficiency in service and pass that examination will be eligible for confirmation only after satisfactory completion of the period of Probation.

A qualification pay of RS.60/- p.m. will be granted to the Auditors who have passed the Departmental Examination for Auditors. The qualification pay will be granted from the date following the date of the said examination. the qualification pay will also be admissible to Clerks appointed as Auditors on passing Part.I of the Section Officers Grade Examination with effect from the date of their appointment as Auditors. They will also be exempted from passing Departmental Examination for Auditors. The Head of Office i.e. Deputy Director (Admn.) is competent to authorise drawal of qualification pay, by issue of suitable office order.

- (i) Ministry of Finance O.M.No.F.7(56)E.III(A)/78 DT:25.9.81 received under CAG's endt. No.2115-N.4/62-78 DT: 28.9.81.
- (ii) CAG's letter No.4052-NGE.I/73-81-I DT: 3.12.81 (Circular No.NGE.I/106/1981)
- (iii) CAG's letter No.629-N.2/58-84 DT: 27.6.84.

The qualification pay has to be treated as part of basic pay for the purposes of fixation of pay on promotion to the post of Senior Auditor.

**(b) Training of Auditors in Revenue Audit :**

Auditors appearing for the Departmental Examination for Auditors should be given training in the subjects prescribed for Paper.III. The duration and pattern of theoretical training as was in vogue in the earlier system (i.e. Training for Revenue Audit Examination for Auditors) may continue to be followed but the training should be arranged within the overall period of training of three months as prescribed for Auditors. (CAG's letter No.414-O&M/63-84 DT: )

**413. Creation of higher grades in Audit Offices.**

**(a) Creation of higher grades in Audit Offices :**

On the recommendations of the Comptroller and Auditor General of India, the Government of India, have sanctioned the following higher grades in the Audit Offices with effect from 1.3.84 under the scheme of the restructuring of cadres in IA & AD.

Grade existing prior to restructuring of cadres in IA&AD.	New Grade in V PC with percentage and scales of pay	
Auditor (330-560)	Auditor 20%	Rs.4500-7000
	Sr.Auditor 80%	Rs.5500-9000
Section Officer (500-900)	Section Officer 20%	Rs.6500-10500
Asst. Audit Officer	Asst. Audit Officer 80%	Rs.7450-11500

Promotion to these grades are made as per the orders contained in the Recruitment Rules. The higher grades indicated above are functional and pay on placement in these higher grades in the new scales are to be fixed in accordance with the provisions contained in FR-22-(1) (a) (i)

**(b) Improvements in promotion prospects of Group'D' staff :**

In order to provide promotion opportunities among Group'D' staff, a new cadre of Record Keepers in the pay scale of Rs.825-1200 (V PC scale 2750-4400) in Group'C' has been created with effect from 1.3.84 by upgrading 15% of the Group'D' posts. Group'D' staff with 7 years of regular service and possessing the middle school pass qualification are eligible for consideration for appointment to this grade and the method of recruitment is subject to seniority fitness basis. 25% of the regular posts of Record Keepers will be in functional Selection Grade (Rs.950-1400) vide CAG's letter No.261-N2/83-90 DT: 27.6.91 circular No.NGE/31/1991

**(c) Appointment of Supervisors :**

A new scheme by way of promotion of Senior Auditors to the post of

Supervisor Group C' in the scale of Rs.1640-2900 has been introduced w.e.f. 1.4.89. Eight per cent of regular sanctioned posts of Section Officers would be operated as Supervisors by corresponding reduction in the posts of Section Officers from the date of operation of the post. In the case of deficit Audit offices promotion to the cadre of Supervisors may be made to the extent of 12% of the regular sanctioned posts of Section Officers in addition to the existing quota of 8% . This will be operational only in the deficit offices where there are vacant sanctioned posts of Section Officers for want of eligible qualified staff and the temporary appointment of Supervisors is subject to the reversion as and when SOGE passed staff are available. In terms of IA&AD Supervisor ( Audit) Recruitment Amendment Rules 2001 the post of Supervisor has been classified as Group B Non-Gazetted and the scale revised to Rs.6500-10500 and the selection to the post of Supervisor is by Selection-cum-Seniority.

#### **414. Promotion of Clerks to Auditor's cadre {Para 299 of MSO (Admn) }**

40% of vacancies in the cadre of Auditors is to be filled up by promotion of Clerks with 5 years of regular service in the grade of seniority basis subject to rejection of unfit. 10% of the vacancies in the cadre of Auditors is to be filled up by promotion of Graduate Group'D' officials or Graduate Clerks with 3 years continuous regular service on passing the Departmental Examination for Auditors or Clerks passing Section officer Grade Examination Part.I. If there are no candidates to be considered for promotion either against 40% seniority quota or 10% examination quota, the vacancies in the cadre of Auditors may be filled up by direct recruitment.

#### **415. Limited Departmental Competitive Examination for Matriculate Group'D' employees for promotion against 10% examination quota :**

The Limited Departmental Competitive Examination for Matriculate Group'D' employees for promotion to Clerks cadre against 10% examination quota is normally conducted every year in the month of September. Matriculate Group'D' employees who have rendered 3 years' continuous service on the first day of the month in which the examination is held, are eligible to appear for the examination. There will be no relaxation of the minimum service of 3 years and there is no limit on the number of chances allowed. Names of the persons who qualify in the written examination are arranged in the order of merit as adjusted by the marks obtained in the written examination.. The panel does not lapse at the end of the recruitment year and is operated till the qualified persons get promotion as Clerks according to the promotion roster.

The scheme of examination is as under :-

Scheme and Syllabus for the Limited Departmental Competitive Examination for Matriculate Group'D' Staff for promotion as Clerks.

Sl.No.	Scheme of Examination (Paper)	Duration	Maximum marks
I.	English/Hindi	2 hours	100
II.	Arithmetic and Tabulation	2 hours	100
III.	General Knowledge and Office Procedure	1 hour	100

**NOTE:-** 1.The standard of the question papers I and II will be approximately that of matriculation examination of an Indian University.

2. All the three papers will be set in English and Hindi. The candidates will have to exercise their option to write the written examination either in English or Hindi.



#### **416. Promotion of Matriculate Group'D' employees against 5% Seniority quota:-**

5% of the vacancies in Clerks Grade are earmarked for promotion of Group'D' employees with 5 years regular service in the Grade and who passes matriculation or equivalent examination on Seniority basis subject to rejection of unfit failing which the vacancies will be filled up by direct recruitment. The Matriculate Group'D' employees will have to appear in the type test and if they do not qualify in the same before promotion they have to pass the test after promotion. If they fail to do so, there will be adverse consequences i.e. they would not earn any increment nor become eligible for Confirmation and Promotion. They are also not eligible to appear at any Departmental Examination as passing of which promotion is given e.g. SOG Examination, Departmental Examination for Auditors etc.

(Authority : CAG's circular No.NGE/33/1987 received under letter No.301-N2/46-87 DT: 1.4.87)

Out of the matriculate Group'D' employees who qualify in the written examination preference in promotion to Clerks grade will be given to those who had qualified in the type test before their promotion term comes. Type test will be conducted once in a quarter.

It is obligatory on the part of the Administration to conduct one type test immediately before the written examination or after the written examination but before the results of the written examination are finalised

The matriculate Group'D' employees promoted as Clerks, would not earn any increment nor become eligible for confirmation and promotion unless they qualify in the type test. They are also not eligible to appear for the Departmental Examination as passing of which promotion is given e.g. SOG Examination, Departmental Examination for Auditors etc. (CAG's letter and NGE circular No.NGE/33/1987 DT: 1.4.87)

#### **417. Appointment to Section Officers' Grade :-**

Appointments to the Section Officers' Grade are made by promotion of Auditors of the Railway Audit Offices who have passed the Section Officers' Grade Examination.

#### **418. Section Officers' Grade Examination :-**

##### **(a) General :-**

This Examination is held once in a year generally in November. Persons who have put in a minimum service of three years on 15th November in one or more of the following capacities will be eligible to appear for the examination.

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

**NOTE:-** The Section Officers' Grade Examination is held in two parts Part.I and Part II. The maximum number of chances for passing Part.I of the above examination is six. But indefinite number of chances in Part.I will, however be allowed to those candidates who continue to secure 30% marks and above in aggregate in any one of the last six chances actually availed of by them.

##### **(b) Selection of candidates appearing for the Section Officers' Grade Examination for the first time :-**

- (i) After the results of the Section Officers' Grade Examination are announced, names of the candidates intending to appear for the next Section Officers' Grade Examination Part I should be obtained. In order to determine the suitability or otherwise of the candidates who are desirous of appearing the examination for the first time, a preliminary test should be conducted. The test should consist of the following two omnibus papers of 3 hours duration each as follows :-

Paper-I:- on “General English” and “Constitution of India” divided into two sections ; and

Paper-II:- on “Service regulations and financial Rules and Principles of Government Accounts”. (CAG’s letter No.179-Exam/885 DT: 11.3.85).

The names of the successful candidates should be announced as quickly as possible so that the selected candidates may take the full advantage of the training classes.

- (ii) Candidates who after qualifying themselves in the preliminary test if they do not appear in the Section Officers’ Grade Examination Part-I immediately following thereafter should be subjected to further screening by requiring them to take the preliminary test again performance in which will be the criterion for their admission to the Section Officers’ Grade Examination Part-I (CAG’s letter No.2511-Exam/70-67 DT: 14.6.67).
- (iii) The detailed syllabus for the Section Officers’ Grade Examination Part-I and Part-II are given in Annexure II to this manual.

**(c) Training of candidates appearing for Section Officers’ Grade Examination Part-I and Part-II :-**

- (i) Training classes for the benefit of candidates appearing for the Section Officers’ Grade Examination for the first time may be held at different stations every year provided that the total number of candidates appearing from a particular station is not less than 4 for Part-I and 5 for Part-II Examinations. If the number is less than the prescribed minimum the candidates appearing for the first time may be transferred to Head Office or to any other station where training classes are held, depending upon administrative convenience.
- (ii) The minimum number of classes to be conducted is 16 and may be increased to 24 depending upon the response of the candidates in attending training classes. The maximum number of classes for Precis and Draft and Constitution of India should however be restricted to 20. The lecture should be of a minimum duration of 75 minutes, with option to the faculty to extend it wherever necessary. The timings of the training classes should be so fixed that the classes fall both within office hours and outside office hours i.e. 30 to 45 minutes within office hours and 30 to 45 minutes outside office hours subject to marginal adjustments to the extent found necessary in individual cases. The training modules should provide for practical exercises, tests and assessments. The tests or exercises, should be held by the respective faculty handling each topic; and the revision sessions wherever specially provided in the training modules.
- (iii) The Principal Director of Audit may sanction the payment of honoraria to the Officials nominated for imparting training to the candidates appearing for the Section Officers’ Grade Examination Part-I and Part-II. (CAG’s letters No.2243-NGE.II/92-76 DT: 28.10.76, No.Rec.A.IV / 147-74 DT: 22.2.75 No.691-O&M/179-79 DT: 5.10.79, No.499-O&M/5-82 DT: 27.5.82, and 168-Rec.A.IV/147-74 Vol.II/KW/Gr.I DT: 8.2.84, No.517-Rec.A.IV/II (i)/87 DT: 17.8.88 (Circular No.21 of 1988).

**(d) Statement of candidates:-**

- (i) A list of eligible candidates, whose candidature for the Section Officers’ Grade Examination Part-I and Part-II has been approved by the Principal Director of Audit should be sent in the form prescribed in Para

197 of MSO (Admn) Vol.I so as to reach CAG's Office by the 15<sup>th</sup> August each year. The name of the candidate belonging to a Scheduled Caste or Scheduled Tribe should be typed in Capital letters. The list compiled by the Administration Section should be checked in detail by an Asst. Audit Officer of another section and reviewed by an Audit Officer nominated for the purpose, before being sent to the CAG.

- (ii) As soon as the programme of the examination and information regarding the index numbers allotted to the candidates are received from the Comptroller and Auditor General of India the candidates should be notified. A copy of the instructions to candidates may be supplied to each candidate.

(e) **Withdrawals:-**

Candidates who wish to withdraw from the examination (whether Part-I or part-II) should apply for permission to do so before the lists of eligible candidates are sent to the Comptroller and Auditor General of India. Applications received after this date should not be considered unless there are very compelling reasons in support of the request. Permission to withdraw one's name should be applied for in any case before the commencement of the examination.

(f) **Report of withdrawals:-**

Immediately after the conclusion of the Section Officers' Grade Examination, a statement showing the particulars of candidates who have been permitted to withdraw from the examination by the Principal Director of Audit is to be forwarded to Comptroller and Auditor General of India.

(g) **Passes and Travelling Allowances to candidates:-**

The Section Officers' Grade Examination is treated as an obligatory Departmental Examination for the purpose of Travelling Allowances. Journeys performed in connection with attending the examination should be treated as journeys on tour. No daily allowance, will, however, be paid for the days of halt at the place of examination. Travelling Allowance for the journeys may be given only for the first two attempts at each part of the examination. The candidates should return to their headquarters immediately after the last day of their examination.

(CAG's letter No.617-NGE-I/73-71 DT: 11.3.71)

**419. Limited Departmental Competitive Examination for appointment as Stenographers :-**

(a) A Limited Departmental Competitive Examination for Clerks for promotion as Stenographers (Ordinary grade in the scale of Rs.1200-2040) has been introduced from the year 1984 onwards.

(b) 20% of the vacancies in the cadre of Stenographers Grade III (Rs. 4000-6000) will be filled in from Clerks who qualify in the examination.

(c) Immediately on qualifying in the examination the employee has to indicate whether he chooses the Stenographer's line in which case he will not be entitled to promotion as Auditor in the regular line and has to wait for his turn for promotion as Stenographer.

(d) The examination will be held once in a year during the month of August. It will not, however, be obligatory for the office to hold the examination, if there are no existing or anticipated vacancies in the cadre.

(e) The maximum number of chances permissible is limited to four.

(f) The detailed scheme and syllabus of the examination are given below:-

1) Any permanent or temporary regularly appointed Clerk who has completed

two years continuous service as Clerk, in the IA&AD and who has passed the matriculation examination will be eligible appear at this examination.

2) The crucial date to determine the eligibility will be the first day of the month in which the examination is held.

3) The examination shall consist of two parts namely Part-A Written Test consisting of three papers and Part-B Shorthand Test. The subjects of the Examination, time allowed, the maximum marks for each subject and the standard and syllabus will be as follows:

**Part-A:- Written Test**

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

The minimum qualifying marks will be 40 per cent in each paper. The papers are General English and General Knowledge will include 'Objective Multiple choice Type' questions.

The standard of the question papers will be approximately that of the matriculation examination of an Indian University.

**NOTE :-**

- (i) Candidates can exercise option to answer the papers on Essay writing and General Knowledge of the written test and take the Shorthand test in Hindi (Devanagiri). Partial option is not permissible.
- (ii) Paper on General English must be answered by all the candidates in English.

**Paper-I General English:**

Questions will be designed to test the candidates' knowledge of English Grammar, Vocabulary, Spellings, synonyms and antonyms, prepositions, direct and indirect speech, power to understand and comprehend the English language and ability to discriminate between correct and incorrect usage etc.

**Paper-II Essay Writing:**

An Essay to be written on any of the several specified subjects.

**Paper-III General Knowledge:**

Paper on General Knowledge will include questions on the Constitution of India, Indian History and Culture, General Economics & Geography of India, Current events, every day science and such matters of every day observation as may be expected of an educated person.

**Part-B Shorthand test in English or in Hindi : 200 marks:**

Those who qualify the written test will have to appear in the shorthand test. The candidates will be given one dictation test in English or in Hindi at 80 words per minute for 10 minutes. The candidates who take the test in English will be required to transcribe the matter in 65 minutes and the candidates who opt to take the test in Hindi will be required to transcribe the matter in 75 minutes.

Candidates will have to transcribe the shorthand notes on typewriters. They have to make their own arrangements for getting the typewriters to transcribe the shorthand notes.

3.2 Candidates who opt to take the shorthand test in Hindi will be required to learn English Stenography and vice-versa after their appointment.

3.3 In shorthand test the minimum qualifying marks will be 55 percent. For each mistake marks at the rate of  $2\frac{1}{4}$  should be deducted. Candidates getting less than 55 marks i.e. those who commit more than 5% errors and omissions in the transcription will be deemed to have failed in the Stenography test. Repetition of the same spelling/mistake may be disregarded and may not be counted again towards the prescribed limit of 5% errors.

#### 420. Training of Clerks in Stenography :-

As the office does not have necessary skill and facilities for imparting meaningful training in stenography, the Clerks preferring advancement as Stenographers, may, in the first instance, join commercial institutions to acquire knowledge of stenography theory and reach a reasonable level of speed. Such of those as have acquired a reasonable speed after attending the secretarial course may be given intensive coaching in the Department just before the Departmental Examination. The nature and content of training to be given are detailed below. The training may be arranged by engaging a senior stenographer possessing the required skill of dictation and aptitude for training. The stenographers nominated as trainees may be paid honorarium at the same rates as prescribed for the training of candidates for S.O. Grade Examination. The timings of the training classes should be so fixed that the classes fall both within office hours and outside office hours, i.e. 30 to 45 minutes within office hours and 30 to 45 minutes after office hours.

Course outline for training of Clerks in Stenography:

Sl.No.	Topic	No. of sessions (Duration 75 min. each)
1.	Principles of shorthand theory	5
2.	Dictation of passage, check of transcription of the dictation and evaluation	25
		30 sessions

**NOTE :** The passages for dictation will be selected/prepared in such a way as to enable the trainees to develop speed. The trainees to develop speed. The trainees will be required to transcribe the dictation taken down by them. The transcription of one trainee will be checked by another trainee and a final evaluation of the performance of the candidates will be done by the trainer so as to identify the areas of their weakness and to take further steps for their improvement.

#### 421. Departmental Examination for serving Stenographers:-

- (i) A Departmental Examination for Stenographers to adjudge their proficiency at 100 wpm for promotion to Personal Assistants grade is introduced from the year 1984 and the examination is conducted by the Staff Selection Commission.
- (ii) The detailed scheme and syllabus of the examination is given below:-

- (i) Any permanent or temporary regularly appointed Stenographer in the grade of Rs 4000-6000 who has not passed the stenography test at 100 wpm is eligible to appear at this examination.
- (iv) Passing this examination will not entitle the candidate for any advance increment. This Departmental examination is intended to test the proficiency for promotion to Personal Assistant grade for which a speed at 100 wpm has been prescribed. The existing schemes of incentives on acquiring speeds at 100/120 wpm on passing the examination conducted by Staff Selection Commission i.e. one advance increment for acquiring high speed of 100 wpm and another advance increment for acquiring 120 wpm will continue and these incentives will be treated as separate element and or only the additional increment over and above the pay and these increments shall stand discontinued w.e.f. their date of promotion. Persons who had qualified at 100 wpm/120 wpm in the shorthand examination conducted by the Staff Selection Commission will be eligible for promotion as at present.

**Scheme of Examination:-**

- (a) The maximum number of chances permissible under this scheme will be limited to three.
- (b) Stenography test will consists of a dictation in English/Hindi at the speed of 100 wp, for 5 minutes. The candidates who opt to take the examination in English will be required to transcribe the dictated passage in 35 minutes and those who had opted for Hindi in 40 minutes.
- (c) The paper will be for 200 marks. The minimum qualifying marks will be 55 percent. For each mistake, marks at the rate of 2 1/4 should be deducted. Candidates getting less than 55 percent marks i.e. those who commit more than 5% errors and omissions in the transcription will be deemed to have failed in the examination. Repetition of the same spelling/mistake may be disregarded and may not be counted again towards the prescribed limit of 5 percent errors.
- (d) The candidates will have to transcribe their shorthand notes on typewriter. They have to make their own arrangements for the typewriter.
- (e) The examination will be held twice in a year normally in June and December by the Staff Selection Commission.

**422. Departmental Revenue Audit Examination for Asst. Audit officers/Section Officers :**

Departmental Revenue Audit Examination for Section Officers belonging to Railway Audit offices has been introduced with effect from the year 1974. Asst. Audit Officers are also eligible to appear at this examination. Under this scheme the officers are given intensified training in audit of receipts at the end of which a Departmental examination is conducted. Such of those Asst.Audit Officer/Section Officers who pass the examination are allowed one advance increment. (CAG's letter No.902-Exam/102-72 DT: 31.10.73).

The examination consists of two papers i.e. Paper-I on Income Tax and Paper-II covering the aspects Railway Revenue and Statistics each of three hours duration, carrying 150 marks each. The minimum marks for a pass will be 40% i.e. 60 in each paper, but candidates who obtain 60% or more marks in any paper are exempted from appearing in that paper in any subsequent examination.

The examination is ordinarily held in November/December every year along with the Revenue Audit Examination for Section Officers and Asst. Audit Officers of civil Branch, after the Section Officers' Grade Examination.

- (a) The syllabus for this examination and books allowed are detailed in Annexure III to the Manual.
- (b) Pre-examination training:-  
 Paper-I (Income Tax) Training will be in the form of a concentrated full time course spread over a period of 10 working days consisting of 25 lectures on various topics prescribed. Training is arranged by the Accountants General nominated for this purpose by the Comptroller and Auditor General of India.  
 Paper-II No pre-examination training is prescribed for this paper. However, a few lectures on statistical methods are arranged to be delivered by Executive Officers of the Zonal Railways.  
 (CAG's letter No.266-Exam/102-72 DT: 3.6.74)

- (c) Eligibility/withdrawal of candidature :

All Asst. Audit officers/Section Officers are willing to appear for the examination who have been trained in Income Tax and Statistical methods are eligible to appear for the examination. The maximum number of chances for the above examination is six without any age restriction. Permission accorded to appear in any particular examination shall count as one chance irrespective of the fact whether the candidate actually appeared for the examination or not unless he is specifically allowed by the Head of Department to withdraw his candidature. Such withdrawal shall not be allowed unless the circumstances of the case fully justify the concession. Permission to withdraw one's candidature must be applied for as early as possible and in any case before the commencement of the examination.

- (d) Eligibility of Section Officers/Asst.Audit Officers declared successful in the Revenue Audit Examination for Section Officers/Asst.Audit Officers are permitted to act as authorised representatives. The Government of India, Ministry of Finance, (Department of Revenue) Central Board of Direct Taxes vide their notification No.8797 F.No.142/23/90-TPL DT: 11.1.91 has included the Revenue Audit Examination for Section Officers/Asst. Audit Officers conducted by the Indian Audit and Accounts Department as a recognised Accountancy Examination for the purpose of Section 288 (2) V of the Income Tax Act 1951 and duly amended Rule 50 of the Income Tax Act 1962 for appearing as Authorised Representative before the Income Tax authorities.  
 (Authority : CAG's Circular No.3 of 1991 received under letter No.95-Exam/5-91 DT: 22.3.91)

#### **423. Incentive Examination for Senior Auditors :-**

The scheme of conducting an incentive examination for Sr.Auditors has been introduced in August 1988 and the first examination was conducted in April'89 and thereafter the examination is being conducted in the month of April every year. The examination will cover subjects of Finance, Accounts and Audit. The paper will be of 2 1/2 hour duration and for 100 marks. All the Sr.Auditors with one year of continuous service in the grade on the first of the month in which the examination is scheduled to be held will be eligible to appear in the examination. Candidates securing 50% and above marks in this examination would be granted one advance increment in the scale of Sr.Auditor, with effect from first of the month in which the examination is held. Advance increment will be sanctioned by the Head of the Department and ex-post facto sanction is required to be obtained from Headquarters Office. Syllabus for this examination is as detailed in Annexure - IV.  
 (Authority :- CAG's Office examination Section Circular No.18 of 1988 received under letter No.768-Exam/27-88 DT: 9.8.1988)

**424 Promotion in vacancies :-**

In short term vacancies where the duration of the vacancy exceeds 30 days, officiating promotion may be made. This limit will apply irrespective of whether it is a single vacancy or part of chain of vacancies, i.e. the part in a chain of vacancies should itself be more than 30 days if the vacancy is to be filled up. Officiating promotions in vacancies of 30 days duration or less will not be made save in exceptional circumstances with the prior personal approval of the Head of the Department.

(Ministry of Finance O.M.No.F.10 (22) E (Coord) 74 DT: 18.6.75 received under CAG's endt. No.3934 GE.I/72-72 DT: 14.7.75)

**425. Transfers {Paras 188 & 296 of MSO (Admn.) Vol.I.}**

The Officers and staff of this office are liable for transfer on administrative reasons to any one of the Offices located in Chennai and to the Branch Offices located in Trichy, Madurai, Trivandrum, Ernakulam, Palghat, Podanur, Bangalore, Yelahanka and Mysore and also to the ICF Audit. They are also liable for transfer to any one of the new offices to be formed hereafter. Normally staff will be given a change in duties once in every three years. No member of the staff will be allowed to remain in the same seat for more than three continuous years without the specific approval of the Deputy Director (Admn.) and in the same section for more than five years continuously without the specific approval of the Principal Director of Audit. A person having worked in a seat or Section for the prescribed period should not be posted again to same seat or section after a short interval. Relaxation of these orders should particularly be avoided during the two years preceding the retirement of a person.

Asst. Audit Officers/Section Officers should be given an opportunity to gain experience in the various branches of the office by posting them to sections in different branches by rotation. This may be watched through an index register maintained for indicating the period during which each member of the office has worked in each Section/Branch. As and when transfers are effected relevant entries are to be made in the register duly attested by the Asst. Audit Officer/Administration.

Continuance of staff in the same seat/section:

An Annual report indicating the name of officers and staff working in the section for more than five years together with adequate justification for retention of a particular individual in that section beyond the prescribed period, should be sent to the Administration section by the 1st week of April every year, confidentially. A nil report should also be sent, if there are no cases of the type referred to in this paragraph.

**426. Issue of passes and Privilege Ticket Orders:-**

(a) Staff of this office are eligible for the privilege of Free passes and privilege Ticket Orders on the scale prescribed by the Railway Board. The issue of passes and PTOs is also subject to the instructions issued by the General Manager, Southern Railway from time to time.

(b) Privilege Passes and PTOs :-

(i) Applications:

Applications for issue of Passes/PTOs should as far as possible be in the form (G.22) prescribed by the Railway Administration. Application for issue of Passes/PTOs etc. are to be submitted by the applicant atleast three working days before the date on which they are required for use duly indicating the routes by which they are required.



- (ii) Preparation and issue of Passes and PTOs:  
On receipt of the applications, the Auditor concerned will scrutinize the admissibility, make out the Pass/PTO and submit the same to the Pass Issuing Official along with the Pass/PTO account of the applicant. At the Headquarters office, the Auditor in Administration Section submits these to the Assistant Audit Officer/Administration for scrutiny and thereafter to the pass issuing official.
- (iii) In Divisional/Branch Offices, the Passes and PTOs of the Assistant Audit Officers may be signed by the Audit Officer while the passes and PTOs of the Audit Officer and staff may be signed by the Asst. Audit Officers. The official signing the Pass/PTO, will attest the pass account also. It has been decided that the Asst. Audit Officers may sign the passes on Privilege, Duty, Scholar, Post-retirement accounts and school season passes on behalf of the Principal Director of Audit. (P.O.O. No.124 DT: 2.4.86)
- (iv) Declaration of the family members :-  
A declaration indicating the family composition and dependent relatives (in whose favour the employee is entitled to draw privilege pass/PTO) should be obtained in the prescribed form from each employee of this office once in 4 years. These particulars should be noted in the Pass Account Register and a prima facie check should be exercised at the time of issue of individual pass/PTO with reference to the family particulars as per the declaration given by the employee.
- (v) Cancellation of Passes/PTOs :  
All applications received from staff upto the level of AAuOs for cancellation of Passes/PTOs and for affording credit to Pass/PTO account on the first occasion should be submitted to the Audit Officer/Admn. at Headquarters Office and to the respective Branch Officers in the Divisions/Branch units. In other cases such papers may be submitted for consideration and orders by the Deputy Director (Admn.) and Principal Director of Audit in respect of requests from Audit Officers and other than Audit Officers respectively. Branch Officers will also indicate in their quarterly pass returns, the cancellation and credit allowed in respect of staff working under their control for ratification by the Principal Director of Audit.
- (vi) Imposition of penalties :  
Cases calling for imposition of penalties due to irregularities in obtaining pass by fraudulent methods and their utilization will be submitted to the appropriate authority.
- (vii) Doubtful cases:  
All doubtful cases as to the admissibility of the passes etc., must be submitted to the Branch Officer before the issue of the Pass/PTO.
- (viii) Obtaining Passes/PTOs from Railway Administration:  
In emergent cases where it is not possible to obtain duty or privilege Passes/PTOs in time, these may be obtained from the Accounts Offices, but the issue should be got confirmed by the pass Issuing Officer.
- (ix) Verification by the Traffic Audit Section :-  
Once in a quarter, the passes issued by all Branch Offices should be checked by a Sr.Audit Officer/Audit Officer nominated for the purpose who will report the results of the review which should be forwarded to the Administration

section every quarter. The consolidated results of review should be submitted by the Administration section to the Principal Director of Audit for orders and necessary action. The Quarterly Report regarding verification of passes and PTOs issued during the previous quarter should be sent to C & AG's Office, New Delhi.

(x) Register of Passes:-

A register will be maintained for recording the particulars of the Passes and PTOs eligible and issued on privilege account etc. to the staff of this office. A page will be opened for each member of the office and the particulars regarding the class of pass and the number of passes and PTOs to which they are entitled are entered at the top. The composition of family members with the dates of births as indicated in the declaration submitted by each employee should also be noted at the top for ready reference. Every entry regarding the issue/cancellation and credit of Pass/PTO (both Home and Foreign Line) should be attested by the Auditor who prepares the pass/PTO and the official who issues them.

(xi) Scholar Passes :

The residential card passes and School Season Passes will be issued and signed by the officers concerned in respect of the staff for whom they issue privilege passes.

(xii) Transfer Passes and Kit Passes :

Transfer Passes and Kit Passes for the staff should be issued by the Branch Officer only. In urgent cases they may be obtained from the Accounts Officers when the Branch Officer is not available at the station.

(xiii) Duty Card Passes :

Duty Card Passes intended for the use of the staff will be kept in the custody of the Branch Officer. A register should be maintained in the Section/Branch Office to watch the movement of these passes. Unused Pass and PTO Books will also be kept in the custody of the Branch Officer. The rest should be kept in the Section.

(xiv) Residential Card Passes :

A Register of Residential Card Passes should also be maintained by each pass issuing section for recording the issue of such passes to staff whose acknowledgment are to be obtained therein.

**427. Issue of Passes/PTOs to staff of other Branches :**

A register should be maintained by each pass issuing section to denote the Passes/PTOs issued to the employees working in other Branch Offices. Whenever Passes or PTOs are issued on privilege account in respect of a person whose pass account is not maintained by the pass issuing officer, advice should be sent forthwith to the concerned pass Issuing Officer. The receipt of his acknowledgment should specifically be watched through this register so that the account of the Passes/PTOs in the pass account of the employee may be ensured.

**428. Monthly Returns of Passes and PTOs :**

A monthly return of Passes and PTOs issued/cancelled over the Home line should be submitted by each pass Issuing Officer to the Financial Adviser and Chief Accounts Officer/Traffic/Southern Railway/Tiruchchirappalli.

A monthly return of passes issued/cancelled over the Foreign Railways should be submitted by each Pass Issuing Officer to the Financial Adviser and Chief Accounts Officer of the destination Railway.

A monthly return of PTOs issued/cancelled over foreign lines should be prepared separately for local and foreign for each Railway in duplicate as per example below and sent by the Pass Issuing Officer to the Financial Adviser and Chief Accounts Officer of the destination Railway.

(i) Statement of PTOs issued over Central Railway (Local for Central Railway)

PTO No.	Date	Station	
		From	To
2002	2.7.1962	Bombay	Sholapur
2001	2.7.1962	Bombay	Nagpur

(i) Statement of PTOs issued over Central Railway (Foreign for Central Railway)

PTO No.	Date	Station	
		From	To
4001	3.7.1962	Bombay	Howrah
4002	4.7.1962	Nagpur	Lucknow

(General Manager, Southern Railway's Circular letter No.P.(FP)473/XXV/Vol.3 DT: 7.3.1963.)

A monthly return of Kit Passes issued and cancelled contained the following information should also be sent by each pass Issuing Officer to the FA & CAO/T/S.Rly/TPJ.

1. Number and date of issue of the Kit Pass.
2. Name and designation of the employees to whom the kit pass is issued
3. Station between which issued and
4. Weight of luggage allowed

A nil statement should be submitted when no kit passes has been issued during month.

(General Manager's Circular letter No.P(FP)473/XXV/Vol.2 DT: 18.11.1961 and Financial Adviser and Chief Accounts Officer (Coaching Accounts) letter No.P.473/C.2/TC.3/Kit Pass dated 16<sup>th</sup> August, 1962)

The above monthly returns should be sent before the 7<sup>th</sup> of the month following that to which they relate.

#### **429. Procurement of Blank Pass Books, PTO Books, DCPS and RCPS from Railway Administration :**

(a) The requirements of Blank Pass Books, PTO Books, DCPS, RCPS, etc., by the Divisions/Branch Offices for each year should be assessed by 30<sup>th</sup> September of the preceding year and furnished to the Administration Section/Head Office by the first week of October. The Administration Section after assessing the requirements of Head Office and Branch Offices will place a consolidated indent on the DSK/FD/PER for supply of the requisite number of Blank Pass Books/ PTO Books/ DCPS/ RCPS by the end of October for their supply to the various units before 15<sup>th</sup> December. The stocks on receipt from the DSK/FD/PER should be personally checked by the Audit Officer/Administration to ensure that all the Blank Pass/PTO books etc., have been received without omission. All the foils in the Blank Books should be counted and a certificate to the effect that all the foils were counted and found correct and that the

foils are consecutively numbered, should be recorded under the signature of the Audit Officer/Administration. Deficiencies, if any, should be brought to the notice of the DSK/FD immediately and the fact also clearly recorded in the pass book before taking them into stock.

(a) Safe Custody :

The Pass Books and PTO Books and connected Registers should be kept under the safe custody of the Audit Officer/Administration.

(b) Verification of Pass Books, PTO Books etc.:

The stock of Passes/PTOs at Head Office will be checked by an Audit Officer nominated for this purpose quarterly in the months of January, April, July and October and results submitted to the Deputy Director/Administration. The stock of Passes/PTOs at Branch Offices will be verified by the Branch officers concerned quarterly in the first week of January, April, July and October and a certificate to this effect recorded in the stock book. A report to that effect should also be sent to the Administration Section-Head Office.

(c) The Internal Audit Section, besides checking the correctness of Passes/PTOs issued, should, during their inspection of various offices, check the stock of Passes/PTOs books, etc., in the custody of Branch Officers by actually counting all the foils and record a certificate to the effect in the stock register of Pass Books and PTO Books.

This aspect should be brought out in their inspection report and results of verification of the Pass Books etc., should invariably be included in the Internal Audit Report.

#### **430. Ratification of Issue of Passes/PTOs :-**

The Divisional Audit Officers/Branch Officers who are authorised to issue passes on behalf of the Principal Director of Audit, should obtain ratificatory orders of the Principal Director of Audit, once in a year by sending a copy of the return of Passes/PTOs including Residential Card Passes, issued in that quarter to the Administration Section of Head Office. While sending the above return, the Branch Officers should furnish the following certificates in the covering note :

1. Certified that the Passes/PTOs issued have been noted in the Register of Passes/PTOs Accounts and
2. Certified that the No. of Passes/PTOs issued has not exceeded the number admissible under the pass rules.

The returns should be furnished to the Administration Section of Head Office before the end of the month following the year to which it relates, for submission to Deputy Director (Administration) and Principal Director of Audit. In so far as Head Office is concerned, the various register of Passes/PTOs issued will be submitted along with the above certificate to the Deputy Director (Administration) and Principal Director of Audit along with the return relating to the Head Office.

#### **431. Preparation and Registration of Bills\_:**

All establishment bills should, after preparation by the Auditor concerned, be entered in the Register of Bills and the bills should bear the number in the serial order in which they appear in the Register. . The bills pertaining to the Gazetted and Non-Gazetted staff should be put up to the Section Officer/Asst. Audit Officer of Administration or Asst. Superintendent, Administration respectively along with the Register of Bills for check. The net amount payable to each individual must be expressed in whole rupees. For this purpose each individual head should be rounded off to the nearest rupees.

**432. Travelling Allowance Journals :-****(a) Receipt and check of TA claims :**

The staff of this office are governed by the Travelling Allowance Rules contained in the Indian Railway Establishment code and other orders issued by the Railway Board from time to time. The provisions in the supplementary Rules (SRs) are not applicable to staff of this office except when they proceed on or return from deputation to/from a non Railway Offices.

(b) All the staff are required to present their Travelling Allowance claims in Railway Journal form No.GA.31 in duplicate. All the Travelling Allowance Journals for each month should be forwarded by the respective Branch Officers to the Administration Section before 5th of the subsequent month duly indicating in the duplicate copies of the journal the verification of absence of the staff concerned, and movement as per the entries in the enclosure to the DCPS. Separate Travelling Allowance Journal should be submitted even though the tour may be continuous one extending over different calendar months. Every TA Journal should be accompanied by a copy of the Tour Programme, approved by the Deputy Director concerned/Principal Director of Audit based on which tours have been undertaken and Travelling Allowance claimed.

(c) The Travelling Allowance journals should be scrutinized and submitted to the Controlling Officer viz., Audit Officer/Administration upto the level of Section Officer and all Non-Gazetted staff and to Deputy Director (Administration) in respect of Asst. Audit Officers, Audit Officers and to the Principal Director of Audit in respect of Group "A" Officers for counter signature, after entering full details in the "Register of Travelling Allowance claims passed"

**(d) Preparation of Travelling Allowance Bills/ Travelling Allowance Summary :-****(i) Gazetted Officers Claims :-**

After countersignature by the Deputy Director (Admn.) on the Travelling Allowance Journals, separate Travelling Allowance Bills for the Officers of each Branch Offices should be prepared and entered in the Register of bills maintained for this purpose duly assigning a number. The bills which will be accompanied by the original journals should be checked by the Asst. Audit Officer of Administration Section before being put up to the Audit Officer (Administration) for signature. After signature by the Audit Officer/ Administration the bills should be forwarded to the Financial Adviser and Chief Accounts Officer/EG/S.Rly/MAS or the Accounts Officer concerned for arranging payment.

**(ii) Non-Gazetted Officers claims :-**

After obtaining the counter signature of the Audit Officer/Administration on the Travelling Allowance journals, a consolidated Travelling Allowance summary should be prepared in quadruplicate, for each Branch/Divisional Audit Office. The Travelling Allowance summaries which will be accompanied by the Original Travelling Allowance Journals should be checked by the Assistant Superintendent/ Administration before being put up for signature by the Audit Officer/Administration. 3 copies of the Travelling Allowance summary with an endorsement "Not for Payment" with original Travelling Allowance journals will be forwarded to the respective Accounts Officers for check. After check two copies of the summaries are returned by the Accounts Officers concerned

based on which Travelling Allowance claims are included in the salary bills of the month subsequent to the month to which Travelling Allowance claims pertain. One copy of the checked summary received from the Accounts Officer will be sent along with the pay bill of the concerned unit. It should be ensured that payment is not made on Travelling Allowance summaries of Non-Gazetted staff.

(e) Advance of Travelling Allowance on Tour/Transfer :

Applications for advance of Travelling Allowance on tour should be submitted in the prescribed form Advance of Travelling Allowance on tour is normally admissible to staff upto 75 percent of the anticipated claim. The advance of Travelling Allowance on tour will be adjusted in the Travelling Allowance Claims to be submitted immediately on the completion of the tour or on 31st March, whichever is earlier. The advance granted in the month of March is to be adjusted before the 30th April. Temporary employees should furnish a surety bond from a permanent Government servant in support of their applications. The Travelling Allowance advance should be noted in Red ink in the Register of Travelling Allowance claims passed and attested by the Audit Officer/Administration.

(f) Register of Travelling Allowance claims passed :

- (i) These registers will be maintained separately for the Gazetted and Non-Gazetted Establishment and will contain separate folios for each individual. Scale and the Rate of pay of the employee should be noted at the top. Particulars regarding the claim viz., date of commencement and completion of journeys, number of days, rate of Travelling Allowance, gross claim, advance of Travelling Allowance, net claim, date of passing the claim etc. will be noted therein. These registers should be put up to the Controlling Officers viz., Audit Officer/Admn upto the level of Section Officers and Non-Gazetted staff and to the Deputy Director (Administration) in the case of Asst. Audit Officers and Audit Officers and to the Principal Director of Audit in the case of Group "A" Officers along with their claims through the Audit Officer/Admn.
- (ii) The Routine Section should maintain separate registers for indicating the receipt and passing of the Travelling Allowance Journals of Gazetted and Non-Gazetted staff, which should be put up to the Audit Officer/Administration every fortnight.

### 433. Medical Attendance:-

For the purpose of Medical Attendance the staff of the Railway Audit Department are governed by the Central Services (Medical Attendance) Rules 1944 as amended from time to time. Members of the family of the Central Government servants are also entitled, free of charge, to medical attendance and treatment at hospital as defined in the relevant Medical Attendance rules applicable to the Government servant concerned and on the scale and condition allowed to the Government servant himself in each case. They are also entitled to avail medical facilities under Central Government Health Scheme if their residences are in the areas covered by this scheme.

According to circular No.59-NGE.I/80 received in CAG's letter No.3309-NGE.I/112-78 DT: 24.9.80, the employees working in Railway Audit wing can exercise option to avail Railway medical facilities for himself or dependent members of the family in terms of the provisions of Para 18 of the Railway Audit Manual. The

employee will be governed either by the Railway medical facilities or Civil medical facilities but not both simultaneously. The option to avail of either the Railway medical facilities or Civil medical facilities will be available to each individual employee and need not be exercised by all the employees of the office as a whole. The option once exercised will not be changed except in the event of change of residence at the same station or transfer to other station. The Railway medical facilities are available only to the serving employees and are not admissible to the retired employees as is applicable to the employees working in Railway Administration. However, retired employees of this office are eligible to avail the facilities admissible under CGHS after fulfilling the necessary conditions.

In the case of serving employees who are not covered by either Railway medical facilities or CGHS the expenditure incurred towards Medical expenses will be reimbursed as per the provisions of the Central Services (Medical Attendance) Rules 1944, as amended from time to time.

The Auditor scrutinizing these claims could see that the instructions issued by the Government of India, from time to time are strictly complied with. He should in particular exercise the following checks :

- (i) Drugs purchased are not in excess of the number prescribed by Authorised Medical Attendant.
- (ii) In case where the period of treatment exceeds 10 days, a certificate to the effect that the patient did not require hospitalization is also furnished in the 'A' Certificate
- (iii) Where original cash receipts are lost and duplicates are submitted, a certificate to the effect that "the original cash receipt has not been submitted earlier and will not be submitted if found later" is obtained from the employee and kept on record.
- (iv) Where a Government servant or any number of his family has taken treatment in a Government Hospital, a certificate to the effect that the facilities provided for are the minimum is furnished by the Superintendent of the Hospital or by Resident Medical Officer of the Hospital.
- (v) In all cases of treatment in a Government Hospital the allocation sheet is also furnished duly indicating the full details of drugs together with the cost of drugs room rent charges if any and diet charges and Pathological test charges etc.,
- (vi) The admissibility of medicines should be verified with the list of inadmissible medicines, as amended from time to time. In doubtful cases, the cost of the medicines should be provisionally disallowed and the matter referred to Ministry of Health for clarification. If ultimately the cost of the medicines is advised as reimbursable by the Government of India, Ministry of Health, the staff should be advised to prefer a supplementary claim, and a note should be made in the office copy of the original claim so as to avoid a duplicate claim.
- (vii) The period of treatment should be restricted to 10 days at the clinic of the Authorised Medical Attendant and the medicines prescribed during the first four consultations and required for treatment for 10 days only are admitted.
- (viii) In case of consultations with a specialist, prior approval of the Superintendent of the Hospital/Chief Administrative Medical Officer of the State (as the case may be) should be obtained.

- (ix) Consultation charges paid to the Authorised Medical Attendant/Specialist and fees paid for administering the injections are to be reimbursed at the rates prescribed by the Government of India.

**NOTE:-**

In regard to cases of treatment for special diseases the rules contained in Section 4 of CS(MA) Rules shall apply.

All claims for reimbursement of Medical expenses shall be received in the "Routine" Section and diarised in a register. Separate registers are maintained for Gazetted and Non-Gazetted staff. They will then be handed over to the concerned Auditor/Senior Auditor of Administration Section dealing with the Medical reimbursement claims. the Auditor will make necessary entries in the "Register of Medical Claims" and after scrutiny submit the same to the Audit Officer (Administration)/Deputy Director (Administration) upto the level of the Asst. Audit Officers and to the Principal Director of Audit in respect of the cases pertaining to Audit officers and Group "A" Officers. All claims pertaining to Group C & D staff upto Rs.200/- and within the cumulative total upto Rs.500/- are sanctioned by the Audit Officer/Administration and in cases exceeding the above limits the claims are sanctioned by the Deputy Director (Administration) and the cases pertaining to Asst. Audit Officers are sanctioned by the Deputy Director (Administration).

After sanction of the claims either by the Audit Officer (Administration)/ Deputy Director (Administration) or Principal Director of Audit, the following endorsement is made on the last page of the form and submitted to the Audit Officer/Administration for signature.

"Transmitted to the Financial Adviser and Chief Accounts Officer/Divisional Accounts Officer, S.Rly/ Sanction has been accorded to the refund of a sum of RS. (Rupees )" The reasons for the disallowances if any shall be explained briefly in the endorsement. The bill for the reimbursement of Medical expenses prepared on the above basis is forwarded to the Financial Adviser and Chief Accounts Officer/EG/ENG/Southern Railway/MAS or concerned Accounts Officer, together with original claims and other vouchers etc. under signature of the Audit Officer (Administration)

The register of Medical claims should be submitted to the Deputy Director (Administration) once in a month and quarterly to the Principal Director of Audit indicating the names of the claimants who have been sanctioned Medical reimbursement in excess of Rs.1000/- during the year.

#### **434. Children's Educational Allowance :**

Under the scheme of "Children's Educational Allowance all the Central Government employees, who have put in not less than one year's service will be eligible for the allowance subject to the conditions laid down in the Government of India, Ministry of Finance, Department of Expenditure O.M.No.12011/1/E.II (B)76 DT: 25.8.76 as amended from time to time.

Children's Educational Allowance at a uniform rate of Rs.100/-p.m. per child for primary, Secondary and Higher Secondary classes is admissible.

**NOTE :-**

Primary classes do not include Kinder Garden and infant classes.

The Allowance will be admissible only in respect of children between the age limits of 5 and 18 years subject to the following conditions:-



(a) When a Government servant is compelled to send his child/children to a school away from the station at which he is posted and/or residing owing to the absence of a school of the requisite standard at the station.

(b) When the nearest school of the requisite standard is so situated that there is no convenient train or bus service to take the child from his residence near the time of the opening of the school and bring him back not too long after the school is closed ; and the train/bus journey takes more than an hour.

(c) On transfer of a Government servant from a place where there is no school of the requisite standard to a place having such a school, he can continue to draw the allowance until the close of the academic year of the school if the child continues to study for the period in the same school.

(d) When, on transfer, the Government servant is compelled to keep his child/children studying in the final year of the Secondary/Higher Secondary/Senior Secondary classes at the old station for Board Examination in the interest of continuity of studies. The allowance admissible throughout the year including vacation.

The allowance will be admissible during any period not exceeding 4 months when the employee goes and stays with the concerned child/children while on leave/suspension/temporary transfer.

The child comes to live with the employee if it is certified by a Registered Medical Practitioner that the child is forced to remain away due to illness.

The child comes to live with the employee during vacation provided the child continues to be rolls of the School.

#### **435. Reimbursement of Tuition Fees :**

(a) General:-

All Government servant who have put in not less than one year's service will be eligible for claiming reimbursement of tuition fees paid in respect of children for education in India. The concession will be admissible if the child is enrolled in (i) a school which is recognised by the Educational Authorities of the Government of the area in which the school is situated or (ii) A school which prepares students for the Matriculation Examination conducted by a University and which is affiliated to and is recognised by such a university; or (iii) a school which is affiliated to the Central Board of Secondary Education, New Delhi. Tuition Fees paid for education in Pre-University class or the first year class of an Intermediate college or of a Technical College or of a Polytechnic should be reimbursed provided, that the children in respect of whom the reimbursement of tuition fees is claimed have passed the Secondary high School, Matriculation or equivalent examination but not the Higher Secondary or equivalent examination.

(b) Rate of reimbursement of Tuition Fees:-

Upto Class X	<u>Rs.40/- p.m.</u>
From XI to XII	<u>Rs.50/- p.m.</u>
Science Fees	<u>Rs.10/- p.m.</u> from IX onwards.

Classes I to XII for Physically handicapped and mentally retarded children : Rs.100/p.m.

(Genl.O.M.No.18011/1/87 Astt. (Allowance) DT: 31.12.87 received under CAG's letter No.5-Audit.I/50-84/1-87 (1) DT: 5.1.88).

Reimbursement of tuition fees in respect of children of Central Government employees studying in Central Schools administered by Kendriya Vidyalaya

Sanghthan may be allowed to the extent of such fees actually payable and paid by the Government servants in respect of their children studying in Central Schools. Reimbursement of tuition fees may be allowed at Rs.50/-p.m. in respect of children of Central Government Employees studying in Classes XI and XII in Tamilnadu Schools with English as medium of instruction under the X and XII system of education.

When reimbursement of tuition fees is claimed, the Government servant should submit a certificate from the head of the School in the prescribed Form. This should be submitted to the office at the time of preferring the initial claim or when the child is transferred from one school to another.

A record of the claims admitted should be maintained in Administration section.

(Ministry of Finance (i) O.M.No.18011/1/E.II (B) /76 DT: 28.8.76 received under CAG's endt.No.1010 Audit/5.76 (41) DT: 18.10.76.

(ii) O.M.No.18011/76/E.II (B) /76 DT: 22.6.78 received under CAG's endt.No.462-Audit/51-78 (26) DT: 27.7.78.

(iii) Ministry of Finance O.M.No.18011/9/79/Allowances unit DT: 30.10.79 received under CAG's endt.No.69; A/F.106/78-1/80(8) DT: 4.2.80.

(iv) G.O.MS.No.1187 DT: 28.6.78 (Education Department) of Government of Tamilnadu) and

(v) Ministry of Home Affairs O.M.No.18011/11/79-Allowances unit DT: 18.1.80 received under CAG's endt. No.77/A/F.106-78/1/80(9) DT: 2.2.80.

#### **436. Advances :-**

##### **(a) Festival Advance**

Festival Advance of Rs.1,500/- is admissible to the temporary and Permanent non Gazetted employees whose basic pay plus DP plus Stagnation increment does not exceed Rs.12,450 p.m. The temporary employees are required to produce Surety bond obtained from a Permanent employees of this office having a status comparable to or higher than that of the Government servant who applied for the advance and this advance is recoverable in 10 equal monthly installments.

The following is the list of Festivals for which the advances may be granted.

1. Pongal, 2. Republic Day, 3. Ramzan, 4. Ugadi (Telugu New Year's Day) 5. Tamil New years's Day, 6. Chitrai Vishu, 7. Easter, 8. Muharram, 9. Independence Day, 10. Ganesh Chaturthi, 11. Onam, 12. Dasara, 13. Deepavali, 14. Christmas, 15. Bakrid, 16. Gandhi Jayanthi. Applications for such advances should reach the Administration section one month before the date on which the festival falls.

##### **(b) Cycle Advance:-**

An amount of Rs.1,500/- is admissible towards Cycle advance. All Non-Gazetted Government servants whose basic pay plus DP plus stagnation increment does not exceed Rs.7500/-p.m eligible for the advance. In respect of temporary employees they are required to produce a surety bond from a permanent employee of this having a status comparable to or higher than that of the Government servant.

A Second Advance for the purchase of a bicycle cannot be granted to an employee until the completion of three years since the previous advance was granted.

#### **437. Disbursement of Personal claims:-**

The Gazetted and Non-Gazetted cadre of this office has been distributed among the following Branch/Divisional Audit Offices, for purpose of payment of personal claims such as pay, Travelling Allowance etc. Each of these Branch/Divisional Audit Offices constitutes in itself, a distinct pay unit, the payments of all claims relating to such a pay unit being arranged to the Railway Accounts Officer indicated against each:-

Sl.No.	Name of the Pay Unit	Name of the Railway Accounts Officer who arranges payment
1.	H.Qrs Audit units excluding Workshop and Stores Audit Offices at Perambur and Office of DAuO/Chennai and Construction Audit Office/Chennai/Egmore	Financial Adviser and Chief Accounts Officer/EG/ENG/MAS
2.	Workshop & Stores Audit Offices, New Joint Office building , Perambur	Financial Adviser and Chief Accounts Officer/WST/PER
3.	Divl. Audit Offices at Chennai, Madurai, Mysore, Tiruchichirappalli, Palghat, Trivandrum and Bangalore	Concerned Divl. Financial Managers.
4.	Traffic Audit Section, Tiruchirappalli	Sr.Divl. Financial Manager Tiruchirappalli.
5.	Workshops and Stores Audit Section, Goldenrock	SFA. Goldenrock/ Tiruchirappalli
6.	Workshops and Stores Audit Section, Mysore	SFA, Mysore
7.	Construction Audit Section/Chennai Egmore	FA & CAO/Chennai/Egmore
8.	Construction Audit Section/ Ernakulam	SFA/CN/ERS
9.	Signal and Tele. Section Podanur	SFA/S&T/Workshop/Podanur.
10.	Construction Audit Section/Bangalore Cantt.	FA & CAO/CN/Bangalore Cantt.
11.	Rail Wheel Factory, Yelahanka, Bangalore	FA & CAO/ Rail Wheel Factory, Yelahanka, Bangalore.

## (c) Fan Advance :-

The Head of the Office can sanction advance to Group D employees for purchase of table fan and the advance so sanctioned shall not exceed Rs1,000/- or the cost of the table fan which ever is less and the advance is recoverable in 10 equal monthly installments. The advance will be sanctioned to the employee provided that the house in which he is living is provided with electricity and has a plug point and does not already have a fan in the house. The second advance shall not ordinarily be granted to an employee within 10 years of the grant of previous advance.

## (d) Motor Cycle/Scooter Advance:-

The Principal Director of Audit may sanction advance for the purchase of Motor Cycle/Scooter to the employees drawing basic pay plus DP plus NPA and stagnation increment of Rs.6,900/- or more. The authority to competent to sanction this advance may however relax this condition in deserving cases. An amount of RS.30,000/- or 4 months basic pay of the employee or the anticipated cost of the motor cycle/scooter which ever is less is admissible on the first occasion. In the second and subsequent occasion an amount of Rs.24,000 or 3 months pay of the employee or the anticipated cost of the Motor Cycle/Scooter whichever is admissible as advance . Advance is recoverable in 70 equal monthly instalments. Simple interest at such rate as is fixed by Government from time to time is leviable on the advance granted to the employees for the purchase of Motor Cycle/Scooter. Such interest shall be calculated on the balances outstanding on the last day of each month.

Temporary Government servants are granted this advance provided that he furnishes along with the application for the grant of such advance, a surety bond from

a Permanent employee of this office having status comparable to or higher than that of the Government employee who applies for the advance.

(e) House Building Advance:-

Advances for the purpose of building houses etc. shall be regulated by the rules issued by Government of India from time to time. The House Building Advance is admissible to all permanent officials or officials with atleast 10 years' continuous service. If both husband and wife are Government servants, advance is admissible to only one of them. The advance is sanctioned for the following purpose :

- (i) Acquiring a plot and constructing a house thereon ;
- (ii) Constructing a new house on the plot already owned by the official or jointly with his/her spouse ;
- (iii) Enlarging living accommodation in an existing house owned by the official or jointly with spouse ;
- (iv) Conversion of hire-purchase into out right purchase of house/flat from State Housing Boards or similar Government controlled bodies and outright purchase of a new ready built house or flat from Government or local bodies, Housing Boards, etc. and from private parties;
- (v) Purchase of house/flat under self-financing housing scheme and Co-operative Housing Societies ;
- (vi) Repayment of a loan taken from Government/Private source for house construction, even if construction has already commenced.

The cost-ceiling limit for the purpose of HBA will be 134 times the basic pay DP, NPA and Stagnation increment of the employee applying for the advance subject to a minimum of Rs.7.50 lakhs and a maximum of Rs.18 lakhs. The cost ceiling may be relaxed upto 25% in individual cases based on merit by the concerned Administrative Ministry/Department.

If both husband and wife are employed in Central/State Government, Public Sector Undertakings, Semi-Government Institutions or Local bodies, the pay of both of them will be taken into consideration for calculating the cost ceiling.

In respect of enlargement to living accommodation the total cost of the existing structure and the cost of enlargement should not exceed the above cost-ceiling limit.

The amount of advance admissible is 34 times basic pay +DP+NPA +Stagnation increment of the official or Rs.7.5 lakhs or cost of the house or repaying capacity which ever is least and in the case of advance for enlarging living accommodation, the amount admissible is 34 times the basic pay +DP+NPA+Stagnation increment or Rs.1,80,000 whichever is less.

In case of construction of a house in a rural area, the advance sanctioned will be the least of 80% of cost of construction or 34 times the basic pay +DP+NPA +Stagnation increment or Rs.7.5 lakhs and for enlarging living accommodation in rural area the advance sanctioned will be 80% of cost or 34 times the basic pay or Rs.1,80,000/- whichever is less.

Only one advance is admissible during the entire service and the advance will be limited to the estimated cost of construction and restricted to the repaying capacity of the official.

The repaying capacity of the official will be computed on the following basis:-

Length of remaining service	Repaying Capacity
Officials retiring after 20 years	40% of (basic pay+DP+NPA+stagnation increment)
Officials retiring after 10 years but not latter than 20 years	40% of basic pay and 60% of Retirement Gratuity may be adjusted
Officials retiring within 10 years	50% of basic pay and 75% of Retirement Gratuity may also be adjusted.

#### Disbursement of the Advance :

The advance sanctioned will be paid as detailed below :-

- (i) In the case of purchase of land and construction of a single storeyed house, 40% of the advance or the actual cost of the plot which ever is less will be paid for purchase of plot on execution of an agreement in Form 5 and production of surety bonds and 50% of the balance on execution of mortgage deed and the balance on the construction reaching plinth level.
- (ii) In case of purchase of land and construction of double storeyed house, 30% of the advance or the actual cost of plot which ever is less will be paid on executing the agreement, 50% of the balance on execution of the mortgage deed and the balance on the construction reaching plinth level.
- (iii) In case of purchase/construction of flat or purchase of a house, the advance will be paid in one lumpsum.
- (iv) In case of purchase of house/flat from Co-operative Group Housing Societies, 30% will be paid on execution of mortgage deed and the balance in suitable instalments on receipt of demand.
- (v) In case of enlargement/construction of a single/double storeyed house, 50% of the advance will be paid on execution of the mortgage deed and 50% on the construction reaching the plinth level.

The construction should be completed within 18 months of the date on which the first instalment is drawn and in case of advance for purchase of land and construction the time limit for completion of construction of house is 24 months from the date of drawal of first instalment. Extension of time limit is permissible upto one year by the Head of Department and for a longer period by the Government if the work is delayed due to circumstances beyond the control of the Government servant.

On completion of construction/purchase, the house should be insured by the official at his cost against fire, flood and lightning for the full value of the house. The insurance policy should be deposited with the office and the Policy should be kept alive till liquidation of advance with interest thereon.

The house should be maintained in good condition repair should be undertaken at owner's cost and kept free from all encumbrances. The taxes should be paid regularly and a certificate annually to that effect furnished to this office every year.

#### Creation of Second Mortgage :-

If an employee wants to avail of a further loan (in addition to the HBA) from any financial institution, he may create a second charge on the property subject to the following conditions.

- (i) Loan to be obtained should be from recognised financial institution like Banks, HDFC etc.

- (ii) Total HBA taken plus the amount of loan now raised should not exceed the prescribed cost ceiling.
- (iii) Second charge can be created only in respect of loan for meeting the balance cost of construction of the house/flat.
- (iv) Prior permission of the Head of the Department should be obtained.

The advances carry simple interest from the date of payment of the first instalment and is calculated on the balance outstanding on the last day of each month.

The rate of interest will be half percent less for an employee promoting small family norms.

The entire amount of advance together with interest is repayable in 20 years i.e. 180 monthly instalments for principal and 60 instalments for interest and the official may elect to repay in a shorter period than that agreed to.

(i) Advances from General Provident Fund :-

Sanction of advances from the GPF are governed by the provisions of GPF (CS) Rules 1960 as amended from time to time for the following purposes:-

- (a) to pay expenses in connection with illness, confinement or a disability, including where necessary, the Travelling expenses of the subscriber and members of his family or any person actually dependent on him ;
- (b) to meet cost of higher education, including where necessary, the Travelling expenses of the subscriber and members of his family or any person actually dependent on him in the following cases, namely:-
  - (i) for education outside India for academic, technical, professional or vocational course beyond the High school stage; and
  - (ii) for any medical, engineering or other technical or specialised course in India beyond the High School stage, provided that the course of study is for not less than three years;
  - (ii) for pursuing Graduate/Post Graduate courses of all disciplines/Diploma in Information Technology courses.
- (c) to pay obligatory expenses in connection with betrothal or marriages, funerals or other ceremonies;
- (d) to meet the cost of legal proceedings instituted by or against the subscriber, any member of his family or any person actually dependent upon him, the advance in this case being available in addition to any advance admissible for the same purpose from any other Government source.
- (e) to meet the cost of the subscriber's defence where he engages a legal practitioner to defend himself in an enquiry in respect of any alleged official misconduct on his part.
- (f) to purchase consumable durables like VCR, VCP, Washing machines, Cooking Range, Geysers and Computers.

(ii) Withdrawals from the fund :

**A.** After the completion of fifteen years' of service (including broken periods of service, if any) of a subscriber or within ten years before the date of his retirement or superannuation, whichever is earlier, from the amount standing to his credit in the Fund, for one or more of the following purposes namely :-

- (a) meeting the cost of higher education, including where necessary, the Travelling expenses of the subscriber or any child of the subscriber in the following cases, namely:-
  - (i) for education outside India for academic, technical, professional or vocational course beyond the High school stage; and
  - (ii) for any medical, engineering or other technical or specialised course in India beyond the High School stage;
- (b) meeting the expenditure in connection with the betrothal/marriage of the subscriber or his sons or his daughters, and any other female relation actually dependent on him;
- (c) meeting the expenses in connection with the illness, including where necessary, the Travelling expenses, of the subscriber and members of his family or any person actually dependent on him;
- (d) meeting the cost of consumer durables such as TV, VCR/VCP, washing machines, cooking range, geysers and computers.

**B.** any time during the service of the subscriber or within ten years before the date of his retirement on superannuation, whichever is earlier, from the amount standing to his credit in the Fund for one or more of the following purposes, namely:-

- (a) building or acquiring a suitable house or ready-built flat for his residence including the cost of the site;
- (b) repaying an outstanding amount on account of loan expressly taken for building or acquiring a suitable house or ready built flat for his residence;
- (c) purchasing a house-site for building a house thereon for his residence or repaying any outstanding amount on account of loan expressly taken for this purpose;
- (d) reconstructing or making additions or alterations to a house or a flat already owned or acquired by a subscriber;
- (e) renovating, additions or alterations or upkeep of an ancestral house at a place other than the place of duty or to a house built with the assistance of loan from Government at a place other than the place of duty;
- (f) constructing a house on a site purchase under clause (c).

**C.** within twelve months before the date of the subscriber's retirement on superannuation from the amount standing to the credit in the Fund, without linking any purpose.

**D.** once during the course of a financial year, an amount equivalent to one year's subscription paid for by the subscriber towards the Group Insurance Scheme for the Central Government employees on self-financing and contributory basis.

The competent authority to grant part final withdrawal under GPF (CS) Rules may sanction part final withdrawal upto 90% of the balance at credit in case it is applied for within twelve months before retirement on superannuation. This facility will be available only once to a subscriber. The subscribers will not be required to assign any reason for applying for such final withdrawal. The subscriber availing this facility shall not however be eligible to invest the amount of such withdrawals in the new saving scheme introduced by Ministry of Finance, Department of Economic Affairs vide their notification No.F.2/14/89-NS II DT: 7.6.89

**438. Preparation of pay bills : (Paras 66 to 68 of Railway Audit Manual and Para 217 of Compilation of Treasury Rules, Vol.I).**

As the abstract of attendance shows the position of the attendance of the employees only upto 15th afternoon of the current month and attendance for the remaining period is assumed, it will have to be ensured that any adjustments that may be necessary on account of leave salary etc. in respect of the period of assumed attendance is duly effected through the pay bill for the subsequent month.

While preparing the pay bill of a particular unit (i) the abstract of attendance (ii) the office order book (iii) the recovery register (iv) the increment register and (v) the Last Pay Certificate register must be consulted to ensure that there are no inaccuracies. The bills are prepared in the form prescribed by the Railway Administration. The salary registers maintained for each unit will serve as the office record to be pre-served for 35 years. All the pay bills together with enclosures should be despatched to the Railway Accounts officers before the 25th of the calendar month to which the bills relate, for arranging payment and eventual transmission of the paid voucher to the Principal Director of Audit, Eastern Railway, Calcutta for audit. Any difference due to a person proceeding on leave after 15th of the month will be adjusted in the subsequent month.

The Pay Sheet forwarded to the Accounts Department will be accompanied by the following schedules :-(a) Memorandum of Differences (b) Debit schedule (c) Credit allocation (d) Increment statement (e) Certified TA Summary (f) Claims in original for medical attendance sanction by Deputy Director (Administration)/Audit Officer (Administration) (g) Individual schedules showing deductions made on account of the following items mentioned in the statement of deductions.

- (i) General Provident Fund subscription
- (ii) Recovery towards advance from Provident Fund.
- (iii) Rent for quarters.
- (iv) Rent on electrical installations.
- (v) Supply of water.
- (vi) Supply of conservancy arrangements.
- (vii) Court attachment.
- (viii) Flood advance.
- (ix) Festival advance.
- (x) Supply of electrical current.
- (xi) Scooter advance
- (xii) Cycle advance.
- (xiii) Fan advance.
- (xiv) House building advance.



- (xv) CGHS contribution.
- (xvi) Southern Railway Employees Co-Operative Society.
  - (a) Chennai      A      LOAN  
                         B      CMTD
  - (b) TPJ            A      LOAN  
                         B      CMTD
  - (c) MYS           A      LOAN  
                         B      CMTD
- (xvii) Railway Co-operative Stores :
  - (a) TPJ
  - (b) MYS
  - (c) MAS
- (xviii) Railway Officers Club/GOC.
- (xix) Rail Club/BNC
- (xx) Railway:Library/HO/MAS
- (xxi) Southern Railway Institute.
- (xxii) ICF Institute.
- (xxiii) Postal Life Insurance.
- (xxiv) IA & AD Benevolent Fund Chennai III Region      Loan  
Pr.DA's Office/S.Rly/Chennai      Subscription
- (xxv) Professional Tax.
- (xxvi) Central Government Employees Group Insurance Scheme.
- (xxvii) Central Government Employees Insurance Scheme.

#### **439. Certificate to be recorded on a pay bill :**

The following certificates will be recorded on each pay bill.

Certified that

- (i) Arrears of pay and allowances etc. drawn in this bill have been noted in the relevant office copies of the pay bills.
- (ii) The persons officiating in higher appointments have actually been entrusted with the duties of higher responsibilities.
- (iii) Government servants for whom house rent allowance has been drawn in this bill have not been provided with Government accommodation.
- (iv) The washing allowance has been drawn in accordance with the Government of India, Ministry of Home Affairs Memorandum No.F.13/57/Pub.II DT: 12.10.57 as amended from time to time.
- (v) In the case of all Government servants for whom CCA & or HRA are drawn in this bill, the eligibility for the allowance(s) has been verified with reference to paragraph 3 of the Government of India, Ministry of Finance O.M.No.2(37)E.II(B) 64 DT: 27.11.65 as amended from time to time.
- (vi) The certificates prescribed by Government have been obtained from the Government servants for whom house rent allowance have been drawn in this bill and I am satisfied that the claims are in accordance with the orders in force.

#### **440. Signing of Pay Bills: (Para 94 of RAM)**

After the pay bills have been prepared and checked by the Asst. Audit officer (Administration) and Asst. Superintendent (Administration), the pay bills together with the enclosures should be submitted to the Audit Officer (Administration). In case the Audit Officer (Administration) is on leave or is away from Headquarters on duty, the nominated Audit Officer will sign the pay bills. Deputy Director (Administration) is also

authorised to sign pay bills etc. in case of urgency. The specimen signatures of these officers will be sent to the Financial Adviser and Chief Accounts Officer, E.G, E.NG/S.Rly/Chennai/Divisional/other Branch Accounts Officers and Pay and Accounts Officer/Indian Audit Department/Chennai. Whenever there is a change in the incumbency, the specimen signatures of the officer taking over charge should be sent, canceling the authority delegated to the outgoing officer.

**441. Increment Register:**

The Register will be maintained in Form No.Sy 299. All increments should as far as possible be drawn in the month they are due. Increments subsequently sanctioned for any reason should be noted in the folios of the months due so that the folios will give a complete picture of increments due in each month. The Register will be submitted to the Audit Officer (Administration) before the 15th of every month for approval to the drawal of increments listed therein, along with the respective service Registers. Necessary entries regarding increased pay should be made in the concerned service registers and got attested by the Audit Officer (Administration).

NOTE: Cases of employees who have to cross an efficiency bar in the scale of pay held by the, should be reviewed by the Administration section quarterly i.e. 3 months prior to the date for crossing the efficiency bar.

**442. Abstract of Attendance :**

The Branch/Divisional Audit Officers are required to send to the Administration section by the 16th of each month, an Abstract of Attendance of all non-gazetted staff in that Branch/Division for the period from the 16th of the previous month to the 15th of the current month duly signed by the Branch officer concerned. A similar return in respect of Audit Officers and Assistant Audit Officers should also be sent. In case of any likely delay, the respective Section Officer/Asst. Audit Officer will send an advance copy of the abstract which will be later followed up by a copy attested by the Branch Officer. The only exception will be in the case of staff of Administration section for which the attendance Register itself will serve the purpose of the statement. The abstract of attendance forms the basis for the preparation of pay bills of the non-gazetted staff and Asst. Audit Officers.

**443. Deduction of Income-Tax :-**

The amount of Income tax to be deducted at source monthly from each member of the staff whose income is taxable should be calculated twice in a year, viz., once in August and finally in February respectively. In the pay bill of February each year the balance amount of Income tax to be recovered must be deducted in respect of each taxable employee having regard to the total amount of income tax already recovered till then on the approximate basis, arrived at in August and the total amount due for recovery for the whole year. To arrive at the final assessment of the Income Tax deductible at source each employee whose income is taxable is required to submit a statement indicating the Pay and Allowances received in the year, details for the rebate claimed total income tax assessed, Income tax already deducted and balance deductible. On receipt of the statements from the employees concerned Administration should verify the correctness of the amount of rebate claimed with reference to the original premia receipts etc., and arrive at the balance amount to be recovered towards income tax and effect such recovery from the Pay and Allowances of February. At the close of the financial year, a statement of Income-tax deducted at source for that financial year should be made out in triplicate from the office copies of the pay bills (one copy for the employee, one for the Accounts Officer concerned and the other as office copy) The orders issued by the Ministry of Finance from time to time should be referred to in working out the Income-tax recoverable at source.

**444. Last Pay Certificate :** (Para 230 & 231 of CTR of Vol.I).

Whenever a member of the staff of a Branch/Divisional Audit Office is transferred to another Branch/Divisional Audit Office (which comes under the internal check of a different Accounts Officer of the Railway) a last pay certificate in the prescribed forms should be prepared in quintuplicate. The distribution of the 5 copies will be as follows :

- 1st copy: Office copy (to be filled in personal case)
- 2nd copy: (Main Last Pay Certificate) The Divisional Accounts Officer of the Division or the Accounts Officer to whose control the employee is transferred or the Head of Office (viz. Deputy Director/ICF) to which the employee is transferred.
- 3rd copy: The Divisional Accounts Officer of the Division or the Accounts Officer from whose jurisdiction the employee is transferred.
- 4th copy: The Division/Branch Accounts Officer to whose jurisdiction the employee is transferred.
- 5th copy: the Principal Director of Audit/Eastern Railway/Calcutta.

The recovery register of the pay unit from which the employee is transferred should be referred to for the details necessary for preparing the Last Pay Certificate. The particulars in the Last Pay Certificate should also be entered in the recovery Register of the pay unit to which the employee is transferred.

**445. Recovery of rent for Railway Quarters occupied by officers and staff :**

The staff working in the Headquarters/Divisional/Branch Offices occupying Railway Quarters are placed on par with Railway employees of corresponding status in the matter of recovery of rent, electrical energy and water charges as per Railway Board's letter No.F(X)I-59/RNS/2 DT: 9.7.1959. The amount of recovery of rent, etc., should be made on the rates notified by the Railway Administration from time to time.

**446. House Rent Allowance :**

House Rent Allowance may be claimed at the rate prescribed by Government of India from time to time without production of any rent receipt. Every Government servant shall furnish a certificate in the prescribed form along with his first claim for house rent allowance. If, however, there is change in any of the provisions of the certificate last given, resulting in increase or decrease of the allowance payable to him, a fresh certificate should be furnished as soon as the change occurs.

**447. Overtime Allowance :**

The grant of overtime allowance to the "Office staff" of the Indian Audit and Accounts Department is regulated in accordance with the instructions contained in Ministry of Finance O.M.No.15011/2/E.II(B)76 DT: 11.8.76 as amended from time to time. (CAG's endt. No.916-Audit/5-76(36) DT:14.9.76 and CAG's letter No.2216-NI/18-82-III DT: 27.6.83)

**448. Supplementary Bills (Para 218 of CTR Vol.I) :**

The Pay and Allowances of a member of staff will be drawn through a supplementary bill, when the same could not been drawn through a main pay bill for one reason or the other such as transfer from one office to another etc. This bill will be prepared in the same manner as the main pay bill without any undue delay.

**449. Arrear Bills :**

Arrears of pay, fixed allowance or of leave salary shall be drawn, not in the ordinary monthly bill, but in a separate bill giving indication to the main pay bill in which it was not drawn. A note of the arrear bill should be made in the Salary Register duly attested by the Auditor preparing the arrears bill, to obviate the arrears



The advice of sanction will be submitted to the Audit Officer (Administration) for signature along with the above mentioned register. The details for a particular month entered in the register will be copied out by the first week of subsequent month and sent to the Principal Director of Audit, Eastern Railway, Calcutta with a covering letter to serve as a copy of the sanction advice for the Audit Officer.

The serial number in the register will be entered in the sanction docket to serve as an indication that advice to the Accounts for payment has been sent.

The staff concerned will be advised of the despatch of the sanction to the Financial Adviser and Chief Accounts Officer/PF soon after it is sent.

#### **453. Recovery Register :**

Separate recovery registers should be maintained in each pay bill unit. All advances such as HBA, GPF, cycle, scooter, festival, cyclone, fan etc. sanctioned to the staff should be entered therein together with particulars of sanction, number of instalments in which the advance is to recover, O.O.No., date, etc. Recoveries towards contribution CGHS, subscription towards IA & AD, Benevolent Fund, recovery of loans sanctioned from Benevolent Fund should also be entered in this register. The actual recoveries effected through the salary bills should also be noted in this register monthly under the various headings and put up for attestation by Audit Officer (Administration) at the time of submission of pay bills, through the Asst. Audit Officer/Asst. Superintendent, Administration.

#### **454. Court Attachment :- (Para 225 of CTR Vol.I)**

Intimations regarding recoveries to be made towards court attachment from the pay and allowances of employees are received from various courts of law. These are called Attachment orders. As soon as an Attachment order is received prompt action should be taken to effect the recovery. The extent to which the emoluments of a Government servant are exempt from attachment for debt is laid down in sub section (1) of section 60 of the Code of Civil Procedure. The procedure to be followed in regard to the court attachments received are detailed below:-

An employee's pay is attachable by an order of the Court of Law and it is the duty of the officer receiving the attachment order to ensure that proper deduction is made in satisfaction of such an order from the employee's pay and the amount remitted to the court. However, the entire salary cannot be attached. Certain allowances are wholly exempted and only a portion of the balance can be attached. The attachable portion also varies according to whether the decree is for maintenance or for other than maintenance.

##### **Exempted Allowance :-**

While subsistence allowance paid to a Government servant under suspension is not liable for court attachment, the following allowances forming a part of the emoluments have been declared as exempt, from time to time :-

- (i) All kinds of Travelling allowances.
- (ii) All kinds of conveyance allowances.
- (iii) All allowances granted for meeting the cost of uniforms and rations.
- (iv) Allowances granted as compensation for higher cost of living in localities notified by Government to be expensive localities including hill stations.
- (v) All house rent allowances.
- (vi) All allowances granted to provide relief against increased cost of living and dearness pay, which is really a part of the dearness allowance and treated as pay for certain specific purposes only.
- (vii) A foreign allowance or, in the case of Heads of Diplomatic missions, trais de

- representation assigned to officers serving in posts abroad.
- (viii) Children's Education Allowance whether described as such or as Children's Educational Assistance or in any similar manner.
  - (ix) All amounts paid by way of reimbursement of medical expenses. - Rule 225.

Amount attachable :-

The maximum amount attachable is calculated thus -

- (a) Maintenance  $\frac{2(X-Y)}{3}$
- (b) Other than Maintenance  $\frac{(X-Y) - 400}{3}$

X - Gross emoluments.

Y - Aggregate of the allowances exempted.

- Rule 226 & Section 60, C.P.C.

Recovery :-

1. The gross amount of pay and allowances should be drawn and the amount recoverable should be deducted at the time of actual disbursement of pay/leave salary. Only the net amount should be paid to the Government servant.
2. If the judgment-debtor does not sign the acquaintance roll and willfully allows his pay to remain undischarged in order to evade payment on account of court attachment order, the disbursing officer will be at liberty to draw the pay of the judgment-debtor in satisfaction of the attachment order and remit the amount so recovered to the court concerned.

Remittance:-

As the disbursing officer is not entitled to deduct anything in excess of the amount specified in the attachment order subject to the limit prescribed, the amount realised less remittance charges alone should be remitted to the Court. The debtor's liability will be deemed as discharged only to the extent of the net amount remitted to the Court. (In other words, the remittance charges are borne by the debtor)

Accounting :-

Amount recovered and paid to the court should not be brought into Government accounts, but should only be recorded in the acquaintance rolls.

Limitations and restrictions on attachments :-

In decrees for other than maintenance suit, when a portion of salary has been under attachment, whether continuously or intermittently for a total period of 24 months, that portion is exempt from attachment until the expiry of a further period of 12 months. When such attachment has been made in execution of one and the same decree for a total period of 24 months, such portion is finally exempt from the attachment in execution of that decree. - Section 60, C.P.C.

When a fresh attachment order against a Government servant is received during the currency of attachment of his pay on a previous one, recovery can be made up to the maximum limit prescribed. If this results in exceeding the limit, the Disbursing Officer should return the new order to the Court furnishing.

- (a) Particulars of the existing attachment;
- (b) Particulars of the amount withheld and paid into the Court concerned up-to-date; and
- (c) amount remaining uncovered.

Normally the Attachment Orders are received through the General Manager, Southern Railway, Chennai.

#### **455. Leave :-**

The employees of this office are governed by the CCS (Leave) Rules, 1972 as amended from time to time. The salient features are detailed below :-

- (a) Leave cannot be claimed as a matter of right.
- (b) When the exigencies of public service so require, leave of any kind may be refused or revoked by the authority competent to grant it, but it shall not be open to that authority to alter the kind of leave due and applied for except at the written request of the Government servant.
- (c) A Government servant's claim to leave is regulated by the rules in force at the time the leave is applied for and granted.
- (d) At the request of the Government servant, the authority which granted him leave may commute it retrospectively into leave of any kind which was due and admissible to him at the time the leave was granted, but the Government servant cannot claim such commutation as a matter of right.
- (e) Any kind of leave under these rules may be granted in combination with or in continuation of any other kind of leave.
- (f) Casual leave which is not recognised as leave under these rules shall not be combined with any other kind of leave admissible under these rules.
- (g) No Government servant shall be granted leave of any kind for a continuous period exceeding five years.

The following kinds of leave are due and admissible :

##### **(i) Earned Leave :**

The leave account of every Government servant shall be credited with earned leave, in advance in two instalments of 15 days each on the first day of January and July of every calendar year provided that the earned leave at his credit shall not exceed 300 days. In the case of fresh entrants to Government service earned leave shall be credited to the leave account of a Government servant at the rate of 2 and 1/2 days for each calendar month of service which he is likely to render in the calendar year in which he is appointed.

In respect of Government servant due to retire or resigned from service credit shall be afforded only at the rate of 2 and 1/2 days per completed calendar month upto the date of retirement or resignation.

When a Government servant is removed or dismissed from service or dies while in service, credit of earned leave shall be allowed at the rate of 2 and 1/2 days per completed calendar month upto the end of the calendar month preceding the calendar month in which he is removed or dismissed from service or dies while in service.

When a Government servant has availed of extraordinary leave and absence has been treated as dies non in a half-year, the credit to be afforded to his leave account at the commencement of the next half-year shall be reduced by 1/10 of the period of such leave and or dies non subject to a maximum of 15 days.

The maximum earned leave that may be granted at a time shall be 120 days in the case of any Government servant employed in India.

##### **(ii) Half Pay Leave :**

The half pay leave account of every Government servant shall be credited with half-pay leave in advance, in two instalments of ten days each on the first day of January and July of every calendar year.

In case of new entrants the credit may be given at the rate of 5/3 days for each completed calendar month of service which he is likely to render in half year of the calendar year in which he is appointed.

(iii) Commuted Leave :

Commuted leave not exceeding half the amount of half-pay leave due may be granted on medical certificate to a Government servant subject to the following conditions :

(a) the authority competent to grant leave is satisfied that there is reasonable prospect of the Government servant returning to duty on its expiry.

(b) when commuted leave is granted, twice the amount of such leave shall be debited to half-pay leave due.

Half Pay Leave upto a maximum of 180 days may be allowed to be commuted during the entire service without production of medical certificate, where such leave is utilised for an approved course of study certified to be in the public interest by the leave sanctioning authority. Medical certificate is not necessary for sanction of commuted leave in continuation of maternity leave.

(iv) Leave not due may be granted to a Government servant in permanent employ limited to a maximum of 360 days during the entire service on medical certificate subject to the following conditions.

(a) the authority competent to grant leave is satisfied that there is reasonable prospect of the Government servant returning to duty on its expiry.

(b) leave not due shall be limited to the half-pay leave he is likely to earn thereafter.

(c) leave not due shall be debited against the half pay leave the government servant may earn subsequently.

Leave not due may be granted to an employee suffering from TB, Leprosy, Cancer or Mental illness, for a period not exceeding 360 days during the entire service, subject to fulfillment of the conditions mentioned above and also subject to the conditions stipulated for sanctioning of such leave.

(v) Extraordinary leave:

Extra ordinary leave may be granted to a Government servant when no other leave is admissible or when other leave is admissible, but the Government servant applied in writing for the grant of extraordinary leave.

(vi) Cash payment in lieu of leave beyond the date of retirement :

When a employee retires from service on attaining the normal age prescribed for retirement under the terms and conditions of service, the competent authority to grant leave shall suo moto issue an order granting cash equivalent of leave salary for earned leave, if any, at the credit of the Government servant on the date of his retirement, subject to a maximum of 300 days.

In case of Government servant dies while in service the cash equivalent of the leave salary may be arranged to be paid to his family members subject to conditions that such an amount shall not exceed the leave salary for 300 days without any deduction on account of pension equivalent of DCRG.

#### 456. Probation :-

The period of probation for the holders of various categories of posts in this office is as follows :-



Sl.No.	Category of Post	Period
1.	Senior Audit Officers	NIL
2.	Audit Officers	NIL
3.	Assistant Audit Officers	Two years
4.	Private Secretary	Two Years
5.	Section Officers	Two years
6.	Supervisors	Two Years
7.	Welfare Assistant	Nil
8.	Stenographers Gr.I II and III	Two years
9.	Senior Auditors	NIL
10.	Auditors	Two years for direct recruits
11.	Clerks	Two years
12.	Selection Grade Record Keepers	Nil
13.	Record Keepers	Two years
14.	Junior Gestetner Operator	Two years for direct recruits
15.	Daftary	Two years for direct recruits
16.	Group D (Peon)	Two years for direct recruits

In the above cadres where probation is prescribed the appointing authority, will on completion of the prescribed period of probation, assess the work and conduct of the officer himself and in case the conclusion is that the officer is fit to hold the higher grade he will pass an order declaring that the person concerned has successfully completed the period of probation. If the appointing authority considers that the work of the officer is not satisfactory or needs to be watched for some more time, action as contemplated in the recruitment rules etc. will be taken in respect of direct recruits, and in case of promotees, such an employee may be reverted to the Post or grade from which he was promoted or extend the period of probation as the case may be.

#### **457. Confirmation :**

Prior to 1.4.1988, the pre-requisite for confirmation of a Government employee is the availability of permanent post on which no other Government servant holds a lien, confirmation is not a one time event in the career of the Government employee but he has to be successfully confirmed in each and every post or grade to which he is promoted subject to the availability of a permanent post in each grade.

Headquarters Office in their NGE Group Circular No.56/1988 received in letter No.2536-NGE III/43-88 DT: 20.7.1988 communicated, the revised procedure in this regard with effect from 1.4.1988, the salient features of which are as follows:-

(a) (i) Confirmation will be made only once in the service of an official which will be in the entry grade.

(ii) Confirmation is delinked from availability of Permanent vacancy in that grade. An officer who has successfully completed the period of probation or passed Departmental Examination necessary for confirmation may be considered for confirmation. In case where probation or passing of a Departmental Examination for confirmation is not prescribed, the official should have put in a minimum period of two years in the entry grade for considering his case for confirmation by the DPC.

(b) The case due for confirmation will be considered by the DPC constituted for this purpose.

(c) The scheme for declaring a person quasi - permanent ceases to exist as no employee otherwise eligible will have to wait for confirmation pending availability of a permanent vacancy.

(d) Lien will represent only the right/title of a Government servant to hold a regular post whether permanent or temporary either immediately or on termination of a period

or periods of absence subject to other terms and conditions on the subject.

(e) The distinction between permanent and temporary employees for grant of pension and other pensionary benefits will cease to exist.

(f) The need for reservation of vacancies for SC/ST at the time of confirmation as posts filled by direct recruitment cease to exist as every one who is eligible for confirmation will be confirmed.

(g) The new procedure will not apply to the case of appointments made on ad-hoc basis or against casual temporary posts.

**458. Maintenance and verification of service registers and leave accounts : (Para 100 of RAM) :**

The maintenance of service registers and leave accounts of the officers and staff of this office is the responsibility of Administration Section. The posting of all office orders concerning the events in the career of an employee including sanction of various spells of leave in his Service Register should be done as and when they occur and attested by the Asst. Audit Officer (Administration). The leave account should be brought upto date, based on the entries made in the body of the Service Register and the abstract of attendance received from the Branches/Offices/Sections and attested by the Asst. Audit officer (Administration).

The Service of each pensionable employee must be verified from the pay bills every year and a certificate regarding such a verification should be recorded in the Service Registers, soon after the close of the financial year. The Service Registers of staff transferred from other Audit offices, should be reviewed on receipt to see whether the certificates of verification of pensionable service till the date preceding the date of his transfer have been recorded and attested by the competent Authority. Omissions should be taken up promptly with the authority concerned.

A report to the Comptroller and Auditor General of India that such verification has been done should be sent by the 15th April every year.

The Physical verification of Service Registers and leave accounts of officers and staff should be done independently by the nominated officer who is not connected with the preparation or the check of these documents previously. The work should be undertaken twice a year i.e. in April and October. The Deputy Director (Administration) will nominate the Audit Officer (or) Asst. Audit Officer/Section Officer who should conduct this check during the month of October and April respectively.

**459. Pension :-**

(a) General

The employees of this office are governed by the CCS (Pension) Rules 1972 framed by the Government of India and as amended from time to time. The salient features are as follows :

Any claim to pension of family pension shall be regulated by the provisions of the rules in force at that time when a Government servant retires or retired or he is discharged or he is allowed to resign from service or dies as the case may be.

The Government servant shall not earn two pensions for the same service or post at the same time or by the same continuous service.

Future good conduct shall be the implied condition of every grant of pension and its continuance.

The appointing authority may, by order, in writing, withhold or withdraw the pension or part thereof whether permanently or for a specified period if the pensioner is convicted of a serious crime or he is found guilty of grave misconduct.

(b) Qualifying Service :

The Qualifying Service of an employee shall commence from the date he

takes charge of the post to which he is first appointed either substantially or in officiating capacity.

The service of a Government servant shall qualify for pension only when his duties and pay are regulated by Government or under the conditions determined by the Government. All leave during service for which leave salary is payable and all extra ordinary leave granted on Medical Certificate shall count as Qualifying service. Time passed by a Government servant under suspension pending enquiry into conduct shall count as qualifying service where, on conclusion of such enquiry he has been fully exonerated or the suspension is held as wholly unjustified. In other cases the period of suspension shall not count, unless, the authority competent to pass orders under the rules governing such cases expressly declares at that time that it shall count to such extent as the competent authority may declare.

Dismissal or removal of a Government servant from service will result in forfeiture of his past service. A Government servant who is dismissed or removed or compulsorily retired from service but is reinstated on appeal or review is entitled to count his past service as Qualifying service.

Resignation from service or post unless it is allowed to be withdrawn in public interest by the appointing authority entails forfeiture of past service.

(c) Emoluments :

Emoluments for the purpose of Pension means pay as defined in Rule 9 (21) of F.R. including dearness pay as determined by the Government from time to time which a Government servant was receiving immediately before retirement or on the date of his death.

(d) Average Emoluments :

Average emoluments shall be determined with reference to the emoluments drawn by an employee during the last 10 months of his service.

(e) Class of pensions :

The following are the various kinds of pensions admissible to different types of employees.

(i) Superannuation pension

The superannuation pension shall be granted to a Government servant who is retired on his attaining the age of superannuation.

(ii) Retiring pension

The retiring pension shall be granted to a Government servant who retires or is retired in advance of the age of compulsory retirement in accordance with the provisions of Rule-48 or rule 48-A of CCS (Pension) Rules 1972 or Rule 56 of FR or Article 459 of CSRs. The retiring pension was also granted to a Government servant on his being declared surplus after Voluntary retirement.

(iii) Invalid Pension

Invalid Pension may be granted to a Government servant who retires from service on account of bodily or mental infirmity which permanently incapacitates him from service.

(iv) Compensation Pension

If a Government servant is selected for discharge owing to the abolition of his permanent post if he is not appointed to other post he shall have the option of taking

compensation pension to which he may be entitled for the service he had rendered or of accepting another appointment on such pay as may be offered and continuing to count his previous service for pension.

(v) Compulsory retirement pension

A Government servant compulsorily retired from service as a penalty may be granted pension or gratuity or both at a rate not less than 2/3rds and not more than the full compensation pension or gratuity or both admissible to him on the date of his compulsory retirement.

(f) Admissible retirement benefits

(i) Pension:

Full pension is admissible to an employee who retire after completing qualifying service of not less than 33 years and the amount of pension is determined at 50% of the average emoluments subject to a minimum of Rs.1913/- and maximum of Rs.30,000/- per month. In respect of persons retiring from service before completing 33 years of qualifying service but after completing 10 years of qualifying service the amount of pension will be proportionate to the amount of pension admissible to the qualifying service of 33 years.

(ii) Commutation of Pension

The Pensioner may commute his pension upto 40% of the monthly pension sanctioned. Persons retiring on superannuation pension, retiring pension and compensation pension can commute upto 40% of their pension without undergoing medical examination if they apply for such commutation before the expiry of one year from the date of their retirement.

(iii) Family Pension

Family Pension is payable to the family of the employee on his death while in service or on his death after retirement. Family for this purpose means, the members of the family of the deceased employee as detailed in CCS (Pension) Rules. The family pension is admissible at a uniform rate of 30% of the pay last drawn subject to a minimum of Rs.1,913 per month.

Higher rate of family pension is admissible if the deceased employee/pensioner had rendered not less than 7 years of continuous service. It is payable from the date following the date of death while in service or after retirement, for a period of 7 years or for a period upto the date on which the deceased employee would have attained the age of 67 years whichever is less. The higher rate of family pension is not admissible if the pensioner dies after attaining the age of 67 years.

(g) Death-cum-retirement gratuity

(i) Retirement gratuity

Retirement gratuity is admissible to a permanent employee on retirement after completion of 5 years of qualifying service at the rate of 1/4 of the emoluments for each completed 6 monthly periods of qualifying service subject to a maximum of 16 1/2 times of the emoluments or Rs.3.5 lakhs, whichever is less. Emoluments include Pay, DP and DA on the date of cessation of service.

(ii) Death gratuity

Death gratuity is admissible in the case of death while in service to an employee at the following rates.

(i)	Service of less than 1 year	2 times of emoluments
(ii)	Service of more than 1 year but less than 5 years	6 times of emoluments

(iii)	Service of more than 5 years but less than 20 years	12 times of emoluments
(iv)	Service of more than 20 years	1/2 of emoluments for every completed 6 monthly periods of qualifying service subject to a maximum of 33 times of emoluments or Rs.3.5 lakhs, whichever is less. Emoluments include Pay, DP and DA on the date of cessation of service.

#### 460. Procedure for processing pension cases :

(a) All the formalities connected with the sanction of pension should be completed well in advance i.e. before the last month of service of the employee so that he/she may begin to draw pension from the month succeeding. Staff of this office (both Gazetted and Non-Gazetted) should send their application forms for sanction of pension, to the Administration Section 6 months before the dates of their retirement. Every application (Form 5) shall be accompanied by:

- (i) Two slips each bearing two specimen signatures duly attested by Gazetted Officer.
- (ii) Three copies of passport size joint photographs of the Government Servant with his/her wife/husband.
- (iii) Two slips each showing the particulars of height and personal marks of identification duly attested by Gazetted Officer.
- (iv) Details of family in Form 3.

It is the responsibility of the officer maintaining the Service Register to record annual verification of service and also obtain certification from the Audit Officers concerned as soon as the Government servant completes 25 years of service or 5 years before retirement.

#### (b) Nominations:

Every member should execute nominations for Family Pension and Death-cum-Retirement Gratuity. The nominations for Death-cum-Retirement Gratuity should be executed on completion of 5 years of qualifying service. These nominations are scrutinised and put upto the Deputy Director (Administration) for countersignature. Thereafter, necessary entry regarding the date of nomination for Death-cum-Retirement Gratuity is made in the Service Register, of the individual and lodged in the confidential file kept in the custody of Audit Officer (Administration). The particulars of Family members are obtained from every individual. After countersignature by the Head of Office i.e. Deputy Director (Administration) the details of Family members should be pasted in the Service Register of the individual employees.

#### (c) Death of employees while in service :

On receipt of the Death Certificate issued by the Competent authority, the nomination papers should be examined with a view to finding out the nominee(s) eligible to receive the pensionary benefits. An intimation should be sent to the nominee(s) concerned for the submission of an application for sanction of family pension and Death-cum-Retirement Gratuity in the form prescribed.

#### (d) Procedure for finalisation of pension cases

The procedure to be followed in finalising the pension cases of both Gazetted and Non-Gazetted staff in brief is indicated below:-

- (1) After completing the service verification and preparation of pension calculation

sheets etc., the form for assessing pension and Gratuity should be prepared and got signed by the Deputy Director (Administration). Utmost care should be taken to see that no entries in the Service Register are omitted and that all the entries are duly attested. A review may also be undertaken to see that the annual certificate of verification of service has been duly recorded in the Service Register, as required and that there are no omissions in this regard. In cases where staff deputed on foreign service, it is to be ensured that recoveries towards leave salary and pension contribution are received and necessary entries have also been made in the Service Register. Before the case is put up for authorisation by the Principal Director of Audit/Deputy Director (Administration) as the case may be, the pension and D.C.R.G as worked out by the Section, should be re-checked by an Asst. Audit Officer/Section Officer nominated by the Deputy Director (Administration) for this purpose. After check by the latter, the case should be put up to the competent authority for approval and then sent to the Principal Director of Audit, Eastern Railway, Calcutta together with the following documents by insured post for certification.

- (i) Form 5- Application for pension.
- (ii) Form 7- Form for assessing pension and Gratuity  
{n duplicate}
- (iii) Form 3 - Details of family.
- (iv) Statement of qualifying service (in duplicate)
- (v) Pension calculation sheets (in duplicate)
- (vi) 3 Passport size Joint photographs duly attested by a Gazetted Officer (in case of unmarried employees 2 photographs).
- (vii) 2 slips each bearing 3 signatures duly attested by Gazetted Officer.
- (viii) 2 slips bearing height and identification marks duly attested by a Gazetted Officer.
- (ix) Service Register and Leave Account of the employee.

(2) Immediately after retirement of the employee, action should be taken to settle the amount due to the Government servant after taking into account any dues recoverable from such Government Servants. Where it is not possible to estimate the approximate amount recoverable from the retiring Government servant, a portion of DCRG, i.e. 10% of the amount of gratuity or Rs.1000/- whichever is less should be withheld. The last pay certificate is issued thereafter.

(3) On receipt of the certification from the Principal Director of Audit/Eastern Railway/Calcutta, the authorisation of the Principal Director of Audit in the case of Audit Officers and Director/Deputy Director of Audit in the case of other staff should be obtained and necessary office order issued. A copy of the same together with the following documents should be endorsed to the concerned Accounts Officers with a request to arrange for the payment of the pensionary benefits.

- (i) Application for pension in Form 5
- (ii) Form 7 assessing pension and gratuity with Audit Officer's (Director of Audit/Eastern Railway/Calcutta) endorsement.
- (iii) Pension calculation sheet.
- (iv) Identification marks and specimen signatures, duly attested
- (v) Three copies of passport size photographs.
- (vi) Statement of service.

The Accounts Officers will arrange payment of the Death-cum-Retirement Gratuity either in cash or in cheque, as desired by the employee in the presence of the concerned Branch Officer, and arrange payment of the pension.

- (4) Family pension

Family Pension is also verified and determined along with superannuation pension and D.C.R.G and is also authorised by the Principal Director of Audit, Eastern Railway, Calcutta.

**461. Settlement bills :**

When an employee retires from the Government service, resigns or is relieved on transfer to some other department or is retrenched or dismissed from service, the pay and allowances due to him for the part of the wage period ending with the date on which such event occurs, should be drawn in a separate pay bill marked prominently "settlement pay bill". Before drawing such a bill, it should be ensured that there are no demands outstanding against the employee. If necessary, a reference to the Branch Officer concerned may also be made in addition to ascertaining the position from the unit Accounts Officer concerned. In the case of death, the pay and allowances can be drawn for the calendar day of the employee's death, irrespective of the hour at which death took place.

**462. Voluntary Retirement:**

Under the scheme of Voluntary Retirement for Central Government employees introduced in September 1977, Government servants who have put in not less than 20 years of qualifying service may, by giving notice of 3 months in writing to the Appointing Authority, be allowed to retire voluntarily on proportionate pension and gratuity with a weightage upto 5 years towards qualifying service, where applicable subject to certain conditions. The scheme is purely voluntary, the initiative resting with the Government himself. While dealing with the cases of retirements under the above scheme, detailed cases of retirements under the above scheme, detailed instructions contained in Government of India/Ministry of Home Affairs O.M.No.25013/7/77-Estt (a) DT: 26.8.77 received under CAG's endt No.701-Audit/2.77(33) DT: 8.9.77 and Ministry of Home Affairs O.M.No.25013/3/79-Estts(a) DT: 28.7.79 received and CAG's endt No.1087-TA.II/12-78 DT: 6.9.79 should be borne in mind.

A quarterly report in the proforma prescribed should be sent by the Administration Section to the Comptroller and Auditor General of India for the periods ending 31<sup>st</sup> March, 30<sup>th</sup> June 30<sup>th</sup> September and 31<sup>st</sup> December by the 5<sup>th</sup> day of the following month. (CAG's letter No.845-NGE.I/85-79-II DT: 28.3.79)

**463. Applications for employment elsewhere :**

Applications for posts under Central or State Governments and statutory corporations should be sent to the Administration Section for transmission to the authority concerned. Applications should not be sent direct. Applications other than those in response to advertisement in newspapers will not be forwarded. A copy of the advertisement to which the applications relate should be enclosed with the application. Applications from purely temporary employees may be forwarded unless there are compelling grounds of public interest for withholding them. In the case of permanent employees only four opportunities in a year may be given to apply in response to advertisements, unless in the interest of public service, they have to be withheld. But applications of Government servants in response to UPSC advertisements for a competitive examination/Limited Departmental Examination and Staff Selection Commission may be forwarded in any number without counting against the prescribed limit of four opportunities. A written undertaking accepting the conditions stipulated in the Government of India, Ministry of Home Affairs, O.M.No.70/62/62-Estt (A) DT: 22.1.1966 as amended from time to time should be obtained before forwarding applications from permanent Government servants for posts in Public Sector undertakings/autonomous bodies etc. The foreign employer

should also be informed of this . In respect of Temporary employees a written undertaking to the effect that in the event of selection to the posts applied for, they will resign from Government service, should be obtained from them.

**464. Welfare Officer :**

The Director (Administration) is nominated as the Welfare Officer of the office. Welfare Assistant in the pay scale of Rs. 6500 -200 -10500 will assist the Welfare Officer in the discharge of his duties as Welfare Officer.

**465. Grants-in-Aid :**

Two types of Grants-in-aid viz. Recurring and Adhoc are admissible to the Recreation clubs of this office.

(a) Recurring :

The rate of recurring grants-in-aid will be Rs.20/- per head per annum and will be computed on the basis of the total strength borne on the regular strength of the office. The total strength will include the sanctioned strength of Branch Officers also, provided membership of the recreation clubs is open to such officers. Besides this, an additional Grants-in-Aid upto Rs.5/- per head per annum to match the subscriptions collected during the previous financial year will also be admissible. In the case of staff recreation clubs which were not in existence during the previous financial year and which are started during the financial year in which the grant-in-aid is to be given, the additional matching grants-in-aid upto Rs.5 per head per annum to match the subscription collected by such clubs upto the date on which the proposal for the grant is mooted, may be sanctioned based on the staff strength on the said date.

(Ministry of Home Affairs O.M.No.2/167/59-Welfare DT: 10.3.61 received under CAG's endt. No.1056-NGE.III/355.60 DT: 26.4.61 & Ministry of Home Affairs O.M.No.2/167/59-Welfare DT: 17.7.61 received under CAG's endt. No.2925-NGE.III/133-62 II DT: 24.8.62 & CAG's letter No.352-NGE V/23-87 circular No.NGE 24/1988 DT: 18.3.88)

The amount allotted by the Comptroller and Auditor General of India is distributed by the Principal Director of Audit under his own powers to various Recreation Clubs, after verification of the accounts of the clubs. It must be ensured that the audited accounts of the expenditure incurred from the grant for the previous year are submitted by the Recreation Clubs immediately after the close of the financial year and these should be accompanied by all vouchers (vide standard forms enclosed to CAG's letter No.890-NGE.III/114-63 DT: 23.4.63). The audited accounts of clubs should be examined by an Assistant Audit Officer/Section Officer nominated by the Deputy Director (Administration) and signed by him in the prescribed form.

(CAG's letter No.890-NGE.III/114-63 DT: 23.4.63)

(b) Adhoc:

In addition to the recurring Grants-in-Aid, Ad-hoc Grants-in-Aid is also sanctioned to various Recreation Clubs. The Ad-hoc Grants-in-Aid is sanctioned by the Comptroller and Auditor General of India, every year for which provision has been made in the India Circle of Account maintained by him. The proposals for the same should be forwarded to the Comptroller and Auditor General of India by 31st January every year. While forwarding the proposal for adhoc Grants-in-Aid, the guidelines/proforma (dully filled in) embodied in CAG's letter No.1213-NGE.IV/45-77 DT: 29.12.77 should be kept in view. It has also to be ensured that the utilisation certificates in respect of grant released last year, duly accepted must invariably be sent along with the proposals for release of adhoc Grants-in-Aid.



## (c) General:

The Grants-in-Aid are intended only for provision of amenities or recreational or welfare facilities, and should not cover any compassionate objectives such as death benefits. No expenditure should be incurred out of the Grants-in-Aid for organising any excursion trips. (CAG's letter No.21-NGE.III/304-61 DT: 29.1.62)

(d) Copies of the sanctions to the payments of recurring Grants-in-Aid to recreation clubs accorded by the Principal Director of Audit from time to time under his own powers should be endorsed to the CAG's office for information and record. (CAG's letter No.699-NGE.IV/75-78 DT: 27.5.78)

**466. Service Associations :**

The following are the recognised service Association of this office.

1. Association of Senior Audit Officers/Audit Officers
2. Southern Railway Audit Association (Category – II)
3. Southern Railway Audit Association (Category – III)

Recognition to the services Association has been granted by the Government of India subject to the terms and conditions laid down in the Central Civil Services (Recognition of Service Associations) Rules, 1993, as amended from time to time. Soon after the annual general body meeting is over, the Association should submit a list of members and office-bearers of the Executive/Managing body for the current year as also an upto date copy of the Rules and Regulations and an audited copy of the statement of Accounts for the previous year. After due scrutiny by the Principal Director of Audit, the audited statement of accounts, the list of office bearers and members of the Executive/Managing Body and the upto date copy of the Rules and Regulations of the service Association should be forwarded to the Comptroller & Auditor General of India by 1st July each year. In case no change in the constitution/bye-law of the Association has been made during the course of the year, a certificate to that effect should be obtained from the Association.

(Headquarters Office D.O. letter No.196 NGE (JCM)/66-98 dated 15.04.2002)

**467. Central Government Group Insurance Scheme :**

- (a) Central Government employees are governed by one of the following Insurance Schemes.
  - (i) Central Government Employees' Insurance Scheme.
  - (ii) Group Insurance Scheme for Central Government employees.
- (b) Central Government Employees' Insurance Scheme :

This scheme has been introduced w.e.f. 1.7.1977, and all Central Government employees are governed by this scheme, with certain exceptions laid down in the scheme. The rates of contribution and benefits under the scheme depend on the age at which the Central Government employees come under the scheme. For this purpose they are divided into three groups. Detailed orders regarding the scheme are prescribed in Ministry of Finance O.M.No.F.60/14/77-IC DT: 23.6.77 as amended from time to time. Nominations in the form prescribed should be obtained and pasted in the service book of the employee, duly countersigned by the Head of the Office i.e. Deputy Director (Administration). The Head of Office shall also record in the Service Book, the fact of receipt of nomination.

## (c) Group Insurance Scheme for Central Government Employees:

With a view to provide, at a low cost and on a wholly contributory and self financing basis, the twin benefits of an insurance cover to help the families of the Central Government Employees in the event of death of the employees while in service and a lumpsum payment to the employees or to their families on cessation of employment of the employees with the Central Government on account of

resignations, death, retirement, etc., a new Group Insurance Scheme has been introduced by the Government of India. The new scheme which came into force from 1.1.82 will be compulsory for all those employees who enter Central Government service after 1.1.82. Those employees who were already in Central Government Service on 1.11.80 were however given an option to opt out of the new scheme. For this purpose an option in the form prescribed should be obtained from the employees who wish to opt out of the new scheme and the same pasted in the Service Book of the individual concerned. Those who are willing to opt for the new scheme should furnish fresh nomination in the prescribed form which will be pasted in the Service Book, after countersignature by the Head of the Office. The fact of submission of the revised nominations to the new scheme by the employee should also be recorded in the Service Register. The detailed orders on the above scheme are laid down in Government of India, Ministry of Finance O.M.No.F.15(3)/78-WIP DT: 31.10.80 as amended from time to time.

The rate of monthly submission will be increased by 50% to have corresponding Insurance cover of enhanced value to all those employees who were members of the scheme on 31.1.89 and have opted to subscribe at the revised rates w.e.f. 1.1.90 and is compulsory to those who joined service on or after 1.2.89.

In the absence of a valid nomination under Group Insurance Scheme, the nomination, if any made under the GPF/Rules, may be accepted for the purpose of the Group Insurance Scheme also.

Where there was no nomination ever for GPF, the amount payable under the Insurance Scheme may be paid as follows:

- (i) The entire amount may be paid in equal shares to widow/widows, minor sons and unmarried daughters provided that in the case of more than one widow the second and subsequent marriages should have been solemnised with the permission of the Competent Authority. In the case of minor sons and daughters, their mother/father shall be deemed to be the natural guardian to receive the amount due.
- (ii) In the absence of any members eligible under (a) above, the payment may be in equal shares to other members of the 'family' as defined in GPF Rules.
- (iii) If there is no one eligible under (b) above also, payment may be made to other legal heir(s) not covered by (a) and (b) above.

In respect of cases covered by items (a) & (b) above, the payment may be made by the Head of Office without insisting on production of a succession certificate. But in the event of payment under item (c) above, Succession Certificate issued by a competent Court has to be produced.

(G.O.I. Ministry of Finance No.F.No.7(2)-EV/86 DT: 7.10.87 received under CAG's endt. No.1107.Audit.I/20-82/III-87(192) DT: 18.11.87)

#### **468. CCS (Conduct) Rules, 1964 :**

While discharging their duties, the employees of this Office should bear in mind the various provisions contained in the CCS (Conduct) Rules, 1964, as issued by the Government of India from time to time in the matter relating to maintaining integrity, devotion to duty, taking part in politics and election, joining of associations. Participation in demonstrations and strikes, criticism of Government, evidence before any committee or any other authority, communication of information to outsiders, accepting or presenting gifts from outsiders, participation in public demonstrations, engaging in private trade or employment, participation in private investment, acquisition of movable and immovable property without prior permission, canvassing for non-officials or other outsiders etc.

**469. Application of CCS (CCA) Rules 1965 :**

The relevant provisions of CCS (CCA) Rules 1965 issued by Government of India, as amended from time to time are also applicable to the employees of this office in the matters relating to suspension, imposition of penalties etc.

**470. Link Officers:**

When Audit Officers proceed on Casual Leave or on short leave, the following is the Link Officer arrangement made as a permanent measure.

Unit	Officer going on CL or on short period	Officer nominated to look after duties of Officers in A
Head Office	AuO/Admn	AuO/E&B
	AuO/E&B	AuO/Admn
	AuO/Coord	AuO/Reports
	AuO/ECPA	AuO/Computer
	AuO/Traffic Audit	AuO/Receipt Audit
	AuO/Receipt Audit	AuO/Traffic Audit
	AuO/Expenditure & Inspection	AuO/RC-II
	AuO/RC-II	AuO/Expenditure and Inspection
CN/MS & CN/ERS	AuO/CN/MS	AuO/CR/MS
	AuO/CR/MS	AuO/CN/MS
MAS Division	DAuO/MAS	AuO/RC I
	AuO/RC-I	DAuO/MAS
W/PER	AuO/W/PER	AuO/S/PER
S/PER	AuO/S/PER	AuO/W/PER
TPJ Division	DAuO/TPJ	AuO/TA/TPJ
TA/TPJ	AuO/TA/TPJ	DAuO/TPJ
Madurai Div.	DAuO/MDU	AuO/II/MDU
	AuO/II/MDU	DAuO/MDU
W&S/GOC	AuO/W&S/GOC	
Mysore Div W&S/Mysore	DAuO/MYS	DAuO/SBC
Palghat Div.	DAuO/PGT	DAuO/TVC
Trivandrum Div.	DAuO/TVC	DAuO/PGT
Bangalore Div.	DAuO/SBC	AuO/RWF/YNK
CN/BNC	AuO/CN/BNC	DAuO/SBC
RWF/YNK	AuO/RWF/YNK	DAuO/SBC
Reports	AuO/Reports	AuO/Computer
Computer/MAS	AuO/Computer/MAS	AuO/ECPA
S&T/PTJ	AuO/S&T/PTJ	DAuO/PGT

**471. Preparation and submission of Revised Estimates : Para 75 to 80 of Railway Audit Manual and Chapter of MSO (Admn) Vol.I :**

(a) The Budget Estimates for the ensuing year and the Revised Estimates for the current year based on the latest actuals together with all statements and forms as prescribed should be forwarded to the Comptroller & Auditor General of India by 30th September every year.

The details of statements to be enclosed along with the proposals are as under:

(i) Form A : Statement of Revised Estimates and Budget Estimates for

inclusion in the Demand.

- (ii) Form B : Statement showing the actual expenditure for the last three years and Budget/Revised Estimates for the current and ensuing year.
  - (iii) Form C : Statement showing the Revised Estimates for
  - (iv) Form D : Statement showing the Budget Estimates for
- Similar statements in Forms E to H in respect of Group A Officers are also to be sent to Headquarters.

Every year detailed instructions/guidelines are being received from the Office of the Comptroller and Auditor General of India by 2nd week of August, together with specimen forms in which the various statements are to be forwarded. These should strictly be adhered to in the matter of preparation and submission of Revised/Budget Estimates. Preparation of Nominal Rolls in respect of Gazetted and Non-Gazetted staff are dispensed with. However, as calculations regarding pay and allowances etc. have to be made from certain original records for the preparation of Budget Estimates, the same have to be completed. Proposals of figures under the heads other than those relating to fixed charges like pay, DA, HRA and CCA should be put up individually to the Principal Director of Audit for approval before consolidation. The explanations for variations between the Budget Estimates and the Revised Estimates for the current year and Budget Estimates for the next year should invariably be furnished with the Budget Estimates. (CAG's letter No.2185-BRS/196-79 DT: 20.8.79)

- (b) Loans and Advances (Para 78 of Railway Audit Manual)

These should be sent to the Headquarters Office every year on the due dates prescribed, after ascertaining the relevant particulars from the Sections and Branch Officers.

- (c) The Revised Estimates and Budget Estimates for "146 - Miscellaneous Railway Receipts" should be sent to the Financial Adviser and Chief Accounts Officer on the due dates fixed by the Railway Administration.

#### **472. Control Statements: (Para 366-369 of MSO {Admn} Vol.I )**

A monthly review of expenditure should be prepared in the forms prescribed and sent to the Comptroller and Auditor General of India by 10th of every month. The amount of bills which have actually been passed for payment in a particular month by the different accounting units in their books under "2016 - Audit" should be shown in the monthly Review of Expenditure. As the accounts of a particular month are not generally closed before the due date for submission of the control statement, statement of Expenditure booked as also the expenditure proposed for inclusion by the Accounts Officers in the accounts of that month, has to be obtained, from the Divisional/Branch Audit Officers, and similar information in respect of Head Office should also be obtained from the FA & CAO by the Administration Section for reconciliation. The purpose is to review the expenditure upto date and adopt special measures to limit expenditure on items which tend to exceed the estimate or approach Comptroller & Auditor General of India for a supplementary provision. The cuts imposed by the Comptroller & Auditor General of India (generally in lump) should be accommodated under the detailed sub-heads and every effort made to restrict the expenditure to the allotments advised by Headquarters.

The control statements up to January due by 15th February should be specifically scrutinised to surrender any provision not required. The control statement showing expenditure upto 31st March, is to be sent by the 15th of April.

#### **473. Register of Liabilities/Expenditure :**

- (a) (i) Other than Establishments :

The Register of contingent expenditure maintained according to the provisions of Para 348 serves the purpose of keeping a systematic watch of the liabilities

to be met.

(ii) Establishment :

All pay, Travelling Allowance and other bills relating to claims of staff for each month classified under the detailed heads should be posted in this Register from the Salary Registers of various units, maintained in the Administration Section.

(b) Every month, the particulars of expenditure booked in the accounts of a month have to be obtained from the Financial Adviser & Chief Accounts Officer and concerned Divisional/Branch Accounts Officers and this should be reconciled with the expenditure booked in the Liability Registers. The results of reconciliation should be put up to the Audit Officer (Administration) every month by 5th.

#### 474. Appropriation Accounts :

(a) After the close of the accounts for the year, the Appropriation Accounts in respect of the expenditure towards pay and allowance etc. pertaining to this office booked to the Civil Head "34-Audit" will be compiled in the Civil Form as well as in the Railway Form.

The Accounts in the Civil Form will be compiled in the proforma prescribed in Form 134 of CAG's Manual of Standing Orders (Technical). The accounts should exhibit the figures in units of Rupees. The explanations for variations under Col.1 and Column.4 will be drawn up carefully and after approval by the Principal Director of Audit, the fair copies of the accounts together with explanation will be forwarded to the Principal Director of Audit/Central Revenues by the date advised by him. A statement showing the details of expenditure under "Office expenses-Miscellaneous contingencies" will have to be appended to the above. The Audit Certificate will be obtained from the Principal Director of Audit/Eastern Railway/Calcutta in respect of Group "B" Officers and Non-Gazetted establishment and from the Pay and Accounts Officer/IA & AD/Office of the Accountant General (A & E)/Tamilnadu/Chennai - 18 in respect of Group "A" Officers and copies thereof are to be endorsed to the Headquarters Books & Budget Section for information.

The accounts in the Railway Form (Grant No.2 Miscellaneous expenditure - cost of statutory audit) will be drawn up and the figures should be given in thousands of Rupees. The explanations in the case of Railway Form need not, however, be so elaborate as in the case of accounts in the Civil Form. After approval by the Principal Director of Audit, the accounts will be forwarded to the Financial Adviser and Chief Accounts Officer/Budget for further action.

(b) Pensionary charges :

The Appropriation Accounts in respect of pensionary charges will be compiled and sent to the Financial Adviser and Chief Accounts Officer. The figures in this case should be shown in thousands of Rupees.

(c) Loans and Advances to Central Government Servants :

The Appropriation Accounts in respect of the above compiled in the Civil Form with the explanations for variations in units in Rupees is to be sent to the Headquarters/New Delhi as well as to the Financial Adviser and Chief Accounts Officer/Southern Railway/Chennai and to the Books and Budget Section/Headquarters Office/Chennai.

#### **Annexure - I** (Vide Para 412)

#### **SCHEME AND SYLLABUS FOR THE DEPARTMENTAL EXAMINATION FOR AUDITORS (RAILWAY AUDIT OFFICES)**

Paper	Duration	Maximum Marks
I - Railway Audit	2 1/2 hours	100

II - General Rules and Procedure	2 1/2 hours	100
III - Revenue Audit - Railways	3 hours	100

**NOTE - 1**

Candidates will be declared to have passed, if they obtain 40 per cent marks in each of the papers. A candidate who fails to pass the examination but obtains in any paper at least 50 percent marks, will be exempted from appearing again in that subject at a future examination.

**NOTE - 2**

Candidates who had already secured 50 per cent or more marks in Paper II of the Departmental Confirmatory Examination will be exempted from appearing in Paper II of the Departmental Examination for Auditors in the Railway Audit Office.

Syllabus and Books allowed for the Departmental Examination for Auditors

**Paper I : Railway Audit.**

**Syllabus :**

- (a) Establishment Audit.
- (b) Workshop and Stores Audit.
- (c) General Expenditure Audit including Books, Budget & Appropriation Audit.

Books Allowed :

1. Indian Railway Financial Code Vol. I and II.
2. Indian Railway Administration and Finance - An introduction.
3. Indian Railway Establishment Code Vol.I and II.
4. Indian Railway Establishment Manual-Chapter 15 dealing with Passes and Privilege Ticket Orders.
5. Indian Railway Code for the Engineering Department (Revised Edition 1982)
6. Indian Railway Code for the Mechanical Department.
7. Indian Railway Code for the Stores Department.
8. Indian Railway Code for the Accounts Department Part.I and II. (Revised Edition 1984)
9. (a) Fundamental Rules - Section III, Part I, II, III (Extent of application, Definitions, General Conditions of Service, Pay, Additions to Pay, Combination of appointments, Deputation out of India, dismissal, Removal, Suspension, Compulsory Retirement) V - Foreign Service.  
(b) Central Civil Services (Joining Time) Rules.
10. Railway Pension Rules.
11. Family Pension Scheme for Central Government Employees 1964, as amended from time to time.
12. General Provident Fund rules.
13. Workmen's Compensation Act.
14. Factories Act.

**NOTES :**

1. Swamy's and Chaudhri's compilations containing these rules may also be allowed.
2. Numerical problems will not be set for the present.
3. Questions on allocation of expenditure and receipts will be included.
4. Candidates can opt to answer this paper in Hindi. The question paper will, however, be set in English.
5. Questions on each of the three subjects covered by Paper I will be grouped under one section. Candidates will be given a choice of questions, it being left to them to answer questions either from one section alone or from more than one section.

**Paper II : General Rules and Procedure****Syllabus:**

1. Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.
2. Railway Audit Manual.
3. Comptroller and Auditor General's Manual of Standing Orders (Technical) Volume I - Section I, Chapters 1, 2, 3, 6 & 7 of Section II, and Chapter 13 of Section III.
4. An Introduction to Indian Government Accounts and Audit.

**Books Allowed:**

1. Brochure on Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act.
2. Railway Audit Manual.
3. Comptroller and Auditor General's Manual of Standing Orders (Technical) Vol.I.
4. An Introduction to Indian Government Accounts and Audit.

**NOTES :**

1. A candidate who had secured exemption marks in Paper II of the Departmental Confirmatory Examination will be exempted from appearing in Paper II of the Departmental Examination for Auditors.
2. Candidates can opt to answer this paper in Hindi. The question paper will, however, be set in English.

**Paper III Revenue Audit - Railways****Syllabus :**

1. Comptroller and Auditor General's Manual of Standing Orders (Technical) Vol.I Section II Chapter 4 - Audit of Receipts. Section III Chapter 15 Para 522 - Audit of Refunds of Revenue.
2. Central Government, Compilation of the General Financial Rules.  
Chapter 3 - Revenue and Receipts.  
Chapter 10 - Rules 146 Refunds of Revenue.
3. Central Government Account (Receipts and Payments) Rules, 1983.  
Part I - rules 6 to 10  
Part II - Rules 18 to 27 - Receipts of Government Revenues, dues etc. and crediting them into the Government account.  
Part III - Rule 139 - Refund of Revenue.
4. Indian Railway Commercial Manual (Volume I)  
Chapter VII - Initial accounts and returns for passengers traffic.  
Chapter XIII - Initial coaching Books and Returns.
5. Indian Railway Commercial Manual (Volume II)  
Chapter XX - Initial Books and returns in connection with goods traffic.  
Chapter XXI - Claims for compensation and for refunds of overcharges.  
Chapter XXIV - Traffic Receipts and Remittances.  
Chapter XXV - Sidings.  
Chapter XXVI - Out agencies, City-Booking offices and other ancillary services.  
Chapter XXVII - Station Outstandings.  
Chapter XXIX - Commercial and Accounts inspections.

6. Indian Railway Code for the Accounts Department Part II (Traffic accounts) Whole Book.
7. Indian Railway Code for the Traffic Department (Commercial)
  - Chapter II - Rates and Fares.
  - Chapter III - claims for Compensation and for refunds of overcharges.
  - Chapter X - Station Outstandings.
  - Chapter XI - Wharfage and Demurrage.
  - Chapter XII - Mode of payment of Railway freight and other Railway dues.
  - Chapter XIV - Registration of Indents, allotment and supply of Wagons.
  - Chapter XV - Rules and Rates for the carriage of Railway materials and stores.
  - Chapter XVI - Postal traffic.
  - Chapter XVII - City booking offices and out agencies.
  - Chapter XVIII - Assisted sidings.
8. Indian Railway Conference Association Coaching Tariffs.
9. Indian Railway Conference Association Goods Tariffs.
10. Railway Audit Manual.
  - Chapter XII- Audit of earnings (Local Traffic)
  - Chapter XIII - Audit of earnings (through traffic)
  - Chapter XXI - Inspections - Paragraphs 431, 432, 438 and 439 Inspection on Station Accounts etc.

**Books Allowed :** All the books listed in the syllabus.

Annexure - II (vide Para 418)

Scheme and Syllabus for the Section Officers Grade Examination - Railway Audit Branch

Part - I

Sl. No	Subject	No. of papers	Hours	Marks
1.	Service Regulations including related Accounts/Audit procedures			
	Theory	1	3	100
	Practical	1	3	100
2.	Financial Rules, Principles of Government Accounts/Audit and Works expenditure			
	Theory	1	3	100
	Practical	1	3	100
3.	Constitution of India	1	2	100
	TOTAL	5		
Part – II				
1.	Precis & Draft	1	2 1/2	100
2.	Open Line Revenue			
	Theory	1	3	100
	Practical	1	3	100
3.	Advanced Book - keeping with Elementary Costing	1	3	100
4.	Government Audit including Workshop and Stores Audit (Theory)	1	3	100
5.	Workshop and Stores Audit (Practical)	1	3	100



6	Computer Systems – Theory	1	1	50
	Computer Systems – Practical	1	2	50
	TOTAL	6		

## SECTION OFFICERS GRADE EXAMINATION

## RAILWAY AUDIT BRANCH

## SYLLABUS AND BOOKS ALLOWED

**PART - I :** 1. Service Regulations including related Accounts/Audit Procedures - Theory & Practical.

Indian Railway Establishment Code. Volumes I and II.

Indian Railway Establishment Manual

Manual of Railway Pension Rules, 1950.

Central Civil Services (Pension) Rules, 1972.

Central Civil Services (Commutation of Pension) Rules.

Hours of Employment Regulations.

Workmen's compensation Act.

Payment of Wages Act.

Minimum Wages Act.

Factories Act.

Indian Railway Code for the Accounts Department Part-I Revised Edition 1984

Chapter I (Departmental Regulations)

Chapter VIII (Internal Check)

Chapter IX (Provident Fund Accounts)

Chapter X (Internal Check of Pension Payments)

Chapter XI (Bills)

Chapter XII (Check of Establishment charges - General)

Chapter XIII (Check of Pay Rolls - Officers)

Chapter XIV (Check of Pay Rolls - Staff)

Indian Railway Financial Code Volume - I Chapter VIII

(Inter Railway and Inter Departmental Service)

Indian Railway Administration and finance - An Introduction

Chapter X (Advances and Arrear Claims)

Chapter XI (Disallowances and Objections)

Chapter XII (Records of Service)

Indian Railway Financial Code - Vol.II Appendices

(Classification of Accounts of Expenditure & Earnings {Expenditure portion relating to Establishment only} )

Railway Audit Manual

Comptroller & Auditor General's manual of Standing Orders (Technical Vol.I) Section III Chapters 2, 3, 6 and 10 dealing with Establishment Audit).

**Books allowed for practical paper.**

All the books listed above.

**2. Financial Rules, Principles of Government Accounts/Audit and Works expenditure****Theory and Practical**

Indian Railway Administration and Finance - An Introduction (excluding portions prescribed for Subject-I)

Indian Railway Financial Code - Volume I

(excluding portion prescribed for subject - I)

Indian Railway financial Code - Volume II - Appendices - Classification of Accounts of Expenditure and Earnings (Expenditure portion relating to works only)

Indian Railway Code for the Accounts Department - Part-I (excluding chapters mentioned against subject - I)

Indian Railway Code for the Engineering Department.

Indian Railways Way and Works Manual.

Comptroller and Auditor General's manual of Standing Orders (Tech.) Vol.I - Sections-I, II (Chapters 1, 2, 3 and 6), III (Chapter 1 (A), 4, 5, 13 and 16) IV (Chapter-I), VI (A) and VII)

Comptroller and Auditor General's Manual of Standing Orders (Tech. Vol.II)

Railway Audit Manual

Brochure on Comptroller and Auditor General's (Duties, Powers and Conditions of Service Act.)

Books allowed for practical paper

All the books listed above.

### **3. Constitution of India:**

Paras - I, V, VI, VIII, X, XI, XII, XIV, XVIII, XIX and XX of the Constitution of India together with relevant Schedules appended to it.

Questions on such matters as manner of elections, conditions of eligibility for elections, qualifications, procedural details and jurisdiction of Courts etc. will be excluded.

NOTE:

This paper is common to all branches of the Section Officers Grade Examination Part I

## **Part - II**

### **1. Precis and Draft**

This paper is common to all branches of the Section Officers Grade Examination.

- (i)      Precis of a correspondence or of notes on an official subject                      50 marks
- (ii)     Drafting of an official letter or office memorandum bearing  
            on the subject matter of (i) above    25 marks
- (iii)    Drafting of an official letter, given the facts, as directed in the question      25 marks

### **2. Open Line Revenue - Theory & Practical**

- (a)      Indian Railway Code for the Traffic Department (Commercial)
- (b)      Indian Railway Commercial manual (Volumes I and II)
- (c)      Indian Railway Code for the Accounts Department - Part II (Traffic Accounts)
- (d)      Indian Railway Financial Code - Volume - II - Appendices - Classification of Accounts of Expenditure and Earnings (Earnings portion only)
- (e)      C & AG's M.S.O. (Tech.) Vol.I Section - II Chapter - IV
- (f)      Railway Audit Manual.
- (g)      I.R.C.A. Coaching Tariffs
- (h)      I.R.C.A. Goods Tariffs.
- (i)      I.R.C.A. Military Tariff
- (j)      I.R.C.A. Red Tariff.
- (k)      I.R.C.A. Conference Rules (Part II)

**NOTE**

In the case of Tariffs, the publications in force as on the first of April preceding the examination will be the prescribed text books.

**Books allowed for Practical Paper**

All the books listed above.

**3. Advanced Book-keeping with Elementary Costing**

- (i) Advanced Accounting by J.R.Batliboi.

Chapters on :

- (1) Fundamentals of Double entry.
- (2) Trading, Manufacturing and Profit and loss Accounts and Balance Sheet..
- (3) Capital and Revenue, income and Expenditure and Receipts and Payments Accounts.
- (4) Bills of Exchange, Promissory Notes and Cheques.
- (5) Accounts of Joint Stock-Companies.
- (6) Depreciation and Reserves
- (7) Cost Accounting.
- (ii) Principles and Practice of Auditing by : J.R.Batliboi.
- (iii) Cost Accounts by : Shukla & Grewal

- Chapter
1. Introduction
  2. Materials
  3. Labour & Direct Expenses.
  4. Overheads (I) Factory overheads.
  5. Overheads (III) Office and Administrative selling and Distribution overheads.
  6. Marginal Costing.
  7. Production Accounts and Cost Sheets.'
  8. Process Accounts.

**4. Government Audit including Workshop and Stores Audit (Theory)**

- (i) Comptroller and Auditor General's Manual of Standing Orders (Technical) - Volume - I Section - II (Chapters 1, 2 and 5)
- (ii) Efficiency-cum-Performance Audit Guide.
- (iii) Standards of Field Investigation in Efficiency-cum-Performance Audit guide.
- (iv) System Audit Guide.
- (v) Indian Railway Code for the Mechanical Department (Workshop)
- (vi) Indian Railway Code for the Stores Department.
- (vii) Indian Railway Financial Code - Vol.II - appendices - Classification of Accounts of Expenditure and Earnings (Expenditure portion relating to Workshop and Stores only)
- (viii) Indian Railway Code for the Engineering Department - Chapter XIV dealing with Stores.
- (ix) Railway Audit Manual.

This paper will comprise two groups.

Group "A" carrying 60 marks, will consist of 4 questions based on the books listed above. Group "B" carrying 40 marks, will consist of an exercise in drafting a paragraph for the Audit Report, based on an audit objection and the Administration's reply thereto.

**5. Computer Systems (Theory)**

- (a) Information concepts
- (b) Elements of Computer Hardware, Software, Computer capabilities and

- limitations.
- (c) Computers and communication.
- (d) Operating Systems (OS) : Concepts, Basic Operations of Windows.
- (e) Principles of Data Security, Preventive maintenance and trouble shooting

Books recommended:

1. O level Module I - Information. Technology by V.K. Jain

## 6. Computer Systems (Practical)

- (a) Introduction to Windows 95
- (b) An overview of MS Office 97 covering MS Excel 97, MS Power Point 97 and MS Access 97 and MS Word 97
- (c) Operating skills in Word processing package (MS Word 97)

Books recommended:

1. Easy Guide to Windows 95 – By Alan Simpson
2. ABCs of Windows 97 – By Guy Hart Davis

## 7. Workshop and Stores Audit (Practical)

Indian Railway Code for the Mechanical Department (Workshop)

Indian Railway Code for the Stores Department.

Indian Railway Financial; Code - Volume - II - Appendices - Classification of Accounts of Expenditure & Earnings (Expenditure portion relating to Workshop and Stores only)

'Railway Audit Manual.

Books allowed for Practical paper

All the books listed above.

Annexure III (vide Para 422)

## Revenue Audit Examination for Section Officers/A.A.O.s of other than Civil Branch

### Paper - I Income Tax (Common to all Branches other than Civil)

Syllabus

- (i) Finance Act of the year.
- (ii) Income Tax Act, 1981.
- (iii) Revenue Audit Manual Part - I (Section - I) Third Edition.
- (iv) Revenue Audit Manual Part - I (Section - II) Second Edition.
- (v) Income Tax rules, 1962.

Books allowed:

1. Income Tax Act, 1961.
2. Income Tax Rules, 1962.
3. Finance Act of the year.
4. Revenue Audit Manual Part - I (Section - I) Third Edition
5. Revenue Audit Manual Part - I (Section - II) Second Edition.

Syllabus for Paper - II of Revenue Audit Examination for Section Officers/A.A.Os of Railway Audit Branch :

Railway Revenue

1. (a) Indian Railway Code for the Traffic Department.(Commercial)  
(b) Indian Railway Commercial manual - volumes - I & II.
2. Indian Railway Conference Association Coaching Tariffs.
3. Indian Railway Conference Association Goods Tariffs.

4. Indian Railway Conference Association Ministry of Tariff.
5. Indian Railway Conference Association Red Tariff.
6. Railway Audit Manual.
7. Indian Railway Act - Chapters III, IV, V, VI & VII.

**NOTE**

The question paper will have emphasis on practical application of Railway Tariffs and Rules. Books excepting those mentioned at Sl.No.7 and for Railway Statistics and Railway operations, will be allowed as reference books by the candidates for the examination.

Railway Statistics

Manual of Statistical instructions Volumes I & II

Railway Operation

- (i) Railway Operation (Third Revised Edition, 1974) by : Francis Da Costa
- (ii) Advanced Railway Operation (1982 Edition) by : Francis Da Costa & Ramesh Kumar Grover.

Annexure IV: (vide Para 423)

**Syllabus for Incentive Examination for Senior Auditors :**

Finance, Accounts and Audit (For A & E) Offices.

Maximum marks 100	Time 2 1/2 hours	Without books
(i) CAG's (DPC) Act.		
(ii) Introduction to Indian Government Accounts & Audit		
(iii) Constitution of India		

- (a) Part V - The Union
  - (i) Money Bills and Procedure in Financial matters in Chapter 2 Parliament
  - (ii) Chapter 5 Comptroller and Auditor General of India.
- (b) Part VI - The States
  - Procedure in Financial Matters in Chapter 3 The State Legislature.
- (c) Part XII - finance, property, Contracts & Suits
  - Chapter 1 Finance
  - Chapter 2 Borrowing

## **CHAPTER V**

### **General Audit Procedure**

**501** The general principles and rules of audit for the different classes of transactions laid down in the Comptroller and Auditor General's Manual of Standing Orders (Audit) Vol.I to the extent they can be applied to Railway Audit and the detailed instructions contained in Railway Audit Manual Part II General Instructions Regarding Extent and Procedure of Audit, Chapter VIII – General should be followed.

### **502 Programme of Audit (Paras 122 & 123 R.A.M.)**

The Secret Memorandum of Instructions (Railway Audit) contains the programme of Audit and also the extent and scope of check in respect of various items of audit. The extent of audit prescribed should not ordinarily be deviated from, but where the Principal Director of Audit considers that a relaxation would be useful for utilising the staff thus released on special inspection reviews or investigations, he may order a temporary relaxation against individual items in regard to which accounting and internal check are satisfactory. Experience has shown that the extent of audit may be reduced with comparative safety. A record of relaxation so ordered with brief reasons indicating the justification therefor and the manner in which the staff released is to be utilised should be maintained. A brief note of the results achieved should also be kept on record.

### **503 Selection of documents for Audit:**

- a) The detailed instructions contained in Chapter X of the Railway Audit Manual should be carefully followed. In respect of monthly items of audit, the vouchers and documents relating to the third previous month are ordinarily audited e.g. in December, the vouchers and documents relating to September are audited. However, in respect of Completion Reports, those sanctioned in the second previous month are audited. In the case of Traffic Audit, the accounts of the fourth previous month are audited. As regards the quarterly and half yearly items of audit, the check is done with reference to the transactions of the previous quarter/half year. The audit of quarterly, half-yearly and annual items, other than those which have been divided into monthly units for being checked throughout the year, should not be crowded into the closing months but should be distributed evenly during the whole period by taking up a few items of work each month. One month's accounts selected is to be taken up for detailed check. A general review of the transactions of the other months is also to be done.
- b) As regards annual items, the month of accounts will be got selected by Books & Budget Section in Headquarters office and advised to all the units. In the case of annual items which are not dependent on the closing of the accounts of the year, they may be taken up for audit sufficiently early. The audit of all items should be completed within two months after the closing of the accounts of the year so as to enable the necessary Audit Certificate being issued to the Comptroller & Auditor General Of India by the 15<sup>th</sup> September.
- c) Selection of paid vouchers for audit is based on the Register of Bills passed (CO7). The PMR No. and amount of the vouchers included therein should first be listed out separately for each item of audit and memorandum indicating the total number of vouchers in each category, the extent of check applicable and the number of vouchers to be audited

should be prepared. This should be submitted to the Branch Officer for selecting the required number of vouchers for audit. If the application of the prescribed percentage results in a fraction, it should be rounded off to the next higher number. The above principle should also be applied while obtaining selections for Current Review/Post Review by Assistant Audit Officers/Section Officers and Gazetted Officers.

- d) The listing of vouchers done monthly by the Auditor/Senior Auditor for purposes of selection for audit should be subject to a surprise test check by the Assistant Audit Officer/ Section Officer atleast four times a year with a view to ensuring its correctness and completeness and any defects found in the system brought to the notice of the Branch Officer. The fact of his having done the above checks should be indicated in the Memorandum before submission to the Branch Officer as well as in the Selection-cum-Progress Report Register.
- e) The audit work is to be conducted under the personal supervision of the Branch Officer and the selection of units/documents/vouchers for test audit should be done by him except in cases where it may not be possible for him to do so. In such cases, the initial selection made by the Assistant Audit Officer/Section Officer should be submitted to the Branch Officer for confirmation at the earliest.
- f) In selecting the vouchers for audit, the Branch Officer should aim as far as possible at a method under which the accounts of all the spending departments come under audit within the prescribed periodicity of audit and no particular class of voucher is left out.
- g) The selection of vouchers and documents by the Branch Officer should be completed by the 20th of the month preceding that in which the audit is to be taken up so that the selected vouchers and documents can be collected well in time to commence the audit on the first day of the month.

#### **504 Requisition and collection of vouchers/documents:**

- a) Soon after the selection of vouchers and documents for audit, requisition calling for the same should be sent to the Accounts Office without delay over the signature of the Assistant Audit Officer/Section Officer. The requisitions should be prepared in duplicate by the concerned Senior Auditor and one copy thereof sent to the Accounts Office. Requisitions for the rejected tenders and confidential files/documents should ordinarily be issued over the signature of the Branch Officer. The Office copies of the requisitions should be preserved for two years.
- b) The documents called for should be collected expeditiously and any difficulty in getting them should be brought to the notice of the Assistant Audit Officer/Section Officer. Cases of inordinate delay should be brought to the notice of the Branch Officer. If the documents due for Audit in a month are not made available by the 1<sup>st</sup> of the month, an official reminder should be issued. If this has no effect a demi-official letter should be sent to the Accounts Officer by the 15<sup>th</sup> of the month over the signature of the Branch Officer. Thereafter, the Branch Officer should keep a watch on the receipt of the vouchers due and every effort should be made by him to obtain the vouchers. All the vouchers and documents requisitioned upto the end of the previous month but not made available should be shown under item VI-A(II) in the Consolidated Monthly Arrear Report duly indicating the reasons for non-availability and action taken by the

Branch Officer. At the end of every quarter, Co-ordination Section will list out the vouchers and documents outstanding for over 3 months as shown in the Arrear Reports of the various units and take up the matter with the F.A.&C.A.O. demi-officially.

- c) In the case of vouchers not made available at all and reported to be lost etc. by the Accounts Office, the procedure laid down in Note 2 below Paragraph 145 of R.A.M. should be followed. For taking necessary action in the matter, the Branch Officer should send a report to the Co-ordination Section detailing the particulars of vouchers not made available etc.

#### **505 Selection-cum-Progress Report Register and Subsidiary Register:**

- a) The selection of vouchers for audit and the progress of both receipt of vouchers and completion of audit is watched through a Selection-cum-Progress Report Register in Form No.F.505(R).
- b) The programme of audit prescribed in the Memorandum of Instructions regarding the extent of Audit (Railway Audit) is entered in cutaway folios attached to the Register and the selection is entered monthly on the appropriate page. After the Audit is completed the certificate in the prescribed form should be given by the Asst. Audit Officer/Section Officer and Branch Officer.
- c) In order to keep a watch on the receipt of vouchers and documents which were not received during the month a Subsidiary Register is to be maintained in Form No.F.505(C). The particulars of vouchers and documents are to be entered in detail in the Register under three distinct categories given below indicating also the total number of man-hours against each category.
  - Arrears in Accounts Office
  - Arrears due to non-availability of vouchers and documents
  - Arrears in Audit Office.

These figures should agree with those shown in the Selection-cum-Progress Report Register. Audit is conducted as and when the vouchers etc. are received and the reduction in arrears in man-hours indicated against each category. At the close of the month, the total of arrears is indicated in the certificate to be given in the Selection-cum-Progress Report Register. The Selection-cum-Progress Report Register and the Subsidiary Register should be submitted to the Branch Officer on the 5<sup>th</sup> of every month.

#### **506 Completion of Audit - (Para 124 of R.A.M.):**

- a) At the close of the month, the Auditor/Senior Auditor should put his dated initials in the Selection-cum-Progress Report Register against the vouchers and documents audited by him as a proof of his having completed the audit. Vouchers and documents not audited should also be indicated in the Register in the last three columns under the relevant headings. Every voucher, register or document audited whether at headquarters or during local inspections, should bear an audit enfacement and dated initials of the person (Whether Auditor/Senior Auditor/Asst. Audit Officer/Section Officer) who audited it, as indicated below:



Audited . . .  
 Initials . . .  
 Date . . .

- b) However, records like Service Registers, leave accounts and contracts need not be enfaced with the words 'Audited' and initialled by the person conducting the audit. But, a list of such records should be maintained in a separate register or in the Selection-cum-Progress Report Register and initialled by the person concerned. Vouchers selected purely for tracing should bear the enfacement 'traced' with initials and date. The supervisory staff should ensure by test check that the documents audited are duly stamped and initialled by the Auditor/Senior Auditor concerned.
- c) Vouchers like Stores Issue Notes, Receipt Notes, Invoices, Parcel Way Bills etc. which are usually in large numbers need not be enfaced individually but the covering sheet of each bundle should be enfaced provided all the vouchers in that batch have been audited. Otherwise, each voucher audited should be enfaced.
- d) All items for which general reviews have been prescribed are to be conducted only the Asst. Audit Officer/Section Officer who may take the assistance of Auditors for routine and detailed check of documents wherever necessary. On completion of periodical items (viz. quarterly, half-yearly and yearly) a note should be put up to the Branch Officer indicating the results of audit for post review, as may be necessary.

#### **507 Original Audit by Gazetted Officer and Section Officer (Pars 140 - 143 of R.A.M.)**

**a)** Gazetted Officers and Section Officers are required to do original Audit work as part of the monthly duties amounting to not less than 2 days in a month, the percentage of check being that prescribed in the Memorandum of Instructions regarding the extent of Audit (Railway Audit). For this purpose, the audit work in the Division/Unit is divided into 12/24 units. The selection of items for Original Audit to be done by the Branch Officer and by the Asst. Audit Officer/Section Officer should be made by the Branch Officer, before the commencement of the month of audit. The results of Original Audit should be recorded in a separate register to be maintained for each Branch Officer/ Asst. Audit Officer/Section Officer in the form prescribed in para 162 of the Railway Audit Manual. The registers containing the results of Original Audit by Gazetted Officers and Section Officers should be submitted before the 5th of every month to the Director of Audit/ Principal Director of Audit by the Headquarters Units. In respect of units outside Headquarters, the Register should be submitted to Director/ Principal Director of Audit during their local visits.

**b)** If in a particular month there are no transactions relating to the unit selected for audit, the Gazetted Officer may take up the vouchers or documents relating to the same unit in any previous month for which there are transactions which have not been audited. A suitable remark to that effect should be made by the officer in the Register.

#### **508 Current Review (Paras 151 – 153 and 162 of R.A.M.)**

**a)** As soon as possible after the audit is completed by the Auditor/Senior Auditor, the branch officer should select the items for current review by the Asst. Audit Officer/Section Officer. The register in Form No.F.508 should be in the personal custody of the reviewing officer concerned.

- b) The items originally audited by the Asst. Audit Officer/Section Officer should be current reviewed by the Branch Officer and the items so reviewed together with the remarks should be recorded in the Original Audit Register of Asst. Audit Officer/Section Officer. During the Current Review, a test check should be made to see that the arithmetical check and the other routine processes for which the Auditor/Senior Auditor/ Section Officer/Asst. Audit Officer is primarily responsible have been correctly done.
- c) The register of results of current review by Asst. Audit Officer/Section Officers should be submitted monthly to the Branch Officer by 5<sup>th</sup> and half yearly by 10<sup>th</sup> April and 10th October to the Principal Director of Audit.

#### **509 Post Review (Paras 154 - 162 of R.A.M.)**

- a) In addition to the current review, a post review of the work done during the month is also carried out by the Branch Officer and the Asst. Audit Officer/Section Officer in the following month. The method of selection is similar to the procedure for selection of Original Audit and the field being divided into 12 units. One half of the review work of the Branch Officer should be devoted to a re-check of the Current Review done by the Asst. Audit Officer/Section Officer. The documents should be submitted to the Branch Officer before the 15<sup>th</sup> of the month.
- b) For the purpose of Post Review by Asst. Audit Officer/Section Officer, one unit is selected (out of 12) by the Branch Officer. The Post Review is done every month by the Asst. Audit Officer/Section Officer (Audit) in charge of the section, with the exception that where there is more than one Asst. Audit Officer/Section Officer in the Division/branch/Section, the Post Review is done by the local Asst. Audit Officer/Section Officer other than the one in charge of the Section whose unit is selected. If an item marked for Post Review becomes infructuous (such cases should be rare) it should be the duty of the Asst. Audit Officer/Section Officer concerned to bring the matters to the notice of the Branch Officer in time and arrange for some other unit to be assigned. In cases where one or more items in the units selected for review becomes infructuous in the month, voucher or vouchers of the same category last audited should be post reviewed by the Branch Officer or the Asst. Audit Officer/Section Officer (Audit) concerned and the fact recorded in the Post Review Register.
- c) In case no voucher/documents are available in an item in the unit selected for Post Review in a given month or in the months immediately preceding it, a suitable note should be kept of the same and if any vouchers/documents are available in the subsequent months of the financial year they should be subjected to Post Review.
- d) In the case of an item in the unit subjected to Post Review in the subsequent months as suggested in (c) above, the item need not be shown as in arrears. If, however, no documents/vouchers are available in the entire units selected for Post Review, alternative selections should be obtained.
- e) During the course of the Post Review, the Asst. Audit Officer/Section Officer should devote his attention to vouchers other than those current reviewed by another Asst. Audit Officer/Section Officer. Where, however, only one Asst. Audit Officer/Section Officer is stationed in a Division/unit, a second Asst. Audit Officer/Section Officer from another unit need not be deputed for this purpose. But, where only one Asst. Audit Officer/Section Officer are there in the case of headquarters office sections, Asst. Audit Officer/Section Officer from another section, may be nominated by the Dy. Director /Director.

f) The results of Post Review should be recorded in separate registers by the Branch Officer and the Asst. Audit Officer/Section Officer in the form prescribed in para 162 of R.A.M. In respect of units in Chennai area, the register containing the results of post review by the branch officer should be submitted to the Principal Director of Audit monthly before the 5<sup>th</sup> while the register of post review of Asst. Audit Officer/Section Officer should be submitted half-yearly (ie) in April and October.

Arrears, if any, should be specifically brought to the notice of the Principal Director of Audit. As for outstation units, the Registers should be submitted to Dy.D.A/D.A. during their visits.

#### **510 Raising and Pursuance of Objections:**

a) The instructions contained in Chapter XXII of the Railway Audit Manual shall generally be followed keeping in view the general principles and rules laid down in paras 7.1.1 – 7.1.22 and 7.2.2 of the Manual of Standing Orders (Audit).

b) The points noticed during the course of audit by the Auditor/Senior Auditor should be put up to the Asst. Audit Officer/Section Officer in the form of a consolidated audit note. The Asst. Audit Officer/Section Officer scrutinises the points carefully and thereafter discusses them with his counterpart in the Accounts Office. Test Audit Notes are issued only in the cases which cannot be settled after the discussion. Test Audit Notes are issued in two parts - part I containing objections of an important nature and Part II containing objections of a minor and routine nature which after discussion the Accounts Office has agreed to set right and suggestions for improvement to be acted upon by the Accounts Office. Very serious irregularities should be brought to the notice of the Administration in the form of Special Letters. All objections and special letters should be signed by the Branch Officer. Part II Audit Notes of minor importance may, however, be issued by the Asst. Audit Officer/Section Officer under his signature. The method of issuing Inspection Reports is dealt with in Chapter XIII.

c) Petty and frivolous objections should be avoided and the objections once raised should be pursued vigorously till they are settled to the satisfaction of audit. All pending objections (both part I and part II) should be reviewed once in every six months and special attention of the Accounts Office drawn to the old outstanding items. Items for which satisfactory replies are not received within a reasonable time should be brought to the notice of Principal Director of Audit, for being taken up with the F.A.&C.A.O. Generally a request for review of previous cases should not be made except in cases where the Branch Officer feels that the irregularity has taken place on a large scale over a period of time.

d) Important and interesting results of audit should be put up to the Principal Director of Audit and after his approval four copies of the para should be prepared. Two copies are returned to the Division/Section concerned and two copies are retained by the Co-ordination Section. The Co-ordination Section will record one copy in a Register and the other copy will be filed in a file and the information contained in the para will be circulated to other divisions/sections for necessary action.

e) At the end of every quarter, the Co-ordination Section submits the Register to the Principal Director of Audit who decides the paras to be forwarded to the

other Principal Directors' of Audit and the Additional Deputy Comptroller & Auditor General of India (Railways). This Register should also be put up to the Additional Deputy Comptroller & Auditor General of India (Railways) during his tour.

f) The paras so selected will be circulated by the Co-ordination Section to the Divisions/Sections, the Principal Director of Audit of other Railways (with sufficient No. of spare copies) and Additional Deputy Comptroller & Auditor General (Railways). The extracts of Audit Activities received from other Railway Audit Offices periodically will also be likewise communicated to the Divisions/Sections.

g) All Special Letters should be issued only with the approval of the Principal Director of Audit. When a Branch Officer comes across an important objection or a case, which, in his opinion, has sufficient potential for a Draft Paragraph, he should take action to collect details and copies of relevant correspondence and should arrange to issue special letters, duly obtaining the approval of the Principal Director of Audit, to the Accounts Office with necessary key documents, calling for the remarks of the Railway Administration. All such cases are required to be reported to the Reports Section which should maintain a Register of Potential Draft Paragraphs. Such cases are required to be pursued vigorously. (Para 1404 of Chapter XIV - Reports Section may also be referred to in this connection.

h) A Register showing the amounts recovered at the instance of audit should be maintained in Form No.F.510 and submitted to the Branch Officer on the 5<sup>th</sup> of every month.

Form No.F.510  
(Para No.510 of OM)

Register of recoveries effected at the instance of Audit during .....

Sl. No.	Details of the Case	Amount pointed out for recovery		Amount actually recovered or agreed to be recovered by Accounts		Total	Amount recovered as a result of further review
		As a result of transaction already checked by Accounts	Other than those mentioned in the previous column	As a result of trans-action already check- ed by Accounts	Other than those mentioned in the previous column		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Record of Submission

Month	Reference to Folio in the Register	Initials of		
		Ar.	S.O.	G.O.
(1)	(2)	(3)	(4)	(5)

Form No.F.505 (A)  
(Para No.505(A) of OM)  
Selection-cum-Progress Report Register

Item No. in the Programme	Item of Audit	Period of Check	Extent of Check	Month of Accounts audited	Particulars of documents (Voucher No. & Amount etc.	Original Audit by Ar/SO/AAuO	Date of completion	Initials of the person who conducted original audit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Items current reviewed	Initials of the person who did the current review	Date of completion of current review	Particulars of arrears if any (Ref. to page in Subsidiary Register to be given)			Remarks
			Arrears in Accounts Office	Arrears due to non-receipt of vouchers/documents	Arrears in Audit Office	
(10)	(11)	(12)	(13)	(14)	(15)	(16)

Certificate to be appended monthly:-

- 1) All items of audit work of the section have been duly completed with the exception of the arrears shown below:  
These have been duly recorded in the subsidiary register as indicated against each item.

Sl. No.	Particulars	Cumulative arrears to end of previous month	Arrears in respect of current month	Total Arrears
---------	-------------	---	-------------------------------------	---------------

Dated initials of the Auditor	Section Officer/AAuO	Branch Officer
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- 2) Certified that all vouchers documents selected for audit and review have been audited and reviewed and required to be submitted to Gazetted Officer/Section Officer for review have been submitted.

Dated initials of the Auditor	Section Officer/AAuO	Branch Officer
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Form No.F.505 (C)  
(Para No.505(C) of OM)  
Subsidiary Register to the Selection-cum-Progress Report Register

Month of audit	Particulars of documents vouchers and reference to the item in the combined selection-cum-progress report register	Reference to the correspondence calling for the same	when received for audit	Original Audit by Auditor/Section Officer	Date of completion of audit
(1)	(2)	(3)	(4)	(5)	(6)

Initials of person who conducted original audit	Current Review by Section Officer/ Gazetted Officer	Selection for current review	Initials of the person who did current review	Date of completion	Arrears if any
(7)	(8)	(9)	(10)	(11)	(12)

## Register of Current Review

Month of Audit		Reference to Page No. of the selection Register	Details and No. of vouchers/Documents audited	No. of vouchers to be CRD	Items selected for CRD
Accounts	Audit				
(1)	(2)	(3)	(4)	(5)	(6)
Dated Initials of the Branch Officer		Remarks of CR	Date of Completion of CR	Dated Initials of AAuO/SO	Action Taken on CR Remarks
(7)		(8)	(9)	(10)	(11)



## CHAPTER – VI

### Audit of Earnings

#### 601. General

The revenue of Railways is earned from the transport of passengers and merchandise traffic and is realised through the agency of stations where the transactions are initially brought to account.

The essential duty of audit in regard to the railway earnings is to see that:-

- i. the person to whom the service is rendered pays the proper charges;
- ii. the assessment of Railway charges is correct according to the Rules prescribed by various authorities;
- iii. the Railway servants receiving the charges account for them correctly; and
- iv. if more than one Railway renders the service, the receipt is properly distributed between them in accordance with the rules and orders relating to such apportionment;
- v. the rates and fares fixed from time to time by the Railway Administration are within the maxima and minima prescribed by the competent authority.

As opportunities for misappropriation and possibility of leakage of revenue are greater in the case of Railway earnings in the case of Railway Expenditure it is essential in course of audit of earnings whether at Headquarters or at stations locally, to be on the look out for the various methods by which frauds can possibly be committed by the Railway staff or the public and satisfy that an efficient and vigorous procedure of accountal and checks exist to safeguard the interests of the Government.

The instructions contained in the Indian Railway Code for the Accounts Department Part II regarding the internal check of various documents relating to earnings will be followed mutandis in audit also. These instructions, the coaching and the Goods Tariffs and the Rate Circulars issued by the Indian Railway Conference Association and the Railway Administration respectively should be carefully studied. It is important that the Tariffs are kept corrected up to date and the Rate Circulars are properly scrutinised and kept for ready reference.

The checks applied by this office are necessarily limited in extent; but, should this limited check disclose serious or repeated errors in any particular document, the check thereof should, with proper approval, be extended so that the matter may receive adequate attention in Audit. In respect of irregularities already noticed in internal check by the Accounts Office in the documents coming up for Audit, it should be seen whether suitable action has been taken to rectify them.

#### 602 Duties of the Section: The following are the duties of the Traffic Audit Section:

##### (a) At Headquarters:

- i. Audit of Railway Station earnings and accountal thereof made by the Accounts Office; and documents incidental thereto.
- ii. Scrutiny of the bills of contractors for out-agencies city/Town Booking agencies, Travel agencies and Transhipment/handling of goods; Scrutiny of the bills preferred by the Administration in respect of various services rendered such as rent for oil installations, lease of land etc;
- iii. Verification of apportionment of earnings between Main and Worked lines;
- iv. Review of compensation claims admitted by the Railway Administration and payments relating thereto;
- v. Scrutiny of Rates and Fares adopted by the Railway Administration;
- vi. Review of contracts and agreements entered into by the Commercial Department.

Contracts/agreements relating to transshipment of goods only is dealt by Traffic Accounts. Other contracts such as Licensing of stalls, Vehicle parking etc. are dealt by DCMs and hence to be done by Divisional Audit Offices.

- iii. Review of results of inspection of stations by TIAs of Accounts Office;
- iv. Scrutiny of privilege passes and PTOs issued to the staff of this office by the Administration Section, Madras;
- v. Audit of such other transactions as are for the time being checked in the Traffic Accounts Branch of the Accounts Office.

**(b) Inspection:** The following inspections are to be done; Stations, Outagencies, City/Town Booking Agencies and Travel Agencies. The succeeding paragraphs indicate the extent and processes of audit in relation to earnings.

**603 Sanctions.** (Paras 6, 7, 202 and 250 of the Railway Audit Manual): The detailed instructions given in para 702 of Chapter VII should be followed in respect of audit of Railway Board's sanctions. All sanctions pertaining to the Southern Railway exclusively are to be audited by this office, items relating to coaching traffic being dealt with at Tiruchirappalli and those relating to Goods Traffic at Madras. Whenever necessary, copies of sanctions should be furnished to the other office also. A record of objections raised as a result of audit of sanctions should be maintained in the section and a report as required under para 129 of the Railway Audit Manual should be forwarded to the Co-ordination Section on the last day of the month.

#### **604 Central Audit of stations and out-agency accounts.**

In respect of audit at Headquarters, the check of goods accounts is done by the Chennai Office and that of coaching accounts by TPJ office. The accounts to be audited will be that of the fourth previous month for all items except items like Journal entries, warrants and credit notes and Compensation Claims cases. The month of accounts in respect of these items are indicated in the relevant paragraphs. All the stations, Out agencies etc. are classified as Major or Minor on the basis of time allotted to TIA for inspection of these stations with reference to the volume of traffic. If the number of man-days taken for inspection of a station by a TIA is more than 8 days such stations are classified as Major and stations for which TIA man-days are 8 and less (than 8 days) are classified as Minor.

The Major and Minor stations etc. are then divided into the requisite number of groups to conform to the extent of check prescribed and the required number of groups are selected for audit every month. In addition, the prescribed number of Major and Minor stations are selected for surprise check.

As a Minor station may become a Major one or vice-versa due to increase/decrease in Traffic, annual review will be made by The Accounts office and corrections to the list of stations are carried out. The traffic audit section at Madras should review the list in July every year and keep the list upto date. Any new station opened for Goods/Coaching or both as notified in the LRA should also be added to the list and deletions, if any, notified in the Rate Circulars also should be incorporated in the list. The accounts of out agencies and Town/City Booking Agencies will be checked in the same way as station accounts.

The stations etc. selected for audit should be distributed among the Sr. Auditors suitably and a record of this distribution should be maintained for fixing of responsibility for work. Before the audit of accounts of stations is taken up, the latest TIA report should be gone through to see if any important irregularities have been pointed out and whether proper action has been taken thereon. This will enable the Auditors to get a general idea of the working of the stations.

For TA/TPJ - The Test Audit of PRS and ARTS are conducted by making a visit to the concerned stations. The following documents are called for and necessary checks as contemplated in the Secret Memorandum of Instructions are exercised. The major documents

audited are: (1) Fare Dump (2) ROPD statement (3)Accounts foil of Manual BPT and EFTs. (4)Manual ABR (5) System BPT Concession Vouchers (6) Balance sheet and connected documents.

### 605 Station/Out-agency, City/Town Booking Office - Balance Sheet.

The station balance sheet indicates the various sources from which earnings have accrued at the station. The vouchers, returns and documents pertaining to both local and foreign traffic will be obtained and checked in detail. It is essential to see that the amounts in these vouchers, returns and documents work up to the amounts shown in the Balance sheet to ensure that no documents escapes scrutiny. The detailed check of these documents is given below. The entries in the Balance Sheets of the selected stations should be checked as indicated in Chapter XXVII.A.II with reference to the supporting documents. It should be seen that arrangements exist in the Accounts office for complying with the provisions of Para 2757 A. II regarding the charge of duties of Balance Sheet Checkers.

### 606 Coaching Accounts.

The earnings accrued at the stations are accounted for by the stations separately under Coaching and Goods earnings. The cash and vouchers collected at the stations are remitted to the Cash Office daily through Cash Remittance Notes. At certain nominated stations cash is remitted into the Bank and the remittance challans duly acknowledged by the Bank are sent along with the cash remittance notes to the cash office. The following documents are forwarded by the station periodically to the Accounts Office at Tiruchchirappalli:-

- i. Guards foils of Parcel Way-bills 'PAID' by destination stations.
- ii. Abstracts and Summaries of Inward Parcels.
- iii. Abstracts and Summaries of Outward Parcels.

At the close of a month, balance sheets are prepared for Coaching and Goods Transactions separately and forwarded to the Accounts Offices. On the Southern Railway, Coaching Returns are sent to the Senior Accounts Officer/Traffic/Tiruchchirappalli and Goods Returns to see the Deputy Chief Accounts Officer/Traffic/Madras. Coaching Balance Sheets are supported by the following returns:-

DEBIT SIDE		CREDIT SIDE	
i.	Passenger classification	i)	Overcharge sheets and refund lists
ii.	Excess Fare Returns	ii)	Deduction Lists
iii.	Luggage Returns	iii	Outstanding Lists
iv.	Horse, Carriage Dog and Motor Car Returns		
v.	Left Luggage, Wharfage and Demurrage Returns		
vi.	Government Passengers, Soldiers' Baggage Returns		
vii.	Accounts foils of Parcel-Way Bills in respect of paid parcels		
viii.	Copy of paid parcels Cash Book		
ix.	Sundry Cash Returns		
x.	Statements of Telegraph Transactions		

xi.	Terminal Tax Statements		
	Note: The Balance sheet will also indicate the total amount of periodical returns indicated above.		

The following documents are attached with the balance sheet of SMARTS and PRS:-

**SMARTS : SAO/T/MAS:-** 1. Balance sheet , 2. Outstanding list, 3.M.17 Continuity statement of Ticket stock. 4.Manual ABR, 5.Manual BPT. 6.Error advice with statistics. 7.Monthly floppy is given by Commercial staff to computer centre. 8.Cash remittance certified by the TIA in balance sheet. 9. Manual EFT class wise summary.

**SAO/TPJ SMARTS AND PRS:**

1. Balance sheet 2. Outstanding list 3. Special credit if any.

**PRS SAO/T/MAS.**

1) Outstanding list. 2) Manual ABR 3)Manual BPT 4)Error advice 5)Special credit if any.

**607** Consequent on the simplification of Traffic Accounts procedure the following changes have been effected in the accountal and check of Traffic Earnings:-

**a) Abolition of deposits on Season tickets:-** With effect from 1<sup>st</sup> October, 1963, the collection of deposits on season tickets has been abolished. Season tickets are therefore accounted for and dealt with like other printed card or blank paper tickets and individual accounting of season tickets has been dispensed with. The maintenance of 'Suspense Register' to watch the accountal, forfeiture and refund of deposits on season tickets by Accounts has also been dispensed with.

**b) Parcels Traffic - Paid Traffic –**

i. With effect from 1<sup>st</sup> November, 1963, in respect of local traffic and 1<sup>st</sup> January, 1964 in respect of traffic interchanged with Government Railways the procedure for accountal of paid parcels traffic is on a 'forwarded basis'. In order to reduce the booking of 'TO PAY' parcels to a minimum, pre-payment of freight has been made compulsory for parcels booked upto 500 Kms. with certain exceptions.

ii. In terms of the revised procedure, 'PAID' parcels way-bill books have an extra foil called 'Accounts foil' and the transactions will be accounted for in a separate cash book which also has two foils of which one is for Accounts Office use. At the end of the month, the 'Accounts Foils' of the 'PAID' parcels way bills together with a copy of the cash book will be sent to the Accounts Office with a certificate by the Station Master/Chief Parcel Clerk to the effect that no paid way bills other than those included in the Cash Book have been issued during the month and the amount shown in the Cash Book has been taken to debit side of the Balance Sheet.

iii. The preparation of outward and inward abstracts and summaries in respect of 'PAID' parcels by the stations and their comparison by Accounts Office have been dispensed with. To ensure that the stations do not use privately printed way bills or charge higher freight in the R.R. Foil than in the Block or Accounts foil, the following checks are conducted:-

(a) The traffic Inspectors of Accounts are supplied with particulars of 'PAID' parcels way bill books, supplied to stations with reference to which the number of 'PAID' parcel way bills accounted for by destination stations are test checked.

(b)The 'Guard Foils' of the parcel way bills received from destination stations are checked to the prescribed extent by the Accounts office with the Cash book copy forwarded by the Booking Stations.

(c) In regard to parcels traffic interchanged with non-Government Railways, the existing procedure as laid down in paras 2213 to 2226 of Accounts Code, vol. II remains unaltered.

**608 Passenger Traffic:** The passenger classification of the month selected for audit and that of the immediately previous month should be obtained for both local and foreign passenger traffic, and the collected ticket bundles, statements of cut pieces and unsold tickets and P.T.Os. and other concession vouchers for the month.

The passenger classification will be checked in accordance with the instructions contained in para 2109 A II et seq. The correctness of the fares charged should also be verified in audit.

It should be examined that the tickets accounted for in the passenger classification relate to the series supplied to the station. The collected tickets may also be examined to see among other points whether local blank card tickets or paper tickets have been correctly accounted for by the issuing stations and whether the highest number of collected tickets is not higher than the closing number of the month of the issuing station for the series of tickets.

The statement of non-issued tickets and cut pieces of tickets should be checked as in para 2108-A and the particulars of non-issued and child tickets checked with this statement. It should be examined in this connection whether the clerkage due on tickets on which refunds have been made have been collected wherever necessary under the rules.

The totals of classifications should be traced into the summary and from the latter into the balance sheet.

The apportionment of earnings made by the Accounts Office in the Passenger classification between main and the branch (worked) lines and between the Indian Railways and Out-agencies should also be checked.

Concession vouchers, if any, on which tickets have been issued should also be scrutinised in accordance with the instructions laid down in paras 2113-A II et seq. Season ticket returns should be audited in the same manner as passenger classification. In addition to checking the highest number of collected printed tickets between pairs of stations selected for monthly check, a concurrent check of collected tickets and Ticket Collector's report for one major and one minor stations selected out of the stations selected for audit should also be done every month, the check being confined to a minimum of three dates in a month to be selected out of each ten days period at the discretion of the selecting officer. Review should be made as indicated in Para 2105-A.II.

The Central Audit stations are selected and advised by the PDA/TA/MAS. Based on the station advice, the nominated Senior Auditor audits the initial document at the station for 2 days and the SO/AAUO attends the station for current review for the work done by the Ar/Sr.Ar for one day. The following items are audited by the Sr.Auditor during Central Audit of SMARTS and PRS.

1. Fare Dump:- The fare dump along with cluster station for each train starting from the PRS station are called for and the stations are checked.
2. System Blank Paper Ticket:- From the statement of system blank paper ticket for local and foreign are checked.
3. Manual Blank Paper Ticket:- (Local and Foreign) The total items in respect of local and foreign blank paper tickets as per the existing procedure of audit are checked.
4. Manual ABR Local and Foreign:- 100% check is exercised.
5. ROPD statement:- 100% check is exercised.
6. Balance sheet:- The station balance sheet for the Audit month is verified by the Sr.Auditor.
7. Concession Vouchers:- 100% check is exercised.
8. Season Tickets:- The season ticket statement for the audit month is called for and checked.

**609 Excess Fare Returns:-** The excess fare returns of the stations selected for audit should be checked as indicated in paras 2150-A to 2158-A. It should be seen specially whether penalty has been correctly collected wherever due in accordance with the orders issued from time to time. The series of the tickets used should be compared with those of the Excess fare Ticket Books issued to the stations. It is also important that the collected excess fare tickets should be compared with the Accounts Office copies to bring to light any possible manipulation of figures of charges collected. These are required to be prepared with double sided carbon sheets to render any such correction perceptible.

The collection and accountal of the excess fares in respect of ticketless passengers handed over to the stations by Travelling Ticket Examiners should also be watched with reference to the handing over mema of the letter. In the case of cancelled tickets both the Accounts Office and passenger foils should have been submitted to the Accounts Office.

**610 Luggage Returns: - (Paras 2202 to 2205 and 2207 - A.II).**

The rules regarding the free allowance of luggage and charges for luggage carried in excess of the free allowance are to be found in the Indian Railway Conference Association Coaching Tariff issued from time to time.

The luggage return of the station for the month should be checked fully on the lines indicated in Para 2106-A. A comparison of the return should also be made with the collected luggage tickets where available.

**611 Horse, Carriage and Dog Returns:** The tariffs may be seen for the rules relating to the booking of horses, carriages, dogs and motor cars. The return sent by the station should be checked with reference to the collected tickets if any available in the Accounts Office vide paras 2202 - 2205 and 2207-A.

**612. Left Luggage, Demurrage and Wharfage Returns:-(Paras 2208 to 2212-A):** So far as wharfage and demurrage on parcels is concerned the return is checked as indicated in par 2210-A. The entries relating to cloak room (left luggage)charges will be checked fully with left luggage tickets as in para 2212-A

**613 Government Passengers, Soldier's Baggage, etc.**

The figures in the Balance sheets of the selected stations should be verified with these returns which should be checked for any irregularities or arithmetical inaccuracies. As the warrants themselves will not be available at the time of audit of the station accounts in the fourth following month, a separate check of warrants (and Credit Notes) will be carried out currently as indicated below:-

In respect of Military warrants and Credit Notes, Stations on the Southern Railway are grouped into a number of units based on the allotment and preparation of the bills in the Accounts Office and one/unit selected for scrutiny every month. Regarding warrants and Credit Notes exchanged by civil departments the required number is selected every month from the list of offices authorised to issue Civil Warrants and Credit Notes. Selections obtained are advised to the Accounts Office well in time. The bill for the period/month together with the warrants and Credit Notes will be checked concurrently. The fares and freight worked out in these in respect of the station items selected for audit will be checked. It should also be seen whether the warrants and Credit Notes are in order and complete in regard to the particulars given therein. The amount should be traced in the bills register.

Note: (i) It has been decided that Railways should not allow to Military authorities voluntary refund of overcharges discovered or brought to their notice after submission of the initial bills against the Ministry of Defence. (Railway Board's No.4769-TC dated 3<sup>rd</sup> December 1949)

(ii) As regards undercharges detected by the Accounts Office on a scrutiny of these warrants and Credit Notes, necessary debits may be raised by the Accounts Department against the departments concerned without calling for fresh warrants or credit notes to cover these cases.

#### **614 Parcel Traffic - I.-Local Traffic-(a):**

Forwarded 'PAID' - It should be seen in audit that -

- i) The copy of the Parcels Cash Book received in the accounts Office from the station is a carbon copy and is in the prescribed form.
- ii) All Accounts Foils of the 'PAID' parcel Way bills are made out in double sided carbon.
- iii) The parcel way bills accounted for are in consecutive order and are in continuation of the closing number of the parcel way bills issued in the previous month.
- iv) The cancelled way bills are entered in the cash book and all the 3 foils other than the record foil are received along with the cash book.
- v) A certificate by the Station Master/Chief Parcel Clerk is appended in the summary page of the Cash Book to the effect that the amount shown in the Cash Book has been taken to the Debit side in the Balance Sheet for the month under the relevant head and that no parcel way bills other than those included in the Cash Book have been issued during the month at the station for this traffic.
- vi) A 'NIL' return has been received when there has been no transaction of outward paid traffic during a month and the last number of the parcel way bill issued previously is not in the Cash Book.
- vii) The way-bills in use are genuine with reference to the 'Master List' maintained in the Accounts Office.
- viii) The parcel way bills should be audited in accordance with the provisions of Paras 2215 to 2216-A.

In addition, a comparison of the Guard's Foil with the Cash Book copy received in the Accounts Office should be done in respect of major and minor stations selected out of those selected for the normal monthly audit.

In the case of traffic pertaining to Motor Cars, Carriages, etc. the 'PAID' traffic will be checked on the inward basis as per para 2239 et seq.

- (a) Received - PAID - This will be audited under Forwarded Paid.

#### **II. Foreign Traffic: (Government Railways)-(a) Forwarded 'PAID'**

The checks detailed for the local outward 'PAID' parcel way bills in para (a) will apply mutatis mutandis to Foreign outward 'PAID' parcel way bills also.

It should also be seen that:-

- i) The code initials of the Railway in which the destination station is situated are indicated on the way bills to facilitate postings being made easily in the Foreign Paid Parcels Cash Book.
- ii) The new Cash Book provides separate columns to indicate the freight on paid parcels booked to each terminating Government Railway and non-Government Railway.
- iii) The freight realised in respect of parcels booked to Ceylon Government Railway is accounted in the General Cash Book and not in the Foreign Paid Parcels Cash Book.
- iv) Comparison of Guard's Foils with the entries in the Cash Book should be made in respect of the stations selected for audit. As only a percentage of the Guard's foils are received in the Accounts Office from the different destination Railways, and in case no Guard's foils in respect of stations selected for audit have been received in the

Accounts Office, a percentage of the Guards foils actually received in the Accounts office should be compared.

(b) Received 'PAID' These will be checked under 'FORWARDED PAID' by the forwarding Railways.

(c) Comparison of Forwarded abstract received from Foreign Railways with the received abstract and preparation of lists of unaccounted for way bills - The forwarded abstracts in respect of the Railway selected will be compared with the received abstracts of the stations on this Railway and unaccounted for items will be traced into the lists prepared by Accounts Office. Omissions, if any, noticed will be pointed out. It should also be examined to see that necessary action has been taken to ensure account of the unaccounted for items. The accounts of the Fifth previous month is checked. (Authority: Railway Board's letter No.63-AC.II/45/7 dt. 14th October, 1963).

### **III.ForeignTraffic: (Non-GovernmentRailways)-**

(a) Forwarded Traffic - All the way bills accounted in the period in the division sheets rendered by the non-Government Railways in respect of the stations selected should be checked.

(b) Received Traffic - The parcel way bills are sent to the non-Government Railways along with the Division Sheets in the month of account itself. The way bills in respect of the stations selected from non-Government Railways should be checked concurrently.

(c) Comparison of outward and inward traffic returns and review of lists of unaccounted for items (non-Government Railways) - The outward abstracts in respect of the stations selected for audit during the month and the requisite number of extra stations selected are compared with the inward division sheets of the non-Government Railways and the items missing are traced into the list of unaccounted for way bills. The month of accounts to be checked will be the fifth previous month.

### **615 Special Trains: (Para 2124 - A)**

Normally charges for special trains will be collected at the starting station of the special train on the authority of the letter received from the General Manager/Commercial indicating the charges recoverable from the party for running the special train and accounted for in the proof book/passenger classification of that station. If such stations are selected for audit, the correctness of the charges as shown on the Reserved Accommodation Ticket, should be verified with reference to Rules in the Tariffs, particulars available in the composition statements and copies of the requisitions. But, as such cases will come only very rarely under audit, a separate check will also be made every month of the charges levied for one special train to be selected by the Branch Officer from the record of special trains cases finalised by the Accounts Office.

While reviewing special trains cases, the following checks should be exercised:-

i) The correctness of the charges for special trains should be verified in accordance with the Tariff Rules on the subject with the help of the tour programmes supplied by the General Manager, the composition statements sent by the stations and the folder received back from the party.

ii) It should be seen that the fares and freight charges are correctly taken into account, after allowing concessions wherever admissible as per Tariff Rules while calculating the charges for the special trains.

iii) The amount of deposit collected should be verified with the cash receipt issued by the Chief Cashier to see that the amount collected is in accordance with the Tariff Rules on the subject.

iv) The charges collected by the station, from where the special train starts shown in the special ticket should be traced into the Proof Book/Passenger classification of that station pertaining to that month to ensure their correct account.



v) The charges collected through Excess Fare Tickets issued by the home line stations en route or by Travelling Ticket Examiners for excess luggage carried, excess number of passengers travelling in the special train, for deviation from the approved tour programme or for any other reason should be traced into the Proof Book/Passenger classification of the station or Travelling Ticket Examiner's Excess Fares Tickets return to ensure their correct accountal.

vi) The particulars of journey forms issued in lieu of tickets by Members of Parliament travelling in the special train should be traced into the copy of the bill preferred by the Accounts Office against the Parliamentary Secretariat to ensure their correct accountal.

In cases where the special trains are run for its own convenience by the Railway Administration for the use of tourists etc. without any request from the latter or from any tourist agency on their behalf the sanctions should be thoroughly investigated from a higher audit point of view, viz. whether the Administration is justified in providing the accommodation and the facilities in each case, and whether in doing so, the financial interests of the Railway are duly borne in mind. It is possible in some cases that a detailed investigation will show that even the direct charges incurred in providing the special trains, viz. the cost of fuel, the pay of guards, drivers shunters, etc. will not be met out of the fares actually realised.

#### **616 Sundry Earnings (Para 2710 - A):**

The amounts shown in the Balance Sheets of the stations will be checked with the Sundry Cash Returns of the Stations. It should be seen that full particulars of the receipts have been given in these returns in detail to enable the Accounts Office to allocate these credits correctly.

#### **617 Telegraph Traffic Receipts:**

The returns by the stations will be checked with the message drafts and the correctness of the charges collected on the latter verified, as indicated in paras 2244 to 2249 A. The amounts of the returns will be traced into the Balance Sheets.

#### **618 Terminal Tax Statements:**

The total of these statements should be traced into the Balance Sheet.

#### **619 Cash and Vouchers:**

The credits taken by the station under Cash and Vouchers will be checked with reference to the Cash and Voucher Register maintained in the Accounts Office in accordance with the provisions contained in paras 2726 and 2729 A.

#### **620 Overcharge Sheets and Refund Lists:**

These credits are checked as laid down in paras 2738 and 2748 A. It should be specially seen if the refunds have been made correctly with reference to the way bills.

#### **621 Special Credit:**

These are checked in terms of the instructions contained in paras 2737 to 2747 A.

#### **622 Closing Balance:**

The closing Balance is checked with reference to the outstandings detailed on the reverse of the balance sheet or the lists of outstandings attached to the Balance Sheet. The checks to be

applied would be the same as laid down in Paras 2751 and 2752. The outstandings are generally classified under the following categories:

Admitted Debits, Disputed Debits, Freight Outstanding and Miscellaneous items. It should be seen that every possible action is taken by the Accounts Office to ensure the clearance of the outstandings. Admitted debits are required to be remitted immediately on receipt of Error Advices from the Accounts Office unless the amounts involved are heavy, in terms of Joint Circular No.198 of 01-10-1956. It should be seen if this provision is strictly followed.

Regarding disputed debits, the grounds of dispute by the station should be gone into and action taken thereon by Accounts should be scrutinised.

### 623 Goods Accounts:-

The Goods earnings are remitted daily by the Stations as Cash and vouchers through Cash Remittance Notes. At certain nominated stations cash is remitted into the Bank and the remittance challans duly acknowledged by the Bank are sent along with the cash remittance notes to the Cash Office. The Accounts Foils of the outward invoices are handed over under covering mema prepared separately for 'TO PAY' and 'PAID' invoices for foreign and local traffic respectively to the couriers deputed for the purpose at periodical intervals. The invoices are checked on their receipt in the Accounts Office with reference to the covering mema to see that all the invoices issued during the period have been duly received and in the case of cancelled invoices all the foils except the block foil have been received. This is done by examining the continuity of the printed Railway Receipt numbers on the invoices. In the case of paid invoices, in addition to check of continuity of the printed numbers, the numbers are verified by Accounts Office with reference to the particulars of paid invoice books supplied to the stations. The invoices are, thereafter, checked to the extent prescribed to see whether the route, rate and classification are correct. The actual calculation of freight is not checked manually except in cases involving booking of livestock, levy of harbour charges, etc. and bookings to Non-Government Railways.

The invoices are thereafter handed over by the Accounts Office to the machine section where, with reference to the checked invoices, the correctness of the Calculation of freight is checked by the Machines. A card is then punched for each invoice and the cards are sorted out on inward basis. From the cards for each station then sorted out, the converted inwards, abstracts are typed out by the machine. Simultaneously, a statement showing the under and overcharges found as a result of the check of invoice is prepared mechanically and undercharges over Rs.50 are advised to the destination station immediately.

Copies of the converted abstracts are sent to the destination station where they are checked with reference to their delivery books and the undercharges collected and overcharges refunded at the time of delivery are indicated against each item. The total amount of the abstract is then taken to debit under 'Inwards to pay' and sent to Accounts Office along with the balance sheet for the month. In addition, the following other returns are also sent by the station to the Accounts Office.

DEBIT SIDE		CREDIT SIDE	
i.	Returns of Demurrage, Wharfage and Crange	i.	Deduction Lists
ii.	Sundry Cash Returns	ii.	Overcharge sheets
iii.	Statement of wagon Registration Charges	iii.	Outstanding Lists
iv.	Statements showing wagon registration fee forfeited		
v.	Statement of siding charges		

vi.	Abstracts and summaries of goods (Relating to non-Government Railways Outwards and Inwards)		
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The detailed instructions contained in the paras 162-164 of Railway Audit Manual should be borne in mind, while conducting the audit of Goods Accounts.

#### **624 Check of Invoices: (Para 173 of Railway Audit Manual):-**

Audit of invoices is done on forwarded basis i.e. the accounts foils submitted by the forwarding stations to the Accounts Office are checked in respect of station selected for audit to the extent prescribed in the programme of audit. The selection of invoices selected stations which show details of invoices in respect of both 'paid' and 'To pay' traffic. In regard to selected invoices (Foreign) which are included in the incorrect statements, a list of such incorrect invoices should be passed on to the Director of Audit of the Receiving Railways concerned for audit. While auditing the invoices, instructions given in para 2036 - A.II should be borne in mind. After check the to pay invoices should be traced into the Machine Prepared Abstracts while 'paid' Invoices into the 'Paid Statements'.

The continuity of 'To pay' invoices should be checked with reference to the covering memo under which invoices are received from the station and that of 'paid' invoices with reference to covering memo and the 'Register of Paid Invoices Boks' supplied to stations maintained in the Accounts Office. Continuity of 'Paid' and 'to pay' invoices should also be checked with reference to the Paid statements of the previous month. In respect of cancelled invoices, it should be seen that all foils (except Record Foil) have been received from the stations.

While checking invoices (local traffic) endorsed for weighment en-route, the actual chargeable weight should be ascertained from the monthly statements of weighments/Daily advices received from weigh Birdge station (C/f rule 1424 (b) and 1425 of Indian Railway Commercial Manual) and compared with that taken into account by the destination station in its converted abstract for purposes of recovery of freight and discrepancies, if any, taken up.

While tracing the audited invoices into the machine prepared abstracts, it should be seen that invoices marked for weighment enroute have been properly identified in the abstracts or they have been included in the 'Statement of Invoices marked for weighment enroute'.

The procedure outlines above for local traffic should be applied mutatis mutandis to Foreign Traffic also. Particulars of invoices marked for weighment enroute selected for monthly audit like station from, station to, invoice No. R.R.No. Wagon No. Owing Railway, Charged Weight, Rate Charged, Weigh Bridge where required to be weighed etc. should be advised to the destination railway audit offices for conducting audit with reference to weighment advices received in their Railway Accounts Offices.

Similarly, particulars of invoices advised by other Railway Audit Offices should be checked by this Section. This should be watched through Calendar of Returns.

The audit notes on foreign railways invoices should be sent to the Principal Director of Audit of destination railways and the disposal is watched by them since the credit or debit on account of objection taken into audit would eventually appear in the books of the destination railways.

The Accounts Office of the forwarding railways sends one copy of the machine prepared abstract to the Accounts Office of the receiving railways and two copies of the abstracts to the destination stations concerned, through the Divisional Headquarters of the receiving Railway. The stations compare these abstracts with delivery books then convert them into Inward Abstracts and take debit in their Balance Sheets for the total amount in the abstracts. (C/F paras 2330 and 2337 A.II). It should be seen that the inward abstracts sent by the stations along with their Balance sheets correspond to those received in the Accounts Office from foreign railways.

**625 Wharfage and Demurrage Returns (see Para 2343 A.II):**

The wharfage and demurrage returns of the stations selected for audit will be checked in the manner laid down in Para 2343.A.II and the total amounts of the return will be traced into balance sheets.

**626 Comparison of outward and Inward traffic returns and review of lists of unaccounted for items (Non Government Railways):**

The outward abstracts in respect of the stations selected for audit during the month, are compared with the inward division sheets of the non-Government Railways and the items missing are traced into the lists of unaccounted for invoices. The month of accounts to be checked will be the fourth previous month.

**627 Sundry Earnings:**

The amounts shown in the Balance Sheets of station will be checked with the sundry cash returns of the stations. It should be seen that full particulars of the receipts have been given in these returns in detail to enable the Accounts Office to allocate the credits correctly.

**628 Cash and Vouchers:**

The credits taken by the station under cash and vouchers should be checked with reference to the Cash and Voucher Registers maintained in the Accounts Office in accordance with the provisions contained in Para 2726 and 2729-A.II.

**629 Overcharge sheets and refund list:**

These credits are checked as laid down in Para 2738 and 2742 A.II. It should be specially seen if the refunds have been made correctly with reference to the invoices.

**630 Special Credits:**

These are checked in terms of the instructions contained in Paras 2737 to 2747-A.II.

**631 Closing Balance:**

The closing Balance is checked with reference to the outstandings detailed on the reverse of the balance sheet or the lists of outstandings attached to the Balance Sheet. The checks to be applied would be the same as laid down in para 2751 and 2752. The outstandings are generally classified under the following categories. Admitted debits, disputed debits, freight outstandings and miscellaneous items. It should be seen that every possible action is taken by the Accounts Office to ensure the clearance of the outstandings. Admitted debits are required to be remitted, immediately on receipt of Error Advices from the Accounts Office unless the amount involved is heavy in terms of Joint Circular issued by the Administration. It should be seen that this provision is strictly followed. Regarding Disputed debits the grounds of dispute by the Station should be gone into and action taken thereon by Accounts Office should be scrutinised.

**632 Check of Credit Notes and Credit Note Register:**

The various Departments issuing credit notes are divided into the required number of unit based on the percentage of check and one unit is audited every month, concurrently, before the credit notes are sent to the Departments concerned with enclosure. In addition an extra unit is checked periodically for surprise element. The procedure for the audit of credit notes will be the same as for invoices. In addition to this, the following points are also to be seen during the audit of credit notes.

1. the invoice for which freight has been paid by credit notes have been recorded in the credit notes Register maintained in Accounts Office;
2. the audited amount of the Credit Notes agrees with the audited figures in the returns;
3. a suitable remark exists in the connected abstracts to avoid the risk of duplicate credit notes being passed in the case of 'To Pay' Traffic.
4. that the total of undercharge and overcharges in the credit notes as shown in the credit note Register agrees with those shown in the statement sent by stations or as per the checked figures as the case may be;
5. that the undercharges noticed during internal check has been billed for;
6. that the credit notes are signed by the issuing officers and are stamped with the seal of the Officer signing them;
7. the 'Register of Credit Notes kept Pending' maintained in the Accounts Office should be reviewed to see that prompt action is taken to include the pending Credit Notes in the subsequent bill. It should be seen that all the entries in the Register have either been billed for or entered in the Pending Register. The payment through Credit Notes has, however, now modified to the extent that payment for the Credit Notes tendered at the station by the Department in one fortnight is arranged through cheque in the next fortnight and the cheque given at the Booking station is sent to the cash office along with the cash remittance notes.

### **MISCELLANEOUS**

#### **633 Apportionment of Earnings between Main and Worked Lines:**

The apportionment of coaching earnings is checked by Tiruchchirappalli Office and Goods Earnings by Madras Office.

- a) Local Traffic:- (Para 171-Railway Audit Manual and Chapter XXXI - A.II). The scope of audit should cover all worked lines and sections of the system (e.g. lines guaranteed by the State Governments etc.) the interests of which are distinct from those of the line.

The entire traffic of the railway is divided into the required number of units, based for convenience on the groups into which the work of preparation of apportionment sheets is divided in the Accounts Office. The correctness of the amounts of earnings taken for apportionment to the worked lines in the apportionment sheets will be verified with reference to the initial documents from which these sheets are compiled in the Accounts Office. The share of the worked lines should be checked with reference to the relevant provisions in the agreements.

From these apportionment sheets, the earnings of the worked lines should be traced into the summary sheets and into the register in which the earnings of the main and worked lines are finally collected.

Note:(i) No separate statement of earnings of worked lines for circulation of rebate or surplus profits is prepared on this Railway and hence there is no special check to be done under item II-A of Programme of Audit.

(ii) The audit is to be applied not merely to the entries in the returns pertaining to the station on the worked lines relating to Traffic originating from or on terminating at those stations, but also to the returns of all the stations of the system to ensure that earnings due to these branch lines have been correctly apportioned.

(iii) The correctness of the freight over the worked lines need be checked only, in cases where separate rates are quoted over the worked lines. Where no separate rates are quoted on the worked lines, the correctness of the total amount of

freight may be assumed to have been checked under item I of Programme of Audit and only the division of the total freight between main and branch line need be checked.

b) Foreign traffic: For this purpose, all the foreign Railways and non-Government Railways are divided into number of units and one unit is selected once in four months for audit. The apportionment of earnings in respect of both ..... and ..... traffic should be checked.

#### **634 Audit of Remission and Refund cases (Para 176 & 179 of RAM):**

a) Cases of remission/refund of wharfage and demurrage charges over Rs.5000/- each are to be audited centrally by TA/MAS, the cases settled in the fourth previous month being taken up for Audit. The list of remission/refund cases is obtained from CCS/TFC Accounts Section every month. Case files are called for from CCS Office/Divisional Railway Managers office concerned as the case may be reviewed. Remission/Refund cases of value Rs.5000/- and below are reviewed during local inspections of CCS/Office/DRM (Comml.) branch office. Normally, remission of wharfage/demurrage charges by competent authority are not challenged in Audit. But, if such remission cases are allowed on a large scale or as a matter of course, or if there are any other important features, a report may be made to ADAI (Railways) for further action at his end, as he may consider necessary.

The following are the points to be seen during the review of refund cases of wharfage/demurrage charges.

- the amount of wharfage/demurrage charges has been accounted for by the station in the connected returns;
- the arithmetical calculation of the amount refunded is correct;
- the claim has been preferred in time; and
- the refund is made under the sanction of competent authority and with finance concurrence wherever necessary.

a) Audit of Remission Cases: The circumstances under which wharfage/demurrage charges are normally remitted by Railway Administration are given below:-

- delay in delivery occasioned by damaged condition of goods or disputes relating to weight and charges or other causes beyond the control of the consignee;
- probability of the realisation of the full dues by auctioning the consignments, due to their value;
- to avoid litigation or payment of compensation;
- when charges are payable by other departments of the Railways or Government Departments;
- when the delay in booking arises out of priority restrictions;
- dispute between consignors and consignees, fall in market price, and complaints regarding non-receipt of advice of arrival of goods. The points to be seen during the review of refund cases hold good in respect of review of remission cases also.

#### **635 Compensation for Goods lost etc. (Para 177 of RAM and Para 2413 and 2414 of A. II):**

a) The compensation claims settled during the second previous month are selected for monthly audit. The extent of audit is fixed by the Pr. Director.

The selection is made from the monthly statements of compensation claims

paid by this Railway.

### ORDINARY AND COURT CASES

Sl. No.	Particulars	To be done by	Extant of Audit
1	Cases upto Rs.5000	Sr.Auditor	5%
2	Cases Rs.5001/- to Rs.24,999	AAuO/SO	20%
3	Case Rs.25,000 to 99,999	AAuO/SO	25%
4	Cases Rs.1,00,000/- and above	Sr.AUO/ AUO	100%

### DECREED CASES:

- |    |                          |       |            |      |
|----|--------------------------|-------|------------|------|
| 1) | Above Rs.5000 upto 25000 | - - - | SO/AAUO    | 25%  |
| 2) | Rs.25,001 and above      | - - - | Sr.AUO/AUO | 100% |

For the above purpose all claims excepting Court Cases decreed against Railways but including cases settled by mobile claims officers should be taken into account. As regards Court cases decreed against the Railways vide item CA XVII, the cases should be audited to the extent prescribed, in the Secret Memorandum of Instructions regarding extent of Audit.

Besides the above normal checks, Special Investigations based on an overall review of various statistics of claims will be conducted in June every year.

The Additional Deputy Comptroller and Auditor General of India (Railways) has agreed that as it is not possible to draw generalised conclusions from the limited monthly test Audit, the remarks and statistics regarding claims embodied in the annual report should be reviewed. A general screening as to how these data are collected and utilised also should be made during the local inspections of the CCM's office. Losses in respect of commodities most liable for damages should be brought to the notice of the Railway Administration for investigation and remedial action. It should also be seen that adequate disciplinary action has been taken against the persons at fault.

b) Review of claims cases: During the review of cases of claims, the provisions contained in the Indian Railways Act, 1890 as amended from time to time and instructions contained in Para 177 of Railway Audit Manual and 2414 of Indian Railway Code for Accounts Department Vol. II should be borne in mind and the relevant paid vouchers also covered in audit. The following points should, inter-alia be seen while reviewing the cases of compensation claims.

- the claim for compensation has been made by the proper persons and preferred within the prescribed time limit;
- the claim is supported by original documents as required under the rules;
- complete enquiries have been made to establish Railway's liability for loss or damage;
- amount of compensation paid has been determined properly with reference to beejuck rate, market rate and party's books wherever necessary;
- in the case of damages full details of assessment of damages made by the authorised officials and the quantum of damages etc. have been given;
- to pay freight charges and wharfage/demurrage charges wherever due have been deducted before settling the claim;

- the original railway receipt has been surrendered by the party and it has been cancelled to prevent double payment;
  - the claim has been sanctioned by the competent authority;
  - in cases where this Railway has been held liable, disciplinary action, wherever called for has been taken against the staff at fault;
  - remedial measures, if necessary, under the circumstances have been taken/introduced to prevent recurrence;
  - in the case of other than local traffic, the incidence of claim as between Railways has been determined and allocated as per conference rules;
  - the payments of claims is traced to the relevant voucher to see that the amount has been paid to the right head and that there is a proper acquittance for the amount paid.
- c) Review of Court Cases:- While reviewing the Court Cases, the following additional points should be seen:
- Delay, if any, in the conduct of litigation;
  - Delay in taking other steps, in the cause of the case, e.g. filling of the affidavit of documents, production of evidence, dealing with reference from Railway Advocates etc.
  - Inability to prove good cases;
  - Insufficient or incorrect advice given by Lawyers including the written statement not being drawn up properly covering all points and the suit not being properly rebutted;
  - slackness of the work in the claims branch;
  - Non-availability or non-production of relevant records;
  - Faults of the Railway staff;
  - Absence of the Railway witnesses;
  - Non-appearance of the Railway Advocate;
  - Adjournment not being granted by the court;
  - Delay in not satisfying Court Decrees, resulting in executions.

A record of all cases over Rs.2000/- each reviewed in audit should be maintained.

Unusual or extraordinary cases of compensation claims on account of well planned thefts, robberies, frauds, accidents, fire etc. should be suitably noted for exhibition in Annexure 'H' to Appropriation Accounts Statement of losses.

Cases of delivery on spurious Railway Receipts should be reviewed zealously and, comments, if any, offered with suggestion to overcome such malpractices.

b) Quarterly, Half-yearly and yearly reviews:-

In addition to the prescribed monthly audit of claims, the following reviews should also be undertaken.

- 1) A quarterly review of work of claims prevention organisation and of the report by the CCS to Railway Board on claim prevention work and review of claims sections;
- 2) Half yearly review of suspense balance;
- 3) An annual review of compensation claims is to be conducted in June every year



**636 Postal Bills: (Chapter XVI of the Indian Railway Code for the Traffic Department (Commercial)).**

This item of audit is conducted at Tiruchchirappalli Office.

Bills for postal accommodation on this Railway are of two categories viz., Bills for (a) Regular accommodation and (b) extra accommodation.

(a) Bills for Regular Accommodation - Bills for regular accommodation in respect of the following are made out half-yearly:-

- i) Haulage charges of postal or non-postal vehicles or compartments.
- ii) Regular conveyance of mail bags under weighment system.

Charges for the above two items are billed for half-yearly on the basis of the actual space allotted and actual weight carried on the statistical dates viz. 21st January and 21st July every year.

The rates of charge for item (i) and (ii) are as follows: (i) for specially constructed vehicles or vehicles altered as Postal vans. - As laid down in para 1602-T.

For non-postal vehicles as laid down in para 1606-T.

Item (ii) As laid down in para 1612-T.

Haulage charges for postal accommodation in the case of partially fitted vans of non-standard lengths should be reckoned as for vans of the next higher lengths as laid down in Railway Board's letter No.2111-TC dated 3rd March, 1956, where such vans have been constructed to suit the convenience of the Postal Department.

(b) Bills for extra accommodation - Bills for extra accommodation are 2 kinds (i) a monthly bill for extra accommodation provided chargeable on the basis of the lengths of the compartments requisitioned and (ii) a quarterly bill for the occasional despatches by weighment system.

The rates of charges for items (i) and (ii) are as laid down in paras 1606 and 1619-T. The above bills relating to the inter-government transactions are accounted for through Accounts Office Balance Sheet.

The extent of audit in respect of these bills is as under:-

i)	Regular Accommodation bills half-yearly	General Review
ii)	Extra Accommodation Bills (By weight) Quarterly	General Review
iii)	Extra Accommodation Bills (seat displacement method)	10% Monthly

The arithmetical correctness of all the above bills with reference to distance, rate requisitions, etc. as also the prompt adjustment of the same should be seen during the check of these bills.

**637 Apportionment of earnings from interchanged telegrams (2249-A to 2259-A)**

The scrutiny of the telegraph traffic shown in the telegraph returns submitted by the stations will be checked as a part of the audit of the station accounts. See note under para 174 of the Railway Audit Manual regarding the check contemplated under this item.

**638 Handling and Transshipment Bills:**

Handling and Transshipment Bills if any, in respect of the station selected for audit should be completely audited. As 90 percent of the amounts claimed by the contractors are passed for payment by the Divisions even before check of the correctness of the claim and the time of passing the final bill only the claim is audited in internal check by the Traffic Accounts Section, it should be ensured that the amount already paid has been correctly deducted from the final bill. The checks prescribed in Paras 3002 to 3004 A II should be exercised. It should be seen that

the weight claimed by the contractor is correct with reference to the daily certificates accompanying the bill and the weights included in the 'paid statements and converted machine abstracts of the station. The rates at which the claim is preferred should be checked with reference to the agreement. The instructions contained in **chapter XXIII of Indian Railway Commercial Manual** may also be seen.

### **639 Rebate of Freight:**

The rebate statements relating to the various commodities in respect of which rebate of freight has been granted are called for from the Refunds Section of the Chief Commercial Superintendent's Office for the month of Accounts selected and are checked with reference to the orders of the Railway Board etc., in the matter. In the case of Government oil rebate on furnace oil, the registers maintained in the Accounts Office for the purpose of preferring bills against the Accountant General, Commerce, works and Miscellaneous, New Delhi are reviewed generally for the months selected. The correctness of the amounts billed for in respect of month selected is also checked. The audit is done yearly. Further, at the time of audit of station accounts, it should be verified, that the stations have accounted for in their invoices and balance sheets the entire freight in respect of furnace oil bookings and the rebate has been taken as special credit.

### **640 Terminal Taxes and other charges collected on behalf of local bodies, State Governments etc. (Para 181 of Railway Audit Manual):**

The charges/taxes fall under two categories viz., those that were in force prior to the introduction of constitution of India and those that were introduced thereafter. In the latter case, the net proceeds are required to be certified by the Comptroller & Auditor General of India. The General principles to be followed in the audit of these charges are as follows:

In the case of the taxes/charges introduced before 26th January, 1950, the responsibility of audit should be to see that the amounts paid are not in excess of those collected and that the commission charges required to be levied for the collection have been retained properly. In the case of the other items the correctness of the charges collected should also be scrutinized to the extent prescribed. In this connection, the orders issued by the Comptroller & Auditor General of India from time to time may be referred to.

#### **a) i) Terminal Tax.**

**Coaching Items:** The stations at which taxes are collected (either continuously throughout the year or during festivals that occurred in the fourth previous month) will be listed and the required number of stations taken up for audit every month. The correctness of the amount arrived at as due to the parties concerned and of the commission due to the railway will be checked for the period required to be checked.

**(ii) Goods Items:** There are no items on the Southern Railway introduced after 26th January 1950. The items of terminal and other charges are divided into number of units and one unit is audited every month to ensure that not more than what is collected is paid and that the commission charges have been levied correctly. During the reviews it may be seen that the commission charges recovered cover the cost of collection.

**b) Tolls and Terminal Charges:** At the time of audit of Station Accounts, it should be seen that the amounts actually collected only have been taken to account under these items. Wherever necessary the correctness of charges collected should be checked.

In respect of toll and terminal tax the Taxable station are found only in the DTC. At present DTC is called for selected dates only during the monthly station inspection of PRS and SMARTS. No checks are being exercised for Toll and Terminal Tax during Central Audit. The extraction of Terminal Tax in respect of PRS and SMARTS are done by the SAO/T/MAS. A separate statement for terminal tax for local and foreign of all the PRS/SMARTS stations being generated, and the Accounts clerk makes a visit to our office with the concerned Terminal Tax

printout along with the concerned documents for certification. The above procedure is being followed for the check of Tax returns prepared manual booking office.

(c) Article 279(1) of the Constitution of India enjoins that taxes levied and collected by the Government of India and assigned to States under Articles 269 (1) ibid shall be ascertained and certified by the Comptroller & Auditor General of India of India. This certification is done on the basis of a test check exercised by local DA's of the accounts will be compiled by respective Railway Accounts Offices. The checks prescribed in this connection are intended to ensure:

- i) That whatever amount has been actually collected by the Railway; and
- ii) That amounts collected as terminal tax by Railways are not retained by them but is passed on to the local bodies concerned.

The Comptroller & Auditor General of India has instructed in his letter No.6237-RAI/T/17-74/69 of 22-12-1969 that in respect of areas where the compilation of terminal tax is being done manually (in southern Railway), the entire phase of work is being done manually) it has to be ensured in audit that a system does exist to throw up an up-to-date list of stations from which returns are missing for any month and to follow up activity till all these returns are submitted by stations within a reasonable period of time. According to the existing procedure, in case any Terminal Tax is found to have been collected as per passenger classification of a station selected for regular monthly Audit, the amount so collected is traced in Terminal Tax statement. However, since the number of stations selected for monthly audit is very limited, this check has not proved to be quite effective to check omissions to include the collected tax in the statements. In view of the complaints from the municipalities that tax collected/had not been included in the Terminal Tax statement, it has been decided that all stations open to passenger traffic on a railway should be divided into 12 units, and one unit taken up for audit every month (so as to cover all the 12 units in a year) to see whether any Terminal Tax appearing in the passenger classification of the stations so selected, are appearing in the Terminal Tax statement. If omission is noticed in respect of any station the passenger classification for the entire year in respect of that station should be checked to see that omission is not repeated in other months too.

The C&AG of India has advised in his letter No.4382-RAI/T/17-14/69 of 07-11-1980 that as the Railway in which the notified area is situated has been made responsible by the Railway Board for paying the correct amount to the State concerned, the Director of Audit concerned should ensure that the amount of tax payments certified by him has been correctly assigned to the State. For this purpose a register has to be maintained in which the net proceeds payable as per the certificate issued by the Comptroller & Auditor General of India is entered showing also under appropriate columns the details of the actual adjustments of the amounts to the accounts of the states covering all provisional payments made from time to time and adding to the amounts so certified by the Comptroller & Auditor General of India finally. This register is to be submitted to the Principal Director of Audit quarterly.

#### **641 Cashier's Station Cash Book:**

A surprise visit should be made to the Cashier's Office Quarterly and the vouchers received on that day along with the station collections viz. credit notes etc. should be scrutinized generally to see that they are in order and have been tendered by parties duly authorised to do so and for the purpose permitted under the rules. These have to be seen on the day of their receipt in the Cash Office.

The cash check sheets of that day will be checked with the relevant station cash remittance notes. It will be examined in this connection whether there has been any delay on the part of stations in remitting the cash collections, whether the cash remitted by the station has been duly acknowledged by the Cashier and currently accounted for in the check sheets. The action taken regarding shortages in the station remittances if any will also be looked into.

The verification of the Cashier's cash book with the cash check sheets will be done by the Books and Budget section of this office.

**642 Rate Circulars and Tariff changes:(See para 180 of Railway Audit Manual):**

It should be seen from the rates notified in local rate advices and foreign rate circulars that the maximum and minimum rates for goods and coaching traffic laid down by the Government of India have not been infringed.

The revision of rates and fixation of rates in respect of sidings should be reviewed.

**643 Returns of Tourist Agencies (See Para 2141 and 2142 A.II):**

From the list of Tourist Agents, the required number will be selected and the returns submitted by these Tourist/Travel Agents will be audited every month as in the cases of Passenger Classifications, verifying, inter-alia, the correctness of the rates charged, the refunds allowed on unused tickets and the commission claimed. The receipt to the Railway Administration of the net amount due to it should also be verified.

In the audit of returns of Travel Agents, it should be seen that the monthly sales statements and remittances of sale proceeds are received promptly within the time allowed viz., 5 days after the closure of each month.

The adequacy of security deposit with reference to the sales statements should be examined. The stock of tickets with the Travel Agent should be limited to approximately 3 months transactions of the firm. In respect of transaction of foreign Railways the continuity of all the tickets issued should be checked with reference to the supply statements. The prompt despatch of the sales statement together with a Transfer Certificate; for the net amount due to each Railway responsible for internal check and preparation of Division sheet, should be watched. It may also be seen as a general review whether the Accounts Office exercise necessary internal check in respect of the statements received along with the Transfer Certificates from Foreign Railways. The check should be exercised with particular reference to refund statements and commission charges levied as per agreement entered. The register maintained in the traffic accounts branch to watch the receipt of returns and remittances should also be reviewed.

**644 Pay orders and other vouchers not falling under any specific category of Audit (Para 288 of Railway Audit Manual):**

The miscellaneous pay orders also include the bills of Out Agency/ Town Booking Office, City Booking Office contractors which are checked to a greater extent. The Out-Agencies and Town/City Booking offices are divided into requisite number of units and the bills in respect of units selected for a month are checked, completely. The out-agency/town booking office etc. bills are checked with reference to the Agreement and the relevant returns. In the check of out-agency bills in respect of Out-agencies open for passenger traffic also, verification with reference to the results of apportionment should be made.

Regarding the other Miscellaneous Pay Orders, they should be checked to ensure that a proper acquittance for the amount paid is on record and that they are prima facie correct.

**645 Journal Vouchers including scrutiny of adjustment Mema (Para 387 of RAM):**

A complete list of journal vouchers of the third previous month relating to Traffic Accounts branch (both Coaching and Goods) will be made out by going through the Journal vouchers maintained in the Books section of the Accounts Office and the requisite number of items as per the programme of Audit are selected for audit and checked with reference to the initial documents available in Accounts Office.

JE's dealing with coaching transactions are advised to Auo/TA/TPJ who verifies the correctness of the adjustments on the same lines with reference to the records available in SAO/TA/TPJ office.

A list of JEs selected for audit is to be sent to Headquarters/B&B section monthly to enable that section to obtain selection of JEs for tracing into journals.

#### **646 Write off Registers:**

The write off register maintained in Traffic Accounts Office which has the details of auction sales also is reviewed monthly to see that the sanction of competent authority has been obtained for the write-off of the earnings due to the Railways. It should also be seen during the review of Accounts file that the write-off is not due to any error or defect in the system of procedure and that necessary adjustments consequent on the amounts written off have been properly carried out. Auction sale statements in respect of write off cases should be called for and reviewed with a view to see that the codal instructions are followed in such cases. These items of write-off are reviewed concurrently by the section to see that they are in order. The entries in the Register should be initialled by the AAuO/SO concerned. Cases of doubt or of special interest if any should be brought to the notice of higher authorities and taken up with the Administration, if considered necessary.

In the TPJ Office, the write off Register maintained by SAO/T/TPJ is reviewed quarterly and the sanctions relating to the previous quarter are scrutinised with the relevant papers, supporting the entries.

This Register forms the basis for the preparation of statement of abandonment of claims to Revenue (Annexure 'D' of Appropriation Accounts). It should, therefore, be seen that all write off cases coming to the notice of Audit are recorded therein.

#### **647 Statement of Siding Charges:**

A record of all the sidings on the Railway together with the rates of siding charges fixed and dates from which these are effective is maintained in the Traffic Audit section. The list is divided into the required number of units depending upon the percentage of Audit as per the Programme of Audit. One unit is selected for each month's audit and the siding charges statements relating to the sidings included in that unit are called for and audited. The siding charges statements of the fourth previous month is taken up for audit in each month.

The following are the points to be seen during the check of siding charges statements:

- i. An agreement exists for each siding and the charges are calculated correctly according to the provisions of the agreement and the rules in force and adequate action is being taken by the Administration to effect recoveries of Railway dues from the siding owners;
- ii. the adequacy of the siding charges fixed by the Railway Administration is also reviewed;
- iii. in case of detention of wagons beyond the free time, it is to be seen whether demurrage charges are being levied and recovered;
- iv. the checked statement should be traced into the Register of siding charges maintained in Accounts Office and the amount shown in the statement has been correctly taken to debit in the Balance Sheet. Whenever siding charges are paid by credit note, the bills should be checked with reference to the Register of Siding charges;
- v. as per Railway Board's extant orders, the siding charges are fixed every year after taking into account the All India Shunting and Train Engine Hour Costs. Based on this All India Shunting and Train Engine Cost, the siding charges of all sidings are revised by the Railway Administration. A certain percentage of such sidings charges revised are reviewed to see that the siding charges have been revised in accordance with the All India Shunting and Train Engine cost fixed by the Railway Board. During such review, it should also be seen that there is no modification or change in the lay out of the yard of the sidings or yards of serving station necessitating revision of siding

charges and in such cases it should be seen that the trip timings as well as siding charges are suitably revised.

#### **648 Office Manuals and POOs of Accounts Office and Correction slips thereto**

The manuals issued by FA&CAO in so far as they relate to Traffic Accounts should be reviewed to see that they conform to the orders of the Railway Board so far as financial principles and procedure of accounting and internal check are concerned. It should be watched that all such manuals as well as POOs issued by FA&CAO are received in audit and subjected to scrutiny.

#### **649 Administration Reports and Manuals:**

The GM's annual reports and any other reports and manuals issued by the Railway Administration will on receipt be reviewed, generally to see if there are any matters of interest. The manuals of joint POOs issued by the Administration relating the traffic receipts including correction slips thereto are also to be reviewed as and when received and any lacunae noticed in POOs issued has to be taken up with the Administration through FA&CAO.

#### **650 Review of Accounts Officers' Inspection Reports:**

The Reports of Accounts Officers' on the inspection of stations are sent to the Madras Office for information of the FA&CAO. These should be generally reviewed to see whether there are any important features or irregularities which will require to be specially watched in Audit and whether the types of irregularities revealed may with advantage be investigated during inspection of the stations by this office also. The results of the review will be submitted to the Branch officer, along with a register showing the particulars of report reviewed and important points, if any, contained therein, the disposal of which should be watched in audit.

#### **651 Traffic Suspense Accounts (Para 381 of RAM)**

The following suspense accounts are dealt with in the Traffic Accounts Branch:

Deposit Miscellaneous including Deposit Private Companies;

Miscellaneous Advances;

Foreign Railway;

Traffic Accounts.

The first two of these accounts regarding which paras 223 to 255-A (1984 Edition) may be seen, should be reviewed with reference to the principles laid down in 610 and 614-A (1984 Edition).

Other Railways: [See paras 224-A (1980 Edition) and 1614-A]

The through traffic transactions register which serves as Foreign Railways Register will be checked to see that the previous balances against the several railways have been correctly carried forward, that the debits and credits from the accounts current registers, coaching and goods transactions have been correctly posted, that clearances from the cash book and transfer certificate register have been correctly marked and that the balance shown as outstanding against Railways represent current transactions.

#### **Traffic Accounts: [See para 222-A (1984 Edition)]:**

The balance under Traffic Account is shown in the Accounts Office Traffic Account Current Register. This shows the debits and credits for the month to Traffic Account and the balance which consists of:-

**Stations Balances:** This will be checked with the closing balance of stations and out-agencies as shown in the first part of the Traffic Book.

**Accounts Office Balance:** Which will be checked with the .... of the balances in the Bills Registers kept in Coaching, Goods, Traffic Book Sections.

**Through Traffic Balances:** This will be checked with the register of through traffic account current.

**Deposits:** This will be checked with the total balance in the deposit register.

The total balance under Traffic Account will be reconciled with that in the ledger, the difference being due, as a rule, to cash in transit and adjustments not yet entered in one or the other books.

## **652 Traffic Book and Accounts Office Balance Sheet** (Para 178 of Railway Audit Manual and Chapter XXXII and XXIX-A.II)

a) **Accounts Office Balance Sheet:** This is maintained in the form of separate bills registers. These registers show the particulars of bills due for the month, the amounts received and the balance due. The Accounts Office Balance Sheet should be reviewed by Sr. Auditor under the immediate supervision of the Audit Officer.

i. The bills should themselves be reviewed or test checked unless they are audited otherwise under any item of programme of audit;

ii. It should be seen if a reconciliation has been made between the total amounts of the vouchers received by the Sections concerned and the total amounts of vouchers as a whole from stations (to guard against losses of vouchers);

iii. The debits of Traffic Account should have been correctly posted from the bills register and the Accounts Office adjustment book;

iv. Cash and transfer clearances should be correctly posted from cash extract book and journal entry register.

The progress of realisation of undercharges included in the error sheets issued by the Accounts Office should also be generally reviewed.

b) **Traffic Book:** The traffic book consists mainly of two parts, one pertaining to the station balance sheets and the other to the closing entries.

The first part is merely an extraction of the station balance sheets and will be checked for the correctness of the postings with reference to the latter, upto Traffic Book Summary. The second part is intended to bring out the actual earnings of the system, by making necessary adjustments in regard to items other than earnings included in station remittances and items of earnings realised otherwise than through stations for e.g. proportion of freight due on through traffic. These entries made in the traffic book should be verified with reference to the relevant documents on which they are based and the correctness of the amounts finally arrived at in the traffic book under the various headings should be checked.

Some of the most important closing entries are:- Debits or Credits to earnings through the summary of Accounts Office Adjustment Book;

net results of Accounts current with foreign railways as extracted from the Through Traffic Transaction Book (Account Current Register) and Items in Deposit Account e.g. Out-agency charges etc.

**Note:** The provisions of the Railway code for the Accounts Departments are not closely followed though in essentials the Traffic Book and the Accounts Office Balance Sheet serve the purpose intended. The Traffic Book is maintained in coaching side (Tiruchchirappalli according to the provisions of the code.

**653 Review of Tenders and Contracts:**

All contracts entered into by GM/Commercial relating to Commercial matter and Chief Marketing Superintendent, as well as completed contracts and reviewed quarterly by the headquarters section of Traffic Audit. For this purpose the list of handling contracts, cycle stand and car parking contracts entered into and completed during the previous quarter is obtained from CCS office/CMS Office as the case may be. Based on the programme of Audit the requisite number of contracts entered and completed during particular quarter are reviewed. In addition to the general checks exercised it should be seen that the contracts have been entered into in accordance with the Railway Board's instructions.

**654 Registers of serious irregularities, losses and over payment waived:**

The register maintained in the Accounts Office will be reviewed by the Section Officer/AAuO. The register of serious irregularities in respect of Traffic Accounts is maintained at Madras. Cases of frauds are reviewed by the Madras Office.

**655 Inspection Report and Test Audit Notes: ( Para 469 & 471 of Railway Audit Manual):**

The procedure to be followed for the issue of Inspection Reports and Test Audit Notes are detailed in Chapter XIII. All Inspection Reports Part II and those Part I reports relating to goods accounts will be dealt with at Madras and part I reports relating to coaching accounts are dealt with at Tiruchchirappalli. In respect of Part I reports and audit notes replies are sent periodically by Accounts Office and they should be examined. Regarding part II reports and audit notes the concerned files of Accounts Office should be reviewed and action taken on them examined. Every half year complete review of all part II reports and TA Notes should be made to ensure that prompt action is being taken on the objection pointed out. All the coaching part-II inspection report are dealt with at TPJ.

**656 Register of Miscellaneous Receipts:**

This Register maintained by 'M' section of Accounts Office should be reviewed to see that the receipt have been credited to the correct head of account. A test check of the cash remittance notes received in accounts office direct from the Departmental officers with the accountal by stations in the cash remittance notes should also be made to ensure that the stations have remitted the amounts without delay and correctly.

**657 Pooling Traffic Agreements:**

There are no pooling traffic arrangements at present involving the Southern Railway.

**658 Appropriation Accounts:**

The statement of undercharges detected by Accounts and Audit (Annexure 'B') statement of remissions and abandonment of claims of Revenue (Annexure 'C') statement of losses (Annexure 'H') statement of Misclassification and defects in Budgeting and (Annexure 'J') statement of Suspense balance (TA, X and C) and Debt Head Report which accompany the Appropriation Accounts are checked by TA section in so far as they relate to Traffic Accounts. Apart from this, Appropriation Accounts of Grant No. 12 compensation claims is also checked by this section. The above statements are checked with reference to the records available in 'M' section and XCC Section of Accounts Office.



**659 Working of Accounts Department and Report on the efficiency of Internal Check:**

The review will be conducted in respect of the items prescribed in the Secret Memorandum of Instructions regarding extent of Audit (Railways). One month's account i.e. the month of accounts selected for annual items of Audit is adopted for detailed review. A report bringing out all the details collected and defects noticed in internal check and procedural methods during the review is submitted to DA through Coordination Section in the form prescribed for the purpose (Annexure to para 56 of Secret Memorandum).

During the course of monthly audit the defects noticed in internal check are noted down then and there for incorporation in the annual report on the efficiency of internal check.

The following items are to be reviewed for possible comment in the report on the efficiency of internal check and working of Accounts Department.

Missing and delayed returns

Unadjusted Credit Notes

Monthly Progress Report of Accounts Office

Half yearly arrear report submitted to the Railway Board (General Review)

Half yearly review of Suspense Balance (General Review)

Accounts Office balance sheet

P.O.Os. issued by Accounts Department.

**660 Capital and Revenue Accounts:**

The statement of earnings of the main and worked lines, under abstracts X, Y, Z included in the Capital and Revenue Accounts should be checked with reference to the Traffic Receipt Book maintained in the Traffic Book Section of the Accounts Office.

**661 Proforma Accounts of work done on behalf of other Government Departments, Local Bodies etc.:**

Railway Administration undertakes to collect money on behalf of outside bodies viz., timber tax etc. In these cases it should be seen whether Administration has reviewed periodically the adequacy of the commission or other charges levied by it for rendering this service. The results of the examination by the Administration should be reviewed to see if all the incidental expenses have been taken into account and that the Railway does not suffer any loss in rendering the service.

**662 Identity Cards - cum Railway Passes issued to Members of Parliament:**

The entries in the monthly statements showing the cost of Railway journey forms relating to journeys performed by the Members of Parliament prepared by the Financial Adviser and Chief Accounts Officer for submission to the Rajya Sabha or the Lok Sabha Secretariat should be concurrently checked in audit to the extent of 8 1/3 percent along with the relevant 'Journey forms' before they are despatched from the Accounts Office.

While checking the journey forms it should be seen inter alia:-

- i) Whether the journey forms received from the stations are complete in all respects.
- ii) Whether there is any abnormal delay in the receipt of the forms or in their accountal in Accounts Office.
- iii) Whether the charges for the journeys performed have been correctly billed for.
- iv) Whether, in cases of reservation made in advance on the strength of Identity card-cum-Railway Passes, the reservation charges are excluded in billing as they are to be invariably collected in cash from the Members of Parliament.

- v) Whether pilgrim tax where leviable is duly included in the bill.
- vi) Whether the worked line proportion is correctly credited in case of journeys performed over the worked line.
- vii) Whether the travel in Air Conditioned class is permitted on payment of the appropriate difference in fares.
- viii) Whether in cases of travel in a II class sleeper coach the amount of surcharge due in respect of sleeping accommodation provided is invariably included in the bill.

#### **663 Check of Passes and PTOs issued by Administration Section**

The passes and PTOs issued by the Administration Section of this office will be reviewed quarterly by the Traffic Audit Section in Madras and irregularities, if any, brought to the notice of the Principal Director of Audit for issue of orders for their regularisation.

#### **664 Traffic in Railway Materials and Stores (a)Local outwards:**

The Railway material consignment notes received from the forwarding station along with the forwarded returns should be examined to see that as far as possible the consignment have been correctly treated as Railway materials. The forwarded abstracts received from stations should be examined to see that each entry is supported by a R.M.C. Note and that all the transactions included in R.M.C. Note have been included in the abstracts. It should be seen that prompt action is taken to call for the missing consignment notes. The rate as well as the total freight charges shown on the consignment notes, by the station and the Accounts Office respectively should be checked, traced into the summaries and finally into the Bills Register as in the case of ordinary goods traffic.

**b) Local Inwards:** The received abstracts should be checked to see that each entry is supported by an invoice and that all invoices received have been accounted for. It should be seen that prompt action is taken to call for missing invoices. The forwarded and received abstracts should be compared and items not accounted for traced into the relevant registers.

**c) Foreign Outwards:** The R.M.C. Notes abstracts and summaries will be checked as in the case of local traffic in Railway Materials. The entries in forwarded abstracts will be compared with Railway Materials division sheets received from foreign railways to ensure that there is a proper account of transactions. Omissions should be traced into TA 6 Registers.

**d) Foreign Inwards:** The Audit of invoices, abstracts and summaries will be done as in the case of local traffic in Railways Materials. The apportionment of freight charges as between different railway will be made on the basis of checked inward abstracts and the same will be audited, traced into the summaries and division sheets as in the case of ordinary goods traffic.

As regards 'weight only' Coal traffic one month's account in respect of coal traffic from Central and Eastern Railways will be audited each half year.

The check of the R.M.C. Returns will be carried out by the Traffic Audit Section by covering the entire field in 24 months time. For this purpose the offices empowered to issue the R.M.C. notes should be grouped into 24 units, and one unit will be selected for audit each month.

A scrutiny of the R.M.C. and comparison of the particulars on them with the returns and bills should also be carried out at the local offices by the Inspecting staff during inspections.

#### **665 Demurrage charges due from big firms having sidings of their own:**

Wharfage and Demurrage charges outstanding against big firms should be specially scrutinised at the end of each financial year. The review should be carried out in the month of September every year after obtaining full particulars from FA&CAO. Important cases which

after investigation present interesting features justifying comment in the Railway Audit Report either individually or along with similar other cases should be reported to C&AG/Railways.

### **666 Changes in Audit procedure as a result of computerisation of Traffic Accounts:**

The detailed instructions contained in CAG's letters:

- i) 1941 - 160 - RAI/8 - 6/71 dated 10-06-1971 and
- ii) 1007 - OSD - (c)/44/71 dated 30-03-1972 and other orders issued from time to time should be borne in mind while auditing the various computerised documents relating to Traffic Accounts.

## **GOODS**

### **1. Review of monthly Incorrect statement.**

The under charges noticed as a result of check of invoices are required to be traced into the incorrect statement. In addition to such tracing, the incorrect statement s of Station selected for audit should be reviewed with a view to verifying the action taken by the Accounts Office for issue of error sheets etc. to the Station concerned.

### **2. Check of continuity of Invoices:**

The Continuity of Invoices should be checked by comparing the first entry in the current month's paid statement (viz. month of account selected for audit) with the last entry of previous months paid statement both for paid and 'To pay' invoices. List of all invoices processed during the month should be tallied with the entries in the Register of invoices received from Stations.

### **3. Check of Senders weight accepted invoices.**

The following procedure may be followed in Audit.

#### **(A) Local Traffic.**

i) If the invoice selected for check had been endorsed for weighment enroute, the actual chargeable weight should be ascertained from the monthly statement of weighment/daily advices received from weigh bridge station (vide Rule 1424 (b) and 1425 of I.R.C.M) and compared with that taken into account by the destination station in its converted abstracts for the purpose of recovery of freight and discrepancies, if any, taken up.

ii) In respect of inward traffic, with a view to verifying that the station under audit has levied freight correctly a per weighment advice the check may be exercised as follows:

- 1) In cases where the Sender's weight accepted invoices are indicated by an asterisk in the converted abstract, the weight charged is as as per the weighment advice.
- 2) Where the practice of giving an asterisk against the sender's weight accepted invoices in the machine prepared abstracts is not in vogue, the particulars of invoices may be ascertained from the statement of sender's weight accepted invoices compiled by the Accounts office and checked as above.
- iii) While tracing the audited invoices into machine prepared abstracts, it should be seen that the invoices marked for weighment enroute have been properly identified by an asterisk in the machine prepared abstracts or alternatively they have been included in the statement of invoices marked for 'weighment enroute'.

#### **(B) Foreign traffic:**

The procedure outlined above for local traffic will apply mutatis-mutand is for foreign traffic also.

- ii) Since the Audit office of the forwarding Railway will not be able to check the invoices selected for audit with reference to weigh-bridge advices and converted abstracts, they should intimate to the Audit Office of the receiving Railway, full particulars of foreign invoices marked for weightment enroute selected for monthly audit indicating station from, station to, invoice number, Railway receipt number, wagon number an d owning Railway, Charged weight, weight as per weigh bride Where required to be

weighed etc. The Audit officer of the receiving Railway will ascertain the actual chargeable weight in respect of these invoices from the extracts of weigh-bridge returns furnished by the Railway on which weigh-bridge stations are situated to the destination Railway and from the weigh-bridge advices received by Traffic Accounts of the destination stations direct from the weigh-bridge station in terms of Rule 1425 of Commercial Manual. The changes in weight taken into account by the destination, as also under-charges if any, recovered at the time of delivery are noted by the destination station in the copies of Machine Prepared Abstracts received by them and also in the copy returned by them to Accounts, (Para 2023(b) – IRCM and Para 2337 Accounts code Vol.II).

- iii) The checks mentioned above at items (ii) and (iii) of Local traffic will also be conducted likewise in respect of foreign traffic.

(Authority: CAG's letter No.1941-160-RAI/8-6/71 dated 10.6.1971)

The CAG has prescribed the further following changes in audit procedure:

1. Calculation of freight (Rate X Weight) in respect of invoices where such calculation is done on computer and not manually, need be checked to the extent as prescribed in CAG's letter No.1007/OSD/C/44 – 71 dt.30.3.72. This will not apply to the invoices in respect of which freight checking has not yet been transferred to computer as for example invoices involving wagon kilometre rates, minimum charges, infringement charges.
2. Tracing of audited invoices into the 'Paid' statements and verification of debit taken into station balance sheet on account of outward paid traffic with reference to Paid statement should be reinforced by checking the accuracy of the totals of the Paid statement both in respect of freight and weight handled by the owner. The correctness of the total of the amount shown under 'Invoiced Freight' (TO PAY) in the outward abstract should be similarly checked manually and the inked entries in the abstract should be verified with the accompanying invoices before it is used to check the correctness of debit taken into Station Balance sheet on account of 'Inward To-Pay' traffic. It should be ensured that 'Inward Abstracts' sent by stations along with the Balance Sheet correspond to those received in the Accounts Office from the Foreign Railways. For this purpose entries in the Register showing receipt of Machine prepared abstracts from foreign Railway should be scrutinised and it should be seen that station returns correspond to all the sheets received from the foreign Railways.
3. The credit on account of "paid on charges" taken in the station Balance Sheet should be checked with reference to the Machine Prepared "Paid on charges" statement and it should be seen that the details of items relating to "Paid on charges" correspond to entries in "Paid on charges" statement. Further, in order to see that the debit is being forced correctly against the station to which the consignment is rebooked, selection of invoices for audit should be so designed as to deliberately include some rebooking invoices within the percentage prescribed or this should be traced against the relevant destination station in the Machine prepared outward Abstract.
4. The check of invoices marked for weighment enroute may be carried out with reference to the invoices issued by stations selected for audit i.e. outward basis as for all invoices both in respect of local and foreign traffic. No check need be exercised in respect of inward traffic of station selected for audit.
5. The undercharges noticed as a result of check of invoices are required to be traced into the Incorrect statement. The Incorrect statement of stations selected for audit should be reviewed with a view to verifying the action taken by the Accounts Office for issue of Error Sheet etc. to the station concerned. In this connection, it may be noted that while dealing with foreign inward traffic the issue of error sheets should be checked with the entries in the Register showing receipt of Incorrect Invoices from Foreign Railways.
6. The Foreign Invoices marked for weighment enroute and selected for monthly audit are to be sent to Foreign Railway Audit Office for conducting the necessary audit. The receipt and

submission of such statements by each Railway Audit Office from/to other Railway offices every month may be watched through Calendar of Returns. In cases there are no particulars to be seen, "nil" statement should be sent and receipt of "nil" statement should be watched. The following checks may be exercised in order to ensure the integrity of the processing of data under computerised system.

- i) It should be seen that (a) Run to run totals prescribed for processing integrity are actually agreed.
- b) Total invoiced freight printed in card to tape programme with the total printed in paid statement and outward abstract programmes.
- c) Difference of total invoiced freight and total calculated freight with the net difference or overcharges and undercharges printed in the monthly incorrect statements.
- d) Total calculated freight printed in the card to tape programme with the total printed in the paid statement and onward abstracts programme and
- e) Total charged weight printed in the card to tape programme with the total weight in the paid statement programme.
- (ii) The total number of cards as shown in the station forwarding Memorandum for the selected stations should be agreed with the number of cards in the card to tape programme and the grand total of card to tape programme should be agreed with the total number of cards in the paid statement and the outward abstract programme.
- (iii) The Machine prepared abstracts continuity check of invoices should be agreed with the station memorandum of invoices and the Register of missing Invoices in respect of selected stations.
- (i) The action taken by the Accounts office on entries inked in the Machine prepared Abstracts (Converted) by the destination station should be verified in respect of local traffic with reference to the original invoices themselves and that the withdrawal of debits was also correctly advised. As for foreign traffic, a list should be sent to the Principal Director of Audit of the originating Railway for similar verification.

(Authority: Comptroller and Auditor General of India's letter No.1007-OSD@/44/71 dated 30.3.1972).

### **Audit of Concor Invoices:**

The terminals operated for booking of traffic by CONCOR are to be audited as for invoices.

### **TA/TPJ Computer System Audit:**

#### **1. Verification of Cash immediately on arrival and arrangement for the safe custody of cash:**

This is done with reference to the CPT(cash summary) and the DTC print out for the day. At the time of commencement of inspection at each terminal, the system gives a printout in Form D.3 showing the total amount due by each operator. The cash on hand at each terminal is verified with reference to this statement. The printout for the details of tickets issued (D-2) upto the time of commencement of inspection is not made available by the system. Since, such a print out is produced only at the end of each shift and not upto the time of commencement of inspection. Hence, the inspection is necessarily to be commenced either before the commencement of morning shift when the cash will be "NIL" or at the close of the shift timings.

#### **2. Examination of arrangements of the tickets in tube and check of fares and closing number of tickets with tube shown on the tubes and in the DTC.**

Only tickets in rolls and their issue to staff to be verified.

#### **3. Scrutiny of the system of Indenting, verification of custody of tickets by the station staff:**

This is verified with the computer roll tickets stock register.

**4. General check of stock of tickets printed card as well as paper tickets, BPTs, on hand and detailed check of stock of printed tickets for a few station:**

Stock of computer ticket rolls and there of BPTs are verified.

**5. Check of stock of Railway guide Railway service application forms Railway Time Tables:**

These check do not arise in PRS centres. These items are to be checked at other than PRS centres.

**6. Check of DTC (Daily Trains Cash Book):**

DTC for the corresponding dates can be generated and checked. In computerised DTC each individual transaction is printed and has to be checked. Like that BPT of Each Terminal will be printed out for each day and these will be checked. The quantum of work involved will be very much on high side and quite voluminous when compared to the check of non-computerised DTCs. Print out for all the dates selected for inspection. The DTC print out for the current date (ie) Date of commencement of inspection and two previous dates are made available by the printer. For earlier dates in the same month and in previous months to be checked as per prescribed norms. The PRS/MAS has to be contacted by the station to load the concerned tape in the machine at MAS in order to get the print out at the inspection station. It takes few days to get these print outs at PRS stations outside Madras area they are made available during the spell of inspections and the prescribed checks could be exercised. Due to the limited duration of inspection and at times due to communication failure of the system etc. the print out of all the prescribed dates of the previous month are not readily available by out station PRS station.

**7. Verification of summary of DTC and Proof Book:**

Proof book documents is not generated in the system. Only DTC for all terminal is checked as stated in para 6 above.

**Review of EFTs and TTEs Handing over Memo:**

These checks could be exercised during the inspection os other than PRS.

**Check of EDP/EDTs:**

These checks could be exercised during the inspection of other than PRS as stated in papa 6 above

**Review of Reservation Register especially with reference to refunds:**

There is no reservation register maintained at PRS centres. Reservation charts are made out by each PRS centre. ROPD statements are available for verifying refunds. The tickets cancelled, a separate cancellation ticket is generated with all the particulars of the amount of cancellation fee amount refunded, the date of journey, time of cancellation etc. In the cancellation ticket also contains the latest updated position of Reservation status. As the functioning of the system will be uniform in Audit 100% of the check has been exercised.

**Check of N.I ticket statements:**

These documents are available in both in conventional Audit and computer Audit. In conventional type of Audit the amount involved is not taken into account in the debit side. But in computer the value of the ticket is accounted on the debit side and has to be shown as refunds on the credit side for Balance sheet purpose. This is to be verified with reference to D-10 for N.I.

**Check collected tickets and ticket collectors report:**

Collected computer tickets can be checked only by sending these collected CPTs from various stations to computer centre and checked only with reference to M-17-Roll continuity statement. Hence the check of collected CPTs can that be exercised at Headquarters.

### **ADVANCED RAILWAY TICKETING SYSTEM(ARTS)**

The Advanced Railway Ticketing system(ARTS) has been introduced in the Indian Railway for issue of various types tickets other than reserved tickets. The following procedures are laid down for the internal check conducted on various returns:

#### **Daily Statements:**

1. Daily summary of transaction (Ticket information)
2. Daily summary of transaction (Cash information)
3. Daily statement of N.I. special cancellation and cancellation tickets.
4. Daily statement of cash vouchers
5. Daily statement of concession
6. Daily statement of CST & Military concession
7. Rolls continuity statement
8. Daily statement of BPT issued

#### **II. Monthly Reports:**

1. Monthly summary of transaction (Ticket information)
2. Monthly summary of transaction (Cash information)
3. Monthly summary of N.I. special cancellation and cancelled tickets
4. Monthly passenger classification summary
5. Monthly Rolls continuity statement
6. Monthly classification pair of points transactions
7. Monthly summary of DTC
8. Monthly summary of RTC
9. Monthly summary of concession (police vouchers)
10. Monthly summary of concession(Military)
11. Monthly summary of concession(Passenger)
12. Monthly summary of season tickets
13. Monthly summary of Blank paper tickets

The following checks are conducted during the inspection of ARTS and Central Audit:

#### **1) Daily summary of Transaction (Ticket information)**

The statement gives operator wise the number of ticket issued under each category and also the number of passenger booked. This statement has to be reconciled with DTC summary of each operator.

#### **2) Daily summary of Transaction(Cash information)**

This statement gives the amount of cash, voucher, RTCs, CSTs, collected by individual operator. The following checks are exercised on this statement. The actual cash, vouchers, RTCs, CSTs should be verified with the cashiers, acknowledgement to ensure that all the dues have been correctly remitted by the individual operator. A separate coaching summary book should be maintained for each day. All shortages should be immediately made good. Frequent shortages by any operators should be brought to the notice of Sr.DCM for necessary action.

#### **3) Daily statement of N.I.special cancellation and cancellation tickets:**

These statements are prepared individual operatorwise separately for local and through in duplicate. All the collected tickets have to be linked with the statements. These N.I.s special cancellation and cancelled tickets are to be sent to FA&CAOs.

#### **4) Daily statement of cash vouchers:**

These vouchers are prepared separately for local & through and sent to cash office daily along with the cash. It is also to be ensured that all the vouchers quoted are physically available. One copy of the statement to be sent as voucher remittance to cash office.

**5) Daily statement of concession voucher:**

This statement is prepared separately for local and foreign. This statement should be consolidated at the end of the month and sent to Accounts office along with the balance sheet and other returns.

**6) Daily statement of CST & Military concessions :**

Check as above

**7) Rolls continuity statement:**

This should be checked daily along with the part roll register to ensure that all tickets issued properly entered. Any discrepancy should be brought to the notice of the authorities.

Passenger classification summary:

This statement will be prepared for local and through. This will contain figures like base fare and other charges to be reconciled with the daily summary of transaction.

**667 Station Inspections:**

The Inspection of the accounts of stations, out agencies, City/Town Booking Offices And Travel Agencies are done by the Traffic Audit Sections at Madras and Tiruchchirappalli. The quantum of inspection to be done during a year is based on the instructions laid down in the Secret Memorandum of Instructions and those issued by the Comptroller & Auditor General of India from time to time. The Principal Director of Audit can increase the number of major stations to be inspected by reducing the number of minor stations.

**668 Inspection Programme:**

The programme of inspection indicating the number of Minor, Major and very big station inspections to be conducted during each month of the following year by both Madras and Tiruchchirappalli offices is drawn up by the Madras Office before the commencement of the financial year in consultation with the Tiruchchirappalli office and approval of Principal Director of Audit obtained by the 1<sup>st</sup> week of January of every year.

The Traffic Audit Section at Madras acts as the coordinating section for the purpose of getting selection of stations for inspections by the Madras office as well as Tiruchchirappalli office every month. The stations selected for inspection by Tiruchchirappalli office should be advised to that office through a confidential D.O. before 25<sup>th</sup> of the previous month. For this purpose, a complete and up to date list of stations, Out Agencies and Town Booking Offices is maintained.

**Classification of Station for inspection :**

The stations are classified as very big, big, major and minor on the basis of the annual earnings vide details given below:

Annual earnings	Category	Periodicity
Rs.5 crores and above	Very Big	Once in 2 years
Rs. 2 crores and above but Less than Rs. 5 crores	Big	Once in 3 years
Rs.50 Lakhs & above but Less than Rs.2 Crores	Major	Once in 4 years
Below Rs. 50 lakhs	Minor	At random(ie.15 to 20 stations in a year)



For this purpose, lists showing stations/Out Agencies etc. classified as very big Major and Minor are kept separately and a review is made in July every year by Madras office to see if any change in category/classification of necessary stations have become minor and vice versa with reference to the fluctuations of traffic. Necessary alterations in the list are made thereafter.

The selection of stations for inspection should be done in such a way that all Divisions are covered in a year as far as possible. This will enable Audit to have a complete knowledge of different procedures if any, obtaining on the various Divisions. At the same time, selection should also be made with reference to the stations having heavy out standings, sidings, heavy pilgrim traffic, transshipment or who are defaulters in submitting their returns to the Accounts Office or where some serious irregularities have been noticed by the Accounts Office should be consulted for this purpose. All the reports of the inspection by TIAs should also be reviewed at Headquarters to examine whether there is any important lacunae in the system of internal check in Accounts Office and whether this system is working with reasonable efficiency with a view to select stations having large number and major irregularities for inspection. The latest TTA reports of the station selected should be gone through to see if any important irregularities have been pointed out and whether such irregularities have been set right by the station.

#### **669 Supervision of Station Inspection by Audit Officer:**

Very big, Big and major stations are supervised by the Sr.Auo./Auo to the extent of 100% and 50% respectively. The terms 'Station' includes Booking Offices and Travel Agencies. There is no supervision for minor station.

#### **670 Composition of the party and mandays allowed for Inspection:**

The composition of Audit inspection party and time allowed for audit inspection are as follows:

<u>CATEGORY</u>	<u>TIME ALLOWED FOR AUDIT INSPN.</u>	<u>COMPOSITION OF AUDIT OF INSPECTION PARTY.</u>	
		<u>AAUO/SO</u>	<u>Sr.Ar./Ar.</u>
Very Big	8days	2	1
Big	6 days	2	1
Major	4 days	1	1
Minor	2 days	1	1

The days approved include the time for preparation, discussion, editing, comparison etc. of Inspection reports. Inspection of 1 or 2 minor stations in each year for surprise inspection can be undertaken at the discretion of Pr.Director of Audit.

The inspection party for the inspection of very big station consists of Two Asst. Audit Officers/Section Officers and one Sr. Auditor.

The Comptroller & Auditor General of India has directed that one or two marshalling yards should be inspected in a year. The marshalling yard/transshipment yard attached to major stations/ very big stations may be inspected along with the stations inspections. For this purpose, 10 to 15 days for major and 15 to 20 days for very big stations will be allowed in addition to the normal mandays prescribed for station inspections. One additional auditor is also allowed to attend to ancillary items of work during such inspections. The inspection of marshalling yards is carried out, by Receipt Audit Section.

The Auditors proceeding on inspection should take with them the following returns and documents in addition to the relevant codes and manuals.

copies of checked balance sheets and latest advice of Accounts of internal check;

copies of indents for supply of numbered books;

Reports of Travelling Inspector of Accounts;

Office copies of Handling bills;

collected tickets and T.C. returns of nearby station;

Register of points to be seen during inspections.

General instructions regarding inspections contained in Para 449 of RAM should be borne in mind. Overwritten figures and un initialled correction in the stations and erasures noticed in the Accounts books should be subjected to special scrutiny to see whether there is any malpractice.

#### **671 Points to be seen during Inspections:**

Para 449 of the RAM contains the points to be looked into during inspection of stations. A list of points to be seen during inspection of stations. A list of points to be seen during station inspection is also given in Appendix. It is, however, to be noted that the items contained in the RAM and the Appendix are not exhaustive. Any other points coming to notice during the inspection shall also be examined in detail. Besides this, any other special points ordered by the DA, Dy.DA or other Gazetted Officers or specially advised by the sections shall be noted in the 'Register of Points to be seen during Inspections' and such points shall also be looked into and the action taken thereon recorded in this register.

#### **672 Progress Register of Inspection:**

A Progress Report Register of stations inspected during a month should be maintained in the proforma prescribed in para 416 of Railway Audit Manualo and this register should be submitted by 5<sup>th</sup> of every month duly recording therein the monthly progress of inspections.

#### **673 Receipt Audit:**

Consequent on the orders of the Comptroller & Auditor General of India on the First Report of the Committee on Re-organisation relating to Audit of Receipts, the scope and extent of audit of Railway Earnings was widened from 1973-74 to include (i) specific items of audit of a special nature and (ii) diversified and performance oriented reviewed and investigations pertaining to topics on the earnings side.

The Receipt Audit Section which functions in Co-ordination with Traffic Audit Section is entrusted with the audit of items of special nature and reviews and investigations as distinct from the regular audit being carried out by the Traffic Audit Section as per the prescribed programme. Receipt Audit Section may be associated in connection with the important station inspections for the review of special items.

The following guidelines have been prescribed for the audit of specific items, reviews and investigations.

#### **674 Audit of amendments to Tariffs, Rate Circulars etc.:**

The files of the Railway Administration should be reviewed to see:

whether the basic data relating to the loadability of wagons, floor area, dimensions, etc. on which station to station rates are fixed are acceptable; the correct market value of the commodity is taken into account while giving concessional rates of freight. the classification of the commodity is consistent with the classification of similar commodities; In case of upward

revision of freight rates there has been no avoidable delay in the issue of notifications; concessional rates are kept under review constantly for a timely revision or withdrawal.

**Note:** The general review of rate circular and tariff changes is to be done by Traffic Audit Section and any item/aspect meriting detailed investigation in this connection is to be assigned to Receipt Audit Section.

#### **675 Concessions granted under delegated powers:**

The General Managers have been delegated with powers to grant concessions in individual cases as also for waiver of detention charges of special coaches etc. The justification for concessions granted as also the total financial effect of such sanctions each year, may be seen for comment.

#### **676 Check on misuse of authorised concessions:**

The working of the machinery in the Railway Administration to prevent misuse of concessions in passenger fares etc. by unauthorised persons should be reviewed.

#### **677 Awards of Railway Rates Tribunal:**

Some of the awards of the Tribunal have substantial financial implications and such awards should be reviewed for comment on the presentation of the cases by the Railways and the financial implications. The orders of the Principal Director of Audit will be obtained for the review of such cases each year.

#### **678 Station Inspections:**

In addition to the regular checks already prescribed regarding reweighment of consignments of parcels/goods, the accuracy of the weighing machines weighbridges should be looked into. The general working of the station should be reviewed with particular attention to locate possible leakage of revenue due to misdeclaration of consignments and ticket less travel and surprise check by the Administration should be suggested, if necessary. The system of allotment of wagons could be reviewed to see that covered wagons are not demanded for such material which could be loaded in open wagons, as this at times results in open wagons being provided for want of covered wagons for materials liable to be damaged due to exposure, giving rise to claims for compensation.

#### **679 Special Investigation:**

Special Investigations should be taken up periodically on important aspects on the earnings side. Some typical topics are as follows:

Remunerativeness of the special services introduced by the Railways like Quick Transit Service, Speed Link Express trains (Super Express goods trains) Container Services, Freight Forwarder Services etc. Review of items of low rates traffic to see whether their market values have increased justifying an upward revision of freight. Periodical review of the rates of recovery prescribed for sidings, hire of plant and machinery cranes, locos and lease of land, buildings etc. to examine whether the rates are adequate to cover the expenditure incurred by the Railways.

**Note:** Review of sanctions and orders affecting tariffs, freight and fares, rates, through concessions, classifications of goods, determination of station-to-station rates for commodities booked on through routes and any changes in the load ability, minimum weight conditions, etc. issued by the Railway Board from time to time, is done by the Comptroller & Auditor General of India/Railways and Audit advice issued.

(Authority: Joint Director/Railway's Secret D.O. No.Confdl. 6/72 dated 17-02-1973 and Chief Auditor's orders dated 04-09-1973 and 07-02-1976 File SA/RA/I).

### **680 Review of the working of Marshalling Yards by Audit:**

The functioning of a marshalling yard intimately depends on the running shed and TXR office located at the station. When the inspection of a Marshalling yard is taken up, it will be advantageous to inspect the offices of the loco foreman and **TXR** Officer also so that all aspects of the operation of the marshalling yard are covered.

Transshipment sheds and repacking sheds, if any, attached to the stations are also inspected along with the Marshalling Yards.

The Marshalling Yards/transshipment yards attached to Major stations may be inspected annually along with the major station like very big station. For this purpose 10 to 15 days in allowed in addition may be allowed for inspection as against 15 to 20 days allowed in addition for very big station. (Authority: C&AG'S D.O letter No. 258-18/RAI/17.1/79 dated 27.2.79).

It is laid down by the Comptroller & Auditor General of India/Railways that one or two marshalling yards attached to very big/ major stations may be inspected, when the stations are taken up for inspections, the activities, organisation and operation of the marshalling yard and the allied offices and the points to be seen during audit inspections are furnished in the Annexure.

## **ANNEXURE**

### **1 Marshalling Yard and its functions:**

A Marshalling Yard is a yard where incoming goods trains and local outgoing loads are received, broken up, sorted and new trains, formed and despatched. Some Marshalling yards are also called terminal yards if the majority of the incoming wagons do not proceed beyond those yards, i.e. Wadi Bunder.

According to marshalling orders issued by Railway Board, Railway Administration, each yard is responsible for forming train upto certain nominated yard(s) or terminal(s) or section(s). This is known as marshalling yard commitment. The different activities in a marshalling yard are: Dealing with through goods trains: (i.e.) [trains not requiring marshalling in that yard]

Through trains are received and despatched after change of engine and staff (if necessary), examination of wagons by Train Examiner, adjustment of loads, removal of sick wagons, if necessary, and attachment of urgent wagons in exceptional cases. Sorting out terminating goods trains and local outgoing loaded wagons. The wagons are examined by the staff of Train examiner and in accordance with direction of movement, they are sorted and placed on different sorting lines for formation of new trains.

Forming and despatching new goods trains:

The sorted wagons are again examined by the staff of Train Examiner and moved to departure lines and formed into new goods trains and despatched.

Placement and withdrawal of wagons from various points in the local area:

This consists of placing of wagons in and withdrawals from

(i) repacking shed/platform for repacking, (ii) sick yard for repairs to wagons, (iii) weigh bridge siding for weightment of wagons and (iv) sidings serving loco sheds, goods sheds, workshops, attached to marshalling yard and Forming of Shunting and work trains. This involves formation of trains to deliver and collect small/wagon loads consignments to and from stations on adjoining sections.

### **2 Yard Organisation:**

A yard is in the charge of a Head or Chief/yard master, or yard master or yard supervisor depending on the quantum of work. In big yard there may be many sections, for example, at Mughalsarai there are three sections - Up yard, Down Yard and Central Yard each under the control of Head Yard master who is assisted by a number of Assistant Yard masters. Below the yard master are (i) Executive or field staff and (ii) Clerical staff of trains branch, apart from other clerical staff for establishment and stores work. The executive staff includes Assistant yard masters who are in charge of the yard in shifts.

The yard masters have under them yard foreman, shunting master/shunting Jamadar who controls the movement of shunting engines. Three or four points-men work with each shunting engine, their duties being to (1) uncouple the wagons for breaking up (2) relay signals and (3) set up points (if required). In mechanised yards, the cabin staff control setting up of points. Skid porters assist in reduction of speed of wagons shunted down from hump. Mechanical retarders are also provided for the purpose in some yards.

Trains branch is under the charge of a Head trains clerk. Below him there are a number of trains clerks known as receiving train clerks, despatching train clerks, train clerks maintaining wagon exchange registers and stock or position takers. This branch is responsible for documenting of yard operations. It keeps an account of the number wagons in the yard, classified into various groups, the transit details of every wagon passing through the yard and also forwards basic data to the Statistical Branch.

### **3 Records maintained at a Marshalling Yard (other than those relating to establishment and Stores Accounts etc.**

Vehicle guidance or train consist paper for incoming and outgoing trains:

For all the outgoing goods trains the trains branch prepares this document and hands it over to the guard who should surrender it to the trains branch of the next yard or the yard at which the train terminates. It gives the particulars of wagons (i.e. wagon number, type, whether loaded or empty, gross and net weight the originating and destination stations, via and the commodity contained) train number, engine number, names of guard and driver, date, time total tonnes etc.

Number takers book or train clerk's band block:

It shows wagon number, type owning railway, station from and to, load, tare weight, weight of contents (whether loaded with coal or other commodities or empty) and gross load of each wagon dealt with in the yard. These books are maintained trainwise-separately for trains received in and trains despatched from the marshalling yard.

Running or Floating Balance Register:

Details of incoming and outgoing wagons direction wise are posted in this register to give an upto date total number of wagons in a yard at a given time. New trains are ordered on the basis of data in this register. The broad headings under which the balance is noted are:

- i) traffic streams in different directions, eg. at Mughalsarai upyard (which handles trains arriving from Eastern Railway side) the incoming wagons are grouped as: towards - (1) Ghaziabad, (2) Agra East Bank, (3) Lucknow and so on. Similarly, the empties are shown in the register according to the direction in which they are to move as assigned by the Control Office.
- ii) breakdown of through loaded traffic in each direction. This is further sub-divided into (a) destination, route-wise, depending on the marshalling commitment of the yard; (b) work train wagons, section-wise, (c) branch line wagons, (d) local traffic or 'home loads' (i.e. traffic for destinations for which the yard serves as a terminal).

Detained Wagon Register:

This shows particulars of wagons detained in the yard either because of absence of wagon bracket label or for some other reasons, like damage to the wagon. The register, inter-alia, shows the date and time of arrival and the date and time of despatch.

Wagon Exchange Register:

It gives transit particulars of every wagon passing through the yard, i.e. particulars as given in Trains Clerk's hand book, time and date of arrival and departure, hours of detention to each wagon etc. These particulars are posted as soon as the wagons arrive or leave the yard. In bigger yards' separate wagon exchange registers are maintained for groups of destinations and vias.

#### **4 Operation in a Marshalling Yard:**

(a) As soon as a goods train arrives at the reception line, the guard accompanying the train hands over vehicle guidance/train consist paper to the trains branch; the trains clerk independently takes down the wagon details in his hand book with the help of wagon labels and particulars painted on the wagon itself, without transcribing these particulars from the vehicle guidance of incoming trains. Discrepancies may arise if (i) vehicle guidance had not been prepared correctly by the despatching yard, (ii) some shunting had been performed on the train while in transit between two yards but appropriate changes in the vehicle guidance had not been made (iii) wagon labels had dropped or been removed when the train was in transit etc. These discrepancies should be settled to the extent possible. But, if wagon labels are missing and no information is available about the destination of a wagon, it is detained in the yard and despatched only after correct destination particulars become available.

b) The staff of Train examiner (under Mechanical department) examines the fitness of the wagons and independently take down the particulars of wagons found damaged or unfit for further movement. A list of such wagons is given to trains branch for their placement in sick line for repairs.

c) The registers maintained in the yard are posted from the date contained in the train clerk's hand book. Based on the destination and contents of the wagons of the trains received and the number of sorting lines available, the trains clerk prepares hump cut card or a chart for breaking and sorting of wagons for formation of through/work trains and also for placement of wagons in the respective sidings for unloading/loading/repacking/weightment/sickline repairs etc. The hump cut cards are handed over to the Assistant Yard Master for breaking up of the train, sorting and formation of train or placement, in appropriate siding.

d) After sorting and placement in nominated lines, the train clerk responsible for preparation of outward vehicle guidance as also the executive staff inspect the wagons in the different sorting lines to check the correct placement of wagons. The staff of the train examiner and the Neutral train examiner (under the administrative control of Indian Railway Conference Association), if posted, also examine wagons to ensure their fitness before despatch. Thereafter, the wagons are drawn into the despatching section and get ready for despatch. When a through work train is thus ready for despatch, the details of wagons in it are taken down by trains clerk of outgoing trains in his hand book and a fresh vehicle guidance is prepared and given to the guard of the outgoing train. The particulars noted by the trains clerk in his hand book are also utilised for posting of the departure particulars in the registers of the trains branch.

#### **5 Ordering for power and train crew:**

Information about the number of wagons available in the yard, broken up according to marshalling groups, is available in the running or floating balance register maintained in the trains branch. The control office in the Divisional headquarters also maintains a facsimile of this register by obtaining information at fixed hours of the day, say, every 4 hours/6 hours/8 hours. To ensure the correctness of postings in the balance register there is provision for daily stock taking or census of wagons, section-wise, siding-wise at a fixed hour of a day. This stock taking is particularly necessary to remove mistakes in documentation, since each movement from and to loco sheds, goods sheds the outside the limits of marshalling yards is counted as a separate and independent movement. Thus both the yard and the control office have continuous knowledge of the wagon holding of a yard. The control office in addition knows also the

essential particulars of trains (for example, how many wagons in an incoming train are to move to which directions) moving into the yard. Based on these, the control office issues in advance train notices to the Power Controller and the loco shed for a locomotive (s) and to the Station Master/Station Superintendent/yard Master for a train crew. The availability of path for a goods train is related to the timings of mail, express and passenger and other goods train running on the section in which the marshalling yard is. Master charts are periodically prepared by each Railway, preferably when the time tables are revised, to show the availability of paths for goods trains at different times. Some of the Railways, like Northern Railway also show these times in their working time tables. A goods train should be ready before its planned departure time to which is linked the corresponding ordering for power and crew. If a train is not ready for despatch at the appointed time, it disrupts planned movement of trains which can cause, it probably often causes, detention of wagons/engines and the crew of the train in the yard as well as at way-side stations.

## **6 Some factors which cause detention:**

The wagons the labels of which are missing and those requiring repair are detained in the yard till these deficiencies are made good. The head trains clerk is responsible for promptly contacting the preceding yard/originating station (which is required to be noted on the vehicle guidance) and obtain information for preparing fresh labels if this is not feasible a report is sent to the wagon tracers in the commercial department for further action. Similarly, TXR should promptly attend to wagons to rectify the defects and make them fit to run.

In some yards a substantial portion of the wagons may be home loads, i.e. wagons containing terminal loads, wagons to be repacked, sick and damaged wagons etc. Such wagons are dealt with more than once, and, therefore, their detention is more. They occupy considerable room in the yard for longer spells and, as they require attention by a larger number of staff of different branches, have a tendency to increase unless controlled. If their placement in the proper siding is delayed, there can be a chain reaction which may eventually lead to congestion in the yard necessitating imposition of restrictions.

Cross traffic (i.e. traffic moving from one section of the yard to another) should receive prompt attention. In a yard where many directions meet and movement of cross traffic within a yard is cumbersome cross traffic may not receive much attention, and delay in clearance of such traffic may hamper the working of sections of the yard and cause heavy detention.

## **7 Points to be seen during the review inspection of Marshalling Yard By Audit**

- i) Are the initial records mentioned in paragraph 3 maintained properly?
- ii) Are the incoming trains detained for long outside the limit of the yard? The reasons could possibly be delay in clearance of reception line (this can be known by looking into the registers of reception line occupation, if maintained, or from the yard Masters' diary, or delay in setting up of points or congestion in the yard. Have remedial measures been adopted to quicken reception of incoming trains and how far have they yielded results?
- iii) Are breaking and sorting of wagons and formation of new trains completed within the time schedule prescribed? Are there many cases of idling of shunting engines in the yard and at water column?
- iv) What is the extent of avoidable delay in dealing with cross traffic, placement and removal from sidings intended for repacking, transshipment, loading/unloading and repairs to wagons?
- v) What is the extent of late start of goods trains and what are the reasons therefore? The delays may be analysed as attributable to (a) Operating Branch, (b) Power Branch (delay in making available engines with crews) and (c) Train examiners' Branch (delays in examination of wagons).
- vi) What is the extent of mis-marshalling and damage to wagons due to rough shunting? (high incidence of sick wagons in outgoing trains would indicate that most probably wagons were not properly examined in reception lines or there was rough shunting in the yard).

vii) Are wagons without labels being allowed to move? What is the extent of detention of wagons due to missing labels? Is prompt action taken to obtain necessary particulars for preparation of new labels?

viii) Was the load of each incoming and outgoing trains very near or equal to the haulage capacity of the locomotives attached thereto? If not, it indicates under-utilisation of the capacity of the locomotives. The possible reasons therefor may be examined.

ix) Do delays in formation of trains cause avoidable light movement of diesel/electric locomotives to other yards for picking up loads?

x) Are the incoming and outgoing wagons routed to destination via the shortest routes? If not, the reasons for movement by longer route may be investigated and analysed. (The reasons could be congestion or restrictions on the shortest route, incorrect sorting/marshalling in the preceding yards or in the yard being inspected, or special instructions from the Control Office).

xi) What were the reasons, supported by analysis, for the increase (as compared to the target) of overall detentions to wagons as well as detentions to through goods trains?

xii) What was the extent of utilisation of the yard with reference to number of wagons anticipated and actually handled (i.e. including wagons of through trains) or dealt with (excluding the wagons of through trains)? Apart from fall in traffic (if traffic has fallen) what are the reasons for non-utilisation of the optimum capacity of yard?

8 Before inspection on these lines is taken up, the inspection party should study the procedures for reception, shunting and despatch of trains in the yard; the lay-out of the lines and capacity of each line; the quantum of work and the marshalling commitments of the yard. It would be useful to study the station working rules/rules for the working of the yard. As in the case of station inspections, one month should be selected for detailed check of all the records connected with the operations.

9 Along with the inspection it will be necessary to take up inspection of the offices of loco foreman and Train Examiner connected with the marshalling yard, with a view to link the information available in these offices with that obtained from the trains branch of the marshalling yard. In the loco foreman's office the following points, inter-alia, may be looked into:

(i) Are engines with crews made available at the planned timings for despatch of goods trains? If not, what are the reasons for delay in making available locomotives with crews?

(ii) Is the shed not able to meet the requirement of power because the locomotives homed there are not maintained properly? An examination of history sheet and repair book of engines maintained in the loco shed will be helpful for this purpose.

10 In the office of the Train examiner the following points may be inter-alia, investigated:-

i) Do the staff of train examiner complete wagon inspection in time?

ii) Are there instances where wagons, although not completely, fit are allowed to run with some speed restrictions?

iii) Was prompt action taken to repair damaged sick wagons? What is the extent of detention of sick wagons(for repairs or for despatch to workshop) and how much was avoidable?

### GENERAL:

1) Whether parcel vans or wagons are detained because of inefficiency or of inadequacy of supply of labour by the handling contractors. The basic records relating to placement and removal of wagons for such handling should also be checked to verify the progress reports attached to the bill of such contractors.

2) At transshipment points, it may be seen if there is unnecessary haulage of empties to or from that point; whether goods stock are fully utilised and usage of stock is not impaired by irrational placement and loading of wagons; whether unloading of wagons of one gauge is



delayed because of non-availability of matching stock of other gauge and if so, what are the reasons therefor.

3) At transshipment points and marshalling yards it may be seen if trains are formed in time; whether, after formation of the train, there are delays (waiting for power, engine crews or guard or path) if so, the reasons there for may be examined from the records of the stations, running sheds, section controllers/Chief Controllers.

### **TRANSHIPMENT SHED**

A transshipment shed has two parts. One part functions as a small marshalling yard and the other as a transshipment yard with or without sheds where contents of a wagon vehicle of one gauge are transhipped into that of another gauge. The activities, organisation, operation, etc. of a marshalling yard have been dealt with earlier. Each transshipment shed is responsible for transshipment of loads coming from, and going to specific directions as prescribed.

A transshipment yard is under the charge of a transshipment inspector who has below him executive field staff for arranging placement and removal of wagons and clerical staff in trains branch, for documentation, apart from clerical staff for establishment and stores works etc. Bigger transshipment sheds are supervised by an Assistant Traffic Superintendent, who controls and co-ordinates the activities of the marshalling yard and the transshipment yard.

2. Important records maintained at a transshipment shed :-

These are - (a) Vehicle guidance for incoming and outgoing trains. (b) Number takers book or trains clerks handbook (c) Inward/Outward/wagon vehicle tally book.

Particulars of each loaded wagon received for transshipment and the wagons into which the contents of former are transhipped are available in this register. Apart from date and time at which transshipment is undertaken, this register gives details of each incoming and outgoing wagon, viz. number, type, carrying capacity and name of owning railway, station from/to, number of packages, description, particulars of invoice/way bill, invoiced weight, actual weight of the contents etc.

(d) Register of wagons handed over to contractor for transshipment:- This Register (in the same form as used for wagon handed over to consignors/consigned for loading/unloading) contains wagon wise information about the time of arrival of a train/wagons at the transshipment shed (indicating train number, date, hour) date and time of placement of wagons for loading/unloading, contractor's signature in token of taking over and date and time of release of wagons, demurrage accrued, if any, and signatures of shed staff for taking over wagons from the contractors.

e) Wagon/vehicle register: This shows particulars of wagons/vehicles received in and despatched from the Transshipment Yard, date and time of arrival/departure, train number, station from/to and this shows the total detention to wagons in the transshipment shed. It also gives information about (i) Loaded wagons placed for transshipment only - details of time at which placed for transshipment, time interval between arrival and placement, time of release and time interval between placement and release; and (ii) empties and loaded wagons placed for transshipment and back loading - details as in (i) above, reference to allotment order, time at which placed for back loading, time of release etc. Reasons for long detention (eg. sick and unconnected wagons or wagons without lable) are also recorded in this register.

f) Transhipment performance register: This is a daily return of wagons dealt with in the transshipment yard, inter-alia, indicating net load in each wagon before/after transshipment.

g) Inward(unloading/outward (loading) damage and deficiency (including non-marking or incorrect railway marks) registers:-

This register is maintained separately for wagons received for transshipment and those sent loaded with consignments. The former contains details of damaged wagons received in the shed specifying the deficiencies condition of seals, locks etc. and reference to the messages

sent about the damages/deficiencies to the concerned officials/stations. The latter contains particulars of messages received about damaged/deficient wagons sent out by the shed. Both these registers are important for verification of genuineness of the claims for compensation for losses and also referred to for fixation of responsibility of the shed for damages/deficiencies in outgoing wagons.

### **3 Inspection of transshipment yard by Audit:**

Some points to be looked into while inspecting transshipment sheds have already been mentioned earlier under 'General' items to be seen during the inspection of marshalling yards. In as much as part of the transshipment shed serves as a small marshalling yard the points suggested for examination in the note on marshalling yards also apply to transshipment sheds. A detailed check of records mentioned in paragraph 2 above for one month should be carried out. In addition, the following aspects may also be looked into:-

Is the transshipment shed handling loads not intended to be transhipped? If so, what are the reasons therefor? (The possible reasons may be imposition of restricted on the normal route or congestion, non-availability of required number of empties, non-availability of cranes for consignments requiring handling of cranes, labour trouble etc. at the nominated Transshipment shed. All such cases may be examined critically since such diversions result in unnecessary haulage of stock over larger distances at additional cost). Is optimum utilisation of the stock achieved while transshipping goods from stock of one gauge to that of another? This can be judged by a review of the transshipment performance register. What was the extent of the damages to the contents and deficiencies in the wagons moved at the Transshipment shed? Was prompt action taken to report them and adopt remedial measures? What is the capacity of the Transshipment shed and apart from reduction in traffic if there has been such reduction? What are the reasons for the optimum capacity not being utilised? (if it was so) If detention at Transshipment shed is considerably higher the target? What are the reasons therefor? If there is imbalance in availability of stock from released (after Transshipment or unloading) at the same station. What are the deficiencies made good and how are the excess empties halted? For the stream of traffic prevailing was the nominated transshipment shed well chosen? Could not Transshipment at some of the shed reduce the distance to be halted? Avoidable expenditure due to placement of damaged wagons for transshipment of goods at the Transshipment yard.

(Authority: Secret D.O. No.647-590/RAI/8-11/73 dated 05-03-74 from ADAI/Railways. Joint Director/Railways Secret D.O. No.1268-590-RAI/8-11/73 dated 22-05-74).

The following additional points are also to be seen during the review of Marshalling Yards and allied offices:

Whether the holding capacity and working capacity of the yard are adequate; and whether there are any constraints in operation. Whether the capacity of the sick lines are adequate to deal with the number of wagons marked sick and whether sick wagons are promptly dealt with. In respect of accidents in the yard, the Accident Enquiry Committee Report should be studied in order, to see whether any definite pattern exists as to their causes and whether suitable remedial action has been initiated by the Administration. Whether accidents, or derailments of wagons in the yard could be attributed to bad maintenance of track in the yard or rough shunting. In case of poor maintenance of track suggestion may be made for addressing the Engineering Department, for necessary action. The performance of shunting engines to be reviewed with reference to the number of wagons shunted per shunting engines hour. It should be seen whether shunting engines are not unduly delayed at the water columns, or fueling points with reference to timings marked in the engine ticket.

Whether shedding of loads at marshalling yards due to constraints on account of gradients in the adjoining sections is properly planned and the detached roads are removed as early as possible. Whether there is overcarriage of loaded wagons and prompt action is taken to return

them to the destination; Whether the overcarriage could be attributed to mismarshalling at the starting point or at yards enroute. Whether by-pass goods trains with through BPC (Brake Power Certificate) which have to skip the yard are not stopped and delayed at the marshalling yards. Whether loads for intermediate stations and branch lines detached at the marshalling yards are not unduly delayed and are despatched at the earliest possible goods train. Whether the wagons marked for weighment at the weighbridge, if any, at the yard, are promptly dealt with and despatched;

Whether unconnected and stray wagons are properly connected or despatched to the earmarked stations for unloading the contents and releasing the wagons. Whether action has been taken to collect all overdue POH wagons and sent them to the workshops. Whether proper arrangements for adjustments of loads disturbed due to shunting at the yard and transshipment of contents of sick wagons exist and whether proper arrangement for custody of the unloaded material from sick/hot axle wagons exists. For outgoing goods trains whether wagon examination by TXR and marking of wagons sick is done before the train formation in order to avoid remarshalling and re-shunting and consequent detention. Whether pilot trains, if any, operated from the yard for placement of loads at the serving station, adjacent stations and sidings are effectively utilised.

### **COACHING**

#### **(A) Passengers:**

Verification of cash immediately on arrival at the station and the arrangement for the safe custody of cash. - AAuO

Examination of arrangement of the tickets in the tube and check of the fares and closing numbers of tickets with those shown on the tube and in the Daily Trains Cash Book/Proof Book.

Scrutiny of the system of indenting, verification, and custody of tickets by the station.

- AAuO

General check of stock of tickets (printed card as well as paper tickets, Blank Paper tickets, season tickets) or hand and detailed check of stock of printed tickets for a few stations (P.O.O. No.273 dated 14-08-1956).

Check of stock of Railway guides, Railway Service, Commission Application forms, Railway Time-Tables, etc. (including all saleable publications) and accountal of sale proceeds thereof (Comptroller & Auditor General of India Endorsement No.399-RA.II/T.19-48/61 dated 15-02-1962).

Check of Daily Trains Cash Book.

Verification summary of trains cash book/proof book.

Review of Excess Fare Tickets and TTE's handing over memo register.

Check of Emergent Duty Pass/Tickets. - AAuO

Review of Reservation Register, Especially with reference to refunds. AAuO

Check of non-issued ticket statements - AAuO

Review of Retiring Room Register.

Check of Telegraph Receipts.

Review of the Register of Licenced Porters (Joint Circular 210 of 1958).

Check of Miscellaneous/Sundry Earnings.

(a) Witnessing of collection of tickets and arrangements to prevent ticket-less travelling.

(b) Check of collected tickets and Ticket Collector's Register.

Review of the earnings and justification for the continuance of camping coach service at specified stations.

**(B) Parcels and Luggage:**

1	Verification of cash on hand immediately on arrival at the station and the arrangement for the safe custody of cash.	AAuO
2	Preparation of inventory of parcels, luggage and left luggage on hand on arrival at the station and check of outstanding parcels with Delivery Books and Daily balance/sundry stock register.	AAuO
3	Check of parcel way bills, delivery books and parcels cash book.	AAuO
4	Check of luggage tickets, HCD Tickets left luggage etc.	
5	Check of recovery of wharfage, storage and demurrage charges.	
6	Unaccounted for Parcel way bills.	
7	Check of stock of all money value books like PWB books, L.T. Books, General Receipt books and forms like indemnity bonds etc.	
8	Review of engagement of parcels porters with reference to the year stick prescribed.	
9	Siding charge statements, parcels (if any)	
10	a) Handling Bills.	
	b) Transshipment bills.	
11	a) Review of reweighment registers and accuracy of weighing machines.	
	b) Test Weighment of parcels and luggage (CCS Circular letter No. C.614/VII/36 dated 18-08-1960).	
12	Statement of unconnected parcels sent to CCS/MAS.	
13	Analysis of all Coaching outstandings including audit advices.	AAuO
14	Accountal of Error Sheets.	
15	Re-booking (Paid on) Special credits and overcharge sheets.	
16	Preparation of Test Balance Sheets by the station.	
17	Preparation of Test Balance Sheets by the Inspection party, from the last balance advice by the Accounts Office upto the time of inspection (P.O.O. No.269 of 12-06-1956).	AAuO
18	i) Test check of machine numbers of paid parcel way bill books in use at the station with the list of parcel way bill books supplied. (For this purpose, the list of books supplied to the station should be taken from the advices received by the Traffic Accounts Branch from the supplying office).	
	ii) Verification of Guard's foils of parcels awaiting despatch with the list mentioned above as well as the corresponding record and Accounts foil to ensure that privately Printed forms are not used and that freight shown in all the foils is the same.	

**(C) Goods**

1	Verification of cash on hand immediately on arrival at the station and the arrangement for the safe custody of cash.	AAuO
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2	Preparation of inventory of goods on hand on arrival at the station and check of outstanding goods with delivery books, tally books, vehicle registers and gate passes.		
3	Check of invoices delivery books and goods cash books.		AAuO
4	Check of wagon demand registration fee receipts and refunds; and review of priority register.		
5	a)	Check of recovery of wharfage and demurrage charges.	
	b)	Check of recovery of crane and haulage charges.	
6	Unaccounted for invoices		
7	Check of stock of all money value books, like invoice books, WDRF Receipt Books, General Receipts and forms like Indemnity Bond etc. (including saleable publications and forms like forwarding note pads. etc.		
8	Review of engagement of goods porters with reference to the yardsticks prescribed		
9	Siding charge statements, goods, revision of siding charges to be seen		AAuO
10	a)	Handling Bills.	
	b)	Transshipment Bills	
11	a)	Review of reweighment registers & accuracy of weighing machine.	
	b)	Test weighment of goods (CCS Circular No.C.614/VII/36 dated 18-08-1960).	
12	Statement of unconnected goods sent to CCS/MAS.		
13	Analysis of all goods outstandings, including audit advices.		
14	Accountal of error sheets.		
15	Re-booking (paid on) special credits and over charge sheets.		
16	Preparation of Test Balance Sheets by the Station.		
17	Preparation of Test Balance Sheet by the Inspection party, from the last balance advice by the Accounts office upto the time of inspection (P.O.O. No.269 of 12-06-1956).		AAuO
18	Check of Register of invoices received.		
19	Review of invoice indents registers.		
20	Check of unloading totally book/Sharehouse books		AAuO
21	Check of miscellaneous/sundry earnings.		
22	Government oil rebate.		
23	a)	Vehicle Registers - review of turn-round of wagons etc.	
	b)	Performance of Box wagons.	

**(D) General**

1	Review of cash remittance notes including the examination of the arrangements for cash remittance		AAuO
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2	Check of Guard's book for cash bags.	
3	Stamp Account (if any) and imprest cash	
4	Review of licence for vendors, stall holders, vehicles etc.	
5	Review of Ground Rent Register.	
6	Review of the Register of Mis-declarations of consignments (parcels and goods).	
7	Review of the Reports of Travelling Inspectors of Accounts.	AAuO
8	Review of the Inspection Register maintained at the station.	AAuO
9	Review of submission of returns to Accounts Office on due dates.	
10	maintenance of Tariffs, Rate circulars and other publications, supplied to the station.	
11	Review of the agreements of out agency/town booking agency, if any.	AAuO
12	Delay in the removal of parcels and goods by O.A./TBO contractors.	
13	Working of Street Delivery Arrangements.	
14	Working of collection and forwarding service arrangements.	
15	Withdrawals from station earnings.	
16	Extra Casual labour (ELR) payments.	
17	Booking of Railway material consignments and RMG notes.	
18	Check of free service way bills.	
19	Advertisement register.	
20	Warrants and credit notes register.	
21	Preparation of station vouchers in double sided carbons.	

## CHAPTER VII

### ESTABLISHMENT, PROVIDENT FUND AND PENSION AUDIT SECTION

#### 701.(a) General

The Establishment, Provident Fund and Pension Audit Section is responsible for the Audit of all charges relating to the Railway Establishment both Gazetted and Non-Gazetted of the Headquarters offices falling within the purview of the internal check of the Central Establishment Section of the Financial Adviser and Chief Accounts Offices and other unit Accounts Offices. The section at Headquarters is also responsible for the coordination of the work of the Establishment Audit in the Divisional and Branch Audit Offices.

#### (b) Duties :

The duties of the Establishment and Provident Fund Audit Section can be broadly classified as under :

##### I. Establishment, and PF & Pension Audit Section at Headquarters :

(i) Audit of Pay and TA bills and other personal claims of all Gazetted Officers coming within the purview of the internal check of the Central Establishment section of the FA&CAO's office at Chennai.

(ii) Audit of Pay, TA and other personal claims including Workmen's Compensation Act payment of all Non-Gazetted staff including Group 'D' staff in the Headquarters offices and in the offices attached to Headquarters (except workshop staff and other staff under the control of the workshop Accounts and Construction Accounts Branches).

As per the revised audit norms check of Pay bills, T.A.Bills etc. of Non gazetted of other than Accounts department has been shifted to local inspection.

(iii) Audit of Provident Fund Accounts and payments made there from relating to the staff mentioned at items (i) & (ii) above, Provident Fund Accounts of Gos under the control of divisions (except Chennai division, Construction/Units, W&S/Units) are also audited by this section on the basis of the advices received from the divisions. For this purpose the unit offices will intimate the particulars of subscription to Provident Fund, refund of withdrawal, if any, etc. as extracted from the audited pay bills to the Audit Officers at Chennai as indicated below for verifying the postings in the ledgers of the officers concerned.

Audit of Provident Fund accounts are done annually as a local inspection after closure of P.F ledgers during October/November every year.

Unit /Division	Audit Officers at Madras to whom the particulars are to be advised.
Tiruchirappalli, Trivandrum, Madurai and Palghat.	Director of Audit/Establishment Headquarters
Construction/ Ernakulam & Chennai Egmore	Audit Officer/Construction on Chennai Egmore.
Workshops & Stores/Golden Rock, Podanur.	Audit Officer/Workshop/Perambur

The Audit Offices headquartered at Chennai, viz. Chennai Division, Workshop/Perambur and Construction/Chennai Egmore will conduct the audit of this item to the extent prescribed in respect of documents audited by them.

(iv) Audit of pension cases of all Gazetted Officers on this Railway and subordinate staff attached to Headquarters offices.

## **II. Establishment and PF Audit sections in Divisional and Branch Audit Offices.**

(i) Audit of Pay, TA Bills and other personal claims of Gazetted Officers attached to Divisions/Branches (other than Accounts Department). The bills in respect of Accounts Officers are audited at Headquarters office.

(ii) Pay, TA and other personal claims of all sub-ordinate staff including Group 'D' staff under the control of Branch/Unit offices.

(iii) Provident Fund Accounts and payments there from relating to staff at (ii) above.

(iv) Pension cases of staff at (ii) above (Accounts as well as other than Accounts department.)

**(c)** The instructions contained in this chapter will generally be applicable to the audit of Establishment charges conducted by the Divisional and Branch Audit units. Copies of all relevant orders received from time to time should be furnished, wherever necessary to other audit units and there should be close coordination between the various audit units in raising audit objections of a general nature.

**(d)** Instructions for the audit of the Establishment charges are contained in Chapters 2, 3, 6 and 10 of CAG's Manual of Standing Orders (Audit) Chapter XV of the Railway Audit Manual. The relevant rules on the subject, viz. payment of various Establishment charges are contained in the Indian Railway Establishment Codes, Indian Railway Financial Code Vol.I, Chapters, IV-VI of the Indian Railway code of the Accounts department Vol.I, Indian Railway Administration Finance & Accounts Code Vol.I, Indian Railway Establishment Manual and Manual of Railway Pension Rules, Special Procedure Orders issued by competent authorities for individual railways should be borne in mind during the audit of Establishment charges.

**(e)** Orders on financial and staff matters issued by the Finance and Home Affairs Ministries of the Government of India will be received in the Administration Section of the Office either direct or through the Comptroller and Auditor General of India. Where these orders are applicable to the Railway Department also, copies of such letters will be endorsed to the Railway Ministry (Railway Board) who will communicate them or issue orders under their authority to the Railway Administration. The Administration section of this office should generally bring such orders, wherever, necessary to the notice of Establishment Audit section and other audit units conducting establishment audit to enable these units to watch whether the orders have been applied to the Railway Administration. Copies of important orders on Establishment matters which will have to be borne in mind during local inspections of the Departmental offices should be furnished to the Inspection Sections of the several audit units.

### **702. Audit of Sanctions :Paras 2.2.34 to 2.2.45 of MSO(Audit) II edn.2002 Paras 69, 132, 133 & 202 of the Railway Audit Manual (V Edn.)Paras 804 to 809 A.I. - 1984 Edition.**

**(a)** The sanctions dealt with in the Establishment section generally relate to :

- (1) Creation, extension to currency or abolition of posts.
- (2) Fixation of pay of Railway staff.
- (3) Honoraria & Fees granted to Railway employees.



- (4) Rewards to Railway employees.
- (5) Retention of quarters.
- (6) Advances to Railway employees.
- (7) Forfeiture of PF Bonus.
- (8) Withholding of special contribution to PF.
- (9) Write off of overpayments made to Railway staff.
- (10) Ex-gratia payments made to Railway staff.

In respect of the above categories, sanctions relating to Railway employees accorded by the Railway Board/President and the General Manager/Authorities subordinate to him are to be scrutinised by Audit.

**(b) Railway Board/President's Sanctions :**

(i) Sanctions of a general nature having financial effect accorded by the Railway Board/President are received directly from the Ministry of Railways. These sanctions are scrutinised by the CAG's office and no formal acceptance in audit of the same is communicated. Though the CAG's office is primarily responsible for the audit of such sanctions with reference to the Presidents/Railway Board's files, codal provisions etc., the Principal Director of Audit should not refrain from conducting the scrutiny of such sanctions just merely because the primary responsibility of the scrutiny in audit rests with the CAG's office. Any objectionable features noticed during the scrutiny by the Pr. Director of Audit in addition to those indicated by the CAG's office should be referred to them for taking up the matter with the Railway Board.  
(CAG's confdl. letter No.316-RAIL/17-3/79 dated 30.5.80)

(ii) Likewise sanctions having financial effect accorded by the Railway Board/President received directly from the Railway Board/President received directly from the Railway Board pertaining solely to the Southern Railway and concerning more than one audit will also be scrutinised by the Headquarters Establishment Audit section with reference to the papers relating to the consolidated proposals emanating from the General Manager/Headquarters. Sanctions pertaining solely to the Divisional and Branch Offices based on the proposals emanating from the Divisions/Units with the concurrence of the Divisional Accounts Officer/unit Accounts Officers are to be dealt with by the respective audit units.

**(c) General Manager's Sanctions :**

Sanctions to the creation/extension of posts accorded by the General Manager from time to time pertaining to Headquarters Offices and or to more than one division should be audited in the Headquarters office and acceptance in audit communicated to the respective audit units. Sanctions pertaining to catering Department, Railway Protection Force, are also to be scrutinised by the Headquarters Establishment section as the financial concurrence to the proposals are centrally given by the Financial Adviser & Chief Accounts Officer/Chennai.

(d) All sanctions pertaining to one unit alone accorded by the General Manager/ Divisional Railway Managers etc. should be scrutinised by the respective audit units to which they relate.

(e) (i) All sanctions should be fully audited with reference to the canons of financial propriety, the schedule of Powers and the scales of pay sanctioned by the Railway Board from time to time.

(ii) All the sanctions for the creation or abolition of posts and those for conversion of temporary posts into permanent ones should, after acceptance in Audit be traced in scale check/cadre Registers maintained by the Accounts Office.

(iii) Important objections raised on Railway Board's sanctions or objections raised for want of Railway Board's sanctions should be reported to the Co-ordination section through the Monthly Confidential D.O. to Principal Director of Audit.

**703. Pay Bills :** Para 210 to 218 & 221 of the Railway Audit Manual - Chapters VIII of Indian Railways Financial Code Vol.I Chapter VI of IREM - Chapters XII to XIV of Accounts Code Vol - I. – (1984 Edition) Paras 3.2.9, 3.2.10, 3.3.10 to 3.3.13 of MSO (Audit).

The field of audit is divided into suitable units separately for Gos and NGOs and one unit from each selected for monthly audit. The entire field being completed in 40 months. As far as possible the selection should be made in such a way that vouchers and other documents of every drawing (or Accounts rendering) office, department, branch, division of the Railway come under audit according to the prescribed percentage of Audit. (CAG's letter No.647-590-RAI/8-11/73 dated 5.3.74).

**704.** The Audit of pay bills of Gos and NGOs will be carried out on the lines indicated in para 210 of the Railway Audit Manual. In addition to the points to be seen during the audit of vouchers in general (vide para 269 of Railway Audit Manual) the check of pay bills will include the scrutiny of the following to the extent occurring in or relating to the selected pay bills.

- i. Increments.
- ii. Fixation of Pay on first appointment & refixation of pay,
- iii. Officiating appointments.
- iv. Arrears of pay.
- v. Leave salary.
- vi. Subsistence Allowance.
- vii. Dearness, House Rent Allowance etc.
- viii. Provident Fund Recoveries.
- ix. Rent, Water conservancy etc. charges.
- x. Electrical energy charges.
- xi. Diet charges, statement.
- xii. Other recoveries.
- xiii. Recovery of Advances.
- xiv. Scale/cadre check.
- xv. Allocation.

**705. Increments (Para 211 of Railway Audit Manual) :**

During the check of Pay bills of the Accounts Department, the increments drawn in the pay bills selected for audit should be checked with reference to the service records as the same will be available for scrutiny at Headquarters. In other cases, it should be checked during local inspections.

**706. Fixation of pay on first appointment and refixation of pay :**

In regard to appointments it should be seen that the provisions contained in para 1207 A.I. are observed. As regards refixation of pay other than that due to general revision of pay, all cases in the pay bills selected for audit will be scrutinised with reference to the rules regarding fixation of pay issued by the Railway Board from time to time. In regard to general revision of scale of pay, orders of the Pr.Director of Audit will be obtained in regard to the extent of check.

**707. Officiating appointments (Para 212 of Railway Audit Manual.)**

It should be seen that officiating appointments for short term vacancies are for a period of not less than 21 days duration and as per instructions issued by the Railway Board from time to time. As regards officiating appointments of running staff it should be seen that they are governed by the rules issued from time to time.

**708. Arrears of Pay :**

While auditing the arrears of pay, the provisions contained in Indian Railway, Administration & Finance Code should be borne in mind. As regards Gazetted Officers, the entries in the Salary Register in regard to the payment of arrear claims should be traced to avoid double payment. As for N.G.Os, it should be seen that a note of the arrears has been made in the original vouchers.

**709. Leave Salary :**

The correctness of the leave salary drawn should be verified.

**710. Subsistence Allowance :**

The subsistence allowance claimed in the pay bills selected for audit will be checked. It should be seen that the subsistence allowance claimed is in accordance with Para 2043-IREM. The subsistence allowances vouchers should be indicated separately and the current review to the required percentage applied.

**711. Additions to Pay-Dearness Allowances, House Rent and other Compensatory Allowance (Para 213 of Railway Audit Manual):**

It should be seen in audit that all the allowances such as Dearness Allowance, House Rent Allowance, City Compensatory Allowance, overtime Allowances, Running Allowance, Night Duty Allowance, are drawn correctly in the pay bills selected for audit keeping the following points in mind

- (i) The employee is actually eligible for such an allowance.
- (ii) The rates at which the allowances are drawn are those sanctioned by the Railway Board from time to time.
- (iii) The conditions prescribed for the grant of these allowances have not been infringed.

In the case of Overtime Allowance and Running Allowance the check exercised in the pay bills selected for audit covers mainly the arithmetical accuracy of the calculations. The detailed check of the correctness of the amount earned with reference to the initial documents is to be carried out to the extent of a month's accounts during local inspections. The instructions contained in the OT and Running Allowance rules issued by the Railway Administration should be borne in mind while checking such bills.

**712. Provident Fund Recoveries :**

The Provident Fund deductions shown in the pay bills should be traced into the Provident Fund deduction sheets accompanying the pay bills.

**713. House Rent, water and Conservancy charges :(Para 221 of Railway Audit Manual):**

- (a) Rent Rolls accompanying the pay bills for April pertaining to the unit selected should be completely checked. In respect of pay bills of other months, variation statements relating to the unit selected for audit should be linked with the Rent rolls of April and also with the variation statements of previous months if necessary. The correctness of water and conservancy charges recovered should be checked with reference to the types of quarters and the rates fixed by the Railway Administration.

(b) In addition, comparison of the Residential Buildings shown in the Register of Buildings with those included in the Rent rolls for the month of April shall also be conducted every year by the unit Audit Officers in respect of quarters coming under their control, so as to see whether rentable buildings are correctly included in the rent rolls. For this purpose the comparison may be limited to 10% of the total number of residential buildings shown in the Register of buildings. The work relating to the comparison should be completed before 20th September every year.

**714. Changes in Audit procedure as a result of computerisation of Pay bills : (Para 203 of Railway Audit Manual)**

On this Railway computerisation has been introduced in respect of pay bills of certain departments. Consequent on computerisation of pay bills, some marginal changes in audit procedure have become necessary for which orders have been issued by the Comptroller & Auditor General of India from time to time. While checking the computerised pay bills the instructions contained in CAG's letters Nos.i) 2038-161-RAI/8-7/71-II dt. 22.6.71 ii). 571-RAI/8-7/71-II dt.17.2.72 iii). 1192-RAI/8-7/71-II dt.10.5.74 should be borne in mind.

**715. Electrical Energy Charges :**

It should be seen that in respect of staff occupying electrified quarters, where direct billing system has not been introduced, recoveries are effected in the pay bills at the rate fixed by the Railway Administration

**716. Diet Charges Statements :**

In respect of the items covered by the pay bills selected for audit, it should be seen that recoveries have been correctly and promptly effected as per the statements sent by the Medical Officer and that there are no outstanding. The correctness of recovery of Diet charges wherever due should be checked during the local inspections of Medical department.

**717. Other Recoveries :**

In regard to miscellaneous recoveries made, such as school, fee, Railway Institute fee, Court attachments etc. it should be seen that the amount actually recovered in the pay bill agrees with the amount shown in the deduction sheet. In regard to school fee, it should also be seen that the rate of fees is correctly based on the orders issued by the Railway Administration from time to time.

**718. Recovery of Advances :**

(a) It should be seen that recoveries of advances of pay, leave salary, festival, conveyance, House Building etc. are effected promptly in the pay bills as per extant orders issued from time to time. The entries in the statements of recoveries should be checked with reference to the actual recoveries in the pay bills.

(b) The advance of pay granted to a Railway servant under orders of transfer should be recovered in 3 monthly instalments. No advance of pay should be sanctioned in respect of mutual transfers.

(c) The Register of TA advances and the Register of leave salary advance maintained in the Accounts Office should be reviewed along with the pay bill.

**719. Scale or Cadre Check : (Para 223 of Railway Audit Manual)**

(i) While auditing the pay bills, the posts actually operated should be traced into the scale or cadre check Register and any excess operation of posts of operation of posts without proper sanction should be traced into the Objection Book.

(ii) The scale check registers should be reviewed monthly dividing the entire field into 12 units. Similar procedure will apply to cadre registers also in respect of Gazetted Audit. While exercising the check under this item, it is not necessary to trace the postings in these registers from the scale check statements.

#### **720. Allocation etc.**

(a) The correctness of allocation should be checked. The salary bills of Accounts Office when selected for Audit should be audited with reference to the Attendance Registers. The memorandum of differences and absentee statements should be checked with attendance registers, office orders etc. wherever available. The unpaid amounts in the bills selected for audit should be traced into the unpaid wages statements.

(b) The bills on account of (i) payment of cash equivalent of leave salary to family of a Government servant who dies in harness and (ii) cash payment in lieu of unutilised leave on average pay on the date of retirement should be checked to the same extent as supplementary pay bills in respect of unit selected for monthly audit of pay bills of officers and staff.

#### **721. Labour Pay Sheets :**

The check of Labour Pay Sheets in central audit has been discontinued and this should be checked during the local inspections. Posting of 50% of Labour Pay sheets so checked should be traced in the works & Revenue Allocation Registers.

#### **722. Travelling Allowance Bills :**

All the TA claims included in the pay bills selected for audit during the month are to be audited completely with reference to the relevant TA journals. In cases where TA Bills have been passed for payment separately instead of the same being included in the pay bills, such TA bills pertaining to the unit selected for pay bills audit should also be checked.

##### **Note :**

(i) Transfer Travelling Allowance :

The Transfer Allowance bills of officers/staff are to be covered in audit under the category of Travelling Allowance bills.

(ii) Arrear bills of Gazetted Officers :

Normally there will not be any arrear TA bill. In cases where arrear bills are claimed, these items should be covered by proper sanctions of the competent authority. In such cases these bills pertaining to sanctions should be called for specially and audited by the sanction.

(iii) Bills of Non-Gaz.officials :

Generally, the Railway Administration passes bills of Members of Parliament, Members of State Legislature etc. in connection with the journeys performed for participating in Regional Committees. These items should be included in the category of "Miscellaneous Vouchers" and one or two items selected for audit wherever such bills are included in the Co.7 by the Accounts Office.

#### **723. Points to be seen during audit of TA Bills :**

The audit of TA bills will be conducted as laid down in Para 222 of the Railway Audit Manual and with reference to the provisions of the TA rules of the Railway Administration and the canons of Financial Propriety.

##### **Note :**

(1) As TA journals in respect of staff other than Accounts Department, whose pay is less than Rs.4500 (V PC) need not be sent to Accounts office with the TA bills, such TA journals will be checked during local inspections of those offices.

(2) The rate of pay indicated in the TA Journals of the employees concerned should be checked with the pay bills. It should be seen that the executive or the controlling officers countersign all the TA journals invariably.

(3) Taxi Hire : It should be seen whether Taxi Hire charges claimed in the TA bills are in accordance with codal provisions/other orders in force.

(4) In respect of journeys by air, it should be seen that the sanction of the competent authority has been obtained for the journey.

It should be seen that a certificate in connection with each TA bill stating whether the officer was allowed for transit by Railway or by sea or river steamer whether on a Free Pass or otherwise or if he performed a journey by road whether he was provided with the means of locomotion at the expense of the Government, local fund is invariably attached to the Travelling Allowance bill.

#### **724. Pay Orders for payments of unpaid wages : Para 386 of Railway Audit Manual)**

The payments should be linked with the entries in the concerned unpaid wages statements.

#### **725. Workmen's Compensation Act Payments\_:(Para 232 of RAM - 1201 A.I and Chapters XXIII of the Indian Railway Establishment Manual)**

The audit is to be exercised with reference to the provisions of the workmen's Compensation Act, Railway Administration's files containing the original accident report, medical report and enquiry committee's reports if any, it should be seen inter alia that :

(i) the person concerned belongs to the category of staff eligible for compensation under the Act.

(ii) the fact of the injury and the nature of the injury have been properly certified and the injury has not been due to his own negligence.

(iii) in the case of temporary disablement the monthly wages for assessing the compensation, the amount of half monthly payment and lumpsum compensation have been worked out correctly in accordance with the schedule given in the Act.

(iv) in the case of permanent disablement not resulting in death, the percentage of loss of earning capacity has been correctly assessed with reference to the schedule given in the Act and the amount of compensation has been worked out correctly.

(v) the interim payments made under the Act have been adjusted against final payments. The amount should be debited direct to the final head in the accounts of the month in which the payment are made vide Note to paragraph 1021-A.I.

(vi) It should be ensured that two compensation one under WC Act and another under Railways Act are not paid (i.e.) in cases of Railway accidents in respect of Railway men working on the train they should be paid compensation either under WC Act or under the Railways Act. The correctness of the wages shown in the statement of average wages will have to be looked into during inspections.

Note : The check of arithmetical accuracy of the statement of average wages will ordinarily be sufficient. In cases where lump sum compensation under the Act is paid the wages shown in the 'Statement of Average Wage' should be verified with the payments.

(D.R.A's No.A.8-11/38 dated 29.4.1946).

**726. Advance of Pay - Travelling Allowances and other interest bearing advances (Para 220 of Railway Audit Manual)**

The audit is to be exercised to see mainly that advances have been sanctioned in accordance with the rules by the authorities competent to do so that the payments have been duly posted in the Advance Register to ensure that recoveries of the amounts from the employees in question are promptly and correctly made. In respect of Travelling Allowance advances, drawn in the month of March, it should be verified whether they have been adjusted on completion of journeys or by the 30th April whichever is earlier.

**727. Festival Advance Bills :**

It should be seen that the advance has been drawn by the employee before the date of Festival and not later than that date and that the advance is not paid to any employee in receipt of pay exceeding Rs.8300 /-(with effect from 01.04.2004). It should also be seen that payments had been made only to the persons covered in the sanction.

**728. Medical Attendance Bills : (Para 230 of Railway Audit Manual)**

The Medical Attendance Bills of Gazetted Officers are to be checked to the extent prescribed, along with the pay bills. It should be seen that the officer was duly authorised to undergo treatment under the Government Hospital in question and that the bills have been countersigned by the Chief Medical Officer. In checking the bills the following points should also be borne in mind.

- (i) that the claim for reimbursement of charges is supported by vouchers and certificate by Authorised Medical Attendant.
- (ii) that the reimbursement is admissible under the rules.
- (iii) that in the case of reimbursement of the cost of medicines a separate certificate of essentiality under the extant orders has been furnished.

**729. Educational Assistance and Reimbursement of Tuition Fees bills : (Para 233 of Railway Audit Manual)**

Educational Assistance / Reimbursement of Tuition Fee bills in respect of children is admissible to all Railway employees without any pay limit including persons on deputation to State/Central Govt. If both husband and wife are Railway employees, the assistance will be admissible to one of them only. The assistance is admissible only if the children study in a recognised school. It will not be admissible for a child for more than 2 academic years in the same class. Admissible only in respect of children between the age limits of 5 and 20 years. If a child completes 20 years half-way through the academic session, the allowance is admissible till the end of the academic session. The assistance will be admissible to a Railway servant in respect of not more than three children at any time, i.e. the total number of children in respect of whom the CEA/RTF/Hostel Subsidy is drawn at a time should not exceed three. This limit is restricted to two children only in respect of children born after 31-12-1987. Subject to eligibility, both Reimbursement of Tuition Fees and Hostel Subsidy can be drawn in respect of one and the same child. If Children's Educational Allowance is drawn in respect of any child, Reimbursement of Tuition Fee or payment of Hostel Subsidy will not be admissible in respect of that child.

**Educational Allowance** to Railway employees for educating their children is admissible in accordance with the rules in Para 2804 of IREM. The payments to individuals should be checked to see that they are in accordance with the rules in force. Educational allowance: Rs.100 per month per child for Clases I to XII. The allowance is admissible only when a Railway servant is compelled to send his child/children to a school away from the station at

which he is posted and/or residing owing to the absence of a school of the requisite standard at the station.

**Reimbursement of Tuition fee:**

Class I to X : Rs.40 per month per child , Class XI to XII: Rs.50 per month per child.  
For physically handicapped and mentally retarded children : Rs.100 per month per child. For class XI and XII science fee upto Rs.10 per month will be reimbursable in addition to tuition fee.

**730. Hostel Subsidy to Railway employees :**

As per the extant orders Hostel Subsidy shall be payable to all permanent/ temporary Railway servants who have put in not less than one year's service belonging to Group A, B C & D (without any upper pay limit) who on account of their transfer are obliged to keep their children in the hostel of a residential school away from the station at which they are posted and/or residing. The Hostel Subsidy is admissible at a uniform rate of Rs.300 per month per child. The subsidy will be admissible in respect of not more than 3 children at a time in respect of children born upto 31-12-1987 and not more than 2 children in respect of children born thereafter. This is not admissible in respect of the child for whom Children's Educational allowance is drawn. It will be paid in respect of any student for not more than two academic years in the same class. The hostel subsidy bills are to be audited separately to the extent prescribed.

**731. Contingent vouchers (Para 227 of Railway Audit Manual)**

The selection for audit of these items separately for "contingent vouchers", "Accounts department" and "other than Accounts department" will be made from the abstracts of bills passed (Co.7) of the third previous month to the percentage prescribed. The contingent bills passed by Establishment and P.F. Accounts Sections are to be scrutinised by the Establishment Audit Section. For the purpose of audit of these bills of the cash & Pay Department, the extent of check laid down for "other than Accounts department" should be applied. The provisions in the manuals, codes etc. relating to contingent expenditure should be generally borne in mind while auditing these vouchers. It should be seen inter alia.

(a) that only types of expenditure falling under the category of "contingent expenditure" are treated as such

(b) that each class of expenditure :

- i. is a proper charge against the grant concerned.
- ii. has received such sanction as is necessary;
- iii. has been incurred by an officer competent to incur it;

(c) that no canon of financial propriety is infringed;

(d) that no bills are paid from imprest cash which ordinarily should have been submitted for pre-audit and payment like other bills.

**732. Pay orders and other vouchers not falling under any category : (Para 288 of Railway Audit Manual)**

The vouchers will be listed from CO7 every month and selections to the extent prescribed for audit obtained. Vouchers which fall under any of the definite categories shown in the Programme of Audit should not be classified as "Miscellaneous" and brought under this category. In scrutinizing such vouchers the rules or authority for payment should be looked into in each case. Propriety of expenditure may also have to be examined if the nature of the expenditure may also have to be examined if the nature of the expenditure suggests it. The instructions contained in Para 269 of the Railway Audit Manual in regard to audit of vouchers of payments should also be borne in mind.



**733. Annual Contribution of Staff Benefit Fund :(Para 247 of Railway Audit Manual):**

The annual contribution is credited at the beginning of every financial year to this Fund by debit to the Revenue Abstract J-Staff Welfare and Amenities. The correctness of the amount credited to the Fund, should be verified, annually with reference to the strength of staff on the Railway on which it is based.

Note : (i) Group C & D staff of the Railway Rates Tribunal are also eligible to derive individual and collective benefits from the staff Benefit Fund of Southern Railway and therefore, the annual contribution to this Fund should cover these staff also. (Railway Board's letter No. E(W)60FU-12 of 1.12.1960).

**734. Leave application of Gazetted Officers and Leave Accounts of subordinates including leave salary certificates : (Para 228 of Railway Audit Manual) Paras 3.3.3, to 3.3.4 of MSO (Audit) .**

The check exercised in Establishment Audit Headquarters covers only those staff whose leave accounts and service records are maintained in the Accounts Office.

**a) Gazetted Staff :**

A list of all Gazetted Officers whose bills are passed by the concerned accounts officers and whose leave accounts are kept in their custody will be maintained by the respective Establishment audit sections and selections to the required percentage obtained for the audit of Leave accounts of Gazetted Officers. All the checks applied in the case of Non-Gazetted staff will be exercised in the case of Gazetted officers also.

**(b) Non-Gazetted staff :**

The leave accounts of staff of the Accounts Department which are available in the Accounts office should be subjected to continuous test audit. For this purpose, a complete list of the personnel will be maintained, and the checks carried out to the extent prescribed. This list should be kept up-to-date and modifications in the number of items to be checked monthly made as and when necessary. The leave accounts selected should be checked completely from the beginning or from the last entry checked to the date of scrutiny. There should be a suitable indication in the Selection Register to show the date upto which the entries in the leave accounts have been checked. In addition to this check, a special check of leave accounts of staff who are due to retire within a year should also be conducted, by obtaining such a list from the Accounts Department periodically and the check taken up before the date of retirement of staff concerned.

The leave accounts of staff of other than Accounts Department should be test checked during local inspections of the departmental offices concerned to the extent prescribed. A record of leave accounts checked should also be maintained. The leave accounts of staff who are due to retire before the next inspection should be completely checked during inspections of departmental offices.

**735. Points to be seen on the check of Leave Accounts :**

The leave accounts will be checked to see whether in accordance with the particulars available in the service records and the provisions of the particulars leave rules by which the employee is governed, the balance of leave to his credit had been worked out correctly by the Accounts office in certifying leave from time to time from the beginning.

The leave salary certificates in respect of the Gazetted and Non-Gazetted staff granted leave out of India whose leave accounts are checked by the section, will also be post audited (Additional Deputy Comptroller and Auditor General of India (Railways) U.O.I.No.2728-RA.I 4-9/60 of 31st August 1962 to the Railway Board) to see whether they are correct, with reference to the particulars in the service record and the provisions of the rules.

**736. Register of Foreign Service Contribution :**

(Para 225 of RAM. Paras 1221 & 1222 AI)

The registers of Foreign Service Contribution (Gazetted and Non-Gazetted) maintained in the Accounts Office should be reviewed half yearly to see that correct recoveries are being made towards leave salary, pension, PF contributions, gratuity etc. When sanctions or facts relating to transfer of services of employees come to notice during audit, it should be seen whether names and particulars have been duly entered in the Register to ensure recovery of contribution. The individual files relating to the Foreign Service of employees should also be reviewed to see whether the recoveries have been correctly made.

**737. Recovery of Government share of fees received by Railway servants : Para 213 Railway Audit Manual - 2035 R Para 2213 to 2216 IREM Vol.II Appendix XXX .**

The Register maintained in the Establishment section of the Accounts Office to record particulars of employees authorised to accept fees and of payments made to them eventually of the fees collected by the Railway after deducting the Government share will be scrutinised half yearly to see that the Government share has been worked out correctly and that the fees have actually been realised by railway, before making the payment to the employee. When sanctions are accorded by the competent authorities for the acceptance of fees by employees and these are scrutinised in audit in this office, it should be seen that the particulars are duly recorded in this register.

Fees received by the Railway servants for services rendered in connection with any of the following may be retained by them fully.

- (i) Railway staff Benefit Fund committee;
- (ii) Railway Institute;
- (iii) Railway Sports Club and Athletic Association;
- (iv) Railway Child Welfare Association;
- (v) Station Committees;
- (vi) Fees received by the directors and delegates of the Urban Bank for attending meetings;

The Government of India orders under Rule 2216-R.II indicate the various services in respect of which the Railway servant receiving fees need not credit to Railway Revenues. In addition to the items mentioned therein the Railway Board with the approval of the President have decided that in the following cases also, the fees received by Railway Doctors for medical attendance may be retained by them in full :-

(1) the fees recovered by Railway Doctors for visits to residences of non-railway Government servants in whose cases medical facilities have been allowed by the Railway Board on a no profit no loss basis may be allowed to be retained in full;

(2) the Railway Doctors may charge fees at rates applicable in the case of visits to families of Railwaymen whenever they are called upon to attend on relatives of the Railway servants not covered by the Medical Attendance Rules and these fees may also be retained by the Doctors in full.

(Railway Board's letter No.E.58 ME 5/74 Medl.dt. 4.6.1963).

**738. Disallowance lists : (Para 224 of RAM) Chapter XI - Indian Railways Administration Finance vide Para 846 to 849-AI(1984 Edition)**

The disallowance lists and objections should be reviewed every year to see that proper action is taken to clear out standing items. Cases where the objections have been dropped without adequate grounds should be taken up.

Objection registers are maintained in each sub-section of the Establishment Section of the Accounts Office and one register will be selected for the purpose of this review.

It should be seen whether the objections raised reveal any special features on irregular procedure requiring further investigation in audit, whether there has been generally any inordinate delay in the disposal of the objections and whether the objections have been regularised satisfactorily.

**739. Register of irregularities, losses and over payments waived maintained in the Accounts Office.**

**(Para 477, 492 of the Railway Audit Manual para 861-AI (1984 Edition))**

The registers maintained in the Establishment and Provident Fund Sections of the Accounts Office, should be reviewed quarterly, in the case of items noted therein, it should be seen that the write off in each case has been sanctioned by the competent authority. The papers of the Accounts Office should be perused to see whether the subject is fit for mention in the Railway Audit Report; whether the subject is fit for mention in the Railway Audit Report; whether the action taken by the Railway Administration wherever necessary, has been adequate and whether safeguards exist to obviate the recurrence of the irregularity.

**740. Journal vouchers including scrutiny of adjustment memos**

The selection for audit to the extent prescribed will be made from the journal vouchers of the third previous month. The instructions contained in Para 387 of the Railway Audit Manual should be borne in mind in exercising the audit of journal vouchers. In regard to tracing the postings from vouchers into the allocation registers the journal entries to the extent prescribed have to be traced irrespective of the number of supporting vouchers.

**741. Miscellaneous Advances including House Building and Motor car Advances and Deposit Miscellaneous : (Para 381 and 382 of the Railway Audit Manual Paras 223 & 225 AI (1984 Edition)).**

The Registers maintained in the Establishment & PF section will be reviewed. In the case of Deposit Miscellaneous the instructions contained in Paras 316 & 614 AI (1984 Edition) are to be borne in mind while reviewing the Register.

**742. History of services of officers of the Railway Department (Para 231 of Railway Audit Manual)**

The service cards showing the history of services of officers of the Railway Department maintained in the Accounts Office should be checked biennially, with reference to the documents in the Accounts Office such as personal files, leave accounts etc. Selections to the extent prescribed will be made from the Index Register maintained in the Accounts Office.

**743. Appropriation Accounts : (Para 404 of Railway Audit Manual)**

The general principles indicated in the Chapter on Appropriation Accounts in the Manual will be borne in mind in checking the accounts and annexure relating to Establishment and Provident Fund Sections. The check should be given top priority on receipt of the accounts and annexure from the Booking section and returned to that section, with remarks, if any, approved by the Branch Officer.

**744. Administration Report, Office Manuals, POOs and Correction slips thereto issued by the Accounts Offices :**

The instructions contained in Para 120 of the Railway Audit Manual and paras 28 to 38 of MSO (Audit) may be referred to for conducting the reviews.

**745. Working of Accounts Department :(Para 135 of Railway Audit Manual)**

The review will be carried out in the form prescribed in the Sec. Memorandum. A report specially bringing out the details collected and defects noticed during the review should be reported to the Co-ordination Section.

**746. Audit Notes and Inspection Reports Part II : (Para 471 of Railway Audit Manual)**

A review will be made once in a half year of the audit notes and inspection reports, part II issued by the section to see whether action has been taken by the Accounts Office currently on those cases. Cases of delay on the part of the Accounts Office in taking suitable action will be brought to the notice of the Branch Officer and taken up with the Accounts Office. Ordinarily three months will be allowed to the Accounts Office to send their files containing their disposal to this office for review.

**747. Cost of Order Police :**

The Railway Administration is required to satisfy itself of the correctness of the debits raised by the state Governments with reference to the statements sent by them in support of the debit schedules. The settlement of the claims effected by the Financial Adviser and Chief Accounts Officer should be scrutinised generally by the Establishment Audit Section as an annual item, to see if the debits are in accordance with the arrangements in force for charging to the Railway the cost of order police and in accordance with the strength of police staff fixed by the Railway by the competent authority.

Note : The Railway Board's instructions contained in their letter No.F(X)II/58/PO/I/1 dated 26.2.58 regarding order police may be seen.

**PROVIDENT FUND AUDIT**

(Audit of Provident Fund Accounts are done annually as a local inspection as per the revised norms with effect from May 2003).

**748. Provident Fund Audit : Accounts of Subscribers to Provident Fund : (Para 237 of Railway Audit Manual) – PF accounts are computerised at Headquarters.**

The figures in the deduction lists accompanying the pay bills of the employees whose accounts are to be checked should be traced into the relevant ledger accounts to the extent prescribed in the Secret Memorandum separately under contributory, Non-contributory PF and voluntary contribution to PF. It should be seen whether the contribution credited to the account in the previous half year is correct, whether the closing of the accounts and the calculations of interest for the previous year have been correctly done according to the rate of interest applicable to the persons concerned and whether recoveries on account of advances are being regularly made in accordance with the rules. In the cases of new accounts it should be seen whether the employees are eligible to subscribe to the Fund.

**749. Temporary withdrawals from the Provident Fund : (Para 238 of Railway Audit Manual)**

All advance from PF which are recoverable are treated as temporary withdrawals and audited to the extent prescribed in the Secret Memorandum. It should be seen that the advances have been sanctioned by the competent authority, that the conditions under which advances are granted are fulfilled and that recoveries are being made regularly.

**750. Final withdrawals from the Provident Fund :(Para 239 of Railway Audit Manual).**

All withdrawals from PF in full or in part which are not recoverable should be treated as final withdrawals and audited to the extent prescribed in the Secret Memorandum. In the audit of final withdrawal of PF the check of the concerned ledger account should include a recheck of

the transactions for the last two years and if this reveals a substantial discrepancy a recheck of the whole account as far as possible should be undertaken. It should be verified that contribution has been correctly calculated upto the date of termination of service and that interest has been allowed upto the date of tender of payment or upto the end of the sixth month after the month in which the subscriber quit the service or died whichever is earlier and that there is a clear certificate to the effect that no amount is outstanding against the person concerned. In the case of deceased persons, it should be seen that payment has been made to the persons legally entitled to the amount. Final withdrawal from PF should be audited separately as settlement cases and other than settlement cases to the extent prescribed.

**751. Audit of Provident Fund Accounts of Non-Gazetted staff of outstation construction units**

The Provident Fund Accounts of staff pertaining to all the construction units maintained in Hqrs/Chennai hitherto are transferred to FA&CAO/CN/MS for further maintenance at their end vide FA&CAO/MAS letter NO. P 541/HQ/PF/CN dated 28-10-2002.

**752. Reconciliation of PF ledgers with General Books :(Para 264 of Railway Audit Manual) :**

Reconciliation of PF ledgers with General Books should be reviewed every month with a view to seeing that any discrepancies are set right at once. It is necessary that the review of the reconciliation should include a test check of the total of check sheets and summaries. In addition to monthly reconciliation, annual reconciliation should also be reviewed after completion by the Accounts.

**753. Special contribution to PF/Gratuity : (Para 229 of Railway Audit Manual)**

It should be seen that the amount of special contribution to PF has been correctly calculated with reference to the particulars of service in the service records in accordance with the provisions of the rules taking into account break of service and other periods not qualifying for special contribution and that the amounts, if any, due from the employees to the Railway Administration have been ascertained from the Departmental Offices and deductions made from the amount payable. In the case of deceased persons it should be seen that payment is made to the persons legally entitled. It should also be seen whether a specific entry regarding the actual payment of special contribution to the employee has been recorded in his service register and that special contribution/gratuity is not paid to a Railway servant who has been dismissed from service.

**754. Interest Credits :**

This will be checked annually as indicated in Para 240 of the Railway Audit Manual by working out the interest on the monthly balances under PF in the General Books. The Journal Voucher through which the adjustment should be recorded in Progress-Cum-Selection Register.

**755. Bonus Contribution :**

The journal vouchers through which half yearly contributions and annual interest are credited to the Fund should be checked bearing in mind the instructions in Para 240 of Railway Audit Manual. The particulars of Journal vouchers should be recorded in Progress-Cum-Selection Register.

**756. Pension Audit : (Para 249 of Railway Audit Manual)**

The pensionary benefits admissible to the Railway servants on their retirement/death/invalidation comprise the following elements :

1. Pension/ordinary gratuity
2. Death-Cum-Retirement Gratuity and
3. Family Pension.

The various rules in this regard are contained in Indian Railway Estt. code Vol.II(R.II), the Liberalised Pension Rules and the Railway Pension Manual as amended from time to time. The audit of pension cases includes the audit of sanction for pension with reference to the service records etc. audit of paid vouchers of pension as also audit of grant of commutation of pensions gratuity etc. including terminal gratuity paid to temporary employees on their leaving service.

#### **757. Audit of Pension sanctions and payments :**

The following are the main classes of pensions sanctioned to railway servants.

1. Superannuation pension.
2. Retiring pension.
3. Invalid pension.
4. Family pension.
5. Ex-gratia pension.

For the purpose of audit of pension cases, the cases certified by the Accounts Office in the third previous month are to be listed from the Pension Certification register maintained in the Accounts Office and selections to the prescribed extent obtained for audit separately for Gazetted Officers, Staff of Accounts and for other staff. Cases where sanctions have been accorded for the provisional (anticipatory) payment of pension, pending final certification of the amount, are also to be included for the above selection. As regards paid vouchers of pension, particulars of payments for which debits were raised by the various agencies, viz. Public Sector Banks, Post Offices and treasuries and adjusted in the Accounts are to be extracted on the basis of particulars available in the journal entries and selections to the prescribed extent obtained once in a quarter, for each type of payment separately. Regarding audit of paid vouchers of DCRG and commuted pension payments selections to the extent prescribed are to be obtained after extracting the same from CO.7s once in a quarter.

#### **758 Points to be borne in mind in the audit of pension cases :**

(a) In checking the documents and vouchers it should be seen that the instructions contained in the Pension Manual, Railway Audit Manual and Establishment codes and in the Railway Board's letters issued from time to time for the verification of service are correctly followed. It should be specially seen that the Railway servant for whom pensionary benefits have been sanctioned has elected to be governed by the relevant rules and that the conditions regarding the regularisation of periods with reference to the date of superannuation have been duly observed.

(b) Verification of pensionable service of employees should be carried out during local inspection in regard to the first year of permanent qualifying service and all period of previous qualifying service and one intermediate year selected at random.

It should be seen that the service books contain the consolidated certificate and annual certificate of verification as contemplated in the rules and also evidence of scrutiny by the Accounts staff. In addition, detailed checks to the extent prescribed should be conducted with reference to paid pay bills or office copies thereof and other available establishment records such as office orders etc. Care should be taken to check the services of the staff who are due to retire within the next 3 years. The last year of qualifying service should be checked at the time of auditing pension cases at Headquarters. Since no formal inspection of the Accounts office is conducted the checks required to be exercised at the time of local inspection should be conducted monthly at Headquarters offices at the percentage prescribed for the purpose. The selections for this should include employees who are likely to retire within the next 3 years.

Note: No certificate regarding the verification of pensionable service by audit need be incorporated in the service records of the Railway employees. (CAG's letter NO.1576-RAI/4-66/59 dt. 6-5-62)

© The important items in the audit of pension cases relate to the check of the correctness of the (1) qualifying service, (2) correctness of the pension certified and (3) competency of sanction. In checking the final sanction for pension payments it should be seen that the overpayments, if any, due to the grant of provisional payments of pension are adjusted.

#### **759 Commutation of Pension:**

In checking the commutation of pension it should be seen that the rules regarding the maximum amount that can be commuted and the minimum pension etc. are duly observed and that the values are taken as per the correct commutation table. In regard to the temporary increase allowed on the pension after commutation, it should be seen that the same is based on the gross value of the pension (i.e. including the value of the commuted pension).

#### **760. Ex-gratia pension**

The audit of ex-gratia pension payments should be conducted quarterly to the extent prescribed. In addition to the regular check, random check should also be done quarterly to the extent prescribed. Beside these above, a separate group of pensioners i.e. other than those selected for regular/random check should be selected quarterly for the purpose of tracing into the disbursers half of the pension payment order. All payments to them (including arrear payments, if any) during three consecutive months should be traced into the disburser's halves.

#### **761 Pension paid vouchers:**

(a) After computerisation of pension masters for each division, viz. TPJ, MAS, MDU, TVC, PGT, HQ etc. have replaced the pension audit register maintained in the Accounts office. Pensioners have been allotted PPO numbers according to the division to which they belong i.e. 01 indicates HQrs, 02 Madras Division etc. The master contains all the details of the pensioners including date of birth, date of joining etc. including name of second beneficiary. The pension paid vouchers selected for Audit should be traced simultaneously with the entries in the respective masters. It should be seen that the amount of pension, date of birth etc. as shown in the Accounts office authorization to the respective civil Accountant Generals, Public sector banks and Director of Post offices and other particulars available in the pension file are correctly entered in the relevant column of the pension masters.

(b) the audit of paid vouchers of pension besides testing formal accuracy of the vouchers should be directed to seeing that the amount of pension paid is not greater than the amount sanctioned and authorised for payment and that the prescribed certificates regarding non-employment, marriage etc. are furnished in the evidence of the continued title to pension and the voucher is duly supported by Life Certificate, if the pensioner does not appear in person to receive payment.

#### **762. Gratuity :**

A Railway servant who has rendered less than 10 years of qualifying service and who is allowed to demit service is eligible for payment of gratuity only. It should be seen that all the qualifying conditions as laid down in the rules are satisfied.

#### **763. Death-Cum-Retirement-Gratuity :**

The conditions under which the above gratuity is granted to the railway servants and the scale of the gratuity admissible are laid down in Chapter VII of the Manual of Railway Pension rules as amended from time to time and the Railway Board's orders on the subject.

**764. Family Pension :**

The rules governing the grant of family pension are contained in Chapter VII of the Manual of the Railway Pension Rules 1950 and other orders issued by the Railway Board on the subject. The various methods of checks prescribed for verification of pension, sanctions and payments apply to family pension and payments on that account.

**765. Audit of charges relating to reimbursement of expenditure incurred in the office of the Accountant General for arranging payment of pension to Railway staff :**

No specific extent and periodicity for the audit of these charges have been prescribed. The adjustment of such charges, if comes under audit scrutiny while exercising check over Journal slips will be subjected to normal audit checks. Para 463 of Comptroller & Auditor General of India's MSO(T) may also be seen. (CAG's letter No.555-RA.I/7-6/65 dated 22.2.1966)

**766. Other items of Audit - Family Planning Scheme :: Deleted****767. Audit of Productivity Linked Bonus and Adhoc bonus Bills :**

The Productivity Linked Bonus scheme was introduced in Railway Board's letter No.E(P&A)II/79/PLB/1 dated 6.12.79 and payments are to be made to the Railway employees as per the orders mentioned therein. The Productivity Linked Bonus Bills are to be checked to the extent prescribed in CAG's secret letter No.898-RAII/4-25/79 dated 26.9.81. The Adhoc Bonus payable for the Staff not covered under PLB should also be included for selection. For the purpose of selection the bonus bills in respect of a financial year may be grouped together for all months and selections obtained separately for Gazetted Officers and Non-Gazetted Officers, April of the following year to the extent prescribed, covering more than one department to the extent possible as this is an annual item of Audit. A record of the Departments covered in Audit may also be kept so that in a cycle of a few years, all departments are covered, in case only one voucher comes up for audit each year. It should also be checked in particular whether the individual employees to whom payments are made are eligible for the same and whether the computation adopted for determining their wages per day is in order.

**768. Audit of Transactions relating to the Railway Employees Insurance Scheme :**

The Railway Board in their letter No.PC.III/76/INS dated 29.7.77 detailed the procedure for the introduction of the Railway employees Insurance Scheme. The monthly contribution recovered from the employees towards Insurance Scheme is to be checked in the same way as other items of recoveries like SRPF rent etc. are checked during the audit of pay bills. The audit of vouchers relating to payments on retirement/death under the Insurance Scheme should be audited to the extent prescribed separately for Accounts and other than Accounts departments as per CAG's letter No.802-62-RAI-8-3-77 dated 25.8.80. The audit of transactions relating to Central Government Employees Group Insurance Scheme 1980 introduced in Railway Board's letter No.PC/III/80/GIS of 4.1.82 and 30.5.82 is to be exercised at the same percentage applicable to Railway Employees Insurance Scheme prescribed in CAG's letter dated 25.8.80.

**769. Audit of Transactions relating to Deposit Linked Insurance Scheme :**

The vouchers relating to the payments made under this scheme should be listed out separately and audited to the same extent prescribed as for Final Withdrawals from PF. The connected ledger accounts should also be checked to the extent mentioned in para 233 of the Railway Audit Manual besides checking whether those payments are in accordance with the rules in force. (CAG's letter No.797-RAI/8.3/77 dated 7.7.77).



## CHAPTER – VIII

### EXPENDITURE (WORKS) AUDIT SECTION

#### 801. General:

This Section deals with the scrutiny, generally of all expenditure incurred by the Railways, other than that audited in the Establishment, Workshop, Stores and Traffic Audit Sections. The audit is conducted in accordance with the general instructions given in Chapter XVI of Railway Audit Manual which supplements the appropriate provisions of MSO (Audit). The pattern of work in the Expenditure Audit sections in the Headquarters, Divisional and other Branch Audit Offices generally follows the nature of work done in the corresponding internal checking sections of the FA&CAO's office and the subordinate Accounts Offices. The expenditure Audit comprises audit of sanctions, estimates, tenders and contracts, execution of works, completion reports and other miscellaneous items important among which are audit of law charges, Accounts of assisted sidings, Accounts Bills for rent on telephones and telegraph wires, payment to local bodies, etc. fuel accounts, capital and Revenue Accounts of residential buildings contingent vouchers and review of various registers maintained by the Accounts Offices in connection with the different accounts mentioned above.

#### 802. Audit of Sanctions: ( Paras 132, 133 and 250 of Railway Audit Manual)

(a) Sanctions are issued on behalf of the President of India by the Railway Board, General Manager, Additional General Managers and their subordinates. All sanctions excepting those accorded by the subordinates are audited 100% and in respect of sanctions accorded by subordinates the authority for expenditure is checked when the expenditure is audited. (CAG's letter No.207/RAII/9.1/80 dt. 23.3.82).

(b) The extent to which each authority mentioned in the above para can incur expenditure is contained in the relevant codes and Delegation of powers issued by the General Manager, Southern Railway from time to time.

(c) Sanctions pertaining to more than one Railway will be received from the Additional Deputy Comptroller and Auditor General of India (Railways) duly accepted by him. Copies of these sanctions will be endorsed to the concerned Branch Officers for information and guidance. ,Sanctions relating to more than one accounting unit of the Southern Railway will be scrutinised by the Headquarters Expenditure Section, whereas sanctions pertaining solely to individual accounting units will be audited by the respective Audit Officers of the units. Even in respect of sanctions pertaining to more than one Railway issued by the Railway Board, the local PDAs have to scrutinise them and bring any special feature to the notice of the ADAI (Railways).

(d) Important and major irregularities noticed in the audit of Railway Board's sanctions are to be advised to 'Co-ordination Section' Headquarters before the 5th of the following month for report to the Comptroller and Auditor General of India (Railways).

#### 803. Audit of Estimates:

No separate check is to be conducted on the estimates but while auditing the 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, drawing etc. Only a general reviews of the estimates need be made with particular reference to the contracts and the quantities against various items of work mentioned in the estimates need not be checked. However, the quantities shown in the estimates may, wherever considered necessary be compared with those shown in the contracts and linking of estimates with contracts may be confined to works contracts only. The percentage of audit will be the same as applicable to the audit of contracts.

(C&AG's letters No. i). 2301-RAI/9-7-46 dt: 27-9-66, ii) 3430-RAI/8-7-6612 Vol.II dt.19-11-66  
iii) 3428-RAI/8-7/66 KWI dt: 19-11-66.)

#### **804. Tenders and Contracts:**

- (a) All works and supplies relating to Engineering Department may be broadly classified as follows:
  - (i) Zonal works: Such as ordinary repairs and maintenance and other petty works in a particular zone.
  - (ii) Special works: Such as construction of bridge formation of embankment etc.

(iii) Supply of building materials: Such as bricks, ballast etc.

The monetary limits for classifying limited tenders and contracts and the extent of audit to be exercised against each have been indicated in the Secret Memo of Instructions.

(b) For obtaining competitive rates, in respect of works to be executed through the agency of the contractors, the Railways adopt a system of calling for tenders according to the monetary value of the work. Paras 1212 to 1214E may be referred in this connection. Under the limited tender system the Divisional Officer issues tender notices to the contractors in his Division who are on the approved list while in the case of open tenders, widest publicity should be given by inserting advertisement in the Newspapers etc. Notice for inviting tenders shall be in the form prescribed by the Railway Administration and shall embody the stipulations contained in para 1238-E. Tender forms shall embody the contents of the contract documents either directly or by reference. The tender notice should specify the last date of receipt of tender, date of opening the same etc. In particular, the tenderers should be asked to specify the period of validity of their offers. The terms and conditions specified in the tender notice should invariably figure in the contract condition without any change. The tenderers should deposit with the Railway Administration earnest money as stipulated in Para 1241-E.

#### **804 (B):- Earnest money deposit:-**

- For works above Rs.20 lakhs and upto Rs.50 lakhs - 1% advalorem subject to maximum of Rs.35,000/-
- For works above Rs.50 lakhs -  $\frac{3}{4}$  % advalorem subject to maximum of Rs..50,000.

Out of the total amount of the earnest money as fixed, one fifth should be notified in the tender papers and collected as the security for the due performance of the stipulation to keep the offer open till such date as might be specified in the tender and the balance four fifths notified and collected as part of the earnest money. The two items together form the earnest money. The earnest money deposited by the contractor with his tender will be retained by the Railways as part of Security Deposit which should be paid on execution of agreement for the due and faith full fulfilment of the contract by the contractor. The balance to make up the Security Deposit which will be calculated as under, unless otherwise, specified in the special conditions, if any, may be deposited by the contractor in cash or in the form of Government Securities or may be recovered by percentage deductions from the contractors' on account bills:-

#### **SECURITY DEPOSIT:-**

- First Rs.1 lakh - 10%
- Next Rs.1 lakh - 7 1/2%
- Balance amount subject to maximum of Rs.10 lakhs - 5%

The amount over and above Rs.3 lakhs to be recovered from the progressive bills of the contractors at the rate of 10% till it reaches the required value.

(c) In special cases, where a reduction in the Security deposit as also earnest money may enable the Railway Administration to obtain a more favourable rate, the percentage of Security Deposit/Earnest Money may be reduced or a suitable lump sum as considered necessary, fixed in consultation with FA&CAO.

(d) The tenderers can also deposit a lump sum of amount as indicated in Para 1245-E as earnest money to cover tenders for any number of works. The earnest money furnished by the tenderers on the percentage basis can be adjusted against the Security Deposit in the event of his tender being accepted but the lump sum deposit as earnest money should not be adjusted against the security deposit to be furnished by a contractor when his tender is accepted.

(e) The prescribed period for the submission of tender should be not less than one month in the case of large works and in the case of supply of stores not less than 14 days. No quotation of contractor/tenderer should be considered for acceptance unless the same is accompanied by a valid Income Tax Clearance Certificate.

(f) The extent of powers in regard to acceptance of tenders relating to works is given in Annexure II to Chapter V. Indian Railways Financial Code Vol-I and the schedule of powers issued by the Railway Administration.

#### **805. Constitution of Tender Committee: (Schedule of powers may be referred to)**

(a) A tender Committee is formed for consideration of tenders involving a certain minimum amount. The Tender Committee should necessarily include one Accounts Officer, and will have to be so constituted that an authority holding powers for recommending the tenders by virtue of his position as a member shall not be the accepting authority also for such tenders. The Tender Committee besides their generally known responsibilities, have a special responsibility to scrutinise carefully the rates tendered with reference to the scope of the various provisions in the agreement governing the contracts. Such a scrutiny should be done with the object of ensuring that no unintended benefit accrues to the contractors on the basis of certain clauses in the agreement which may be appropriate for one kind of contract and may not be so for another category. Normally, only the lowest tender should be accepted. In all cases where the lowest or lower tenders are rejected, the reasons there for should be recorded. In cases, where all the tenders are considered to be unreasonably high in value and it is felt that re tendering would not secure better advantage to the Railway and/or where the lowest tender is technically not acceptable or is rejected because of unsatisfactory credentials, inadequacy of capacity or unworkable rates, and the next higher offer to be considered in accordance with the established procedure is found to be unreasonably high, all the tenderers excluding those whose tender was rejected because of unsatisfactory credentials, inadequacy of capacity or unworkable rates or whose tender was not accompanied by Earnest Money should be asked to re-quote by a specified date. Further, negotiations based on the re-entered rates should be conducted with not less than two of the lowest tenderers and an Accounts Officer should be associated in all such negotiations. Tenders should be considered without delay and should be finalised within the period of validity of offers, clarifications should not be sought, piecemeal from the tenderers and all the information necessary for consideration of offers should be called for at one time leaving no occasion for seeking further extension of time.

(b) The tenders relating to Divisions are invited and finalised at the Divisional level. Tenders requiring acceptance by Heads of Department/General Manager are sent to Head Office for consideration at Headquarters level. After finalising the tenders, all the tender papers including Tender Committee proceedings and rejected tenders are returned by the Headquarters to the Divisions. In certain cases, the papers are retained at Headquarters.

**806. Execution of agreements:** (Schedule of Powers may be referred to)

(a) After the finalisation of tenders, the Railway Administration should take steps for the execution of an agreement with the tenderer whose rate has been accepted. The agreements should be executed in the standard form prescribed and any special conditions peculiar to the contract worded clearly and without ambiguity. In cases, where provision has been made for making advances, the agreement should contain a penalty clause for recovery of the amount with interest.

(b) After the execution of agreements, work orders are issued on the contractors to start the work. In the case of Zonal contracts, the Divisional Officers are empowered to issue work orders upto the value of Rs.1 Lakh in each case.

**807. Review of Tenders and Contracts: (Para 267 of Railway Audit Manual):**

(a) The audit of the tenders and contract devolves on the Divisions/Unit audit officers concerned. Major important contracts/POs selected by the Director of Audit will be reviewed by the Audit Officer/Contract Review. In respect of tenders and contracts for which complete papers are available at Headquarters, the audit of contracts will be conducted by Headquarters Expenditure Section. The review of tenders and contracts relating to Medical department for bulk purchase of articles will also be conducted by Headquarters Expenditure Section. (As catering units of Southern Railway have been handed over to IRCTC, the audit of catering is dispensed. Hence, tenders and contracts of Medical department have to be audited).

(b) The review of tenders and contracts should be conducted quarterly. (i.e. agreements entered into/in one quarter should be reviewed in the next quarter to the extent prescribed in the Secret Memorandum). The percentage of check is to be applied to the individual departments of the Railways and the various departments should not be grouped for this purpose.

(c) All sections/units other than Stores Audit and Traffic Audit will furnish to the Audit Officer/Contracts Review, each quarter, lists of (i) Contracts entered into by the Administration where the value of each agreement exceeds Rs.10 lakhs (all departments) & (ii) Completed contracts, of value of Rs.10 lakhs and above (all departments) due to be reviewed during the ensuing quarter. The lists should be sent by the 10th of the first month of the quarter concerned. (for example: lists of contracts/completed contracts for review during quarter/ending 31st March must be sent to the Audit Officer/Contract Review will submit the lists so received to the Director of Audit for selecting items to be reviewed by him. The items selected will be communicated by Audit Officer/Contracts Review to the concerned unit for obtaining the documents and keeping them ready for his review, by visiting the concerned Branch Office. Audit comments arising there from will be issued from the Branch Office and pursued to finality. The contracts not selected for audit by Audit Officer/Contracts Review will, to the prescribed to the extent be audited by the Branch Officer concerned. The Audit Officer/Contracts Review will maintain a record of all contractors reviewed by him and submit it to the Dy.Director/Director of Audit each quarter.

(d) The review of contracts should be carried out in accordance with instructions given in Para 267 of Railway Audit Manual and Chapter XI of the Indian Railway Code for Engineering Department. The following additional points should also be borne in mind.

(i) While scrutinising the tenders, care should be taken to see that the instructions laid down by the Railway Board in the matter of calling for and acceptance of Tenders have been observed by the Administration. Particular care should be taken to see that reasons for non-acceptance of the lowest tender have been recorded and that such reasons are acceptable. In cases where tenders had to be called for a second time for the same work, the reasons there for

should be investigated and it should be seen that loss has not occurred due to delay in acceptance of original tender or for any other reasons.

(ii) The scrutiny of contracts should be directed to see whether the fundamental principle relating to contracts have been duly followed and the best financial advantage has been secured to the Railway. The rates in the accepted tender in all cases should be compared with the rates incorporated in the agreements. It should also be seen that the date of completion is clearly indicated in the contract.

(iii) In cases where the quantities/rates in the original agreement are to be varied or extension of time is to be given to the contractor for completion of the work, rider agreements are entered into. Such rider agreements should be scrutinised with reference to the original tender papers to see that the principle of calling for tenders and accepting the lowest of the most advantageous tender is not vitiated by the increase in rates/quantities allowed subsequently or by granting extension of time. It should also be ensured that extension of time is granted on the basis of a "no loss certificate" and the reasons adduced are acceptable.

(e) The tender Register maintained in the executive office should be reviewed occasionally and lists compared with the particulars recorded therein to ensure that there are no omissions. Any abnormal delay noticed in the execution of agreement after tenders have been accepted, should be commented in audit.

#### **808. Record of Tenders and Contracts reviewed:**

(a) With a view to ensuring that the audit sections do not miss any essential point during their review each Division/Unit should maintain a register in Form No.808 to record the results of review of contracts done by the Section Officer, Assistant Audit Officers and Audit Officers. The registers should be submitted to the Deputy Director of Audit/Pr.Director of Audit quarterly through the Co-ordination Section. The outstation units should submit this register during the visits of Dy.Director/Pr.Director of Audit.

Sl.No.	Unit	Date of Submission
1.	W&S	5th Mar. & 5th Sep.
2.	CN/MS	5th Apr. & 5th Oct.
3.	TA/Hd.Qrs.	5th May & 5th Nov.
4.	X/Hd.Qrs.	5th of April, July, October & January.

(b) Further action taken on the notes of review should also be recorded in the register giving particulars of the reference no. and the date of the letter issued to the Administration. Any contract involving peculiar features should be reported to the Efficiency cum Performance Audit Section for further scrutiny.

#### **809. Audit of Work Orders:**

As regards monetary limit fixed for divisional offices for issue of work orders, schedule of powers may be referred to. After the execution of agreements, work orders are issued by the Divisional Officers upto Rs.1 Lakh in each case on the zonal contractor. In the case of special agreements, orders to start the work are issued by the executive offices concerned to the contractor. It must be seen in audit that the work is not commenced before the execution of the agreement and the works are completed within the date of completion as stipulated therein. It must also be seen that materials etc. outside the terms of contract are not given and if given, recoveries are effected at the rates prescribed in the Engineering Code.

**810. Check of Contractor's bills: (Paras 270 & 271 of Railway Audit Manual)**

(a) Selection should be made in the two categories viz. **On Account bills** and **Final bills**. As per the extant Audit norms, **selection** should be made **upto 10 lakhs** and **above Rs. 10 lakhs** for the **ON ACCOUNT BILL** and **upto Rs.1 lakh** and **above Rs.1 lakh** for **FINAL ACCOUNT BILL**. All on account bills relating to the final bills selected for audit should also be audited along with the audit of final bills. The particulars of previous on account bills viz. voucher No. and amount etc. relating to each of the final bills audited along with the final bills should be kept on record separately in the Selection Register. In the Selection-cum-Progress report registers also, suitable references regarding the previous on account bills should be given in case it is not possible to list out the items individually under each final bill. (C&AG's letter No.974-RAI/8-3/68 dt: 11-3-69). A monthly check of Contractors on account bills has been reintroduced vide Headquarters Secret letter No.165-RA.II/20-4/84 dated 26-4-1985., The on-account bills checked as a separate monthly item need not be rechecked at the time of audit of final bills.

(b) A limited check should also be exercised on running account bills in respect of big contract works in progress say costing over Rs.50 lakhs mainly to ensure that these works come under regular central audit check which will supplement the check during inspection. The procedure of check would be to list out all the works contracts costing over Rs.50 lakhs which are in progress and to select one or two on account bills in respect of each of the above works for check during the year. This check shall be in addition to the audit of all paid vouchers including on account bills passed during the month selected for audit in the course of review of major works. (C&AG's Ir.No.1862-177-RAI/8-10/71 dt: 26k.5.72).

The listing of contractors' bills under the categories below:-

1 lakh and Rs.1 lakh and above has to be made separately for on account bills and final bills. Contractors final bills for value Rs.1 lakh and above are to be originally audited by Section Officer/Asst.Audit Officer. A record of selected items and the results of original audit should be made in the OA Register.

- (c) Detailed instructions given in Paras 270 and 271 of the Railway Audit Manual should be followed while auditing the contractor's bills. It should also be seen that:-
- (i) the total quantity charged for in all the connected 'on-account' bills, plus the quantity executed since the last certificate, agree with the total up-to-date quantity and the necessary entries have been made in the contractor's ledger;
  - (ii) the amounts paid in all the previous on account bills have been deducted from the total of the final bill;
  - (iii) there have been no abnormal delays in taking the measurements, or in preparing the bills after the measurements were taken;
  - (iv) the date of the work order is not later than the date of the measurement;
  - (v) the rates claimed in the bills are those laid down in the Agreement. In case refund of freight charges for some material brought from an outstation has been allowed to the contractor, the railway receipt in favour of the contractor or his authorised agent and no one-else and a certificate to the effect that the materials were wholly used on the work and were not available at or near the site of the work has been given;
  - (vi) double payment is not made in respect of one and the same item of labour and stores;
  - (vii) in the case of bills for works, for which estimates have not been sanctioned, or the estimates of which have been exceeded, it should be seen that the conditions laid down in the Engineering code have been fulfilled;
  - (viii) the quantity of materials issued to the contractor is commensurate with the quantity of work executed by him. When charges for labour alone are claimed for items of work for which inclusive rates were quoted, the recovery for cost of stores issued has been correctly made; For this purpose, a statement is sent by the Assistant Engineer along with the final bills; showing -

- (a) the issue of material to the contractor, the cost of which is recoverable from him, in accordance with the conditions laid down in the Work Order/Agreement and a reference to the recovery slips issued by the Assistant Engineer.
- (b) the description and quantities of stores issued to the contractor, for items of work for which labour rates only, were quoted in the Work Order. In juxtaposition to these quantities, the drawing office is required to show the quantities of material actually required for the work on the basis of the quantum of work executed, as shown in the measurement book, or in the completion plan. Discrepancies between the two, if any, should be taken up. For items for which material at site account is maintained, a statement of Stores utilised on the works is prepared in the Divisional Office by the Stores Section from the material at site account returns received from the Subordinates monthly, and made over to the staff checking the final bills, so that a comparison can be made between the quantities shown as issued in the statement, and the quantities as worked out from the details of measurement or from the plans. This statement is filed with the statement sent by the Assistant Engineer and is also compared with it.
- (ix) Supervision and freight charges on stores issued to the contractor have been recovered, if due.
- (x) Hire charges for plant and machinery lent to the contractor have been recovered at appropriate rates.
- (xi) In cases where labour has been provided by the Administration, appropriate recovery of charges is effected from the contractor.

#### **811. Contractor's ledger (Paras 272 & 273 of Railway Audit Manual)**

This ledger is maintained to show the personal accounts of the railway contractors exhibiting all transactions with them whether relating to one or several works or to materials purchased from them or made over to them. This should be checked at the time of checking the contractors bills.

#### **812. Labour Pay Sheets: (Paras 275 & 276 of Railway Audit Manual)**

Labour Pay sheets need not be checked in central audit. It is sufficient if these are checked during local inspections (CAG's letter No.647-590-RAI/8-11/73 dt: 5-3-74)

#### **813. Register of works and FA 760:**

(a) For recording expenditure on sanctioned works, detailed register of works in the prescribed form is maintained. Works Registers enable the Railway Administration to watch the progress of expenditure month by month and to control the expenditure against sanctioned estimates and budget allotments. Revenue Allocation register - now a computerised statement called FA 760 is maintained for recording expenditure on Administration of several departments, repairs and maintenance etc. indicating the expenditure booked under each sub-detailed heads of account under the various Revenue Abstracts. Control over expenditure against allotment is exercised through the medium of Revenue Allocation Registers. In the open line only one set of Works Registers and Revenue Allocation Registers is maintained by the combined Accounts section which is under the control of both the Accounts and Executive Officers. The Works Registers and FA 760 are periodically reconciled with the General Books. For this check, the working sheets prepared by Accounts office should be referred to. In the construction organisation, however, two sets of Registers are maintained both for works as well as Revenue (i.e.) one in executive office and the other in the Accounts office. In those cases, it should be seen that the two sets of documents are reconciled and action taken to set right the discrepancies etc.

(b) The review of the reconciliation of works and FA 760 should be conducted to the extent prescribed in the Secret Memorandum of Instructions.

The annual general review of the Registers of Works and Revenue Allocation Registers should be conducted by dividing the field of audit into 12 suitable units and one unit should be taken up during the course of a month. During the 12th month (March each year) the units already covered should be examined again to see that the entire field has been completely covered.

(c) An entry should be made in the Calendar of Returns of the Divisions/Sections for carrying out this review during the month of March. The instructions contained in Paras 280 and 281 of the Railway Audit Manual should be borne in mind while conducting the review.

(d) Tracing of vouchers into FA 760 :

The statement (FA-760) gives actual expenditure for a month and to end of the month, Demand wise, sub-head wise and Primary unit wise. In addition, computer print out FA.770 is also maintained in the Accounts Office. This print out gives the date wise bookings of expenditure under each demand, sub-head and Primary unit wise. In such cases, when a CO7 contains vouchers each allocable to a different head of account tracing the same directly in the computerised statement FA 770 is done. If, however, more than one voucher included in the CO7 is allocable to the same head, the tracing may be done in the CO7 in which the voucher is included and the consolidated posting in the computerised statement checked, as the cumulative total of vouchers corresponding to a single head of account only is exhibited in the computerised statement.

#### **814. Completion Reports (Paras 284 of Railway Audit Manual)**

(a) After the work has been completed and all the charges brought to account, a completion report bringing out the actual expenditure incurred and the quantity of work executed vis-a-vis the sanction is prepared as laid down in the Engineering Code. Brief explanations for variations (excess/savings) over the sanctioned amounts and quantities should be furnished in the completion report. The completion reports are submitted to the authority who sanctioned the original estimate.

(b) List of completion reports issued by the Heads of Departments and Divisional offices etc . are received in the Audit Sections/Divisions concerned periodically. Audit is conducted with reference to the completion reports sanctioned during the 2nd previous month.

(c) The audit will be conducted to see whether the provisions of Para 1712-E have been complied with. The figures of expenditure shown in the completion reports should be verified with the expenditure recorded in the register of works. Entries in the Register of Buildings/Sidings, should also be referred to check the accuracy of the certificates furnished in the completion reports. Apart from the checks prescribed in the Railway Audit Manual, it should be seen that the excesses and savings are satisfactorily explained. In addition, it should be seen whether the monetary limits fixed by the Railway Board, for each type of quarters, have been adhered to. In the case of deposit works, the correctness of the levy of departmental charges should be checked and it should be seen whether the cost of coal ash when used on deposit works, in lieu of earth work has been valued and charged to the party for whom the work was executed.

#### **815. Test to judge the productivity of Capital Expenditure: (Para 292 of Railway Audit Manual)**

(a) In accordance with the existing orders, the following categories of work will be subjected to productivity test and to productivity review:-

(i) Productivity Test: (i) All works costing over Rs.one crore which have been accepted as financially justified, when they were sanctioned.



(ii) Items of works selected by General Manager out of works costing Rs.10 lakhs to one crore which have been accepted as financially, when sanctioned.

**(2) Productivity Review:** (i) Works costing over Rs.one crore each which were not financially justified, but give some return on the capital which are selected by the Railway Board and advised to the Railway Administration, for carrying out the review.

(ii) Items of works costing between Rs.10 lakhs and one crore which were not financially justified, but give some return on the capital which are selected by the General Manager.

(b) In respect of selection for productivity review made by the Board, an indication to this effect will be given in the sanctions issued by the Board. In respect of works for Productivity Test/Productivity review for which the selections are made by the Railway Administration, the selection will be made by the General Manager in consultation with Financial Adviser and Chief Accounts Officer. It should be seen whether works in respect of which these tests have to be applied are duly selected by the Administration and the selections made are representative in nature and character.

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

(i) all the relevant factors affecting the financial results have duly been taken into account.

(ii) the results have been correctly worked out as laid down in the code.

(d) A special report should be made to the Additional Deputy Comptroller and Auditor General of India (Rlys.) when the examination of productivity tests conducted by Railway Administration reveals any important or peculiar features or when there is any doubt or difference of opinion in regard to the interpretation of Railway Board's orders or in regard to information that should be supplied.

#### **816. Review of Completed Contracts:**

(a) In addition to the scrutiny of larger tenders and contracts a review of completed contracts should also be done periodically. All completed contracts to the extent prescribed in the Secret Memorandum, are to be selected quarterly and performance of these reviewed to see whether -

(i) There has been any large variation of quantities which has led to the accepted value of the contract proving to be not the lowest vis-a-vis other tenders.

(ii) Large scale unauthorised aid has been given to the contractor.

(iii) Extension of time has been given only for valid reasons and penalties have been duly imposed for the unsatisfactory progress of work, wherever necessary.

(iv) Contractors accounts have been promptly closed, Defects and Deficiencies in the contracts, if any noticed in audit are to be taken up with Administration. Any important irregularities should be brought to the notice of the Comptroller and Auditor General of India.

(b) The review of completed zonal contracts, should be taken up soon after the currency is over, without reference to the final bills. During the course of review the list of work orders not complied with, not executed should be specially considered for comment.

(c) The results of review of the completed contracts done by the Assistant Audit Officers and Audit Officers must be recorded in the Register maintained for this purpose. The register should be submitted to the Deputy Director of Audit/Director of Audit periodically through the Co-ordination Section as per the table given in Para 808 of this Manual.

**817. Private siding and Assisted siding Accounts:(Para 285 of Railway Audit Manual)**

(a) The list of sidings is divided into a number of units and one unit selected every month so that the whole field is covered in a year. It should be ensured that the list of sidings maintained is complete and upto date, Traffic Audit Section may be requested to send particulars of any new sidings opened for traffic or of existing sidings, closed down during the year as such cases come to the notice of that section through the L.R.As.

NOTE; No new Railway sidings will be constructed on assisted siding terms. Only in case any existing assisted siding is required to be extended/alterd the work can be taken up on assisted siding terms provided the cost of recoverable materials to be borne by the Railways is less than Rs.5 lakhs. In case this cost is Rs.5 lakhs and above the work should be carried out on private siding terms. (Railway Board's letter No.83/W1/SP/45 dt: 1-12-86)

(b) It should be seen that the rate of recovery of interest and maintenance charges has been fixed correctly with reference to Railway Board's orders issued from time to time and that recoveries are being effected promptly. A review of the files relating to the recovery of charges from the siding owners maintained in the Accounts Office would be useful to see that the interests of the Railways have been safeguarded. It should also be seen that the entries contained in the siding register maintained in the Accounts office are being duly verified annually with the statements of sidings obtained from the Divisional Engineers.

**818. Agreements for sidings:**

New agreements and amendments to the existing agreements executed during the year should be checked fully while the existing agreements should be thoroughly checked every year to the extent prescribed in the Secret Memorandum.

**819. Rent - Railway Buildings:**

Flat rates of licence fee for the different types of quarters is based on Railway Board's letter No.F(X) I-87/11/6 dt.25.9.87, which is revised every 3 years. At the time of revision, the Railway Board forwards a statement showing category of accommodation, standard plinth area, proposed area for slab range of each group and the revised standard rent (licence fee) for each sub group. Then recovery of rent/revised rent should be watched by concerned Sr.Auo/Auo. In this connection, recovery of dues from officers who are occupying leased accommodation may be watched with reference to orders issued from time to time.

**820. Capital and Revenue Accounts of Residential Buildings (Para 259 of Railway Audit Manual)**

(a) With a view to enable the Railway Administration as well as the Railway Board to see that the return of rent obtained on residential buildings does not fall below the percentage, as fixed from time to time, a proforma Capital and Revenue Accounts of Residential Buildings will be prepared by the Accounts Office every year, for Gazetted and non-Gazetted staff quarters. The same shall be reviewed in Audit to the extent prescribed in the Secret Memorandum. It is to be seen in Audit that:

- (i) All new residential buildings completed during the year as well as additions made to the existing buildings have been taken into account and any buildings condemned have been omitted.
- (ii) Buildings hired by the Administration for residential purposes have been included.
- (iii) the quarters are not reclassified from one group to another to cover up cases where the minimum economic rent is not realised. Municipality, and charges are paid direct to that agency by the Officers, such payments to the Municipality according to the rates levied by it should continue. In respect of cases where water is supplied from Railways' own water works or water is supplied by an outside agency to the Railway Administration and is paid for by the Administration, the recovery should be made on the actual consumption of water, on the basis laid down by the Railway Board. The Board have also instructed that a periodic review of the

adequacy of the rates should be undertaken in consultation with the Financial Adviser and Chief Accounts Officer at the end of every three years. It should be watched in Audit that this periodic review is conducted by the Railway Administration and if the review shows that expenditure is much more than the recoveries, the matter should be reported to the Comptroller and Auditor General of India/Railways. (C&AG's endt.No.2731-RAI-A-12-29/52 II dated 23rd September 1959).

(b) The rates for recovery are finalised by the General Manager/Works/Madras in consultation with the FA&CAO. The correctness of the rates will be scrutinised by Expenditure Section/Hd.Qrs. However, as some of the details for fixing the rates are furnished by the Divisions the correctness of these details will have to be reviewed by the Divisional Audit Officers concerned. The check of recoveries towards water charges from the Pay bills will be watched by the Establishment section.

(iv) Where the prescribed minimum return has not been realised on any class of quarters from year to year the Railway Administration may be asked to examine the reason for the same.

(b) The check of Capital and Revenue accounts of Residential Buildings will be conducted both in Expenditure and Establishment Audit section. The Expenditure audit section is responsible for checking the correctness of the Capital outlay and the Establishment Audit Section is to see that the amount of rent shown as realised is correct. For this purpose, the Branch Officers will check the statement prepared by the concerned Accounts Officers in respect of Non-gazetted staff.. A copy of the audited statement together with the remarks, if any, shall be furnished to the Expenditure Section of Headquarters office.

(c) In regard to the statement relating to Gazetted staff quarters, however, it will be enough if the Capital cost as advised by the Accounts Officer is audited by the respective Audit Officers. A copy of the statement together with the comments of the Branch Officer thereon, will be forwarded to the Expenditure Section of the Headquarters office. The Expenditure Section is responsible for co-ordinating the work relating to the audit of capital and Revenue Accounts and for sending the final comments to the Administration.

### **821. Recovery of water charges from Officers occupying Railway quarters:**

(a) As per extant orders issued by the Railway Board the Gazetted Officers should be charged for water supplied to them by the Railway Administration and the charges should be adequate to meet the cost incurred by the Railways in this respect. In cases where water is supplied direct by an outside agency viz. Municipality, and charges are paid direct to such an agency by the Officers, the Railway Board have stated that no change is necessary and the present arrangements under which Officers pay water charges direct to the Municipality according to the rates levied by it should continue. In respect of cases where water is supplied from railways own water works or water is supplied by an outside agency to the Railway Administration and is paid for by the Administration, the recovery should be made on the actual consumption of water and the basis for rate of recovery has been laid down in Board's letter dated 2nd September 1959.

In terms of CE's letter No.W.547/A/12/Vol.V dated 31.7.91, revision of water charges for officers occupying Railway bungalows has been decentralised. Divisions are to compute these charges based on the guidelines given in boards letter dated 2.9.59 once in five years. The correctness of the rates will be scrutinised by the Divisional Audit Officers. The check of recoveries towards water charges from the pay bills will be watched by the Establishment section.

### **822.(A) Fixation of rate of supply of Electric energy:**

(i) With effect from 1-1-1987, the Railway employees residing in the Railway colonies are to be charged at the rate as they would be paid if they had taken supply direct (i.e. they will pay at

the same rate as the residents of adjoining colonies are billed for domestic purposes from the local supply authorities.

**Note:** For new quarters wherever possible and practicable direct service connections from local authorities/electricity lines is to be arranged by the Administration in a manner that the occupants can be billed individually and they can clear their electricity charges without coming to Railway channel. (Railway Board's letter No.84/Elec.1/150/2 dated 21.1.1987)

(ii) The recovery of electricity charges from outsiders/other Government departments by the Railway Administration will be as under:-

**From outsiders rate:** A service charge of 40% over and above the average purchase of electricity as on 1st January of every year.

**From Govt.Depts:** A service charge of 32.5% over and above average purchase rate of electricity as on 1st of January of every year.

Note: The service charge worked out as above is after taking into account the departmental charges, line losses etc. These rates should be made applicable from 1st April every year.(Railway Board's letter No.85/Eleccc.1/137/6 dt: 19-2-87).

a) The pooled flat rate applicable for both electric energy consumption for lights/fans as well as that consumed for domestic appliances by staff residing in Railway Quarters should be fixed yearly for each Division separately based on average of the purchase rates of electricity purchased from the State Electricity Boards or other agencies covered by the Railway Division concerned. The average of the purchase rates should include such taxes and duties including electricity duty as levied by the Electricity Boards. 10% over such average rate should be added for arriving at the pooled rate applicable for the Division concerned. The maximum demand charges levied by the Electricity Boards/agencies and cost of generation by standby sets not feeding the staff colonies need not however be taken into consideration for calculation of the average purchase rates. The tariff as applicable on the 1st January of every year is to be taken as the basis for computation of the pooled rate applicable with effect from 1st April of each year.(Railway Board's letter No.79/Elec/1/150/2 dt: 13-12-82).

(b) The correctness of the yearly revision of the pooled rates should be reviewed by the Division concerned annually.

### **823. Proforma Accounts of Holiday Home etc.**

The yearly proforma accounts prepared by the Railway Administration to judge the financial implications of the Holiday Home etc. should be generally reviewed by the respective divisions as soon as the March Accounts are closed and comments if any along with a copy of the accounts furnished to Headquarters Expenditure Section. The review will be directed to see that the conditions laid down by the Railway Board from time to time for the opening of these homes and the recovery of charges are fulfilled in each case. It should also be seen that suitable machinery exists for the prompt recovery and accountal of the amounts due from the occupants of these homes. The general review should be conducted to judge whether the number of Railway staff who are availing themselves of the amenity is substantial enough to justify the provision. The Headquarters Expenditure Section will scrutinise the reports from the Divisions and forward a consolidated report to the Comptroller & Auditor General of India if there are any important points.

### **824. Deleted.**

### **825. Deleted.**

**826. Grants-in-aid: (Chapter 5 of Sec.III of M.S.O. (Audit) Vol.I)**

The payments made by the Railway Administration as Grants-in-aid to various institutions will be audited to the extent prescribed. The vouchers relating to subsidies to Canteens/Co-operative societies etc. should be included under the categories for purpose of selection. While scrutinizing these bills in audit, it should be ensured that the instructions issued by the Railway Board from time to time in regard to certain cases e.g. payment of grants-in-aid to non-railway schools, have been taken into account by the Administration. Besides, the following points should be specially looked into:

- (i) Whether in the case of grants-in-aid for which certain conditions are attached, necessary arrangements have been made by the Administration for ensuring that the grants have been utilised by the recipients only for the purpose for which the amount was granted.
- (ii) Whether the utilisation certificate in regard to such grants has been obtained from the recipients by the Executive;
- (iii) One of the important points to be borne in mind by the Administration before sanctioning grants-in-aid to institution etc. is to see that no grants are sanctioned in cases where there is a reasonable suspicion of corrupt practices unless the bodies concerned are cleared of allegations. In Audit, it should be seen that a specific certificate to the effect that the above aspect has been considered before sanctioning the grant and that there is no reason to believe that grantee institutions are involved in corrupt practices duly signed by the Officer on whose signature or countersignature to the bill the grants-in-aid bill is drawn is attached.

**827.(A) Audit of Journal vouchers including scrutiny of adjustment Mema: (Para 278 of Railway Audit Manual):**

The journal vouchers relating to expenditure section (including the fuel accounts section) will be checked to the extent prescribed in the Secret Memorandum. In addition to the instructions contained in Railway Audit Manual, the following special points are also to be seen:-

- (i) Cases of delayed adjustments involving large amounts and pertaining to the previous years will be noted for check regarding provision in the Budget grant during audit of appropriation accounts.

**(B). Audit of Journal vouchers including scrutiny of adjustment:**

- (ii) Cases of misclassifications, important mistakes in accounting and any other important points affecting the appropriation accounts noticed during the check will be noted in a separate register to be looked into at the time of check of appropriation accounts.
- (iii) Adjustments involving heavy amounts made in the accounts of March of every year will be reported with full details to the Efficiency cum Performance Audit Section, if further examination at Headquarters level is considered necessary.
- (iv) In regard to the debits raised by the Postal and Telegraphs Department towards rent of Telegraph wires and adjusted in the accounts through journal vouchers, the correctness of the amount should be checked.
- (iv) Audit of journal vouchers includes tracing of the same to the extent prescribed in the programme of audit into the Works and Allocation Registers.

**828 Audit of contingent vouchers: (Para 227 of Railway Audit Manual)**

As per the new audit norms Contingent vouchers of accounts department have to be centrally audited and that of other than accounts departments during local inspection by the Inspection section.

Selection for audit should be taken for 'Accounts Departments' and audit completed to the extent prescribed in the programme of audit. The advertisement charges incurred by the

Administration will come under this category. The procedure for audit is the same as those prescribed for Establishment Audit.

**829 Objectionable items registers (Para 283 of Railway Audit Manual):**

During the review of the objectionable items Registers, it should be seen that the expenditure is not kept under objection for unduly long time and effective steps are taken by the Accounts office for the early regularisation of the expenditure. During the review of the Works Register, it should be seen that the amount under objection has been correctly noted in the Register. Any more cases of 'excess over estimate' or 'want of estimate' coming to notice during the review will be pointed out to the Accounts office for inclusion in the objectionable items register. Further, any other objections, raised by Audit regarding irregular payments will also be recorded in the objectionable items registers till these payments are regularised. In regard to other miscellaneous objectionable items, it should be seen whether such items reveal any special features to be further investigated in audit. Finally, at the time of the check of Appropriation Accounts, it should be seen that the amounts held under objection during the year are correctly shown in the statement of unsanctioned expenditure.

**830. Land Registers: (Para 282 of Railway Audit Manual)**

The whole field will be divided into 12 units and one unit reviewed monthly as prescribed in the programme of Audit. In regard to the lease of land for Grow More Food Campaign, it is to be seen that the Registers maintained in the Engineering Branch are reviewed periodically by the Accounts Office. It is to be seen in Audit that credits for amounts due from the State Governments are promptly received.

**831. Law charges and Arbitration cases: (Para 277 of Railway Audit Manual)**

The primary audit to be exercised over the expenditure incurred in connection with the law charges is to see that the financial power of the officer sanctioning the amount has not been exceeded. The record maintained to note the charges incurred in each case should be consulted in this connection. Important cases of disputes in which Railway is involved may be considered for making suitable comment in the Railway Audit Report.

**832. Pay Orders and other vouchers not falling under any other category:  
(Para 288 of the Railway Audit Manual)**

As per the new audit norms Misc .pay orders of Accounts department have to be centrally audited and that of other than accounts department during local inspection by the Inspection section.

Only vouchers not falling under any other category in the programme of Audit are included under this Category and audit conducted to the extent laid down in the Secret Memorandum. While auditing these vouchers, the points to be seen during the audit of vouchers for payments contained in Para 269 of Railway Audit Manual will be borne in mind. The bills relating to the payment of service charges to Local Bodies will also be audited under this item of audit.

**833. Rent Registers: (Para 221 of Railway Audit Manual)**

It should be ensured in audit that a register is maintained in the Accounts Office showing particulars of all Railway Buildings let out to outsiders so as to watch the recoveries due from them. The recoveries made in each case shall include rent for the accommodation, rent on electrical sanitary installation, Municipal tax, cost of electrical energy, water and conservancy charges. It should also be seen that recoveries are made at the rate fixed by the General

Manager from time to time, and that residential buildings let out to outsiders are included in the Capital and Revenue Accounts of Residential Buildings. In cases of delay/non-recovery of heavy amounts, it is to be considered whether any suitable comment can be made in the Railway Audit Report.

**834. Review of Suspense Registers:**

The review in respect of Suspense Registers maintained in the Expenditure Section of the Accounts Office is to be conducted to the extent prescribed in the Programme of Audit and as per instructions laid down in the Railway Audit Manual.

**835. Register of serious irregularities, losses and Overpayments waived:**

(Para No. 475 to 477 of Railway Audit Manual)

The Registers maintained in the Expenditure Section of the Accounts office should be reviewed quarterly. In the case of items noted therein, it should be seen that the write off in each case has been sanctioned by the competent authority. The papers of the Accounts Office should be perused to see whether the subject is fit for mention in the Railway Administration, wherever necessary, is thorough and adequate and whether safeguards exist to obviate the recurrence of the irregularity.

**836. Check of Permanent Way Balance Returns:**

The Permanent Way Balance Returns submitted by the PWIs need not be checked in Central Audit as an independent item. However, these Balance Returns may be examined during Inspection of Executive Officers. During the Half yearly review of suspense balances, and audit of Journal Entries the clearance of outstanding balances may be watched and if necessary, may be commented upon. As regards charged off stores, the accounts should be checked during local inspections.

**837. Imprest Account, Dead Stock Accounts, Pass and Privilege Ticket Orders issued, Stamp and Stationery account of Accounts office:**

These items will be checked annually.

**838. Delited**

**839. Fuel Accounts: (General)**

(a) The responsibility for initial accounting of receipts and issues of coal/diesel rests with the Chief Mechanical Engineer in the case of coal/diesel required in workshops and with the Chief Operating Superintendent in the case of coal/diesel required for the running of engines. The procedure for accountal of fuel transactions by the FA&CAO is set out in detail in the fuel circulars issued by the Administration. The centralised fuel section at Madras is responsible for the accountal of payments made in respect of all coal/diesel received for the railway as a whole, including raising of debits against the various divisions and workshops for the coal/diesel supplied to them. The adjustment of foreign railway freight bills and maintenance of suspense registers is also done centrally. The work connected with the check and accountal of coal/diesel issued to the various services, maintenance of coal/diesel suspense accounts and priced ledgers for coal/diesel and problems covering storage and handling of coal/diesel will devolve on Divisional and Workshop offices.

(b) The extent and periodicity of the audit of fuel transactions will be the same as applicable to similar stores items. This monthly audit is in addition to the items specifically provided for coal in the programme of audit and would be applicable to other fuel items also.

(CAG's letter no.806-RAI/8-1/68 dt: 16-3-68 and 1364-RAI/8-3/68 dt: 8-4-69)

(c) The audit of fuel accounts is conducted by the Expenditure Section at Headquarters and Divisional/Branch Audit offices by obtaining separate selections for coal/HSD oil. The items of audit to be conducted are set out in the succeeding paragraphs.

#### **840. Check of Receipts: (Headquarters unit only)**

(i) During the audit of supplier's bills, the general principles laid down in Chapter XVII of the Railway Audit Manual in regard to check of Stores suppliers bills will be borne in mind. In addition, while auditing coal bills it is to be seen in that -

(ii) the bills are checked in the Accounts office with the wagon disposal statements for verifying the quantity and grade of coal received.

(iii) the rate claimed in the bills agrees with the rate given in the price control order.

(iv) the quantity of coal supplied and grade authorisation certificates are covered by the programme issued by the Chief Mining Officer.

#### **841. Deleted**

#### **842. Check of Coal handling bills: (Headquarters & Divisions)**

(a) These bills should be treated as contractor's bills and audited to the extent of 10% Ash Pit cleaning bills dealt with at Divisional level will also be audited under this category.

(CAG's letter No.404-RAI/8-12/71 dt: 7-2-72)

(b) It should be seen in audit that the payments made to the contractor are in accordance with the terms of the contract. The quantity of coal handled shown in the bill should be checked with the Fuel Returns submitted by the Fuel Inspectors.

#### **843. Review of Contracts: (Headquarters Unit and Divisions)**

The extent and periodicity of the audit of fuel handling contracts, will be the same as applicable to the works contracts. Contracts for cinder picking ash removal etc. entered into at Divisional level will also be audited likewise.

#### **844. Review of Suspense Registers:**

The following suspense Registers are to be reviewed as laid down in the programme of Audit.

(i) Purchases - Fuel (Headquarters unit only)

(ii) Sales (Fuel)

(iii) Stores-in-transit (Fuel)

(iv) Deposits Miscellaneous-Revenue (Fuel)

(v) Stock Adjustment Account-Fuel.

The review may be conducted on the lines indicated in Paras 320 & 321 of Railway Audit Manual.

**845. Sanctions:** Sanctions for the write off of losses of fuel due to transit shortages, stock shortages etc. should be scrutinised in full.



**846. Check of Account Current: Fuel Monthly:**

- (I) The instructions contained in Para 319 of Railway Audit Manual should be borne in mind, during the check of this item.
- (ii) (a) Receipt Returns, Monthly - Other Receipt returns: (Para 312 & 314 Railway Audit Manual)
- (b) Delivery Notes - Monthly (Paras 315-316 of Railway Audit Manual)

For conducting audit, the transactions of one day per month of all the depots should be taken up. Different dates may be selected for (a) & (b) above and current review exercised to the extent prescribed of the number of vouchers audited.

- (iii) Priced Ledgers/Transaction Register: (Annual item to be done monthly) (Para 317 of Railway Audit Manual)

Separate priced ledgers are maintained for each class of coal and HSD oil in respect of each shed. All the priced ledgers should be reviewed once a year selecting a few ledgers for audit each month. In addition to the general review of the ledgers, the following points are to be seen:

- (a) The receipts and issues as per the monthly returns submitted by the sheds have been correctly abstracted for each grade of coal shed wise and posted in the priced ledger.
- (b) The value of the receipt side is posted as per debits raised by the Central Fuel Accounts Section.
- (c) Issues are valued at the rates advised by the CFA.
- (d) Cess, Excise duty, Sales tax, freight charges, haulage incidental and supervision charges are added to the pit mouth cost of coal in the case of sales.
- (iv) Locomotive Energy Account: (Para 329 of Railway Audit Manual)

A complete check of the month's fuel transactions should be carried out as prescribed and this will be in addition to the checks laid down separately for each item. For this purpose the number of sheds in a division may be divided into 12 units and one unit taken up for audit each month. Current review may be exercised to the extent prescribed on the number of sheds/depots audited.

- (v) Local Review of initial records during inspection of Loco sheds:

The issue vouchers after check in respect of scale of consumption as fixed should be traced into the statement of daily issues which should in turn be traced into the Monthly statement of fuel transactions submitted by the sheds. Any issues in excess of the scale laid down should be taken up with the Administration. The total receipts shown in the monthly statement of fuel transactions should be tallied with the total debits raised by the Centralised Fuel Accounting section. While checking the Account Current the allocation for issues of coal should also be verified with reference to the statements showing coal issues to different services submitted by the sheds.

**847. Local Review of Coal Accounts:** During the local review of fuel accounts, the following must receive attention.

- (i) Stock shortage register
- (ii) Advice notes of despatches submitted by ports, distribution centres and transshipment points compared with monthly statement of fuel transactions submitted by sheds.
- (iii) Tri-monthly statement submitted by Port, distribution centre and transshipment points.
- (iv) Check of final reports of fuel inspectors.
- (v) Tri-monthly return of coal wagons received and unloaded at sheds.
- (vi) Check of missing wagon reports.

- (vii) Tracing of handling bills into records
- (viii) Wagon disposal statements compared with other returns.
- (ix) Diversion of coal loads/transhipped.
- (x) Report of missing and unconnected coal loads.
- (xi) Reweighment statement at sheds (to keep a watch on transit loss)
- (xii) Complaints regarding inferior supply of coal.

**848. Bills for rent of Telephone wires: (Para 287 of Railway Audit Manual)**

The bills are adjusted through Journal vouchers. While auditing the Journal vouchers it should be seen that the bill has been accepted by the department concerned regarding mileage etc. of wires and that the rates and calculations are correct.

**849. Review of Hospitality Fund operated by PRO:**

A general review of the accounts of the Hospitality Fund operated by the Public Relations Officer should be conducted every year to see that the expenditure has been incurred for the purpose for which the Fund is intended and the financial and other restrictions imposed by the Railway Board for incurring expenditure from this fund have been observed. (ADAI's endt.No.RAI/7-11/56 dt: 11-4-57)

**850. Inspection of Cement Depots:** The following procedure is to be adopted in conducting the audit of transactions relating to receipts and issues of cement.

- (i) The monthly Central Audit of cement transactions may be dispensed with except the audit of bills.
- (ii) The suspense registers maintained by the Accounts office may be reviewed half yearly along with the review of other suspense registers.
- (iii) An annual review of the returns received in the Accounts office from the Depots and the action taken thereon may be conducted and suitably commented upon in the report on the Efficiency of Internal check. An appropriate entry may be made in the Progress Report Register.
- (iv) Cement depots may be inspected annually and any deviations from the extant procedure prescribed, taken up and pursued with the unit Accounts Officers.

**851. Deleted**

**852. Staff Benefit Fund: (Para 247 of the Railway Audit Manual and Chapter 12 of the Indian Railway Establishment Code Vol.I.**

The accounts of the Staff Benefit Fund will be audited annually, one month's account being selected for this purpose. The various items of receipt and expenditure relating to this Fund will be scrutinised and linked with the relevant documents viz. the sanctions, pay orders, journal vouchers, etc. The rules governing the grant of expenditure to be met from Staff Benefit Fund and the rules for crediting the Staff Benefit Fund etc. and the Board's orders received from time to time should also be borne in mind.

The accounts of grantees where the Grants-in-aid are Rs.3,000/- and above should be checked. (C/Sec.Memo/VI/6690 dt: 23-6-67).

PARA 808FORM

## Review of Tenders &amp; Contracts - Awarded:-

- I. (a) Name of the Work/Service/Supply/Sales.  
(b) Name of the Contractor/Firm to whom awarded.  
(c) Value of the Contract.
- II.(a) Whether the lowest tender was awarded.  
(b) If not, whether reasons for rejecting the lowest tender have been placed on record by the competent authority.
- III. Whether Audit has questioned the exercise of discretion by the Officers accepting the tenders.
- IV. Whether all the points mentioned in Para 267 of the Railway Audit Manual have been seen.
- V. Reference to Special letter/TA Note issued regarding the comments made as a result of serial Nos. III & IV above.
- VI. Signature of the Officer who audited the contract.
- VII. Signature of the Officer who reviewed the Audit.

(Authority: D.A/C's P.O.O.No.123 of 1-4-1986)

**Review of Completed contracts:**

1. Name of the work/service supply/sales.
2. Name of the contractor/Firm.
3. Value of the contract
  - (i) as per the original agreement; and
  - (ii) as finally executed.
4. Whether the work/supply/ Sales etc. was completed satisfactorily.  
Whether extension of time has been sought for by the contractor and if so, remarks therefore.
5. Audit comments/Special features, if any.
6. Reference to Special letter/T.A.Notes, if any.
7. Signature of the Officer who audited the contract.
8. Signature of the Officer who reviewed the audit.

(Authority : DA/C's letter P.O.O .No.123 of 1/04/1986)

## **CHAPTER IX**

### **901. Audit of Stores Accounts**

The audit of stores accounts is directed to ascertain that the departmental regulations governing purchase, receipts, custody, issue, condemnation, sale and stock taking of stores laid down by the Railway Board in the Codes and in the booklet "Rules for entering into supply contracts" issued by the Stores Department are observed correctly. The principles enunciated in Chapter 7, Section III of the Manual of Standing Orders (Audit) and instructions contained in Chapter XVII of the Railway Audit Manual on Stores Audit are generally to be borne in mind while conducting the audit of stores accounts. The Stores audit sections are responsible for the audit of items falling under the head "Stores Audit" in the appendix to chapter 5 on Railway Audit Norms (March 2003).

### **902. Stores Bills : (Paras 307 & 308 of Railway Audit Manual)**

These include purchases made within the country directly by Controller of Stores and through the Director General of Supplies and Disposals, New Delhi.

In respect of purchases made directly by the Controller of Stores, selections should be obtained from C.O.7s.

The bills should be checked to see :

1. That the rates, quantity, terms of delivery and due date of supply agree with the purchase orders and the accepted tenders;
2. that the arithmetical calculations are correct;
3. that the receipt of stores has been duly acknowledged;
4. that due precautions have been taken to guard against the passing of a second claim for the same stores;
5. that the items of stores required to be purchased through the agency of the Ministry of Works, Housing and Supply in accordance with the provisions contained in the Stores code and the latest instructions of the Railway Board, are not purchased direct without the sanction of competent authority;
6. that extra expenditure on risk purchases and liquidated damages have been realised in the case of delay in supplying stores (time preference orders would require special attention in this matter); and
7. that postings in the Purchase Account Register and the Transaction Registers have been correctly made.

Note : The particulars of such of the bills pertaining to stores depots coming within the purview of other Auditing units will be advised to the concerned Branch Offices for tracking them into the relevant documents. The audit of stores bills pertaining to "specific works" should be done by the concerned Divisions/Construction units.

As regards purchases made through the Director General of Supplies and Disposals for which payments are made by the Pay and Accounts Officers, selections should be obtained from the concerned statement of bills. It should be seen that proper sanction exists for the purchase, that the allocation of charge is correct and that the material has been correctly accounted. In cases where final payments (10%, 5% and 2% etc.) are made by the Pay and Accounts Officers, without consignee's receipt certificates, it should be ensured that adequate and prompt action has been taken to get the consignee's receipt and to settle the discrepancies or deficiencies mentioned in the Receipt Certificate.

M/s Hindustan Steel Limited, M/s Tata Iron and Steel Company Limited have agreed to allow a cash discount at a prescribed percentage on their bills for supply of prime quality steel excluding sleepers, sleeper bars, wheels, axles, wheel sets, fish plates and pig iron if paid by Railways within a fixed period of time from the date of receipt of the bills in the Accounts Office.

It must be ensured at the time of audit of these bills that the discount is availed of in all cases. A report of the position should also be made to the Director of Audit every half-year.

### 903. Port and customs charges

Port and customs charges are incurred by the Railway in respect of cargo charges imported through the Madras Port. The charges are paid according to the scale of rates prescribed under the Madras Port Trust Rules and Customs Tariffs. The bill of entry presented to the customs authorities on receipt of each vessel indicates the duty to be paid and the debits are adjusted between the two departments. viz. Railways and Customs through the Accountant General/Madras operating the head 'Reserve Bank Suspense'. The debits are accepted to 'Purchases' in the cases of imports for stock or transferred to Works/Divisions in the other cases.

#### Customs duty should be checked to see -

1. that they have been accepted and countersigned by the Controller of Stores and that the rates charged are in accordance with the Indian Sea Customs Act; and
2. that their allocation is correct.

The import application received by the Accounts Officer through the Stores Department in support of the monthly statement of harbour dues will form the basis of selection of audit.

A current account with the Madras Port Trust is operated for adjustment of the Harbour dues. Advance payments on account of port charges payable by Southern Railway are made to the Chairman., Madras Port Trust by debit to 'K' Deposits and Advances 'Part III'. On receipt of bills (Import applications) from the Port Trust, through the Controller of Stores, the amount debited to the Southern Railway in the Current Account is cleared from 'K' Deposits and Advances to 'Purchases' in the cases of stores imported for stock or to 'Transfers Division/Works' in other cases.

The correctness of the rates charged will be verified with reference to the Port Trust Scale of Rates.

### 904. Receipt Returns :

The vouchers relating to receipt of materials are broadly classified into the following five categories :

- i. Returned Stores;
- ii. Workshop Receipts;
- iii. Purchases (Imported & Indigenous);
- iv. Inter Depot Transfers;
- v. Misc.(Other) receipts.

**i) Returned Stores :** The selection for audit is obtained from the computerised Railway Stores statement No.23 & 24 (card code 48) prepared monthly. Stores are received back in the Depot as returned stores owing to excess issues in the first instance or as scrap released on account of repairs or renewals. In checking the vouchers of Returned Stores, the following points require special attention :

1. The reasonableness of the rate at which credit is afforded to works should be checked. Where any formula has been prescribed for the valuation of second hand materials it should be seen that the adjustments are correct according to the formula. The rates adopted by the Railway Administration for unserviceable class III rails should be reviewed periodically.
2. The correctness of the allocation of credit should be checked;
3. It should be seen that the returned stores are properly taken into account in the Transaction Register;

4. Cases in which the valuation of Returned stores by the Returning department differ materially from that of the Stores Department should be investigated to see how the difference was reconciled and what the reasons for the differences were;

**ii) Workshop out-turn(Work shop Receipts):** The selection for audit is obtained from computerised Railway Stores Statement No.23 (Works code 46) prepared monthly. The Priced issue notes should be checked with regard to the requisition, rates, acknowledgement by the depot and it should be seen that the total of the issue notes is posted into the Transaction Registers. Where the manufactured articles are issued at a fixed rate, it should be seen that the difference between the actual cost of manufacture and the amount debited through the issue notes is adjusted periodically.

**iii) Purchases (Imported & Indigenous) :** The selection for audit is obtained separately for Imported and Indigenous purchases from the computerised Railway Stores statement No.3 & 4 prepared monthly. It should be seen that indents for stores for work are not ordinarily placed with the DGS&D unless the work has been included in the Works Machinery and Rolling Stock Programme as 'approved by the Railway Board' and that indents for stores for general purposes are not sent in advance unless there are sufficient funds available from the sanctioned allotment of the year.

Some of the items in the statement No.3 & 4 should be checked in detail with reference to the indents, advises of despatch, the receipt by the depots and the postings into the Transaction Register of the concerned month. The monthly journal vouchers in respect of the payment made abroad should be checked to see that the adjustments in the accounts had been correctly made.

**iv) Inter-Depot Transfer Receipts :** The selection for audit is obtained from the computerised Railway Stores Statement No.21 prepared monthly. The vouchers of Depot Transfer Receipts should be checked to see that issues and receipts are paired and that appropriate action is taken to watch the acknowledgement of outstanding items.

**v) Miscellaneous (other) Receipts :** Any other receipts not coming under the above categories (i) to (iv) will figure in the computerised Railway Stores Statement No.5(Credit) prepared monthly. The selection for the same should be obtained from the above statement and audit conducted on the lines indicated above.

After the audit of the five categories of receipt vouchers mentioned above, the vouchers should be traced into the Transaction Register. It should also be seen that the total of the receipt is reconciled with the total amount posted in the Day Book of Receipts and that the monthly reconciliation with the general book has been effected.

#### **905 Delivery Notes :**

The Delivery Notes fall under the following categories :

- i. Issues to Departments; (Revenue and Capital)
- ii. Issues to Sales;
- iii. Issues to Inter-Depot Transfers;
- iv. Issues to Workshops.
- v. Other Delivery Notes

The selection of audit of the above vouchers are obtained from the following computerised Railway Stores Statements :

- i. Statement No.23(Works code 57)
- ii. Statement No.6 & 7
- iii. Statement No.22
- iv. Statement No.24 ( debit) CC 57
- v. Statement No.5 (debit).

During the course of audit of issue vouchers the following points should require attention

:

The monthly statements of Issues should be checked to see -

- i. that all issues are correctly extracted from the issue vouchers, into the statement;
- ii. that the postings are correctly made into the Transaction Registers;
- iii. that the total of monthly reports of issues for the month agrees with the General Books figures;
- iv. that the issue rates are correct; and
- v. that the allocation is not prima facie incorrect.

In scrutinising issues on sales account, it should be seen that :

1. the purchase money is paid within the free time if the sales is made to outsiders. Interest should be recovered for payments exceeding free time.
2. the percentage charges prescribed in the code have been correctly levied;
3. only surplus or condemned articles are sold to Railway employees; and
4. there is no tendency to issue frequently, ordinary articles which can be purchased easily by the employees in the market. In the scrutiny of issues to workshops, the issue vouchers should be compared with the requisition to see that supplies are not made in excess of the quantity required and that the prices charged are correct.

The vouchers of Inter-Depot transfers should be checked to see that the issues and receipts are paired and that sufficient action is taken to watch the acknowledgement of outstanding items.

After scrutiny of the issue vouchers of the categories mentioned above, the issue vouchers should be traced into Transaction summary. The monthly reconciliation of receipts, issues and partially of balances in the General books with records known as "Transaction Registers" should be checked to see that the total credits to stores as per General Books is correct.

#### **906. Priced Ledger/Transaction Register :**

I. All transactions which originate from the Stores Depot of the Stores Accounts Office having a bearing on the value of stores received in or issues from the Depot are incorporated/reflected on the priced ledgers of the Accounts Office. The priced ledgers now printed on the computer under phase I of computerisation of stores Accounting and Inventory control, are known as "Transaction Registers". The Transaction Registers contain only items of stock having transactions during the month indicating the opening balance, each individual transaction and the closing balance, quantity-wise and value wise. All items of stock are also listed out once in a quarter.

The transactions affecting stock are covered by the following basic documents.

- a) Issue Notes (Ordinary, Transfer, Minus - Adjustments, sale etc.)
- b) Receipt Notes (Ordinary, workshop receipts, Returned Stores, Adjustments etc.)
- c) Stock verification sheets.

#### **II. Provision has also been made in the system :**

- a) to give timely warning to the Stores Department regarding stocks reaching danger level;
- b) to study the stock position with reference to the rate of consumption by way of preparation of surplus stores statement (Exception Reports).
- c) to prepare value volume analysis (A,B,C analysis for drawing attention to the more important items of the inventory with reference to the financial impact on the total value of the inventory.
- d) for providing a detailed analysis of the value stores under various categories i.e. ordinary stores, movable surplus, dead surplus, emergency stores and special stores and;

e) for a review of the minimum and maximum level of stock with reference to the issues made from year to year.

The system has also been so designed that with the information that is processed, developed and stored on tapes, it is extended for recoupment indenting and accountal of purchases by providing for separate inputs.

In the audit of Transactions Registers, the vouchers are directly traceable in the Register. The receipts and issue vouchers selected for audit should be traced in the transaction register and relevant computerised statements. The reconciliation with the general books of the Railway should be reviewed. As regards managerial statement, action taken by the Administration may be reviewed in audit to ensure that full advantage is taken of the managerial reports and exception statements. The detailed instructions contained in Para 317 of Railway Audit Manual should be borne in mind during the review of the Priced Ledgers/Transaction Registers.

### **907. Monthly Statement of Stores Transactions :**

The Stores Account current is a statement prepared by the Accounts Officer for each stores accounting unit, showing the opening Balance, Debits during the month, credits during the month and Closing Balance of all categories of stores

This is a computer print out, made out monthly with Annexures (under phase I of the computerisation of Stores Accounting and Inventory control). The Account current is accompanied by the following schedules :-

(a) Debits :

- i. Returned Stores Statement;
- ii. Statement of Purchases in India;
- iii. Statement of Director General of Supplies and Disposals Purchases;
- iv. Statement of Depot Transfers;
- v. Statement of Manufactured Stores;
- vi. Stock Adjustment Schedule;
- vii. Other transactions.

(b) Credits :

- i. Statement of Issues to Departments;
- ii. Statement of Issues to Shops;
- iii. Statement of Sales.

The journal entries of the transactions included in the Stores Account Current are prepared for incorporation in the General Book.

The figures for this statement (other than opening and closing balances) are taken from the various tabulations prepared by the computer by processing the receipt and issue vouchers. The procedure for check is besides comparing the opening balance with the closing balance of the previous month, to agree the figures in the monthly Account current with those shown in the relevant computer prepared tabulations. It should be seen that the closing balance is correctly worked out and reconciled with the balances in General Books as well as with the class ledger balances. Debits and credits during the months should be similarly checked and also with journal vouchers.

### **908. Account Current and Out-turn Statement of the Printing Press –(Para 331 of Railway Audit Manual)**

The expenditure incurred in the Railway Printing Press is adjusted to “Workshop Manufacture Suspense”.

(a) Check of the Out-turn Statement : From the accounts of the work orders maintained by the Press Superintendent, a statement is prepared showing departments, the labour and stores



expenditure on work orders. It should be seen that the labour charges booked are correct and that the time is booked in accordance with the time slip attached to the work orders and that the grant of overtime, if any, is in accordance with the rules on the subject. The general procedure of recording time of labourers and the reconciliation of labour charges as per work orders with the muster rolls should also be generally reviewed.

Charges booked on account of stores should be verified with the relevant Issue Notes and it should be seen that the rates at which stores are issued are correct. The reconciliation of the total stores charges as per work orders with the total of the summary of issue notes should also be reviewed.

The 'On Cost' of the Press, which consists of all charges not directly allocable to any particular work order should be generally reviewed to see that all items of 'On Cost' have been included and that there is sufficient reason for violent fluctuations, if any, in the amount of 'On Cost' expenditure incurred. It should also be seen that the fixed percentage of 'On Cost' recoverable from outside department compares favourably with the percentage which the total 'On Cost' bears to the total labour charges.

**(b) Check of the Accounts Current :** The Press Account Current compiled in Stores Accounts Branch should be verified to see that it is correct and that the balances have been reconciled.

In addition to the complete check prescribed in the programme, some other accounts should be reviewed generally. The entries in the Account Current should be checked with reference to the statement of Debit and Credit summaries printed on the computer. The system of billing for forms supplied as well as the outstanding bills should be reviewed. It should be seen that where work has been done for other Government Departments or for Foreign Railways, the charges for supervision and maintenance and depreciation of machinery and the fixed percentage of indirect charges are billed according to rules and orders in force.

The out-turn statement may be checked during local inspections of the Printing Press, if it is not possible to check them along with the Account Current.

### **909. Sales Abstracts (Para 320 - Railway Audit Manual)**

While auditing the Sales Abstracts, it should be seen that (1) the purchase money is paid in advance of the sale if the sale is made to outsiders and (2) that the percentage charged prescribed in the code have been correctly levied. It should also be seen that only surplus or condemned articles which can be purchased easily by the employees in the market. It should be seen that the sale has been made under the sanction of the competent authority

The procedure with regard to sales, whether of surplus stores or of other classes of stock must be reviewed periodically. In all important cases, the papers of the Controller of Stores relating to the invitation of public offers, auction, etc. may be gone into and any defects in the procedure brought to notice.

During local visit to the depots, the detailed arrangements for tender or auction sales and the method of stacking materials for sale may be reviewed. It may be seen whether materials are removed within the stipulated time and whether penalties have been enforced in necessary cases

### **910. Suspense Registers :**

**(i) Purchase Account Register (Para 2809-S) :** Separate Registers are maintained for 'Purchases Imported' and 'Purchases Indigenous'. It should be seen that these registers are efficiently maintained and all items are current and are for bills payable for articles received. Debit balances representing advance payment prior to the receipt of stores should be restricted to cases, where payments are to be arranged on proof of despatch for commodities like steel, etc. Such cases should be scrutinised to see that the payments are covered by (i) sanction of the competent authority; and (ii) references to Railway Receipts, etc. furnished in the Register. The correctness of the entries in the Purchase Register should be verified with reference to the computer printed statement of purchases. Balances under this head should be analysed

agewise and it should be seen that proper and prompt action is being taken to ensure their speedy clearance. Accrual of large out standings should be brought to the notice of FA & CAO.

**(ii) Sales Register :** It should be seen that the sales have been made under competent authority, that the proper percentage charges have been added to the book value and that there are no credit items. The correctness of the entries in the sales register should be verified with reference to the computer printed sales statement. Balances under this head should be reviewed as in the case of purchase Register.

**(iii) Deposit Miscellaneous and Miscellaneous Advance Register :** It should be seen that proper action is being taken to expedite the clearance of outstanding items and that no item which could prima facie to be debited or credited to a final head is allowed to stand over in the books a tendency to do which sometimes manifests itself during the closing months of the year in order to avoid excess over allotments. An analysis of the outstanding balances should be looked into to see that cases of chronic out standings are not on the increase and all out efforts are made to clear old items. Cases of out standings of heavier amounts, over one year old should be examined in detail to see unusual feature exists in such cases. A careful scrutiny of these registers will sometimes bring to light important defects in procedure or control which should be carefully investigated and pursued in the light of all available information before being formally reported to Accounts.

In all these cases (Suspense Registers) it should be seen that a systematic reconciliation is made with the General Books.

### **911. Funds Register :**

This register is intended to watch the progress of purchases against Grants and is to be maintained in the form and manner indicated in **Para 506-S**. It is to be seen whether this record is efficiently maintained serving the purpose for which it is intended.

### **912. Stock Verification Reports :**

A periodical review of the stock verification reports should be conducted to the extent prescribed. The selection should be obtained with reference to the Register of Stock Sheets maintained by the Inspector of Stores Accounts in terms of **Para 3261-S**. The audit scrutiny of stock sheets should cover results of verification of all kinds of stock including charged off stores and permanent way materials in the custody of Engineers. The review should be made as per instructions in Para 327 of Railway Audit Manual.

The Accounts Department has to verify stores in the custody of the Depot and other Departmental Officers and subordinates to ensure that the materials accord with the description and specification shown in the Numerical Ledger (Depot Tally Boards), that actual balance of the stock agrees with the balance in the books and that excesses or deficiencies are properly investigated and accounted for.

The materials in a depot are verified once a year, materials at the site of works and stores with imprest holders once in two years and all tools and plants once in three years.

The details of verification are recorded in the Field Book. Large discrepancies found as a result of stock verification are investigated on the spot by the Stock Verifier and the detailed report sent to the stores Accounts Officers. Cases of wrong classification of stores, and particulars of unauthorised stores held by the Stock holder, are also reported by the Stock Verifier. From the data in the Field Book, discrepancies detected as a result of stock verification are incorporated in stock verification sheets prepared in triplicate by the Stock Verifier.

After the actual stock figures of an item of stores have been ascertained and accepted by the Ward Keeper, the result of verification should be posted in the Numerical Ledgers as per instructions contained in the Stores Code. The original copy of the stock sheet duly accepted

by the Ward Keeper should be submitted to the Stores Accounts Officer by the Stock Verifier for necessary posting.

The duplicate and triplicate copies of these sheets are handed over to the subordinate in charge for giving explanations against each discrepant item and sending to his controlling officer for counter signature and acceptance of the explanations offered. On receipt of stock sheets duly explained through the Controlling Officer, the explanations are scrutinised by the Inspector of Stores Accounts and Stock Sheets are filled if explanations are found satisfactory. When the explanations are found unsatisfactory, Account Notes are issued against the Divisional Officers by the Stores Accounts Officer and further explanations are called for. The replies received on the account Notes are finally dealt with by the Stock Verification Section in the Stores Accounts Branch.

It is important that the stock sheets are dealt with promptly as delays in finalisation of discrepancies detected during verification may result in investigation into frauds or irregularities being rendered difficult due to lapse of time and records being not readily available.

The audit scrutiny of stock sheets will cover the results of verification of all kinds of stock including charged off stores and permanent way materials in custody of Engineers. It should be seen whether there is a regular verification by actual count of measurement or weighment of all stores from time to time and such verifications are not confined merely to occasions when the stock of any particular item is low.

It may be seen whether the accuracy of the weigh bridges and other weighing machines is periodically tested by the executive and whether a record is maintained of such tests.

The action taken on differences noticed in stock taking should be carefully watched to see that full investigation is made in all important cases, that no improper use is made of the Stock Adjustment Account and, in the case of shortage, that adequate disciplinary action is taken against the person responsible for it and the loss is regularised under the orders of competent authority.

### **913. Auction Sale Account : (Para 328 of Railway Audit Manual)**

Auction sale is generally made for scrap stores which are not required for Railway purposes. These stores are collected at convenient points for the purpose of such sales determined largely by the freight charges to be met, room available for storage and proximity to a market for such scrap.

Before any item of stores can be sold as scrap, it should be declared as such by a Survey Committee appointed by the General Manager and sanction of the competent authority obtained to such sale. The auction should be conducted by the Railway Administration itself or by an Auctioneer duly appointed for the purpose under a certain agreement. The auction is conducted under the supervision of the Depot Officer and in the presence of an Accounts representative who should see that the conditions of the sale are being observed and that stores are not being sold at obviously low prices.

On the completion of the auction, the auctioneer will arrange for the deposit of the amount by the purchaser, with the Railway and issue Delivery Order to the purchaser who will present the same to the Depot Officer. The Depot Officer should then arrange for the delivery being effected according to the agreement and terms and conditions of the sale or such other specific or general instructions issued by the Controller of Stores.

The weighment and counting of stores to be delivered should be in the presence of (i) representative of the Auctioneers, (ii) Purchaser, (iii) Stock Verifier and (iv) Stores Subordinate of a rank not less than an Assistant Store Keeper. Necessary sale issue notes are prepared under the signature of the Depot Officer and Stock Verifier.

The loading of sold material should be made under the supervision of the Depot Officer and witnessed by the Stock Verifier. The Depot Officer will be responsible for realising loading charges from the purchaser and if the material is not removed within the stipulated time ground rent is also recovered from the purchaser. The Accounts representative will be responsible for seeing that the same is recovered where due.

On the completion of the delivery of material sold in each auction, the Stock Verifier, Depot Officer and the Auctioneer will prepare a Completion Report/Sale Account separately and submit the same to the Stores Accounts Officer, who will check the same in order to see that the sale was conducted under the extant rules and the amount realised is properly brought into account in the Railways Books.

It should be seen in audit -

- a) that the list of stores for auction has been made out under proper sanction duly verified and reasonable publicity has been given as to the date and other particulars;
- b) that the auction has been personally supervised by a responsible officer of the Stores Department and that a certificate has been recorded by him as his personal supervision, that an Accounts representative was also present; and
- c) that there is no delay on the part of the auctioneers in remitting the proceeds, that his account tallies with that furnished departmentally and that commission has been allowed at the proper rate.

The arrangements for the auction sale of materials on the Railways should be examined and the agreements with the auctioneers reviewed. In particular, provision, if any, for payment of incentive for early removal and levy of ground rent should be examined with reference to the conditions of the agreement, with a view to seeing that there is no scope for any unintended benefits accounting to the purchasers of the auctioned material. The prices realised at one sale may be compared with the prices realised for similar articles at other sales. As materials not required by one Railway may be useful for another Railway, it may be seen whether before selling the stores to the public, there is any system of sending to other Railways lists of surplus stores.

**914. Yearly Statement of Stores Transaction :** (Para 324 of Railway Audit Manual) A statement of the actual balances of stores in hand at the end of each financial year should be prepared by the Railway Administration in Form S.3001 so as to reach the Railway Board by the

1st November of the year. This statement is called the 'Yearly Statement of Stores Transactions.

The statement should show the money value of stores in hand, in Thousands of Rupees, under each class of stores, the figures being subdivided and arranged so as to distinguish the ordinary stores from other categories of stores viz. stores obtained for special works, emergency stores and surplus stores.

In column 3(a) of the statement a comparison of actual balances of 'Ordinary Stores' with 50 percent of issues "Should be made with a view to assess the endeavours of the Railway Administration to reduce and restrict the actual balance to this limit.

The receipts under 'Ordinary Stores' should show separately (i) Receipt by purchases and manufacture and (ii) Receipt of materials returned from works, to enable an idea to be obtained of the proportion of materials returned from works to new stores purchased in the market or manufactured in Railway workshops.

A review of the balances of the material at site account for the years should be prepared and attached to the statement as an Annexure. This statement should be prepared Division wise under the following subheads.

- (1) Completed works (2) Works in Progress (3) works not yet started and (4) Works not to be done.

A statement of balances of 'Charged Off' imprests comprising the balance at the end of the year with each category of imprest holder in each Division with the total of monetary limits

fixed by the General Manager should be submitted as an Annexure to the Statement of Stores Transactions.

A certificate of the balance should be furnished by the chief Accounts Officer over his signature in the form of answers to the questionnaire, which is an Annexure to the Annual Statement.

The statement should be accompanied by a note which should show :the balances of stores for the last ten years, in order to show the fluctuations;

- a) the increase or decrease under each individual head of stores in paragraphs 201-S in the year under review and the reasons for the same; and
- b) the details of the verification of stores carried out during the year.

The statement prepared by the Railway Administration should be checked annually by Audit. It should be seen that this statement is prepared in the prescribed form, that the money value of stores in hand is classified under each important head that values are shown separately for ordinary stores, stores for special works, emergency stores and surplus stores.

It should also be seen

- a) whether the balances in hand of ordinary stores are much in excess of those prescribed by the Railway Board;
- b) whether items under 'Special Stores' have been outstanding for any considerable time which would tend to show that the stores were obtained long before the necessity for their use was likely to arise.
- c) whether as far as possible stores obtained for special works are issued to the works concerned and charged off;
- d) whether prompt action is taken to dispose of surplus stores at a reasonable price. In scrutinising the accounts of surplus stores, the reasons for such stores becoming surplus should be ascertained; and
- e) that attempts have not been made with a view to show a reduced balance by -
  - (i) writing down of values without sufficient cause;
  - (ii) charging off stores to works though they are not immediately required for use thereon;
  - (iii) under acceleration of the sale of surplus stores;
  - (iv) undervaluing returned stores;
  - (v) keeping off the payment and account of receipt of stores towards the end of the year till the next financial year.

#### **915. Yearly Statement of Stores Purchases (Para 325 of Railway Audit Manual)**

A statement showing the value of stores purchased every year should be compiled by the Railway Administration and submitted to the Railway Board after the closing of the March Accounts of the year. The return should show separately the value of stores imported direct, the value of imported stores purchased in India, and the value of stores of India Manufacture or of indigenous origin. The figures required for this return should be compiled in the Accounts Office from the Annual abstract of class summaries. At the end of the year, a specimen copy of the return should be sent to the Departments which make direct purchases for submission of a similar return showing the value of stores purchased by them during the year. The figures should be added to the value of stores shown in the registers maintained by the Stores Accounts Office for exhibition in the return. This return should be accompanied by a review explaining the causes of important variations under any head compared with the previous year.

The statement should be checked annually in Audit. It should be seen inter alia

- (i) that the classification of purchases into 'Imported Stores' and Indigenous or locally manufactured Stores is prime facie correct; and (ii) that the figures for direct purchases made by the various departments and for the purchases made by the Controller of Stores on behalf of

other Departments have been included in the statement. It should also be seen how far the Stores purchase policy has been adhered to.

#### **916. Stores in Transit Register :**

The Stores-in-Transit Register is maintained for Depot Transfers :

(i) Depot Transfers : when the stores issued during a month from a depot are not received in the Receiving Depot in the same month, such items will not appear in the accounts of the Receiving Depot. All such unaccounted items in the 'Issue Summaries' should be posted in the Stores-in-Transit Register and their clearances should be watched carefully. When any such items is accounted for later on, a credit should be posted in the register in the column for the month of account and against the debit entry for the items concerned. Separate registers should be maintained for each depot.

The balance lying in the Stores-in-Transit Registers should be carefully analysed each month and if any item has been found to be outstanding for more than one month, the matter should be taken up with the Depot Officer concerned. Special lists of items outstanding for more than three months should be sent to the Controller of Stores for taking steps for their clearance.

(ii) Purchases : As Inspection and Receiving work is not centralised on Southern Railway and as Receipt Notes are issued only after the Receipt and acceptance of material, Stores-in-Transit under purchases does not arise in Southern Railway Depots.

The Stores-in-Transit register should be reviewed in Audit to see that outstanding items are cleared promptly.

#### **917. Stock Adjustment Account Register**

The Stock Adjustment Account is a subsidiary head of account under Stores Suspense intended to record the following types of transactions :

##### **I. Difference in stock:**

(a) Difference between the actual balances discovered at the time of stock verification and the balances in the Transaction Registers, either by Accounts Verifier or by Departmental Officer.

(b) Difference between the balances in the Depot and the Transaction Registers discovered at the time of reconciliation of numerical ledger sheets of the depot with the Transaction Registers.

##### **II. Difference in value :**

a) Differences arising out of revision of rates due to :

(i) Depreciation;

(ii) Market fluctuations

(a) Purchased Stores;

(b) workshop Manufactured Stores;

(iii) Rounding off.

(b) Difference between the Transaction Register and the General Books.

##### **III. Miscellaneous items :**

(a) Difference in book value and value realised in sales;

(b) Losses resulting from breakage, leakage, depreciation and obsolescence, etc. :

(i) Loss on classification of new stores as second hand;

(ii) loss on classification of stores as scrap;

(iii) other losses.

(c) losses due to enemy action;

(d) miscellaneous.

The debits and credits to Stock Adjustment Account will be chiefly by contra adjustment to 'Stores' except in the case of adjustments against the Revenue Abstracts, in clearance of the half yearly balances under this head of account. The Stock Adjustment Account Register is reviewed annually in Audit. The transactions of the Stock Adjustment Account will also come

under scrutiny in connection with the review of ledgers, stock sheets etc. The clearances to final heads will be audited when passing the corresponding journal entries. It should be seen that items are not carried to Stock Adjustment Account without proper investigation and adequate reasons exist in all cases where clearances are deferred.

In reviewing the Stock Adjustment Account Register, it should be seen that the adjustments are mainly on account of excesses or deficiencies discovered in actual stock or due to discrepancies in value, and that prompt action is taken to clear all the items as early as possible. Large items should be carefully scrutinised. The items outstanding in March Accounts should be scrutinised to see whether there are any large items, the clearances of which is held over on account of insufficiency of funds or for any other inadequate reasons.

#### **918. Inspection of the accounts of the Receiving and Despatching Sections :**

The 'Receiving and Despatching Sections' of each Depot should be inspected once every year by the Stores Section. The inspection will be carried out to the extent laid down in the Revised Audit Norms.

#### **919. Purchase Orders :**

Purchase-order is an order placed by the Controller of Stores on firms to make actual delivery of stores subject to the rates and conditions prescribed therein. Audit of Purchase Orders should be conducted to the extent laid down in the Programme of audit. Particular attention should be given to the following points :

- 1) free and full publicity has been given and sufficient interval is allowed for the receipt of tenders;
- 2) there is no intentional splitting up of purchases;
- 3) recourse to direct purchase of DGS&D items is made only to meet emergent requirements, or wherever the value of such stores is less than Rs.50,000;
- 4) prescribed financial limits are not exceeded;
- 5) suitable reasons have been recorded for accepting rates other than the lowest;
- 6) the stores purchase policies of the Government regarding giving price preference to indigenous stores and small scale industries are being observed;
- 7) earnest money and security deposit are recovered wherever necessary as per extant orders of the Railway Board.
- 8) purchase order is placed within the period of validity of offers.

#### **920. Scrutiny of Larger Contracts and Tenders :**

The following are the various types of contracts :

**(i) Lump sum Contracts :** The lump sum contract is a contract under which the contractor engages to carry out a work or effect supply as specified and within a given period for a fixed total sum; his receipt of this sum being dependent upon his completing the work or supply to specification and time, irrespective of the actual quantities and kinds of work done or materials supplied in achieving his result. In the case of such contracts, a scale of rates or prices may be agreed upon by which enhancement or reduction from the lump sum may be regulated in the event of any departure from the work or supply as specified being made subsequently under the orders of competent authority or by which reductions may be made at the discretion of the competent authority for failure on the contractor's part to conform to specification.

**(ii) Schedule Contracts :** The schedule contract is a contract under which the contractor engages to carry out a work or effect supply as specified and within a given period, at fixed unit rates or prices for each of the various items comprising such work or supply, the sum he is to receive depending on the actual quantities and periods of work done or materials supplied in completing the work or supply to specification and time. It is not repugnant to the above definition to show in such contracts the approximate amount of the contract based on approximate quantities and the fixed unit rates.

**(iii) Piece Work Contracts** : This means a contract under which only unit rates or prices for various kinds of work or materials are agreed upon without reference either to the total quantity of work to be done or materials to be supplied, or to the quantity of work to be done or materials supplied within a given period.

**(iv) Rate Contracts** : The rate contract is a contract under which during the period of its currency, the contractor engages to supply materials on demand, irrespective of quantity, at fixed unit, rates or prices, within a given period of the receipt of such demand.

**(v) Running Contracts** : The running contract is one under which during the period of its currency the contractor engages to supply and the other party to the contract to take, a specified quantity (with a percentage tolerance either way) of materials as and when offered, at fixed unit rates or prices, within a given period of the receipt of such order.

Note : (i) The 'Lump Sum', 'Schedule' and 'Piece Work' forms of contract are primarily intended for application to 'Works' Contracts;

(ii) The 'Rate' and 'Running' forms of contract are primarily intended for application to Stores contracts.

**(vi) One Delivery Contract** : This means a contract for a definite quantity of materials to be delivered on a definite date.

During the review of contracts the following points should be borne in mind;

- a) whether free and full publicity is given at the time of calling for tenders;
- b) whether proper interval has been allowed;
- c) whether finance has been associated with the Tender Committee;
- d) whether the lowest tender in the case of purchase contracts and the highest tender in respect of sale contracts has been accepted and if not, whether reasons therefor have been recorded;
- e) whether the purchase or sales has been sanctioned by the competent authority;
- f) whether the purchase or sale was carried out only after the acceptance of the tender.

**921 (a) Review of execution of completed contracts and purchase order. Particular attention should be paid to the following points :**

- 1) supply has been made as per specifications and inspected by the official mentioned in the Purchase Order Agreement;
- 2) the stores have been delivered within the due date specified in the Purchase Order/Agreement;
- 3) extra expenditure on risk purchases and liquidated damages have been realised in the case of delay in supplying stores;
- 4) escalation claims on account of increase in cost of raw materials and statutory taxes/levies are not admitted in cases of delays in delivery of stores due to contractors fault;
- 5) claims for damages/shortages have been preferred promptly;
- 6) security deposit has been refunded only after complete performance of the contract;
- 7) variations in rates and quantities have been authorised by competent authorities.

**(b) Audit of Railway Board's Contracts :**

To have an integrated and intensive review of the Railway Board's contracts in close co-ordination between Railways and field offices, the following procedure has been evolved for audit of Railway Board's contracts.

All the Divisional/Branch offices which conduct the audit of Railway Board's contracts should maintain register as detailed below.

1. S.No. 2)File No.,3)Particulars of work order or contract, 4)Name of the firm, 5)Description of item, 6)No. required, 7)Total value, 8)Due date of completion, 9)Actual date of completion,



10) Date of review of contract, 11) date of audit of payment, 12) date of audit of completed contracts/completion report, 13) Audit remarks, 14) Reference made to Headquarters, if any.

During the audit of the Railway Board's contracts the following may be kept in view :

- a) The contract may be reviewed generally with reference to indent with a view to seeing that the quantity indented was not excessive/or because of lapse of time between indenting and ordering, the requirements have not undergone a change; the material ordered conforms to specification indicated in the indent and if there was any alteration the concerned Railway Administration was consulted; delivery schedule was fixed in accordance with the need of the indentors etc.
- b) The payments audited against the contract in the normal course of audit may also be noted in the register and any special points noticed during the audit of payments may be advised to Headquarters. Also, if any points of clarification are required for auditing the payments they may be referred to Headquarters.
- c) The completion of the contract (with reference to probable date of completion) may be reviewed with a view to seeing that the claims of the Railway towards short delivery, rejection, deviations etc. have been recovered and the performance of contract was satisfactory. The Headquarters may be addressed for any points requiring clarification. A report of completion of audit may be furnished to Headquarters.

The register of Railway Board's contracts mentioned above may be submitted quarterly for scrutiny by Principal Director of Audit. (CAG's letter No.322-RAII/20-4/84 dated 16.3.85)

**922. Security Deposits Register :** Security, accompanied by a bond, where necessary, shall, except under general or special orders from the Railway Board, be taken for the due fulfilment of a contract. The security may be -

- (i) a deposit of cash;
- (ii) Government securities at 5 per cent below the market value;
- (iii) (a) deposit receipts, Pay Orders, Demand Drafts and Guarantee Bonds of the State Bank of India or any of the nationalised Banks and other scheduled Commercial Banks;
- (b) guarantee bonds;
- (c) demand drafts of the State Bank of India.
- (iv) a deposit in the post office Saving Bank;
- (v) a percentage deduction ordinarily 10 per cent from the periodic payments made on account of work done or supply made; or
- (vi) personal security of two persons of known probity and financial standing.

The deposits are held by the Railway till the obligations are faithfully, satisfactorily and completely discharged by the contracting parties, when the same are refunded to the parties concerned.

The Security Deposits Register will be generally reviewed to see -

- a) that provisions of para 614-A are observed;
- b) that the deposits are adequate for fulfilling the requirements of the contracts; and
- c) that in the case of failure on the part of the contractor to observe the terms of the contract, proper recoveries have been made from the security deposit.

### **923. Stores Adjustment Sheets :**

The Stores Adjustment Sheets should be checked with reference to Transaction Registers and the original posting should be verified and the justification of the adjustments scrutinized.

It should be seen that all important shortages brought to notice during the course of verification of stores by Officers and subordinates of the Stores Department are fully investigated before being adjusted. The following classes of adjustment will be reviewed in this connection :

- (i) The value of stores, broken, damaged, deteriorated etc. written off through Survey Committee, Reports sanctioned by competent authority;
- (ii) Transfer of new and goods stores to Class II or from one reference number to another; and
- (iii) Transfers consequent on set off or irregular balances for grouped items and setting right wrong postings.

**924. Price Lists :**

The nomenclature lists, referred to also a priced stores lists are not intended for the pricing of issues but for supplying consuming departments with a list of stores in stock showing their correct description and identifying numbers together with their approximate price.

The price lists should be kept up to date by the prompt issue of serially numbered correction slips. The rate, for 'new' stores should be the 'average book rate' or the 'current market rate' whichever is less. The average book rate is the rate arrived at by dividing the value balance shown in the Transaction Registers by the quantity balance. The current market rate is, in the absence of any special notification by the Controller of Stores, the last purchase price paid for other than petty supplies. When there have been no recent purchases (i.e. within three years), the current market rate should be ascertained and fixed by the Controller of Stores,

The price list rates for Workshop Manufactured stock items would be the rates fixed half yearly by the Mechanical Department and the average book or ledger rate will be the Price List rates in force from time to time, necessary revaluation of balances in stock being made at each revision of the price list rate.

The rates for scrap materials should be included in the schedule of scrap. These rates should be revised as frequently as necessary and not less frequently than once a year by the Controller of Stores in consultation with the chief Accounts Officer with reference to the best date available, such as the average prices realized at recent auction sales.

In Audit, the Price Lists should be reviewed along with the Transaction Registers. It should be seen that the lists are periodically revised in accordance with Paragraph 210-S. In the case of second hand stores it may be seen that the Price List rate is fixed on a valuation made after examining the conditions of articles and after providing for depreciation, etc.

**925. Accounts, custody and disposal of scrap materials :**

There accumulates in every Railway a large quantity of materials of different kinds which are no longer useful for the purposes for which they were originally purchased and which are best disposed of either by auction sale or by other special means. Such materials generally called 'scrap' consists of turnings, borings, cut rods, and ends of metals, sweepings, ashes etc. which accumulate in Railway Workshops. Scrap may be either 'Ordinary Scrap' or 'Surplus Scrap'. All surplus scrap is almost always 'Dead Surplus'. A detailed schedule of scrap is maintained by each Railway Administration under Group 98.

The Audit of the account, custody and disposal of scrap materials includes a scrutiny of the arrangements for the custody of scrap materials, the procedure adopted for auction of the scrap, the rates fixed and those obtained during auctions and the procedure for verifications of scrap, especially valuable scrap.

**926. Clothing Factory :** There is a clothing factory at Perambur under the control of Dy.CMM/GSD/PER wherein all the uniforms which are required to be supplied to Railway employees are cut departmentally from the cloth drawn from the clothing ward and are subsequently stitched in the Railway premises on contract basis.

The expenditure incurred by the Administration towards the cost of cloth, cutting the cloth and stitching the garments are debited to the head "WMS Clothing". The cost of finished garments are debited to "MAC Clothing" or departments by credit to "WMS Clothing".

The clothing manufacturing account compiled by the Stores account office is checked in this office annually. The following points should be seen :

1. the opening balance of the Accounts Current should be checked with the closing balance of the previous month;
2. the debits for labour, stitching and stores should be checked with the time sheets, stitching bills and issue notes respectively;
3. the general charges Work Orders should be reviewed as to the propriety of debits or their clearance to other work order;
4. the entries in the credit side of the Account current should be checked with reference to accepted bills;
5. the closing balance should be analysed to see that all items are current;
6. the work orders are not kept open for unnecessarily long periods.
7. prompt action is taken to clear outlay on completed work orders; and
8. the monthly reconciliation subsidiary register with General Books is being done currently.

**927.** Local inspection of the clothing factory should be done during the inspection of the accounts of the office of the Dy.CMM/GSD/PER. The following points should be seen during inspection :

1. that the quantity of cloth received in the ward is correct with reference to Purchase Orders/Acceptance of Tenders;
2. that the cloth drawn is in accordance with the Schedule fixed by the Controller of Stores or by the Railway Board;
3. that the schedule is reasonable as compared with the schedule fixed by one or two other Railways;
4. that a record is maintained to ensure return of finished garments by the contractors;
5. that there is a correct and reliable record in the ward for the receipt of correct quality and quantity of finished garments from the clothing factory and issue thereof to the departments;
6. that the savings, if any, effected in the cloth drawn are returned to the ward;
7. that the cut pieces are promptly returned to the Stores Depot for disposal;  
that the indents received from departments are promptly compiled with.

## CHAPTER X

### WORKSHOP AUDIT

**1001. Workshop Audit** Sections are situated at Perambur, Golden Rock, Arakkonam and Podanur. The Workshop Audit Sections are responsible for.

(a) The audit of the accounts relating to the Mechanical, Electrical, Engineering and Signal and Telecommunication workshops.

**Note:** The audit of Car Workshops at Tambaram (MG) and Avadi (BG) are done by Chennai Division.

(b) The audit of the expenditure incurred by Mechanical Department etc. in connection with Rolling stock, Machinery and Plant programme and on the maintenance and repair work thereof.

(c) The audit of the establishment etc. charges and PF accounts of subordinate staff of the Accounts, Mechanical and Stores Departments which are dealt with in the Establishment Accounts Branch of the Accounts offices.

**NOTE:** 1. Provident Fund Accounts of Gazetted officers and Cadre Registers are maintained in the FA&CAO's office.

2. The Annual rent return account of Residential buildings is prepared by the respective Divisional Accounts officers. The Workshop Accounts Officers furnish particulars of recovery of rent to the Divisional Accounts Officers in respect of quarters of the divisions occupied by the staff under their accounts control.

(d) Activity based inspections of the accounts of Workshops and related administrative offices.

(e) The audit of the Dead Stock Register, Issue of Passes, and PTOs, Imprest cash account, stamp and stationery accounts of the Workshop Accounts Offices.

### **1002 General:**

The Workshop Accounts offices are responsible for exercising internal check on the establishment charges, maintenance of provident fund accounts, maintenance of General Books and dealing with matters connected with Budgeting, Appropriation Accounts etc. relating to them. The Workshop Audit Branches have to conduct audit of the items falling under General Divisional Audit in so far as they relate to Workshops in addition to the items falling under "Workshop Audit" mentioned below:-

### **1003 Audit of Sanctions:**

(a) Sanctions to be dealt with in the Workshop Audit Section will generally relate to additions and alterations etc. to the Machinery and Rolling stock, holdings of the Railway. The instructions relating to audit of sanctions contained in chapters on "Establishment Audit" and "Expenditure Audit" of this manual will apply mutatis mutandis to the sanctions received in this section. For the extent and scope of Audit of Sanction relating to Workshop and Production Units the instructions contained in Chapter 6 of Appendix of Revised Audit Norms should be borne in mind.

(b) Special attention should be given, while auditing the sanctions, for premature condemnation of carriages and wagons. It should be seen that a statement showing the comparative study of the cost of replacement of the assets

and the cost of reconditioning of the same is invariably submitted as laid down in Para 240-Indian Railway Financial Code Vol. I. Similarly, while reviewing the sanctions for sale of goods and coaching stock, it should be seen that the entries in respect of condemnation and

replacement, made in the statement prepared by the Mechanical Department have been checked and certified by the Accounts Officers on the basis of history cards and other relevant records. In this connection, the records maintained by the Workshop Accounts Officer, should also be referred to.

#### **1004. a.        Audit of Estimates:**

As regards the extent and scope of Audit of Estimates, the instructions contained in Para 332 of Railway Audit Manual and Revised Audit Norms should be borne in mind.

(b) The estimates should be scrutinised in accordance with the provisions laid down in paras 1401 - W to 1474 - W. In the course of audit of estimates for additional Rolling stock, "list of stock reduced from the authorised list" should be referred to and if it is found that similar items of stock have been reduced from the Authorised list in the past, it should be seen that the cost of corresponding additional stock provided has been allocated in such a manner that the debits to Capital on account of such stock does not exceed the amount that would have been debited thereto, had the stock in question been considered in the first instance as reduced from the Authorised List.

(c) In the case of estimates for works for outsiders, it should be seen that on cost has been correctly taken into account while working out the estimated cost, that

1. the acceptance of the party ordering the work has been obtained and
2. deposit collected as required under the rules.

(d) Other estimates such as remodelling of stock to suit traffic purposes and estimates for extensive repairs etc. should be scrutinised carefully,.

#### **1005 Completion Reports:**

(a) The selection of completion reports is made cost-wise and not allocation wise. There is no need to apply the percentage separately for each head of allocation. However, while making selections it should be ensured that completion reports relating to different heads of account are selected, so as to have variety within the above selection, on cost basis.

(b) The instructions relating to audit of completion reports contained in the Chapter on "Expenditure Audit" will apply mutatis mutandis to the audit of completion reports relating to rolling stock. For the extent and scope of Audit of Sanction relating to Workshop and Production Units the instructions contained in Chapter 6 of Appendix of Revised Audit Norms should be borne in mind.

(c) The correctness of apportionment of charges between Capital, DRF, Revenue etc. the adjustment of freight and other charges, the credits for the released materials and the credits for surplus stores on hand should be specially verified. While auditing the completion reports for vehicles constructed for other Govt. Departments., e.g. postal vans for Postal Department etc. it should be seen that the Capital cost is correctly entered in the Register maintained for the purpose of calculating the Half Yearly interest recoverable from the department concerned.

#### **1006 Stores Bills and Contractors bills:**

The scope and extent of audit of the stores bills will be the same as detailed in Chapter XVII of Railway Audit Manual and Chapter 5 of appendix of Revised Audit Norms. Similarly, the scope for audit of contractors bills will be the same as indicated in Chapter XVI of Railway Audit Manual and Chapter 3 & 4 of appendix of Revised Audit Norms.

**1007 Incentive Bonus bills (Para 338 of Railway Audit Manual).**

- i. The entire workshop should be divided into suitable units and units selected each month to the extent prescribed. The units may be so drawn as to contain a reasonable number of direct workers, indirect workers and supervisors.
- ii. In addition, a general review of the records maintained in the Incentive Branch of the Accounts Office should also be undertaken yearly to review the system of fixing allowed time, change in productivity due to the introduction of Incentive Scheme, incidence of overtime in connection with increased incentive of Bonus payments etc. The Ticket numbers, names and amount of bonus paid to the workmen should be noted in the Selection Register. The following documents from which Bonus Bill are prepared should be audited.

**a. GATE ATTENDANCE CARDS.**

For recording daily attendance, gate attendance cards are supplied. The Gate attendance cards are placed in the racks provided by the side of the time clock at the shop. The racks are opened by the time clerk 15 minutes before the scheduled hour of commencement of work in each period and shall remain open for half-an-hour in the first period and for 3 minutes in the second period after the sounding of the last buzzer. Men coming late after 3 minutes in the first session are allowed upto half-an-hour and treated as late by half an hour in that session. Such late arrivals after 3 minutes are not permitted in the second session but treated as absent in that period. Every time a worker leaves the shop, the Gate Attendance card shall be punched "out". Absentees in each period should be listed in a separate register and after noting all sanctions regarding leave etc. it will be put up to the Shop Superintendent/Foreman in-charge of the shop for signature. These Gate Attendance Cards are evaluated and Gate Attendance. lists are prepared by the Time-keeping staff and sent to the Data centre for calculating wages etc.

**b) i. Job Card:** This card is issued as soon as particular job has been undertaken under the incentive scheme and forms the basic document for computation of Incentive Bonus. It contains full information about the job undertaken, quantity manufactured, quantity passed in inspection, standard time allowed, time taken and the profit gained or loss suffered by the workman in terms of hours (Time saved/time lost) and thereafter in terms of money.

**ii.** The time allowed to do a particular job or for manufacturing a set of articles is Adrema-printed on the Job Card. Along with the preparatory time (set up time) given for the whole work, the total time allowed should be checked by multiplying passed out-turn (including materials rejected in the foundry and defective casting in the machine shop) with the time allowed for each, plus the preparatory time (set up time) given for the whole work

**iii.** Time taken for the work should be checked on the basis of clock punching for "in" and "out" on the Job Cards as well as the Gate Attendance Cards (in respect of absences) and idle time cards (in respect of idle time). This should also be reconciled with the Tally Sheets prepared for each individual worker to reconcile the time taken as per the Job Cards with the G.A. Hours as per the Gate Attendance Cards.

**iv.** Thus 'Time Saved/Lost' should be checked with reference to "Time Allowed" and "Time Taken" to do the job. Rate for piece work should be checked with reference to the rate of pay as shown on the Gate Attendance Cards and the rate of incentive bonus paid per hour with the rates prescribed by the Railway Board from time to time for each category of workers.

**c. Squad summary card:** This card is issued in the name of the leading hand of the gang nominated to complete the squad job jointly. Each workmen belonging to the gang possesses a job card for the squad work. Each workman in the squad shares the profit/loss on completion of the job in proportion to the time saved limited to 50% of time spent by each on the job. Squad summary cards are checked as job cards in addition to the apportionment of the profit among the workers of the squad.

**d. Idle Time Card:** Due to certain reasons, sometimes, the work is held up for which the workmen on the jobs are not held responsible. Following are a few instances in which idle time is booked:

1. Lack of material (raw material or processed material), 2.Lack of Tools, 3.Lack of power, 4.Waiting for work/waiting for crane etc.,5.Machine Repairs, 6.Miscellaneous.

No sooner the work is stopped on idle time account, the idle time card is punched "in" and after the idle time is over, it is punched "OFF". Such idle time is not taken into account while arriving at the total time taken for that particular job. The chargeman and maistry are held responsible for booking of idle time due to:

- 1.Lack of tools and 2. Waiting for work.

(Authority: Railway Board's letter No.62/CA4/2 dt: 12-10-62)

**1008 (a).** While checking the above documents the following points should be borne in mind.

1. Job Cards and squad Job Cards are adrema printed and any corrections thereon should bear rate fixer's signature over his designation.
2. Time saved against each job/squad card are restricted to 50% of the time taken as recorded on the same job card/squad card for each completed operation;
3. No bonus is payable to apprentices.
4. In the case of Foundries the operation 'core making and moulding' are combined. ,It is to be seen that separate single job/squad card is issued for each operation/job.
5. Idle time cards are initiated by the Production Engineer and foreman (or Shop Superintendent) in token of having satisfied himself that booking of such idle time was inevitable.
6. Apportionment in respect of squad job cards is made on the basis of time taken by the individual worker for doing the particular job.

**b. Incentive Bonus Bill:** The preparation of Incentive Bonus bills has been computerised. These imprinted bills provide shop/section numbers, ticket numbers, names designation, category, Time taken, time save/lost, amount of Bonus and the percentage of Bonus paid. An intermediate print-out (5 code closeting) showing the details of job cards relating to a particular ticket number, time allowed time taken, time saved is also printed. The job cards may be traced into the listing as far as Direct workers are concerned. As regards essentially indirect workers and Supervisors who are entitled to 80% of the section/shop average percentage of bonus earned by the direct workers supervised/served by them, the section average percentage statement prepared on the computer showing , total time taken, actual time saved, section average percentage, indirect workers' percentage should be consulted. To verify the time taken by the Direct workers against each work order in respect of the unit selected an intermediate print out showing the ticket wise details of the Time Taken by the workers against the work orders should be obtained and checked with the Job Cards statement (5 code listing) and from there, the percentage of Bonus payable to indirect workers verified (The time taken/time saved by the Direct works of the shop/section shown in the 3 code listing and 5 code listing is equal to the Time Taken/Time saved shown in the statistical statement showing section Average percentage etc.

C. While checking the incentive bonus bill of the Direct workers the following points should be seen:-

- i. The Job Hours taken during the month are properly reconciled with the G.A. Hours shown in the G.A. card and in the Tally sheet;

- ii. Necessary A.R.D. vouchers have been prepared in respect of all the un-reconciled hours shown in the "Reconciliation statement showing the differences between the Job hours and G.A.hours".
- iii. The job hours taken during that month are treated as cost hours and shown against the work order concerned in the Labour Sub-ledger.
- iv. The proceeding time hours of the previous month/months are not included in the cost hours of a subsequent month in which incentive bonus is paid for these proceeding time hours (i.e. for Time saved)
- v. No corrections had been made in the Tally Sheets after the job cards are sent to the Data centre;
- d. The following reviews should be conducted annually.
  - i. Cases of abnormal profits/abnormal losses earned/incurred by the Direct workers are investigated by the Works Manager and a report on the same sent to the Workshop Accounts Officer (plus time/minus time is given wherever necessary).
  - ii. Cases of rejections in foundries and other shops and the reasons therefor, are investigated properly.

#### **1009 (A) Bonus bills for Maistries:**

Maistries are eligible for 100% incentive bonus based on the section average profit earned by the direct workers supervised by them. The list of maistries attached to each section of a shop and entitled to incentive bonus is supplied by the Works Manager to the Accounts Office. This list should be referred to while checking the incentive bills for maistries. Other checks laid down in regard to essential indirect workers will apply for the audit of incentive bonus Bills of maistries.

#### **1009(B). Bonus Bills for Chargemen:**

- a) Chargemen attached to a section are eligible for 80% of the section average percentage of the profit earned by the direct workers supervised by them. List of charge men as in the case of maistries who are eligible for incentive bonus is also submitted by the Works Manager to the Accounts Office.
- b). While checking the incentive bonus bills of maistries and Charge men the following points should be seen:-
  - i. that proper adjustment has been made for the idle time of Direct Workers for lack of work or tools as per scale laid down;
  - ii. that proper adjustment has been made in the Bills of chargemen for bad castings due to defective supervision as per statement compiled by each section of the shop.
- c). The following reviews should be conducted annually.
  - 1. Cases of abnormal profits above 50% of the time taken or at the other hand losses are furnished by the Accounts Officer to Works Manager for investigation.
  - 2. Cases of rejects in foundries.
  - 3. Review of Managerial statements and other statements on the working of the shops and narrative report;
  - 4. Assessment of increase in production and comparison of cost as a result of introduction of the incentive scheme;
  - 5. Reasons for frequent revision of allowed time.
- d). A test check of the allowed time and revision made therein together with the reasons recorded therefor should be carried out in the Works Manager's office during inspections.



Comparative study of the "Allowed time" for the similar job in other railway workshops may be made and findings recorded. During shop inspections working of time clocks, punching system by the workmen, custody of cards etc. should be checked and it should be seen that segregation of out-turn of incentive workers from that of others is properly done. Idle time booking should be verified to see that it was inevitable.

#### **1010 Booking of Overtime in incentive and Non-incentive shops of the Workshop:**

The Railway Board have imposed a ban on the booking of overtime in Incentive sections of the workshops. Even for non-incentive sections, booking of overtime is to be controlled to the minimum possible personally by the Works Manager. While auditing the incentive Bonus Bills it should be seen that no overtime is booked in Incentive sections.

#### **1011 Capital Works Registers and Revenue Allocation Registers:**

While reviewing these registers, the instructions contained in para 358 of the Railway Audit Manual should be borne in mind.

#### **1012 Miscellaneous Advances and Deposit Misc.Registers:**

Instructions for maintenance of these registers, their reconciliation with General Books and review of suspense balances are contained in Chapters XI and XVI of the Indian Railway Code for the Accounts Department. The detailed instructions contained in Para 363 of Railway Audit Manual should be applied while reviewing these registers.

#### **1013 Muster Rolls, Labour Pay sheets and Time sheets:**

The entire workshop should be divided into suitable units and audited to the extent prescribed. The units may be so drawn as to contain a reasonable number of direct workers, indirect workers and supervisors.

ii. In workshops where time clocks are in use, gate attendance cards take the place of Muster Roll. Those G.A. cards are closed on the last day of the wage period. The details of attendance of the workers as per the G.A. cards are indicated in the GA list which is prepared in duplicate. The GA list shows the Ticket Number, Name of the worker, Rate of pay, Special pay, nature of change, Days of duty, days for Special Pay, Leave particulars, Hours Lost, FOT hours, NOT hours, OL/OT hours, NDA, NDB, LWP etc. The workers are paid wages for the days of duty. The GAC hours OL Hours, Unpaid holidays are given in the GA list for statistical purpose only. The original GA list is sent to the Data centre for preparing the Labour pay sheet of the shop concerned.

iii. The total hours shown in the gate attendance card in respect of each workman should agree with those shown in the Tally sheet. The GA hours shown in the Tally sheet should tally with the Job hours, shown (against each work order number) and idle hours. It should be seen that all periods of leave with pay, paid holidays, unpaid holidays are accounted for in the Tally sheets correctly. The instructions contained in para 336 of Railway Audit Manual should be borne in mind during the check of labour pay sheets and Tally sheets.

**1014.** While conducting audit, the Gate Attendance cards should be examined with reference to Gate passes, absentee statement overtime requisitions, on line time sheets etc. The particulars of leave recorded in the Gate attendance cards should be verified with reference to the postings in the leave registers maintained in the Time office. The reconciliation of job hours and G.A. hours in the Tally sheet should also be test-checked.

**NOTE:** In respect of Perambur shops, the attendance of workmen coming late on account of late arrival of workmen's train should be particularly checked with reference to the time allowed for punching.

**1015 Workshop manufacture suspense:**

The Workshop Manufacture Suspense Account is a Suspense head under Capital IX Suspense and it is intended to account for all the transactions relating to the manufacture/repair works carried out in the workshops. The debit to the workshop Manufacture Suspense will comprise the wages paid to the labour employed in the shops, stores utilised on works and proforma on cost, freight charges etc. while the credit will represent the estimated cost of out-turn of the workshop during the month. The balance under this head will represent the total amount expended on completed jobs for which debits have been raised but awaiting acceptance and also works in progress. The balances under W.M.S. as appearing in the General Books is reconciled with the balances in Workshop General Register. The difference between the two sets of figures should be analysed and a discrepancy statement prepared. The discrepancies should be investigated and necessary adjustment carried out.

**1016** The balances under the W.,M.S. account should be reviewed to see

- i). that all the items are current and have been undertaken after the issue of a proper work order under the sanction of the competent authority;
- ii). that the details consist of nothing except labour, material and works on cost charges expended on unfinished jobs or completed jobs awaiting adjustment;
- iii). that there are no credit items in the detail of balance and if there are any such items, they are noted for immediate adjustment;
- iv). that in the case of jobs undertaken for outsiders, a sufficient deposit has been made, where such a deposit is required by rules and on the first appearance of a work, it is seen that an estimate is on record containing the extra percentage charges required under the rules and accepted by the party ordering the work; and
- v). that there are no inefficient balances and the periodical adjustments in respect of 'overcharges' and 'undercharges' under the on cost, manufacture and repair work orders are carried out regularly as laid down in Chapter X-W and the out standings are allowed to accumulate.

The review of the balances under workshop manufacture suspense account should be linked with the review of the workshop general register.

**1017 Sub-Ledgers for labour (Para 339 of Railway Audit Manual):**

(a) This is audited annually to the extent prescribed. As per the mechanised procedure labour sub-ledgers as such are not maintained but information in respect of labour charges work order-wise as well as shop-wise are sorted out on the machine itself and incorporated in the workshop General Register. The check of the statements prepared from time/tally sheets will only ensure the correct calculation of time spent under different work orders and will not ensure the correct valuation of the time spent (money value). As such an Intermediary print-out showing ticket-wise details of labour tabulations indicating the details of hours and amount leading to the total labour charges on a particular work order in a shop should be obtained specially for the month selected. The totals for a work order shown in the print-out should be traced into the Labour Sub-Ledger. As the intermediary print-out as indicated above is required to be obtained, selection of the month of audit should be advanced as indicated in Para 1019.

**1018 Classification of Stores: Stores Sub-Ledger - (Para 342 of Railway Audit Manual)**

a) This is audited annually to the extent prescribed and the same month is selected as for the check of labour sub-ledgers. However, consequent on the computerisation, stores sub-ledgers are not maintained. The machine summaries of debits and credits showing the stores charges

voucher-wise and shop-wise are received monthly in the Accounts office and this takes the place of stores sub-ledgers. The selected stores vouchers should be traced into the machine summaries.

(b) The stores vouchers received in the Accounts Office from the shops are compared with the duplicate copies received from the Stores Accounts office to ensure that the quantity of stores for which debit is raised has been correctly received and allocated and that all the vouchers have been taken into account.

(c) While auditing the sub-ledgers, the following points should be seen:

1. the debits of the stores are correctly charged to the respective work orders;
2. the debits to work orders from the manufacturing Account of process shop and saw mill accounts are summarised in separate sub-ledgers, pairing of issue notes with the priced copies is done.
3. Miscellaneous charges referred to in opera 825-W are classified in a separate stores sub-ledger. It should also be ensured that the totals of the various columns shown in the summary sub-ledgers are checked with reference to the following:
  - a. Debits raised by other section, Divisions and foreign Railways;
  - b. Issues from Workshop manufacturing accounts.
  - c. Write back orders.

**1019** For auditing the sub-ledgers for labour and stores, the shops in the workshops shall be divided into 12 units and one unit selected every month. The documents relating to one month's accounts in respect of all the shops included in the unit selected for audit shall be checked. To obtain the intermediate print-out for labour sub-ledger from the EDPM, in time, the unit officers at GOC, and PTJ will advise Audit Officer/W/PER monthly the shop selected for audit, five months ahead i.e. shop selected for audit in April should be advised to W/PER before 30th Nov. of previous year, so that the lists from units could be consolidated and requisitions for the intermediate print-outs required by all the units sent by W/PER office before 5th of the 2nd proceeding month to the EDPM, i.e. for February audit the consolidated requisition should be sent on 5th December and so on.

**1020 Workshop General Register: (Para 355 of Railway Audit Manual):**

This Register should be reviewed generally and annually. The workshop General Register prepared by the machine contains labour, stores and on cost charges separately shop wise, allocation wise and total charges for each work order. The audit review is rendered difficult as the workshop General Register is imprinted monthly by the machine computer (as against one consolidated document showing the progress in totals from month to month). It does not show the month of origin of booking and trend of booking of expenditure. As decided by the Comptroller & Auditor General of India the accuracy of the compilation of the Workshop General Register should be done along with the review of workshop manufacture suspense balances.

**1021 On cost:-**

In addition to the direct expenditure of labour and Stores incurred on the knobs, there are certain items of expenditure which cannot be charged direct to the cost of articles manufactured or work done. The latter kind of expenditure is known as 'On cost' charges fall under the following three categories:-

- (a) Proforma on cost: (b) General on cost; (c) Shop on cost.

**(A) Proforma on cost:**

Percentage charges on account of proforma on cost are leviable on capital works and on works executed for other Railways, other Government departments, railway employees and private bodies as laid down in para 1225-W. This consists either of expenses charged off direct to final heads of working expenses such as General Administration and depreciation or of charges not included in the working expenses of the Railway such as interest on the capital cost of Buildings, Plant and Machinery and on all other fixed assets. The expenditure relating to the proforma on cost falls under:

- (i) Supervision;
- (ii) Provident Fund contribution and special contribution to Provident Fund.
- (iii) Pensionary charges.
- (iv) Repairs and maintenance of workshop buildings, machinery and plant;
- (v) Expenditure on new minor works;
- (vi) Interest and depreciation.

Based on the details of the previous calendar year and making allowances for any special features of that period and the budget year, a budget is prepared in December, four months before the advent of the year to which it relates. The rates are arrived at as a percentage on the total labour, i.e. labour and labour on cost of the whole workshop. These charges are leviable as per para 1225-W. These items comprising of Proforma on cost having been already debited to final heads of expenditure, the receipt from such levy is treated as Traffic earnings under Abstract Z.

**1021(b) General on cost:**

Items of expenditure incurred in common with more than one unit or all the units of the workshop comprise General on cost. The wages of yard gang staff and of the crew of the crane, shunting engines etc. the leave and holiday pay of the above mentioned staff, constitute general labour on cost while the cost of stores and power consumed in working the General Traverser, Crane and shunting engine, yard lighting etc. are examples of General material on cost.

**1021(c) Shop on cost:**

Items of expenditure incurred in any one particular unit, other than General on cost, are brought under this category, Leave pay and holiday pay of shop staff, wages of chargemen, messenger boys and crew of the shop crane, are instances of "shop labour on cost" while consumable stores like oil, cotton waste fuel used in the running of machines, power consumed by shop machinery, shop lighting etc. are examples of "shop material on cost".

(d) The expenditure is collected under suitable sub-divisions of standing work orders for shop and General on cost. A share of these charges is added to the prime cost at a predetermined percentage on direct labour. For this purpose, shop, and general on cost budgets are prepared before the start of the financial year, on the basis of the figures actually booked during the 12 months from January to December. A percentage is then worked out in relation to those figures relating to labour and stores with the total expenditure on direct labour.

(e) The difference in the actual on cost charged to work orders on the basis of fixed percentages and the actual charges booked against standing work order or on cost is cleared by transfer to Revenue abstracts concerned. The following points should be kept in mind while checking shop and General on costs charges:-

- (1) That the percentages are regularly reviewed and reasons for major fluctuations investigated.

(2) that items taken into consideration for preparation for on-cost budgets have been correctly taken in accordance with the code rules (Indian Railways Code for Mechanical Department) and no item is left out.

(3) Due effect of special contribution to PF and Gratuity to the workmen has been reflected on the General on cost percentages.

#### **1022 Calculation of on cost:**

It should be seen that while all the necessary items of on cost charges have been duly taken into account, no item of charge which can be allocated to specific jobs has been included in on cost. The figures adopted viz. labour charges etc. in arriving at the percentages will be checked with reference to the concerned documents. It may be useful to see whether the proportions fixed for the distribution of on cost charges such as electric energy to the various shops are reviewed periodically. The percentage of shop on cost charges for each shop month by month may also be reviewed and any abnormal fluctuations investigated. It may also be seen whether any unusual item of charge has been included in arriving at the on cost charges. It should be seen that the procedure adopted is, in general, consistent with economy of clerical labour.

(b) The periodicity of General Review may follow the periodicity of revision of on cost charges viz. yearly or half yearly etc.

#### **1023 Distribution of on cost charges amongst work orders:**

The calculations made for a month, in arriving at the amount of on cost (shop and general) to be added to the expenditure on each work order, will be checked vide para 926 to 928-W, incidentally seeing that the addition of on cost has not been omitted in any case where it is chargeable. The postings in the register maintained in the Accounts office to collect together the actual on cost charges will also be test checked with the relevant documents viz. Day Book of general charges, abstract of labour stores lists, etc.

The transfer of difference in the approximate and actual on cost charges to Revenue Abstracts should also be checked annually.

#### **1024 Out-turn statement: Para 356 of Railway Audit Manual:**

(a) The out-turn statement is prepared in Form No.W.1204, in two parts, Part I showing the expenditure booked by the completed work orders and Part II showing expenditure on work orders in progress and also on those completed and awaiting adjustments. These two parts indicate total outturn to end of each month. Deposit works are to be shown in Part I statement. This statement is necessary for the purpose of charging the total expenditure incurred in the workshops to the Accounts head concerned.

(b) The accuracy of the postings should be checked with reference to the relevant sub-ledgers and the postings in the outturn statement and workshop General Register should be mutually agreed.

(c) While auditing out turn statements, it should be seen that the adjustment of outlay is effected promptly by transfer of the amounts to divisions other department and other Railways or by adjusting the amounts to the appropriate final head of account as the case may be. The figures shown in Part II statement on account of amount awaiting adjustments should be audited to see that there are no credit entries, there is no outlay on jobs prior to issue of work-order, that there are no completed jobs outstanding.

(d) Further, the review, of outstanding should be supplemented by a review of the statement called "Monthly Review of workshop General Register File" and statement called "Review of credit and irregular WMS balances".

**1025. Workshop Account Current: Para 357 - Railway Audit Manual:**

Account current of all the transactions pertaining to 'Workshop manufacture suspense account' for each workshop is prepared monthly in form W.1215. This account shows the total debits and credits to the Workshop Manufacture Suspense account under the heads provided in the form and the opening and closing balances. In preparing the Account current, the following instructions are to be observed:

Posting the debit side:-

- (i) Labour: The figures appearing in the labour schedule should be posted against the head.
- (ii) 'Cash' debits to Workshop Manufacture Suspense Account which comprised of contractors bills for direct purchase, motor licence fees municipal taxes etc. should be posted from the monthly classified abstract of cash transactions.
- (iii) 'Stores' should be posted from the Daily summaries of issue notes for the last day of the month received from the Stores Accounts Office.
- (iv) Other charges including inter-shop transfers should also be posted from the Stores Summary sub-ledgers.
- (v) Freight and proforma on cost charges: should be posted from the schedule of proforma on cost.

**Posting of the credit side:**

The credit side should be posted from the summary of out-turn statement Part I and should be supported by detailed schedules. The closing balance should be worked out by deducting the total credits during the month from the total debits including the opening balance and it should agree with the balance shown in the out-turn statement Part II Journal entries (Capital and Revenue) of all transactions affecting Workshop Manufacture Suspense account should be prepared monthly from the Account Current for incorporation in the General books of the Railway.

During the course of Audit of account current:

- (i) the opening balance should be checked with the closing of the previous month;
- (ii) the posting under each head both on debit and credit side should be checked with the supporting schedule;
- (iii) the arithmetical accuracy should be checked;
- (iv) it should be seen that the advices received from the Accounts Offices have been incorporated in the account; &
- (v) the closing balance should be analysed to see that the items are correct and there is no old outstanding.
- (vi) The accuracy of labour schedule should be checked with reference to the labour sub-ledger and tabulation statement for Indirect work orders (Cumulative expense-wise tabulation)

**1026 Reconciliation of Monthly Account Current of Stores with sub-ledgers:**(See para 805-806-W, 809-W, 819-W and Paras 340 and 341 of the Railway Audit Manual).

The monthly account current of stores (issues) should be verified with that shown in Daily summaries of issue along with the connected issue notes and also with Grand Materials summary. It is to be seen whether reconciliation is being done properly and differences, if any, are adjusted. It is to be checked whether the pairing of issue notes received from the Shop Foreman through the Works Manager and from the Stores Accounts Officer along with the daily summaries is being done.

**1027. Transfer statements or Mema (Para 359 Railway Audit Manual)**

Transfer statements/Mema are prepared when the cost of stores initially booked under a work order is transferred to another work-order. Such adjustments are summarised in a separate stores sub-ledgers vide para 823-W. Transfer statements should be scrutinised during the audit of out-turn statements and Accounts Current. The following points should be seen while scrutinising the transfer statements/Mema.

- (1) That the explanation furnished for the transfer is reasonable.
- (2) That sanctions of the competent authority has been obtained for the work to which the cost of stores is debited.
- (3) That the transfer statements/Mema are signed by the Gazetted Officer.
- (4) That the stores can really be used on the work to which it is transferred
- (5) That the allocation is correct.
- (6) That debit and credit are correctly posted under the relevant work orders.

NOTE: Transfer statements of labour charges should also be scrutinised in the same manner.

**1028. Advice Notes of Returned Stores: See Para 341 of the Railway Audit Manual and Paragraph 1539 to 1547-S.**

It should be seen that the reasons for returning stores are convincing that all the D.S.8s have been accounted for in the month of issue except those relating to the last days of the month and that the amount of all advice notes of Returned Stores (DS.8s) of a month, as posted in the sub-ledgers tallies with the statement received from Stores Accounts Office.

**1029. Saw Mill Accounts: Deleted.****1030. Foundry Accounts: (Para 352 - Railway Audit Manual)**

The cost of manufacture of spare imparts and rolling stock components can be ascertained only if the costing of individual parts is commenced from the stage of rough earnings and carried through to that of finished products. For this purpose, detailed foundry accounts are maintained to ascertain the cost of rough castings. The procedure followed in the foundry is briefly indicated below:

1) Standing work orders are operated for recording the expenditure on metal and melting. These charges will include:-

- (I) Cost of metal;
- (ii) Cost of fuel including freight;
- (iii) Cost of limestone and other flux;
- (iv) Cost of repairing cupolas;
- (v) Cost of blast and repairs to blast plant;
- (vi) Cost of repairs to ladle and cupola equipment;
- (vii) Cost of labour for charging the cupolas and for carriage of raw material;
- (viii) Cost of pouring metal into moulds.

2). The following charges are allocated to Foundry Shop on cost work orders:

- (I) cost of repairing moulding boxes and tools;
- (ii) cost of drying cores and moulds;
- (iii) Fuel for and repairs to core even and appliances;
- (iv) Cost of procuring and mixing moulding sands and binders;
- (v) Miscellaneous stores used generally in the Foundry Shop;

- (vi) Cost of defective products when it is not charged to individual jobs.

A monthly statement of out-turn showing the in-put and out-put is posted daily from the daily log and advices of returned stores and submitted by the Works Manager to the Accounts Office. The out-turn statement is checked in the Accounts office with reference to the issue vouchers accounted for there in and completed in and completed in respect of total cost of the melt for the month, which will be the total debit for the month. This amount is distributed among the work orders for which castings have been made during the month in proportion to actual out-turn.

The castings are issued to the stores Department at an average Book Rate and the difference between the actuals that form the Debit and Credit from the issues to the Stores Department is adjusted under the final head under Revenue abstracts.

**1031. While checking Foundry accounts it should be seen that:**

- (i) the balance of scrap metal representing the difference between total receipts and issues of the month is accounted for distinctly as in the case of other raw materials in order to show the actual operation costs.
- (ii) the foundry scrap used during the month is shown as receipt.
- (iii) the rates at which scrap metal obtained from manufacturing operations is used on other operations or transferred to stores are reasonable;
- (iv) the unused metal and rejected castings are weighed and priced at the rates for metal and scrap respectively and included in the closing balance as raw material;
- (v) the percentage of defective castings is not abnormal;
- (vi) the stock of metal and raw material in hand are not much in excess of the quantity required for manufacture as compared with the average monthly consumption.

**1032. Account, Numerical or Otherwise of stores received into Workshop and charged off to work orders but not actually used therein (Para 444 (14) of Railway Audit Manual)**

An annual review of the procedure followed in the workshops for the accounting of charged off and surplus stores lying unutilised in the different shops should suffice; where regular numerical accounts are maintained, these accounts should be checked to the extent prescribed. It should be seen that stores charged off to work orders do not remain unused for a long time. The reasons for delay in utilisation or in returning the surplus stores should be investigated.

**1033. Accountal of materials spare from work orders: (Para 434 of Railway Audit Manual):**

It should be seen that proper accounts are maintained of materials and old parts and fittings removed from condemned rolling stock and machinery broken up or sold in auction. Old parts and fittings obtained from those repaired or altered should also be improperly accounted for. It should also be seen that when a work order is completed the surplus stores are returned to stores.

**1034 Accounts -- Custody and disposal of scrap material (Para 326 of Railway Audit Manual)**

Instructions contained in para 326 of Railway Audit Manual should be borne in mind, while auditing these accounts when scrap is disposed of by sale by the stores Department directly from the workshops, the method of accountal and the arrangements for the removal of scrap by the purchasers should be specially examined. The items of audit referred to under paras 1032 to 1034 will be audited to the extent prescribed during the inspection of the shops.



**1035, Rolling Stock Programme:**

The purchase of construction of Rolling Stock is programmed sufficiently in advance of the period for which the stock is required. The Railway Administrations submit to the Railway Board their preliminary Rolling Stock Programme of the second succeeding financial year not later than the 15th January each year or on such other date as may be specially prescribed by the Board.

The preliminary programme is prepared based on the following particulars:-

- (a) Items of rolling stock already condemned and not provided for replacement upto the end of financial year preceding that to which the programme relates and considered for replacement inuring the subsequent year;
- (b) Arrears of renewal, on a life basis, to the end of the financial year preceding that to which the ion programme relates i.e. details of all items of rolling stock which on 1st April of the Budget year would have, exceeded the life limit as laid down in paragraph 1525-W, excluding:
  - (i) those already condemned, details of which should be given under (i) above and
  - (ii) those included in the ion programme already accepted;
- (c) Further ;renewals falling due on a life basis in each of the next three years;
- (d) Additions of locomotives, carriages and wagons which are considered necessary to be carried out during the second succeeding financial year in order to meet transportation requirements.

The preliminary ion programme after scrutiny by the Railway Board, are discussed by them with the General Managers of Railways concerned generally in March and such of the items as in the opinion of the Railway Board are not considered essential or not fully justified, are either omitted from the ion programme or the Railway Administrations are called upon to furnish further justification or such of the information as may be considered necessary. On receipt of further information from the Railway Administrations the Railway Board finally decide upon the items of rolling stock expenditure which should be undertaken during the next financial year and draw up a programme for each Railway accordingly in the form and in the detail in which the Budget Estimates (pink books\_) are presented to Parliament. The final programme as approved by the Railway Board is generally scrutinized in audit at the time of checking the detailed estimates for the works included in the programme.

**1036. Records of Rolling Stock:**

The Rolling Stock registers are maintained in the Chief Mechanical Engineer's office. This will give the full history of each item of Rolling stock viz. Locos, Carriages and Wagons. These records are audited in the light of instructions contained in paragraph 361 of the Railway Audit Manual.

The records should be checked to see that they are up-to-date and show all additions and condemnations and the results of the latest census of the stock. It should be seen, every month, with reference to the relevant sanctions to the condemnations of Rolling Stock that the particulars of Rolling Stock that the particulars of Rolling Stock condemned have been duly posted in the register of condemned stock (Replaced Stock Register) maintained in the Chief Mechanical Engineer's office.

Also when the 'Pink Book' is received, it should be seen that the particulars of rolling stock provided for replacement in the year have been indicated in the above register. The entries in the Register of the dates of replacement or Rolling stock should be checked with the information available in the Chief Mechanical Engineer's office. All the other entries in the register should be generally verified for their correctness with reference to the relevant sanctions and documents.

The monthly statements of Rolling stock, prepared by the Chief Mechanical Engineer's will be scrutinised to see that the additions, reductions and condemnations of stock sanctioned by the Railway Board, General Manager etc. have been duly brought to account.

**1037. Record of Plant and Equipment:**

The instructions contained in Para 360 of the Railway Audit Manual should be borne in mind, while checking the above item.

**1038. Work Orders:**

A work order is an order placed on the work shops for execution in the shops. These orders are numbered in the manner indicated in paragraphs 1004-1006-W and all stores and labour utilised in the execution of a particular work are allocated to the work order concerned. There are also a number of standing and stock work orders mostly relating to jobs like repair to engine, vehicles, wagons etc. and manufacture of spare imparts of stock. Works on capital account, for other departments or on private account are given special numbers.

In checking the work orders, the following points should be borne in mind and it should be seen that the procedure connected therewith is generally in accordance with that laid down in Chapter X-W.

- (i) No work should be undertaken without a work order relating to it having been sanctioned by competent authority;
- (ii) All the work orders should be recorded in a register showing the work undertaken, the date of issue of work order, the date of commencement and of completion of the work;
- (iii) In the case of work orders undertaken for private bodies including Railway employees and for other departments of Government, an estimate should be prepared by the Railway and accepted by the party concerned before the work is put in hand.
- (iv) For works undertaken for Railway employees, it should be seen that the sanction of the Chief Mechanical Engineer has been obtained and that the estimated cost has been deposited;
- (v) For works undertaken for outsiders, it should be seen that the estimated cost has been deposited and that the outsider agrees in the event of the estimate being exceeded to pay the excess before delivery of the work is effected;
- (vi) In the case of stock work orders the instructions contained in paragraph 1054,W 1059-W and 1530-31-S should be generally followed and
- (vii) In regard to standing work orders chargeable to Revenue, the charges debited should be examined in detail to see whether they form a legitimate charge against that work order.

**1039. Proforma Capital and Revenue Accounts of Saloons reserved for the exclusive use of other departments:**

The instructions contained in para 365 of the Railway Audit Manual should be borne in mind while reviewing these accounts which is maintained by the Financial Adviser and Chief Accounts Officer.

**1040. Job Costing System: (Para 347-Railway Audit Manual)**

The objection of job costing is (a) to compare the costs of similar articles manufactured from time to time in the workshops and finding out reasons for variations in costs and (b) to compare the cost of articles manufactured in the workshops with those manufactured on other railways or with the market price of similar articles.,

The essential feature of the job costing system is the estimating in advance of the time that should be spent and the materials that should be used and the systematic comparison of the results of actual performance with such estimates. The institution of any detailed system of costing is thus contingent upon the initial fixation by suitably trained technical staff of standards of time and of materials for the items of work to be undertaken and for the prompt comparison of the standards thus set with the actual results obtained.

In the case of items manufactured in Railway Workshop, the stock limits are fixed taking into consideration the length of time required by workshops to deal with the requisitions placed by the Stores Depots. Upon the Depot's stock of an item dropping to the level of the minimum, a requisition in form S-1437 is required to be prepared in triplicate, of which one copy is sent to the workshop production department. No article may be manufactured in Railway workshops for stock purposes without a requisition for such articles being placed by the stores department and approved by the Works Manager.

The manufacturing activity should be divided into different kinds of work orders viz. "Manufacture of Loco Duplicate", Manufacture of Carriage and Wagon duplicate". Manufacture of miscellaneous fittings" etc. and each kind of job order should be represented by a control work order. Separate sub work orders under each of the control work orders should be issued by the Production control in the form of Route Cards for each individual work to be done and no work expenditure should be incurred by the shops until a sub-work order for the work concerned has been received. The series of the control work orders should be revised every half year and all cases of sub work orders remaining uncompleted for more than 3 months after the old series have been revised should be listed out and should be reported to Works Manager for taking special steps for their completion. Whenever, it is decided to take manufacture of an article, a process sheet is prepared by the planner. This is the basic record of manufacture of any article. The process sheet will indicate details of the operations required to manufacture the article in their sequence. Against each shop number, and the section in which the operation is to be done and the code of the machine will be indicated. After check by the processing section, the Process Sheet is forwarded to the Rate Fixing Section.

The rate-fixers fill in the necessary information regarding preparatory allowance and allowed time. The Adrema Section embosses the adrema plated from the process sheet for subsequent printing of factory forms. The Process Sheet is then filed in the Planning Office. Whenever any change in the apprises of manufacture is decided it is noted on the relevant process sheet indicating the authority and the reasons for the change.

The Production Office of the workshop and the Accounts Office will use the following forms for the implementation of the costing system.

- (1) **Route Card:** This is the authority for the Workshop to undertake any work of manufacture. The Route Card is issued for each economic batch and bears all relevant particulars. When the article is finally finished and sent to the Stores, the Route Card will be sent to the costing section through the Progress office.
- (2) **Job Cards/Squad Cards:** These are the production documents embodying the particulars of different categories of labour booked to the particular work order. On completion of each operation these are sent to the costing section (through the incentive bonus section).
- (3): **Cost Sheet** The cost sheet covers the whole field of record of productive activity. The entire process of a production order in the way of consumption of material and the charging of labour and on cost is reflected in the cost sheet. The cost of each job is ascertained through the cost sheet which will be opened by the Production Control at the time of issuing production documents like route cards, material requisition etc. The monthly expenditure on labour/material and on cost and also the credit received from the Stores Department for the scrap and manufactured articles returned to Stores Department are posted for each month by each shop. As soon as the sub-work order is completed and the completed route cards are

received in the costing section, the total expenditure incurred from the commencement of the job to the completion will be totalled up and the unit cost of manufacture worked out. The unit rate should be approved by the Workshop Accounts Officer and posted in the relevant cost cards.

Cost of manufacture in respect of each of the workshop manufactured stock item should be worked in the first instance and the rates thus determined, should be notified in replacement of the existing rates. After this, job costing of each workshop manufactured stock item should, as a rule, be done only once a year subject to the exceptions specified below:-

(a) Cost of manufacture should be worked out on each and every occasion in respect of such of the workshop manufactured items as are extremely liable to defects.

(b) Cost of manufacture should be worked out every time the method of manufacture is changed.

(4) **Material requisition:** This is used for drawing material from the Stores and after acknowledgement by the shop-foreman is sent to the Stores. After posting the numerical ledger this is sent to the Accounts office.

(5) **Debit Transfer Sheets:** In case any material drawn for a particular work order is transferred to another work order a debit transfer sheet is prepared and sent to the Accounts office for carrying out necessary adjustments.

(6) **Returned Stores Note:** This is used for returning the manufactured materials to Stores.

(7) **Cost Card (W 944):** This is used for recording the unit cost arrived at an repeated manufacture of the same material. The estimated cost with details of labour and material are also indicated on this card.

The cost sheets and the connected documents should be scrutinised to see that:

- i) Labour charges have been booked by the shops required to perform operations as mentioned in the route cards.
- ii) Material charges, wherever necessary have been booked by the shop processing the first operation. Adjustment for the off-cuts or scrap, wherever utilised has been made where required.
- iii) Labour and material charges have not been booked by shops not mentioned in the route cards.
- iv) The quantity passed by the inspector in the final operation has been acknowledged by the Stores Depot by suitable endorsement on the route card and that necessary credit for the manufactured articles supplied to the Stores Department has been afforded by the Stores Accounts Office.
- v) There are no discrepancies between the number of articles actually completed and sent to stores and that for which charges have been booked on the sub work order and that the weight of raw material obtained for the sub -work order is not out of proportion to the weight of the articles sent to Stores.
- vi) the weight of raw material obtained for the sub-work order is not out of proportion to the weight of the articles sent to stores;
- vii) the unit cost arrived at is correct;
- viii) Abnormal wastages are valued and credit afforded to the work order by debiting the on-cost.

- ix) Abnormal rejections of more than 5% to the total number ordered are investigated and remedial measures taken.
- x) A cost variation register is maintained for recording market variations and a statement of market variations is sent to the works manager for investigation.

**1041. Review of statistics of periodical overhaul and cost of unit repairs:**

While reviewing the above, the instructions contained in para 364 of Railway Audit Manual should be borne in mind.

**1042. Local Inspection of shops (444 of Railway Audit Manual):**

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 department local bodies etc. should be treated as major shops and they should be locally inspected once in 3 years. The rest should be treated as minor shops and inspected locally once in 4 years.

While finalising the programme for inspection of shops, the instructions given in para 425 of this manual may be borne in mind.

**1043. Audit of out-turn statement of Printing Press, Royapuram:**

The instructions given in para 331 of Railway Audit Manual should be followed while checking the Account Current and out-turn statement.

## **C H A P T E R - X I**

### **AUDIT OF GENERAL BOOKS & ACCOUNTS:**

#### **1101 GENERAL:**

The Principal Director of Audit, Southern Railway is responsible for the audit of transactions relating to the under mentioned units as already mentioned elsewhere in this Manual.

1. Southern Railway - Open Line
2. Construction Organisations under the control of the Chief Engineer/Construction at Chennai, Tiruchchirappalli, Madurai & Ernakulam and also Railway Electrification Projects under Chief Electrical Engineer/Railway Electrification.
3. Railway Service Commissions/Chennai and Trivandrum.
4. Railway Rates Tribunal/Chennai
5. Metropolitan Transport Project (Railways) Chennai

The accounts of the organisation mentioned at Sl.No.5 above is maintained separately and submitted by the respective administrations to the Railway Board. The accounts of the other organisations are merged in the accounts of the Southern Railway.

Under the divisional system in vogue on the Southern Railway, self-contained accounting units have been set up in the Divisions for the maintenance of accounts. Similarly, self-contained accounting units for the various workshops at Perambur, Goldenrock and Podanur are also functioning. The Railway Service Commission, Chennai and the Railway Rates Tribunal, Chennai come within the accounting jurisdiction of the FA&CAO/Southern Railway, Chennai, while the Railway Service Commission at Trivandrum is under the accounts control of the Divisional Financial Manager, Trivandrum. Likewise, the construction organisations have also established self-contained accounting units in the various places for each of the projects. The accounts pertaining to all the CN/Units under the control of FA & CAO/CN/MS are consolidated by the FA & CAO/CN/MS based on the accounts/returns rendered by the various field Assistant Financial Analysts and submits the consolidated return to the Central Books Section of the FA & CAO's Office. Railway Electrification Accounts had been transferred to CORE/ALD with effect from 01/07/1987. Likewise the accounting of other centralised Departments like Stores will be finalised by the FA & CAO/Workshop and Stores at Perambur/Chennai and the consolidated return sent to Central Books Section/Headquarters/Chennai.

Even though self-contained accounting units function as indicated earlier, all adjustments with other Railways are however routed through the Central Books Section of the FA&CAO's office at Chennai. The Assistant Financial Analyst attached to the various Divisions and Workshops will render monthly accounts and other returns etc. to the Central Books Sections of the FA&CAO's office at Chennai for purposes of consolidation of the accounts and other connected returns pertaining to the Railway as a whole.

#### **1102 DUTIES OF THE BOOKS AND BUDGET SECTION:**

The duties of the section in the Headquarters are as follows:

- (a) Audit of General Books and Accounts and other items of the programme of Audit relating to the section.
- (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 Reports.

- (e) Submission of the returns mentioned in the Annexure I to the Comptroller and Auditor General of India.
- (f) Review of the Appropriation Accounts, Finance Accounts and Audit Reports of the various State Governments and of the other Departments of the Government of India.

The Books Sections in the Divisional/Branch Offices are also responsible for the items mentioned in (a), (b), (c) and (d) above, in so far, as the portions pertaining to their units are concerned. Detailed instructions in regard to the check of the Appropriation Accounts have been embodied in (Chapter XII). This Chapter deals with the items, other than the Appropriation Accounts mentioned above.

### **1103 PROGRAMME OF AUDIT:**

The various items of monthly, quarterly, half-yearly and annual items of audit pertaining to Books Section and the nature of checks to be exercised thereon are outlined below:-

### **1104 SANCTIONS:**

- (a) All sanctions having financial effect accorded by the President or Railway Board pertaining solely to the Southern Railway and those accorded by the General Manager relating to the Books and Budget section will be audited by this Section fully with reference to the schedule of powers and the canons of Financial Propriety.
- (b) The sanctions dealt with in the Books and Budget section generally relate to distribution of funds as approved and advised by the Railway Board to the various units and re-appropriations made. While auditing sanctions relating to distribution of funds to various departments it should inter-alia be seen that the total amount distributed does not exceed the amount sanctioned by the Railway Board for the Railway as a whole. In auditing sanctions relating to re-appropriations the instructions contained in paras 375 to 381 of Indian Railway Financial Code Vol.I as well as those communicated through the Railway Board's budget orders on re-appropriation should be borne in mind.

### **1105 CHECK OF JOURNAL VOUCHERS INCLUDING SCRUTINY OF ADJUSTMENT MEMO:**

All the Adjustments pertaining to the Railway accounts are effected through journal vouchers. The journal in which all these adjustments are recorded is maintained by the Books Section of the Accounts Office. The journal vouchers prepared by the various sections of the Accounts Office are, therefore, sent to the Books Section for posting in the journal. These journal vouchers as well as those prepared by the Books Section itself will be serially numbered by them each month. The month of accounts in which these journal vouchers have been incorporated will be indicated on the vouchers. These vouchers relating to each month will be kept bound separately for 'Revenue and Capital' in convenient batches (with the introduction of Computerised Accounting System (under **AFRES**), the revised form of Journal Vouchers to be fed to the computer provides for the name of the spending unit/accounting unit and the allocation to be indicated in code numbers allotted to be various departments). The list of Suspense Allocation used in connection with the preparation of Journal Vouchers is appended in Annexure I to this chapter.

**1105.A.(a)** For purposes of obtaining the selection of appropriate number of vouchers for audit the journal vouchers prepared by Books Section and incorporated in the Accounts of the third previous month will be listed out from these bundles in the selection register under three sections as mentioned below:

1. up to Rs.3 lakhs
2. above Rs.3 lakhs and up to Rs.10 lakhs

3. above Rs.10 lakhs

b) For example, the journal vouchers for December 2004 due for audit in March 2005 will be listed out before the 25th February 2005, itself and the selection Register submitted to the Branch Officers for indicating the vouchers to be taken up for audit. In regard to the vouchers relating to the month of March, however, it is not necessary to take up the audit of these vouchers only after the close of the accounts for that month. The audit of the vouchers may be conducted in convenient batches commencing from the month of June.

c) While listing the vouchers from the bundle it might be helpful to verify with reference to the manuscript register of journal vouchers whether all the vouchers mentioned therein are available in the bundle and vice versa.

**1105.B.** The Journal vouchers prepared by the Headquarters Books Central Section will be mostly in respect of adjustment of Transfer transactions and Remittance transactions, the detailed procedure to be followed in regard to which are laid down in Chapter XIV of Indian Railway Code for the Accounts Department Vol.I. In regard to transactions adjustable finally in the books of another railway those originating in any accounting unit within the railway, will be passed on to the Books Central Section Headquarters through Transfer Certificate by operating upon the Head - 'Transfer Divisional - Central Books' duly supported by the relevant vouchers. The transfer certificate will be accepted by the Headquarters Books Central Section and necessary Transfer Certificate will be issued by them against the Railways concerned. In the case of transactions originating in centralised departments or Headquarters section who do not render separate Accounts to the "Books Central Section" necessary Journal slips will be prepared by the concerned internal check sections and passed on to the Books Central Section along with the relevant vouchers to be passed on to the other railways. The Books Central Section will issue necessary Transfer Certificate against the Railways concerned. In respect of Transfer Certificate received from other railways the supporting vouchers received will be sent by the Books Central Section to the concerned internal check section in Headquarters under a forwarding memo or to the unit Assistant Financial Analyst along with a transfer certificate. The internal check section will scrutinise the documents and indicate the allocation, if the debit/credit correctly pertained to this railway. The other unit Assistant Financial Analyst will scrutinise the vouchers and book it to the final heads of Accounts. If, however, any portion of the amount raised by the other Railways is found to be not pertaining to this railway action will be taken to write back the amount to the originating railway. In any case, unless the entire amount passed on through a transfer certificate by another railway is found to be not relating to this railway at all, the transfer certificate should be accepted in full.

**1105-C.** The instructions contained in paras 278 & 387 of Railway Audit Manual should be borne in mind during the check of journal vouchers. Besides, whenever amounts are adjusted between capital and Revenue by operating 'Transfer Revenue' and 'Transfer Capital' the capital journal vouchers should be linked with corresponding Revenue Journal vouchers and vice versa. Whenever the amounts of un-encashed cheques outstanding for over a year under "Cheques and Bills" are credited to earnings in terms of the instructions contained in Note under para 444 of Accounts code Vol.I, it should be seen that the particulars of cheques are recorded in a separate register maintained for disposal of requests for fresh cheques.

After the completion of Audit, each of the journal vouchers audited will; be stamped with the enfacement supplied under the dated initials of the persons auditing the same.

#### **1106 Tracing of the Postings from Journal Vouchers into Journal:**

The particulars of journal vouchers selected for audit in a month will be advised to Books Section before the close of the previous month by the individual auditing sections. If the number



of journal vouchers selected for audit by various sections do not come up to the prescribed number, a subsidiary selection should be obtained by Books Section to make up for the deficiency and get those journal vouchers also audited by the concerned section.

All the journal vouchers thus selected for audit will be traced into the journal by the Books Section. If, however, the number of journal vouchers selected for audit by various sections is more than the prescribed number of journal vouchers to be traced into the journal then out of the journal vouchers so selected, a selection will be obtained by Books Section of the requisite number of journal vouchers to be traced into the journal.

**1107 Tracing the posting from Journal Vouchers into works and Computer Print out:(FA 760):**

The journal vouchers selected for tracing as above should be traced in the works and allocation register also which should, however, be done by the sections auditing the journal vouchers in question.

**1108 Pay Orders and Miscellaneous vouchers not falling under any specific category:**

The pay orders and other miscellaneous vouchers relating to Books Section which do not fall under any of the specific categories laid down in the Secret Memorandum will have to be audited to the extent prescribed. For this purpose, the details of vouchers will be listed out from the abstracts of bills passed (CO7) and necessary selections obtained. In auditing such vouchers the instructions contained in paras **269** and **288** of Railway Audit Manual should be borne in mind.

The appropriate number of vouchers should then be traced into the works or Computer Print out (FA 760) duly obtaining the selections to the extent prescribed. As regards payments to Pay & Accounts Officers arranged by the Headquarters Books (Central) Section as well as payments through letters of credit the same will, however, be audited by the Stores Audit Section. With the introduction of the Computerised Accounting system the forms of CO7s and Journal Vouchers have been revised to provide for the name of the spending unit, Accounting Unit and the allocation to be indicated in Code numbers allotted to the various departments.

**1109 Budget Registers and Re-appropriation Statements**

(i) Budget Registers-Please see Para 1208 of Chapter XII. on Appropriation Accounts:

(ii) Re-appropriation Statements:

The procedure followed on the Southern Railway in the matter of framing the budget, distribution of funds to the various departments and lower authorities have been explained in brief in the chapter on Appropriation Accounts.

The statements showing the re-appropriation of funds, if any, made during the course of the year should be scrutinised with reference to powers of re-appropriation restrictions laid down by the Parliament/Lower authorities etc. The instructions contained in paras 375 to 381 of Financial Code Vol.I and paras **390, 396, 397 & 398** of Railway Audit Manual should be borne in mind during the check of these statements.

**1110 Check of Monthly Accounts with schedules and journals Capital and Revenue-Para 362 of RAM & Chapter XI of Accounts Code Vol.I.**

(I) Check of journals capital and Revenue . The postings in the journal should be test checked by tracing the posting from the journal vouchers to the prescribed extent. The totals in the journals under debits and credits under each detailed head should then be checked and traced in the summary at the end.

(ii) Check of Ledgers, Capital and Revenue: The ledgers should be checked to see that the grand totals in the journals have been correctly posted in them and that the closing entries have been correctly made. The opening balances of the month in the ledgers should be verified with the closing balance of the previous month.

(iii) It should be seen that heads of account shown in the ledgers, journals and Accounts current are correct and up to date. It should also be seen that the Accounts current are supported by the proper schedules which should accompany and that the totals of the entries in the schedule agree with the figures under the respective heads shown in the Accounts Current.

(iv) As regards the consolidated Accounts Current sent to the Railway Board monthly, a register (vide para 339-AI-Revised Edition-1984) is maintained separately for Capital and Revenue Accounts Current by the Headquarters Books Section of the Accounts Office for consolidating the details received from the several units. The postings in the register should be first checked with reference to the Accounts Current received from the various units. The correctness of the totals should then be checked. Thereafter, the consolidated ledgers and Accounts Current should be checked with reference to this register.

The fair copies of the consolidated Accounts current relating to the entire Railway for the month of March are sent to this office by the Financial Adviser and Chief Accounts Officer before despatch to the Railway Board for recording the certificate "compared with the Office copy and found to be a true copy" prescribed in Para 388 of Railway Audit Manual, along with the Office Copies. After comparison of the Accounts Current, the certificate will be recorded in the body of the Main Accounts Current only **and two copies** returned to the Accounts office, retaining one complete set for our references and record. **The other complete set of the Account Current shall be forwarded to the C&AG's office (Railway Wing).** The check of the Accounts Current should be taken up separately and completed as expeditiously as possible.

**1111 Payment to Worked Lines:** Deleted (as there are no worked lines at present in Southern Railway. Cochin Harbour Railway was acquired by Southern Railway Administration during 1999-2000 in terms of instructions contained in Railway Board's letter No.F(X)I-99/36/1 dated 28/03/2000.)

#### **1112 Administrative Reports:**

The Administrative reports issued by the railway administration should be generally reviewed as and when they are issued as laid down in Para 120 of Railway Audit Manual. Every year the General Manager will forward a narrative report in regard to the working of the Railway in **two** parts as mentioned below to the Railway Board.

Section: I - Narrative

Section II: **Annual** Statistical statements.

Copies of the **Narrative Report** will be supplied to this office by the General Manager and they will be distributed as under:

- |    |  |               |
|----|--|---------------|
| 1. | Comptroller and Auditor General of India<br>(Railway Wing) | One copy      |
| 2. | Principal Director of Audit Library                        | One copy      |
| 3  | Deputy Director/Admn & Deputy Director/WST                 | One Copy each |

In respect of other Divisional/Unit/Branch Audit Officers, the Narrative Report will be distributed by the Headquarters/Books depending on the availability of the copies of the Report.

On receipt of the copies of the report, a copy will be forwarded to the Comptroller and Auditor General of India (Railway Wing) with the remark that remarks, if any, as a result of scrutiny of the report will be sent separately. Simultaneously, copies of the reports will be forwarded to the various units, who will have to review the report and forward their remarks to the Headquarters Books and Budget Section. The Headquarters Book and Budget section will

review such portions as are within its ambit and after receiving the reports from the various units, and any points arising as a result, will be taken up with the Financial Adviser and Chief Accounts Officer for the issue of correction slips, if any, found necessary.

Regarding Annual Statistical Statements, depending upon the number of copies received from the Statistical Branch/Chennai, a realistic approach will be adopted by the Books Section in distributing the copies.

#### **1113 Office Manuals issued by the Administration:**

The Office Manuals issued by the Financial Adviser and Chief Accounts Officer and other offices of the Administration as also the correction slips thereto will have to be scrutinised and copies forwarded to the Comptroller and Auditor General of India (Railway Wing) in terms of para 120 Railway Audit Manual. In scrutinising the above, it should be seen that the provisions contained therein conform to the orders of the Government as far as financial principles and procedure of accounting or Audit are concerned.

#### **1114 Procedure Office Orders issued by the Accounts Office:**

The Procedure Office Orders issued by the Accounts Office should be scrutinised to see that they do not infringe any of the provisions in regard to financial principles and procedure of Accounting or Audit laid down by the Government.

It should be watched that copies of the Procedure Office Orders issued by the Accounts office are received in this office without any omission.

#### **1115 Audit of transactions between India, Pakistan and Bangladesh:**

The original vouchers in support of the debits/credits passed on to the Railway Board for adjustment with the Government of Pakistan/Bangladesh as well as those received in support of the debits/credits passed on to the Railway Board for adjustment with the Government of Pakistan/Bangladesh as well as those received in support of the debits/credits received from Pakistan/Bangladesh through the Railway Board should be checked concurrently by the office before they leave the Accounts Department. Necessary arrangements have been made with the Financial Adviser and Chief Accounts Officer to make available the relevant vouchers for concurrent Audit vide Financial Adviser and Chief Accounts Officer, S.Rly, Procedure Office Order No.339 dated 24.10.59.

The consolidated schedules relating to the Southern Railway as a whole for any month are required to be forwarded to the Railway Board by the Railway Administration so as to reach the Railway Board's office on the 5th of the second succeeding month positively i.e. one day in advance of the due date of receipt of the monthly Accounts Current in the Railway Board's office and this will be checked with reference to these schedules received from the various units available in the file of the Central Books section and countersigned by this section.

#### **1116 Register of irregularities, register of serious irregularities and losses and register of overpayments foregone: Paras 861 and 847 AI and Paras 475 to 478 and Para 492 of Railway Audit Manual:**

One register containing the above details in three parts is maintained, by the "Central Books Section". This register will be reviewed by the Headquarters Books Section to the extent prescribed. The registers maintained by the Books Section of the various branches will be reviewed by the corresponding Books Section of the local audit offices.

In the case of important items noted in the register, the relevant papers of the Accounts Office should be scrutinised to see whether any material is fit for mention in the Railway Audit Report, whether the action taken by the Administration, wherever necessary is adequate and whether necessary safeguards have been taken to avoid recurrence of the irregularities. The results of the review along with the register should be submitted to the Branch Officer.

**1117 Settlement of inter departmental and inter Governmental transactions:**

From the year 1976, with the departmentalisation of accounts of the Ministries/Departments of the Govt. of India, the following procedure is being adopted for settlement of inter-departmental and inter-Governmental transactions.

- 1) The transactions (including supplies and services) between Railways, Defence and P&T amongst themselves as well as the transactions (like dividend payable in lieu of tax on railway passenger fare, interest on loans and advances to Railway staff, income tax recoveries from Railway servants, interest on SRPF balances etc.) between Central Civil and Railways by sending advice to the Reserve Bank of India, Central Accounts Section, Nagpur and
- 2) The transactions between Railway/Defence/P&T on the one hand and any Central Civil Department/State Govt./Union Territory Govt. through cheques/Demand Drafts.

As regards the audit of item (1), the registers of advices issued and received by the Financial Adviser and Chief Accounts Officer (Form Nos.1432 & 1433/AI) should be reviewed periodically to see that there has been no undue delay in the part of the railway in effecting adjustments, such of the items as cannot be checked in detail by the Principal Director of Audit, Central Civil should be audited in detail.

The settlement transactions mentioned in item (2) is watched through the register of inward claims (for transactions arising in the books of the non-railway Departments/the State Accountants General and adjustable in the books of the Railways) and the register of outward claims (for transactions arising in the books of the railway and adjustable with Central Civil Departments/State Governments etc.). These registers are to be reviewed periodically to the extent prescribed and while reviewing these registers, it should be seen that supporting vouchers are properly checked before accepting the claims against the Railways and prompt action is taken for realisation of the Railways dues from other Government Department/Stores etc.

**1118 Transfers within the Railway and transfers between Railways:**

See paras 404 to 416 Indian Railway Code for the Accounts Department, Volume I (Revised Edition 1984). This is an Annual item of audit. The statement of transfer transactions accompanying the Accounts Current for March should be checked with the Annual lists of transfers sent by the several Railways so as to see that there are no discrepancies.

**1119 Audit Notes and Inspection Reports. Part II see Para 461 of Railway Audit Manual:**

In respect of Audit Notes and Inspection Reports Part II no formal replies will be sent by the Financial Adviser and Chief Accounts Officer/Assistant Financial Analysts. Every half year, the files of the Accounts Office containing the disposal of the Audit Notes/Inspection Reports Part II will be reviewed to see whether adequate action has been taken to set right the defects. The actual verification of the adjustments made by the Assistant Financial Analyst to set right the irregularities pointed out by Audit need be made in respect of really important cases to be decided by the Branch Officer. If as a result of such a review, it is seen that Audit objections included in the said notes/reports had been resolved by the Accounts Department, such items will be removed from the Register of Audit Notes/Inspection Reports.

**1120 Irregularity statement issued by Post Audit Section in respect of paid vouchers:**

These will be reviewed half yearly to see whether any serious irregularities have come out and whether any comment in the Audit Report would be called for.

**1121 Review by Asst. Audit Officer/Section Officer of listing of vouchers done by Auditors/Sr. Auditors for selection of vouchers for Audit:**

See Para 148 of Railway Audit Manual.

**1122 Miscellaneous advances and Deposits Miscellaneous Registers:**

The registers maintained by the Book Section will be reviewed half yearly. The outstanding at the end of the month of accounts selected for audit will be traced back to the month of origin in addition to a General Review. The instructions contained in paras **381** and **382** of Railway Audit Manual should be borne in mind while reviewing these registers.

**1123 Demands Payable Register:**

As per the latest orders of the Financial Adviser and Chief Accounts Officer, the operation of the head "Demands payable" is resorted to only at the fag end of the year viz. March Accounts to bring to books, the outstanding liabilities as pertaining to a particular year. Therefore, "Demands Payable" will be operated during the months of April and May of each year in respect of the transactions as pertaining to the year under closing and discharged during these 2 months. The Register maintained in the Accounts Office should be reviewed to see that the debits against this head are cleared in time.

**1124 General Cash Book: See para 367 of Railway Audit Manual:**

The transactions for the month selected will be completely checked.

Receipt Side: The opening balance should be checked with the previous day's closing balance.

The station collections are received in the cash offices at Chennai and Tiruchchirappalli. As regards the collections received at Chennai, the entries in the

Cash Book will be made from the Traffic Cash check sheets. In respect of the cash received at Tiruchchirappalli every day, an advice will be received from the Senior Assistant Financial Analyst/Traffic/Tiruchchirappalli indicating the cash received and cash remitted into the State Bank of India. These advices will be serially numbered every month and they will be posted in a separate manuscript register and totalled up at the end of the month. The amounts remitted into the Bank will be reconciled with the advices received from the Bank and the net figures carried over in the summary of the General Cash Book maintained in Form A.1103.

The recoveries effected from the pay bills will be posted from the credit allocation shown in the Abstracts of Bills passed (CO7s).

Miscellaneous receipts of cash will be posted from the cashier's miscellaneous receipt books which include the unpaid amounts returned by the Pay Clerks.

The withdrawals of cash from treasuries by cheques will be verified with the abstracts of Bills passed.

**Disbursements:** The payments made on account of bills etc. should be checked with the abstracts of bills passed and payments into treasuries with the Treasury remittance receipts while the closing balance should be tallied with the Cashier's Cash Book.

All cash transactions of the railway are operated in Revenue Books only, receipts and payments on Capital Account being posted under the head 'Transfer's Capital' and subsequently adjusted.

**1125. Cashier's Cash Book including the Pay Master's Cash Book of some Pay Clerks**

Chapter XIX. Indian Railway Code for the Accounts Department Para **368** of Railway Audit Manual. These will be reviewed to the extent prescribed.

The Cashier's cash book is maintained in two volume to record the transactions of alternate days. Both the volumes will therefore have to be checked. The Cashier's cash book has to be checked as under:

**Receipts:** (i) The opening balances should be checked with the previous days closing balance shown in the alternate volume.

- (ii) The amount of station collections should be checked with the station cash check sheet totals.
- (iii) Miscellaneous receipts with the Miscellaneous Cash Receipt books counterfoils, unpaid wages lists and Deposits Miscellaneous lists.

**Payments:** Payments into treasuries should be checked with the treasury receipts.

The corrections of the closing balance should then be verified. It should be seen that the same agrees with the closing cash balance shown in the General Cash Book maintained in the Books section. It should also be seen whether the cash book has been subjected to a daily check by the Assistant Financial Analyst and whether the verification of the cash balances with the Chief Cashier and the Pay Master has been carried out by an Assistant Financial Analyst as laid down in para 909-AI.

**Pay Master's Cash Book:** This will be checked along with the Cashier's Cash Book:

Receipt should be checked from the abstracts of bills passed (CO7s). The arithmetical totals and the balances will have to be checked. The bills and amounts handed over to the Cashier's will be acknowledged by them in this register itself. It should also be seen that these registers are closed daily by the Pay Master and checked by an Assistant Financial Analyst and that necessary acquittance certificates have been given by the Accounts Department, on the cash book as laid down in 958 AI.

It should also be seen that no bills are outstanding with the Pay Master beyond the prescribed period.

In regard to the 'Construction' and 'Workshop' branches at Chennai no separate cash offices are attached. The Headquarters cash office does the work, relating to these units also. In respect of 'Construction' branch, a separate Pay Master's Cash book is maintained and the check of the same devolves on the Construction Audit Branch, Chennai Egmore. In regard to Workshop branch, however, the details will be included in the Pay Master's cash book of Headquarters. As such while checking the cash book the Headquarters Books and Budget Section will verify the correctness of the details relating to Workshops in consultation with the workshop Audit Section.

In the case of Workshop Units at Golden Rock and Podanur, a similar procedure will be adopted by the unit Audit Offices concerned.

In addition, the receipt books of any two Cashiers selected for the purpose should also be scrutinised along with the pay master's cash book. In scrutinising cashier's books; it should be seen that

- (i) the amount shown as received by them on each day agree with the amount shown in the pay master's cash book wherein the acquittance is given by the Cashier.
- (ii) the accounts are closed periodically as laid down in the code or other procedure prescribed by the Financial Adviser and Chief Accounts Officer.
- (iii) the vouchers are not retained by the Cashiers beyond the prescribed period.
- (iv) the unpaid amounts are credited back promptly.

#### **1126 Surprise Verification of Cash: (Para 359 of the Railway Audit Manual)**

The physical verification cash with the Chief Cashier Chennai and the Assistant Cashier, Tiruchchirappalli need not be conducted by this office. It should, however, be ensured that the internal check authorities have carried out the periodical checks as prescribed in para 1920 of the Indian Railway Code for the Accounts Department Vol.I and that the results of such checks have been kept on record.

The cash in hand with the Divisional pay masters in the Headquarters cash office and in the Divisional Headquarters should however be verified annually by the Books & Budget Section. In the year, in which the Inspection of the cash offices is taken up, the above surprise check may be taken up along with the inspection. The verification of cash with the Cashiers headquartered outside the Divisional Headquarters but present at the time of Inspection of the Divl. Pay Masters office should also be conducted.

In the case of the Divisional Pay Master/Construction in the Headquarters' cash office the verification will be done by the Construction Audit Branch.

In addition, the Headquarters Books and Budget Section and the Construction Audit Branch, Egmore will conduct a surprise verification of cash with a Cashier in the Headquarters Cash Office every **quarter ending March, June, April and December** of each year. The Divisional Audit Offices will conduct a surprise verification of cash with one Cashier in the respective Divisional Headquarters and of one Cashier at an outstation every half year.

In all the cases:

- i) the date and time at which the verification is proposed to be taken up should be kept secret.
- ii) the cash should be counted by the railway official who is in charge of cash and not by Audit staff.
- iii) The result of verification should be recorded in the cash book by the Gazetted Officer supervising the verification.

During the inspection, it should be seen that

- a) the Cashiers etc. do not keep the vouchers beyond the prescribed period.
- b) the unpaid wages are credited back promptly.
- c) the accounts have been closed periodically by the Cashiers and checked by supervising staff.
- d) any shortage of cash noticed is made good immediately by the official.
- e) Any excess cash is credited to Railway Revenues immediately by the official.

A report on the discrepancies if any noticed during such Inspections should be sent to the Financial Adviser and Chief Accounts Officer/Divisional Financial Manager/Senior Assistant Financial Analyst immediately on completion of the inspection.

#### **1127. Accounts of Branch Line Companies:**

(Para 378 Railway Audit Manual) There are no Branch Line companies on this Railway.

**1128 Rebate statement and statements of surplus profits relating to Worked Lines:** Para 379 of Railway Audit Manual: As there are no worked lines in Southern Railway on date, the instructions contained in para 1128 of the Office Manual is deleted.

#### **1129 Recovery of guarantees from Provincial Governments and District Boards (Para 376 of Railway Audit Manual)**

There are no such cases on the Southern Railway at present.

#### **1130 Branch Line contracts:**

See Para 378 of Railway Audit Manual. No such contracts exist on the Southern Railway.

**1131 Debt Head Report (Review of Balances):**

This will be compiled in the form prescribed in para 749 Indian Railway code for the Accounts Department Vol.I. The date of submission of advance copy and the finally audited copy of the DHR will be as the programme received from the C & AG of India (Railway Wing) annually. Each of the Assistant Financial Analysts will furnish the report in respect of the debt heads operated on by their section(s) for which necessary subsidiary records are maintained by them, to the Headquarters Central Books Section of the Accounts office with two copies of the concerned local Audit Officers. The Headquarters Books Section of the Accounts Office will consolidate the details received from the various units, prepare the consolidated report and forward the same to the Railway Board and to this office. The local Audit Officers will on receipt of the reports from their Assistant Financial Analysts, verify the same with reference to the records maintained by the respective internal check section(s) and forward their observations to the Assistant Financial Analyst with a copy each to the Financial Adviser and Chief Accounts Officer (Books) and to the Headquarters Books and Budget Section of this office. A copy of the audited report will also be forwarded by the Audit Officers to this section. The remarks will be finalised shortly afterwards by the Assistant Financial Analyst in consultation with the Audit Officer and corrections slips if any necessary, to the report will be forwarded to the Headquarters Central Books Section of the Accounts Office, with copies to local Audit. The local Audit Officer will forward a copy of the correction slip to the Headquarters Books and Budget Section duly audited.

**1132.** The advance copy of the consolidated report received from the Financial Adviser and Chief Accounts Officer will be checked by Headquarters Books & Budget Section. (presently the checking and the certification of the Debit Head Report is being carried out by the Headquarters Establishment Section) The remarks thereon including the observations of the local audit officers will be pointed out to the FA&CAO. After the finalisation of the reports of the various accounting units, as well as the finalisation of the remarks of the Headquarters office, the final copy of the report will be drawn up by the Accounts Office in consultation with this office. The final copies duly signed by the FA&CAO will be forwarded to this office for incorporating the Audit Certificate, prescribed in para 8 of the Railway Audit Manual under the signature of the Principal Director of Audit. One copy of the report will be forwarded by the Railway Administration to the Railway Board. This office will retain one office copy and forward another copy to the Comptroller and Auditor General of India (Railway wing).

**1133. In checking the report the following should be borne in mind:**

- (i) Separate sheets should be used for each section of Account viz. F Loans & Advances, K-Deposit and Advances and M-Remittance etc.
- (ii) The arrangements of the group major heads, major heads sub minor heads, minor heads etc., strictly follow the list of major and minor heads of account as appearing in the Appendix XIV Indian Railway code for the Accounts Department Vol.I as amended from time to time. Haphazard Exhibition of heads and of their nomenclature are avoided.
- (iii) The balances at the end of the previous year should agree with the balances exhibited in the final audited copy of the previous year's report and they should never be changed on account of proforma adjustments (transfers without financial adjustments) which should be given effect to only in the opening balances of the financial year under review.
- (iv) The balances at the end of the year under review should agree with the figures as appearing in the consolidated ledgers and other subsidiary registers. While checking the consolidated report it should be seen that the balances agree with the sum totals of the balances shown by the various units under the respective heads of account.
- (v) The balance should be in exact whole figures.



(vi) Important variations between current and previous years balances should be explained in brief in the remarks column of the proforma. Any special features or adjustment involved and the amount of proforma adjustment included in the balance at the end of the year under review should invariably be indicated. Cases of write off, doubtful assets should also be mentioned. The differences if any, between the subsidiary registers and the general books should also be brought out in the remarks column against the concerned head of account.

(vii) In cases where there is a debit balance under a head where, there should be credit balance or vice versa, reasons for such irregular balance and the steps taken to clear it within a period to be specified should particularly be indicated.

(viii) The certificates prescribed in para 751 AI should invariably be furnished under the respective heads of accounts. Where it is found necessary to provide for certain exceptions in the certificate it should be modified in such a way that its sense remains intact.

(ix) Information regarding progress made towards clearance of the outstanding or discrepancies relating to previous years should be furnished under the years concerned.

(x) Balances in the Capital & Revenue books should be indicated separately in respect of each head.

(xi) It should be ensured that the following particulars are also furnished:

I) **F. Loans and Advances:**

(a) Balances under each minor head should be exhibited separately.

(b) Position of reconciliation of broad sheets with ledger should be distinctly mentioned. Any difference between the two books and the action taken to eliminate the same should be clearly indicated mentioning the amount of such difference as more or less in the ledger.

(c) Number of cases in which recoveries were not made regularly and the reasons there for should invariably be indicated.

(d) Where the acceptance of employees for the balances outstanding against them have been obtained in part only, the number of total acceptances required to be obtained and of those outstanding should be indicated.

(e) The amount and number of cases in which recoveries due up to the end of the last financial year have not been made during the year under review and a year wise break-up of these outstanding should be furnished.

II) **Un-funded debt:**

(a) The position of annual reconciliation of Provident Fund ledgers with the General books should be indicated in respect of each fund mentioning the difference between them if any. Arrears of posting and reconciliation if any, should also be clearly mentioned.

(b) The position regarding the issue of advice slips showing the balances at the credit of the members should be distinctly indicated. Where the advice slips have been issued only in part, the number of slips due to be issued and of those outstanding should be furnished.

(c) Whether adjustment of bonus in respect of contributory Provident Fund has been made on actual basis or on approximate basis should be stated under the heads. In case of adjustment having been made on approximate basis a reference to year's account in which the difference between actual and approximate figures has been or will be adjusted should be quoted.

(d) Similar information relating to adjustment of interest as in (c) above should be furnished in respect of each fund.

III) **K. Deposits and Advances:**

(a) The balances under this head should be classified over its various sub-heads and should be given separately for capital and Revenue with brief reasons for variations.

(b) In the case of balances under “Deposits private companies” a certificate to the effect that acceptance of the balance at the end of the year has been obtained from the parties concerned should be furnished.

(c) The balance in respect of “Deposits or branch line companies” should be shown separately for each line and a certificate should be furnished that the balances agree with those shown in the companies books-

IV) *Year wise distribution of the balances:*

(a) A statement showing year wise distribution of balances under the following heads must accompany the report:-

(i) Indian Railway Deposits (Year wise distribution of balances under each sub-head as also total of such distribution for each year must be given)

(ii) Account with Government of Pakistan/Bangladesh Railways.

(iii) Account with Reserve Bank.

(iv) Departmental Advances - Railway Advances.

(v) Reserve Bank Suspense.

(vi) Remittance into Banks.

(vii) Cheques and Bills.

(viii) Other transactions.

(ix) PAO Suspense.

(x) Advances for the purchase of Motor Conveyances.

(xi) Advances for other conveyances.

(xii) House Building Advances.

(xiii) Other advances including rehabilitation flood cyclone advances etc. (the details relating to each of the advances to be furnished separately).

(xiv) Trust interest account.

(xv) Account with states.

(xvi) Adjusting Account with Posts & Telegraphs.

(xvii) Adjusting Account with Defence.

(b) The amount of break-up shown under each year should be the amount actually pertaining to that particular year outstanding at the end of the year under review and should not be the net result of debits and credits for that year.

(c) Comments regarding the efficiency or otherwise of the balances outstanding for long should invariably be furnished. Besides action taken to secure clearances of the outstanding should also be advised in brief.

(d) In those cases, wherein the year wise break-up could not be furnished due to some reasons or other viz. arrears in postings of subsidiary registers arrears in reconciliation of subsidiary registers with the general books etc., the total amount pertaining to each head of account for which such break up is not available should be shown separately under the heading “amount for which year wise break-up” is not available.

(xii) The arrears in regard to certain phases of work required to be shown in the above report as described earlier should be compared with those shown in the periodical arrear reports by the Assistant Financial Analyst(s) to the Financial Adviser and Chief Accounts Officer to ensure that there are no omissions etc.

(xiii) The following additional information and the certificate should be appended to the report.

(a) Opening balances on 1st April, receipt and disbursement during the year and the closing balances at the end of 31st March under each classified heads of Indian Railway deposits. The

amount of transfers without financial adjustments included in the opening balances should invariably be indicated.

- (b) Receipts and disbursements during the year under cash
- (c) Certificate to the following effect subject to the remarks below the balances whether in cash or investments under each head have been duly verified and found to agree with those shown in the separate registers or other record and maintained for the purpose in accordance with the prescribed rules. They have been accepted as correct by the responsible officers concerned where necessary. The debits and credits during the year to the various Reserve Funds were for the amounts authorised by the relevant rules of the funds and there were no diversions for purposes other than those for which the funds were constituted.
- (a) Reconciliation of subsidiary registers with general books has not been finalised or is in arrears in respect of the following;
- (b) There are un-reconciled differences in the closing balances in respect of the following and steps are being taken to settle the discrepancies as soon as possible.
- (c) In the following cases, acceptance of the balances required to be communicated to the officers concerned every year has not been received.

(Authority: Railway Board's letter No.61-ACI-8/1/60-61 dt: 14th/17th August 1961 and No.62/ACI/8/1/61-62 dt: 17.5.62 received under C&AG of India, Railway wing endt.No.3549-RAII/(I)/3-2/61 Dt: 14.9.61 and 1839-RAII(i)3-2-62 dt: 4.6.62 respectively).

**1134.** After finalisation of the consolidated Debt Head Report a statement showing details of misclassification noticed should be drawn up in the following form with reference to the cases pointed out by the local Audit Offices and accepted by the concerned Assistant Financial Analysts and those noticed during the check in Headquarters and forwarded to the Financial Adviser and Chief Accounts Officer for his acceptance and remarks:

Sl. No	Brief Particulars of Misclassifications	Head of Account credited/ Debited	Correct head of account to which it should have been credited/debited	Amount (in Rs.)	Remarks
1	2	3	4	5	6

**1135.** When there are misclassifications the Audit Certificate on the report should be duly qualified. It should be noted that unlike the Annexure J. Statement of misclassifications and other mistakes appended to the Appropriation Accounts, the statement of misclassification affecting the Debt Heads has to be prepared by this office and the remarks/acceptance of the FA&CAO, thereon obtained as it is part of Audit observations on the Debt Head Report.

(Reference correspondence ending with Comptroller and Auditor General of India, Railway Wing UOI No.720-RAII/6/56 dt: 25.5.60).

**1136.** While forwarding the audited copy of the Debt Head Report to the C&AG of India (Railway Wing) a copy of the statement showing the misclassifications drawn up by this office and forwarded to the FA&CAO for acceptance, should also be sent. A further advice should also be sent as soon as the acceptance of the FA&CAO is received.

**1137. Important Orders:**

- (a) It will not be appropriate to issue the Audit Certificate on the Debt Head Report as the report proper alone is verified and finalised even though the annexure to the report containing the year wise break-up of the balances under the various Accounting heads still remain to be

finalised, as the year wise break-up of the balance also form an integral part of the report. In other words, the audit certificate should be issued only after the report complete in all respects is finalised.

(Para 2 of this office letter No.B.2/Pend/DHR/54-55/2796 dt: 23.6.1959 to the (Railway Wing) and the latter's reply No.705-RAII/T.1/3/55 NR dt: 3rd July 1959).

(b) In view of the considerable difficulties involved in obtaining the acceptance of the staff to the balances outstanding against them at the end of the year under 'F-Loans & Advances' for purposes of recording the necessary certificate in the Debt Head Report and with a view to having uniformity, it has been decided by the Railway Board in consultation with the Comptroller and Auditor General of India that the following procedure should be adopted.

(i) Advice slips showing the balance of the various advances under section "F-Loans" outstanding against each employee should be prepared separately in respect of each employee and sent to the controlling officer for delivery to the employees concerned. This slip should contain an acknowledgement portion at the bottom on which the signature of the staff concerned should be obtained at the time of delivery of the advice slips and returned to the Assistant Financial Analyst by the Controlling Officer.

(ii) The advice slips should also contain a note to the effect that acceptance to the balances shown as outstanding therein should be furnished by the employee within three months of the date, the balance is intimated to him/her, failing which the balances as advised will be taken as correct and accepted by the employee concerned.

(iii) The stipulation referred to in item (ii) above should also be got noted by the employee at the time the loan is granted to him/her.

(Authority: Railway Board's letter No.59/ACI/8/2/57-58/NE dt: 1k4.2.61 received under C&AG of India Railways endt.No.391-RAII/3-2/58 Part .II dt:1.3.61).

### **Capital & Revenue Accounts:**

**1138:** The Advance Copy of the Capital and Revenue Accounts will be compiled by the Financial Adviser and Chief Accounts Officer in accordance with the instructions contained in paras 702 of Indian Railway Code for the Accounts Department Vol.I and forwarded to the Railway Board. Simultaneously, two copies thereof will be forwarded by him to this office for check and certification. The accounts will be checked in detail as described below and the remarks on the check of the same sent to the FA&CAO for necessary action. After finalisation of the points raised by Audit, the FA&CAO will forward one copy of the accounts duly incorporating the amendments suggested by this office for the concurrence of this office before sending it to the press for printing. Five proof copies of the finalised accounts will be obtained by the Accounts office from the press compared with the agreed final copy and sent to this office for comparison before sending them up for General Manager for signature. On receipt of these proofs, they will have to be compared carefully with the accepted copy of the Accounts referred to earlier. At times, it might happen that too many corrections might be required to be made either due to printing errors or otherwise. In such cases, the Financial Adviser and Chief will obtain revised proofs from the press and the process of comparison will have to be gone through over again. After comparison of the proof copies/revised proof copies by this office, four copies thereof will be sent up for the signature of FA&CAO and General Manager in the appropriate places. The copies of the accounts duly signed by the FA&CAO and OM will be given to this office by the Accounts Department for the signature of the Principal Director of Audit on the Audit Certificate. After obtaining the Principal Director of Audit's signature, two copies of the accounts will be retained by this office and the remaining two copies handed over to the Accounts Office, who will forward one copy thereof to the Railway Board. The Fifth proof copy (unsigned) will be sent to the press duly recording the names of the FA&CAO, General Manager and the Principal Director of Audit in Block letters and the dates of their signature in

the appropriate place, along with the strike order. After receipt of the printed copies of the Accounts, one copy thereof will be forwarded to the Comptroller and Auditor General of India (Railway Wing) and the Divisional/Branch Offices will be supplied with one copy each for their record.

**1139. Statement I. Statement of Capital Outlay authorised:**

This will be checked, with the final copy of the previous years account, the ledger and the audited copies of the statement of transfers without financial adjustment forwarded to the Comptroller and Auditor General of India separately.

Statement II. Stock and share capital created showing proportion received.

Statement III. Capital raised by Loans, Debentures and Debenture stock.

Statement IV: Receipts and Expenditure on Capital Account.

Statement VII. Capital, Power and other Assets available to meet further expenditure.

These statements relate to worked lines.

**1140. Statement V. Details of Capital Expenditure for the year:**

In this statement, the expenditure during the year will be shown by main heads of account (final head of account) under major head 546 Capital outlay on Indian Railways (Commercial) in respect of open line and in respect of each of the New constructions separately under the New Classification. For this purpose, the statement showing the actual expenditure for the year by detailed heads of account under the said major head relating to the various accounting units will be forwarded by the local audit officers duly verified. These will be consolidated independently by this office for the check of Schedule 'C' to the Finance Accounts as well as this statement. While checking, this statement, it should be ensured, that the totals under each of the minor heads of account under the said major head in respect of open line and each of the new construction agree with the figures shown in the ledger or the relevant schedules accompanying the Capital Account Current for March.

**1141. Statement VI. Statement showing Estimates of further Expenditure on Capital Account:**

In this statement also, the details in respect of open line and each of the new constructions will be shown separately. The figures to be shown under the column "Total expenditure from commencement of operation to end of the year" will be arrived at by adding the outlay to end of the year" appearing in the previous years final copy of accounts, the expenditure during the year shown in Statement No.V. of the current year and the amounts of transfers effected without financial adjustment affecting the heads of account as shown in the audited copies of the statements forwarded to the Comptroller and Auditor General of India (Railway Wing) separately. Here again, it should be ensured that the figures shown against each minor Head of Account in respect of open line and each of the new construction agree with those shown in the ledgers/relevant schedules accompanying the capital account current for March. This expenditure will tally with that shown in Schedule 'C' of Finance Account.

**1142. Statement No.VIII: Capital Account Open Line and Construction:**

The details shown in the Statement will be checked with those shown in the final copy of the previous year's accounts and the statement No.VI of the current year verified as described in the previous paragraphs. In the revised accounting procedure, no change except the credit side will be shown expenditure under the same heads as given in the proforma laid down for Statement No.V.

**1143. Statement No.IX. Revenue Account:**

The details of earnings under new abstracts shown in the statement will be verified with details shown in the schedule of earnings accompanying the revenue account current for March.

As regards the details of working expenses, the statement showing the gauge wise particulars, of expenditure of sub-detailed heads of account under each of the revenue abstracts, as well as the statement showing the gauge wise actual expenditure under each of the revenue abstracts distributed by several grants will be forwarded by the various Assistant Financial Analysts to the FA&CAO, and the local Audit Officers. These statements will be scrutinised by the Audit Officers concerned with the revenue allocation sheets of their units and audited copies thereof furnished by them, to the Books and Budget Section in Headquarters. The abstract wise and demand wise details will be consolidated independently by the Headquarters Books and Budget Section and the details of the working expenses shown in the statement verified. The details of expenditure towards payments to worked lines will be verified with reference to the ledger as well as the schedule accompanying the revenue Account Current. The accuracy of the percentage of each item of the working expenses to the Gross Earnings shown in the statement will be verified.

**1144. Statement No.X. Distribution of the actual earnings and proportionate share of working expenses of the various lines comprising the Railway system:**

The particulars of total earnings and working expenses of the system shown in the statement will be verified with the details shown in Statement No.IX . The details in respect of each of the worked lines will be checked with reference to the details available in the register maintained by the Books (Central) Section of the Headquarters Accounts Office, which are verified every month by the Headquarters Books and Budget Section as described elsewhere in this Chapter. The arithmetical accuracy of the several percentage shown in the statement as well as the details of amounts relating to Southern Railway excluding worked lines will then be verified.

**1145. Statement No.XI. Summary of Working Expenses:**

This statement in the existing form is discontinued and it is replaced by statement showing expenditure under each demand by primary unit wise as per the proforma showing summary of working expenses by primary unit wise and grant wise. This will be checked with reference to the audited details received from the various units and consolidated by the Headquarters Books and Budget Section as described under Statement No.IX above.

**1146. Statement No.XII. Detailed Accounts of Working Expenses:**

This statement should show expenditure by detailed heads as per the revised classification. The audited details received from the various units as described under Statement No.IX above will be traced into consolidated allocation sheets in respect of each of the revenue abstracts prepared by the Headquarters Books (Central)Section of the Accounts Office and the correctness of the totals shown in the consolidated sheets will be checked. The details shown in the above statement will be verified with the checked details in the consolidated allocation sheets. It should be ensured that the details shown in these statements agree with the corresponding figures shown in these statements agree with the corresponding figures shown in the Statement No.XI.

In the case of all abstracts, it should be ensured that the various sub-detailed heads of account are current and all the heads of account are exhibited irrespective of whether expenditure is booked against any head or not. For this purpose, the final copy of the statement showing the changed in Form and classification of accounts introduced during the year forwarded to the C&AG of India in connection with the Appropriation Accounts should be consulted to see that the obsolete heads of accounts are deleted and the new heads of accounts introduced are reflected. As regards Abstract Misappropriation to Depreciation

Reserve Fund, the abstract wise and gauge wise details are worked out by the Headquarters Books (Central) Section of the Accounts Office as detailed below:-

The total amount of 'Appropriation of Depreciation Reserve Fund' will be distributed among the departments in the same proportion, which the actual expenditure on replacements and renewals for that department bears to the total expenditure on replacements and renewals of the entire Southern Railway system. The amounts thus apportioned to each of the departments will then be distributed gauge wise in the same proportion which the expenditure on replacement and renewals for each gauge bears to the total expenditure on the same account for the department.

**1147 Statement No.XIII Detailed accounts of Revenue Earnings:**

The material for these statements will be compiled by the Miscellaneous Section of the Accounts Office (Traffic Accounts Branch), Chennai and sent to the Books (Central) Section of the FA&CAO's office, simultaneously endorsing copies of the statements to this office. These statements will be verified by the Traffic Audit Section, Chennai with Traffic receipts. Books maintained in the prescribed form by the "B" Section of the Accounts Office and an audited copy thereof will be sent to the Headquarters Books & Budget Section. The statements in the capital and Revenue Account will be verified with reference to the audited statements received from the Traffic Audit Section.

It should be ensured that the heads of account shown in these statements are current and all the heads of account are shown irrespective of whether any earnings are booked against them or not. The final copy of the statement showing the changes in form and classification of Accounts sent to the Comptroller and Auditor General of India in connection with the Appropriation Accounts should be consulted for the purpose.

**1148. Statement No.XIV. Statement of outstanding Earnings for the year:**

The details for this statement furnished by the 'M' Section of the Traffic Accounts Branch will be verified by the Traffic Audit Section, Chennai with reference to the Accounts Office Balance sheet and the register of Accounts Office Traffic Account current maintained in the prescribed form by the 'M' Section and an audited copy thereof will be furnished to the Headquarters Books and Budget Section,. The statement in the Capital and Revenue Accounts will be verified with reference to these audited details.

**1149 Statement No.XV. Net Revenue account for the year:**

This statement should be compiled in the revised proforma. The figure of Dividend to General Revenues for the year shown in the statement should be verified with reference to the audited copy of the statement showing the detailed calculations of Dividend Payable to General Revenues forwarded to the Comptroller and Auditor General of India (Rly. Wing). As regards the figures of payment to Genl. Revenue in lieu of tax on Railway passenger fares" the same has to be verified with the audited copy of the Railway Board's circular letter to the various Railways., advising the figures of "share of cash of Railway Board etc." and "payments to General Revenues in lieu of tax on passenger fares" for purposes of proforma exhibition in the profit and loss account of individual Railways received from the Comptroller and Auditor General of India.

**1150. Statement No.XVI Account of Total Net Receipts:**

This will be checked with the final copy of the previous year's account of the revenue ledger and the Statement No.IX of the current year.

**1151. Statement No.XVII-Dividend Account:** This will be checked with previous year's final copy of the accounts and statement No.XVI of the current year.

Statement No.XVII: Statement showing Capital-at-charge and calculation of dividend payable to General Revenues for the year should be compiled in the Revised Proforma.

**1152. Statement No.XVII-B:** Statement showing details of subsidy received from General Revenues should be compiled in the Revised Proforma and it should be checked whether this has been so compiled.

**1153. Statement No.XVIII: Depreciation Reserve Fund Account:**

This statement should be compiled in the revised proforma. The Opening Balance in the Fund shown in the statement should be checked with the closing balance shown in the final copy of the last year's accounts and the statement showing the transfers effected without financial adjustment during the year which is checked separately. The amounts of replacements and renewals, expenditure and credits for released materials will be checked with schedule of working expenses accompanying the Account Current for March of the year. The amount of Appropriation to Depreciation Reserve Fund' will be verified with the consolidated revenue ledgers. The figure of interest charges should be the same amount as shown in the Transfer Certificate sent to the Railway Board. The closing balances should be the same as shown in the consolidated revenue ledger. The correctness of the amount of interest would have been checked during the audit of the Account Current for March. The same is, however, arrived at as per illustration, shown below, which relates to the year

1982-83:

		Rs.
1,	Opening Balance as on 1.4.82.	(-) 83,84,42,651
2.	Transfers without Financial Adjustment	1,45,08,555
3,	Total (1 + 2)	(-) 82,39,34,096
4,	Contribution to the Fund during 82-83	55,67,33,000
5,	Amount met from the fund during 1982-83	65,40,47,853
6.	Net (4 minues 5)	(-) 9,73,14,855
7.	Half the net outlay during 1982-83	(-) 4,86,57,428
8.	Total amount on which interest is to be worked out -(col 3 + 7)	(-) 87,25,91,524
9.	Interest charges @ 6.50% for the year 1982-83 vide Railway Board's letterNo.83/ACI/2/2/82-83of 14.4.1983.	(-) 5,67,18,449

**1154. Statement No.XVIII-A: Railway Pension Fund:**It should be seen whether this account has been compiled in the revised proforma. The process of check of this statement is similar to the one adopted for statement No.XVIII explained above, while checking the correctness of the amount of Appropriation to Pension Fund' the appropriation to the fund in respect of Railway Audit Staff should be checked with reference to the amount shown in the schedule of expenditure under the Major head 345-Indian Rlys.(Policy Formulation, Direction, Research, Miscellaneous Organisation Expenditure) accompanying the Account Current for March. The method of calculation of interest on the balances in the fund is also the same as for Depreciation Fund.



**1154 A Special Railway Safety Fund:**

This account will be compiled in the form prescribed in the by the Railway Board from time to time. As this account came into existence from October 2001, Special Railway Safety Fund Account should be prepared from the year 2001-02 onwards.

1. Opening Balance.
2. Transfers without financial Adjustment
3. Appropriation to the fund during the year.
4. Interest on the Fund balance.
5. Total
6. Withdrawals from the fund during the year.
7. Closing balance.

This will be compiled by the Books Section of the office of the Financial Adviser and Chief Accounts Officer and checked by the Headquarters Books & Budget Section of this office. A separate account in respect of each of the independent accounting units need not be compiled. The statement will be checked as follows:-

The opening balance will be checked with reference to the closing balance at the end of the previous year as shown in the audited copy of the Account relating to the previous year. The amount of transfer without financial adjustments, if any, effected during the year affecting this Fund will be verified with the audited copies of the statement showing the transfers effected without financial adjustments during the year sent to the Comptroller & Auditor General of India (Railway Wing) separately as already described in Chapter XI. The appropriation to the fund as well as withdrawals from the fund during the year should be checked with reference to the ledger/schedule to the Account current for March. The interest is calculated at the percentage intimated by the Railway Board from year to year on the total of opening balance and transfers without financial adjustment and half of the net outlay during the year. The details of calculations are available in the Account of the Fund appended to the Account Current for March. The correctness of the interest and closing balance should then be checked.

**1155. Statement No.XIX. Statement of Expenditure under Major Head 345-Policy formulation, Direction, Research and other Miscellaneous Organisation:**

The above statement should be prepared in the Revised Proforma:

The details of outlay shown against the various minor heads should be verified with the schedule register maintained by the Accounts Office or the schedule accompanying the account current for March. In respect of the minor head 'Audit', the details by Main Heads under the sub minor Head 'Cost of Rly. Audit Offices transferred from Audit 216 will be checked with a separate statement accompanying the Accounts Current for March.

As regards the minor head 'Surveys' the details of outlay in respect of each of the surveys furnished by the FA&CAO/CN/MS/BNC to the FA&CAO/S.Rly/MAS for incorporation in this statement will be verified by the respective Audit Officers attached to the above Construction Branches with the Works Register maintained by the Accounts Office and the Audited details thereof furnished by the Audit Officer to the Headquarters Books & Budget Section for check of this statement.

The figures of the outlay to the end of the previous year 'should be the same as outlay to end of the year' shown in the final copy of the previous year's accounts.

The correctness of the figures of outlay to the end of the year's should then be checked. In checking this, it should be ensured that the amounts transferred without financial adjustment

during the year if any, affecting any of the heads as reflected in the audited copy of the statement showing the transfers without financial adjustment forwarded to the Comptroller and Auditor General of India (Rly.Wing) separately are also taken into account duly bringing out the fact in a suitable foot-note.

The details furnished in the statement showing the detailed account of expenditure on closed surveys should then be verified with the final copy of the previous year's accounts as well as additions/deletions, if any, during the year furnished by the Construction Audit Branch at Chennai Egmore/.

**1156 Statement XX. Statements of Expenditure charged to Development Fund and Statement XXI: Statement of Expenditure charged to Open Line Works Revenue:**

The details of expenditure during the year charged to Development Fund and Open line works. Revenue by Main and/or subheads of expenditure in respect of each of the accounting units will be forwarded to the FA&CAO by the unit Accounts Officers duly endorsing copies thereof to the local Audit Officers. These statements will be audited by the respective Audit Officers and audited copies thereof forwarded to the Headquarters Books & Budget Section who will consolidate them independently for purposes of checking the outlay during the year shown in these statements.

The details of outlay to the end of the year should then be checked. This will be arrived at by adding the 'outlay during the year' the 'outlay to end of the previous year' as shown in the final copy of the accounts of the previous year and the amounts of transfers without financial adjustments, if any, during the year as shown in the audited copy of the statement showing the transfers without financial adjustments forwarded to the C&AG of India (Rly. Wing) separately.

The following points should be borne in mind in checking these statements:-

- i) The nomenclature of the main and subheads shown in these statements are those prescribed in the Appendix IV to the Indian Rly. Code for the Accounts Dept. Vol.I.
- (ii) The figures of outlay for the year under each of the minor Heads under Development fund and Open Line Works Revenue agree with the net figures appearing against the concerned items in the relevant schedules appended to the Revenue Account current for March of the year. If, however, there are any differences due to the rectification of mistakes through the Capital & Revenue Accounts, suitable foot-notes should be brought out in the statements bringing out this fact.
- (iii) Even though the figures of 'credits' in respect of Development fund I and Development Fund II are shown separately in the schedule to the Accounts Current, they should not be shown as a separate item in the statement No.XX. Such credits should be merged with the expenditure relating to the main and sub-heads under the said minor heads.
- (iv) At time, it might happen that certain items of expenditure booked under Development fund or Open Line Works Revenue do not fall under any of the main or subheads under the various minor heads of accounts, In such cases, the amounts should be included under such sub-heads in which they could be merged based on the description of the items given by the units and a suitable foot-note incorporated in the Scheduled concerned.

**1157. Finance Accounts:** The Finance Accounts will be compiled in the form prescribed in para 728 AI as amended from time to time. The procedure in regard to the compilation of the advance copy, its scrutiny, preparation of the final copy and its certification will be the same as that for the Capital and Revenue Accounts explained earlier with the exception that as soon as the proof copies of the Accounts are signed by the FA&CAO and Principal Director of Audit. One copy thereof will be forwarded to the C&AG (Rly.Wing). The

checks to be exercised and the various documents with which the figures shown therein are to be checked are detailed below:

**1158. Schedule A - Abstract Accounts:** The form for this account has been revised to accord with the revised classification. The figures of actual expenditure for the previous year should be verified with the figures of actuals of the year shown in the checked final copy of the Finance Accounts for the previous year. The figures of actual expenditure for the year should be verified with the ledgers or the schedules to the Account Current for March of the year.

As regards the figures of actual expenditure in respect of the several revenue abstracts, the same has to be verified with those shown in the Statement No.XI. Summary of Revenue Working Expenses in the audited Capital and Revenue Accounts of that year. Often, it happens the compilation of the Finance Accounts is taken up first by the Accounts Office. In such cases, from the audited copies of the statements showing the details of the gauge wise expenditure by sub-detailed heads of account under the various Revenue Abstracts, the total expenditure under each of the Revenue Abstracts, will be consolidated for purposes of checking the details shown in the Finance Accounts. Such a course would be necessary as otherwise the audited details received from the divisions will have to be traced into the consolidated Revenue Abstracts and their totals checked up, which will delay the scrutiny of the Finance Accounts.

**1159. Schedule 'B' Detailed Account of Expenditure under Major Head 345-Policy formulation direction - Research and Other Miscellaneous Organisation, Commercial/Strategic"**

This schedule is a mere reproduction of statement No.XIX in the Capital and Revenue Account with slight modification in the headings. It should be ensured that the details shown in the Finance Accounts are the same as those furnished in the Capital and Revenue Accounts of the year.

**1160 Schedule 'C' Detailed Account of Expenditure under – Capital, Depreciation Reserve Fund, Development Fund, Special Railway Safety fund, Railway Safety fund & Open Line Works Revenue (Outside the Rev. Accounts):**

The details in respect of Open Line and each of the 'New' Constructions should be exhibited separately in this statement. The statements showing details of outlay during the year by the various detailed heads of account furnished by the Assistant Financial Analysts of the various units for the preparation of statement No.V of the Capital and Revenue Accounts will be audited by the respective Audit Officers and an audited copy furnished to this office. These will be consolidated and the figures of outlay during the year shown in the statement verified.

The figures of outlay to end of previous year will be verified with reference to the figures of outlay to end of the year shown in the audited final copy of the Accounts for the previous year.

The correctness of the figures of outlay to end of the year should then be checked. In checking the same, the amounts of transfers effected without financial adjustments during the year as shown in the audited statement of transfers without financial adjustments forwarded to the C&AG after the close of the accounts for the year should also be taken into account. In such cases, a suitable foot-note should be appended to the schedule. It should also be ensured that the figures of "outlay during the year" and "outlay to the end of year" in respect of each of the minor Heads of account agree with those shown in the ledgers/schedule accompanying the Account Current for March of the year concerned.

**Schedule D – Detailed Account of Expenditure in Construction of Railways charged against companies and Durbars Capital – NIL for Southern Railway.**

**Schedule E** – Statement showing balance in the books of Southern Railway at the end of 31<sup>st</sup> March \_\_\_\_.

**Schedule F** – Expenditure charged to 546 – B Development fund for the year ending 31<sup>st</sup> March \_\_\_\_

**Schedule FI**: For expenditure under Development fund by minor Heads of Classification (Plan Heads) under Major Head 546

**Schedule G**: Expenditure under OLWR by minor heads of classification (Plan Heads) under Major Head-546.

**Schedule G1** – Expenditure charged to 5002 – OLWR by minor heads of classification (Plan Head) for the year ending 31<sup>st</sup> March \_\_\_\_

**Schedule H** – Schedule of Expenditure from the Contingency Fund

**Schedule J**: Detailed account of expenditure under Depreciation Reserve Fund

**Schedule K** - Expenditure charged to 5002 –RSF by minor heads of classification (Plan Head) for the year ending 31<sup>st</sup> March \_\_\_\_

**Schedule L** - Expenditure charged to 5002 – SRSF by minor heads of classification (Plan Head) for the year ending 31<sup>st</sup> March \_\_\_\_

**1161. Schedule F&G:** These are mere reproduction of statements XX and XXI of the Capital and Revenue Accounts. With slight modification in the headings, it shall be ensured that the details shown in the Finance Accounts are the same as those furnished in the Capital & Revenue Accounts of the year.

There are no changes in the format of other Schedules and Appendices to Finance Accounts viz. Schedule F, G and H and Appendix 'A' except that detailed minor heads and sub-heads as required should be given under revised classification.

**1162. Schedule 'H':** This statement should be checked with reference to the corresponding schedule in the previous year's Finance Accounts and the Account Current for the year. The statement should also be checked with the audited copy of the Account of Contingency fund forwarded to the C&AG (Rly. Wing).

**1163. Appendix 'A' to the Finance Accounts:**

This statement should be checked with the final copy of the previous years Finance Accounts and the Abstract Accounts in the Finance Accounts of the Current year.

**1164. Audit Certificates: (Para 8 of Railway Audit Manual):**

The Books and Budget section in Headquarters is responsible for issuing the several Audit Certificates described below:-

**1165. Audit Certificate on the balance sheet:**

After the final copy of the Balance sheet for the Railway to the Appropriation Accounts is signed by the General Manager, the same will be made over to this office for recording the Audit Certificate in the following form under the signature of the D.A.

"I have examined the foregoing Accounts and the Balance sheet of the Southern Railway. I have obtained all the information and explanations that I have required, and subject to the observations in the separate Report of the C&AG of India, I certify as a result of my audit, that in my opinion, these Accounts and Balance sheet are properly drawn up so as to exhibit a

true and fair view of the state of affairs of the Railway according to the best of my information and explanations given to me and as shown by the Books of the Railway”.

**1166. Audit Certificate on Appropriation Accounts:**

“The accounts forwarded herewith have been examined by me in accordance with the requirements of Article 149 of the Constitution of India read with provisions of the C & AG’s (Duties, Powers and Conditions of Service) Act 1971. I have obtained all the information and explanations necessary and according to the best of my information and on the basis of certificates I have obtained from other Audit offices to the extent they are responsible for the audit of these accounts, I certify that the accounts are correct, subject to the observation made in the report” .

**1167.** In the case of Civil grant, F-Loans and Advances by the Central Govt. Loans to Govt. servants, the Audit Certificate in the following form should be sent along with the final copies of each of Appropriation Accounts relating to Southern Railway, Railway Rates Tribunal and Railway Service Commission to the C & AG.

“I have examined the above account and according to the best of my information and as a result of the test Audit of the books and a consideration of explanations given to me, I certify that the account is correct”.

**1168.** Audit Certificate on March Accounts: The Annual items of audit relating to a financial year as well as the Half/yearly and quarterly items of audit relating to the Half year/Quarter ending 31st March of the year should be completed within two months of the final closing of the accounts for the year. Each of the auditing sections in Headquarters as well as each Branch/Divisional Audit Office should furnish a certificate in the following form so as to reach the Headquarters Books & Budget Section by 20th September along with the statements showing the particulars of arrears under the three categories”. Arrears due to arrears in Accounts Office”, Arrears due to non-availability of vouchers”, and “Arrears in Audit Office” in the following form:-

Sl.No	Particulars of item	Month of Accounts QE.....A/cs. Half year ending .....A/cs. Year of .....A/cs.	Month of Audit	Number of vouchers	Remarks
(1)	(2)	(3)	(4)	(5)	(6)

The audit certificate should be furnished in the following form:

“Certified as a result of the test Audit of the Accounts compiled under the direction of the General Manager/Divisional Rly. Managers that, subject to the observations below, the accounts of the .....Unit/Division for.....have to the best of my knowledge and belief, been correctly prepared”.

As regards the qualification of the Audit Certificate, the instructions contained in para 8 of Railway Audit Manual may please be referred If a qualified certificate is given by any of the units, full reasons therefore should be furnished in the form of a self-contained note to the Headquarters Books and Budget Section.

The Headquarters Books and Budget section, will consolidate the material received from the various units and submit the same along with a certificate in the form below:-

“Certified, as a result of the test audit of the accounts compiled under the direction of the General Manager that, subject to the observations below, the accounts of the Southern Railway for.....to the best of my knowledge and belief, been correctly prepared”.

If, however, it is felt that the Audit Certificate has to be qualified, a self-contained note should be put up to the DA bringing out the full facts of the case and the justification for qualifying the Audit Certificate for his orders. The audit certificate along with the particulars of arrears should be forwarded to the C&AG of India so as to reach him by the 1st October.

**1169.** Certificate of comparison to be recorded on the March Accounts before their submission to the Railway Board:

The FA&CAO will forward the fair copies of the Accounts Current for March (Capital & Revenue) duly signed along with the schedules and the relevant office copies for recording the certificate “compared with the office copy and found to be true copy”. The fair copies will be compared with the relevant office copies and the prescribed certificate will be recorded in the body of the main accounts current only under the signature of the Branch Officer “for Principal Director of Audit”. Two sets will be given to this Office and out of these one set will be retained by this Office and another set will be forwarded to the C & AG of India (Railway Wing). In the supplementary Accounts current also as well as any subsequent modification to the accounts, a similar procedure will be followed.

**1170. Important Orders:**

(i) The accounts for March should be finally closed on the 30th June of each year and the accounts current sent to the Railway Board so as to reach them as per the date prescribed by the Railway Board from time to time. Consequently, the submission of preliminary accounts for March due in the Railway Board’s office in the first week of July has been discontinued.

The review of Accounts and reconciliation of subsidiary books with General books should be carried out during the month of July and necessary corrections to the accounts current in the form of supplementary accounts (and not a revised Account) incorporating inter-alia the rectification of mistakes and misclassifications noticed during the course of the review and reconciliation should be sent to the Railway Board by the 31st July certain. (Ref: Rly.Board’s letter No.65/ACI/II/II dt: 20.4.65)

(ii) In the supplementary Account Current in the column “Amount to date” should be shown, the figures for the year as a whole (i.e.) the total of the figures shown in the ‘Amount to date’ column in the main Account Current already sent and the figures shown under the column ‘Current Month’ in the supplementary Account Current. In other words, the figures for the month shown in the Supplementary Accounts Current should not be merely repeated in the ‘Amount to Date’ column. (Rly.Board’s letter No.64-ACI/II/II dt: 30-9-64 addressed to GM/S.Rly/MAS)

**1171.** Certificate on Capital and Revenue Accounts, Finance Accounts and Debt Head Reports (Para 8 of Railway Audit Manual):

After the finalisation of the Accounts referred to above completely and the final copies have been signed by the General Manager or the FA&CAO, a certificate in the following form should be recorded on the respective Accounts under the signature of the Principal Director of Audit.

“Certified, a result of the Test Audit of the accounts compiled under the direction of the General Manager that, subject to the observations below, the Capital and Revenue Accounts/the Finance Accounts/Review Balances of the Southern Railway for.... have/has to the best of my knowledge and belief, been correctly prepared”.

**1172. Certificate on expenditure incurred by the Railways on Family Planning:**

In terms of instructions contained in Railway Board's letter No.94/H(FW)/1/1 dated 25/11/94 and clarification letter No.92/AC/II/2/2Pt dated 27/03/95, the expenditure on family welfare cell of Railways, is to be borne by the Railways themselves and expenditure on compensation alone is to be debited to Ministry of Health and Family Welfare.

In the circumstances, there would be no adjustments with the Ministry of Health and Family Welfare in respect of expenditure incurred in connection with the family planning as far as zonal Railway is concerned. Hence no separate Audit certificate needs to be issued to AG/CR.

**MISCELLANEOUS****1173. Statements showing transfers without financial adjustments effected during the year:**

In accordance with the time table for the submission of the Account Current for March and several returns and statements pertaining thereto prescribed by Railway Board from time to time, the statements showing the transfers without the financial adjustments effected in the Capital and Revenue Books of the Railways during the year should be sent by the FA&CAO to the Railway Board on or before the date prescribed by the Railway Board for that year. Audited copies of these statements are required to be forwarded to the C&AG of India (Rly.Wing). For this purpose, a circular letter will be issued by the Books and Budget Section/Head Offices as soon as the programme for the preparation and finalisation of Appropriation Accounts for that year is received from the C & AG of India (Railway Wing).

The statements furnished by the various Assistant Financial Analysts to the FA&CAO/Books, will be verified by the corresponding Audit Officers and remarks, if any, pointed out to the Assistant Financial Analysts duly endorsing copies of the letter and the statement to the Headquarters Books & Budget Section. The Books & Budget Section, Headquarters will verify the consolidated statement with reference to these audited details and take up the remarks, if any, as well as those of the various Branch Audit Officers with the Financial Adviser and Chief Accounts Officer, Books. The concerned Assistant Financial Analysts will scrutinise the remarks of Audit and issue of correction slips, if any, necessary to the details already furnished by them duly accepted by the local Audit Officers. Wherever corrections are found necessary, the observations of Audit Officers/this office will have to be resolved by the Assistant Financial Analysts to the satisfaction of the Local Audit/this office.

**1174.** In checking this statement, it should be seen that in respect of the inter-Railway adjustments, it should be seen that in respect of the acceptance of the foreign railway to the inclusion of the amounts per contra in the statements relating to them have been obtained and kept on record. Usually, copies of the statements relating to other Railways will also be received in the Accounts Office, if any, items having per contra adjustments with the Southern Railway are included, therein. Such statements should also be consulted to see that inter Railway adjustments shown in the statements pertaining to Southern Railway have been correctly reflected by other Railways.

The items of adjustments effected within the railway (intra Railway) should be verified with reference to the audited details received from the various units and the authority for such adjustments.

Further, it should be ensured that in respect of such adjustments pertaining to 'Loans and Advances by the Central Govt' and 'Indian Railway Deposits', the details of amounts

pertaining to each of the Minor heads/classified heads hereunder are furnished separately and not in one lump. The classified heads under "Indian Railway Deposits" referred to above are as under:-

1. Security Deposits of Contractors and others;
2. Security Deposits of Subordinates;
3. Sums due to contractors on closed accounts;
4. Net Earnings or worked lines;
5. Unpaid wages;
6. Deposits for work done for private persons and public bodies etc.
7. Private Companies;
8. Miscellaneous.

(Ref: C&AG's circular letter No.2284-RAII(i) 1-9/61 dated Nil)

After finalisation of the statements complete in all respects, audited copies thereof will have to be forwarded to the C&AG of India (Rly.Wing).

**1175.** While forwarding the audited copies of the statements, copies of the correspondence between the Railway Board and the Railway Admn. in support of the adjustments referred to in the "Remarks" column of the statement should be sent.

(Ref: C&AG Rly.Wing letter No.2719-RAII(I)/1-7/62 dt: 39.8.62 to the Chief Auditor, Eastern Railway, Calcutta copies endorsed to Chief Auditors of other Railways).

For this purpose, it will be desirable that copies of the correspondence are taken out immediately after the copies of the statements are received from the FA&CAO from the files of the Accounts Office without waiting till the finalisation of statements. Further, as a matter of convention, copies of the general orders issued by the Railway Board applicable to all Railways (and received through the C&AG of India (Rly.Wing) on the basis of which adjustments have been made, need not be sent.

**1176. Statement showing the calculation of dividend payable to General Revenue:**

A copy of the statement showing the detailed calculation of "dividend payable to General Revenues" as well as the "Subsidy due from General Revenues" accompanying the account current for March has to be forwarded to the C&AG's of India (Rly.Wing) duly verified as laid down in this circulars No.42/RAII/2-9/57 dt: 25th Feb.'58 and No.999-RAII/1-6/56 dt: 15.9.59.

The Revised Proforma for calculation of "dividend payable to General Revenues" and "Subsidy due from General Revenues" are annexed the G.O.I Ministry of Railways, Railway Board's letter No.81.AC.,I/4/1/80-81 dt: 24.3.81.

The above statements accompanying the account current will be audited by the Books & Budget Section, HQrs.

i) **Statement showing the calculation of Dividend Payable to General Revenues:**

The total capital at charge to end of previous year will be checked with the sum total of the figures of Capital at charge as on 1st April of previous year and the outlay during the previous year, appearing in the previous year's statement.

The amount of TWFA during the year should then be verified with reference to the audited copies of the statements forwarded to the C&AG of India (Railway Wing) separately.

The figures of current outlay relating to residential buildings, New lines other than those taken up on other than financial considerations and P&T wires are checked with the audited figures received from the various units/Divisions.

The figures of outlay during the current year is verified with the Capital Account current for March including supplementary accounts for March accounts.



The correctness of the figures of the net outlay during the year, half of that net outlay and the net outlay for the purpose of dividend will be verified.

It should be seen that the rate of interest advised by the Railway Board for calculating the dividend payable has been correctly adopted and that the amount of dividend thereon has been correctly arrived at. "Audited statement of the Dividend is to be forwarded to the C & AG (Railway wing) only after getting the dividend of this Railway from the Railway Board." (Authority: Railway Board's letter No.96-ACI/3/17/Genl dated 2/08/96).

The correctness of the amount of deferred dividend proposed to be repaid in respect of a new line which has completed the moratorium period should then be verified with reference to the statement of deferred dividend described separately. The total amount of dividend proposed to be paid during the year will then be arrived at.

(ii) Statement showing the calculation of subsidy due from General Revenues:

This statement will be compiled as per the proforma prescribed in Rly.Board's letter No.84-AC.I/4/1/80-81 dt: 24.3.81 and this statement accompanying the account current will be audited by the Books and Budget Section/HQ as soon as the same is received from the Books Section of FA&CAO's office.

**1177. Statement of Deferred Dividend:** This will be compiled in the proforma prescribed in Rly.Board's letter No.57-AC/1/7/2 dt: 8,.3.57 (received under C&AG (Rly.Wing)'s endt.No.RAI/A.9-12/54-II dt: 20.5.57) which is reproduced below:

"In terms of para 19 of Rly. Convention Committee 1954-Reiport, dividend on the Capital at-charge of New lines is to be computed at a lesser rate viz. the average borrowing rate charged to the Commercial Depts. The dividend so calculated for the period of construction of the lines and up to the end of the fifth year of their opening for Traffic, is to be deferred during that period. From the sixth year onward current dividend will be paid. In addition, deferred dividend is to be paid if the net income of these lines leaves a surplus after payment of current dividend".

The statement showing the Capital outlay in respect of each new line and deferred dividend etc. should be submitted as an enclosure to the statement.

**1178. Statement of Investments of the Central Govt. in shares of private companies and Statutory Corporations up to the end of the year:**

The above statement will be compiled by the Central Books Section of the Financial Adviser and Chief Accounts Officer's office in the proforma forwarded under Railway Board's letter No.80/AC.I/9/5 dt: 9.1.84 and forwarded to the Rly.Board so as to reach them by the date prescribed for this purpose by the Railway Board every year.

Note: Separate statements should be compiled for investment in the Railwaymen's Consumer Cooperative Societies and Private Companies Statutory Corporation etc.

As audited copy of the statement is to be forwarded by this office to the C&AG (Rly.Wing) as the details will be incorporated in the Central Finance Accounts compiled by the Principal Director of Audit/Central Revenues. The statement received from the Central Books Section will be verified by this section as detailed below:-

**1179. Loans and Advances granted to Private Parties etc.**

A statement showing details of loans and advances granted to Private parties (cooperative Societies etc.) under the Major head **6425-Loans for Cooperatives** will be prepared at the end of March of each year.

The Rly.Admn. has to compile a statement in the following proforma prescribed by the Rly.Board and to forward eight stencilled copies thereof to the Rly.Board so as to reach them by the date prescribed for this purpose by the Railway Board every year.

An audited copy of the statement has to be forwarded to the C&AG (Rly.Wing) so as to reach that office by date prescribed for this purpose by the Railway Board every year.

(Rly.Board's letter No.79AC.I/8/1/78-79/Misc. dt: 8.1.81 received under C&AG of India (Rly.Wing's) endt.No.61-RA.III/23-3/80 dt: 21.8.81 and C&AG. of India (Rly.Wing's letter No.733-RAIII/23-3/80 dt: 13.7.81).

For this purpose, each unit Assistant Financial Analysts will have to send a statement in the same form to the Headquarters - Books Section of the Accounts Office so as to reach them by the date prescribed in this regard of each year with copies to their local Audit Officers. The Local Audit Officers will have to forward an audited copy of the statement to the Headquarters Books Section so as to reach by the date prescribed in this regard of each year. The Headquarters Books Section will check the consolidated statement received from the FA&CAO with reference to the audited copies of the statements received from the various units and forward a consolidated copy to the C&AG of India (Rly. Wing ).

(FA&CAO's Circular letter No.A.2/CAS/III/1/4 dt: 7.2.81 to all Unit Assistant Financial Analysts and this office circular No.B.7/O/I/1132-36 dt: 6.3.81 to all Branch/Unit Audit Officers).

#### **1180. "New Services" and "New instruments of services" not contemplated in the Budget (See ;Para 265 of Railway Audit Manual)**

A statement showing the particulars of Surveys sanctioned by the Railways during a year, for which specific vote of the Parliament was not obtained during that year either through the Book of Demands or Book or Supplementary demands will have to be forwarded to the C&AG of India (Rly.Wing) after the close of the accounts of the year. For this purpose, the FA&CAO (Budget) will be addressed by the Headquarters Office/Books & Budget section immediately after the close of the accounts of the year requesting to furnish the particulars of 'Surveys' in the under mentioned proforma.

Statement showing the particulars of Surveys sanctioned during the year

Name of the Survey	Anticipated cost	Amount of grant as shown in the Book of Demands For .... or Book of Supplementary demands for .....	Expenditure during the year	Ref.to sanction of the survey by the Rly.Board	Remarks
(1)	(2)	(3)	(4)	(5)	(6)

The FA&CAO will also be requested to furnish separately the details of expenditure incurred during the year on new Constructions which have neither been provided for in the Book of Demands for grants for the year nor in the Books of Supplementary Demand for the year. Simultaneously, the Audit Officer (CN) at Chennai Egmore will be addressed to verify the above particulars furnished by the FA&CAO/CN/MS to the FA&CAO/Chennai and forward audited thereof to this office. Further, the various auditing units will also be addressed to furnish the particulars of New Services, if any, noticed during the year.

**1181.** On receipt of the replies from the FA&CAO and the Audit Officer/CN/MS particulars of Surveys sanctioned during the year, the expenditure on each of which had exceeded Rs.50 lakhs but for which the specific vote of Parliament was not obtained during the year will be picked out. It should be verified that these cases do not find a place either in the Book of

Demands or books of Supplementary Demands for that year. A statement of such cases should be prepared in the above proforma for being forwarded to the C&AG of India. A separate statement showing the details of new constructions taken up during the year without a specific vote of Parliament if any will be made out for being sent to the C&AG of India.

On receipt of the reports from the various units regarding cases of 'New Services' if any noticed during the year, the above two statements will be submitted to the Principal Director of Audit along with a forwarding letter to the Comptroller & Auditor General of India of India. If the reports received from the various auditing units contain any details of "New Services", they will have to be carefully scrutinised and the Principal Director of Audit's orders obtained as to whether the case merits being referred to the Comptroller & Auditor General of India .

#### **1182. Contingency Fund-Exhibition of Transactions in the combined Finance & Revenue Accounts:**

In accordance with the instructions contained in Rly.Board's letter No.55/ACI/7/5 dt: 17.3.56 No.55/ACI/7/5 dt: 27.5.56 and No.61/ACI/7/4 dt 16.8.61, the Rly.Admn. should send an annual statement showing the transactions under the Contingency fund of India to the Rly.Board by the date prescribed for this purpose by the Railway Board every year.

The Headquarters Books (Central) Section will compile the statement in the form prescribed and send five copies of the same duly signed by FA&CAO (Books) for General Manager to this office for check and countersignature. The Headquarters Books and Budget Section will check the statement with reference to the audited copy of the statement for the previous year, the sanctions showing amounts allotted from the contingency fund of India during the year received from the Rly.Board, the Accounts Current for the month of March and the manuscript register maintained by the Books (Central;) Section. After check, the statement will be countersigned by the Branch Officer as "for Principal Director of Audit". Two copies of the statement will be retained by this office and the rest returned to the FA&CAO. One copy of the statement will be forwarded to the Comptroller & Auditor General of India (Rly.Wing).

#### **1183. Review of the Audit Reports - Appropriation Accounts and Finance Accounts of other State Govts. etc.**

Copies of the above documents will be received annually from the Accountants General of the various States. Besides, copies of the Central Audit reports; Civil, Commercial and Posts and Telegraphs and Defence Audit reports will also be received.

After the receipt of advices regarding the presentation of the Audit reports etc. to the respective State Legislatures from the Accountants General of States;, the Audit Reports will be reviewed by the Headquarters, Books & Budget Section and extracts there from, which might be of interest and/or on the lines of which investigation may be taken up for finding out whether there are similar cases, will be taken out with the approval of the Branch Officers and sent to the various auditing sections/Units. The Central Audit Report will also be reviewed on the same line and extracts sent as above.

#### **1184. Circulation of Rly.Board's narrative Reports/Public Accounts Committee reports etc.**

One copy in each of the Public Accounts Committee Reports of the centre will be received from the Comptroller & Auditor General of India . One copy of the Annual Narrative Report of the Rly.Board will also be received by the Headquarters Books and Budget Section. These will have to be entered in the sectional register and circulated among the Branch Officers. Their receipt back in the section will have to be watched.

Besides one copy in each of the Finance Accounts of the Central Govt. and the combined Finance and Revenue Accounts of the Central and State Govts. of India will be received by this Section. These will be entered in the Sectional Register and kept in the Library.

## **CHAPTER - XII**

### **APPROPRIATION AUDIT**

#### **1201 GENERAL**

The Audit of the Appropriation Accounts of the Southern Railway is carried out by the Books and Budget Section of the Headquarters office with the assistance of the Divisions, Branches and Sections. It is on these audit units, however, that the responsibility for the detailed audit and scrutiny of the portions of the accounts, statements etc. pertaining to their units rest. The orders issued by the Railway Board and the Comptroller and Auditor General of India in regard to the compilation and audit of these accounts as well as the instructions issued by the Administration to the various Divisional/Branch offices will be received in the Headquarters Books and Budget Section, which will furnish copies to the Sections/Divisions with suitable instructions, wherever necessary, for information and guidance. A separate file for collecting the orders/instructions etc. connected with the compilation and audit scrutiny, etc. of the Appropriation Accounts should be kept in each of the Divisions/Sections and also a register for recording the points, as and when they come to notice, during the course of normal audit, and having a bearing on the Appropriation Accounts, Annexures etc. so that they may not be lost sight of at the time of the scrutiny of the accounts etc.

The Appropriation Accounts of Metropolitan Transport Project (Railway), Chennai will be scrutinised by the Sr. Audit Officer, Metropolitan Transport Project' Chennai Egmore and finalised by them and the relevant papers will be submitted by them to the Principal Director of Audit direct through Sr. Audit Officer, Books & Budget, Headquarters.

Commencing from 1980-81, the Railway Board have directed that on Railways where the system of Division wise budgeting of Revenue working expenses had not been in vogue, should switch over to the same. From the same year, the Railway Board have introduced the system of performance budgeting.

**1202** For the purpose of the submission of the Appropriation Accounts of the Railways in India, and the Audit Report, to the Lok Sabha/Rajya Sabha promptly by the date fixed for the purpose, a detailed time table for the submission of the various accounts, Annexures and Statements by the individual Railway Administration to the Railway Board and to the Comptroller & Auditor General of India by the Principal Directors of Audit, will be drawn up each year by the Railway Board in consultation with the Comptroller & Auditor General of India and copies of the same will be forwarded to all the Railway Administration by the Railway Board in the year following the financial year to which the accounts relate. Based on that time table, the Financial Adviser and Chief Accounts Officer will draw up a detailed programme laying down the dates by which the various Divisional/Branch Offices (Executive) should furnish the accounts/returns relating to them to their Accounts Officer. The time table will also indicate the dates by which the Accounts Officer should vet the same and forward them to the Head of the Department/Divisional Railway Managers/Head of Offices, Financial Adviser and Chief Accounts Officer (Budget) and Local Audit Officers. The dates by which the Head of the Department/ Divisional Railway Managers should furnish the accounts of the relevant grants to the Financial Adviser and Chief Accounts Officer for the Railway as a whole will also be laid down. In so far as the amount allotted to the Headquarters offices are concerned, the position of the Head of the Department, who is the controlling officer for such amounts, will correspond to that of Branch/Divisional Executive Officers in regard to the submission of the Appropriation Accounts for this portion of the allotment to the concerned internal checking section of the Financial Adviser and Chief Accounts Officer's office for purpose of scrutiny. Copies of these programmes will be forwarded to all the Divisional/Branch Audit Offices by the Headquarters Books and Budget Section.

**1203** In view of the very short interval of time that will be available between the receipt of the advance copy and the due date of submission of the audited copy to the Railway Board / Comptroller & Auditor General of India, it is essential that the accounts received from the various Accounts Officers should be audited by the concerned Auditing Sections expeditiously and completed within two days of receipt as a rule. In case, the accounts are not forthcoming by the due dates, it is necessary that the Accounts Officer should be contacted personally and the Accounts obtained for scrutiny so that the finalisation of the consolidated Accounts may not be held up. For this purpose, it will be of advantage if a chart is maintained by each Division/Section showing the Appropriation Accounts of various sub-heads of grants of the several Departments and Annexures, which are due to be audited, the due and actual dates of their receipts etc. The list of Appropriation Accounts, of the several sub-heads of grants, which are due to be audited by each Section could be prepared as soon as the distribution of the final grant is advised by the Financial Adviser and Chief Accounts Officer/ Head of the Departments, before the close of each financial year. As far as possible, the points noticed during the scrutiny of the Accounts should be freely discussed with the Accounts and Executive Officers at various levels so that the correspondence is reduced to the minimum. As audited copy of the Accounts should be forwarded to the Headquarters Books & Budget Section with a copy of the remarks of the Local Audit Officer sent to the Accounts Officer. The responsibility of the Local Audit Offices will not cease immediately they forward their remarks to the Accounts Officers and endorse a copy to the Headquarters. The Local Audit Officers will have to arrange for a discussion of the points so raised with the Accounts Officer and Executive Officer, wherever necessary, settle the objections and send a final audit advice to the Accounts Officer and the Headquarters well within the due date fixed for the submission of the consolidated final copy to the Railway Board/ Comptroller & Auditor General of India. In cases of disagreement between Audit, Accounts and Executive a Joint Note explaining in sufficient detail, the objection raised by Audit, the remarks of the Accounts/Executive and the reasons for disagreement in the views should be forwarded by the Local Audit Officer to the Headquarters for further action.

**1204** Based on the Accounts prepared by the Head of the Departments/ Divisional Railway Managers etc. from the ones furnished by the several Executive Offices in the Division/Branches, the advance copies of the Accounts will be compiled by the Budget Section of the Financial Adviser and Chief Accounts Officer's Office and forwarded to the Railway Board and two copies thereof furnished to this office. The advance copies will be scrutinised expeditiously and the points if any, which could not be finalised informally, will be forwarded to the Financial Adviser and Chief Accounts Officer taking into account the points raised by the Branch/Divisional Audit Offices. The points so raised will be discussed with the Assistant Financial Adviser (Budget) and settled. In the case of a difference of opinion between the Audit and Accounts Officers while discussing the points, such points will be arranged for discussion at higher levels. After settling the points, the draft of the final copy of the Accounts will be prepared by the Accounts Office, duly taking into account the results of discussions and sent to this office for concurrence. After the issue of the proposed final copy is agreed to by this office, the final copy will be got signed by the General Manager and sent to the Railway Board duly endorsing two copies to this office. In case, the issue of the final copy is agreed to by this office with certain reservations/qualifications, the Railway Board will be apprised of the fact enclosing a copy of our letter, wherever necessary, while forwarding the final copy. One of the copies will be forwarded to the Comptroller & Auditor General of India (Railway wing) along with our remarks if any.

There may be a few cases, where there is disagreement between the Audit and Accounts even at the level of Principal Director of Audit. In such cases, a verbatim copy of the observations of Audit and the remarks of the Administration thereon will be forwarded by the Railway Administration to the Railway Board while forwarding the final copy. The Comptroller & Auditor General of India will also be apprised of the fact while forwarding the final copy.

**1205 The Annual Budget:**

The Provisions contained in the Chapter III of the Indian Railway Financial Code Volume I and the detailed instructions contained in the Budget Circular No. 1 dated: 2nd February 1959, issued by the General Manager and Financial Adviser and Chief Accounts Officer may be seen.

The requirements of funds under the several sub heads of demands/primary units for grants in respect of the various departments will be advised by the Budget Officer of the Division and by the Departmental Officers in the case of other Branch Offices to the respective Head of the Departments and the Local Accounts Officer. The Accounts Officer will vet these estimates and forward his remarks if any, to the Head of the Department concerned and endorse a copy to the Financial Adviser and Chief Accounts Officer (Budget) along with a copy of the estimates vetted by him. The Head of the Department will consolidate the requirements of their departments under each of the sub-heads of demands etc., for the Railway as a whole and forward to the Budget Section of the Financial Adviser and Chief Accounts Officer's office. These will be scrutinised by the Financial Adviser and Chief Accounts Officer and modifications, if any, necessary, will be discussed with the Head of the Departments and the final requirements advised to the Railway Board in the computer floppy which will be provided by the Railway Board annually. (Authority: Railway Board's letter No.98 B-233 dated 18/8/99).

**1206 Budget Allotments:**

The budget allotments for the Railway under the various sub-heads primary units of the several grants, as approved by the Parliament will be found in the Book of Demands for grants in the case of Railway Grants and in the Budget Orders in the case of Civil Grants viz. "**Civil Grant No.31** - Loans and Advances by the Central Government" and "**Civil Grant No.31** - Interest on Debt and other obligations and reduction or avoidance of debt". As regards expenditure on works, Machinery and Rolling stock, the details of the works etc., approved and the provision of fund made therefore will be found in the final works, Machinery and Rolling Stock Programme of the individual Railway as well as in the similar publication pertaining to all the Railway forwarded by the Railway Board. In the two publications mentioned above, only the particulars of works and machinery the cost of which amount to Rupees **fifty** lakhs each or more are listed out individually. The list of works and machinery costing over Rs.one lakh each but less than Rs. **fifty** lakhs, will be issued separately by the Railway Board in the form of a booklet. In respect of works and machinery costing less than Rs. one lakh each, (Rs. 2 lakhs in the case of Track Renewal Works) a lump sum provision will be indicated therein.

(Authority: Page 6.2.43 of 2000-01 Rolling Stock Programme Book)

**1207** After the Railway Budget is presented to the Lok Sabha/Rajya Sabha, one set of the following Budget documents will be received by this office from the Railway Board through the General Manager.

- i. Budget speech of the Hon'ble Minister for Railways.
- ii. Budget of the Railway Revenue and Expenditure of the Central Government.
- iii. Explanatory Memorandum on the Railway Budget.
- iv. Memorandum explaining the proposals for adjustment in freight rates and fares in the Railway Budget.
- v. Book of demands for Grants-Parts I and II
- vi. Works, Machinery and Rolling Stock programme of the Railways - Parts I and II.
- vii. Final Works, Machinery and Rolling Stock Programme - Southern Railway.

The documents mentioned at items (1) (iii) & (iv) will bring out the salient features of the budget of the year and information, which may be relevant to the incurrent of expenditure on the Railways.

After the Railway Budget is passed by both the Houses of Parliament, two sets of the Book of Demands for grants (Parts I and II) as voted and two copies of the Final Works Machinery and Rolling Stock Programme of the Southern Railway will be received by this office from the Railway Board through the General Manager.

#### **1208      Distribution of the Budget Grant:**

After the receipt of the budget documents/budget orders, statements showing the distribution of funds to the several Head of the Department/ Divisional Railway Managers/Head of offices under the various sub-heads/primary units in respect of each of the grants will be prepared by the Budget Section of the Financial Adviser and Chief Accounts Officer's office duly taking into account the requirements of funds advised by the Head of the Department/ Divisional Railway Managers/Head of Offices at the time of compilation of the Budget Estimates and the changes, if any, made by the Railway Board in the Estimates and submitted by the Administration. These statements will be forwarded to the General Manager for his approval and advice to all the Departments etc. Copies of the statements will be endorsed by the General Manager to this office as well as to all Audit Offices. The Headquarters Books Section will check these statements to see that the total of the amounts distributed to the various Head of the Department/ Divisional Railway Managers/Head of Offices under each of the sub-heads/primary units does not exceed the amount advised in the book of demands for grants. The posting of the distribution in the Budget register maintained by the Accounts department will also be simultaneously verified.

**1209**      In the case of Revenue Demand No. 2 and Works Demand No. 16, based on the allotments made to each of the departments as above, each Head of the Department will distribute the funds to the several divisions and Branch offices under each of the sub-heads of grants and other details, as may be considered necessary by him. Copies of these distribution statements will be endorsed to this office as well as the various Divisional/Branch Audit Offices. The Headquarters Books and Budget section will verify these statements to see that the total amount distributed by the Head of the Department under each sub-head does not exceed the amount allotted to the respective Departments under each of the sub-heads by the General Manager, as referred to in the previous paragraph. The Divisional/Branch Audit Offices will compare the amounts allotted to the respective units with the ones asked for by their Units so that cases of excess allotments etc. may be examined and settled without postponing such points for being pursued at the time of scrutiny of the Appropriation Accounts. The posting of the allotments as advised above in the Budget Register maintained by the corresponding Accounts Officers will be verified simultaneously by the Divisional/Branch Audit Offices.

In respect of the allotments for works and machinery costing not more than Rs.50,000/- each, the distribution of the amounts over the individual works will be made by the respective Divisional Officers of the Department concerned.

#### **1210      August Review and Revised Estimates:**

A review of the requirements of funds of the Railway under the various grants will be submitted to the Railway Board on the dates prescribed. This is mainly intended for the Railway Board to enable them to obtain a supplementary grant duly voted by the Legislature, after taking into account the position on all the Railways.

The revised estimates for each year will be submitted by the Railway Administration along with the Budget Estimates of the ensuing year. Based on the requirements, advised through the Revised Estimates and further clarifications obtained from the Railway

Administrations as a result of scrutiny of the estimates by the Railway Board, the Railway Board will advise the Railways the amount fixed by them as the Revised Estimates under each of the grants. While in the Book of demands, the amount fixed under each of the sub-heads of grant/primary unit is prescribed, in the advice, regarding the Revised Estimates, the amount for the grant as a whole and for the particular sub-heads, from and to which re-appropriation is not within the powers of the Administration, are laid down. Based on the amounts so advised, the distribution of funds to the various Head of the Department/ Divisional Railway Managers/Heads of Offices is made by the Accounts Office in the same manner as the distribution of Original Grant. A copy of this distribution statement is also received in this office and will be scrutinised generally on the same lines as the distribution statements of Original Grant.

#### **1211      Supplementary Grants:**

Based on the August Reviews and/or Revised Estimates of the individual Railways, the Railway Board presents a supplementary demand to the Parliament for their vote. After the same is voted by the Parliament, copies of the Book of supplementary demands will be forwarded to the Railway Administrations and to this office. The amount allocated to the individual Railways in respect of each grant out of the supplementary grants voted by the Parliament will also be advised separately by the Railway Board to the Railway Administration and to this office. The funds so allotted to the Railway will be distributed in the same manner as the original grant. The checks exercised on the distribution statements of Original Grant will apply, mutatis- mutandis, to the above distribution statements also.

#### **1212      Final Modifications:**

The Railway Administration will furnish to the Railway Board for each grant separately, so as to reach the latter not later than the 21st February of each year, statements showing the additional allotments required (both voted and charged) or surrenders to be made, during the current financial year under each head of re-appropriation, as prescribed in the Budget orders/Primary unit. Further to the submission of the final statements as above the budgetary position will be further reviewed by the Administration and any changes considered necessary as a result of new factors visualised and the requirements advised to the Railway Board **by fax** so as to reach the Board on 1st March of each year or any other date in March that may be advised by the Railway Board. Any violent fluctuations in the final modifications as advised above, will also be advised by the Railway Administration **before the 20<sup>th</sup> March of the year** to the Railway Board **by fax**.

*(Authority: Para 388 of Financial Code Vol.I)*

**1213** As regards the Civil Grants viz. "Interest on Debt and other obligations and reduction or avoidance of debt". and "Loans and advances bearing interest", the figures of additional allotments required or surrenders to be made will be advised to the Railway Board by the Administration so as to reach the former by the 15th February of each year and this will be treated as final and no change can be made in the allotment of these grants.

**1214** Based on the above advices, the Railway Board will advise the Railway Administration before the close of the financial year the amount fixed as final grant in respect of the several demands for grants. In such advices, the total amount for each grant and the amounts fixed in respect of some of the sub-heads of the grant, from and to which re-appropriation of funds is not within the competence of the Railway Administration, only will be advised. The funds so allotted will be distributed to the various authorities in the same manner as the original grant. The checks exercised on the statements showing the distribution of the original grant will apply,

mutatis-mutandis, to the above statements. In addition, it should be seen that the distribution of the final grant is made before the close of the financial year.



**1215 Budget Registers:**

A register is maintained in the Budget Section of the Accounts Office in which the amounts allotted to the Railway at the beginning of the year, and the further modifications of these amounts made during the course of the year are posted from the relevant documents or advices referred to in the previous paragraphs. The Budget allotments/Final Grant relating to the expenditure on the Principal Director of Audit's office will be advised to this office and the Financial Adviser and Chief Accounts Officer by the Comptroller & Auditor General of India. These will also be posted in the Budget Register. It should be seen every month whether the allotments of modifications advised by the Railway Board have been duly posted currently in the register.

**1216 Scope of Grants:**

Consequent on the introduction of the Revised Accounting classification of Expenditure and Earnings on the Railways and restructuring of demands for grants each of the revenue demands 3 to 13 correspond to each of the revenue abstracts A to N with the exception that the abstract 'N' is included under Demand No. 12 along with abstract 'K'. The sub-heads of each of the grants correspond to the Main heads of Account under the corresponding revenue abstract.

The Appropriation Accounts of revenue grants 3 to 13 are to be compiled by sub-heads of grants.

**1217 Form of the Appropriation Accounts:**

The Appropriation Accounts of individual grants should be compiled in form F.403 read with the instructions contained in the Railway Boards letter received from time to time.

The Appropriation Accounts of each grant should be prepared under each "sub-head of grant" showing the variation between (i) Original Grant and Final Grant (Column I and (ii) Final Grant and Actual Expenditure (Column 4). Suitable explanations should be recorded under each sub-head of the grant justifying increase/decrease under each of the sub-head of Grant justifying increase/decrease.

It should be noted that while the figures in the various Railway Grants (Both revenue and works) are to be exhibited in thousands of rupees, the figures in the Civil Grant are to be shown in units of rupees. So far as the Appropriation Accounts of the sub-head "Audit" under Grant No. 2 is concerned, the figures should be shown in thousands of rupees.

**1218 Exhibition of actual expenditure in the Appropriation Accounts:**

For the purposes of exhibition of the figures of actual expenditure in the Appropriation Accounts, as soon as the accounts for the year are closed, the various Branch/Divisional Financial Managers are required to furnish to the Financial Adviser and Chief Accounts Officer (Budget) the Head of the Departments/ Divisional Railway Manager/Heads of Offices and the local audit officers the figures of actual expenditure in units of rupees under each of the grants by the several sub-heads of the grant under each of the primary units by each department in the proforma laid down by the Financial Adviser and Chief Accounts Officer. On receipt of these statements, the same should be checked by the Local Audit Officers with reference to the Revenue Allocation Registers, Works Registers etc. and with reference to the schedules accompanying the Account Current for March of the year. One copy of each of the statements should be forwarded by the Local Audit Officer to the Headquarters Books and Budget Section, duly audited, as expeditiously as possible. These statements will form the basis for the exhibition of the actual expenditure in the relevant Appropriation Accounts of the Divisions/Units. In so far as the allotments made to the Headquarters are concerned, the figures of actual expenditure will be furnished by the Expenditure (Central Section of the Accounts Office. This will be audited by the Expenditure Audit Section in Headquarters and a copy of the statement

will be furnished by the latter to the Headquarters Books & Budget Section. Apart from the above, the Divisional/Branch Accounts Officers also forward to the Departments, Head of the Departments/ Divisional Railway Managers/Heads of Offices/Financial Adviser and Chief Accounts Officer (Budget) and the local audit officers the figures of the actual expenditure in respect of each of the Works costing more than Rs.50,000/- each and the total expenditure in respect of works costing not more than Rs.50,000/- each in respect of the Works Grant. Audited copies of these statements will also be forwarded to the Headquarters Books and Budget Section. These Statements will be made use of at the time of scrutiny of the explanations for variations shown in column 4 of the Appropriation Accounts. The details so received from the Divisional/Branches will be consolidated in the Headquarters Books & Budget Section and the expenditure under each sub-head/primary unit of each of the grants arrived at.

**1219** Similarly the figures of actual credits or recoveries realised during the year in respect of each of the demands for grants under each of the items specified in the list of credits or recoveries excluded from the scope of the demands will be furnished by the various Accounts Officers to the Financial Adviser and Chief Accounts Officer (Budget) and the local audit officers. These should also be verified expeditiously and audited copies forwarded to the Headquarters Books & Budget Section. From the above details, a consolidated statement showing the total for each item in respect of each of the grants will be arrived at.

**1220 Verification of the figures exhibited in the Appropriation Accounts:**

The figures of the Budget Grant shown in the consolidated copy of the Accounts will be verified with the figures shown against the Southern Railway in the Book of demands for Grants, as voted by the Parliament, in respect of 'Voted' expenditure and sanctioned by the President in the case of 'Charged' expenditure. The figures of charged expenditure will also be indicated as such under the relevant grants in the book of demands also. In the case of Civil Grants, which will not figure in the book of demands, the figures will be verified with the relevant Budget orders received from the Railway Board. The figures of supplementary grant and final grant should be verified with the advices received from the Railway Board communicating the above. As regards the verification of the figures of supplementary and final grants in respect of each of the sub-heads/primary units the same will be checked with reference to the distribution of the supplementary and final grant over the sub-heads/primary units of the grants sanctioned by the General Manager before the close of the year. The figures of actual expenditure for the year in respect of each of the sub-heads/ primary units will be verified with the consolidated statement compiled by this office, as described earlier. The actual expenditure for the grant as a whole will have to be verified with reference to the amounts shown in the relevant schedules accompanying the accounts current for March.

**1221** The Budget Estimate figures under 'Credits' will similarly be checked with the figures shown in the Book of demands. The Revised Estimate figures under Credits will be verified with reference to the advices received from the Railway Board fixing the revised estimates for each of the grants, which will be available in the files of the Budget Section of the Accounts Office and with reference to the distribution of the Revised Estimates approved by the General Manager as described earlier. The actuals will be verified with the consolidated statement referred to earlier and with reference to the schedules to the Account Current for March.

**1222** As regards the Civil Grant - Loans and Advances by the Central Government the actual expenditure will be compared with the totals of the expenditure relating to the various units as well as with the figures shown in the Account current for March. In respect of the Civil Grant - Interest on debt and other obligations - the figures of actual expenditure will be compared with the totals of the expenditure relating to the various units as shown in their accounts as well as with the figures advised to the Railway Board while passing on the debits for March, wherein the figures for the whole year is also indicated, to the Railway Board.

In so far as the Appropriation Accounts of the various Divisions/Units are concerned, the figures of Budget Grant, Final Grant etc., will be verified with reference to the Division-wise distribution of the Budget and Final Grants communicated by the Financial Adviser and Chief Accounts Officer. The figures of actual expenditure will be verified with reference to the Department-wise and subhead-wise/primary unit-wise actuals already audited by them as well as the schedules to the Accounts current for March.

### **1223 Explanations in the Accounts:**

The explanations for variations between the original grant and final grant (column 1) and between the final grant and actual expenditure (column 4) are to be furnished under each of the sub-heads of grant. At the end of each grant, consolidated explanations for the variations between the original grant and final grant (column 1) and between the final grant and actual expenditure (column 4) under each of the sub-heads of grant should be given.

It should be seen that the explanations for variations between the Original Grant and Final Grant (column 1) and between the Final Grant and Actual Expenditure (column 4) are lucid, self-explanatory, illuminating and in unambiguous terms. The following points should also be borne in mind:

- i. In all cases, definite reasons for the excess or saving should be given, bringing out clearly why the particular event leading to the variation could not be foreseen at the time of the preparation of the Budget and Revised Estimates; and what circumstances arose subsequently leading to the variation. In the case of an excess it should be mentioned why the incurrence of the liability could not be postponed; and if for any reason (to be specified), it could not be postponed the explanation should bring out why necessary provision could not be made in the Final Estimates. The explanations also should elucidate.
  - a) In case of surrenders/lapses on account of non-receipt of bills or debits for stores (1) the sources of supply and (2) whether the suppliers were consulted in the matter, and if so, at what stages, and
  - b) In case of increases/excesses on account of receipt of more debits or payments for stores (1) when those debits etc. were received and (2) at what stages of estimates the suppliers were consulted.
- (ii) Variations arising out of changes in procedure, allocation, further consideration of schemes, plans, etc. during the course of the year, should be reflected in the explanations relating to all the concerned sub-heads of the grant or grants.
- (iii) In the case of variations arising out of defects in estimating, it should be clearly brought out at what stage the liability of the expenditure arose, how the error of omission or commission occurred, why it could not be sent right before the close of the year, whether the question of individual responsibility has been considered and if so, with what result and what steps have been taken to avoid a recurrence of such errors.
- (iv) In the case of variations caused by mis-classifications and other mistakes in accounting the explanations should bring out when the errors occurred and why they could not be detected in the course of review of expenditure during the year and set right before the final closing of the year's accounts.
- (v) Whenever, reference to some letters of the Railway Board is quoted in support of the explanations copy of the same should invariably be appended. (Authority : Annexure III to Railway Board's letter No. 59-AC.I/17/5 dated: 27th July 1959 received under Comptroller & Auditor General of India (Railway Wing's endorsement No. 1502-RRI-46/59 dated: 10th August 1959)

In the case of the points referred to in items (ii) (iii) and (iv) above, it should be ensured that the fact that the items will be included in the relevant Annexure/Statements which is mentioned in the explanations themselves.

The explanations for column 1 should be correlated with those furnished by the Administration at the time of Revised Estimates, Final Modifications and latest modifications.

In so far as the Divisional/Unit Appropriation Accounts are concerned, the Accounts have to be compiled for each of the grant for the Division/Unit as a whole and not by sub-detailed heads in respect of each of the Departments.

**1224** The explanations furnished in the audited copies of the Accounts received from the various units will be consolidated in the Headquarters Books & Budget Section to verify the explanations furnished in the consolidated accounts received from the Financial Adviser and Chief Accounts Officer.

After the scrutiny of the accounts as described earlier, the points, if any, which requires further clarification/elucidation or cases, which require inclusion in Annexure J or the statements of Defects in Budgeting should be drawn out and sent to the Financial Adviser and Chief Accounts Officer with the approval of the Branch Officer. In preparing the notes, the points raised by the Divisions will also be taken into account. If felt necessary the statement may be finalised after discussion between Audit and Accounts. The draft final copy should be approved by this office before the final copy is prepared by the Administration and the signature of the General Manager obtained thereon. The final copy received from the Administration will be compared with the checked draft final copy and one copy forwarded to the Comptroller & Auditor General of India (Railway wing) after ensuring that the same has been signed by the General Manager personally. The facts regarding the reservations with which the Accounts have been certified will be brought to the specific notice of the Comptroller & Auditor General of India (Railway wing) to enable the matter being pursued with the Railway Board.

If any delay in obtaining the General Manager's signature is anticipated, the Administration may send one unsigned copy to the Railway Board to avoid delay in the finalisation of the accounts in the Railway Board's office. This office also will obtain one unsigned copy from the Financial Adviser and Chief Accounts Officer and forward the same to Comptroller & Auditor General of India (Railway wing). After the accounts are signed by the General Manager, copies will be forwarded to the Railway Board/ Comptroller & Auditor General of India (Railway wing) by the Administration/this office.

In respect of the Appropriation Accounts relating to the Division/Units a procedure similar to the one as above has to be followed and the final copies of the Appropriation Accounts/ Statements/Annexures have got to be signed by the Divisional Railway Manager/Head of the unit concerned personally.

**1225      Framing of Audit comments on Individual Grants/Annexures etc:**

In addition to the instructions contained in paras 396 to 422 of Railway Audit Manual read with the instructions contained in Appendix 4 of the Railway Audit Manual, the following further instructions should be borne in mind while framing comments, if any, considered necessary in important cases:

- i. All Audit comments should be based on facts and not on inferences or assumptions.
- ii. The facts on which the comment is based should be checked thoroughly and completely before the actual comment is framed.
- iii. Enquiries made by Audit as a prelude to the framing of the comment should be thorough and pursued to finality.
- iv. In commenting on the irregularity, every endeavour should be made invariably to give a clear and correct account of it in plain language. Wherever figures are available, these should be indicated after ensuring the correctness of the same.
- v. To make the comment a fair and unbiased record of facts, all such details as are essential should be incorporated in the comment.
- vi. On receipt of the Administration's remarks on a comment, a complete re-examination of the case should be made in an impartial manner before reaching finalisation in the matter. The comment may, then be modified, if necessary, in consultation with the Administration or dropped if the re-examination shown that the comment is not correct or

- otherwise unsuitable.
- vii. If the facts have been verified by the Administration but the conclusion drawn by Audit is not agreed to by the Administration and still considered justifiable by Audit, a note should be sent along with the comment explaining clearly the views of the Administration and the circumstances under which the retention of the comment is justified.
  - viii. Comments on small and unimportant variations of defects should be avoided. The magnitude of the grant concerned should also be taken into account for this purpose.
  - ix. Each comment should be typed on a separate sheet of paper and categorised on the lines adopted in the Railway Audit Report, 1952 - Part II and Railway Audit Report 1953.
  - x. Reference to the corresponding explanation number in the Appropriation Accounts should be quoted in the margin of the comments and the remarks "accepted" by the Administration or "Advance" should be quoted within brackets at the bottom of the comment.
  - xi. Comments on the various grants/Annexures etc. should be sent to the Administration for verification of Audit conclusions and not for acceptance of the same.
  - xii. In no case should the comments be reproduced in the body of the letters sent to the Comptroller & Auditor General of India (Railway wing).
  - xiii. Whenever Railway Board's letters to the Railway Administration or the Railway Administration's letters to the Railway Board are referred to in the comment, copies thereof together with the copies of relevant letters to which these may be replied should also be sent.

(Reference:(i) Director of Railway Audit's letter No. R.2-39/48 dtd: 22nd September 1950)

(ii) Director of Railway Audit's letter No. R1-13/52 dated: 17th August 1953. (iii) Paras 6(iii) and (iv) of the Director of Railway Audit's endorsement No. R.1-13/54 dt: 18th September 1954).

#### **1225A Important Orders:**

1. The instructions laid down in paras 396 to 422 of Railway Audit Manual together with the instructions contained in Appendix 4 of the Railway Audit Manual should be followed in formulating the comments on the Appropriation Accounts. Instances of postponement to a later year of payments/adjustments which should have been made during the year under Report and instances of premature payments and adjustments should be clearly brought out. For this purpose, the payments and adjustments made in March should be thoroughly examined. It may also be useful to scrutinise fully the adjustments or payments made in the early months of the succeeding year with a view to see whether there are any cases of belated payments or adjustments to avoid excesses over voted grants. Important cases relating to the efficiency of internal check and having a bearing on the Appropriation Accounts and Annexures should also be considered for comments.

(DO letter No. 1533-RRI-46/56/59 dated: 21-8-59 from the ADAI (Railways) to Chief Auditors of all Railways).

#### **1226 Signing of Appropriation Accounts.**

The advance copies of the Appropriation Accounts are required to be sent by the Railway Administration to the Railway Board with a copy to the Principal Director of Audit for vetting under the signatures of the General Manager. The relaxation allowed by the Railway Board in their letter No. 62/APP/65/61-62 dated: 18-11-62 has to be used only in unavoidable circumstances.

(Ref: Railway Board's letter No. 81/APP/1-3/80-81 dated:11-12-81 received under Comptroller & Auditor General of India (Railway wing)'s endorsement No. 150-Railway Administration III/21/81 dated: January 1982).

On Southern Railway after the advance copies are checked by the Audit final copies of the Accounts/Statements/Annexures are co piled by the Administration got vetted by this office and then forwarded to the Railway Board with copies to this office after obtaining the signatures of the General Manager. In as much as advance copies of the Appropriation Accounts are not required to be sent by the Directors of Audit to the Comptroller & Auditor General of India (Railway wing), only the final copies duly signed by the General Manager after verification by Audit are forwarded to the office of the Comptroller & Auditor General of India (Railway wing).

### **1227 Instructions peculiar to certain Grants:**

The following points should specially be borne in mind while finalising the accounts of some of the Grants:

#### **I. Civil Grants**

- i. The figures in the Appropriation Accounts of Civil Grants are required to be shown in units of Rupees and not in thousands of rupees as in the case of Railway Grants.
- ii. Along with the final copy of each of Civil Grants, Audit Certificate in the form laid down under Chapter 15 – Section III of MSO (Audit), First Edition under the signature of the Principal Director of Audit has to be forwarded to the Comptroller & Auditor General of India (Railway wing).

### **1227(A) Important Orders:**

1. A certain Railway debited the amount sanctioned for the purchase of Motor Cars and other conveyance to the final heads viz., “Loans and Advances” and credited it to the suspense head “Deposit Miscellaneous” as the payment could not be made before the close of the year. The advances were paid in the subsequent year and the amount debited to the head “Deposit Miscellaneous”. This was done by the Railway with a view to avoiding lapse of funds. As the adoption of this procedure by which payments actually made in the succeeding year were booked in the accounts of the previous year constituted a serious irregularity, the Railway Board issued circular instructions to all Railways to the effect that steps should be taken to see that similar irregularities do not occur.

(Railway Board's letter No. 48-AC I/103 dated: 17-3-50 received under Director of Railway Audit's endorsement No. R-I.15/48 dated: 22-3-50).

(Ref: Director of Railway Audit's letter No. E.2-7/51 dated: 29-10-51)

2. The various items of defects in budgeting, misclassification s and other irregularities noticed in the Civil Grants which would otherwise constitute material for audit comments, should, as far as possible, be brought out specifically in the body of the explanations for variations in the Appropriation Accounts of Civil Grants.

(Ref: Director of Railway Audit's letter No. R.1-86 A/53 dated: 10th March 1955)

3. With effect from the Budget for 1964-65, the provision of funds for the grant of the advances for purchase of motor conveyances, other conveyances, warm clothing, table fans, etc. to the staff of the Railway Audit Department should not be included in the requirements of the Railway Administration. The funds required for the Railway Audit Offices will be provided for and allotted by the Comptroller & Auditor General of India as laid down in the Government of India, Ministry of Finance (Department of Economic Affairs)'s office Memorandum No. F.6(20)B/62 dated: 12th November 1963 and advised to the Directors of Audit of Railways. The payments will continue to be made by the Railway Accounts Officers based on the certification of availability of funds issued by this office.

The Accounts Current forms submitted by the Railway Administration should show the expenditure on such advances made to the staff of the Railway Audit Offices, as well as recoveries effected on this account separately from those of the staff of other departments for whom the budget provision is made by the Railways. While the total figures including those of the Railway Audit staff representing the transactions under each category of loan should be

shown in the Account Current in the statement showing the balance under 'F-Loans and Advances' accompanying the Account Current the figures relating to the Railway Audit Staff should be shown as a separate entry under each category of loan. Every month the Financial Adviser and Chief Accounts Officer will forward a statement showing the payments made as well as recoveries effected under each category of loan in respect of Railway Audit staff, to the Principal Director of Audit.

The responsibility for the compilation and submission of the Appropriation Accounts thereof will rest with the Comptroller & Auditor General of India (through the Principal Director of Audit).

(Ref: Railway Board's letter No. 64-AC.II/3/2 dated: 27th June 1964 received under Comptroller & Auditor General of India's Lt No. BRS/223-63 dated: 24th July 1964).

4. General Managers are empowered to re-appropriate funds under the Civil Grant for loans and advances to Government servants (except House Building Advance) subject to the condition that such re-appropriation is sanctioned only by the General Manager and not re-delegated to lower formations on the Railway.

5. The Railway Board have decided in consultation with Audit, that in the case of employees transferred from one Accounting unit to another, the following procedure is to be followed in the matter of adjustment of balances of advances under: **F** - Loans and Advances outstanding against them

a. The amount of un-recovered advances should be transferred to the Accounts Officer to whose control the employee in question has been transferred, and

b. the debit balances transferred from one Accounting Unit to another should be adjusted as plus and minus credits, under the relevant heads, in the books of the transferring and receiving Accounts Officers respectively to avoid a second debit to the major head "Loans to Government Servants", for which grants are obtained so that the debits for the year, which will represent only the payments of the advances made remain unaffected.

(Note: In the subsidiary registers maintained for watching recoveries of the advances, the posting of minus credit should, however, be made in debit column and recoveries thereof being taken as credits. A suitable note should be kept in the subsidiary registers to facilitate reconciliation of the subsidiary registers with the General Books).

6. In the case of House Building Advance granted under **F** -Loans and Advances, where the disbursement of the advances is made in instalments, the Board have, however decided that the debits for the entire amount should be collected together in the Books of Accounts Officer who arranged the payment of the first instalment of the advance. For facilitating this, the payment of any subsequent instalments of the advance arranged by the Accounts Officer of any other circle, due to the transfer of the employee in the meantime, should be transferred to the Accounts Officer who arranged the payment of the first instalment. Credits in respect of recoveries, if any, effected from the employee before the disbursement of the full amount of the advance is completed, will also be transferred to the first Accounts Officer for necessary adjustment in his books. On completion of the drawal of the entire amount of advance, the Accounts Officer who arranged payment of the first instalment, and consequently in whose books the entire amount of the advance has been accumulated, will transfer the outstanding debit balance, to the Accounts Officer under whose accounts control the employee is working at that time for adjusting recoveries made from the salary of the loanee. Thereafter the outstanding debit balance will be transferred to the new Accounts circle whenever the employee is transferred from one accounts circle to another. At the time of transferring the outstanding balance, the Accounts Officer will intimate the Accounts Officer receiving the balance, the full particulars of the month-wise recoveries effected in his circle as well as in the previous circle, if any so as to enable the latter to determine the correct amount of interest accruing on the advance (Loan).

7. These decisions will apply to all advances under the head **F-Loans and Advances** to Government servants, in respect of transactions not only between Railway Accounts Offices but also in respect of transactions between Railway and Non-Railway Accounts Offices except that in respect of transactions relating to flood advances and advances for purchase of table fans to Class IV (Group 'D') staff, under **F-Loans and Advances**, they will apply only to transactions between Railway Accounts Officers (both intra Railway and inter Railway) and not for transactions between Railway and Non-Railway Accounts Officers.

The above decisions took effect in respect of transfers of staff effected on or after 1-4-65.  
(Ref: Railway Board's letter No. 64 AC II/1/5 dt: 19/22-8-65 received under Comptroller & Auditor General of India's endt. No. 2786 - Tech. Admn.I/456-61 dated: 12-9-65)

8. Consequent on the delegation of powers to General Manager to re-appropriate funds between detailed heads under the Civil Grant for Loans and Advances to Government servants, (except House Building Advance) the Railway Administrations are required to send to the Railway Board in the first week of May of every year, a statement showing the 'Original Grant', 'Re-appropriations' and 'Final Grant' under each of the heads viz. "Advances for the purchase of Motor Cars", "Advances for the purchase of other Motor Conveyances", "the Personal Computer Advance", "Advance for the purchase of warm clothing for staff", "Advances for the purchase of other conveyances", "Advances to class IV (Group 'D') for the purchase of table fans etc.", after taking into account the re-appropriations sanctioned by the General Manager duly endorsing a copy thereof to the Directors of Audit for check and transmission of the result thereof to the Comptroller & Auditor General of India (Railway wing).

After checking the statement, the results of verification should be communicated to the Railway Administration who will arrange to rectify the discrepancies if any, and intimate the results to the Railway Board. An audited copy of the statement will be forwarded to the Comptroller & Auditor General of India (Railway wing).

## **II. Railway Grants:**

a. Grant No. 2 - Railways - Revenue - Miscellaneous Expenditure (General) - (i) The Appropriation Accounts in respect of each of the sub-heads of the Grant viz., Audit, Surveys, Railway Rates Tribunal, Miscellaneous Establishments and Miscellaneous charges will be prepared by the Administration. After finalisation of the Accounts of the individual sub-heads as referred to above, an abstract of the Appropriation Accounts of Grant No. 2 showing the sub-heads, the Original Grant, Final Grant, supplementary Grant, Actual Expenditure etc. will also be prepared by the Administration, got accepted by this office and sent to the Railway Board after obtaining the General Manager's signature. The Appropriation Accounts of the individual sub-heads should not be sent piece-meal to the Comptroller & Auditor General of India. The final copies of the Appropriation Accounts of all sub-heads should be sent to the Comptroller & Auditor General of India only along with the abstract of the Accounts referred to above.

(Ref: Comptroller & Auditor General of India (Railway wing)'s letter No. 533-RR1-2/59 dated: 16th March 1960 and 1294 -RR1-2/61 dated: 20th October 1961).

(ii) The Appropriation Accounts of the sub-head "Audit" will be prepared both in the Civil Form (in units of rupees) and in the Railway Form (in thousands of Rupees) separately.

As regards the accounts in the Railway Form, necessary details will be furnished by the Administration Section to the Financial Adviser and Chief Accounts Officer (Budget). The accounts so piled by the Railway Administration based on the above material will be checked by this Section like any other Grant and finalised. Final copies thereof duly signed by the General Manager will be sent to the Comptroller & Auditor General of India (Railway wing).

(iii) From the year 1964-65, the Pensionary charges of Railway Audit Staff are met from the Railway pension fund. There is, however, no change in the initial booking of the expenditure in question which will continue to be booked under the sub-minor head 'Pensionary charges of



Railway Audit Staff" under the group minor head "Audit" under the major head '345 - Indian Railways - Policy Formulation, Direction, Research and other Miscellaneous organisations". The Pensionary charges of Railway Audit Staff will be budgeted for under (Demand No. 13 from 1979-80) in thousands of Rupees.

### **1227(B) IMPORTANT ORDERS.**

1. Instances have come to the notice of the Board where some Railways have explained increases or decreases in their grants as being due to cut imposed or more funds allotted by the Railway Board in the Budget. Explanations of this nature do not bring out the real cause for the variation. Further, they also cause embarrassment to the Board in explaining the variations in the consolidated Appropriation Accounts of the Railways and subsequently, before the Public Accounts Committee. Cuts are imposed or extra allotments are made by the Board either on the basis of all relevant information available with them with regard to a particular item of provision or on the basis of overall availability of funds. Whenever possible, the Railways are informed of the specific reasons, due to which a cut is made on the provision asked for by the Railway or extra funds are allotted, but it is not always possible to give these reasons. The intention is that the Railways should work to the allotments made and explain further variation on that basis. The Board, therefore, desire that remarks of this nature as mentioned above, purporting to be explanations, should be avoided and the reasons for variation should be complete without reference to any changes made by the Railway Board; if any such case clarification is required to enable, variation between actual expenditure and the allotments fixed by the Board, being fully explained it should be obtained from the Railway Board in time.

(Railway Board's letter No. App. Gt. 7/49-50 dated: 6-10-52, No. App. Gt. 6/54/55 dated: 27-6-56 and No. 75. App/6-1/74-75 dated: 6-9-75).

2. All possible care should be taken by the Railway Administration in the compilation of the advance copies of the Accounts and Annexures so that subsequent corrections may be reduced to the minimum. Amendments to the Accounts/Annexures will be advised by the Railway Administration to the Railway Board and Audit immediately after they are found necessary. (Ref: Railway Board's letter No. 18-App/51-52 dtd: 9-4-54 received under Director of Railway Audit's endt No. R1-13/53 dtd: 22-5-54).

3. Some information in connection with the Appropriation Accounts was called for from the Railway Administration by a Chief Auditor (now Principal Director of Audit) of the Railway. The Financial Adviser and Chief Accounts Officer of the Railway informed the Chief Auditor that it was not necessary in the Appropriation Accounts of that year had been finalised and printed and as such further action for collecting that information was stopped. The Railway Board with whom the matter was taken up by the Director of Railway Audit pointed out to the Railway Administration that while it is appreciated that with the finalisation and printing of the Appropriation Accounts, further changes and corrections therein cease to be feasible, further information required by Audit about some items should be supplied in the usual course, and that in the particular case under reference the information was intended for use by the Comptroller & Auditor General of India and should have been supplied with due promptness. The Railway Board also pointed out that even after the printing of Appropriation Accounts, occasions do some times arise when further information is required either by them or by Audit and desire that in such cases the needful should, in future, be done with promptness.

(Railway Board's letter No. App. Gt. 16/50-51 dtd: 4-5-54 addressed to the Financial Adviser and Chief Accounts Officer North Eastern Railway, Copy received under DRA's Endt. No. R-1-69/51 Part II dtd: 25-5-54).

4. Amendments to the Accounts etc. are to be sent by the Railway Administration to the Railway Board in duplicate in the form of correction slips, typed on only one side of the paper and indicating clearly the sub-heads of the grant, and column number and item number etc. involved in each case.

(Para 3(iii) of Railway Board's letter No. 53-ACI/17/2 dtd: 24-7-54 received under DRA's endt. No. R1-13/54 dtd: 18-9-54).

5. Appropriation Accounts should not be finalised unless all outstanding points are settled as, later on it becomes impossible to get the correction slips issued after the accounts are printed.

(Comptroller & Auditor General of India's (Railway wing)'s letter No. RI-5/54 (S.Rly) dated: Nil (received in November 1955) addressed to the Chief Auditor, Southern Railway, Madras.)

6. The question arose whether the vote of Parliament for expenditure on works chargeable partly to Railway estimates and partly to Civil estimates should be obtained only for the portion of the expenditure chargeable to the Railway Estimates or for the entire expenditure chargeable both to the Railway as well as the Civil Estimates. It was decided by the Railway Board that in the case of works where the expenditure is initially incurred by the Railways and the portion of expenditure chargeable to Civil Estimates is subsequently recovered from the Civil authorities, the vote of Parliament should be obtained for the gross expenditure and the amounts so recovered from the Civil authorities should be shown under the deduct head "Credit or Recoveries" outside the scope of the Demand. (Railway Board's letter No. App. Gt. 15/53/54 dtd: 24-1-56).

7. The question of making provision in the Budget in anticipation of the awards, decrees, etc. likely to be made against Government in the Budget has been under consideration of the Government for some time. Some Ministries, Departments, etc., where such payments are a regular feature, have complained that the procedure of obtaining an advance from the Contingency Fund of India to meet each and every such payment causes great inconvenience. In most cases payments have to be made immediately under the orders of the Court and there was no time to ask for the sanction of an advance from the Contingency Fund and to draw the amount against it. The Government are also advised that there is no constitutional objection in anticipating such awards and including provision for them in the annual budget. It has accordingly been decided that in the case of Ministries, Departments etc., where such awards are a normal feature, provision may be included as a "Charged" item of expenditure for the likely payments to be made during the year on the basis of past trends of actuals and such other relevant data that the Ministries, etc. might have. If this provision proves inadequate it may be necessary to supplement it by a supplementary appropriation or in the case of an immediate payment, to ask for an advance from the Contingency Fund. In the case of Ministries, etc., where only stray cases occur and it is not possible to anticipate them before hand, there would be no option but to ask for a supplementary appropriation and if necessary an advance from the Contingency Fund. It would, however, be necessary to ensure that the amounts included in the annual budget in anticipation of the awards, decrees etc. likely to be made against Government are reduced to the absolute minimum. The provision to be included should be made only after obtaining the prior concurrence of the Financial Adviser.

(Govt. of India, Ministry of Finance (Department of Economic Affairs) OM No. F.2(35)-B/57 dtd: 12th June 1957 copy received under Railway Board's letter No. 56-B-4087 dtd: 25th June 1957).

8. In the Appropriation Accounts for 1958-59 of the North Eastern Railway, the variations in Column (4) were below the limits laid down in Para 609-GI (the then) in most of the Grants. The Chief Auditor (now Principal Director of Audit) of that Railway called for explanations in respect of all variations beyond Rs.50,000/- (the then monetary limit prescribed in Para 638-GI for inclusion of cases in the statement of defects in budgeting) appearing against sub-detailed heads of accounts for judging the items for inclusion in the statement of defects in budgeting, if any, even in cases where variations under sub-heads of grants have not been explained being within the prescribed limits.

The Railway Administration drew the attention of the Chief Auditor (now Pr. Principal Director of Audit) to the instructions contained in Railway Board's letter No. 27-App/52-53/Pt. II dtd: 14-10-54 in terms of which the prescribed limits below which no explanations need be

furnished apply to sub-heads of grant and not, to the sub-detailed heads of accounts under those grants, and stated that explanations for plus and minus variations in the sub-detailed heads of accounts would be furnished by them provided the variations exceeded the prescribed limits of the sanctioned allotment of the sub-head of the grant under which the sub-detailed heads of accounts come.

The Chief Auditor (now Pr. Principal Director of Audit), did not, however agree with the views of the Admn. and maintained that according to para 638-GI (the then), the statement of defects in budgeting should include all defects in estimates noticed during the year and this was independent of the explanations for variations which are to be recorded under each sub-head of the Appropriation Accounts as per paras 608 and 609-GI.

The Railway Administration pointed out to the Chief Auditor (now Pr. Principal Director of Audit) that (i) para 638-GI cannot be deemed to supersede the provisions of para 609-GI and that both of them should be read in conjunction with each other and (ii) the distribution of allotments are made under the sub-heads of grants only and that the Appropriation Accounts are also compiled accordingly.

The Railway Administration, thereupon referred the matter to the Railway Board for a decision duly pointing out that since the Appropriation Accounts are required to be compiled by individual Railways by the sub-heads of grant and the consolidated Appropriation Accounts are compiled by the Railway Board only by Grants and Railways the lowest unit for the purpose of Budget and Appropriation Accounts is a sub-head of grant and any further sub-division which the Railway may make in units below a sub-head of a grant can only be treated as convenient means to regulate expenditure and there is no rule or order under which they can be reorganised for the purpose of Appropriation Accounts.

The Railway Board, in consultation with the Additional Deputy Comptroller & Auditor General (Railways) communicated the decision that the limits laid down in para 609-GI apply to the sub-heads of grant and that it is not necessary to give explanations for all variations over Rs.,50,000/- where the variation under sub-head happens to be within the limits prescribed in that para and that besides furnishing explanations for variations in terms of Para 608-GI and 609-GI. The Railway Administration should also make available to Audit their budget and the department files as and when called for by them, and that if Audit considers that any particular item, even though within the limits ibid merits special treatment, the reasons for variations in respect of that particular item should be supplied to Audit.

(Ref: letter No. AR/59/1026/1516 dtd: 26/28-11-59 from the FA&CAO, North Eastern Railway to the Railway Board and to Railway Board's letter No. 27-App/58-598/Pt. Dtd: 23-1-60 copies received under Comptroller and Auditor General of India (Railway wing)'s endt. No. 1459-RR1-54/59 dtd: 9-11-60)

9. For purposes of finalising the Appropriation Accounts by the target date, unimportant items may be left over for being pursued in the normal course. The following are the instances of such items:

1. Items of misclassification less than Rs.25,000/-
  2. Explanations for small amounts involving less than Rs. 1 lakh.
- (Circular DO letter No. 168-RR1/46-60 dtd: 19-1-61 from Shri G. Swaminathan, ADAI (Railways) New Delhi to Chief Auditors (now Pr. Principal Director of Audit) of all Indian Railways).

Subject: Appropriation Accounts Grant No. 16 for 1960-61

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The Comptroller & Auditor General of India has brought to Board's notice a few instances of heavy lapses under certain grants which occurred during 1960-61 mainly due to lack of coordination between the various Railway Administrations. The relevant extracts of Comptroller & Auditor General of India's observations are enclosed for necessary action. The

Board have often pointed out the necessity of taking sufficient action to ensure debits to other Railways being raised in time and avoiding such lapses of funds. In this connection you may also refer to Railway Board's letter No. 45-B-4109 dtd: 17-9-45, 50 ACI/71 dtd: 5-7-51 (Copies enclosed) and DO No. 61 ACI/2/1 dtd: 9-6-61.

The Board trust that early steps will be taken by you to ensure that the rule and extant orders on the subject are strictly followed and such lapses avoided. (Copy of Railway Board's letter No. 50-ACI/71 dtd: 5th July 1951).

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Subject: Inter-Railway Adjustments.

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While examining the Appropriation Accounts for 1947-48 (post partion period) the Public Accounts Committee had observed as under:

"60 - The Committee then considered the question of raising of debits by different Railways against each other. It was pointed out that in spite of the recommendation made by the previous committee in para 20 of its Report on the Accounts for 1943-44 to the effect that a Railway should not make any entry in its estimates relating to payments to or receipts from another Railway till the other Railway had agreed to make a corresponding reverse entry in its own estimates, that procedure was not being followed. The Committee stressed the need for maintaining adequate correlation between the different Railways in regard to the adjustment of debits and desired that it should be impressed on the Railways to follow rigidly the procedure recommended by the Committee to avoid lapses of funds. It was also emphasised that while consolidating the budget estimates submitted to them by the Railway concerned, the Railway Board should ensure that the provision of credits anticipated by an individual Railway is set off by contra debits to be raised by the other Railway concerned. The Committee wished to be apprised in due course of the instructions issued in this matter by the Railway Board.

2. A few instances disclosing inadequate correlation between the Railways in this regard were also brought to notice by the Director of Railway Audit vide Para 12(iv) and 19(xi) of the Railway Audit Report 1949.

3. In this connection attention is invited to Railway Board's letter No. 45-B-4109 dtd: 17th September 1945 (copy enclosed) drawing attention to the comments of the Public Accounts Committee on the accounts for 1943-44 and the Railway Board's instructions thereon. The procedure regarding inter-railway adjustments has already been laid down in the code (vide Para 1410-A read with Para 1414-A), whereby one Railway cannot debit or credit itself till the other Railway accepts the corresponding credit or debit, thus ensuring correlation in the accounts of the two Railways. Instructions were also issued in Railway Board's letters No. 51ACI/TT/2 dtd: 23rd January 1951 and 23rd May 1951, in which attention of the Railways was drawn to the existing instructions laid down in the code and the necessity for taking prompt action in the matter of acceptance and final accountal of the transfer transactions in the accounts of the year concerned was emphasised. If these instructions had been strictly followed, lapse of funds would have been avoided.

4. The Railway Board once again emphasise the need for maintaining close correlation between the Railways and desire that the rules and extant orders on the subject issued from time to time should be strictly adhered to and all round attempts made to ensure timely adjustment of inter-Railway transactions to avoid lapse of funds, so that there should be no adverse comments from the Public Accounts Committee on the subject in future.

5. Please acknowledge receipt of this letter.

It has been noticed that some Railways send more than one copy of the Appropriation Accounts which are hardly of any utility to the Board's office. It has, therefore, been decided that:

- i. Only one copy of the Appropriation Accounts/Annexure statements and correction slips should be sent in future.
- ii. In case where the "advance" Appropriation Accounts are not signed by the General Manager due to unavoidable circumstances these should subsequently be got approved by him as early as possible and an intimation to this effect sent to the Board under the signature of an Administrative Officer.
- iii. Similarly an ordinary intimation to the effect that accounts etc. are finally checked and accepted in Audit will do. A copy of the Audit Certificate duly attested, and audit observations, if any, should however, continue to be sent.

(Railway Board's letter No. 62 App/65/61-62 dtd: 18-11-62 addressed to General Managers, All Indian Railway and others, copy received under Comptroller & Auditor General of India (Railway wing)'s endorsement No. 150-Railway Administration III/RR1-21/81 dtd:nil-1-82).

In the Appropriation Accounts for 1961-62 of a grant, the Southern Railway Administration exhibited a minus figure as supplementary grant against a sub-head. This was considered as irregular by Audit and as the Railway Administration did not agree to set it right, the matter was taken up with the Railway Board through the Comptroller & Auditor General of India (Railway wing). The Railway Board pointed out to the Southern Railway that the exhibition of a minor figure as supplementary grant is not in order and that the amount of the supplementary grant voted by parliament should invariably be a plus figure and be shown as such against the head under which it has been obtained and further modifications if any under that head should be shown against 'R'. The Railway Board also directed the Southern Railway Administration to correct the Appropriation Accounts accordingly.

(Railway Board's letter No. 62 App/Gt. 13/61-62 dtd: 7-12-62 addressed to the General Manager, Southern Railway copy received under Comptroller & Auditor General of India (Railway wing)'s endt. No. 4346-RR1-13/62 dtd: 18-12-62).

When variations in column 1 or column 4 are explained as due to more than one factor, the amount relating to each of the factors should be furnished. Two or more factors should not be clubbed together in the explanations for variations both under column 1 and IV unless the amount involved is minor or insignificant.

(Letter No. 3408-RR1-14/65 dtd: 15-10-65 from the Comptroller & Auditor General of India (Railway wing) to the Chief Auditor, Central Railway, Bombay, copy endorsed to Chief Auditors of all other Railways).

In accordance with the procedure of net budgeting under the Capital suspense heads, the credits for issue of stores from one suspense head to another as well as to works, falling within the same grant, are required to be taken in reduction of expenditure within the grant. Credits of this nature, therefore, result in a saving under one sub-head of grant and a corresponding excess under the other sub-head(s) under which the stores are received. For example, more receipt of manufacture materialise into stock of return of more materials to stores from workshops, would cause a saving under 'workshop manufacture suspense' with a corresponding increase under 'Stores Suspense'. In the Appropriation Accounts of grant No. 15 for 1966-67 received from various Railways/projects it has, however, been observed that certain cases the per contra effect of saving/excess was not properly brought out. The Board therefore, desire that while giving explanation for variations both under column 1 and column 4, such correlation of explanations should be adequately ensured, preferably giving in bracket the cross references to the items number of the explanations under the various sub-heads.

(Railway Board's letter No. 67-App/2/15/66-67 dtd: 31-1-68 addressed to All Indian Railways and copy received under Comptroller & Auditor General of India (Railway wing)'s endorsement No. 581-RR/1-15/67/Vol. I dtd: 15-4-68.

The monetary limits prescribed in para 609-GI (the then) for purposes of furnishing the explanations for variations apply to the grant as a whole and not to sub-heads of grants. In fact, even when the variation for the grant as a whole does not exceed the prescribed limit but the variations under sub-heads is made up of plus and minus variations exceeding the limit, causes for such variations have to be furnished in the Appropriation Accounts.

(Railway Board's letter No. 73/App./2-6/72-73 dtd: 15-11-73 addressed to the General Manager (Accounts) Southern Railway, Madras).

## **ANNEXURES AND STATEMENTS**

### **ANNEXURE - A**

#### **1228 Statement of unsanctioned Expenditure:**

The Annexure should be compiled in the proforma prescribed by the Railway Board from time to time. This should be supported by two statements viz., (1) Annexure A(I) in Form 445-FI which will indicate the details of individual items of objection amounting to Rupees one lakh each or more and the total amount in respect of objections amounting to not more than Rupees one lakh each under three categories viz., "Want of estimate", "Excess over estimate" and "Miscellaneous Irregularities", separately and (2) Annexure A(II) in Form 447-FI showing the estimates provisionally accepted by Accounts or Audit.

It should be noted that while the figures in Annexure 'A' are to be shown in thousands of rupees, the figures in Annexure A(I) should be in units of rupees. The various Divisions/Units should, however, indicate the figures in Annexure 'A' also in units of rupees.

It should also be noted that while the minus expenditure resulting from certain credit adjustments should be taken as plus for purposes of exhibition in Annexure 'A', the amounts of expenditure will, however, be shown in Annexure A(I) as minus figures only.

(Authority: Para 2 of the Railway Board's letter No.62-App/62/61-62 dtd: 18th December 1962 received under Comptroller & Auditor General of India (Railway wing)'s endorsement No. 4380-RR1-26/623 Vol. II dated Nil).

In the statistics of expenditure under objection to be appended to Annexure 'A', "the figures shown against total amount placed under objection during the year under review and still under objection" should agree with the sum total of the figures shown in the columns "Expenditure during the year" appearing under the three sections "items dating from earlier than previous year", "items dating from the previous year" and "items relating to the current year" of the Annexure. The figures of total amount of expenditure audited during the year under review to be shown in the statistics should be the total of the expenditure shown in the accounts of grants.

It should be noted that in the case of an item, which was shown in the Statement of the previous year and which is occurring in the statement of the current year also, the figures of actual expenditure "relating to the previous year" and those "relating to the period unto earlier than previous year" and the month in which unsanctioned expenditure was first incurred" shown in the statement of the current year agree with the details shown in the previous year's statement. If there is any discrepancy on account of some wrong figures having been adopted in the previous year's statements, the fact that the discrepancy has been set right in the subsequent year's statement should be specifically mentioned in the form of foot-notes.

(Railway Board's letter No. 29-App/49-50 dtd: 28th May 1952 received under Director of Railway Audit's endorsement No. R1-13/51 dtd: 25th June 1952).

In the remarks column of Annexure A(II), the specific reasons for the delay in regularising the items with proper sanction in respect of each and every item amounting to rupees one lakh each or more should be brought out.

While giving the reasons, vague and unintelligible expressions viz., "the estimate is under preparation", "the estimate is under revision", "the estimate is awaiting sanction etc." should not be given, as such explanations do not meet the requirements of Audit Department nor can they satisfy the members of the Public Accounts Committee. The reasons for undertaking the work in anticipation of sanction or preparation of the estimate, the delay in its preparation, if the estimate is awaiting sanction, then whose sanction is necessary and when the estimate was submitted for sanction and what is delaying the sanction etc., should be furnished so as to give a complete explanation. If complete information is furnished in the first instance, unnecessary subsequent correspondence could be eliminated.

(Para 5(ii) of Railway Board's letter No. 46-AC-I/136 dtd: 8-10-46 regarding Appropriation Accounts of Railways in India for 1945-46)

The various divisions/auditing sections will scrutinise the Annexure relating to their units with reference to the Register of Objectionable Items of expenditure maintained by the respective Accounts Offices and forward the audited copy to the Headquarters Books and Budget Section who will consolidate the details and check the consolidated Annexure.

A Certificate in the following form duly signed by the General Manager has to be appended to the final copy of the Annexure 'A'.

"Certified to the best of my knowledge and belief that all expenditure included in the Appropriation Accounts of Southern Railway for (the year)\_\_\_\_\_ has been sanctioned by competent Authority with the exception of the items detailed in the Statement of unsanctioned Expenditure (Annexure 'A') to the Appropriation Accounts".

General Manager.

### **1228A Important Orders.**

1. Items of works, the expenditure on which exceeds the gross amount of the sanctioned estimate or the net amount in terms of Railway Board's letter No. 21/App/40-41 dtd: 6-10-41 should be included in the statement of unsanctioned expenditure, irrespective of the amount of the excess.

(Railway Board's letter No. 21/App/40-41 dtd: 6-10-41 received under Director of Railway Audit's endorsement No. R1-55/40 dtd: 17-10-41 as amended by Railway Board's letter No. 21-App/40-41 dtd: 11-5-42 received under Director of Railway Audit's endorsement No. R1-55/41 dtd: 13-6-42).

2. While compiling the statement, a certain Railway included the expenditure in respect of works executed on behalf of the Defence and other departments and held under remittance or Debt Heads. The Railway Board clarified that the same was not correct and as the object of the statement is to bring out the percentage of the unsanctioned expenditure to the total expenditure relating to Railway Grants audited during the year, this Annexure should exhibit such items of unsanctioned expenditure as have been charged to Railway Budget heads irrespective of whether a part of the same is debitable to another department or an outside body.

(Para 6(B) of Railway Board's letter No. 45-AC/I/136 dtd: 6-9-45 regarding Appropriation Accounts of Railways in India for 1944-45).

3. The Railway Board have issued the following clarifications in regard to the adoption of minus expenditure resulting from credit adjustments as plus for purposes of working out the figures to be exhibited in the tabular statement.

“If a particular item of unsanctioned expenditure comprises minus and plus expenditure, only the net expenditure should be shown in the statement. In case the net amount is a minus figure, it should be taken as plus for the purpose of working out the figure in the statement and the notes there under:

(Para 5(iii) (a) of Railway Board's letter No. 46-AC/I/136 dtd: 8-10-46 regarding Appropriation Accounts of Railways in India for 1945-46).

4. Expenditure on account of Bulk Order items should, like any other works expenditure, be charged against sanctioned estimates. Therefore, the preparation of detailed estimates in respect of these items is as essential as in any other case and expenditure for which detailed estimates are not prepared should be exhibited as unsanctioned expenditure in Annexure 'A' of the Appropriation Accounts.

Expenditure relating to bulk order items is initially collected by the Railway Board, to whom the authorised paying agencies transfer every month the entire expenditure on account of such items. At the time of Revised Estimates, the Board transfer to the allottee Railways concerned the entire expenditure booked on account of the bulk order items transferring simultaneously the funds intended for those items. On the basis of the information available in the copies of extracts of contracts or orders showing the prices of the items concerned received from the Railway Board, detailed estimates should be prepared and sanctioned so that the expenditure transferred to them by the Railway Board along with the funds, can be adjusted against the sanctioned estimates. If for any reason, the allotment or the intimation of prices is not received or is received late, the relevant debit on receipt from the Board should be held under objection and immediate steps taken to obtain whatever information is necessary for the preparation of detailed estimates. It will be the responsibility of the Railways to initiate expeditious action to remove items of such expenditure placed under objection.

In framing the detailed estimates, necessary provision should also be made for freight, customs charges and erection charges etc. on the basis intimated to them by the Board from time to time.

(Railway Board's letter no. 21-App./52=53 of 10<sup>th</sup> May 1954 received with Director of Railway Audit's endorsement No. R1-59/52/KW dated: 14<sup>th</sup> June 1954).

5. Expenditure on unsanctioned posts should be exhibited in the Annexure 'A' to the Appropriation Accounts and should be worked out on the basis of actuals if the posts can be identified. Where, however, this is not possible, the minimum of the scale of pay in each category should be taken as the pay of the unsanctioned post.

(Railway Board's letter No. 54-AC.II/21/2 dated: 28th May 1954 received under Director of Railway Audit's endorsement No. A.4/29/54 dated: 22nd July 1954).

6. For purposes of classification of the objectionable items under the two categories “Amounting to Rupees one lakh each or more” and “Amounting to less than Rupees one lakh each”, the criterion should be the amount that has been held under objection unto the end of the year to which the annexure relates, and which had not been regularised by the **1<sup>st</sup> July** of the following financial year as will be evident from the heading of the form.

(Railway Board's letter No. 21.App/56-57 dated: 11-12-57 and 24-1-58 addressed to the Chief Administrative Officer, Integral Coach Factory, Madras.)

7. A question arose whether in cases where excesses over sanctioned estimates are to be regularised through Completion Reports with the sanction of the competent authority in terms of para 1136-E if the excess is brought to the notice of the competent sanctioning authority through a consolidated statement showing explanations in sufficient details for the excess against each work and the sanction to a specific amount of excess, in each case, is accorded by



the sanctioning authority on the basis of the statement submitted to it, the item can be removed from the objectionable items register and consequently not shown in the statement of unsanctioned expenditure forming Annexure 'A' to the Appropriation Accounts. It has been decided by the Railway Board in consultation with the Comptroller & Auditor General of India (Railways) that the sanctions to the specific amounts accorded by the sanctioning authority in such cases should be treated similar to revised estimates and considered sufficient for the purpose of clearing the objection. In all other cases the code provision in regard to the preparation of the Revised Estimates for regularising expenditure in excess of sanctioned estimates should be observed.

(Railway Board's letter no. 59-AC.II/22/2 dated: 1<sup>st</sup> January 1960 received under Comptroller & Auditor General of India (Railway wing)'s endt. No. 302-RR1-26/59-A dtd: 18<sup>th</sup> Feb. 1960).

8. The following items **need not be included in Annexure 'A'** to the Appropriation Accounts.

(i) Amounts paid out of station collections to casual labour, kept under suspense for want of original paid vouchers and post check thereof.

(Railway Board's letter No. 21/App/60-61 dated: nil-9-61 forwarded under Comptroller & Auditor General of India (Railway wing)'s endt. No. 3847-Railway Administration II/t 17-89/60 dated: 27th September 1961).

(ii) Recoveries to be affected from the settlement dues of staff at the time of their retirement, on account of over-drawal of rations at concessional rates.

(Railway Board's letter No. E(LWA) 62-AT/PW/1-18 dtd: 16th February 1963 addressed to the General Manager/Southern Railway, copy received under Comptroller & Auditor General of India (Railway Wing)'s endorsement No. 677-RR1-26/62 (R.B) dated: 2nd March 1963.

9. Expenditure initially held under objection but which is subsequently noted in the recovery register for watching recovery from the staff should be removed from the Objection Book and need not be included in Annexure 'A' - Statement of unsanctioned expenditure. Overpayments etc. where recoveries are not to be effected but are to be written off should, however, continue to be exhibited in Annexure 'A' - Statement of unsanctioned expenditure till sanction. The recovery registers referred to above will remain open for review by Audit.

The recovery registers should be reviewed periodically in the same manner as the objectionable items registers. It should also be watched in Audit that -

i. Recovery Registers are maintained in proper form and are reviewed periodically by the Gazetted Officer and Section Officers of the Accounts Branch in the same manner as the Objectionable Items Registers and

ii. When an item is transferred from the Objectionable Items Register, cross-reference is given in both the registers.

If the result of review indicate that these registers are not being maintained efficiently or the action taken to recover the dues is inadequate or undue delay or lapse has occurred in effecting actual recoveries, the matter should be taken up with the Railway Administration.

(Railway Board's letter no. 65-App/40/1/64-65 dtd: 16th July 1965 and Comptroller & Auditor General of India (Railway wing)'s letter No. 2212-RR1-26-65 (R.B) dated: 23rd July 1965).

10. The procedure for determining the amount of expenditure incurred in excess of the sanctioned estimates was not quite uniform on the Railway/Units etc. In as much as in some Railways it was compiled with reference to the amount of the abstract estimate and on others with reference to that of the detailed/construction estimate. The Railway Board therefore pointed out to the Railways/Units etc. that in terms of Para 362-AI (the then) and 703-E the excess amount of expenditure to be held under objection is to be determined with reference to the sanctioned estimate, which term refers to the sanctioned detailed estimate construction estimate and the expenditure on urgent works undertaken on the basis of abstract estimates' is

held under objection under the category 'want of Estimates' - The Railway Board therefore directed the

Railways/Units etc. to examine the practice obtaining on their Administrations with a view to following the correct procedure.

(Railway Board's letter No. 67 App/4/1/66-67 dated: 29-7-67 forwarded under Comptroller & Auditor General of India (Railway wing)'s endt No. 2838-RR/1/26/66 Vol. II dated: 7-8-67).

11. A question has been raised whether the expenditure in respect of works undertaken on behalf of other government department/governments without the preparation of detailed estimates as required in para 735-E should be placed under objection in the books of the Railways and shown in the annexure to Railways Appropriation Accounts, and if there were serious irregularities in the execution of work audit comments worth taking up in draft para for audit report should be withheld on the ground that it was a deposit work and the expenditure was passed on to the Department/Government concerned. The matter has been considered and it has been decided that audit comments should appear in the Report of that Government whose expenditure it is. The only exception to this general principle is the irregularities committed by the Director General, Supplies and Disposals; these irregularities are mentioned in the Central Audit Report even if the purchases relate to State Government etc. The Chief Auditors may, therefore, process such cases for acceptance of the facts by the Railway Administration concerned and advise the Accountants General concerned for inclusion in the Audit Report.

In view of the above, the question of exhibiting such amount in Railway Appropriation Accounts does not arise, though such accounts should be held under objection.

(Comptroller & Auditor General of India (Railway wing)'s letter No. 1232-568-RAI/RR/26/70 dated: 6-4-1972 to Chief Auditors of all Railways).

### **ANNEXURE - 'B'**

#### **1229 Statement of undercharges detected by accounts or Audit and recovered.**

This should be compiled in form F.433. This will be checked with the audited details forwarded by the Traffic Audit Sections at Madras and Tiruchchirappalli. It should be seen that the total undercharges outstanding at the end of the year tallies with the figures arrived at by adding the total amount of undercharges discovered by Accounts or Audit during the year excluding those withdrawn and the total undercharges outstanding at the end of the previous year and deducting there from the sum total of the amounts of undercharges recovered and written off during the year. Another statement showing the amount of undercharges detected by Audit, the amount recovered there of and the balance outstanding will also be compiled in the same form as Annexure 'B' and sent along with the above annexure. For this purpose, a separate register in the form prescribed in the Circular letter No. 1458-RAI/5-8/67 dtd: 5-5-67 from the Office of the Comptroller & Auditor General of India (Railway wing) has to be maintained by the Traffic Audit Sections.

(Comptroller & Auditor General of India (Railway wing)'s letter No. 5176-RR/1-27/67 dtd: 23-12-67).

#### **1229A Important Orders:**

1. The amount of undercharges detected on warrants and Credit Notes also should be included in the statement.
2. The amounts of non-accountal/delayed accountal of invoices and parcel way-bills taken up during the course of internal check do not constitute undercharges and should not be included in the statement.

(Authority: Railway Board's letter No. 64-App/62/63-64 dtd:14-3-64, copy received under Comptroller & Auditor General of India (Railway wing)'s endt No. 758-RR-2-10/63-64 dtd: 19<sup>th</sup> March 64).

**ANNEXURE - 'C'**

Statement showing remissions and abandonment of Claims to revenue.

This will be compiled in form F.433.

2. This will be checked with the details relating to the various accounting units and forwarded by the local Audit Officer duly audited. The Traffic/Audit sections at Madras and Tiruchirappalli will furnish the amounts of wharfage and demurrage accrued during the year, relating to 'Goods' and (coaching portions respectively, if the information is not furnished in the details furnished by them for the compilation of the above statement.

3. The following points should be borne in mind by the Traffic Audit Sections at Madras and Tiruchchirappalli while scrutinising the details relating to their units.

- i. Amounts of inter-railway claims which are written-off being time-barred under Conference regulations need not be included in this Annexure -Vide Director of Railway Audit's No. R 9-3/41 dtd: 2nd October 1942.
- ii. The amounts due from but foregone in the case of the types of ticketless travellers indicated in Railway Board's No. 28-App/44-45 dated: 19th May 1949 should be included in this Annexure.
- iii. The figure of refunds of earnings such as wharfage and demurrage (other than overcharges) should be included in the Annexure vide Controller of Railway Accounts letter No. 257/38 Part 1 dtd: 15th March 1940.
- iv. As soon as Annexure 'C' is available it should be scrutinised to see whether there is any tendency on the part of the Administration to waive recovery of wharfage and demurrage charges without due care or proper justification resulting in heavy remissions of such charges particularly in respect of big firms. If there are any such cases, suitable comments of draft paras should be prepared and intimated to the Comptroller & Auditor General of India (Railway wing) for mentioned in the Report of the Comptroller & Auditor General of India on Railways.

(Director of Railway Audit's letter No. A.17-5/53 dtd: 6th August 1953).

4. The following points should be borne in mind while scrutinising the consolidated Annexure:-

- i. The figure of 'total earnings' shown in the Annexure tallies with the figure of 'Gross earnings' for the year shown in the statement showing the Gross receipts for March accompanying the Revenue Account Current for March.
- ii. The figure shown in the column 'Total outstanding wharfage and demurrage' agrees with the one arrived at by adding the figures of demurrage and wharfage accrued during the year with the outstanding at the end of the previous year and deducting there from the sum total of the amounts of wharfage and demurrage recovered and waived and refunded during the year.
- iii. In the case of individual items of remissions and abandonment of claims to revenue amounting to Rs.25,000/- each or more included in the Annexure, complete details bringing out their salient features and containing inter-alia, the following points, should be given in a self contained note on each case:
  - a) an explanation of the transaction, etc.
  - b) A description of the nature and magnitude of the irregularity, loss etc.
  - c) any extenuating circumstances that may exist;
  - d) any defect in system which led up to the irregularity;
  - e) the remedial or preventive measures adopted;
  - f) the adequacy of those measures;
  - g) brief particulars of disciplinary action taken or reasons for which disciplinary action could not be taken, though the circumstances warranted such action; and
  - h) dates to be given wherever necessary. If individual responsibility cannot be fixed in the

cases of losses or financial irregularities, the reasons for the same.  
(Railway Board's letter No. 14-App/52-53 dtd: 27th May 1954 forwarded under Director of Railway Audit's endorsement No. R1-69/52 dtd: 9th June 1954).

- iv. In the case of remissions of wharfage and demurrage amounting to Rs.25,000/- each or more but less than Rs.1,00,000/- only the particulars of invoices, stations between which booked and the amount involved will be indicated in the statement appended to Annexure. As regards cases amounting to Rs.1,00,000/- each or more, complete particulars of each of the cases will be given in a brief note to be appended to the report.
4. Along with the final audited copy of the Annexure 'C' a statement in the following proforma has to be compiled by this office from the details obtained from the Traffic Audit Sections at Madras and Tiruchchirappalli, as described earlier, and forwarded to the Comptroller & Auditor General of India (Railway Wing).

#### PROFORMA

Amount accrued during the year			Amount Waived/ written off during the year			% of amount waived to total accrued during the year.		
Wharf-age	Demurr-age	Total	Wharf-age	Demurr-age	Total	Wharf-age	Demurr-age	Total

(Comptroller & Auditor General of India (Railway Wing) 's letter No. 4368-RR/1/28/68 dtd: 11-10-1968 addressed to the Chief Auditor, Southern Railway, Madras--3.

The particulars called for vide Headquarters letter No.200-RA/III/Anx.C/99 dated 10/01/2000 should also be sent along with the finally audited Annexure C statement in the proforma shown below:

#### STATEMENT SHOWING THE DETAILS OF WHARFAGE AND DEMURRAGE ACCRUED AND PERCENTAGE OF AMOUNT WAIVED TO THE AMOUNT ACCRUED DURING THE YEAR

Sl. No.	PARTICULARS	(Amount in Units of Rs.)		
		Wharfage	Demurrage	Total
1	Amount outstanding at the end of previous year			
2	Amount accrued during the year			
3	Amount accrued up to the end of {(1) + (2)}			
4	Amount collected			
5	Amount waived and refunded			
6	Balance outstanding at the end of			
7	Percentage of amount waived and refunded of amount accrued			

Name of highest offender/ beneficiary by way of waiver of demurrage/ wharfage during the year	(In lakhs of Rs)	
	Amount of wharfage/demurrage accrued	Amount waived by Competent Authority

**1230 Important Orders.**

1. The amounts due from but foregone in the case of the following types of ticket-less travellers should be treated as abandonment of claims to revenue and included in Annexure 'C' to the Appropriation Accounts

- i. Cases where ticket-less passengers are prosecuted but the courts are unable to recover any amounts and
- ii. Ticket-less passengers who have been handed over by Travelling Ticket Examiners to station staff and taken into account in the station records, but the staff are unable to recover the amounts from the passengers nor are the passengers prosecuted on orders from the District or Divisional Authorities.

The amounts in respect of ticket-less passengers turned out of Railway premises without their being taken into account in the station books, such as handing over memo, etc. should not, however, be included in the Annexure referred to.

(Railway Board's letter No. 28-App/44-45 dtd: 19th May 1949)

2. In terms of Para 376-AI, if money due to a Railway Administration has actually reached Railway/Government servant and is then embezzled, stolen or lost even though it may not have reached the cash office or the treasury, and booked in the Government Accounts, it has to be brought into account as a receipt and then shown as on the expenditure side under proper head, as a loss. Such losses of cash do not fall within the scope of Annexure 'C' to the Appropriation Accounts - Statement of remissions and abandonment of claims to revenue and these have to be reflected as items of losses in the notes at the end of the Appropriation Accounts of the grants concerned.

(Railway Board's letter No. 28-App/58-99 dated: 9-1-60 addressed to General Manager, All Indian Railways.

3. The track capacity over a particular section of the Railway was increased from 8 tonnes to 10 tonnes from 30th May 1957 by the Transportation branch. This enhancement of axle load was not advised to the Commercial Branch, with the result the increase in the axle load over the Section was not notified through the rate circulars to stations in time. The accounts Department too was not aware of this increases. The change was, however, notified by the Commercial Branch on 3rd September 1957 giving retrospective effect from 30th May 1957 to 3rd September 1957 over the Section were rechecked and the undercharges evaluated to Rs.12,711.93 np. in respect of 637 items. This amount was written-off ultimately as irrecoverable.

It was held by the Administration that as the amount involved in respect of each of the items was less than Rs.100/- and as a single sanction was obtained for Administrative convenience, the item required to be included under the category "Items below Rs.10,000 each". This view was not acceptable to Audit. On the matter being referred to the Railway Board by the Administration it was held by the Railway Board that since the undercharges had resulted from a single cause, viz. failure to issue Rate Circulars and correct instructions to the stations regarding the enhancement of the axle load, the case should be treated as one item and placed under the category 'Items amounting to Rs.10,000 each or more'.

(Railway Board's letter No. 28-App/60-61 dated: 31st May 1962 addressed to the General Manager, Southern Railway, Madras, copy received under Comptroller & Auditor General of India (Railway Wing)'s endorsement No. 485-RRI-28/61 (S) dated: 18th June 1962).

4. The amounts representing the fees normally recoverable by the Railway Administration from the Railway Employees' Co-operative Societies etc. for services rendered but not actually recovered on fulfilment of the conditions prescribed in the Railway Board's letter

No. E(co-op)/56/CCS/8 dated: 27-9-60 should not be exhibited in Annexure 'C' - Statement showing remissions and abandonment of claims to revenue.

(Railway Board's letter No. 64-App/46/63-64 Pt dated: 22-6-1966 received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 1727-RR/1-28/64 dated: 2-7-1966).

5. The question of exhibition of refunds of wharfage and demurrage in the statement showing remission and abandonment of claim to revenue has been engaging the attention of the Railway Board's, who have decided in consultation with Audit that a distinction should be drawn between (i) refunds arising in cases in which the parties in the first instance pay the Wharfage and demurrage charges but have these subsequently remitted by competent authority and (ii) refunds arising out of incorrect levy of charges on account of errors in rates, calculations etc. so that while the former are duly included in the statement under reference the latter relating to refunds on account of incorrect levy of wharfage and demurrage are excluded therefrom. These instruction took effect from the Appropriation Accounts for 1969-70 and onwards.

(Railway Board's letter No. 69-App/4/C/68-69 dtd: 8-5-70 addressed to General Manager, All Indian Railway copy received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 3569-RR/1-28/69 dtd: 22-5-70).

#### **ANNEXURE - 'D'**

Review of Expenditure on Important open line works and new constructions: This Annexure will be compiled in four parts in the form given below prescribed by the Railway Board's in their letter No. 61-ACI/17/5 pt dated: 1-12-61 as amended by their subsequent letter Nos. 61.ACI/17/5 Pt. dated: 6-1-62 and 64 App/47/63-64 dtd: 27-2-65.

Appropriation Accounts of Railways in India  
for \_\_\_\_\_

#### **ANNEXURE - 'D'**

#### **Review of Expenditure on Important open line works and New Construcions:**

Part I(a) Works costing Rs.20 lakhs and over which were undertaken during the year without any Budget Provision.

(Figures in thousands of Rupees)

Sl.No	Name of the work	Allocation	Estimated cost	Date of commencement	Expenditure incurred during the year	Total expenditure incurred up to the end of the year	Remarks
1	2	3	5	6	7	8	9

Part I(b) Works costing Rs.20 lakhs and over of Previous Years on which expenditure was booked during the year without any Budget Provision.

(Figures in thousands of Rupees)

Sl.No	Name of the work	Allocation	Estimated cost	Date of commencement	Expenditure incurred during the year	Total expenditure incurred up to the end of the year	Remarks
1	2	3	5	6	7	8	9

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

(Figures in thousands of Rupees)

Sl.No	Name of the work	Allocation	Estimated cost	Budget Provision	Remarks
1	2	3	4	5	6

Part III Works costing not less than Rs.50 lakhs each - Variation between original estimate and expenditure in respect of works completed during the year \_\_\_\_\_

(Figures in thousands of rupees)

Sl.No	Name of the work	Allocation	Original Estimated cost	Final Cost	Variation Excess/ Savings	Remarks
1	2	3	4	5	6	7

The consolidated Annexure will be checked with the audited copies of the statements received from the various Units.

The following points should be borne in mind in checking the Annexure:

- i. The Part I of the Annexure should include works costing Rs.20 lakhs and over, not only started during the course of the year, but also thrown forward from the earlier years, if budget provision therefor was not made at any stage during the year.
- ii. In Part I, brief reasons for undertaking the work without provision should be explained in the remarks column against each work.
- iii. The Part I of the Annexure is split up into two parts as below:-
  1. a. Works costing Rs.20 lakhs and over which were undertaken without budget provision:
  - b. Works costing Rs.20 lakhs and over the previous years on which expenditure was booked during the year without budget provision.
- iv. Works involving expenditure upto to Rupees 10,000 during the year to which the accounts relate need not, however, be included in this Annexure.
- v. In the remarks column of the Part II of the Annexure, the reasons for not undertaking the work during the year may be given against each work.
- vi. In Part III of the Annexure, the criterion for inclusion of the work is the physical completion of the work and not the preparation and sanction of its completion report.
- vii. In the remarks column of the Part III of the Annexure, brief reasons for the variation in the final cost over the original estimate in respect of each of the works should be given.

(Authority: Railway Board's letter No. 61-ACI/17/5 Pt dated: 1st December 1961 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 1543-RRI-23/61 dated: 22nd December 1961. Railway Board's letter No. 61-ACI/17/5/Pt dtd: 27th March 1962 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 380-RRI/52/61 (W.Railway) dated: 10th April 1962. Railway Board's letter No. 64-App/47/63-64 dtd: 27th February 1965).

### 1231 Important Orders.

1. The figures to be shown in the various column of this Annexure should include in addition to the amount debited to Capital and Depreciation Reserve Fund, the amounts charged to Development Fund, Special Railway Safety Fund, Railway Safety Fund and Open Line Works

Revenue. The figures relating to all these heads of account should also be shown separately in the various columns.

(Railway Board's letter No. 18.App/47-48 dated: 11th August 1950 received under Director of Railway Audit's endt. No. E1-45/49 dated: 8th September 1950).

(Railway Board's letter No. 99/ACII/3/1 dated 07/03/2002 for Railway Safety Fund and Railway Board's letter No. 2001/AC/II/2/4 dated 07/03/2002 for Special Railway Safety Fund)

In the case of Rolling Stock constructed in Railway Workshops, while the Railway Board's place bulk orders for under-frames, axles etc. and the cost thereof appears in the Board's programme, the provision for the expenditure on complementary works, such as body building, furnishing etc. appears in the programmes of individual Railways concerned. It has been decided that the relevant estimates of such works should for the purposes of Annexure D include not only the provision made on the Railway Board's Rolling Stock Programme but also the provision for the Complementary Works for those items as provided separately in the programme of individual Railways.

(Railway Board's letter No. 18-App/52-53 dated: 27th May 1955 received under Director of Railway Audit's endorsement No. RI-19/63 S.Railway, dated: 31st May 1955).

3. For purposes of selecting items of works to be shown in Annexure 'D' the monetary limits referred to therein should be applied with reference to the gross estimate of each work i.e., after excluding the element of credits or recoveries.

The figures of "estimated cost", "Expenditure to end of the year" etc. for each item should be shown on the gross basis in the Annexure.

(Railway Board's letter No. 18-App/54-55 dated: 4th May 1956 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. RRI-49/55 Railway Board dated: 19th May 1956).

4. With a view to framing suitable comments if necessary, the various Divisions/Sections/Branches, should furnish the following particulars in respect of all the works exceeding Rs.20 lakhs each to Headquarters Books & Budget Section, soon after the close of the accounts for the year.

- a) In respect of works sanctioned more than 10 years ago, why the estimates have not so far been closed and the completion reports prepared.
- b) In respect of estimates for Plant and machinery sanctioned more than 5 years ago, in addition to the above information, whether the machinery has been brought into use and when the machinery was installed.
- c) In respect of Assisted Sidings, whether the necessary recoveries on account of assistance and maintenance charges are being made; if so, on what basis, and why the estimates have not so far been closed, and
- d) in respect of items where the trend of expenditure is slow or there is minus expenditure reasons therefore.

(Reference: Comptroller & Auditor General of India (Railway Wing)'s letter No. 303 RR-1/52/61 dtd: 26th March 1962 addressed to the Chief Auditor, Southern Railway, Madras and this office circular letter No. B/122/VI/O/1271-84 dated: 23rd April 1962).

## **ANNEXURE - 'E'**

### **1232 Statement showing revenue and capital expenditure relating to Strategic lines:**

This will be compiled in accordance with the instructions contained in para F.433(10). So far as Southern Railway is concerned, there are no strategy lines and as such this will usually be a NIL statement. From 1964-65 and onwards, this statement need not be sent by this Railway.



**ANNEXURE - 'F'****1233 Statement of estimated and actual credits or recoveries.**

This statement will be compiled in Railway Board's office with reference to the details available in the Book of Demands, and the details furnished in the Appropriation Accounts of individual Railways. A separate Annexure is not required to be prepared by the Railway Administration.

(Printed Appropriation Accounts of Railways in India).

**ANNEXURE - 'G'****1234 Block Account, Capital Statement (Comprising Loan Account) Balance Sheet and Profit and Loss Account.**

a. Profit and Loss Account: The Profit and Loss Account of the Railway will be compiled in the form prescribed in Para 431 B Financial Code Vol.I by the Budget Section of the Financial Adviser and Chief Accounts Officer's Office.

The figures for the previous year to be shown in the statement will be taken either from the final copy of the account of the previous year or from the account in the printed Appropriation Accounts of Railways in India.

The figures relating to the Current year will be verified with the documents indicated against each item in the table below:

	Item	Particulars of documents etc.
	Debit Side	
1	Working Expenses	Sum total of the net expenditure under the revenue grants Nos. 3 to 13 (both inclusive but excluding suspense) taken from the schedule of transactions under Indian Railways Working Expenses accompanying the Account Current/Supplementary Account current for March of the year and Appropriation to Depreciation Reserve Fund and Appropriation to Pension fund appearing in the same schedule.
2	Surveys	Schedule of Expenditure under the Major head 345 - Indian Railways - Policy - Formulation, Direction, Research and other Miscellaneous Organisations accompanying the Account Current /Supplementary Account current for March of the year.
3	Statutory Audit	Same as above. I should however, be noted that the Appropriation to Pension Fund in respect of Railway Audit Staff appearing in the same schedule should also be included in this figure.
4	Government Inspection	The figures to be shown 'Proforma' in the Profit & Loss Accounts of Individual Railways will be advised by the Financial Adviser and Chief Accounts Officer, Northern Railway to the Financial Adviser and Chief Accounts Officers of the various Railways after the closure of Accounts for March of the year. The correctness of the figures so advised will be verified by the Principal Director of Audit, Northern Railway and intimated to the Directors of Audit of other Railways.
5	Miscellaneous charges	Same scheduled as indicated against item (2) above.
6	Cost of Railway	The figure to be shown 'proforma' in the Profit and Loss

	Board, Miscellaneous Establishments under them, Railway wing of the office of the Comptroller & Auditor General of India (Railway Wing) etc.	Account of Individual Railways/Units will be advised to all the Railways/Units by the Railway Board's. Copy of the Railway Board's letter convening the above information will be forwarded by the Comptroller & Auditor General of India (Railway Wing) to all Principal Director of Audit, Deputy Principal Director of Audit, ICF, CLW & DLW.
7	Appropriation to Special Railway Safety Fund	As available under Schedule No. 6 of Revenue Account Current (Sequence No.10179) of the year under consideration.
8	Cost of Railway Board	Will be advised by the Railway Board every year
9	Subsidised Companies	Same Schedule as indicated against item (2) above.
10	Open Line Works - Revenue	Schedule of expenditure under Open Line Works - Revenue Works accompanying the Account Current for March, which is audited and sent to the Comptroller & Auditor General of India (Railway Wing) separately as described in the previous chapter.
11	Dividend payable to General Revenues	

	Credit Side.	
1	Gross Earnings	Schedule of Revenue Traffic Receipts accompanying the Account Current/Supplementary Account Current for March of the year of the Consolidated Revenue Ledger for March.
2	Miscellaneous Receipts	Account Current/Supplementary Account Current for March.
3	Cost of Railway Board, etc.	Will be advised by the Railway Board every year
4	Subsidy from General Revenues towards Dividend Relief and other concessions	Statement enclosed to the statement of Dividend payable to General Revenues accompanying the Account Current/Supplementary Account Current for March, audited copy of which is sent separately to the Comptroller & Auditor General of India (Railway Wing) as described in the previous chapter.

In the case of Dividend payable to General Revenues and the subsidy from General Revenues towards Dividend relief's and other concessions, the Railway Board's will intimate the figures in respect of each of the Railway Administration/Production Units etc. that have been adopted by them in their books, after the close of the Accounts of the year. In case there is any difference between the figures advised by the Railway Administration to the Railway Board's (which are audited by this office) and those adopted by the Railway Board's and intimated by them to the Railways/Units, only the figures advised by the Railway Board's should be exhibited in the Profit and Loss Account. A suitable foot-note will be incorporated in the said Account.

As regards the figure relating to Government Inspections, to avoid delay in the finalisation of the account it would be better to address the Principal Director of Audit, Northern Railway one month before the due date of submission of the final copy of the account, if no advice is received by them, to intimate the results of verification of the figures advised by the Financial Adviser and Chief Accounts Officer, Northern Railway to his counter-parts on the other Railways, the reference being taken from the Budget Section file of the Accounts Office.

In the case of the figures relating to cost of Railway Board's etc. in case the audited copy of the Railway Board's letter intimating the figures to the Railways/Units etc. is not forthcoming from the Comptroller & Auditor General of India (Railway Wing) at the time of finalisation of the account it would be enough if the Comptroller & Auditor General of India (Railway Wing) is apprised of the fact while forwarding the final copy of the account duly incorporating the figures so advised by the Railway Board.

While checking the correctness of the figures of 'Miscellaneous charges', (Miscellaneous Establishments) and 'Miscellaneous Receipts', the following should be borne in mind.

In the letter conveying the figures of share of cost of Railway Board etc. to be adopted by the Railway Administrations/Units 'proforma', the Railway Board furnish the details of the various items which have been taken into account by them while arriving at the figures. If any of those items are appearing in the relevant schedules of Account Current of this Railway, those figures should not again be taken into account for purposes of exhibition in the Profit & Loss Account of the Southern railway. For example, the expenditure on Railway Rates Tribunal, Madras appears in the books of the Southern Railway and consequently in the schedule of expenditure under the Major head 345-Policy formulation, Direction, Research and other miscellaneous organisations accompanying the Account Current for March, is taken into account by the Railway Board for arriving at the share of cost of Railway Board etc. to be adopted by individual Railways. Hence, the expenditure on the Railway Rates Tribunal should be omitted to be shown as a separate item in the account of the Southern Railway, even though the same appears in the books of this Railway.

Expenditure on Railway service Commissions are not taken into account by the Railway Board for the purpose of arriving at the share of cost of Railway Board etc. to be adopted by various Railways. Hence, the expenditure on those establishments, whose expenditure is accounted for in the books of this Railway should be shown in the Profit and Loss Account of this Railway.

So also out of the figures of 'Miscellaneous Receipts', 'Miscellaneous Charges' appearing in the books of various Railways, a portion is taken out by the Railway Board for purposes of arriving at the share of cost of Railway Board etc. to be adopted by the Railways. Hence, it should be noted that the figures to be shown against 'Miscellaneous Receipts' and 'Miscellaneous charges' appearing in the books of various Railways, a portion is taken out by the Railway Board for purposes of arriving at the share of cost of Railway Board etc. to be adopted by the Railways. Hence, it should be noted that the figures to be shown against 'Miscellaneous Receipts' and 'Miscellaneous charges' should be those arrived at by deducting from the respective amounts appearing in the accounts of the Southern Railway, the portions of the figures already taken into account by the Railway Board.

**(b) Block Account:**

The Block Account will be compiled in the format circulated under Railway Board's letter No. 79 App./4-9/Genl./78-79 dated:4th June 1980. The revision of the proforma for the compilation of the Block Account has been necessitated due to the introduction of the revised accounting classification from 1st April 1979.

The revised Block Account will be prepared separately for the assets financed from (1) Loan Capital, (2) Depreciation Reserve Fund (Improvement element as usual), (3) Development Fund, (4) Capital Fund, (5) Special Railway Safety Fund, (6) Railway Safety Fund & (7) Open line works (revenue) including New Minor Works and miscellaneous, if any. A summary sheet (styled consolidated Block Account) showing total assets created out of Capital, DRF, DF, Capital fund, SRSF, RSF and OLWR should also be prepared. These block accounts will be sent in triplicate to the Railway Board.

It should be noted that the figures for exhibition under the various Plan heads and detailed heads in the new proforma would be available from the year 1979-80 only. As such, the figures to the end of the year 1978-79 have to be exhibited in the total to be shown at the bottom of the statement. The figures to be shown under the column 3 of the proforma viz., "total expenditure to the end of the previous year since 1979-80 will be taken from the total to the end of the year shown in the block account of the previous year. The details shown in Column 15 in the statement of assets financed out of loan Capital, should be verified with the statement of expenditure against the Major Head 546/547 - Indian Railway - Commercial/Strategic - outlay on Works chargeable to Capital accompanying the Account Current/Supplementary Account Current for March of the year. The figures to be shown in the other columns as well as in the other statements will be taken from the audited copies of the statements received from the various auditing units. The figures of transfers without financial adjustments effected during the year to be shown at the bottom of the statement will be taken from the statements of transfers without financial adjustments appended to the Account Current for March to the extent they affect the Block Account. The statement of transfers without financial adjustment would have been checked earlier with reference to the audited details received from the several branches/divisions/units as described in the previous chapter. The consolidated Block Account will then be checked with the individual statements. It should be ensured that the total of the Consolidated Block account should agree with the total of the Part II Statement of Block Account (including Loan account) under individual heads and under grand total for all the heads.

Particulars of mis-classifications, if any, affecting the Block Account will be furnished in the foot notes to the Block Account.

(c) Capital Statements:

The Capital Statement will be prepared in two parts in the forms laid down in Para 431-F.I.

The figures of 'non-specific debt' as on 31st March of the year appearing on the liabilities side of Part I of the statement will be arrived at as follows:-

To the figure to end of the previous year will be added the net outlay during the year under the Major head "546-Capital outlay on Indian Railways - Commercial" as appearing in the relevant Schedules of the Works Account Current for March and the amount of transfers without financial adjustments affecting the corresponding heads of account effected in the Capital books of the Railway.

The figure of Capital expenditure after purchase appearing on the assets side of the Part I of the statement will be worked out as follows:-

To the figure of Capital expenditure after purchase as on 31st March of the previous year will be added the Capital outlay during the year under the final heads as shown in the schedules accompanying the works Account Current for March and the transfers without financial adjustments affecting the corresponding final heads of account effected during the year. From the total thus arrived at the figure of 'Receipts on Capital Account' for the year will be deducted.

The figures as on 31st March of the year in respect of "Stores", "Balances in manufacture Accounts" and "Miscellaneous Advances" will be taken from the figures appearing in the month of March in the consolidated Capital ledger.

In regard to Part II - Statement of Block Account (including loan account) the figures as on 31st March of the year in respect of Assets Financed from Depreciation Reserve Fund, Development fund, Capital Fund, Special Railway Safety Fund,) Railway Safety Fund, Safety and Passenger Amenities Fund and Open line works revenue will be arrived at as follows:-

To the figure as on 31st March of the previous year will be added the figure appearing in the relevant column. viz. Depreciation Reserve Fund, Development Fund, Capital Fund, Special Railway Safety Fund, Railway Safety Fund, Open Line Works Revenue, against the corresponding heads of account in the Block Account and transfers without financial adjustment, if any, affecting that head of account.

The total of the figures on 31st March of the year against Assets Financed from Depreciation Reserve Fund, Development Fund, Capital Fund, Special Railway Safety Fund, Railway Safety Fund and Open Line Works Revenue thus arrived at will be carried over to the liabilities side against the appropriate item.

It should be ensured that the grand total of Part II of the statement agrees with the total figure appearing in Column II of the Block Account against the item 'Total'.

(d) Balance Sheet:

The balance sheet will be compiled in Form 431-F.I.

The figure shown in the statement will be verified with those appearing in the consolidated ledgers, Capital and Revenue or the final account current for the year. It should be ensured that the balances shown in the balance sheet agree with those shown in the Debt Head Report for the year, which is certified by this Office separately.

After finalisation of the Block Account, Capital Statements and Balance Sheet, Fair copies of the same duly signed by the General Manager will be forwarded by the Financial Adviser and Chief Accounts Officer for recording the Audit Certificate on the Balance sheet under the signature of the Principal Director of Audit. After recording the Audit certificates, copies of the documents will be forwarded to the Railway Board/ Comptroller & Auditor General of India (Railway Wing) by the Administration/this office in the usual manner.

**ANNEXURE - 'H'**

**1235 Statement of losses etc.**

The Statement will be compiled in the in the proforma prescribed by the Railway Board from time to time.

The consolidated statement will be checked with the audited details furnished by the various Sections/Divisions/Branches in respect of the corresponding Accounting Unit(s), which will be consolidated by the Headquarters Books & Budget Section for the purpose.

(2) In scrutinising the statement, the following points may be taken into account:

(i). Cases of infructuous expenditure should be included in the Annexure.

(Authority: Para 3(a) of Railway Board's letter No. 62-App/61-62/62 dated: 26th June 1962 received under Comptroller & Auditor General of India (Railway Wing)'s endorsement No. 527-RRI-23/62 dated: Nil)

(ii). In the case of Individual items of losses/in-fructuous expenditure amounting to Rs.50,000/- each or more, complete details bringing out their salient features and the following points should be furnished in respect of each such case.

- a) an explanation of the transaction etc.;
- b) a description of the nature and magnitude of the irregularity, loss etc.;
- c) any extenuating circumstances that may exist;
- d) any defect in system which led up to the irregularity;
- e) the remedial or preventive measures adopted;
- f) the adequacy of those measures;
- g) brief particulars of disciplinary action taken or reasons for which disciplinary action could not be taken, though the circumstances warranted such action;

- h) dates to be given where necessary; and
- i) if individual responsibility cannot be fixed in the case of losses or financial irregularities, the reasons for the same.

(Authority: Railway Board's letter No. 14-App./52-53/ dated: 27th May 1954 forwarded under Director of Railway Audit's endorsement No. R1-69/52 dated: 9th June 1954).

(iii). Items of losses etc. written off in a year should be included in the Annexure of that year irrespective of whether or not it has been charged off in the accounts of that year. Cases of losses which have been written off in a year but which have not been charged off in the accounts of that year for other than genuine reasons, should be treated as an error in accounting and included in the Annexure J to the Appropriation Accounts of the same year.

(Authority: Railway Board's letter No. 14-App/55-56 dtd: 29th December 1956 addressed to the General Manager and Chief Engineer/Ganga Bridge Project, forwarded under Comptroller & Auditor General of India (Railway Wing)'s endt. No. RRI-26-56 (Misc) dated: 24th January 1957).

(iv). The items of losses on account of floods, fire, accidents etc., shown in the above Annexure should be reconciled with those shown in the General Manager's Annual (Narrative) Report for that year so as to ensure that all items of losses required to be included in the statement are correctly exhibited therein.

(Comptroller & Auditor General of India (Railway Wing)'s letter No. 337-RRI/75-61 dtd: 26th March 1962)

(v). While in Annual Report (Narrative) only estimated amounts are shown, the amount of expenditure actually booked in the accounts of the year in the case of losses on account of accidents, breaches etc. are shown in the above Annexure.

(vi). In the case of losses amounting to Rs. **50,000/-** each or more, due to floods, fire, accidents etc. though no details as referred to in item (ii) shown above are necessary yet each case has to be mentioned separately in the Annexure.

(3) While forwarding the final copy of the Annexure to the Comptroller & Auditor General of India (Railway Wing) references to the previous correspondence, in the case of any of the items included in the Annexure, which have already been reported to the comptroller and Auditor of India (Railway Wing) separately, should be mentioned in the covering letter. (Director of Railway Audit's letter No. R1-26/53 dated 26-08-1954). It should be ensured while checking the statement of losses that the information embodied therein does not differ from that furnished separately in individual cases from time to time. For this purpose, the various Branches/Sections/Divisions Should furnish the information to the Head quarters Books & Budget Section while forwarding the audited copies of the details relating to their Units.

### **1235A IMPORTANT ORDERS:**

(1) In terms of para 376 A.I, if money due to a Railway Administration has actually reached Railway/ Government servant and is then embezzled, stolen or lost even though it may not have reached the Cash Office of the treasury and booked in the Government Accounts, it has to be brought into account as a receipt and then shown on the expenditure side, under proper head, as a loss. Such losses of cash do not fall within the scope of Annexure 'C' to the Appropriation Accounts - State-ment of remission and abandonment of claims to revenue and these have to be reflected as items of losses in the notes at the end of the Appropriation Accounts of the grants concerned.

(Railway Board's letter No. 28-App/58-59 dated: 9-1-60 addressed to General Managers, All Indian Railways).

(2) When some requests were received by the Railway Board from some Railway Administrations for writeoff of amounts representing the damages to structures, buildings etc. The Railway Board clarified that in such cases, where no losses of Stores are involved, the question of write-off would not arise. The Railway Board also stated that repairs to structures,

buildings etc. as necessary, may be carried out in due course under the sanction of the competent authority, the expenses being debited to the Appropriate heads and that the aspect of staff responsibility for the damages would nevertheless be pursued where necessary.

(Railway Board's letter No. 60-AC.III/25/73 dated: 28-9-1961).

(3) With a view to ensuring that the expenditure incurred on Works of repairs and replacements on account of damages caused by floods, accidents, fires and other natural calamities is recorded distinctly and exhibited in Annexure 'H' - Statement of losses etc. appended to the Appropriation Accounts, the Financial Adviser and Chief Accounts Officer has impressed upon the executive and the various Accounts Officers the need for preparing the detailed estimates for the works of the above nature irrespective of the monetary limits. In this connection the attention of the Executive and Accounts Officers has been drawn to the following provisions in the Codes and Manuals.

Para 1104-E contemplates submission of estimates in all cases of works which are started on urgency certificates and the prescribed form of urgency certificate also requires that the date by which an estimate will be submitted should be indicated therein. According to Para 2815-B of Way and Works Manual, for works chargeable to Revenue maintenance, abstract estimates are necessary. In such cases, preparation of detailed estimates was only dispensed with but the preparation of rough estimates, is however necessary vide also Note (1) under Para 701-E.

Hence, the estimates are to be prepared in the case of works of the category repairs to damages caused by floods, accidents, fires and other natural calamities.

{(i) Financial Adviser and Chief Accounts Officer's letter No. W.193/F/O/Vol.3 dated: 17-2-62 to the CE with copies to CME, CSTE and CEE.

(ii) Financial Adviser and Chief Accounts Officer's letter No. W.148/X/O dtd: 27-4-62 to all the Divisional Accounts Officers.}

(4) In order to ensure that the items of in-fructuous expenditure are not omitted to be included in Annexure - H or other relevant statements, such cases should also be noted in the Register of Serious Irregularities prescribed in Para 368-AI and also included in the monthly statement of losses required to be sent to the Railway Board's in terms of their letter No. 54-Account Current II/25/40-A dated: 9th May 1957

(Ref: Railway Board's letter No. 62-App./62/61-62 dtd: 29<sup>th</sup> November 62 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No.4220-RRO-75/62 dated: 14<sup>th</sup> December 1962).

(5) Unusual and extraordinary losses on account of payments for compensation claims for goods lost or damaged arising out of well planned thefts and robberies, accidents, fires etc. should be exhibited in Annexure H - Statement of losses etc. In the light of instructions contained in para 621-G, such of these important losses as arise out of earthquakes, accidents, fires etc. should be lumped together and shown as such in the Annexure.

In order to ensure that all such cases are included in the said Annexure, these cases should be noted in the Register of Serious Irregularities prescribed in para 368-AI and also included in the monthly statement of losses required to be sent to the Railway Board's in terms of para 1802-GI and Board's letter No. 54-Account Current II/25/40-A dated: 9th May 1957.

(Railway Board's letters No. APP/Gt. 8/50-51 dtd: 3rd December 1953 and No. 64 App./51/1/63-64 dtd: 30th September 1964 forwarded under Comptroller & Auditor General of India (Railway Wing)'s endorsement No. 3055-RR/1-32/64 KW dtd: 24th October 1964).

(6) In the matter of assessment of loss due to condemnation of Rolling Stock and other assets acquired on additional and replacement account and later on damaged in accidents, the following uniform procedure has to be adopted.

- i. For the purpose of assessing the extent of loss, the cost of the asset should be taken as the cost at which it has actually been acquired;
- ii. From the cost so arrived a deduction should be made for (a) depreciation worked out of the straight line method for the period the asset was in use and (b) value of released material (including scrap value) if any. The net amount so arrived at will be the amount of loss; and
- iii. in the case of assets which have lived their normal life, but are still in use, and have been damaged at any time after the prescribed period of their normal life, no loss should be deemed to have been sustained as the asset has already lived its normal life and the optimum use has been derived there from.

(Railway Board's letter No. 54 AC.III/25/40-A dated: 13th November 1964 received under Comptroller & Auditor General of India (Railway Wing)'s endorsement No. 3629-RA.II/25-2/59 dtd: 25th November 1964).

(7) It has been brought to the notice of the Board, that when stolen Railway material/stores are recovered in the course of investigations, raids on the recoveries of stolen property, credit for such recoveries is not being given on a number of Zonal Railways, even though the property is established as belonging to the Indian Railways. This practice not only leads to incorrect accounting but can also prove a disincentive to making recoveries of stolen property. Apart from statistical purposes, it is absolutely essential in the interest of successful prosecution of offenders that there should be evidence of the recovered Railway Material as having been lost/stolen from the workshops/Stores or other Railway premises.

It has, therefore, been decided that whenever such recoveries are made and the material taken back in custody, it will invariably be set off against the total loss. Since such recovered material will be returned to the Railway only after the case is finally disposed of by the Court, the credit for such recoveries will be shown simultaneously by the concerned branches only then so that there is no disparity in the figures of losses submitted to the Board by the General Manager (Accounts) and Chief Security Officer. In such cases, where no criminal proceedings are instituted as a result of recoveries of stolen Railway material credit for such recoveries should be shown soon after the material is taken into stock by the concerned Store/Workshop etc.

Therefore, in all future reports/returns submitted by the Zonal Railways to the Board from time to time figures for total loss/recoveries/net loss must be given separately.  
(Railway Board's letter No. 64/Sec/Cr./184/6/Pol/Pt. 1 dtd: 30-09-65).

(8) The question of revising the extant procedure of depiction, in Annexure 'H' - Statement of Losses etc. to the Appropriation Accounts, of deficiencies in fittings of rolling stock (locomotive and Carriages only), coming to Railway Workshops for repairs, which are attributable to theft proper, has been under the detailed consideration of the Board for some time past.

In super-session of the marginally noted instructions (1) 62-Sec.(Cr.) 184/7 dtd:22nd June 1963 and (2) 12-App/59-60/Part dated: 23rd July 1963 on the subject issued by the Board, it has been decided in consultation with the Additional Deputy Comptroller & Auditor General of India (Railways) that the following procedure should be followed in this regard in respect of fittings relating to locomotives and carriages:-

- i. Before any carriage/locomotive is allowed to proceed to the workshop, a joint checking should be carried out by the representatives of the Mechanical, Electrical and Security Branches, on the basis of which a 'deficiency list' should be prepared at the maintaining station under joint signatures of the three representatives *ibid*. This 'deficiency list' will remain the personal custody of staff accompanying the Rolling Stock to the workshop; a copy thereof will



be handed over to the Railway Protection Force.

ii. In the case of removal of any item at the starting shed point from each locomotive/carriage for use on running stock a clear indication should be given in the 'deficiency list' mentioned above.

iii. Immediately on arrival of loco/carriage at the workshop, a careful check should be made and a further list prepared of all the items found deficient. This list should be prepared by the workshop representatives in the presence of Railway Protection Force staff and a copy handed over to them. The differences between these two lists would represent the deficient items which should be taken as losses attributable to thefts and cost thereof only shown in the Appropriation Accounts. These deficiencies should be enquired into and necessary action taken for fixing individual responsibility with a view to taking disciplinary action and adopting necessary measures for avoiding recurrence of such losses.

The losses of fittings attributable to theft occurring in running trains, sheds and yards etc. detected by the maintaining stations before sending the rolling stock to workshop, should also be included in the Appropriation Accounts, if not already being, done, keeping in view the instructions issued in Board's letter No. 64-Sec(Cr.)/184/6/Pol/Pt. dated: 30th September 1965.

iv. A careful record should be kept of all parts removed from the stock booked for repairs to shops for use on other stock for carrying out shed and running repairs on other stock so as to distinguish them from cases of theft.

v. When a number of carriages or a complete rake is to move for repairs to the workshop, the question of providing Railway Protection Force escorts, where necessary may be considered.

vi. The depreciated cost of all fittings lost or stolen for exhibition in the various statements submitted by General Managers (Accounts) and Chief Security Officers to the Board and Annexure H - Statement of Losses - to Appropriation Accounts should be calculated by reducing the total cost worked out in accordance with IRCA rules Part III by an adhoc rate of 40 percent by way of depreciation. In respect of locomotive fittings and such of the carriage fittings, which do not find place in the IRCA Rules Part III, their value should be taken from the Stores Price Lists maintained on each Railway and the depreciated value of missing fittings worked out as above.

vii. All deficiencies treated as clear cases of theft should be noted in the Register of Serious Irregularities prescribed in para 368-AI and also included in the monthly statement of losses required to be sent to the Board in terms of Para 1802-GI and Board's letter No. 54-Acs/II/25-40-A dated: 9th May 1957 and also in the Monthly report submitted by the Chief Security Officers to the Board.

viii. The losses, should, where necessary, be written off under competent sanction and included in Annexure H - Statement of losses etc. to the Appropriation Accounts.

ix. The figures in the various statements mentioned in sub paras (vii) and (viii) above, should be reconciled before submission to the Board and a certificate to this effect recorded in each statement. *(Railway Board's letter No. 64-Sec(Cr.)/184/6 dated: 16-11-1965)*

9. The Railway Board have directed the Railways that in the compensation cases, wherein the costs had been awarded by the Courts in favour of the Railways, greater vigilance should be exercised to see that the delays on account of the various factors are reduced to the minimum by vigorously pursuing the cards at all stages so that recoveries are effected speedily. In cases where the Railway Administration are fully satisfied, after making necessary efforts, that the amounts are not recoverable or that the expenses of recovery are likely to exceed the amounts to be recovered, necessary action should be taken, with the sanction of the competent authority, to write off the amounts.

It should be ensured, in Audit that the amounts so written off by the Railway Administration are exhibited in Annexure H - Statement of losses etc. to be appended to the Appropriation Accounts.

*(Railway Board's letter No. Tc.III/3134/65 dtd: 4-10-96 received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 3247-RA.I/T/17-15/64 dated: 14-11-1966 and Comptroller & Auditor General of India (Railway Wing)'s letter No. 1399-RAI/T/17-12/64 dtd: 4-5-1967).*

10. The practice in the matter of exhibition of items of losses which relate to more than one grant was not found to be uniform on the various Railways etc., Sometime these were shown under the respective grants according to the amount involved and occasionally the aggregate amount of loss was exhibited under the grant which borne the largest part of the loss. With a view to obtaining uniformity, the Railway Board's, in consultation with Audit, have issued orders to the effect that all such items of losses should be split up under various grants and shown there under for the amount adjusted against them and that, so far as number of items is concerned, it should be indicated only under the grant which bears the largest amount and a suitable foot note in this regard given under the other grants.

These revised instructions took effect from the Appropriation Accounts for 1965-66.  
*(Railway Board's letter No. 66 App/4/10/1 dated: 7-10-66 received under Comptroller & Auditor General of India (Railway Wing) 's endt. No. 2969-RR/1-32/66 dtd: nil-10-1966).*

11. The Railway Board have decided, in consultation with Audit, that in the Railway Catering Department, losses written off during the year in respect of shortages of stores, snacks, breakage of crockery, cutlery etc. should be shown by giving break up in the foot note of Profit and Loss Account statement under each category of Stores mentioned under item No. 3 of the debit side as indicated below:

- i. Shortages/Losses of materials/ingredients for conversion into food stuffs or edibles;
- ii. Shortages/breakages etc. of other items of durable nature such as furniture, crockery, Utensils etc., and
- iii. Shortages/breakages etc. of other items of consumable nature such crockery, glassware, linen etc.

The losses due to short or non-remittance of cash should be written off with the sanction of the Competent Authority and exhibited in the statement of losses etc. (Annexure - H) for the year Appropriation Accounts.

These instructions took effect from the accounts for 1967-68.  
*(Railway Board's letter No. 66-TG III/636/3 dated: 4-12-1967 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 4976-RAI/1-32/66 KW dated: 15-1-1968).*

12. Information in regard to thefts occurring on the Railways/Units have to be sent to the Accounts and the Security Directorates of the Railway Board's after having been investigated, and where necessary written off under competent sanction, are required to be included in the annual statement of losses appended as Annexure-H to the Appropriation Accounts for the year in which the write off is sanctioned.

While dealing with certain Audit and Public Accounts Committee comments on the magnitude of thefts as reported in the Appropriation Accounts it has come to Board's notice that the losses on account of thefts as occurred and those written off and included in the Appropriation Accounts are often at wide variations. Although some variation in the two sets of figures are not to be ruled out owing to the time lag between the report and investigations of cases of losses and the subsequent sanction to write-off it is imperative that there should be necessary correlation between the figures reported in the periodical statements sent to the Account and Security Directorates as referred to above. The Board, therefore, desire that

before submission of the afore said two statements, the relevant figures incorporated therein should in all cases be reconciled and a certificate to this effect recorded on each of them.

In so far as the exhibition of losses in the statement of losses - Annexure -H to Appropriation Accounts, is concerned, the present procedure should continue.  
(Railway Board's letter No. 66-App/7/3/65-66/Pt. dtd: 29-5-1968 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 2311-RR/12-33/PAC-III (73Railway Board) (36) 67 dtd: 12th June 1968).

13. All items of losses (excepting those relating to Stores Accounts) which are booked in the Accounts as loss and of write off of overpayments, etc., which are treated as losses have to be exhibited in the notes to the Appropriation Accounts of each Grant. Under the extant instructions, items costing Rs.50,000/- each or more are to be listed individually and those below Rs.50,000/- each have to be shown in one lump-sum; losses of Rs.50,000/- and above due to flood, damages, earthquakes and accidents, etc. have also to be lumped together instead of listing out each item for such losses separately. Further, in terms of Para 384-AI all losses or deficiencies of important or unusual character have to be mentioned in the explanations for variations in the Appropriation Accounts, the amount involved being also exhibited separately in the statement of losses comprising the footnotes to the Appropriation Accounts irrespective of whether the items have been charged off in the accounts or not. In the light of these instructions, cases of losses which are proved and adjusted as such or on which recoveries have been waived by Competent Authority as well as deficiencies treated as irrecoverable and decided to be treated as thefts or termed as losses as well as losses on account of expenditure cropping up from flood damages, earthquake, fire, accidents, etc. where the question of recovery of damages or of writes off does not arise have to be included in this Annexure. This clarification is necessitated by the fact that the Railway Board on the review of the notes and statements of losses received from the various Railways have observed that the practice obtaining at present is not uniform in their offices.

Reference is also invited to the instructions contained in Board's letter No. 64-Sec (Cr.)/184/6 dated: 16-11-1965 according to which losses on account of theft of fittings of rolling stock have to be reported in the statement under reference. It has been observed that not only the practice obtaining in the matter in the various Railways is not uniform but also the figures being reported by some of the Zonal Railways in their various Statements, for example, Appropriation Accounts quarterly statements of losses (Ref: Railway Board's letter No. 66 App/7/3/65-66 Pt dated: 29-5-1968) and statement being sent by the Security Officers to the Railway Board are not on a consistent basis. The Board desire that immediate arrangements should be made for a close co-ordination in this regard so that the statements, reports etc. being sent to them inter alia in connection with Parliament Question do not contain inconsistencies. For ensuring consistency and accuracy in the data sent to the Board, the Railways etc. should maintain if they are not doing so already the register showing the losses which occurred during the year and written-off during the year separately. This information should also be suitably embodied in the various statements sent to the Railway Board particularly in the statements of losses for incorporation in the Appropriation Accounts.

(Railway Board's letter No. 68 App/4/10/67-68/Pt. I dated: 5-10-68 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 1134/RR/12-52/PACIV/68 dated: 20th March 1969).

14. It appears that on some Railways instances have occurred of deficiencies and shortages in Rolling Stock fittings attributable to clear cases of theft, being lumped with the other cases of deficiencies and shortages, in the statement of losses intended for incorporation in the Appropriation Accounts. With a view to eliminating any ambiguity in this regard, the Board would once again invite attention to the instructions contained in their letter No. 64-Sec(Cr.) 184/6 dtd: 16-11-65 according to which the deficiencies/shortages under reference have to be carefully reckoned in regard to the following:

- i. A careful record has to be kept of all parts removed from the rolling stock for carrying out shed and running repairs on other stock so as to distinguish the resultant shortage from cases of other deficiencies and shortages referred to in sub paras (ii) and (iii) below (cf. Para 3 (iv) of Board's letter *ibid* of 16-11-65).
- ii. Lists have also to be prepared of all the deficient items which are attributable to clear cases of theft of the various fittings (cf. para 3 (iii) & (vii) of letter *ibid*).
- iii. Other fittings which are found deficient and do not find place either in the inventory taken *vide* sub para (i) above or do not constitute clear cases of theft *vide* sub para (ii) above, have to be listed separately and shown as shortages resulting *inter-alia* from certain parts dropping of on account of wear and tear, etc.

The Board desire that the position in this regard on your Railway at various levels should be immediately reviewed and the procedure strengthened adequately so that the loss on account of theft (including shortages and deficiencies attributable to clear cases of theft) is shown distinctly and separately from that on account of other deficiencies and shortages referred to in sub-para (iii) above, in the various statement of losses under the appropriate heads.

The Board further desire that the number of items and amount of losses already reported in Annexure H to your Appropriation Accounts for 1967-68 should be immediately reviewed and the analysis thereof in the light of the above *viz.* (i) cases of theft (including shortages and deficiencies attributable to clear cases of theft) and (ii) other deficiencies furnished to them immediately.

(Railway Board's letter No. 68 Sec(Cr.)184021 dtd: 5th December, 1968 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 1134.RR/12-52/PAC IV/168 dtd: 20th March 1969).

15. The question whether the entire expenditure on replacement of track affected by floods including the cost of temporary diversion and emergency protection works or only the amount representing the direct loss due to floods should be treated as loss has been considered by the Railway Board and it has been decided that the amount representing only the direct loss due to floods excluding the cost of temporary diversion and emergency protection works should be treated as loss and exhibited in Annexure H - Statement of losses etc.

(Railway Board's letter No. 68/WI/DMF/6 dated: 5-8-69 addressed to GM/Southern Railway/Madras copy endorsed to all other Railways, copy received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 3659-RR/1-32/67 dtd: Nil).

16. As the procedure obtaining in the various Railways in the matter of exhibition and evaluation of losses on account of damages to Rolling Stock resulting from fire, accidents etc. was not uniform, the Railway Board in consultation with Audit have decided as under:

- i. Loss due to damages to Rolling Stock resulting from fire, accidents etc. where the question of recovery of damages or of write-off does not arise should be assessed immediately after the damages/losses occur and shown in the Annexure H - Statement of Losses etc. to the Appropriation Accounts of the year during which the damages/losses actually occur. If, however, there is any difficulty in the assessment of losses in the same year, it should be reflected in the Annexure H - Statement of losses etc. of the year in which the assessment of the loss/damage is finalised which should not normally be beyond the next year and this fact should suitably be indicated in the Statement.
- ii. The amount of loss to be shown in the manner indicated above, should be worked out in terms of Board's letter No. 54-Account Current III/25/40 A dated: 13-11-1961 as amplified - *vide* their letter of even number dated: 11-4-67 and 10-5-67.

(Railway Board's letter No. 68 App/4/10/67-68 dated: 30-8-69 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 3889-RAI/I/17-89/67 dated: 22-9-69).

17. The Railway Board, in consultation with Audit, have decided that items of losses on account of payment of compensation made in respect of death or injury to Passengers involved in Railway Accidents should not be exhibited in Annexure H - Statement of losses etc. as the expenditure is debitable to the Fund, especially created for the purpose. This, however, does not affect the order issued in Railway Board's letter No. App. Gt. 8/50-51 dated: 3-12-53 in regard to the exhibition of items of losses on account of payment of compensation claims for goods lost/damaged arising out of well planned thefts/robberies, accidents, fires etc. in the statement of losses, which should continue to be shown as hitherto.

*(Railway Board's letter No. 75 App/4-10/74-75 dtd: 5-10-76 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 1864-126-RAI/RRI-32A/75 dated: 30-11-76).*

18. In consultation with Audit, the Railway Board have decided that reduction in seating/loading capacity of the replaced Rolling Stock viz., Coaches, luggage and Parcel vans, wagons etc. due to normal replacement of stock on age-cum-condition basis should not be treated as loss and should not be included in Annexure 'H' - Statement of losses etc.

*(Railway Board's letter No. 75/App/4-10/74=75 dtd: 15-9-78 received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 1503-120-RAI/RRI-32 A/75 dtd: 3-10-78).*

## ANNEXURE - 'I'

### 1236 STATEMENT OF IRREGULAR RE-APPROPRIATIONS.

This will be compiled in form 433 (13) Financial Code Vol.I by the Headquarters Budget Section. Materials if any, for inclusion in this Annexure have to be found out during the check of distribution of funds made by the Headquarters or by Divisions/Departments and from the explanations for variations furnished by the various units.

The following re-appropriations are not within the competence of the Railway Administration:

#### A CIVIL GRANTS:

- i. No re-appropriation of funds from one primary unit of appropriation to another is permissible in the case of the grant relating to "interest on debt and other obligations etc".
- ii. No re-appropriation of funds between the allotments made towards "Loans to consumer Co-operative societies" and "Loans to government Servants" viz., Advances for the purchase of motor cars, Advance for the purchase of other motor conveyances, Advances for the purchase of other conveyances, Festival Advance, Advance to (Gr. 'C') Servants, Advance for the purchases of table fans, Advances for purchase of warm clothing etc., in the Civil Grant - Loans and Advances to Government Servants etc. is permissible.
- iii. Re-appropriation between allotments made for "House Building Advances" to Railway employees and "other advances mentioned above in the Civil Grant - Loans to Government servants etc.

#### B RAILWAY GRANTS:

- i. Re-appropriation of funds from one sub-head to another in Grant no. 2 - Railways - revenue - miscellaneous Expenditure (general)
- ii. No re-appropriation is permissible between the voted and charged allotments or between the allotments made under one grant and another
- iii. To and from the provision for payments to other Railways - payment to non-budget lines and

other bodies such as Port Trusts; Conference Hire and Penalty charges on interchanged stock (charges and receipts) and inter Railway Financial adjustment relating to Rolling Stock as appearing in the Book of Demands for grants in Grant No. 9 under detailed head "(G) - other miscellaneous expenses" - detailed activity classification.

- iv. To and from provision for "suspense" in Grant No. 12 Railways - Revenue - Miscellaneous expenses.
- v. Re-appropriation to and from the under mentioned sub-heads within Grant No. 16 - Assets - Acquisition, Construction and Replacement.
  - i. New lines (Construction).
  - ii. Gauge Conversion.
  - iii. Electrification projects.
  - iv. Track renewals.
  - v. Staff Quarters.                      }              Staff Welfare Works.
  - vi. Amenities for Staff                }
  - vii. Passenger Amenities and other Railway users Amenities.

vi. No re-appropriation is permissible between Capital, Railway Funds and Revenue.

Further, in case provision in respect of any of the sub-heads of grants are specified by the Railway Board's while advising the final allotment in respect of each of the grants, re-appropriation to and from the provision for these sub-heads are also not within the powers of the Railway Administration.

### **ANNEXURE - 'J'**

#### **1237 Statement of Misclassification and other mistakes:**

This will be compiled in the following form:

Sl. No.	Grant or Grants effected	Brief particulars of misclassifications and/or other mistakes detected	Amount involved in Units of Rupees

The details for inclusion in this Annexure will be gathered from the audited statements relating to the several accounting units received from the Local Audit Officers and from the explanations furnished in the final copies of Appropriation Accounts of the several grants. When the Appropriation Accounts of the grants are accepted in Audit pending the finalisation of this Annexure J, a watch should be kept over the despatch of suitable amendments to the Appropriation Accounts of the affected grants, after the finalisation of Annexure J so as to give a cross reference to the items in Annexure J wherever necessary.

It should be seen that the particulars given for the items included in this Annexure are complete, illuminating and informative. The actual nature of the efforts and the reasons for which the same could not be rectified before the close of the year should be brought out.

The figures in this statement are to be shown in units of Rupees and not in thousands of Rupees.

This Annexure will be accompanied by a statement comparing the number of items included in the Annexure J relating to the year with those for the previous year and furnishing the reasons for the variation.

A careful scrutiny of the Journal Entries and Adjustment memo passed especially during the closing months of the year as well as in the several months of the ensuing year has to be made with a view to finding out whether any adjustments are deliberately resorted to by the Administration with a view to avoiding excess over.

### **1237 IMPORTANT ORDERS.**

1. A question arose whether items that have to be borne initially under a suspense account to be cleared subsequently to final heads of account under extant rules should be treated as misclassifications and included in Annexure 'J' if the amounts were not cleared from the suspense account for any reason. The point arose when the under mentioned two cases pointed out by Audit for inclusion in Annexure 'J' were not agreed by the Railway Administration.

1. Non-clearance of outstanding amounts at the end of March under certain standing work orders in the Workshops to the final heads in the accounts of the same year.
2. A credit of Rs.15,000 afforded by BN Railway to the M & SM Railway was provisionally allocated to "Purchases" by the M & SM Railway. The M & SM Railway came to know of the details of credit in May 1946 when the accounts for March 1946 were still open. Despite this, the credit was not adjusted to the final head.

The Railway Board to whom the matter was referred to by the Financial Adviser and Chief Accounts Officer communicated the following decision-vide their letter No. 24-App/45-46 dtd: 14-5-1948.

"It is presumed that the final allocation of the charges in respect of the items under dispute with the Chief Auditor of your Railway was known before the close of the accounts of the year in which the expenditure was booked under suspense. If so, the cases of failure to write-back from suspense to the service heads, constitute other mistakes".

2. Items of misclassifications between detailed heads under the same sub-head of a grant should be included in Annexure 'J'.

(Railway Board's letter No. 24/App/54/55 dtd: 17th April 1956 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. R1-88/54 dtd: 19th May 1956).

3. It has been brought to the notice of the Railway Board's that on some Railways adjustments are sometimes carried out in the books of the consignees for the values of stores earmarked for them though not despatched to them. As this manner of adjustment is susceptible of misuse the Board have considered the matter carefully and have decided as under:

Stores are generally issued to indentors from: (a) Stores Depots, (b) P.Way Depots and (c) by transferring from one work to another.

In the case of (a) as soon as the materials leave the ward to the Stores Department and the debit adjusted to the final heads on the basis of the allocation of materials, as far as possible, the acceptance of the consignee for the receipt of materials should be obtained prior to its adjustment to final heads but if for any reasons the acknowledgement is not received timely the debit may still be adjusted to the final head, if known and the consignee's acceptance watched through a special register.

In the case of (b) the Despatch section and the wards are usually not as clearly demarcated as in Stores Depots. In these cases, therefore the I/Note should be made out only when the materials leave the Depot and not on receipt of the requisition and allocation or earmarking of materials. The adjustment to final heads should be on the same lines as mentioned above for (a).

In the case of (c) the transfer statement for the value of stores can be made out and financial adjustment effected if the transfer does not involve physical movement of stores to a site other than where they are stored. In those cases, however, where it is necessary to move out the stores to a fresh site, the transfer statements should be made out only on movement of materials. The financial adjustment to final heads will be as (a) above.

There is also a fourth category of transactions viz., stores specifically ordered against particular works. Against these orders progress payments to suppliers have to be made in terms of the contract. Debits for such progress payments should be adjusted against the works irrespective of the physical movement of stores.

These instructions will have effect for transactions from 1-4-1956.

In framing the various estimates during the year, particularly the final modifications at the end of the year the changed procedure according to which the debits to final heads are permissible as soon as then physical movement of stores from the place of its storage has taken place vide items (a), (b) and (c) above and not when the stores should actually reach the site of the work should be taken into account.

(copy of Railway Board's letter No. 56-Competent Authority 2/9 dtd: 26-5-56 addressed to the General Manager, Central Railway, Bombay).

4. The remarks regarding the increase or decrease in the number of items of misclassifications for the year over that of the earlier year should be forwarded to the Comptroller & Auditor General of India (Railway Wing) along with the final copy of Annexure 'J' and the same need not be postponed for inclusion in the note on Control Over Expenditure. (Comptroller & Auditor General of India (Railway Wing)'s letter No. RR 1-30/57 dtd: 7th January 1958).

5. A question arose whether cases of non-adjustment between two suspense heads within the year would constitute misclassification warranting inclusion in Annexure 'J'. It was decided that in case the information necessary for adjustment of the expenditure from one suspense head to another head became available before the close of the accounts the year, the omission to carry out such adjustments constitutes a mistake within the scope of Annexure 'J'. (Railway Board's letter No. 24-App/56-57 dtd: 18th June 1958 addressed to the General Manager/ Southern Railway/Madras.)

6. The Public Accounts Committee while examining the excesses over voted grants and Charged appropriations relating to the Railway Accounts for 1955-56 have observed with reference to Annexure 'J' - Statement of important misclassifications and other mistakes, that expenditure had been recorded in a number of cases under demands difference from those under which provision was made for it in the Budget Estimates. The committee felt that there was much scope for improvement in accounting.

Since, mistakes in accounting vitiate effective control over expenditure the necessity of obviating them by exercise of care, cannot be over-emphasised. While the primary responsibility for the allocation of the initial documents rests with the Executive authorities, the Accounts Department has the responsibility to see, to the extent it is possible to do so, that the allocation shown on the initial documents is not in correct. The importance of correct classification should be impressed upon all concerned and should be appropriately taken up



with the staff at fault. Apart from the review carried out on the basis of the Monthly Financial Reviews, the Railways are required to review the preliminary actuals for the year against the sanctioned grants-vide Board's letter No. 56-ACI/2/15 dtd: 17-5-1957. As a result of these reviews it should be possible to detect all important errors in classification and rectify them well in time before the accounts for the year are finally closed.

(Railway Board's letter No. 58 ACI/17/16 dtd: 15-10-58 copy received under Comptroller & Auditor General of India (Railway Wing)'s letter No. 1382-RRI-46/61 dtd: 9-11-61).

7. Transfer Certificates amounting to several lakhs of rupees relating to the accounts for 1959-60 were not accepted and adjusted against the final heads by both the Western and Central Railways for want of funds on the authority of instructions contained in Railway Board's letter No. 59-BC 4257/A dtd: 27th January 1960. When this matter came to their notice, the Railway Board pointed out to the Western Railway that the interpretation of the above orders of the Railway Board as made out by that Railway, was not correct, and that the intention underlying that order is that Railways should not incur more expenditure or enter into commitments more than what has been provided for in the Revised Estimates and then ask for additional funds at the final modification stage.

The Railway Board also stated that no Railway Administration can reject established charges on the plea of lack of funds and they should provide for known contingencies at the various stages of estimates and the debits for compensation claims paid by one Railway on behalf of the other should also be dealt with on the same lines.

The Railway Board directed the Western Railway to review the position in the light of the above observations and take action to carry out necessary adjustments in the accounts for March 1960. While endorsing a copy of their reply to Western Railway the Railway Board directed the other Railways to take necessary action. In regard to a suggestion made by Central Railway, the Railway Board pointed out that provisional adjustments could be carried out by the responding Railways in the accounts for the March on the basis of allocation available in the vouchers etc pending verification and acceptance by the Executive Officers subject to readjustment as necessary, as already enjoined in their letter No. 52 ACI/69 dtd: 1-8-53.

(DO letter No. 60-ACI/2/1 dtd: 16-7-60 from Shri D.C. Joshi, Railway Board to Shri M.N. Datta, Dy. FA/Western Railway/Bombay, copy endorsed to Financial Adviser and Chief Accounts Officers of all other Railways).

8. In 1960, the Railway Board directed the North Eastern Railway to include an amount of 10,08 in the statement of mis-classifications and other mistakes on the basis of the instructions contained in their letter No. 24-App/54-55 dtd: 17-4-56, according to which misclassifications between detailed heads of accounts falling under the same sub-head of grant are also required to be included in Annexure -J - Statement of misclassifications etc. That Railway contended that the excess in question was due to non-booking of expenditure against certain sub-detailed heads of account falling within the same detailed account under the same sub-head of grant and that therefore this was not covered by the Railway Board's orders quoted above. They also pointed out that so long as the mistakes or mis-classifications noticed after the close of the March accounts could be rectified through the Capital and Revenue accounts and Finance Accounts of the year concerned, such cases need not be reflected in Annexure-J - Statement of mis-classifications etc. and that the mistakes in question under the sub-detailed heads of account which did not involve rectification of March Accounts, would be rectified through the Annual capital and Revenue Accounts and Finance Accounts and hence the question of inclusion in Annexure -J would not arise. After taking into account, the arguments advanced by the North Eastern Railway, the Railway Board in their letter No. APP/GT/5/58-59 dtd:4-7-60 conveyed the decision that the mis-classification under reference fell within the purview of Annexure - J as the mistake was not actually rectified in the year's final accounts and mentioned thereof in the Capital and Revenue Accounts for the year - vide Para 807

(3)(A)(I) did not affect the position and that therefore the item had been included in the Annexure -J.

(Copy of letter No. A.8/5/215/216 dtd: 5-4-60 from the General Manager/North Eastern Railway/Gorakhpur to the Railway Board and Railway Board's letter No. APP/GT/58-59 td: 4-7-60 to the General Manager/North Eastern Railway/ Gorakhpur, received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 1130-RRM-5-59/North Eastern Railway dtd: 11-8-60).

9. It has been decided to take into account the items of misclassifications in arriving at the exact amount of excess over the Grant/Appropriation for the purpose of its regularisation. For this purpose, the amount of each item of misclassification should be shown in units of rupees in Annexure J irrespective of the amount thereof instead of items of Rupees Five thousands and above only.

(Para 2 of Railway Board's letter No. 61-ACI/17/5 dtd: 4th July 1961 received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 1035-RR/1-46/61 dtd: 20th July 1961).

10. In all cases of misclassifications arising out of the carelessness or slackness of staff involving over Rs.1 lakh each, the individual responsibility should be fixed and disciplinary action taken against the staff at fault and the fact indicated in the Annexure or intimated within three months of its despatch. It should, *interalia*, be mentioned, as to when the errors occurred and why those could not be detected in the course of review of expenditure during the year and set right before the final closing of the year's accounts. In case of misclassification causing variation between the actual expenditure and sanctioned grants/Appropriations similar information should, however, continue to be given in all cases irrespective of the amount involved as contemplated in Para 4 of Annexure III to Railway Board's letter No. 59-ACI/17/5 dtd: 27-7-59.

(Railway Board's letter No. 59-ACI/17/5 dtd: 4-9-62 addressed to General Managers of all Indian Railways).

11. An amount of Rs.2,66,718/- being the credit realised towards hire charges on locomotives hired to other Government departments and taken as reduction of expenditure within the demand instead of as credits falling outside the scope of the demand was included in Annexure J to the Appropriation Accounts of Southern Railway for 1966-67. The Railway Board pointed out that the write back of the amount would not involve any correction to the Account Current and that therefore the question of correcting the Appropriation Accounts of the grant and the statement of voted and charged expenditure may be considered. The Railway Administration pointed out that although the rectification of the error would not affect the Account Current the schedule to the Account Current exhibiting the gross, credit and not under various Revenue grants would require to be corrected and the Railway Board was therefore requested to examine and advise whether they would be able to entertain a correction to the schedule to the Account Current at that late stage, to enable the Administration to take necessary action in the matter. Thereupon the Railway Board gave the following decisions:-

i. The changes in the figures of 'Gross Expenditure', 'Credits or recoveries' and net can be made under a grant in the relevant schedule appended to the Account Current for March so long as Appropriation Accounts of the grant is not finalised. This is because such corrections do not affect the Account Current for March as also the other statements like the Finance and Revenue Accounts compiled in Railway Board's office.

ii. In the light of the above, changes among the detailed and sub-detailed heads falling under the same sub-head of a grant can also be rectified in as much as such rectification also does not in any way affect the Account Current for March and these can be embodied in the Capital and Revenue Accounts etc. of the Railway as envisaged in 807-AI. The instructions conveyed in the Railway Board's letter No. 24-App 54-55 dtd: 17-4-56 refers to changes which could not be rectified by the time of preparation of the Capital and Revenue Accounts and the Finance

Accounts referred to in the code rule *ibid*.

While conveying the acceptance in Audit of the above decisions of the Railway Board, the Comptroller & Auditor General of India (Railway Wing) clarified that the intention is the corrections to the Accounts may be accepted by the Railway Audit Offices so long as the Accounts are not finalised in the office of the Comptroller & Auditor General of India (Railway Wing). Normally the Appropriation Accounts are to be finalised by the middle of December at the latest by the office of the Comptroller & Auditor General of India. Any corrections proposed by the Railway Administration after the above date may be accepted in Audit only after obtaining the prior concurrence of the office of the Comptroller & Auditor General of India (Railway Wing).

(i) DO letter No. 67/App/4/12/66-67 dated: 12-12-67 from the Dy. Director, Finance (Accounts), Railway Board to the Dy.FA/Southern Railway/Madras.

(ii) Comptroller & Auditor General of India (Railway Wing)'s letter No. 104-RR/1-34/67 dated: 12-1-68 and No. 1827-RR/1-22/67 dated: 8-5-68 addressed to the Chief Auditor/Southern Railway/Madras.)

12. A Railway Administration refused to include a case of non-adjustment of loading charges in the accounts of a year aggregating Rs.30,319/- in Annexure J - Statement of misclassifications etc. appended to the Appropriation Accounts of that year on the plea that the amount of individual vouchers constituting the transactions was less than Rs.5,000/- each. The question was considered by the Railway Board and it was decided by them in consultation with Audit that items of similar nature which result in an accounting error aggregating above the prescribed limit viz., Rs.5,000/- or above, the year should be included in Annexure J of that year notwithstanding the individual vouchers constituting the transaction being far less than Rs.5,000/- each.

(Railway Board's letter No. 69/App/4/12/68-69 dtd: 31-8-70 addressed to the General Manager, South Eastern Railway, Calcutta, copy received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 3601-RR/1-34/69 dtd: 10-9-70).

13. The limit of Rs.5,000/- prescribed in Para 637-GI (then prevailing Code) for inclusion of items of misclassifications and other mistakes detected during the year in Annexure J has not been changed. However, at the request of the Railway Board the office of the Comptroller & Auditor General of India (Railway Wing) have agreed that only items over Rs.50,000/- and Rs.2,00,000/- in case of misclassification between two grants and errors in classification under the same sub-head of grant respectively would be included in the printed Appropriation Accounts of Railways with effect from the year 1964-65 and this arrangement was only to limit the number of pages in the printed publications. Railways are therefore required to include all items of misclassification and other mistakes of over Rs.5,000/- each in the Annexure J to the Appropriation Accounts.

(Comptroller & Auditor General of India (Railway Wing)'s letter No. 3401-509-RA/RR/1-34/71 dtd: 13-9-72 addressed to the Chief Auditor, North East Frontier Railway, Gauhati-11 with copies to Chief Auditors of all other Railways including Railway Production Units).

14. In respect of cases of misclassifications included in Annexure J, a thorough scrutiny of the reasons for misclassification should be undertaken promptly by the Administration and staff responsibility particularly at supervisory level, invariably fixed for their failure. A certificate to the effect that 'reconciliation of subsidiary books with general books was conducted meticulously during the year' should be appended to the Annexure duly giving brief reasons for the mistakes included therein remaining undetected till the close of the financial year.

(Railway Board's letter No. 80/App/7-2/79-80/Para 2-7 dated: 21-10-1981 received under Comptroller & Auditor General of India (Railway Wing)'s endorsement No. 849-230-RAII/RR 12-11/Public Accounts Committee VII/57 R(3)/81 dated: August 1982).

**1238 Other Statements to be appended to the Appropriation Accounts**

The particulars of the statements to be appended to the Appropriation Accounts and which are required to be certified by this office are indicated below:

**1239 Annual Statement of 'Voted' and 'Charged' expenditure.**

This statement should be compiled in the following form prescribed in the Railway Board's letter No. 57-AC-I/17/10 dtd: 20th August 1957.

(in Units of Rupees)				
Major Head	Figures as appearing in the Account Current	Grants	Figures as per Appropriation Accounts	
			Gross expenditure	Credits or recoveries
1	2	3	4	5

The figures to be filled in the columns 4 and 5 are from the consolidated statements showing the actuals by sub-heads of grants by primary units prepared from the details of actuals forwarded by the Divisions/Units.

This will be accompanied by a statement showing the credits or recoveries excluded from the scope of the demands for grants. The details for the purpose will be furnished by the several Accounts Officers to the Financial Adviser and Chief Accounts Officer which would be verified by the local Audit Officers and forwarded to Headquarters Books & Budget Section.

The following details should be given as foot-notes in the statement of voted and charged expenditure.

- i. Details of expenditure under the major head "345 - Indian Railways - Policy Formulation, Direction, Research and other Miscellaneous Organisations".
- ii. Details of Expenditure relating to motor car advances, Advances for the purchase of other conveyances etc. under the major head "F Loans and Advances by the Central Government - Advances to Central Government Servants" relating to Southern Railway - Railway Service Commission, Madras, Railway Service Commission, Trivandrum, Railway Rates Tribunal, Madras and the Principal Director of Audit's office.

The following points should be borne in mind in scrutinising the statement:

1. The figures relating to 'Charged' expenditure in respect of each of the Major heads of Accounts are shown separately.
2. While working out the gross figures of suspense under Grant No. 12 for exhibition in the above statement, the 'net' figure relating to the suspense head 'Demands payable' will be included under the column 'Gross', as the credits relating to the Suspense head "Demands Payable" are not treated as falling outside the scope of the demand.

**1239 IMPORTANT ORDERS.**

1. Receipts recorded against the deduct head "Receipts on Capital Account" in the capital classification should be excluded from the scope of the Demand and shown against the deduct head "Credits or recoveries".

(Railway Board's letter No. 52-B-4257 dtd: 2-8-55 copy received under Director of Railway Audit's endt No. R7-2/52 Part II dtd: 31-8-55).

2. Civil Grants 16 interest on debt and other obligations and reduction or avoidance of debt.

The write back of excess interest credited in the accounts for the previous year effected in a year should be excluded from the actuals shown in column 3 of the Appropriation Accounts of the Grant for that year and shown separately at the end of the Accounts in the same manner in which 'Credits or Recoveries' are shown in the Appropriation Accounts of Railway Grants.

(Railway Board's letter No. App. Gt. 11/Civil/55-56 dtd: 12th Sept. 1956).

3. The question of making provision in the Budget in anticipation of the awards decree etc. likely to be made against Government in the Budget has been under consideration of the Government for some time. Some Ministries, Departments etc. where such payments are a regular feature, have complained that the procedure of obtaining an advance from the Contingency Fund of India to meet each and every such payment causes great inconvenience. In most cases payments have to be made immediately under the orders of the court and there was no time to ask for the sanction of an advance from the Contingency Fund and to draw the amount against it. The Government are also advised that there is no constitutional objection in anticipating such awards and including provision for them in the annual budget. It has accordingly been decided that the case of Ministries/Departments etc. where such awards are a normal feature, provision may be included as a 'charged item of expenditure for the likely payments to be made during the year on the basis of past trends of actuals and such other relevant data that the Ministries etc. might have. If this provision proves inadequate it may be necessary to supplement it by a supplementary appropriation or in the case of an immediate payment, to ask for an advance from the Contingency Fund. In the case of Ministries etc., where only stray cases occur and it is not possible to anticipate them before hand, there would be no option but to ask for a supplementary appropriation and if necessary, an advance from the Contingency Fund. It would, however, be necessary, to ensure that the amounts included in the annual budget in anticipation of the awards decrees etc. likely to be made against Government are reduced to the absolute minimum. The provision to be included should be made only after obtaining the prior concurrence of the Financial Adviser.

(Government of India, Ministry of finance (Department of Economic Affairs) OM No. F.2(55)-B/57 dtd: 12th June 1957, copy received under Railway Board's letter No. 56-B-4087 dtd: the 25th June 1957).

4. Payments made in satisfaction of awards of the Authority under the 'Payment of Wages Act' and 'Workmen's Compensation Act' should be treated as 'Voted' and not 'charged' as the authority constituted under the relevant provisions of these Acts has not been formally declared by the said Acts as a Court or as having the status of a Court.

(Railway Board's letter No. 56-B-4087 dtd: 9th/11th July 1958 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 659-Railway Administration II/II-2/51 dtd: Nil-August-1958).

5. A question has arisen whether the payments made in satisfaction of Court decrees or arbitral awards given against State Governments in cases of disputes arising not of the acquisition of building and properties by States for the purposes of the Union Government are to be 'Charged' on the consolidated fund of India or the consolidated fund of the State concerned. Government have been advised that since in such cases, the Court decrees or arbitral awards are against the State Governments, they would have to be satisfied initially by those State Governments from their own consolidated funds. In other words the liability for the initial payment in satisfaction of the decrees or award would devolve upon them which would be charged on their Consolidated Funds in accordance with the provision of Article 202(3)(e) of the

Constitution. Subsequent reimbursement by the Central Government would be merely an inter-Governmental adjustment to which the provisions of Article 112(3)(e) of the constitution would not be applicable since the decree is not enforceable against the Government of India-cum-the Consolidated Fund of India.

(Ministry of Finance No. Financial Adviser and Chief Accounts Officer 2(43)-8/59 dtd: 12th September 1959 forwarded with Railway Board's letter No. 58/W2/CNB/8 dtd: 4th November 1959).

6. From the accounts for 1961-62 onwards, recoveries on account of deficit in net earnings pertaining to worked lines as well as recoveries towards the excess payments made in previous years to owners of certain worked lines in respect of their share of net earnings should be treated as forming part of the earnings and not treated as reduction in expenditure. Such recoveries should be credited to the detailed head "Z-660-Other unclassified receipts".

(Railway Board's letter No. 61-AC-II/3/7 dtd: 18-9-61 received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 1252-RR 1-3/59 dtd: 24-10-61 and Railway Board's letter No. 61-AC-II/3/7 dtd: 27-12-61 received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 60-RR 1-3/59 dtd: 19-1-62).

7. The receipts recorded under the sub-detailed head of account J 152 under "J 100 Educational facilities - 150 subsidised hostels" in Grant No. 11 should be treated as reduction of expenditure vide Explanatory Notes to Demand No. 11 in Financial Code Vol. II.

8. In a certain case a contractor delayed received payment of certain amounts due to a dispute as a result of which on completion of the contract and the closure of his account, the unpaid amounts were transferred to the Public Account to be held as a deposit under 'Public Works Deposits' when the contractor subsequently obtained a decree from a Court for a larger amount, a question arose whether the entire amount of the decree should be charged on the Consolidated Fund or only that part of the payment which was in excess of, the amount already held in deposit account need be treated as 'charged' expenditure. The matter was considered in consultation with the Ministry of Law who have advised that where the payment in satisfaction of a Court decree is by way of expenditure, Article 112(3)(Financial Adviser and Chief Accounts Officer) of the Constitution is attracted and the entire expenditure for the purpose should be 'charged' on the consolidated fund irrespective of the fact that a part of the amount might already have been voted out of the Consolidated Fund, and kept as a deposit in the Public Account. If this necessitates any accounting arrangement, such as retransfer of the amount from the Public Account to the Consolidated Fund, the same will have to be duly carried out for the purpose. It has also been held that Article 112(3)(Financial Adviser and Chief Accounts Officer) of the Constitution is not attracted where a refund of Security Deposit or revenue is made in satisfaction of a court decree as such a refund cannot be treated as an item of expenditure.

(Ref: Ministry of Finance OM No. F1(124)-B/64 dtd: 11th November 1964 forwarded under Railway Board's letter No. 64-B-4087 dtd: 1st December 1964).

9. The scope of the term "arbitral tribunal" used in Article 112(3)(Financial Adviser and Chief Accounts Officer) of the Constitution was considered in consultation with the Ministry of Law, who advised that in order that a body or authority may be a "tribunal" it must be constituted by the state and not merely by an agreement of the parties - and must be invested with the States inherent judicial - as distinguished from purely administrative or executive - powers and the "trappings of a Court". It has accordingly been held that an arbitrator appointed under Section 10-A of the Industrial Disputes Act 1947, or a private arbitrator to whom a dispute is referred under an arbitration agreement under the Arbitration Act, 1940 is not a tribunal within the meaning of Article 136 of the Constitution and consequently any payment made in satisfaction of the award of such an 'arbitrator' cannot be treated as expenditure charged on the Consolidated Fund of India. However, in cases, where the award made by a private arbitrator,

is filed in a Court and decree is obtained in terms of the award, the expenditure required to satisfy the decree of the Court will be expenditure 'charged' on the consolidated fund of India as contemplated by Article 112(3)(Financial Adviser and Chief Accounts Officer) *ibid*. In such cases, the award of the Private Arbitrator is virtually merged into the decree of the court and it is the order of the court which is operative in the matter.

The classification in accounts of payments in satisfaction of arbitral awards should be regulated in accordance with the above principles.

(Authority : Ministry of Finance OM No. F.1(124)-B/64 dtd: 13th November 1964 received under Railway Board's letter No. 64 B-4087 dtd: 1st December 1964, copy forwarded under Comptroller & Auditor General of India (Railway Wing)'s endt No. 4038-RAI/9-8/64 dtd: 28-12-64).

10. In cases of settlement of compensation claims for goods lost or damaged pending incidence of inter railway liability, payment is initially debited to "Misc. Adv. Revenue" and cleared there from after it is resolved with the foreign Railway. Such clearance are, in some cases, effected within the same accounting year and in others they have to be carried forward to the subsequent year/years. While carrying out clearances from the suspense head, the Southern Railway Administration minus debited the suspense when the adjustments are carried out within the same year and credited the suspense, if the adjustments are carried out in the subsequent year/years. The revised estimates for the year and the Budget Estimates were compiled by the Administration on the above basis. Audit requested the Administration to obtain the confirmation of the Railway Board to the procedure followed. The Railway Board, to whom the matter was referred to by the Southern Railway Administration clarified that the clearances from the suspense head should be by credits only irrespective of whether the clearance is affected within the same year or in the subsequent year/years for the following reasons:

- i. The suspense head has been provided mainly with a view to booking the initial expenditure towards payment of compensation claims pending fixation of inter-railway liability and to clear such debit and when such liability is accepted by the concerned Railway or else to be charged to the Final head of the Railway initially making the payment.
- ii. In accordance with the code rules, such clearances are taken as credits outside the scope of the demand for gross budgeting whether cleared within the same year or otherwise. Hence, the procedure of treating the clearance effected during the same year as minus debits and consequent reduction in the provision voted by Parliament would not be correct from the budgetary angle.
- iii. Double provisioning is unavoidable as the same forms an inherent part of the system of gross budgeting whether the clearances are made through the acceptance of debit by the Railway concerned or booked against the final head of the Railway due to inability to fix inter-railway liability. *(DO letter No. C/122/X/Claims/O dtd: 5-12-64 from the Deputy Financial Adviser, Southern Railway, Madras to the Joint Director, Finance (Budget) Railway Board and the latter's reply DO No. 64-B-4255/ Southern Railway dtd: Nil-12-64).*

11. In respect of Railway employees appointed as Director, Representatives or nominees of Government on Industrial undertakings, the amount of fees, travelling allowance etc. recovered from the undertakings, in terms of the orders contained in the Railway Board's letter No. F(E)/66/F(E)I dtd: 30-9-66 should be adjusted as a recovery under the head to which the expenditure was originally booked, instead of being credited to Abstract Z. The recoveries so adjusted should be treated as falling outside the scope of the demands for grants and dealt with accordingly.

(Railway Board's letter No. F(E)1168/FEI dtd: 6-1-69 received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 177-RAI/4-33/66 dtd: 28-1-69).

12. Pensionary contribution in respect of open line staff employed on construction projects etc. received by the parent Railway should be treated as credits outside the scope of the gross budget on the analogy of service contributions from other Departments/Ministries on account of staff on deputation being treated outside the scope of gross budget in terms of para 553(iii)-GI. These orders took effect from the Revised Estimate for 1969-70. (Railway Board's letter No. 68-B-4041 dtd: 3-12-69 addressed to All Indian Railways etc. copy received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 845-RAI/16-69 dtd: 1-4-70).

#### **1240 Statement Showing changes In Forms and Classification of Accounts.**

This will be compiled in the following form:

Sl. No.	Reference to Authority	Particulars

The details will be verified with reference to (a) the Railway Board's letters available in the section files issuing correction slips to Financial Code and Accounts Code (b) Particulars noted in the Register maintained for noting such changes in the Section and (c) the audited material from the various Accounting units received from the local Audit Officers. The changes introduced by the Railway Administration themselves for purposes of achieving uniformity in all the units of Railway i.e. changes of local interest only, will be listed out separately, and incorporated as a separate section in the above memorandum.

The consolidated statement compiled for the Railway as a whole is sent by the FA & CAO/Budget to this Office. After thorough check, the final copy of the statement duly signed by the FA & CAO and General Manager is forwarded to the C & AG of India (Railway Wing).

#### **1241 Development Fund Account.**

This account is not required to be compiled by the Individual Railway Administration and forwarded to the Railway Board for incorporation in the Appropriation Accounts of Railways in India vide Railway Board's letter No. 64/App/62/63-64 Pt. II dtd: 16-2-1965

#### **1242 Pension Fund Account & Depreciation Reserve Fund Account**

These will be compiled in the form prescribed in Railway Board from time to time. These statements will be compiled by the Budget Section of the Financial Adviser and Chief Accounts Officer's office and checked by the headquarters Books & Budget Section of this office. A separate account in respect of each of the independent accounting units need not be compiled. The statement will be checked as follows:-

The opening balance will be checked with reference to the Closing Balance at the end of the previous year as shown in the audited copy of the Account relating to the previous year. The amount of transfers without financial adjustments, if any, effected during the year affecting the Pension Fund/DRF will be verified with the audited copies of the statements showing the transfers effected without financial adjustments during the year sent to the Comptroller & Auditor General of India (Railway Wing) separately as already described in chapter XI. This will be added to the opening balance and the net figure arrived at.

The amount of contribution to the Fund during the year will be verified with the consolidated Revenue Ledger. It should, however, be noted that the contribution in respect of Railway Audit Staff, though booked under the major head '345-Indian Railways - Policy



Formulation, Direction, Research and other Miscellaneous organisations' and not to revenue Abstract, should also be taken into account.

The expenditure from the fund will be verified with the Revenue Ledger or the relevant schedule accompanying the Revenue Account Current. Here also, the pensionary charges of Railway Audit Staff met from the fund should also be included.

The interest charges should be verified with the statement of Pension Fund Account accompanying the Revenue Account Current, the correctness of which should be verified as already laid down in Chapter XI.

The correctness of the closing balance should then be verified which should agree with the figures appearing in the consolidated revenue ledger.

### **1243 Special Railway Safety Fund Account.**

This account will be compiled in the form prescribed in the by the Railway Board from time to time. As this account came into existence from October 2001, Special Railway Safety Fund Account should be prepared from the year 2001-02 onwards.

1. Opening Balance.
2. Transfers without financial Adjustment
3. Appropriation to the fund during the year.
4. Interest on the Fund balance.
5. Total
6. Withdrawals from the fund during the year.
7. Closing balance.

This will be compiled by the Budget Section of the office of the Financial Adviser and Chief Accounts Officer and checked by the Headquarters Books & Budget Section of this office. A separate account in respect of each of the independent accounting units need not be compiled. The statement will be checked as follows:-

The opening balance will be checked with reference to the closing balance at the end of the previous year as shown in the audited copy of the Account relating to the previous year. The amount of transfer without financial adjustments, if any, effected during the year affecting this Fund will be verified with the audited copies of the statement showing the transfer effected without financial adjustments during the year sent to the Comptroller & Auditor General of India (Railway Wing) separately as already described in Chapter XI. The appropriation to the fund as well as withdrawals from the fund during the year should be checked with reference to the ledger/schedule to the Account current for March. The interest is calculated at the percentage intimated by the Railway Board from year to year on the total of opening balance and transfers without financial adjustment and half of the net outlay during the year. The details of calculations are available in the Account of the Fund appended to the Account Current for March. The correctness of the interest and closing balance should then be checked.

### **1244A Statements of Stores Account and Stock Adjustment Account.**

This comprises of two statements viz. (1) Statement of Stores transactions and (2) Statement showing the results of stock verification and revaluation of Stores.

The statement of Stores transaction will be compiled in form F 439 Financial Code Vol.I as amended by Railway Board from time to time.

The statement showing the results of stock verification and revaluation of stores will be compiled in Form 439-FI.

These statements will be got checked by the Stores Audit Section at Ayanavaram. The following points should also be borne in mind while scrutinising the statement besides the instructions contained in paras 437 - 439 FI.

- i. The statement will include transactions of the Grain shops (There are no Grainshops on the Southern Railway).
- ii. The value of scrap and 'surplus' stores showing in the statement agrees with the corresponding figures shown in the statement of stores transactions compiled in form S.3001.

(Para 2 of Railway Board's letter No. 62 App-35/61-62 dtd: the 25th April 1963, Copy received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 1443-RAI/A7-7/63 dtd: 13-5-63)

- (iii) The percentage of net surplus or deficiency in the stock adjustment Account should be worked out with reference to the 'figures of issues' during the year of Stores Account exclusive of issues of Stock of grains.

(Railway Board's letter No. 45-I/136 dtd: 6th Sept. 1945 and No. 30-App/47-48 dtd: 14th August 1950).

- iv. As losses occurring in Grain shops as a result of stock-verification and revaluation of stores are adjusted to the Head K-653 direct, such transactions should not pass through Stock Adjustment Account. (Railway Board's letter No. 30-App/1945-46 dtd: 10th March 1947).

#### **1244B Important Orders.**

1. Particulars of individual items of Rs.1lakh each included in Column 15 of the statement should be given in the form of footnotes thereto. These particulars should be given as footnotes in the 'Stores Account' more or less on the lines indicated in the Railway Board's letter No. 14-App/52-53 dtd: 27-5-54 in respect of items of losses.

- i. Railway Board's letter No. 23-App/59-60 dtd: 3/4/5/1961 received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 1882-RAI/A 16-1/60 dated: 3-6-1961 and

- ii. Para 4 of Railway Board's letter No. 61 ACI/17/5 dtd: 4-7-61 received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 1035-RR/1-46/61 dtd: 20-7-61.

2. From the Accounts for 1961-62 and onwards, the footnotes to the Stores Accounts should not be confined to explanations for items of shortages and deficiencies only but should cover all items of over Rs.1 lakh each which are included in column 15 of the said statement.

(Railway Board's letter No. 23 App/60-61 dated:12-4-62 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 1348-RAI/A16-6/61 NE Rly. dtd: 25-4-62).

3. The position regarding the exhibition of transactions under the head 'Stores-in-transit' in the statement of Stores Transactions (Form G.649) was considered by the Railway Board and it was decided by them in consultation with Audit, that with effect from the Appropriation Accounts for 1969-70, the net of the debits and credits under Stores-in-transit at the close of the year should be included under the column other debits of the statement. This position should be suitably explained in footnote(s) envisaged in para 649(6)-GI.

(Railway Board's letter No. 69-App/3/5/67-68 dtd: 2-5-70 addressed to All Indian Railways etc. copy received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 1984-RAI/16-1/69 dtd: 15-5-70).

#### **1245 Statement showing percentage of working expenses to earnings.**

This will be compiled in accordance with the instructions contained in para 434-FI by the Budget Section of the FA & CAO's Office. This statement will be scrutinised by the Books & Budget Section in Headquarters. This statement will be checked with reference to the figures furnished in the Revenue Account Current

#### **1246 Statement of Credits to Capital for retired assets.**

This will be compiled in the following form, in terms of the instructions contained in para 436-FI.

Particulars	Credited to Capital	Debited to Revenue Depreciation Reserve Fund
Rolling Stock		
Locomotives		
Boilers		
Carriages		
Wagons		
Ferries		
Total Rolling Stock		
Works		
Machinery		
Bridges		
Track Renewals		
Other Structural and Engineering Works		
Total Works		
Grand Total of Works and Rolling Stock		

While the figures will be furnished in thousands of rupees in the consolidated statement submitted to the Railway Board, the Divisions/Units will, however, indicate the figures in units of Rupees in the statement relating to their units. The consolidated statement will be checked with reference to the audited details received from the various auditing Sections/Divisions in respect of their portion.

#### **1247 Statement of Expenditure on works met out of provision for emergencies.**

This statement will indicate the expenditure incurred against the specific provision, if any, allotted under the sub-head "other emergencies" in the allotment made in respect of the Works Grants. In case no provision is specifically allotted under this sub-head no booking of the expenditure under the sub-head arise and the statement should be nil.

This statement is no longer required to be compiled with effect from the Appropriation Accounts for 1968-69.

(Railway Board's letter No. 69/App/6-1/68-69 dtd: 24-9-69 received under Comptroller & Auditor General of India (Railway Wing)'s endt No. 5230-RR/1-29/69 dtd: 4-11-69).

#### **1248A Profit & Loss Account of Catering Department.**

This will be compiled by the Expenditure Section of the FA & CAO's Office in the proforma prescribed by the Railway Board from time to time.

The Account relating to each and every Division and the Headquarters will be compiled by the Divl. Commercial Officers and the GM(C) RR respectively and forwarded to their Associated Accounts Officers. After verification, any modification found necessary as a result of verification by Accounts/Audit have to be carried out and copies of the revised account as finally verified by local Audit has to be forwarded to GM(C)/RR/MAS. Simultaneously the Local Audit Officer will forward a copy of the account as finally verified by them to the Headquarters Expenditure Section. The GM(C)/RR/Madras will compile the consolidated account from the verified copies of the accounts received from the various units (included HQ Unit) and forward the same to the Financial Adviser and Chief Accounts Officer and after verification, will send the advance copy to the Railway Board with copies to this office. The advance copy will be verified with reference to the audited copies of the accounts relating to the various units received from the various Audit Officers and the account relating to Hd. Qrs. unit

which would have been verified already as described earlier. After verification by Audit final copies of the account will be got prepared and forwarded to the Railway Board and to this office duly signed by the General Manager. A copy of the statement will be forwarded by the expenditure section to the Comptroller & Auditor General of India (Railway Wing) direct under intimation to the Books & Budget Section.

In checking the Account, besides verifying the correctness of the amounts shown under the various column on both the debit and credit side of the account with the records in the accounts and commercial branches, the instructions contained in the Annexure to the Railway Board's letter Nos. 59-TG III/677/28 dtd: 20th October 1959 and 59-TG/III/677/28 dtd: 4th August 1960 as well as those contained in the form of the account sent with the Railway Board's letter No. 66-TG III/636 dtd: 3 Railway Board May 1966 should be borne in mind.

The account is to be prepared on accrued basis.

#### **1248B Important Orders.**

1. The Railway Board have decided, in consultation with Audit, that in Railway Catering Department, losses written off during the year in respect of shortages of Stores, snacks, breakage of crockery, cutlery etc. should be shown by giving break-up in the footnote of Profit and Loss Account statement under each category of Stores mentioned under Item No. 3 of the debit side, as indicated below:

- i. Shortages/losses of materials/ingredients for conversion into food stuffs or edibles,
- ii. Shortages/breakages etc. of other items of durable nature such as furniture, crockery, utensils, etc. and
- iii. Shortages/breakages etc. of other items of consumable nature such as crockery, glassware, linen etc.

The losses due to short or non-remittance of each should be written off with the sanction of the competent authority and exhibited in the statement of losses etc. (Annexure H) for the yearly Appropriation Accounts.

These instructions took effect from the accounts for 1967-68 (Railway Board's letter No. 66-TG III/636/3 dtd: 4-12-67 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 4976-RAI/1-32/66 KW dtd: 15-1-68).

#### **1249 Profit & Loss Account of Grainshops.**

This account is not required to be compiled by the Zonal Railways except North Eastern and Northeast Frontier Railways. These instructions took effect from the Appropriation Accounts for the year 1981-82 onwards.

(Railway Board's letter No. 82 APP/3-7/81-82 dtd: 31-8-82 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 945-Railway Administration III-RR/1-47/82 dtd: Nil).

#### **1250 Statement of Suspense Balances.**

This will be compiled in Form **F 433(5) D**. The consolidated statement will be checked by the Headquarters Books & Budget Section with reference to the audited copies of the Statements relating to the various units received from the respective Audit Officers.

The following points should be borne in mind while scrutinising the statement: In the consolidated statement, the figures need be exhibited in thousands of rupees only instead of in units of rupees. This change has been effected commencing from the Appropriation Accounts for 1961-62.

(Para 3(c) of Railway Board's letter No. 62 APP/62-61 dtd: 26th June 1962 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 527-RR/1-23/62 dtd: Nil).

The various units should be, however, furnish the figures in units of rupees.

ii. The net balances under the suspense heads i.e. the net effect of the Credits and Debits in respect of each of the suspense heads shown as outstanding on the 31st March of the year agree with the figures appearing in the General Books of the respective Units.

iii. The details of debits and credits relating to the period "earlier than the previous year" are furnished along with the statement.

(iv) The clearances effected during the current year are only those effected up to the close of the accounts of July of the current financial year. At the time of certifying the statement it should be seen that the reconciliation of the balances under the several suspense heads as appearing in the subsidiary registers with the General Books has been completed up to the close of July Accounts.

**1251 Statement of Ex-gratia payments to be shown as Footnotes to the Appropriation Accounts - Para 426-FI may be seen.**

This statement will be compiled in the following form.

Particulars of Ex-gratia payments	Reference to sanction	Grant affected	Amount paid	Month of payment.

In this statement only the items of ex-gratia payments exceeding Rs.20,000 will be included. The consolidated statement will be checked with reference to the audited copies of the statements relating to the various units received from the respective Audit Officers.

The details shown in the statement will be verified with reference to the manuscript register maintained by the Sections of the Accounts Office for this purpose.

(Ref: Railway Board's letter No. 58-ACI/17/15 dtd: 16th October 1958 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. 571-RR1-53/57 dtd: 29th October 1958).

**1252 Statement of Defects in Budgeting.**

This will be compiled in two parts I and II .The amount will be shown in thousands of Rupees in the Statement.

The items for inclusion in these statements will be gathered from the explanations furnished in the final copies of the Appropriation Accounts of the several grants as well as audited statements received from the Local Audit Officers/ Sections. When Appropriation Accounts are accepted in Audit, pending the finalisation of this statement of defects in budgeting, a watch should be kept over the despatch of amendments to the Appropriation Accounts of affected grants after statement of defects in Budgeting is drawn up so as to give a counter reference to these statements in the explanations for variations under the grants.

These statements will be accompanied by another proforma comparing the number of items included in these statements relating to the year with those of the previous year, along with reasons for variations.

**1252A Important Orders.**

1. Copy of Railway Board's letter No. 27-App/53-54/B dtd: 15th June 1955 regarding the types of cases to be included in the statement of defects in budgeting - Part II is reproduced below:

Appropriation Accounts - Statement of defects in Budgeting - The Railway Board have recently had under consideration the question regarding the types of cases which should be included in the Statement of Defects in Budgeting Part II Expenditure classified differently in the Budget from Accounts and have decided in consultation with Audit that commencing with the Appropriation Accounts for 1954-55 cases of wrong provision made in the original budget or subsequently whether set right or not by the time of final estimates notwithstanding the fact that the expenditure is booked correctly in the accounts should be exhibited in the said statement. Further cases of expenditure classified differently in the budget from accounts as a result of changes in classification made during the course of the year on other consideration viz: (a) rectification of erroneous allocation obtaining on some Railway(s) and (b) introduction of a new classification in respect of some existing or new class of explanation should also continue to be exhibited in your statement under reference. This statement should, however, exclude all cases in which under the present rule of allocation, the original provision is made correctly under a particular Demand head but is transferred to another Demand head in accordance with the change in allocation decided upon during the course of the year on further consideration of scheme, plans etc. in the light of changed circumstances and the expenditure is booked in accordance with the revised allocation.

2. In this connection the Board also desired the particulars furnished for the various items included in the statement under reference should invariably bring out in respect of each case, the specific causes for the change in allocation being made during the year under report.

Variations resulting from changes made in the course of the year to secure uniformity of detailed accounting procedure amongst various units etc. should be included in the statement of defects in budgeting Part II under the operation of the monetary limits prescribed for the purpose.

(Railway Board's letter No. 27 App/54-55/B dtd: 10th September 1956 received under Comptroller & Auditor General of India (Railway Wing)'s endt. No. RRI-69/63 dtd: 25th Sept. 1956).

3. Transfer Certificates amounting to several lakhs of Rupees relating to the account of 1959-60 were not accepted and adjusted against the final heads by both the Western and Central Railways for want of funds on the authority of instructions contained in Railway Board's letter No. 59-RC 4257/A dtd: 27th January 1960. When this matter came to their notice, the Railway Board pointed out to the Western Railway that the interpretation of the above order of the Railway Board as made out by that Railway, was not correct and that the intention underlying that order is that Railways should not incur more expenditure or enter into commitments more than what has been provided for the Revised Estimates and then ask for additional funds at the final modification stage. The Railway Board also stated that no Railway Administration can reject established charges on the plea of lack of funds and they should provide for known contingencies at the various stages of estimates and the debits for compensation claims paid by one Railway on behalf of the other should also be dealt with on the same lines.

The Railway Board directed the Western Railway to review the position in the light of the above observations and take action to carryout necessary adjustments in the accounts for March 1960. While endorsing a copy of their reply to Western Railway, the Railway Board directed the other Railways to take necessary action. In regard to a suggestion made by Central Railway, the Railway Board pointed out that provisional adjustments could be carried out by the responding Railways in the accounts for March on the basis of allocation available in the vouchers etc. pending verification and acceptance by the Executive Officers subject to re-adjustment as necessary, as already enjoined in their letter No. 52-ACI/69 dtd: 1-8-53.

(DO letter NO. 60ACI/2/1 dtd: 16-7-60 from Shri D.C. Joshi Railway Board to Shri M.N. Datta, Dy.FAW.Rly.,/Bombay, copy endorsed to Financial Adviser and Chief Accounts Officers of all other Railways).

### **1253 Note on Control over Expenditure.**

As soon as the Appropriation Accounts of the various grants are finalised, a note on the Control over Expenditure should be compiled from the material furnished by the various local Audit Officers and forwarded to the Financial Adviser and Chief Accounts Officer for remarks of the Administration. Simultaneously a copy of the note should be forwarded to the Comptroller & Auditor General of India (Railway Wing). In selecting material for inclusion in the above note, the following instructions should be borne in mind.

(1) The report should be submitted to the Comptroller & Auditor General of India in time so that they may be included in Chapter I of the Report of the Comptroller & Auditor General of India on Union Government-Railways, if considered necessary. In case any delay in the submission of the report is anticipated, advance copies of the reports may be sent to the Comptroller & Auditor General of India and further comments on the items, if any, may be communicated as soon as they are available.

(2) Instances of excesses over voted grants and charged appropriations, instances of inadequate or injudicious surrenders obtaining on individual Railways need not be commented upon in the above report unless they bring out any special feature of budgetary or accounting importance (e.g. cases mentioned in paras 14, 15 and 16 of the Railway Audit Report, 1960), as the reports comments only on the grant as a whole taking into account the position on all Railways.

(3) Cases of defective budgeting, misclassifications and comments which have already been forwarded to the Comptroller & Auditor General of India along with the Appropriation Accounts of the grants concerned need not be reproduced in the note on Control over Expenditure, as the cases already reported are considered by the Comptroller and Auditor General's office separately. In short these notes may be confined to important cases of defective Control over Expenditure, cases of non-observance of or deviations from the existing rules or orders, non-preparation or defective preparation of financial reviews, defective maintenance of accounts registers by the Administration etc.

(4) The statements comparing the items of misclassifications and defective budgeting with those of the previous year may also be excluded from these notes and sent to the office of the Comptroller and Auditor General of India separately along with the final copies of Annexure J and statement of Defective Budgeting so that they may be considered before finalising consolidated Annexure J and Annexure B to Railway Board's review by the Comptroller and Auditor General's office.

(DO letter No. 945-RR7-1/59 dtd: 18th June 1960 from Shri K.R. Baliga, Deputy Director of Audit to Shri R.P. Ranga, Chief Auditor, S.Rly.,/Madras).

On receipt of the remarks of the Administration further observations of this office on those remarks should be forwarded to the Comptroller & Auditor General of India (Railway Wing) along with a copy of the remarks of the Administration.

### **1254 Progress Reports on the check of the Appropriation Accounts & Finance Accounts.**

The Headquarters Books & Budget Section will submit a fortnightly progress report on the check of the Appropriation Accounts of grants. Annexures etc. on the first working day of each week/fortnight, to the Principal Director of Audit through the Branch Officer till all the documents have been sent to Comptroller & Auditor General of India (Railway Wing). In this

report, the position in regard to the check of the Appropriation Accounts of the Grants, Annexures, Finance Accounts, etc. will have to be indicated. The submission of the progress report should be commenced from the date advised by the C & AG's Office (Rly.Wing).

Similar progress reports in respect of Metropolitan Transport Project (Railways), Madras will be submitted by the Sr. Audit Officer of that unit to the C & AG's Office (Rly.Wing) through the Principal Director of Audit.

Each and every other Branch Audit Officer including those in Headquarters will have to submit a fortnightly Progress Report to the Principal Director of Audit/Books from the dates as advised by Headquarters/Books Section/MAS.

In Division/Units, the explanations for variations in Column (1) and Column (4) are received separately. The due dates of receipt should be taken to be the dates prescribed by the Financial Adviser and Chief Accounts Officer and not those laid down by the Railway Board, in respect of Divisional/Unit Appropriation Accounts. Each and every unit should maintain a separate file for the progress report in question, so that it serves as a continuous record.  
(Director of Audit's DO letters No. B/Appn. A/cs./G1/80-81/1270-1286 dated: 11-1-82 and B/Appn. A/cs./81-82/G1/312-328 dtd: 27-5-82 (Para 3(10) to all the Branch Officers).

**1254A** A fortnightly progress report in the following form should be sent in the first day of each fortnight, to the Comptroller & Auditor General of India (Railway Wing).

The submission of the fortnightly progress report should commence from the date prescribed in the programme drawn up, by the C & AG of India/Railways. A completion certificate should also be sent to Comptroller and Auditor General after all the documents have been despatched.

Separate fortnightly progress reports in respect of Metropolitan Transport Project (Railways), Madras will be arranged to be sent by the Audit Officer concerned direct after obtaining the approval of the Principal Director of Audit.

#### **1255 Audit Certificate.**

After the finalisation and issue of the final copies of all the Accounts of grants, Annexures and statements, the Audit certificate in the form laid down in para 8 of Railway Audit Manual (fourth Edition) will be forwarded to the Comptroller & Auditor General of India (Railway Wing) duly signed by the Director of Audit.

#### **1256 Miscellaneous.**

##### **1. PRESERVATION OF OLD APPROPRIATION ACCOUNTS AND RECORDS CONNECTED THEREWITH.**

The Railway Administration are required to preserve the above records for five years from the date the Appropriation Accounts are presented to Parliament (except those containing important decisions and papers relating to policy). In case of any matter included specifically in the Audit Report, the relevant record should be preserved till the objection has been considered and finally dropped by the Public Accounts Committee.  
(Railway Board's letter No. 62/App/87 dtd: 20-11-62 to Financial Adviser and Chief Accounts Officer's of all Indian Railways).

In so far as our Office is concerned, the instructions contained in the Railway Audit Manual will be followed. In terms of item (64) of the table in Appendix I in the Railway Audit Manual, the Appropriation Accounts of Individual railways are required to be preserved for a period of five financial years. In as much as the Appropriation Accounts relating to a year are finalised by the end of the next financial year only, the period of five years have to be reckoned from the end of the financial year following that to which the Appropriation Accounts relate.



## CHAPTER - XIII

### INSPECTIONS

#### 1301 GENERAL

a. The instructions contained in Section VI of MSO (AUDIT) II Edn. 2002 and in Chapter XXI of RAM should be borne in mind.

b. The primary object of local inspections is to apply a test audit to such accounts and vouchers etc. as are not audited or cannot be completely checked during the central audit conducted at the Headquarters and to see that the initial documents on the basis of which the bills and accounts are rendered or co piled by the local offices, are properly maintained.

As regards inspection of offices of Section Engineers Viz. AEN,AME,ASTE,AEE etc. they are to be inspected under the supervision of Audit Officer (at50%) in a cycle of 4 years. All inspections except the following minor inspection (which are to be conducted by the Assistant Audit Officers) will be conducted under the supervision of the Branch Officer.

Inspections of minor executive offices - such as Hospitals, (Headed by ADMO) Railway schools, Assistant Engineers etc. Inspections of minor stations, out agencies and Town booking offices. Inspection of mobile and static catering unit. Check of issue of passes and PTOs by non-railway offices, if taken up separately. Inspection of individual shops in a workshop. Stores Depots - R&D sections, Depots manned by ACOs/DSKs.

The officer-in-charge of the Section/Division will normally supervise the inspection conducted by his Section/Division. The Principal Director of Audit may order that some of the inspections shall be supervised by the Dy. Director of Audit/Audit Officer (intensified Inspections). For this purpose, the Co-ordination Section, will submit to the Principal Director of Audit, before 10th of each month, a list of important Inspections to be carried out by the different offices in the subsequent month. The list should also indicate the time prescribed for BO's supervision for each inspection. The inspections to be supervised by Auo./Intensified Inspection will be indicated by the Pr. Director of Audit which will be communicated to him and to the concerned unit by Co-ordination Section. The Audit Officer/Intensified Inspection will, in consultation with the Unit Officer, draw up the programme for inspections and supervise them.

c. The Pr. Director of Audit may also order the supervision of inspection of minor stations etc., by an Audit Officer if necessary.

d. As regards the inspections by the Accounts Department, the Inspection Section is responsible to see that appropriate instructions are laid down for the conduct of such inspections, duly providing an element of surprise in cases where necessary. It is also to be ensured that the Accounts Inspection staff carry out a properly prescribed programme. The inspection reports issued by the Accounts Department will be reviewed to see whether any material exists for making suitable comment in the Audit Report (Railways).

#### 1302

a. The extent of supervision by Audit Officer in respect of inspections is furnished below:

For non-personnel portion of Executive Offices - 80%	
Major stations	- 100% (related to Traffic
Very big stations	- 100% Audit)

b. Inspection of sub-offices:

Prior approval of the Director/Dy. Director for selection of sub-offices is to be obtained. Inspection of sub-offices in charge of subordinate staff need not ordinarily be supervised by

Branch Officers as a routine measure. However, if the Branch Officer feels that supervision of any particular sub-office by him is necessary for any special reasons, this may be done with the prior approval of Pr. Director of Audit.

### **1303 ALLOCATION, FREQUENCY & DURATION OF INSPECTION.**

- a. In regard to allocation of various offices for purposes of audit inspections, the general principle is that all offices etc. falling within the accounting unit of an Accounts Officer shall be inspected by the Corresponding Audit Office.
- b. Pr. Director of Audit has been empowered to fix the frequency and duration of local inspections considering the needs of each case. The CAG of India has laid down that emphasis should be on intensive inspection of offices rather than on extensive ones. Each Section/Division should ensure that all offices etc., required to be inspected are included in their annual programme of inspections, duly ensuring that the orders regarding the frequency and duration of local inspections are strictly adhered to (CAG's DO Lr. No. 2301/RAI/87/66 dated:27-8-66).

### **1304 ANNUAL PROGRAMME OF INSPECTIONS (Para 425 of RAM)**

The annual programme of inspections relating to each Section/ Division will be prepared before the commencement of the financial year. The following instructions should be borne in mind while preparing the programme of inspection:

- a. An upto-date list of all the executive offices etc. (including sub-offices under each) coming within the corresponding accounting units shall be called for from the Accounts Office, to prepare the programme of inspection.
- b. The periodicity for conducting each inspection as prescribed shall be correctly followed and all offices due for inspection during the following year shall be included in the programme of inspection for that year.
- c. As regards inclusion of sub-offices for inspections along with the inspection of the main offices, the number of sub-offices to be inspected is two in the case of Engineering Department and one in the case of other offices. If, however, major irregularities in the accounts of sub-offices come to notice during the inspection of the main offices, additional sub-offices may be taken up for inspection with the approval of the Pr. Director of Audit. In regard to inspection of the offices of the Asst. Engineer, Asst. Traffic Manager and other Asst. Officers (excluding Asst. Medical Officers) all such offices shall be covered within two inspections of the main office.
- d. The man-days required for each inspection shall be worked out on the basis of the standard time fixed by the C&AG of India or by the Pr. Director of Audit, where no standard time has been fixed by the former. The time normally allowed for inspection of sub-offices is one day for the inspection party consisting of one Asst. Audit Officer and one Auditor. But in the case of Engineering offices such as, Inspection of Works, Permanent-way Inspector etc., the number of days allowed is 3. In respect of Running and Train Examining sheds, the inspection party may consist of one Asst. Audit officer and 2 Auditors and the time allowed may be increased to 2 days for each sub-office.
- e. The programme of inspections shall also include the review of track renewal works costing over Rs.1 core but less than Rs.5 crores and works costing Rs.5 crore and above ( Revised Audit Norms 2003).
- f. The programme of inspections shall be drawn in such a way that the work load is evenly distributed over the whole year.
- g. The Inspection proposed to be conducted both by the Audit Office and Accounts Department shall be programmed in such a way that there is reasonable time interval between the two inspections, so that the executive offices etc., do not have undue strain.
- h. The draft programme of inspections shall contain:  
The month in which each inspection shall be taken up the particulars of sub-offices to be inspected and the total number of man-days required for each inspection.

I. A complete list of offices (including sub-offices) required to be inspected by the Section/Division, together with the year of previous inspection and also the year in which the inspection again falls due, shall be appended to the draft programme of inspections. The draft programme thus prepared shall be submitted to the Pr. Director of Audit through the Co-ordination Section by the first week of February every year. The Co-ordination Section shall scrutinise the programme of inspections submitted by the various Sections/Divisions and submit the same to the Principal Director of Audit, for approval. The programme of inspections as approved by the Pr. Director of Audit shall be communicated to the concerned units by the Co-ordination Section. In respect of more important offices to be inspected and review of works to be conducted for which an additional Asst. Audit Officer is to be deputed from the Intensified Inspection Section a separate list of such offices/reviews will be communicated to the concerned units by the Co-ordination Section. The Divisional/Branch Audit Offices on receipt of the approved inspection programme will forward a copy of the same, omitting particulars of surprise inspections if any, to the concerned Accounts Offices for information.

### **1305 MONTHLY PROPOSALS FOR INSPECTION.**

a. Based on the approved programme of Inspections for the year, proposals for taking up inspections due for a month will be submitted to the Branch Officer for approval, by 20th of the previous month. After the proposals are approved, necessary intimation regarding the probable date of commencement of inspections will be sent to the Head of the office to be inspected so as to enable him to be in readiness. No such intimation is required in regard to surprise inspections. The inspections, in general should be commenced sufficiently early and should not be carried forward to the following month. In respect of inspections/reviews requiring additional Asst. Audit Officer the concerned units will address the Senior Audit Officer/Co ordination/Chennai before the 22nd of the previous month to enable him to nominate the second Asst. Audit officer. The month of accounts for detailed scrutiny during the inspection as also one more month for tracing in respect of direct delivery stores will be got selected by the Branch Officer. Whenever possible the required paid vouchers etc., should be obtained from the Accounts Offices and taken to the office to be inspected for scrutiny.

b. In order to improve the quality of inspections, the C&AG of India, has sanctioned six posts of Asst. Audit Officers who should be deployed to strengthen the parties undertaking inspections. These AAuOs are to be deputed as additional AAuOs for major inspections conducted by the Division/Units. For this purpose, the Co-ordination Section will prepare a list of more important offices to be inspected and reviews of works to be conducted during each year for which additional Asst. Audit Officer would be deputed and this list will be forwarded to all Divisional/Branch Officers. In addition to the above, the Asst. Audit Officers are also to attend to special investigations as may be allotted to them from time to time by the Branch officer in charge.

### **1306 POINTS TO BE SEEN DURING INSPECTIONS.**

Paras 423 to 450 of the Railway Audit Manual contain the important points to be seen during the inspection of the various offices etc. Certain additional important points to be seen during the inspections are given in Appendices.

It is, however, to be noted that the items contained in the RAM and the various appendices are not exhaustive. Any other points coming to notice during the inspection shall also be examined in detail. Besides, this, special points ordered by the Pr. Director of Audit, Director/Dy. Director or other Branch Officers or specially advised by other Sections shall be noted in the "Register of points to be seen during inspections" and such points shall also be looked into and the action taken thereon recorded in this Register.

### **1307 PROCEDURE FOR INSPECTION, FINALISATION & ISSUE OF INSPECTION REPORTS.**

#### **1. Advice of Inspection.**

Advice of inspection should be sent in the proforma prescribed (Form No.(a) (copy being endorsed to the Accounts Officer concerned) at least fifteen days in advance to the Head of the office to be inspected, who should be requested to make it convenient to be present at Headquarters on the dates advised in order that the points raised in the draft inspection report may be duly discussed and settled on the spot as far as possible. Inspection advices may be signed and issued by the Branch Officers concerned as "for Pr. Director of Audit". In the case of surprise inspections like inspection of stations etc., which are to be conducted without any notice, no advice need be issued.

## **2. Distribution of work during inspection.**

The points to be seen during the inspections and the documents to be inspected will be prepared and recorded in the Register of items to be seen during inspections before the audit inspection party leaves headquarters. All these items shall be covered completely in the Audit conducted by the Branch Officer, Asst. Audit Officers and Senior Auditors during the Inspection. The items for original audit by the Branch Officer and by the Asst. Audit Officers shall be got selected by the Branch Officer, or Auo/II as the case may be and for this purpose the items so selected during the previous two inspections shall also be indicated in the register for the information of the Officer making the selections. The additional Asst. Audit Officer nominated from Intensified Inspection Section should as far as possible be assigned only Important duties and should not be utilised for routine nature of work. The remaining items shall be distributed among the Senior Auditors and the Asst. Audit Officer. In the matter of distribution of items/ points to be looked into, the instructions contained in Director of Audit/C's letter No. C.RS/I/6984 to 7007 dt: 14-11-84 and No. C/RS/I/7903 dt: 18-12-84 should be kept in view. On completion of check of items, the concerned official shall initial in the register against the items selected for him, in proof of such completion. The register should contain at the top, the month of Inspection, Name of the Office inspected, Month of Accounts selected for detailed check, month of accounts selected for tracing of stores bills, composition of inspection party; their names and designations.

## **3. Procedure for inspection.**

Before leaving Headquarters, the Inspection Party should study the last Audit and Accounts Inspection reports of the office concerned to see whether adequate action has been taken on them by the executive and whether there is any point still outstanding.

The Register of points to be seen during inspection as kept in the section, should be consulted before proceeding on inspection, and a note of such points, if any, taken with the inspection party. The paid vouchers and other documents to be seen during inspection should be obtained from the Accounts Office and taken to the office concerned for scrutiny. The Asst. Audit Officer in-charge of the inspection party should report to the head of the office before actually commencing the inspection. It should be seen that all papers and documents required by the Inspection party are produced. If for any special reasons a document or record is not made available to audit for scrutiny during inspection, the fact should be specially mentioned in the inspection report with a view to the documents or record being obtained subsequently for check. This is of utmost important as any laxity in this regard might lead to Audit failure in satisfying about the correctness of the transactions. The records of the outlying sub-offices should ordinarily be obtained at the Headquarters of the main office and checked there.

## **4. Presence of Inspection Officer at Inspection and his duties and responsibilities.**

Each inspecting officer is expected to guide his staff to examine personally and with reference to the initial documents all important points raised by his Staff and to review the outstanding objections. He should be present on the spot of inspection for the duration prescribed and take up the examination of important cases and a review of accounts as is necessary to enable him to certify the general correctness of the Accounts. The time thus spent by the Inspecting Officer and inspections should be fully utilised to discuss matters freely with

the local railway officers and to acquire an intimate knowledge of the problems and difficulties of the executive, so that audit comments may be realistic and not remote from practical policies. The revised instructions issued by the CAG of India in respect of inspections consequent on the restructuring of cadres in IA&AD are furnished below:

- a. Minor executive Offices - such as Hospitals headed by ADMO, Railway Schools, Asst. Engineers etc. The inspection party will consist of one Asst. Audit Officer and one or two Senior Auditors.

The supervision by Audit Officer is not necessary. The inspection memo will be issued by the Sr. Auditors/ Asst. Audit Officers. The Inspection Report is finalised by Sr. Audit Officers. Asst. Audit Officers may be authorised to issue such inspection reports (after approval by the Pr. Director of Audit for Part-I reports).

b.	Inspection of Executive Offices and Offices of Heads of Department - These are to be inspected according to the periodicity prescribed	This may be split up into two portions - one relating to inspection of personnel records and the other relating to Non-personnel matters.
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**a. Personnel Matters.**

The inspection may be conducted by one Asst. Audit Officer and one or more Senior Auditor. Supervision by Audit Officer is 80 percent necessary. The Inspection Report may be finalised by Asst. Audit Officer and issued over the signature of Audit Officers (subject to approval of Part-I Inspection Reports by Pr. Director of Audit).

**b. Non-personnel Matters.**

Inspection will be conducted by Asst. Audit Officers with one/two Senior Auditors. The extent of supervision by Audit Officer is 80%. The existing composition of parties viz. two Asst. Audit Officers and one Senior Auditor for important offices remain unchanged. The Preliminary Observation Slips proposed by the Sr. Auditors and Asst. Audit Officers are to be issued to the Executive department under Audit Officer's signature only.

**c. Station Inspections**

The extent of inspection of stations furnished below:

Period of check	Scope and Extent of check	To be checked by
Once in two years	Very big	1 Sr.Ar./Ar 2 AAUO/SO 100% supervision by branch officer
Once in 3 years	Big	-Do-
Once in 4 years	Major	1 Sr.Ar./Ar. 1 AAUO/SO 50% supervision by branch officer.
Random(15 to 20 stations in a year)	Minor	1 Sr. Auditor /Auditor 1AAUO/ SO. No supervision by AUO.

**WORKSHOP INSPECTION:**

a	Workshop (individual shops in a workshop)	Shop inspection may be conducted by One AAUO/SO One Senior Auditor/Auditor and supervised by Audit Officer.
e	Stores Depot:	
	Receiving and despatching Section } Depots manned by Asst. Controller }	Inspection to be done by Asst. Audit

	of Stores/Depot Store Keepers	} } }	Officer and two Senior Auditors.
	Others		As at present
f	Surprise verification of cash		Surprise verification of cash with travelling pay clerks may be conducted by Asst. Audit Officers and one Sr. Auditor. Such verification of cash with Pay Masters/Cashiers will, however, be conducted by Audit Officer only.

On completion of the inspection the Branch Officer/Asst. Audit Officer should write out the final draft inspection report himself and a note in form No.(b) indicating the items of the report containing important objections and potential cases for the Audit Report should be submitted to the Principal Director of Audit along with the Inspection Report.

### 5. Preliminary Observation Slips (POS):

i. The notes on audit objections as a result of the local inspection of the initial vouchers and records of the Executive and Administrative offices should, in the first instance, be written out in duplicate by carbon process in the following form, each objection being noted on separate sheets:

Sl. No.	Observation by Audit	Replies by the Executive	Final Remarks
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ii. In writing out the POS, particular attention should be paid to the form in which apparent irregularities are initially brought to notice. These should ordinarily take the form of enquiries as to the circumstances giving rise to cases noticed by Audit and should refrain from pre-supposing on incomplete data a definite loss, infringement of rule or wrongful action on the part of the executive. The language used should be polite, courteous and inoffensive. In connection with the points take up in the POS, the examination of the documents should be as thorough as possible and complete information gathered and recorded.

iii. As frequently as possible and at least once a day, the POS covering objections should be given to the person in charge of the office under inspection for offering his remarks on the same day or on the next day.

The Inspecting Officer or the subordinate in charge of the inspection, on going through these remarks of the executive will drop any objection if the explanations are satisfactory or if requisite action is taken during the course of inspection. In the case of inspections that do not require supervision by Audit Officers, the Inspection memo will be issued by the Senior Auditors/Asst. Audit Officers.

### 6. Draft Inspection Report:

The Draft Inspection Report should be prepared from the POS before the inspection party leaves the station and shown to the Officer-in-charge of the office inspected and discussed with him. The Inspecting Officer should record the fact of his having discussed the report with the Head of Office in the Inspection Report itself. If the Head of the Office inspected is not a gazetted Officer i.e. Stores Depot, refreshment rooms, power houses, running sheds etc. and satisfactory explanation is not forthcoming from the subordinate in charge of the office inspected, the report, if considered necessary, may be discussed with the Administrative Officer in charge of the unit inspected. In the case of Cash Office, the inspection report after discussions with Cashiers in charge of the Divisional and Workshop Cash Offices should be shown to the Accounts Officers concerned and his initials in token of having seen the report

obtained. During discussion, the inspecting Officer or the subordinate in charge of the inspection should try to get all the facts and explanations and settle the objections as far as possible on the spot.

**7. After discussion of the report, the following procedure should be observed.**

The points which have been satisfactorily explained and settled on the spot should be separated. The points relating to accounts procedure should be deleted from the report and taken up with the Divisional or Branch Accounts Officer separately. From the remaining points, the final draft inspection report should be prepared in two parts viz. Part I and Part II and dealt with in the following way:

a. Part I of the report should contain points of primary importance, irregularities of a serious nature and questions of principal and procedure which have not been explained satisfactorily or settled by discussion. This report should normally be sent on the last day of inspection or atleast the next day to the Principal Director/Dy. Director by name along with the accompanying note (Form(b). These reports will be vetted by Inspection Section of Headquarters and submitted to Director/Pr. Director of Audit for approval, within a week from the date of receipt of such reports and the reports duly approved passed on to the Divisions/Units. It should thereafter be issued as a Final report within a week under a forwarding letter at Form (c) over the signature of the inspecting officer to the Accounts Officer concerned (together with a spare copy). A copy of the Inspection Report may be endorsed to the Executive Officer concerned as well as to the official in charge of the office inspected if he is a subordinate. All the Inspection Reports will be issued by the Audit Officer. As regards Part-I, this will be done after getting the approval of Principal Director of Audit.

b. Part II of the report should contain points of less importance which have not been explained satisfactorily or settled by discussion. This should be approved by the inspecting officer and issued as final report within a week after the close of the inspection under a forwarding letter (form (d) to the Accounts Officer concerned (together with a spare copy). A copy of this report may be endorsed to the executive officer concerned as well as to the official in charge of the office inspected, if he is a subordinate.

c. The following certificate may be given while issuing Part-I and Part-II inspection reports. "The Inspection Report has been prepared on the basis of information furnished and made available by the .....(inspecting office). The office of the Principal Director of Audit/Southern Railway disclaims any responsibility for any mis-information on the part of auditee"

d. The points which have been settled on the spot as a result of discussion during inspection, showing briefly the nature of the objection and how they have been settled should be included separately in Part I of the report as an annexure to the report. In case there is no Part I Inspection Report, such an annexure should be included in Part II of the report.

e. The voucher/documents, if any, not made available for audit during the inspection shall be clearly brought to the notice of the Head of the Office inspected by including the same in the Inspection Report Part - I in case there is other material for Part I and Part II in other cases.

f. If in any case, discussion with the executive offices could not be arranged within a week of the completion of the inspection, the final report must be arranged to be issued within the prescribed period of one month from the date of completion of the inspection. The reasons as to why the draft report could not discussed should be indicated in the report itself in the preamble after the inspecting officer has satisfied himself that the lapse is not due to this fault.

g. The inspection report should indicate the dates of inspection and by whom the inspection was carried out.

h. Points noticed during inspection of any office which indicate possibility of existence of similar irregularities in other offices should be carefully followed up. While inspecting other offices, it should be seen whether similar irregularity exists.

- i. In the case of inspections supervised by Audit Officer/II, the fair copies of the inspection reports will be signed by him and reports will be forwarded to the Accounts Department by the concerned Branch Office.
- j. Reminder for the reply to the inspection report Part I should, in the first instance, be issued after 2 months and thereafter at an interval of a month.

### **1308 TRACING OF STORES BILLS INTO NUMERICAL LEDGERS.**

- a. During local inspections Stores bills for stock purposes selected for audit should be traced into Depot Card ledgers, and the Stores Audit Section/PER will advise the concerned Branch Officers the particulars of such bills for being so traced.
- b. In respect of direct delivery stores bills which are received by the consumers and accounted for in the numerical ledgers maintained by them, the bills of one month in addition to the month selected for detailed scrutiny should be selected purely for tracing the stores bills into numerical ledgers. For this purposes Audit Officer/X/Chennai in respect of catering and medical bills and Audit Officer/Stores/Perambur in respect of other stores DD bills will select one month common to all Divisions/Units and advise the particulars of bills to the concerned divisions/units. This will be done every year during February and the month selected will be common to all inspections proposed during the ensuing financial year. The month selected should be within the part two years and it should be ensured by the Branch Officer that the month selected for detailed scrutiny should not be very close to the month selected for tracing of bills.
- c. In respect of Construction wing, the selection of one month as also tracing of bills will be done by the concerned Audit Officers as the stores bills are passed by the respective Construction Accounts Officers.

(CAG's letter No:8588-RAI/8-3/68/KWI dt:13-10-71,1438-RAI/8-7/66 Part I dtd: 6-5-67 and No.1063-RAI/8-3/68/KWI dtd: 7-3-70).

### **1309 VERIFICATION OF CASH BALANCE.**

The physical verification of cash with the Chief Cashier, Chennai and the Assistant Cashier, Tiruchchirappalli need not be conducted. It should, however, be ensured that the Internal check authorities have carried out a verification periodically as prescribed and that the results of such checks have been kept on record. In regard to the verification of cash with the Divisional Pay Master, the procedure mentioned in Para 61 of the Memorandum of Instructions regarding the extent of audit (Railway Audit) viz., annual surprise verification and the verification at the time of Inspection of the DPM's office should be followed. The verification of cash with the pay clerks headquartered outside the Divl. Headquarters but present at the time of inspection of the DPM's office should also be conducted. In the year in which the DPM's office is taken up for inspection, verification of cash balance has to be done twice. It is not necessary to inform the DPM in advance about the proposed inspections. As regards the surprise verification of cash with the pay clerks, the verification of cash with one Pay Clerk at Headquarters and one at outstation should be done according to the periodicity prescribed. Surprise verification of cash with travelling pay clerks should be conducted by Asst. Audit Officers and one Senior Auditor. Such verification of cash with Pay Masters/Cashiers should, however, be done by Audit Officers only. Wherever verification of cash is involved the cash should be counted by the Railway official who is in charge of the cash and not by Audit staff. The result of the verification should, however, be recorded in the cash book by the Officer conducting the verification.



**1310 REVIEW OF MAJOR WORKS.**

As per revised audit norms review of major works is to be carried out as indicated below:

Scope and extent of check	To be checked by
a) Works costing over Rs.1 crore but less than Rs. 5 crore (100%) . Inspection to be done when the expenditure incurred exceeds 50% and 100% of the sanctioned cost.	1 SO/AAUO 1 Sr.Ar./Ar. For 5 days with 3 days supervision by Branch Officer.
b) Works Costing Rs.5 Crore and above (100%). Inspection to be done when the expenditure exceeds 25%, 50%, 75% & 100% of the Sanctioned cost	2 SO/AAUO 1 Sr.AR/Ar. For 5 days with 100% supervision by Branch officer.

The scope of the review should include a detailed check of contractor's on account bill and other paid vouchers for the month selected. The review should also include a study of the files relating to the works in Accounts and Technical branches not only in division but also at Head quarter. If 5 days allotted for such inspection is not sufficient Pr.Director of Audit may increase the duration of the inspection depending upon the quantum of work.

**1311 CHECK OF LEAVE ACCOUNTS : (Para 431(iii) of RAM).**

The check of leave accounts should be a complete one from the beginning or from the last entry checked to the date of scrutiny and should cover cases of all employees due to retire prior to the end of the year in which the next inspection is due.

**1312 CHECK OF LABOUR PAY SHEETS.**

The check of labour pay sheets in Central Audit has been discontinued and this should be checked during the local inspections. Posting of 50 percent of labour pay sheets so checked should be traced in the Works and Revenue allocation Registers.  
(CAG's Lr. No. 147-590-RAI/8-11-73 dtd: 5-3-74).

**1313 PROGRESS REGISTER OF INSPECTIONS.**

A progress register of inspections shall be maintained in Form No. (a) and the monthly progress of inspections shall be recorded therein in detail. This register shall be submitted by all the Divisional Branch Audit Officers at Chennai, to the Pr. Director of Audit every month on or before the 7th. The Divisional/Branch Audit Offices outside Chennai will, submit the register to the Principal Director/Dy.Director during their local visits.

**1314 REGISTER OF VOUCHERS/DOCUMENTS CHECKED DURING INSPECTIONS.**

The complete list of vouchers/documents checked during each inspection shall be entered in a Register under the initials of the Sr. Auditor/Asst. Audit Officer and this register should be submitted to the Branch Officer, for information after the close of the inspection. In respect of leave accounts checked, the last entry upto which the leave account has been checked shall also be indicated. All the rough papers relating to the inspection shall also be filed and kept separately.

**1315 Check of Passes and Privilege Ticket Orders issued by Non-Railway Officials to their staff and those issued by the Railway Administration to the Non-Railway Staff: (Para 440 of RAM)**

- a. The check of Passes and Privilege Ticket Orders issued by the Non-Railway Officials will be conducted by the Audit Offices shown against each

Sl. No.	Name of Office	Check to be done by
1	District Superintendent of Police, Tiruchchirappalli.	Divl. Audit Office, Southern Railway, Tiruchchirappalli
2	Joint Secretary, Railway Institute,  Railway Institute – GOC	Concerned Divisional Audit Office and Audit Office/ICF.  No regular inspection is conducted. The accounts of the institute is checked by a SO/AAUO nominated for that purpose.
3	Superintendent, Government Railway Police, Trivandrum	Headquarters Office, Inspection Section.

- b. Besides the normal checks conducted during the audit of passes and privilege ticket orders issued to Railway staff, the following additional points are also to be seen:

Unused and time expired passes are promptly returned to the General Manager and in cases of default, necessary penalties are imposed in such cases. Privilege passes are issued only to eligible staff. In the case of staff governed by the Civil Travelling Allowances Rules and class of pass issued and the free allowance of luggage granted are regulated suitably.

- c. As regards the passes and privilege ticket orders issued by the Railway Administration to non-Railway personnel such as staff of Urban Banks, Railway Employees Credit Societies, Railway Staff Canteens etc., the check shall be conducted during the inspection of the offices of the Personnel Branches of the concerned units.

**1316 RECEIPT, CUSTODY AND RETURN OF PAID VOUCHERS AND OTHER DOCUMENTS FOR INSPECTION.**

**a. Requisition of paid vouchers for inspections.**

Paid vouchers required for Inspection should be obtained from the Records Section by submitting requisitions as usual and should be received by an Auditor of the Inspection party who should handover the vouchers to the Asst. Audit Officer in charge of the Inspection party, for safe custody.

**b. Transport of vouchers to the outstations.**

The paid vouchers relating to the office to be inspected are taken by the inspection party.

**c. Verification of the Vouchers/Documents.**

Before the vouchers/records are despatched to the out-station, a list of paid vouchers, registers, files and other records to be sent, should be prepared in duplicate and this should be verified by the Asst. Audit Officer in charge of the party. One copy of the list should accompany the documents while the other should be kept filed at Headquarters.

The Asst. Audit Officer should verify the correctness of the receipt of the vouchers/documents as per the list, on the following occasions.

On arrival at the outstation before despatching the documents from the outstation and on return to Headquarters; and record this fact on the copy of the list, accompanying the documents.

d. Return of the vouchers to records.

The vouchers obtained for inspections should be promptly returned to the Records Section when no longer required for audit purposes, by the Auditor concerned under clear acknowledgement and this should be verified by the Asst. Audit Officer.

e. Missing of Vouchers/Records.

When Vouchers/Records are found to be missing, an immediate report in writing should be made to the Branch Officer concerned who will examine it and forward the same with his remarks for the information of Dy. Director/Director/Pr. Director of Audit. Reports in this regard should also be made immediately to the Railway Security Branch/Local Police. The Asst. Audit Officer in charge of the Section/ Inspection Party is responsible for ensuring that this is done as soon as the loss comes to his notice but this does not detract from the responsibility of the staff losing the vouchers/documents to make an immediately report.

### 1317 Items to be checked during local inspection

As per revised audit norms the following items are to be checked during local inspection:

<u>PARTICULARS OF ITEM</u>	<u>TO BE CHECKED BY</u>
a. School Fee bills and contributions to Schools.	Auditor/Sr.Auditor
b. Recurring grants exceeding Rs.1 lakh per year.	-Do-
c. Non-recurring grants exceeding Rs.5 Lakhs	-Do-
d. Other grants in aid	-Do-
e. Reimbursement of Tuition Fees	-Do-
f. Leave accounts (including leave salary certificate) (other than Accounts Department – NGOs to be checked during local inspection)	-Do-
g. Passes/PTOs(other than A/cs. Dept. only)	-Do-
h. Misc.Pay orders. –Do-	-Do-
i. Contingent vouchers –Do-	-Do-
j. Rent rolls/variation mema	-Do-
k. Fixation of Pay/Re-fixation of pay – NGOs (otherthan A/cs.)	-Do-
l. Labour Pay sheet	-Do-
m. Advance Of Pay/Travelling allowance etc. –do-	-Do-
n. Pay Bills, TA bills, Medical attendance bills, Subsistence allowance bills, OT bills and Running allowance bill	-Do-

F O R M No. (a)

Para No. 1307

Sample form of Advice of Inspection.

No.

Date:

From

The Pr. Director of Audit,  
Southern Railway,

To

The

Sub: Inspection.

\* \* \* \*

The Inspection of the initial accounts and records of your office will be taken up by Shri , Section Officer/Asst. Audit Officer and the inspecting staff will commence their work on or about . Neces-sary arrangemnts may please be made to keep the records ready and make them available to the inspecting staff.

Instructions may also please be issued to your office to offer remarks on the audit points day-do-day to facilitate steelement of the same on the spot and to eliminate them from the final report as far as possible.

I shall be glad if you make it convenient to the present at Head quarters to discuss the draft report on or about .

The receipt of this communication may please be acknowledged.

for Pr. Director of Audit

No.

Date:

Copy forwarded to the (Accouns Officer), S.Rly.,  
for information and necessary action.

For Pr. Director of Audit

F O R M No. (b)

PARA No. 1307

OFFICE OF THE PR. DIRECTOR OF AUDIT : SOUTHERN RAILWAY :

Accompanying note to the final Draft Inspection Report - Part I

1. (a) Name of the Office/Station Inspected

(b) Name of the Sub-office inspected ..

2. Name of the Officer/Station Master-incharge..

3. (a) Period of Audit;

(i) Date of commencement ..

(ii) Date of completion .. ..

- (iii) No. of working days .. ..
- (iv) No. of man days .. ..
- (b) Extent of check:
  - (i) Period of detailed check exercised ..
  - (ii) Period of test check exercised ..
- 4. Name of the Inspecting Officer ..
- 5. Name of the Inspecting SO/AAuO ..
- 6. Name of the Inspecting Auditors ..
- 7. Particulars of important objections raised ..
- 8. Money value of objections raised ..
- 9. Important paragraphs to be brought to the ..  
notice of the Pr. Director of Audit (Para Nos)
- 10. Paragraphs for possible inclusion in the Appn. ..  
A/cs. and Audit Report on receipt of reply.
- 11. Documents called for but not made available  
for audit (Ref. to Para No.)
  - (i) By Accounts Office .. ..
  - (ii) By Station .. ..
- 12. Report discussed with Head of Office/ ..  
Station Master on
- 13. Paras modified or deleted as a result of ..  
discussion
- 14. Whether POS were issued and replies obtained ..  
The final draft Inspection Report containing      Pages and      Annexures is submitted  
herewith for approval before issue.

Sr. Audit Officer/Inspn.

**FORM No (c)**

PARA No 1307

Sample form of forwarding letter of Inspection Report - Part – I/Part-II

To  
The FA&CAO/IG/MAS.

Sub: Inspection Report, Part I/Part-II on the check of the accounts of the  
(Officer whose accounts were inspected) by Sri/Ms.  
(Name of the Inspection Officer and designation) from                      to                      .

The above Inspection Report Part-I/Part-II is sent herewith in duplicate for information and necessary action..

Encl:

Sr.AUO/Sr.DAUO/DAUO.

No.

Dated:

Forwarded (with a spare copy) to                      (Accounts Officer concerned) for  
information and necessary action. Points settled on the spot as a result of discussion during  
inspection are shown separately in Annexure to the Report.

Signature of the Branch Officer,

No.

Dated:

Copy with a copy of the Inspection Report forwarded to (Executive Officer) with the request that the remarks on the Inspection Report may be forwarded to (Accounts Officer) within one month.

Signature of the Branch Officer,

APPENDIX : I  
PARA NO. 1306

(Points to be seen during Inspection)  
LIST OF ITEMS COMMON TO ALL OFFICES - (PERSONNEL)

Sl. No.	Particulars of documents	Nature and extent of check
1	Pay bills, pay bill register, Register of sanctions	Check if there is proper sanction to the post against which the pay is drawn
		Check whether the employee is entitled to the pay, special pay, leave salary and allowances as drawn.
		Check all increments drawn in the pay bill with entries in the service records.
		Check the correctness of the rate of pay drawn in the pay bill with reference to the pay as recorded in the service book in respect of 20% of the items in the pay bills.
		Check whether the recoveries towards provident fund, rent for quarters, electric energy etc. have been correctly made.
		Check that the sanctioned permanent strength and temporary strength of the unit checked is not exceeded and temporary posts are not operated beyond the sanctioned period without proper authority.
		Check the correctness of the allocation by examining the attendance register wherever possible. Cases where an employee is working in a post and pay is charged to another post should be specially watched.
		Compare the pay bill register with the paid bill taken from the accounts office to see that alterations, disallowances etc. made by the Accounts Office are duly carried out.
		Check the memorandum of differences of the pay bill for the month selected.
		Check the original fixation/refixation of pay in respect of the items appearing in the pay bill.
		Examine the justification for the operation of the posts with reference to the present work load and that mentioned at the time of original creation and extension.

2	Attendance Register & Casual Leave Account & Restricted Holiday A/c.	Check whether the attendance register is being submitted regularly at periodic intervals to a responsible supervisory official and all alterations are attested and that all absence noted in the register has been duly regularised either by sanction of regular leave or casual leave and restricted holiday (this should be done by comparison of entries in the Attendance with leave account, casual leave register/CL and RH card and salary bill). In respect of persons who attend office late it is to be seen whether the time of attendance is being invariably indicated in the Attendance registers and whether the late attendance of staff has been regularised. Test check a few cases to see whether the Casual leave has been granted in excess of 12 days.
3	Overtime bills	Check if there is a proper record of overtime worked.
		Check if there is necessity for working overtime.
		Verify the correctness of the rate of overtime paid with reference to the pay.
		Check whether proper sanction has been obtained for working overtime.
		Verify the correctness of the totals in the overtime registers and the overtime hours claimed in the bills.
		Verify the classification of staff under Hours of employment regulations.
4	Muster Rolls and Labour Pay sheets	See that the muster rolls are properly maintained and labour pay sheets are prepared according to attendance marked on muster rolls.
		Verify the sanction of the competent authority for the engagement of casual labour and the rates.
		Examine operation of ELR posts in lieu of posts for the sanction of which accounts concurrence is necessary.
		Check the attendance marked in the muster rolls and verify periodical surprise checks by the supervisory staff and Gazetted Officers on the spot.
		See that permanent and temporary strength of each gang is not exceeded.
		Check whether labour is actually engaged only on the work to which the pay is charged.
		Watch the roll call of labour gangs, other than those working on the line without previous notice to see that the muster sheets are correctly posted and do not contain fictitious names.
		Labour pay sheets, TA bills night duty allowances bills etc. checked during local inspection should be traced into the works and revenue allocation registers to the extent of 50%.
5	Service Books and Leave Accounts	See that service registers are opened for all employees and verify that entries on selected service records are posted upto date regarding increments transfers, promotions leave etc. duly attested.

		Trace into the Service Book/Leave account of all office orders relating to transfers, promotions, suspensions etc. (including sanctions of leave) issued during the months selected for detailed check.
		Check the leave accounts of employees with reference to the leave rules applicable to them and with the absentee lists accompanying the pay bills.
		Test check the leave account to the extent prescribed in the Secret Memorandum since the last inspection.
		Check all leave accounts of staff who are to retire prior to the end of the year in which the next inspection is due.
6	Rent Rolls & Register of Buildings.	Check whether the rent, water, conservancy and other charges have been correctly recovered.
		Check the rent rolls with the register of buildings.
		Check the authority for the grant of rent free quarters.
		Verify the allotment of quarters to see that maximum revenue is obtained consistent with the rules of allotments.
		Check as to whether quarters are not vacant without valid reasons.

## APPENDIX - (PARA No. 1306)

(Points to be seen during Inspections)

## COMMON TO ALL OFFICES - (NON-PERSONNEL)

Sl. No.	Particulars of Documents	Nature and extent of check
1	Bills and Bills Register	Check whether the bills are registered as soon as they are received and passed expeditiously.
		Trace a few of the paid bills taken for the check into the bills registers.
		Whether outstanding bills are not heavy.
		Whether there is delay in passing bills.
		Check whether the bills relating to the month selected for check are posted in the concerned registers such as Tools and Plant, Stationery Register etc.
2	Tools and Plant A/c.	Check that the inventory of all the articles of dead stock with their price is properly maintained.
		Check whether the receipts, issued and balance are correctly posted.
		Check the receipts with reference to the firms bills or stores debit schedule and the issues with the advice of despatch or credit schedule for the month selected for detailed check.
		Check whether arrangements exist to permit of every article received or issued being immediately accounted for as such and that the stock is subject to departmental verification periodically.
		Check as to whether additions are made under proper sanction.
		Check whether condemnation of the Tools and Plant



		has been done under the orders of proper authority and the condemned articles are sent to stores depot expeditiously.
		Check whether the Accounts stock verification triennially has been done and the reports are dealt with promptly.
		Whether the pairing of vouchers is done as required.
3	Stationery and consumable Stores Account	Check proper account of stationery check the receipts with reference to Stores issue notes, issue or bills in respect of local purchase and see that issues are made under proper acknowledgement.
		Compare issues with scales laid down.
		Check that the printed books and forms are not overstocked.
4	Clothing and liveries account	Check whether proper accounts are maintained of receipts and issues and that issues to employees are according to authorised scale.
5	Stamp account	Check the value of the stamps on hand by actual count and verify the correctness of the balance with reference to the entry in the register.
		Check the entries for the month selected for detailed check.
		Whether ordinary postage stamps received from outsiders are properly taken into account and used in terms of Financial Adviser and Chief Accounts Officer's Circular No. G.18/3/I/1 (Spl) dated: 17th July 1956.
		Make a test check of a few items at despatch by Registered post with office copies.
		Check whether the postal receipts for all registered letters have been obtained and preserved systematically.
		See whether the account is balanced periodically and checked by a senior subordinate of the office.
6	Imprest Account	Check the balance of imprest cash on hand and examine the entries for current month and see if the balance is correct.
		Check the propriety of the expenditure relating to the month of account selected for detailed check.
		Check whether the imprest appears in excess of requirements and suggest reduction to be imposed, if any.
		See whether the imprest vouchers are cancelled after payment is made, to avoid duplicate payment.
		Check as to the arrangements for the safe custody of cash.
7	Railway materials consignment.	Check whether the Railway materials consignment Notes are issued only to the transport of Railway materials.
		Check whether the credit notes are issued wherever necessary only. (This should be seen with reference to purchase orders placed by Controller of Stores and others).

		Check the debits in the carriage bills with reference to the office copy of the Railway materials consignment notes and credit notes.
		Check that the carriage bills are being regularly sent by the FA & CAO for incorporation in the relevant accounts of the Divisions.
8	Adjustment Mema	Check whether adjustments are in order and sufficient reasons are given for each adjustment.
		Check the propriety of the adjustment with reference to the sanctioned estimates and other relevant documents, it being particularly seen that the claim payable by the Railway is a legitimate one and is covered by the sanction of competent authority.
		See that the adjustments do not disclose a defect in the system of accounting or any objectionable or unusual feature or indicate any financial irregularity.
		See that adjustments are not made solely with a view to avoid the surrender or lapse of funds.
		Any tendency to make fictitious adjustments in order to evade audit objections or to conform to estimates etc. should be specially noted.
9	Write off statements and sanctions	Check the competency of the persons who have sanctioned the write off certificate.
		Check what action has been taken by the Administration on the staff responsible for the losses/damages.
10	Miscellaneous-Cash Regr, Cash Receipt and Cash remittance notes - Misc. cash returns sent to Accounts Office.	Check whether cash receipts have been duly acknowledged and remitted to the Station Master/Cashier.
		Check whether subordinates at outstations who receive and remit money direct, render proper account thereof to the Divisional Offices at the end of each month.
		Check whether a consolidated statement of remittances along with a copy of the cash remittance notes is sent to the FA & CAO.
		Compare the cash receipts with the remittance notes for the months selected to ensure that all the cash received have been remitted promptly.
		Delay in the remittance of cash, if any, noticed may be investigated and commented if necessary.
11	Pay orders	Check the pay orders paid during the month of test check with the office copies of the same in the office of issue and check as to their admissibility.
		Check whether pay order books are kept under lock and key and handled only by responsible officials.
12	Stores account -comparison of issue notes with indents - advice notes of returned stores.	See that the requirements of stores are reasonably assessed.
		See the adequacy of the machinery in the

		Divisional/Head Office for sanctioning the indents received from the subordinate offices.
		See that on receipt of the materials the particulars of issue notes, quantity actually received etc. are noted on the office copy of the indent as required.
		See that comparison of the second foil of the issue notes with the fifth foil accompanying the daily summary of issue notes received from the Stores Accounts Office is made as required, to ensure that the quantities of stores billed for are correct with particular reference to the transaction of the month selected for detailed check.
		Scrutinise the systematic check, disposal and accountal of issue notes and daily and monthly summaries received from the Stores Accounts Offices.
		See that the departmental register of advice notes is correctly maintained and that there are no cases of omission to acknowledge the stores or to afford the credit for the same within one month of the advice notes.
		See that arrangements exist for the receipt, check and accountal of stores returned from the subordinates and check the return for the month selected with reference to the initial records. In the case of inspection of sub-offices having imprest stores the transactions for the month selected for detailed check should be completely checked with reference to the initial records such as issue vouchers.
		Stores Bills should be traced into the concerned numerical ledgers.
13	Auction sales, if any,	Check whether an agreement is entered into with the firm, when the sale of railway materials by auction is to be conducted by an auctioneering firm.
		Check whether conditions of sale are drawn up before sale.
		Check whether the loading of auctioned material is made in the presence of stock verifier after the cash is received.
		Check whether the auction sale register is maintained properly and reviewed.
		Check whether the ground rent is charged if the materials are not removed within the fixed time and all amounts are realised on account of ground rent.
14	Register of repairs to typewriters and office bicycle	See that a register is maintained to indicate the particulars of each machine viz. company's name, number of typewriter, date of purchase, cost, spare parts given by the company at the time of purchase etc.
		See that all expenditure incurred for repairs and overhauls are correctly posted in this register.
		Check the expenditure on periodical servicing. It

		should be seen in cases where free servicing is agreed to for certain periods after purchase or overhaul, the concession is availed of.
		See whether condemnation of a typewriter is done after approval by the proper authority.
		See that a register is maintained to indicate all the particulars of the cycles maintained in the office.
		See that the cost of repairs and spare parts purchased are also indicated in this Register.
		See that the cost of repairs and spare parts purchased are also indicated in this Register.
15	Register of losses including damages/deficiencies.	Check whether a register of losses is maintained properly with due such as the money value of loss, circumstances under which it has taken place, the staff responsible etc. and if prompt report to police made.
		Check whether any disciplinary action has been taken against the staff responsible.
		See that the reports wherever necessary are sent to the Railway Board and Pr. Director of Audit.
16	Check of cash value and other machine numbered books	Check that all the machine numbered books are kept in safe custody that they are received in seriatim and used for proper purposes.
		Check the numbr of unused books with the register maintained for issues.
17	Review of expenses in connection with entertainment of outsiders in connection with official business	Check that the expenditure incurred has been sanctioned by competent authority.
18	Review of previous Audit and Accounts Inspection Reports	Self Explanatory.
19	Empties Account	Necessary check to be conducted as stated under 1718-S.
20	Register of Agreement	General Review.
21	Tenders and Contracts	REview contracts of value below Rs.5,000/- to the extent prescribed in the Secret Memorandum of Instructions.
22	Review of Inspn. Reports of General Manager, Head of Departments, Divl. Rly. Manager etc.	See if any serious financial irregularity is noticed.

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### APPENDIX - III

(PARA No. 1306)

(Special points to be seen during Inspections)

OFFICE OF THE GENERAL MANAGER (GENERAL, STATISTICAL INCLUDING EDPM AND PLANNING INCLUDING EFFICIENCY CELL & STAFF INSPECTION UNIT).

Log Book of office staff cars and petrol account.  
Review of sanctions of grants to outsiders.  
Issue of passes to Quasi-Railway Departments and to persons other than Railway employees.  
Review of Sanctions issued by General Manager and sanctions Register.  
Staff Benefit Fund sanctions.  
Review of the fixation of out-turn for payment of special pay to operators of various machines.  
Review of the allowance to part time operators.  
Travelling Allowance Bills of members of Advisory Committees on Railways.  
Action taken on Efficiency Bureau studies.

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APPENDIX IV  
(PARA No. 1306)

(Special Points to be seen during Inspections)

OFFICE OF THE CHIEF ENGINEER (GENERAL MANAGER/Works)

Tenders and Contracts executed by the Chief Engineer,  
Review of the accounts of Sleeper depots.  
Basic Schedule of Rates - Review of periodical Revision of Rates.  
Lease of Land - Engineering leases.

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APPENDIX V  
(PARA No. 1306)

(Special points to be seen during Inspection)

OFFICE OF THE CHIEF MECHANICAL ENGINEER/GM/Mechanical)

Special works trials and experiments carried out under the orders of the Railway Board or other authorities - Review of their performance.  
Work Orders - Execution of works in shops for outsiders.  
Reports relating to incentive scheme and working of the same.  
Rolling stock account/proposals for additions and renewals - condemnation of rolling stock.  
Machinery and plant - Delay in installation and commissioning - Idle machines.  
Postal vans.  
Conversion, building and maintenance of special types of wagons/coaches in shops.  
Economics of shop manufacture of stores items - utilisation of spare capacity in Railway workshops.  
Accounts of spare parts such as Boilers etc.  
Introduction of dieselisation and working of the Diesel Engines.  
Review of the cost of POH/IOH and special repairs in shops.  
Review of Inspection Report of fuel Inspectors weigh bridge inspectors and handing over reports of Mechanical Engineers.

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APPENDIX VI  
(PARA No. 1306)

(Special Points to be seen during Inspection)

OFFICE OF THE CONTROLLER OF STORES/PERAMBUR - GENERAL MANAGER/STORES

Examination of indents for stores.

Scrutiny of sanction to quantity and purchase through Programme indents placed on the DGS&D.  
 Disposal of overstock and surplus stock.  
 Purchases.  
 Statement of non-stock items.  
 Lorry movement Register.  
 Register of stock items received and disposed of - Review of results of stock verification for a period of five years.  
 Register of materials received without documents.  
 Accountal of stores on loan.  
 Custody and disposal of scrap.  
 Auction sale Account - Lot Register.  
 Price preference order Registers.  
 Purchase orders.  
 Shunting yard Register.  
 Weighing machine register.  
 Rejection Register.  
 Samples Register.  
 Register of defaulting firms.  
 Register of short receipts.  
 Survey Reports - Review of  
 Percentage of loss.  
 Verification of records in respect of the show room at Chennai.  
 Verification of claims against material, price escalation claims of contracts entered into with the various firms by FA & CAO.

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## APPENDIX VII

(PARA No. 1306)

(Special Points to be seen during Inspections)

### OFFICE OF THE CHIEF COMMERCIAL MANAGER - GENERAL MANAGER/COMMERCIAL

Lease of lands - Policy Matters.  
 Credit Note Register  
 Test Weighment of Newspaper Parcels.  
 Handling contracts and tenders.  
 Street delivery contracts and Out-Agency contracts.  
 Cycle stand contracts - Policy matters.  
 Review of Revision of rates of cab licence fees.  
 Lost Property Office Auction Sales, Review of lost property accountal and verification of inventory with the Office Manager/CCM's. office.  
 Register of concessions.  
 Review of statistical data regarding claims.  
 Review of compensation claims.  
 Remission of demurrage and wharfage and connected policy matters.  
 Issue of concessions to public.  
 Issue of circular tour tickets and their accountal  
 Refunds by CCM - Coaching and Goods.  
 Siding charges - Review of periodical revision of rates.  
 Accountal of saleable Tariffs and other publications.  
 Debit Register and Excess Fare Ticket Register } To be specified as  
 Excess Fare Ticket Stock Book Register - Review of } referring to CCM squad.  
 Review of Headquarters Travelling Ticket Inspector sections.

Review of the earnings of Ticket Checking establishment.  
REgister of uniforms supplied to Travelling Ticket Examiners and Travelling Ticket Inspectors -  
Review of  
Payment of conveyance allowance to Honorary Magistrates and their accountal.  
Licence fee for Porters.  
Review of special services, Freight forwarders, Container service, Mobile booking and other services.  
REview of the working of Halts.  
Review of classification of stations for levy of wharfage and demurrage charges.  
Review of Agreements in respect of personal weighing machine.

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#### APPENDIX VIII

(PARA No. 1306)

(Special points to be seen during Inspections)

#### OFFICE OF THE CHIEF OPERATING MANAGER - GM/TRANSPORTATION

Scrutiny of accounts of Time Tables issued to Book stall keepers for sale and return of unsold copies and their disposal.  
Review of the fixation of commission charges for the sale of Time Tables by Book stall keepers.  
Agreements entered into with the contractors for the printing of Vernacular Maps and Time Tables.  
Utilisation of special type of wagons coaching stock - Review of.  
Imposition of restriction in bookings.  
Axle load restrictions - Review regarding removal of.  
Review of revision of line capacity consequent on execution of line capacity works.  
Power plans.  
Delays in recovery of dues of special trains, saloons etc.  
Hire charges on Rolling stock.  
Compensation Awards in the case of accidents.

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#### APPENDIX IX

(PARA No. 1306)

(Special points to be seen during Inspections).

#### OFFICE OF THE CHIEF ELECTRICAL ENGINEER - GENERAL MANAGER/ELECTRICAL

Review of agreements regarding purchase of Electricity from outside sources.  
Fixation of Rates for the supply of Electrical Energy to Railway employees and outsiders.  
Tenders and Contracts.

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#### APPENDIX X

(PARA No 1306)

(Special Points to be seen during Inspections)

#### OFFICE OF THE CHIEF HEALTH MANAGER - GENERAL MANAGER/MEDICAL

Purchase of Medical Stores : See that the financial limits laid down for the direct purchase of medical stores are not exceeded. See that in regard to items such as camphor etc. distributed by the Government Agencies such as the State Trading Corporation, the same are not obtained

through private sources. See that purchases of medical stores from the imprest are done only in very exceptional cases and normally the procedure of obtaining the medicines through contracts is followed.

Stock ledgers (of the Medical Depot attached to the Chief Health Manager's Office): Check that there is no excess stock of medicines with particular reference to the date of expiry of potency of the medicines. See that the medicines, tonics classified as inadmissible for reimbursement of medical expenses are not stocked for general issue to the patients as distinct from usage in hospitals/ dispensaries. See that there issues are made over on the basis of authorised requisitions/prescriptions.

Grants-in-aid to private medical institutions : See that the Railway derives adequate benefit in regard to the grants made and that the original consideration on which the grants were agreed to still hold good.

Charges paid to Private Government Sanatoria for the treatment of Railway servant for TB etc. See that the number of beds reserved at Railway's cost in the various sanatoria have been utilised. Compare the rate charged by the various sanatoria and the number of Railway employees undergoing treatment with a view to seeing whether there is any scope for the reduction of the number of beds reserved in the sanatoria, which charge higher rates, See whether rebates if any, for non-occupation of beds are allowed.

Expenditure on family planning : See that the expenses involved are correctly assessed as the debits in this connection are borne by the Government of India.

#### APPENDIX XI (PARA No. 1306)

(Special points to be seen during Inspections)

#### OFFICE OF THE PUBLIC RELATIONS OFFICER - GENERAL MANAGER/PUBLICITY

Advertisement Bills payable by Railways.

Charges for Public advertisements exhibited at Stations, Yards, Trains and Time Tables, etc. due to Railway.

Examination of the revision of rates charges to public.

Tenders and Contracts.

Charges incurred in connection with the publication of weekly news items.

Imprest for entertainment expenses and furnishing statements of expenditure to the General Manager.

Review of the Administrative Reports.

Review of Royalties from book stalls.

Review of expenditure on participation in exhibition.

Review of steps taken in augmenting publicity revenue.

Licence fee for Vendors and book stalls.

Accounts of Photography.

#### APPENDIX XII (PARA No. 1306)

(Special points to be seen during Inspections)

OFFICE OF THE CHAIRMAN, RAILWAY RECRUITMENT BOARD,  
CHENNAI/TRIVANDRUM/BANGALORE.

Register of Receipts and Expenditure.



Review of Administrative Report.  
 Review of Policy matters regarding printing and supply of application forms to Divisions.  
 Review of passes to candidates called for interview.  
 Remuneration paid to examiners and valuers.  
 Expenditure for conducting mass examinations.  
 Method of disposal of old Answer Books.

## APPENDIX XIII

(PARA No 1306)

(Special points to be seen during Inspections)

## OFFICE OF THE CHIEF CASHIER.

Verification of imprest cash including the amount in the general section of the FA & CAO's office and the Assistant Cashier.  
 Imprest Vouchers.  
 Pay Master's Cash Book.  
 Check of miscellaneous cash book and cash receipts.  
 Cashier's cash book.  
 Check of Cash Books of selected Pay Clerks and reconciliation (Postings of Bills and Cash Receipts).  
 Record of verification of cash by the Accounts Department.  
 Uncurrent coins and their accountal rejected coins rejected by the Reserve Bank - realisation of credit from mint.  
 Short remittances by station in cash bags.  
 Service agreement forms accounts.  
 Transactions with the Southern Railway Employees Urban Bank.  
 Vouchers received with station collections and on hand.  
 Line payments and their programme.  
 Important results of FA & CAO's office inspection.  
 Review of general working of the Cash Office.  
 Specimen Signature of Bank officials.  
 Conveyance and Security for the remittance/withdrawal of cash from/to Bank/Treasury and transport of cash from one place to another.  
 Delay in remittance of Cash of Stations and out-Agencies.  
 Remittance of cash by authorised stations to cash office when more than one Bank holiday occurs in any period.  
 List of Cash witnesses.  
 Register showing distribution of bills made over to Pay Clerks.  
 Liability Register.  
 Outstanding Vouchers and outstanding Register.  
 Arrangements for the custody of cash in strong room.  
 Cheques - returned register and register showing number of cheques received despatched and balance.

## APPENDIX XIV

(PARA No. 1306)

(Special Points to be seen during Inspections)

## OFFICE OF THE DIVISIONAL RAILWAY MANAGER (GENERAL) - NON-PERSONNEL

Sl. No.	Particulars of documents	Nature and extent of check
1	Arrangements of Regional Railway users Consultative Committee Meetings and incurrence of expenditure on this account, i.e. travelling allowance to the Member and entertainment expenditure.	See whether the travelling allowance paid to the Member is admissible under the rules and all cases of Travelling Allowance to Members of the Legislature/Parliament are reported by Divl. Accounts Officers to FA & CAO for sending a consolidated statement to the Accountants General concerned. See whether the entertainment expenditure is incurred satisfying the conditions stipulated in Chapter V - F1.
2	Expenditure incurred in connection with Railway week, Republic Day etc. Celebrations	See if the expenditure is authorised and accounted for properly and it is within the amount allotted.
3	Register of sanctions by Junior Officers on behalf of the Head of the Office.	See if a list is being submitted periodically to the Divl. Railway Manager
4	Log Book of Staff Cars	See whether the staff cars have been used for official purposes only.

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#### APPENDIX - XV

(PARA No. 1306)

(Special points to be seen during inspections)

#### OFFICE OF THE DIVISIONAL RAILWAY MANAGER (WORKS)

Sl. No.	Particulars of documents	Nature and extent of check
1	Review of tenders and contracts - Agreements work orders and work order requisitions - schedule of rates and Zonal Rates - Register of Agreements.	<p>Check whether the register of tenders is properly maintained.</p> <p>Check whether the tenders have been called for well in advance and wide publicity given.</p> <p>Check whether the rules in regard to call of limited and open tenders have been observed.</p> <p>Check whether a tender committee with one Accounts Officer have scrutinized the tenders and reasons have been recorded for accepting tenders other than the lowest.</p> <p>Check whether extra payments sanctioned are in order.</p> <p>Check whether penalties have been levied for delay in completing work or supplying materials.</p> <p>Check whether every agreement or work order entered into with contractors have been entered in a register and necessary particulars of bills passed entered in the concerned page.</p> <p>Check a few important agreements to see if rates and conditions agree with those in the accepted tenders.</p>

		<p>Check important work orders to see if (a) they are duly authorised by competent authority; (b) rates different from the schedule of rates are justified; (c) reference to bills passed has been noted in the work orders; (d) the work has been completed within the due date failing which penalties are imposed; (e) whether after final payments, work orders are duly crossed.</p> <p>Check whether an up-to-date schedule of rates based on detailed calculation of cost of labour and materials as well as recent tenders exist.</p> <p>Check whether the grant of passes, railway tools, trucks etc. is covered by the terms of the contract.</p> <p>See whether the agreements entered into by the Works Branch are systematically recorded and whether the list of contracts finalised sent to this office is correct and complete.</p>
2	<p>Measurement Books, Measure-ment Book Regr., Standard measurement book and white washing register- Contractor's Bills - Contractor's Ledger - Issue of materials to contractors level Book and Earthwork Statement.</p>	<p>Check all the Measurement Books in use to see whether (a) the index has been maintained up-to-date; (b) the name of work, name of contractor, reference to work order number and date and the date of measurement have been entered; (c) the date of measurement as recorded at the top of the page tallies with the date affixed by the officer who took the measurement under his signature; (d) the contractor's dated signature has been obtained on the date of measurement; (e) reference to bill passed is noted and a diagonal cross is made in the ages to indicate that the bill for the measurement has been passed (This cross is to avoid a double claim); (f) there are any alterations and if so, both the contractor and the engineer have attested; (g) there are any delays in taking measurements after the works have been completed; (h) in the case of dismantling works, the measurements have been recorded prior to dismantlement; (i) in the case of final measurements, the contractor has accepted the claim as final.</p> <p>Verify the diaries or TA journals of Officers who took the measurements with the date of measurement recorded in the measurement book.</p> <p>Check whether all the completed Measure-ment Books are returned to the District office.</p> <p>Check in cases, where subordinates are authorised to record measurements whether test checks have been systematically carried out by GOs.</p> <p>Trace the measurements recorded in the original bills of the month of test check taken out for inspection into the relevant Measurement Books to ensure their correctness.</p> <p>Check whether a register showing the issue and return of Measurement Books is kept and whether actual stock of unused books on hand tallies with the</p>

		<p>Register.</p> <p>Check the contractors bills taken from the Accounts office with office copies of the bills to ensure that bills have been correctly prepared; that rates and quantities are correct.</p> <p>Check whether all the transactions in respect of the accounts of each contractor-debits and credits or recoveries and payments, have been completely exhibited in the contractor's ledger.</p> <p>Trace the entries in respect of the bills taken out for test check into these ledgers.</p> <p>Check when stores contract is for both labour and materials whether the issue is brought to debit in the contractor's accounts.</p> <p>Check some entries to see if there is periodical reconciliation between the balance in the contractor's ledgers and the "due by" and "due to" columns in the work registers, where there head is used.</p> <p>Where a contractor is to use railway materials when such rates are lower than the market rates, check that the contractor has not taken more materials than that required for the work.</p> <p>Check recovery of cost of materials issued in contractors and charges for ballast trains used by them.</p> <p>Check whether book adjustment of freight charges on railway materials is done.</p> <p>As regards Standard Measurement Book, a test check should be made to see that the service/residential building for which paint-ing/colour washing/white washing is done really exists with reference to the Register of Buildings and the dismantlement statements.</p> <p>In respect of earthwork, the bills to be checked with reference to the level book earthwork statement and measurement book.</p>
3	<p>Arrangement for the receipt issue and custody of stores - Stores accounts Debit and Credit schedule -comparison of issue notes with indents and budgeting of stores account - Balance returns of PW materials and PWIs balance returns for impresent losses of theft of PW materials, materials-at-site account, PWIs handing over reports - Adjustment mema.</p>	<p>Check the arrangement and procedure for verifying the quantity and quality of stores received for stock and material delivered at the site of works and see that the system is complete and reliable.</p> <p>Check whether the accounts of suppliers are not settled finally before proper inspection.</p> <p>Check the arrangements for the receipt (including weighment, tallying the receipt with bills etc. inspection of materials and accounting in day book or other records) and issues of stores.</p> <p>Check the procedure of verification on the part of issuing officer of the quality and quantity of stores issued from stock and of recording them in documents.</p> <p>Check whether the indents received from the various subordinate offices for the supply of materials for works and maintenance have been carefully scrutinised to</p>

		<p>ensure that the quantities indented for are not in excess of actual requirements and that all requisitions for stores are properly filled in and submitted as per extant orders.</p> <p>Check whether the disposal of issue notes and daily and monthly summaries received from the stores accounts offices are being scrutinised systematically to ensure that the quantities of stores billed for are correct.</p> <p>Check whether losses of theft of PW materials are immediately reported to the Watch and Ward and Police and steps are taken to recovery the loss and whether responsibility is fixed on any staff.</p> <p>See that there are no materials lying unused for a long period in the control of inspectors.</p> <p>Check whether the debit for materials issued to other divisions has been duly raised.</p> <p>Check in detail the balance returns with reference to the day book of receipt and day book of expenditure and challans.</p> <p>Check in the case of renewals of permanent way whether the number of old rails and sleepers taken out is approximately equal to the number of new ones put in and whether a proper account is maintained of the released materials and action taken to dispose of them.</p> <p>Check whether materials are not in excess of actual requirements judging from past issues.</p> <p>Check whether materials taken out for work are properly brought on to tally books and that on works being completed, all unused and released materials are returned to department.</p> <p>Check whether the materials-at-site account is maintained correctly.</p> <p>Check whether adjustment memos are prepared in respect of stores issued to and action taken to clear the HAS accounts.</p> <p>Check whether the handing over reports of PWIs reveal any discrepancy and necessary action taken thereon by the Divisional offices.</p>
4	<p>Extra labour requisitions and payments/Daily labour report register and statements, work charged establishments and nominal rolls, Review of gang strength and engagements for night shift work, Register of recovery of cost of tools lost by workmen.</p>	<p>Check whether engagement of extra labour was duly authorised and justified.</p> <p>Check the actual strength of the permanent gang with the sanctioned strength.</p> <p>Check whether cost of departmental, labour lent to contractors is recovered.</p> <p>Check whether the attendance has been test checked by an Executive Officer at least once in a month.</p> <p>Check whether the payments to labourers have been witnessed by responsible person.</p> <p>Check whether the subordinates send the daily labour reports on the next day to the Divisional Officer giving the details of the work on which the labour is</p>

		<p>employed.</p> <p>Check whether labour is actually engaged only on the work to which their pay is charged.</p> <p>Check whether a register of recovery of cost of tools lost by workmen is properly maintained and recoveries affected.</p>
5	Sleeper Register, Cement Register and write-off of caked cement, Register of breakages.	<p>Check the sleeper register by tracing in it the issue of sleepers as per the balance returns of the PWI.</p> <p>Check whether proper accounts are kept of all obsolete unserviceable sleepers and that in the case of renewal of sleepers, whether the number of old sleepers taken out is approximately equal to the number of new ones put in.</p> <p>Check the cement issues as per the register with reference to the balance returns of PWI.</p> <p>Check whether necessary adjustment of materials stores used is made to the works concerned.</p>
6	Ballast Depot statements/ ledgers - Engine hire bills, Ballast journals and bills.	<p>Examine the system of obtaining ballast by calling for tenders etc.</p> <p>Check the system of measurement of ballast and inspection of quality.</p> <p>Check whether ballast ledgers are currently and correctly maintained.</p> <p>See that freight charges have been adjusted at public tariff rates in respect of carriage of materials for Deposit works and the materials of contractor.</p> <p>See whether engine hire charges are prepared and adjusted promptly.</p>
7	Register of private and assisted sidings (including recoveries of charges due) Register of usufruct frees - Register of working lists lease registers relating to land, pipe lines etc. Register of water meter readings and recovery of water charges - Review of expenditure in connection with ceremonial occasions - Rest House Statement.	<p>Check the agreements in connection with private and assisted sidings with reference to the extant rules.</p> <p>Check whether charges incurred during the year have been properly collected and included in the bill.</p> <p>Check whether there are any sidings which have been unprofitable for an extended period and are not likely to bring enough traffic to the Railway to justify their retention.</p> <p>Compare the list of assisted sidings with goods tariff to see if there is any omission.</p> <p>Check whether correct recovery of maintenance and interest charges on the cost of siding and on the special staff engaged on the siding or interest and maintenance charges for other railway assets used by siding owners along with the siding is made.</p> <p>Check whether proper accounts are kept of the land leased for cultivation or other purposes and of fishing etc. rights and of usufruct trees.</p> <p>Check whether amounts due on these accounts are realised and remitted in time and that the transactions are covered by proper agreements.</p> <p>Check whether land registers are maintained</p>

		<p>separately for acquisition and relinquish-ment.</p> <p>Check in the case of relinquished lands, whether current action has been taken to address the Revenue authorities for affording credit.</p> <p>Check whether machinery exists to permit of correct recovery of water tax which is based on the number of taps for domestic and garden use.</p> <p>Check whether rent on water installations are correctly recovered from staff entitled to free quarters.</p> <p>Check whether the expenditure in connection with ceremonial occasions is properly met with reference to sanctions.</p> <p>Check whether the revenue from rest houses is properly accounted for.</p>
8	Cement suspense Depots.	Examine the arrangements for procurement and custody of stores with reference to the actual requirement. See whether transfer of cement between depot is kept to the minimum. Examine the policy matters pertaining to all cement depots.
9	Register of level crossings - list of completion drawings Register of bridges.	<p>(a)</p> <p>See whether it is complete and up-to-date.</p> <p>See whether the maintenance charges are worked out correctly and billed for in respect of level crossings for which maintenance charges are recoverable from outsiders.</p> <p>See whether the completion drawings in respect of works completed as per the estimate drawing/drawings exists 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 estimates and completion reports.</p> <p>See that all bridges constructed have been noted in the Register and that new constructions are noted as soon as completion drawings are made out.</p>
10	Motor Trolly log book, Petrol and other consumable stores, idle machines, Use of road rollers, concrete Mixer and Portable oil engines and other engineering tools and plants.	<p>Make a general review of the log book with special reference to the entries for the month of test check to assess whether all journeys have been recorded systematically and properly attested.</p> <p>Check whether the vehicle has been used only on authorised Government work and any private bookings have been duly paid for.</p> <p>Check whether the consumption of petrol and other consumable stores have been commensurate with the mileage recorded.</p> <p>Check a few entries of drawal of petrol etc. as recorded in the log book with the issue notes for petrol received from Stores Department to ensure that all petrol drawn is systematically accounted for.</p> <p>Check whether the Railway tools and plants (such as road rollers, cement mixers, portable oil engines etc.) are properly used for bonafide Railway purposes and</p>

		that hire charges are recovered from contractors wherever due.
11	Review of the accounts of selected works, Review of Works Registers including works done for other departments, Public Bodies, outsiders, etc. accounts of manufacturing operations if any (RCC Blocks, sleepers etc.) Review of Register of experimental works.	<p>Make a comprehensive review of the accounts in respect of works selected with reference to original documents.</p> <p>Check whether works registers have been opened for all works and the postings are current.</p> <p>Check whether sanction number and particulars of work with allocation have been furnished.</p> <p>Check whether date of commencement has been noted and in the case of completed work, the date of completion has also been entered.</p> <p>Check whether the allotment has been distributed under the various sub-heads of works.</p> <p>Check whether all the bills passed have been correctly posted in the Register.</p> <p>Check whether reconciliation with reference to the accounts registers is regularly made (where separate registers are maintained).</p> <p>Check in the case of deposit works whether the excess over estimate is advised to the party and the sanction obtained in time.</p> <p>Check the manufacturing accounts of one month to see whether all indirect charges are included.</p> <p>Check the manufacturing schemes to see how the cost of articles compares with the anticipated cost of manufacture, with market price and with the issue prices.</p> <p>Check whether the departmental manufacture of articles is limited to items which are either not readily available in the open market or could be more economically and efficiently executed by Railway.</p>
12	Inspection Notes of GM/DRM etc.	Check whether any of the inspection notes of G.M/DRM etc. disclose any serious irregularity and whether necessary action has been taken thereon.
13	Inventory of materials laid in the track.	<p>Check whether a complete inventory of materials laid in the track is maintained by the DEN for each section.</p> <p>Check whether in the case of re-railing works, the PWI incharge of rerailing had verified the same with the actual materials in the track before the commencement of the rerailing.</p> <p>Check the reasons for shortage or excess if any. All cases where the inventory has not been taken and recorded as required by the rules should be commented upon, in the Inspection Report.</p>
14	Payment of Taxes and service charges to local bodies.	Review of



15	Correlation of steps taken by the Railway to payment their own water supply with the quantities purchased from Municipali-ties, Panchayat Board etc.	Review of
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**APPENDIX XVI**

(PARA No 1306

(Special points to be seen during Inspections)

**OFFICE OF THE DIVL. RAILWAY MANAGER (COMMERCIAL) - NON-PERSONNEL**

Sl. No.	Particulars of documents	Nature and extent of check
1	Licence fee from vendors book stall keepers, refreshment stall etc. licence fee for jutkas, cycles.	See if this is fixed under the extant rules and the recovery is made correctly.
2	Porters Licence fees.	See if the recovery is made periodically.
3	Concessions.	See if they are in order.
4	Ground Rent Register - Lease of land.	See if the charges fixed are as per Railway Board's orders and recoveries are made currently.
5	Compensation items.	Review action taken for haulage of missent goods and for compensation for damages or loss.
6	Refund Orders.	See if they are admissible as per rules.
7	Clearance of station outstandings.	See if write off sanctions accorded are in order and recoveries are made from staff in respect of admitted debits.
8	Cases of losses, defalcation of money etc.	Review in detail.
9	Account of saleable publications viz. Tariffs, Time Tables, concession books, Railway Service Commission forms.	See if the account is maintained upto date.
10	Remission of wharfage demurrage etc.	See if the remission is in order and it is in accordance with rules.
11	Action taken against staff for haulage of missent goods, compensation claims misuse of passes, heavy number of missing sheets.	General Review.
12	Travelling Ticket Examiner's Links	See if the financial interest of the Railway Administration is protected and suggest fixation of suitable headquarters for the link.
13	Travelling Ticket Examiners report	See if any serious irregularity is brought to notice.
14	Sale of tickets at train halts.	Review of the arrangements made.
15	Action taken against Travelling	General Review.

	Ticket Examiners for reduced collections as compared to Section average.	
16	Decasualisation of licensed porters.	See if the rates fixed are reasonable and correct with reference to maundage listed.
17	Under weighment of goods and parcels by Goods Clerks and Parcel Clerks.	General Review.
18.	Review of arrangements of supply of LRA etc. to the stations.	General Review.

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APPENDIX XVII

(PARA No. 1306)

(Special points to be seen during Inspections)

## OFFICE OF THE DIVL. RAILWAY MANAGER (OPERATING) NON - PERSONNEL

Sl. No.	Particulars of documents.	Nature and extent of check
1	Register of watches supplied to guards.	See if receipt issue and balances are posted correctly and recoveries for watches issued to guards are made correctly.
2	Sanctions to payments from station earnings.	See if this is restricted to really unavoidable cases.
3	Account of first-aid equip-ment.	See if the account is maintained correctly and periodical verification is made by medical authorities.
4	Detentions Register.	See if adequate action is taken against staff responsible.
5	Detonator Register.	See if the accounts are maintained up-to-date.
6	Tools and Plant and furniture of stations.	Check from the statements of stock received from the stations, whether the Tools and Plant and furniture allotted to each station are accounted for correctly and maintained efficiently.
7	Rake links.	See whether periodical reviews of the actual occupation of berths of seats as compared with the number provided on the trains are made with a view to reducing surplus upper class stock whenever it is justified.
8	Incidence of Hot axles.	General Review.
9	Mileage run by locos between successive POH	General Review.

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## APPENDIX XVIII

(PARA No. 1306)

(Special points to be seen during Inspections)

## OFFICE OF THE DIVL. RAILWAY MANAGER (MECHANICAL) NON-PERSONNEL

Sl. No.	Particulars of documents	Nature and extent of check.
1	Register of watches supplied to Drivers	As for operating branch.
2	Fuel consumption statements	Examine the reasons for excess consumption.
3	Boring Account	See if the wastage is not high.
4	Use and disposal of cranes and engines.	See whether charges towards cranes and engines used are arranged to be recovered to check the distribution of cranes in sheds.
5	Idle machines	As for electrical branch.
6	Hire of locomotives	See whether necessary debits are raised.
7	Review of Running repairs of the engines and other rolling stock.	Compare the position as obtaining in different sheds and to comment on variations.
8	Working of diesel cars.	Review the financial results.
9	Sales of cinders to employees.	See whether the charges are calculated correctly, according to rates fixed by General Manager (Personnel) (Fuel).
10	Review of Inspection Reports of fuel inspectors, weigh bridge inspectors, and handing over reports of Divl. Mechanical Engineer, Asst. Mechanical Engineer, etc. carriage and wagon inspection reports.	Examine financial irregularities, if any.
11	Register of debits.	Recoveries of tools and plant as in Traffic Branch.
12	Cinder Account	See if cinders at Running sheds are collected with due regard to the minimum quantity fixed for each shed and disposed of suitably.
13	Coal account	See if daily receipts, issues and balances are posted correctly with reference to issue notes and vouchers, the receipts agree with the Issue Notes and Wagon Register which are jointly attested by the Mechanical and Traffic Branches and the issue of coals tally with the issue of books of Drivers; whether definite scales are laid down for issue of coal say for Banking, lighting, running, etc; whether necessary returns are submitted properly and the registers etc; whether maintained in the form introduced in the fuel circulars, stock is verified departmentally and by stock verifier periodically, and differences in stock verification and other differences are investigated and adjusted; whether crude oil, waste cotton

		and other consumable stores for use on the engines do not ordinarily exceed the scales laid down. The coal and oil consumed per engine kilometre may be examined to see that the average cost as compared with similar costs in previous years or on other Railways is not excessive. Details regarding missing coal wagons may be examined to review whether shortages in coal stock are not high. See demurrage charges on wagons, if any, are recovered from contractors.
14	Accounts of spare parts such as boilers etc.	See if the prescribed percentage is not exceeded.
15	Plant and Machinery Register.	Review additions and the working of Plant and Machinery.
16	Incidence of Hot axles	General Review.
17	Mileage run by locos between successive POH.	General Review.
18	List of completion drawings.	See whether the completion drawing in respect of works completed as per the estimate - drawing/drawings exist and a record kept thereof. There may be one completion drawing when several structures are rected in the same locality and to the same drawing. In such cases, number of assets involved may be checked up with estimates and completion reports.

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#### APPENDIX XIX

(PARA No. 1306)

(Special points to be seen during Inspections)

OFFICE OF THE DRM. (OPERATING & MECHANICAL) - PERSONNEL

Sl. No.	Particulars of documents.	Nature and extent of check.
1	Register of relieving staff.	See if the Headquarters are fixed correctly and the Railway staff are posted within their sections as far as possible and there is no evasion of travelling allowance rules by posting a man at place against a continuous vacant post and transferring him for short periods elsewhere. See that technical staff like Asst. Station Masters etc. are not unnecessarily utilised at Head Office for preparation of pay bills etc.
2	Mileage allowance registers Running Allowance bills.	In respect of staff working as per links, the details as per the mileage register should be checked with reference to the combined train reports relating to 3 days in the month selected for detailed check. In respect of the sheds selected for local inspection, the overtime register should be checked with reference to the entries in the Running Order Book, signing on and signing off register, Running staff Duty Register and

		combined Train Reports. In respect of staff not working as per the prescribed link, say departmental trains etc. the allowances drawn should be checked with the initial records. As regards allowance in lieu of mileage the nature of duty should be verified with the daily register. A detailed check of Mileage Register with the initial record as above may be made to see if the mileage for short trips, ghat sections road vans, goods, trains, departmental trains, waiting duty etc. is calculated correctly, the correct rate of mileage allowance is adopted and the average mileage allowance in respect of staff on leave is determined correctly.
3	Guards and Driver links	Scrutinise the links with reference to the provisions in the Hours of employment Regulations with a view to seeing whether any reduction in the number of running staff can be made, suggesting a suitable link.
4	Utilisation of Rest givers and leave reserves	See that they are properly utilised.

**APPENDIX XX**

(PARA No. 1306)

(Special points to be seen during Inspections)

OFFICE OF THE DRM (SIGNAL &amp; TELECOMMUNICATION) - NON-PERSONNEL

Sl. No.	Particulars of documents	Nature and extent of check
1	Post and Telegraphs Telephone rental bills.	See if no discount is lost and no delay is made for payment.
2	Trunk Call Bills.	See if they are supported by necessary details and charges towards private calls are borne by the parties.
3	Batteries and Cells.	See if they are not replaced before the expiry of their normal lives.
4	Signal Stores Depot.	Arrangement for the proper custody and account of signal stores to be examined. The stock verification reports and the handing over reports of the subordinate in-charge of the depot should also be examined to see whether there are any shortages of stores.
5	List of completion drawings.	To see whether the completion drawing/in respect of works completed to the estimate-drawing/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 asses involved may be checked up with estimates and completion reports.

**APPENDIX XXI**

(PARA No. 1306)

(Special points to be seen during Inspections)

**OFFICE OF THE DIVL. RAILWAY MANAGER (ELECTRICAL) - NON-PERSONNEL.**

Sl. No.	Particulars of documents.	Nature and extent of check.
1	Meter Cards and meter reading registers.	See if the calculations are correct and necessary charges therefore are raised in the case of stations. It should be seen whether the debits for different abstracts and outsiders are supported by facts.
2	Register of Electrical installations.	See if it is kept up-to-date.
3	Lamp renewal statements.	See whether the statement is correctly prepared and renewals are not unduly very frequent.
4	Lamps issue Register.	See whether the particulars for which lamps are issued are posted correctly.
5	Idle machines	Comment on the locking up of capital.
6	Electricity supply bills.	See whether rebate and discount for prompt payment of electricity energy bills are always realised.
7	Recovery of charges towards electricity.	See if necessary recovery is made from the occupants of electrified buildings and the rate of recovery in the case of outsiders includes charges towards supervision.
8	Register of buildings - Electric installation.	See that necessary details of quarters electrified are advised so that register of buildings is kept up-to-date and rent on Electrical Installation is recovered.
9	Batteries and Cells	See if they are not replaced before the expiry of their normal lives.
10	Cost statement and power house.	The cost statement of generation of electricity is to be seen whether the expenditure on all items is included. The need for retention of power houses as stand by should be examined.
11	Battery sets and log book.	Review the need and utilisation.
12	Handing over Report of DRM (Electrical) and other officials.	See whether any serious financial irregularity is noticed.
13	Maximum Demand Register.	Examine propriety of the maximum demand indented in respect of purchases of electricity.
14	List of completion drawings.	See whether the completion drawings in respect of works completed to the estimate drawing/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 estimates and completion reports.

**APPENDIX XXII**

(PARA No. 1306)

(Special points to be seen during Inspections).

**OFFICE OF THE COMMANDANT/RAILWAY SECURITY FORCE.**

Verification of Reward Imprest.

Log books of motor van etc. and petrol account.

Allotment of motor cycles to Inspectors of Security Force - Scheme to be reviewed.

Fire Service Organisation - Maintenance of.

Supply of kit and clothing.

Clothing and equipment stock book.

Individual uniform register.

Quarters allotment register.

Arms and Ammunition issue and Return Register.

Register of shortages and damages from seal intact wagons (Onwards and outwards)

Review of performance under RPF Act. 1971.

**APPENDIX XXIII**

(PARA No 1306)

(Special points to be seen during Inspections)

**OFFICE OF THE DIVL. RAILWAY MANAGER (MEDICAL) - NON-PESONNEL.**

Sl. No.	Particulars of documents.	Nature and extent of Audit.
1	Expenditure on diet including extras and medical comforts.	See if this is not extravagant and is within the limits advised by the Chief Medical Officer.
2	Accounts of provision vegetables issued to cooks.	See if they are according to the scale fixed.
3	Account of milk	See if the payment is based on the purchase as per the account and contract.
4	Stock ledger of medicines Indents, and issue notes, stock verification.	Check the balances, receipt and issues and investigate the disposal of time expired medicines. A test check should be made to verify the correctness of the issues in the ledger with the receipts in compounders registers.
5	Register of surgical instruments and linen.	See if this has been posted correctly and the addition is made under sanction.
6	Local purchases.	See if they are authorised.
7	Accounts of First Aid Boxes	See if they are correctly maintained and periodically inspected.
8	Breakage, loss etc. statements	See if recovery is made from staff responsible.
9	Log Book of Ambulance Cars.	See if charges are recovered wherever due, and unnecessary trips are not made.
10	In-patient Register.	See whether treatment is given to eligible persons and necessary charges from outsiders, towards hospital stoppages X-ray, blood test etc.

		are recovered correctly and competent sanction for admission, is obtained.
11	Working of Dental and Chest clinics.	The financial results have to be reviewed.
12	Accident Relief Medical Equipment vans.	Check the accounts of the equipment and review the results of Joint Inspection by Officers.
13	Washing of linen	See whether the charges paid are reasonable.
14	Diet charges statements.	See whether recovery is made from the staff who are not entitled to free diet as verified from the in-patients register.
15	Inspection notes of Divl. Medical Officer.	See if any financial irregularity is noticed.
16	Tax to the local bodies for services rendered.	Examine the arrangement for the payment of tax to the local bodies for services rendered such as scavenging.
17	Auction sale of rubbish.	See if any agreement has been executed with the contractor and the sale proceeds remitted into the station correctly and currently.
18	Treatment of outsiders and recovery of charges thereof.	General Review.
19	Utilisation of costly equipments	General Review.
20	Payments to Donors	General Review.

## APPENDIX XXIV

(PARA No 1306)

(Special points to be seen during Inspections)

### DIVISIONAL PAY AND CASH OFFICE.

Sl. No.	Particulars of documents	Nature and extent of check.
1	Divl. Pay Master's Cash Book and Cashier's Cash book. Pay Clerks cash book and balance book.	See if they are maintained as per rules and postings are made therein currently and attested by the Accounts Officer.
2	Liability Register.	See if there is any important omission and whether there are any arrears in posting.
3	Register of memo receipts sent to Divl. Pay Clerks.	See if this is maintained up-to-date.
4	Register showing distribution of bills made over to pay clerk and transmitted to paid voucher section.	See that the bills are not retained for more than the prescribed period.
5	Register of miscellaneous cash.	See that this has been brought to account in the Cashier's Cash book.
6	Remittance into and withdrawal from the Bank/Treasury and acknowledgements thereof.	See that they are done as per rules and there is no delay in remittances.
7	Specimen signatures of bank officials.	See if they are up-to-date.
8	Line payments, pay specials and	General Review.



	their programme.	
9	Log book of cash van and a register for recording repairs etc.	See if the journeys are for the official purpose and the consumption of petrol is according to the scale. See if the repairs to be done are not frequent and costly and a proper record of tools etc. is maintained.
10	Report of surprise checks conducted by Divl. Pay Master, Divl. A/cs. Officer, Chief Cashier.	General Review.
11	Register of cheques	Check with Pay Master's cash Book.

**APPENDIX XXV**

(PARA No. 1306)

(Special points to be seen during Inspections)

**RAILWAY SCHOOL.**

Sl. No.	Particulars of documents	Nature and extent of check.
1	School fee recovery statements school fee register and admission register	See whether the fees are recovered correctly and statements are paired with the copies received back from the department.
2	Monthly reconciliation of expenditure with statements.	Investigate the financial results.
3	Register of Library Books.	See if it is posted up-to-date and the cost of books lost is recovered from pupils responsible.
4	Bill of fees recoverable from outsiders.	See if the recovery is as per rules.
5	Grants-in-aid statements	See if they are correct.
6	Issue of stationery, books, kindergarten articles etc. to pupils.	See if the charges recovered are correct as per rules.
7	Expenditure in connection with Railway week Republic Day etc. celebrations.	See if the expenditure has been accounted for properly.

**APPENDIX XXVI**

(PARA No. 1306)

(List of items to be seen by Gazetted Officers)

Office	Item No. in the list	Particulars of documents
Items common to all offices (Non-personnel)	Item 22	Review of Inspection Reports of General Manager. Heads of Departments, Divl. Railway Managers, etc.
General Manager/General	Item 1 Item 2	Log book of office staff cars and petrol account. Review of sanctions of grants to outsiders.
General Manager/Commercial	Item 21	Review of the earnings of Ticket checking establishment.

Chief Public Relations Officer's Office	Item 6	Imprest for entertainment expenses and furnishing statements of expenditure to the General Manager.
Divl. Mechanical Engineer.	Item 10	Review of Inspection Reports of fuel inspectors, weigh bridge inspectors and Handing over report of Divl. Mechanical Engineer, etc. & C&W - Inspection.
ASOR	Item 2	Log books of Motor vans etc. and Petrol account.
Railway Rates Tribunal	--	Review of Awards of RRT.
DPM	Item 10	Reports of surprise checks conducted by DPM, DAO and Chief Cashier.
Divl. Railway Manager/General	Item 1	Arrangements for the DRUC meeting and incurrence of expenditure on this account.
	Item 4	Log Book of Staff cars.
Divl. Railway Manager/Works.	Item 7	Expenditure on ceremonial occasions.
	Last sub-items	Rest House statements.
	Item 12	Inspection Notes of GM, GIR etc.

## CHAPTER XIV

### REPORTS SECTION

**1401.** The Reports Section is responsible for the processing of Paragraphs for the Report of the Comptroller and Auditor General of India - Union Government (Railways) and all matters relating thereto. The items of work dealt with in the Section is mainly :

Processing of paragraphs for the Report of the Comptroller and Auditor General of India - Union Government (Railways), maintenance of Register of Draft Paragraphs and Potential Draft Paragraphs. The work to be done in respect of each of the items is listed in the succeeding paragraphs.

**1402.** The General instructions contained in Chapter XXIII of the Railway Audit Manual should be carefully observed in preparing Draft Paragraphs for the Report of the Comptroller and Auditor General of India - Union Government (Railways) - hereinafter referred to as 'Audit Report (Railways)' for brevity.

**1403. Selection and Presentation of material:**

The efficiency of Audit consists in selecting material having rich potential for inclusion in the Audit Report (Railways) gathering accurate information and in drafting the material as crisply as possible. The following guidelines as laid down by the Deputy Comptroller and Auditor General may be borne in mind to achieve the desired results in this regard

1. The background leading to the formation of the scheme/project, financial details, sanctioned expenditure, variations in the estimates etc. may be brought out in the introduction of the review/Draft Paragraph. The introductions should be brief and to the point containing mainly the material necessary to understand the scheme/project and for the comprehending the points sought to be made subsequently in the review.
2. The narration should be clear and in plain language with proper focus so that even a person not versed in details of accounting and audit is able to easily make out the main thrust of the points highlighted.
3. Specific points that have arisen as a result of scrutiny of records of the executive organisation at various levels should be grouped. While dealing with specific points, reasons for the situation obtaining should be analysed and if no reasons are on record, the fact should be clearly spelt out.
4. To enable proper appreciation of the reviews/paragraph, supporting maps, charts, sketches etc. having proper authenticity may be given at appropriate places.
5. Every paragraph should be developed in such a way that, narration leads to a particular point or aspect intended to be brought out in the paragraph. Statistical information should have correlation with Audit comments and loading the narration with statistics not required should be avoided.
6. Summarised version of actual realisation of the objectives projected in the schemes/projects may be given in a comprehensive manner. A succinct summing up of the procedural lapses or omissions or other lacunae, that have contributed to a particular situation, may be brought out at the end of each paragraph/review so as to make a meaningful reading that would be of help to all concerned to draw lessons for the future.

(Authority : i) CAG's letter No.564-RAI/RR.2-7/79 dated 14.6.79; & ii) DOI's D.O. No.260-RA.I/RR.2-2/80 dated 14.3.80.

**1404. Issue and pursuance of Special letters, Inspection Reports with Draft Para potential.**

Draft Paragraphs are normally developed from the Inspection Report paras or Special letters. The Branch Officer should take up a case, which is identified at the inspection report stage itself as possessing sufficient potential to develop into a Draft Paragraph, through a

Special letter. Such a case should be submitted with full details in the form of a note to the Principal Director of Audit, through the Reports Section duly supported by all relevant material as key documents for approval, to treat the same as a potential Draft Para case. Once, the case is approved by the Principal Director of Audit as potential Draft Para, it should be so registered by both the Reports Section and Branch Office concerned and pursue vigorously. The reminders and rejoinders to the replies are to be proposed and issued by the concerned sections duly routing the papers through Reports Section. The Branch Officer should report the progress of the case to the Principal Director of Audit through monthly/quarterly D.O.s till it is either converted into a Draft Paragraph or dropped.

A copy of the Special letter issued as a potential Draft Para together with authenticated copies of key documents should be sent to the Reports Section for record.

(Authority : D.A's letter No.C/DP/O/III/162-187 dated 13.4.87 and C/DP/O/III/1395-1418 dated 21.5.87).

**1405. Processing of cases for inclusion in the Audit Report (Railways) goes through the following stages.**

a. Reply to the potential draft para case received from the Administration should be examined thoroughly and if, on the basis of the examination, the case is considered ripe enough for issuing as a Draft Para, it should be submitted to the Principal Director of Audit for his approval through the Reports Section. While submitting the case for consideration as a Draft Para any additional information/points proposed to be mentioned in the Draft Para but not done so earlier, should be duly supported by authenticated key documents. The Reports Section will examine the case thoroughly with reference to the key documents and call for any clarification/information/supporting documents considered necessary to sustain the audit comment.

b. Only material which is important enough to feature in the Audit Report should be issued as Draft Para. Normally cases involving substantial money value (Rs.1 Crore in the case of earnings and Rs.50 lakhs in the case of works and contracts and Rs.25 lakhs in the case of stores and establishment) should only be considered for the purpose. However, these monetary limits may not preclude consideration of cases presenting special features like serious procedural irregularities, lapses etc, the mention of which in Audit Report is likely to have beneficial results.

c. On approval by the Principal Director of Audit, the case will be issued as a Draft Para duly supported by key documents, through Confidential D.O. letter to the General Manager with endorsement by name to the Financial Commissioner (Ministry of Railways) Railway Board, F.A. & C.A.O. and the Heads of Departments concerned. Two copies of the Draft Para are to be furnished to the FA&CAO to enable him to send one copy to the Chief Vigilance Officer, where necessary. A time limit of 8 weeks is allowed to the Administration for sending reply to the Draft Para.

d. Two copies of the Draft Paras as issued to the General Manager, together with two sets of key documents are to be sent to the Comptroller and Auditor General of India, in convenient batches by Speed Post.

**(e) Zonal railways send replies to the Draft Paras in the following format :**

- i. Brief history of the case with copies of relevant correspondence;
- ii. A chronological summary of the case;
- iii. Audit's contention, in brief;
- iv. Sentencewise comments on the Draft Para;
- v. Disciplinary aspects, if any.

A copy of the Administration's reply is also sent to the Deputy Comptroller & Auditor General/Railways.

(f) Principal Director of Audit will furnish sentencewise remarks on the Railway Administration's reply with recommendations for inclusion of the Draft Para in the Audit Report. A provisional paragraph should be sent, where necessary, after taking into account the reply of the Administration.

(g) Provisional Paras are issued by the Headquarters office to the Railway Board and copy sent to Principal Directors of Audit for verification of facts and figures mentioned therein. The results of verification should be sent to Headquarters.

(h) Principal Directors of Audit are to furnish sentencewise remarks on the Railway Administration's reply duly approved by Railway Board to the provisional Para when received from the Administration.

(i) Finalised paragraph for inclusion in the Audit Report is received from the Comptroller & Auditor General's Office after discussion of the paragraph with the officials of the Railway Board. Facts and figures in the final paragraph are to be verified by the Principal Director of Audit and the results advised to Headquarters.

(Authority : J.D./Rlys. D.O. No.1570-40-RA.I/RR2-5/78 dated 17.10.78. CAG's letter No.170-35-RA.I/8-2/87 dated 30/31.3.81, Rly.Bd's letter No.83-BC-Genl/15 of 15.5.87, J.D./Rlys.D.O. No.294-RA.I/RR8-2/87 dated 20.5.87, JD/Rlys. D.O. No. 384-RA.I/17-18/87 dated 29.6.87 & PD/Rlys. letter No.Rly/Coord/RR/2-4/2003 dated 11.3.2003)

#### **1406. Review for inclusion in the Audit Report (Railways)**

Each Principal Director of Audit should contribute one or two topics for Performance Audit Review every year for inclusion in the Audit Report (Railways). Principal Directors of Audit should select a few schemes/projects for such Performance Audit reviews and send their proposals along with a brief note to the Comptroller & Auditor General's Office by the 15th of October every year. For this purpose the schemes/projects proposed for review must be advised to Reports Section by the Review Cells, ECPA Section and Receipt Audit Section by the 1st September every year, duly enclosing a brief note on each scheme/project. The Reports Section will obtain the orders of the Principal Director of Audit on the proposals received and forward them to the Headquarters Office for securing approval for the reviews. The approval of the Headquarters and guidelines, if any, received will be communicated to the Sections/Cells to which the Reviews are allotted for further action. Apart from the reviews proposed by this office, the Performance Audit Reviews allotted by the Comptroller and Auditor General's office will also have to be processed by the Review Cells, ECPA Section and Receipt Audit Section or any other section to which these may be entrusted by the Principal Director of Audit. The Review Report should be issued as a Draft Review Report and the following procedure should be followed.

As per the Performance Auditing Guidelines a risk analysis should be carried out with reference to various parameters of the auditee organization, to facilitate determination of audit thrust areas, audit objectives and most appropriate audit criteria. Thus, identification and analysis of risks associated with an auditee organization play a very important role for undertaking an audit. Moreover, since all the activities of an organization cannot be audited for resource constraints, awareness of activities/areas that puts public resources at risk from the point of view of economy, efficiency and effectiveness helps audit to focus on these areas. In the context of Indian Railways, the major activities/areas can be broadly classified into the following four categories:

1. Core/Business operations , 2)Repair and maintenance of assets, 3)Creation of assets, 4)Procurement of stores

These are the broad areas or activities, which we can further break-up, to be more specific so that each one of these could be individually assessed and risk factor allocated.

All these items/activities are not mutually exclusive. In fact procurement of stores is an

activity, which is vital to all the other major activities mentioned above and it plays a very important role in efficient and effective execution of other activities.

The risks associated with all these activities can be analyzed with respect to various criteria viz. financial materiality, criticality of these activities in achieving overall organizational goals, developmental and strategic initiatives undertaken by the organization for socio-economic reasons, their significance, internal controls in the organization and past audit experience. Accordingly a model for risk assessment has been attempted for Indian Railways.

**Financial Materiality:** This criterion is based on the annual expenditure incurred for the activity. The risk associated with each of these activities can be taken as directly proportional to the amount spent on them.

The administrative cost of carrying out all these activities including salary and other administrative expenses, staff welfare and other amenities, provident fund, pension and other pensionary benefits, research and development, recruitment boards and audit can also be allocated proportionately to all these activities. In addition, the cost of supplementary activities such as security, claims, catering, hospitality and entertainment can be allocated to the core business activity.

**Criticality to Organizational Goals:** The primary goal of Indian Railways is to provide *safe* transportation to passengers and freight in an optimal *time, profitably*. Thus the risk associated for these activities would be based on extent to which the activity is instrumental in fulfilling these goals. For example, if an activity achieves the goal of providing safe journey to the passengers and freight fully, it can be rated 5 at a scale of 5, if it has no impact on revenue generation for the organization, it can be rated 0 at a scale of 5 and so on.

**Developmental and strategic initiatives for socio-economic reasons:** Indian Railways undertakes certain activities/projects for socio-economic development of backward areas or for defence activities for strategic reasons. It becomes necessary for the auditor to look into activities taken up for such purposes to ensure that the purpose for which the initiative has been taken has been fulfilled. Based on our experience we may give a rating of 5 to an activity on a scale of 5, where the risk of not achieving the objectives is very high.

**Significance:** Significance of an activity can be measured in terms of various factors. It could be in terms the size of user population it has its impact on, any significant recent changes/shifts in the policy, the interest it generates among the legislature, public and media or the impact it has on the environment. The more significant an activity/area is for the organization in terms of the above criteria, more important is it for the auditor to look into them to ensure its effectiveness.

**Internal Controls:** Internal controls are best defined in terms of existence of codes and manuals and well laid down rules and procedures, delegation of powers, monitoring mechanisms, reporting mechanisms and internal audit in an organization. Thus the risk can be assessed based on our experience on these issues specific to these activities.

**Past Audit Experience:** This is the most important factor for analyzing risk areas. The number of important irregularities and the amounts involved for all the above-mentioned activities would be a pointer towards high-risk areas. We may use the weights assigned to various kinds of irregularities to calculate the risk associated in these areas. Presently, we may undertake this exercise by taking the weighted amounts for the draft paras for the last two Railway Audit Reports to arrive at the risk factor. We may move towards further refinement of the risk model once we are able to assign these weights at the level of Part I Inspection Reports also.

The Risk Model can be further refined over the time and more and more specific areas can be included for assessment of risk. If approved, we may circulate the same to all the field

offices for their views/opinion and compile the same to arrive at the overall risk associated with these areas/activities, which would be a pointer to high-risk areas in Indian Railways and facilitate selection of topics for Audit Review.

(Authority : I) Dy.CAG's D.O. No.255/RAI/RR2-2/80-12dated18/19.8.80;ii) ADAI/Rlys.D.O. No.1001-RA.I/RR2-2/82 dated 22.9.82; iii) Hd.Qrs. letter No.402-RA.I/RR2-10/87 dated 6.7.87 iv) DG/PA letter No.13-PA/3/2005 dated 6.4.2005 And v) PD/Rlys letter No.Rly/Coord/RR/2-1/2005 dated 23.3.2005 ).

#### **1407. Monthly Progress Report of Draft paras/Reviews :**

A progress report on the issue of Draft Paras and Review Notes should be submitted to the Principal Director of Audit by the 10th of every month in the following proforma

1. No. of Draft Paras and Reviews outstanding.
2. No. issued during the month.
3. Total (1+2)
4. No. for which replies are due.
5. No. for which replies have been received.
6. No. approved for inclusion in the Report.
7. No. closed or settled.
8. Balance outstanding (3 - 6 - 7)

**1408.** The comments of the Principal Director of Audit on the Administration's final replies, and their recommendation about the processing of the Draft Para, should only be sent to CAG's Office and not endorsed to the Railway Administrations and the Railway Board. All the Draft Paragraphs issued during the year should be discussed with the Railway Administration. The minutes of discussion alongwith the Further Audit Comments on each case should be sent to CAG's office for further action.

Whenever the Deputy Comptroller & Auditor General (Railways) decides to drop the Draft Para the Principal Director of Audit will be promptly informed and the Railway Administration may then be advised suitably by the Principal Director of Audit. A copy of this advice may be endorsed to the Railway Board so that the record in the Railway Board's Office may also be complete. The Railway Board have already been informed by the Comptroller & Auditor General's Office that a Draft Para should not be treated as dropped until a communication to that effect is sent by the Principal Director of Audit concerned to the Railway Administration.

#### **1409. Draft Paras appearing in Audit Report (Railways)**

As soon as the printed Audit Report (Railways) is received, the Reports Section should verify the accuracy of the paragraphs therein in so far as they relate to Southern Railway. Any corrections found necessary in the Report should be intimated to the Deputy Comptroller & Auditor General (Railways) without delay. It should also be ensured that appropriate action is taken on other paras which have not been included in the Audit Report.

#### **1410. Circulation of Audit Reports (Railways)**

It is the duty of the Reports Section to circulate copies of Audit Report (Railways) to the Railway Administration and also to the Director/Deputy Directors of Audit and Branch Officers of this office for their information.

#### **1411. Papers/Registers meant for submission to Director of Audit**

All unit officers except ECPA, construction/Egmore and Books & Budget Section/Head Quarters in regard to check of Appropriation Accounts, Debt Head Reports are directed to route all papers meant for submission to Principal Director of Audit such as Special letter, review reports replies to CAG's references etc. through Reports Section.

## Chapter XV

### CO-ORDINATION SECTION

#### 1501

The Co-ordination Section, as the name signifies, is responsible for the co-ordination of work among the various sections of the Head Office and the Divisional and Branch Audit Offices. The main items of work dealt with in the Section are given below. The Section will also be responsible for any other co-ordination work allotted to it from time to time.

1. Statement showing number of Audit Objections issued and settled during the financial year
2. Consolidation of statements of recoveries effected at the instance of Audit received from the Divisions/Units and forwarding it to the Additional Deputy Comptroller & Auditor General (Railways).
3. Processing of all references connected with the Programme of Audit.
4. Finalisation of the Report on the Efficiency of Internal Check every year.
5. Consolidation of the statistics of the volume of work done in Railway Audit offices to be submitted to the Additional Deputy Comptroller & Auditor General of India (Railways) every year.
6. Scrutiny of the Annual Inspection Programme of Divisions/Units and securing the approval of the Principal Director of Audit.
7. Consolidation of the Quarterly Progress Reports received from the Divisions/Sections and forwarding to Additional Deputy Comptroller & Auditor General (Railways).
8. Submitting the Quarterly Report on the Progress of review of Railway Board's contract to the Additional Deputy Comptroller & Auditor General/Railways.
9. Submission to Principal Director of Audit before 10<sup>th</sup> of each month, a list of important inspections to be carried out by the different offices in the ensuing month, for selection of offices for supervision by the Audit Officer/Intensified Inspections., and by the respective Group Officers.
10. Review of the consolidated Monthly Arrear Report of the Divisions/Units every month and submission of an appreciation report on the arrears position in the Divisions/Units to the Principal Director of Audit.
11. Submission of the Tour Programme of Officers to the Principal Director of Audit every month for securing his approval.
12. Issue of Procedure Office Orders and maintenance of the Procedure Office Order Register.
13. Preparation of Charge Reports of Principal Director of Audit, Director and Deputy Directors.
14. Submission of material for the conference of Accountants General/Principal Directors of Audit as also for the meetings of Branch Officers convened by the Principal Director of Audit.
15. Quarterly return on Supervision of field audit parties by Group Officers.
16. Quarterly report on progress made on the implementation of Perspective Plan 2003-2008.
17. Quarterly report relating to Audit Plan.
18. Quarterly progress report regarding clearing backlog of Inspection Reports and TA Notes
19. Internal control mechanism to assess the quality of audit work – assurance memo.
20. Ranking the performance of Audit Offices to be sent to CAG every year by 15<sup>th</sup> May of every year duly adopting the parameters given by Hqrs.

The work to be done in respect of each of these items is detailed in the succeeding paragraphs.

#### 1502 **Draft Para on the outstanding Audit Objections**

- (a) A return showing the position of objections issued and settled during the financial year should be sent to the A.D.A./Railways by 31<sup>st</sup> July every year for consideration of a para for inclusion in the Audit Report (Railways).  
(CAG/Rlys. Letters Nos. 184-Rly/2-4/recoveries/2004 dated 26.02.2004).



- (b) To enable the return to be sent to the Comptroller and Auditor General of India (Railways) by the due date the Divisions/Units must send the particulars relating to their units as per the Proforma (in duplicate) to the Co-ordination Section by 30<sup>th</sup> June every year.

### **1503 Report on the Efficiency of Internal Check**

(a) A report showing the position of arrears in Accounts Office and lapses/defects in internal check should be prepared by all the Branch Offices/auditing sections after the close of the March Accounts every year and forwarded to the respective Accounts Officers. At the time of preparation of the Report, it should be ascertained by a complete review of all the registers maintained for the purpose in the Accounts Office, that adequate machinery exists in the Accounts office to watch the recovery of all charges for the services rendered to the staff e.g. diet charges, Electric energy charges, Rent for quarters, Rent on Electrical installation and sanitary fittings, conservancy charges and miscellaneous charges. Lapses on the part of the Accounts Office to take appropriate action for recovery of these charges should be brought out in the Report. Important comments meriting the personal notice of the F.A.&C.A.O should be communicated to the Co-ordination Section by the 15<sup>th</sup> August every year. The Co-ordination section will then consolidate the main items appearing in these reports and take up the matter with the F.A.&C.A.O., wherever necessary under the orders of the Principal Director of Audit.

(b) A report regarding review of the working of the Accounts Department in the form prescribed in Annexure to para 56 of the Secret Memorandum of Instructions, should also be sent to the Co-ordination Section by all units along with the Report on the Efficiency of Internal Check.

(c) So far as the arrears in internal check are concerned the Railway Board keep themselves aware of the problem and take suitable measures by reviewing the half-yearly reports submitted by the F.A.&C.A.O. As such, no practical purposes will be served by our reporting these cases, perhaps after a year. As regards the defects in internal check, it is left to the Principal Director of Audit to judge which of these are serious in the sense, that they facilitate frauds or leakage and take up such cases with the Railway Administration in the most effective manner, the bad cases being considered for individual comment in the Audit Report (Railways). The more serious lapses in internal check, meriting inclusion in the Audit Report (Railways) may be processed as Draft paras.

(CAG/Rlys. Letter No.242-RA.I/21-45/61 dated 17-01-1962).

### **1504 Recoveries effected at the instance of Audit.**

(a) A consolidated para on the recoveries effected or agreed to be effected at the instance of audit is included in the Audit Report (Railways). The details relating to the units under each FA&CAO will be got verified by the concerned FA&CAO and forwarded to the Comptroller & Auditor General of India (Railways) by the Co-ordination Section by the 31st July each year in Form No.1504.

(CAG/Rlys. Letter Nos.1967-RA.I/8-4/66 dated 28-07-66 and 4483-RA.I/12-170/68 dated 19-10-68).& (CAG/Rlys. Letters Nos. 184-Rly/2-4/recoveries/2004 dated 26.02.2004).

(b) The Divisions/Sections should get the statement containing the particulars relating to their unit verified by the Accounts Officer and forward it to the Co-ordination Section in duplicate by 30th June. To avoid delay, the figures may be got verified by the respective Branch Accounts Officers monthly and the same kept ready for consolidation at the end of the year. The final figures furnished in the year should tally with the total of the figures furnished under Section VIII of the Quarterly Progress Reports for the year vide para 1510.

(Authority: CAG/Rlys. Letter No.474-RA.III/10-2/87 dated 06-08-87).

**1505 Statistics of volume of work.**

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 Form No.1505 should be collected by the Branches/Sections and sent to the Co-ordination sections before 1<sup>st</sup> August each year. The consolidated information should be sent to the Additional Deputy Comptroller & Auditor General/Railways so as to reach his office by the 15<sup>th</sup> August each year.

(CAG's endorsement No.1896-RA.I/A-8.3-63 Vol.II of 01-07-63).

**1506 Annual Inspection Programme of Divisions/Units.**

The proposals for inspections/works review to be conducted during the ensuing year received from the Divisions/Units will be scrutinised by the Co-ordination Section and submitted to the Principal Director of Audit for approval along with lists of more important offices/reviews for the inspection of which additional Assistant Audit Officer will be deputed by the Intensified Inspection Cells at Chennai, Tiruchirappalli, Madurai and Palghat. For this purpose the draft Inspection Programme of the following year should be submitted to the Co-ordination Section by the 1<sup>st</sup> week of January each year. Along with the usual proforma in which the Inspection Programme is submitted, two copies of the programme indicating the office proposed for inspection periodicity and month in which proposed to be taken up should also be submitted. The approval of the Principal Director of Audit will be communicated by the Co-ordination Section to the Divisions/Units. The Divisions/Units should strictly adhere to the programme as approved by the Principal Director of Audit so that postponement do not occur. In respect of inspections requiring additional Asst. Audit Officers the Divisions/Units should commence the inspection sufficiently early before the 10<sup>th</sup> of the month so that they may not be carried forward to the next month ordinarily.

A copy of the approved Annual Inspection Programme should be sent to Headquarters in February each year to facilitate a random selection of Inspection Reports to be reviewed by them. (CAG/Rlys. Letter No.223-RA.I/17-13/87 dated 24-04-87).

**1507 Comprehensive Monthly Arrear Report.**

The comprehensive monthly arrear report of all sections should be sent during the beginning of each month so as to reach the co-ordination section on 5<sup>th</sup> positively. The co-ordination section will review them and prepare an appreciation report highlighting major points from the reports and submit the report along with the C.M.A.Rs. to the Director/Principal Director of Audit before 10<sup>th</sup> of each month.

**1508 Arrears in respect of letters received from ADAI/Railways.**

The position of C.A.G's letters received upto the end of a month but not cleared before 15<sup>th</sup> of the succeeding month should be reported to the co-ordination section by all Headquarters sections including Administration, Workshop/Perambur; Stores/Perambur and Traffic Audit/Tiruchchirappalli by 17<sup>th</sup> of each month. The Co-ordination section will submit a consolidated report to the Principal Director of Audit on 18<sup>th</sup>. This is in addition to the position reflected in the C.M.A.R. each month. The proforma to be followed is given below:-

Sl.no	Letter		
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**1509 Returns due to C.A.G. of India**

The Administration, Expenditure, Establishment, Books and Budget, Efficiency-cum-Performance Audit and Traffic Audit Sections at Headquarters, Workshop, Stores Audit at Perambur and Traffic Audit/Tiruchirappalli should advise the position of returns due upto 15<sup>th</sup> of each month (including those relating to previous months, if any, in arrears) to the Comptroller and Auditor General of India by the 16<sup>th</sup> of each month. The Co-ordination Section will review the position and submit a report to the Principal Director of Audit on 18<sup>th</sup>.

The proforma to be adopted is given below:

Sl. No.	Nature of Return	When due	When sent	Reasons for the delay
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**1510 Quarterly Progress Report.**

The Quarterly Progress Report should be sent to the Co-ordination Section by the Divisions/Units by the 10<sup>th</sup> January, April, July and October of each year in Form No.1510. While furnishing the report the following guidelines should be borne in mind.

2) Consequent on the computerization of the quarterly report the details are to be furnished in the format the Functional group 'General Divisional Audit'.

In respect of Arrears due to Arrears in Accounts Office, itemwise details are not required; the man-days under each functional group/sub-group only should be shown, duly taking into account only such items, which have arrears of 2 mandays or more for computing the arrears under the functional group/sub-group.

Serious cases of arrears due to arrears in Accounts Office may be highlighted in the report on the Efficiency of internal check.

The probable date when arrears would be cleared may be specifically indicated in the resume under the column date by which arrears are likely to be cleared' (Col.8 of Form - II) duly avoiding vague terms, such as 'as and when the cases/vouchers are received from Railway Administration' 'As and when arrears in Accounts Office are cleared and 'likely to be cleared soon' etc.

In the case of chronic and serious arrears, the steps taken or proposed to be taken should be spelt out (especially when there is bunching of audit work); If the matter is to be taken up at the level of the Railway Board by Headquarters (CAG's Office), this has to be indicated for consideration.

(a) Computation of internal arrears in terms of man-days in respect of inspection reports not issued within the prescribed period should be done with reference to actual work load keeping in view the instructions contained in para 22 of Manual of Standing Orders (Administrative) Vol. I. In addition, the number of inspection reports awaiting issue, their age (i.e. more than one month old and more than three months old) reasons for the arrears and steps taken to clear the arrears should also be indicated in a separate Annexure (Annexure III) to the Quarterly Progress Report.

(b) The C.A.G.'s references outstanding for over six months and over 2 years may be shown separately in Part I and II respectively and the probable date by which the references would be disposed of should be specifically indicated in Form – III.

(c) The prescribed audit certificate and statement showing progress in the check of Capital and Revenue Accounts, Finance Accounts (Headquarters Books & Budget Section and W.A.P. only should be furnished.

(d) The consolidated Quarterly Progress Report together with the certificates and statements should be furnished to the C.A.G./Railways by the 20<sup>th</sup> of the month following the quarter.

- (e) Inspections : The number of inspections due during the quarter (Section II – A(i) should include those carried over from the last quarter, if any (Sl.No.3 of last return).
- (f) Audit of Tenders & contracts and completed contracts.  
The number of contracts due for audit (Section III Sl. No.B) should include the balance due for audit at the end of previous quarter (Sl. No.D of last return)
- (g) The number due for audit (Section IV Sl. No.(i) should include the balance due for audit in the end of the last quarter [Sl. No. (iii)] of the last return.
- (h) The reasons for pendency/arrears in Sections III, IV and V and action taken to clear the same should bring out inter-alia the discussions/personal contacts made with Accounts Counterpart.
- (i) Recoveries effected at the instance of Audit:

Major recoveries of Rs.1 lakh each in the case of traffic earnings and undercharges and Rs.50,000 each in the case of recoveries relating to establishment and other matters should be itemised giving brief details of the case. Small recoveries below the limits specified above should be grouped together giving details of total number of cases along with the total amount recovered/agreed to be recovered.

(Authority: i) CAG's letter Nos.1136/RAI/10-3/59 dated 19-04-61, ii)483/16-RAI/17-1/76 dated 04-05-79; iii)496-RA.III/10-1/80 dated 26-07-80; iv)988-110-RA.III/10-2/81 of 01-09-81; v)19-Audit.II/1986 of 17-07-86; vi)289-RA.I/RR2-10/87 dated 22-05-87; vii) 474-RA.III/10-2/87 dated 06-08-87.

### **1511 Report on the Progress of review of Railway Board's Contract**

While audit of tenders and contracts finalised by the Railway Board is to be conducted in ADAI/Railways Office, such audit is to be supplemented by review by the Principal Directors of Audit, of execution/performance of the contracts including payments for their supplies, their utility, actual utilisation etc. Keeping in view this requirement, the following procedure has been evolved.

For this purpose, the Headquarters will forward to the field offices information relevant to such issues as may be considered useful for reviewing the execution of such contracts by the field offices.

The field offices will maintain a register of Railway Board's contracts in proforma prescribed in Form 1511-A. On receipt of a copy of the contract endorsed directly by the Railway Board or the Headquarters, it should be entered in the register and the progress of review intimated to Co-ordination Section through a Quarterly Report (on 1st January, April, July and October) in the proforma prescribed in Form 1511-B.

A consolidated report indicating the progress of review of Railway Board's contract will be furnished by the Co-ordination Section to the Headquarters by the 15th January, April, July and October. (Authority: CAG/Rlys. letter No.322-RA.II/20-4/84 dated 16-03-85).

### **1512 Procedure Office Order Register:**

Procedure Office Orders will be submitted to the Principal Director of Audit for approval by the concerned sections at Headquarters. After approval, the same will be numbered and issued by the Co-ordination Section both in Hindi and English. A copy of the P.O.O. will be pasted in the P.O.O. Register which will be maintained by the Co-ordination Section.

### **1513 Charge Reports of Principal Director of Audit, Director and Deputy Director:**

The Charge Reports of the Principal Director of Audit, Director and Deputy Director will be prepared by the Co-ordination Section with reference to particulars available in the Co-ordination Section and other details which may be called for from the Divisions/Units, if required.

**1514 Conference of Accountants General/Principal Directors of Audit:**

The material required to be sent from this office for the Conference of Accountants General/Principal Directors of Audit will be collected, consolidated and furnished to Comptroller & Auditor General's Office by the Co-ordination Section as and when such Conference are held. The material for the meetings of Branch Officers with the Principal Director of Audit will also be collected by the Co-ordination Section, which will be responsible for the preparation of the Agenda/Minutes relating to such meetings.

**1515 Tour Notes of Principal Director of Audit:**

Tour Notes of Principal Director of Audit are made over to the Co-ordination Section for taking out necessary copies and despatch to Divisions/Sections which will send their reports in respect of the items referred to them as expeditiously as possible. These should be put up to the Principal Director of Audit for orders.

**1516 Papers/Registers meant for submission to Principal Director of Audit:**

The under-mentioned Registers which are to be submitted to the Deputy Director/Director/Principal Director of Audit periodically as per the time table prescribed should be routed through the Co-ordination Section.

- i) Original Audit/Post Review Registers of Gazetted Officers and Section Officers;
- ii) Register of Review of Tenders and Contracts;
- iii) Progress Report Register of Inspections.
- iv) Progress cum Selection Register.

**1517 Heads of Departments Meetings:**

The brief prepared by the various departments of the Railway Administration for the meeting of General Manager with the Heads of Departments are to be reviewed and a note on such points as may be of interest from audit point of view put up to the Principal Director of Audit by the Co-ordination Section before the date of meeting.

**1518 Issue of Correction Slip to the Office Manual:**

Correction Slips to the Office Manual will be issued by the Co-ordination Section whenever a correction becomes necessary due to receipt of revised orders on any subject. The section concerned will prepare the necessary draft correction slip and forward the same to the Co-ordination Section for consideration and issuance of necessary correction slips to the relevant para, duly obtaining the approval of the Principal Director of Audit thereto. The responsibility of proposing the correction slips devolves on the Asst. Audit Officers/Section Officers concerned as noted below:

Chapter No. of the Manual	Subject	Person responsible for making the Manual upto date
I	Organisation & Functions	Asst. Audit Officer/Admn.
II	Departmental Regulations	Asst. Audit Officer/Admn.
III	Office Procedure	Asst. Audit Officer/Admn.
IV	Administration	Asst. Audit Officer/Admn.
V	General Audit Procedure	Asst. Audit Officer/Co-ord.
VI	Audit of Earnings	
	(a) Portions relating to Coaching	Asst. Audit Officer/TA/TPJ.
	(b) Portions relating to Goods	Asst. Audit Officer/TA/MAS.
	(c) Receipt Audit	Asst. Audit Officer/RA/MAS.
VII	Establishment, Provident Fund and Pension	Asst. Audit Officer/E/MAS.

	Audit	
VIII	Expenditure Audit	Asst. Audit Officer/X/MAS.
IX	Audit of Stores Accounts	Asst. Audit Officer/S/PERR.
X	Workshop Audit	Asst. Audit Officer/W/PER.
XI	Audit of General Books & Accounts	Asst. Audit Officer/B/MAS.
XII	Appropriation Audit	Asst. Audit Officer/B/MAS.
XIII	Inspections	Asst. Audit Officer/I/MAS.
XIV	Reports Section	Asst. Audit Officer/Rep/MAS.
XV	Co-ordination	Asst. Audit Officer/Co-or/MAS
XVI	Efficiency-cum-Performance Audit	Asst. Audit Officer/ECPA/MAS.
XVII	Railway Recruitment Board; Railway Rates Tribunal	Asst. Audit Officer/I/MAS
XVIII	Construction Audit	Asst. Audit Officer/Construction/ Egmore.

A running record of correction slips must be maintained by the Co-ordination Section in Form No. 1518 and copies of thereof forwarded to all the units for keeping the Manual current.

Form No.1502 (Para 1502-OM)

Office of the Principal Director of Audit/Southern Railway

I Statement showing the number of audit objections issued and settled during the year

Sl.No	Description	Number of objections	Amount involved	
1.	Number of objections pending as on 1.4			
2.	Number of objections (Paras in Part I Audit Notes/Part I Inspections Reports/Special letters) issued during 1.4 to 31.3			
3.	<b>Total 1 &amp; 2 above</b>			
4.	Number of objections settled during the year			

Details of cases settled (Col.4)

Sl. No	Description	Number of objections	Amount involved	How settled *
1	Cases of irregular payment			
2	Cases of avoidable expenditure			
3	Cases of wasteful investment			
4	Cases of infructuous expenditure			
5	Cases of misclassifications			
6	Cases of non-implementation of rules			
7	Cases of delay in completion of works			
8	Cases of delay in installation /commissioning of machines/projects etc.			
9	Other types of cases			

\* By regularisation through write off, waiver of recoveries, setting right the procedure involving avoidable expenditure, satisfactory reasons offered for delay and issue of instructions for avoiding recurrence of similar irregularities, rectification of mistakes by issuing fresh orders/amendments etc.

**Form No.1505**

(Par 1505 of O.M.)

Statistics of volume of work done in Railway Audit Offices Division/Section

NAME OF THE OFFICE: OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
SOUTHERN RAILWAY: CHENNAI-3.
STATISTICS OF VOLUME OF WORK DONE IN THE RAILWAY AUDIT OFFICES

DURING 200 - 200 .				
Sl. No	Item	Previous year	Current year's latest figures	
		Figures as reported previously	Final figures after closing of A/Cs including Col.3	
	<b>SECTION-I</b>			
1.	Number of offices whose accounts are audited			
2.	Number of constructions			
3.	Number of inspections			
	<b>a) Total number</b>			
	1. Executives			
	2. Stations			
	3. Stores Depots			
	4. Workshops			
	5. Others			
	<b>b) Number inspected</b>			
	1. Executives			
	2. Stations			
	3. Stores Depots			
	4. Workshops			
	5. Others			
	<b>SECTION-II</b>			
1.	Number of letters			
	<b>a) Receipts</b>			
	<b>b) Issues</b>			
2.	Number of estimates			
3.	Number of completion reports			
4.	1. No. of paybills of GOS			
	2.No. of TA bills of Gos			
5.	1. No. of paybills of NGOS			
	2.No. of TA bills of NGos			
6.	Leave applications of Gos			
	(Accounts office only) NGOs			
7.	Contractors bills checked in a year			
8.	No. of labour paysheets			
9.	No. of applications for pension, SC to PF etc.			
10.	Provident Fund accounts			
	1)No. of accounts checked in a year			
	2)No. of payments both temporary and permanent			
11	No. of JEs and adjustment mema			
12.	Number of other bills			
13.	Number of Review			
	1. Suspense Registers			
	2. Allocation and Work Registers			
	3.Exchange and Remittance			



	4.Others			
14.	No. of compiled accounts checked			
15.	Number of Station Accounts			
	a. Local			
	1. Coaching			
	2. Goods			
	3. TTE Returns			
	b. Foreign			
	1. Coaching			
	2. Goods			
	3. TTE Returns			
	4. Wharfage and demurrage			
	c. Refund lists and overcharge sheets			
	d. Compensation claims (including remission/ refunds)			
	e. Collected passes	The check of this item has been dispensed with		
16.	I.Number of Stores vouchers including bills			
	1.Receipts			
	2. Issues			
	3. Priced Ledgers			
	II.1.Manufacture accounts			
	2.Suspense accounts			
17.	Workshop accounts			
	1.Work orders			
	2.Labour paysheets			
	3.Stores bills			
	4.Time sheets			
	5.Bonus and piece work bills	( items)	( items)	( items)
	6. Job Costing sheets			

## MIS- AUD 2R

[illegible][illegible]

**MIS- AUD 5-C**

Statement of Paras outstanding for over 6 months for the quarter ending - -200 .

Sl. No.	Group	Outstanding Paras in		Targetted no. of DPs for current Audit Report	No. of Part I IR Paras converted into DPs in the quarter for current Audit Report	Further no. of Part I IR Paras /Spl.letters likely to be issued as DP for current Audit report.	No. of paras outstanding agewise (in months)							
		Part I IR	Spl. Ir				>6 &<12		>12 &<18		>18&<24		>24	
							Pt I IR	Spl. Ir.	Pt I IR	Spl. Ir.	Pt I IR	Spl. Ir.	Pt I IR	Spl. Ir.
1	HEADQUARTERS													
2	DIVISIONS													
3	CONSTRUCTION													
4	WORKSHOPS													
5	STORES													
6	TRAFFIC													
7	OTHERS													
	<b>Total</b>													

**MIS AUD -7C**

Issue of Audit Certificate (autonomous bodies sec.14 cases, World bank projects etc.)

Report for the quarter ending - -200 .

(Central Govt. cases)

Sl. No.	Name of auditee or project	Due date for issue of Audit Certificate	Date of receipt of accounts for Audit	Date of issue of Audit Certificate (give in bracket probable date of issue where certificate not issued.)	Total no. of Audit Certificates pending for issue	Action taken to expedite issue of Audit Certificate
1	NIL	0	0	0		NIL

**MIS- AUD 15**

Amount recovered / agreed to be recovered at the instance of audit - Quarter ending - -200					
Sl. No.	Group	Items less than or =50,000		Items more than 50,000	
		Number	Value Rs.	Number	Value Rs.
1	HEADQUARTERS				
2	DIVISIONS				
3	CONSTRUCTION				
4	WORKSHOPS				
5	STORES				
6	TRAFFIC				
7	OTHERS				
	<b>Total</b>				

**MISAUD 12**

Report on CAT/ Court cases for the quarter ending - -200 .

No. of CAT/ court cases pending	No. of original cases	No. of appeal cases	No. of cases outstanding (agewise in months)			
			>6 &<12	>12 &<18	>18 &<24	>24
Serving/ Retired employees of IA&AD						

**MIS- AUD 13**

Report of non- consignment of old records to the old record room for the quarter ending - -200 .

(Total accommodation in old record room in cubic feet :701)

Spare accommodation in old record room in cubic feet : NIL

No. of sections with records overdue for despatch to old records	No. of bundles overdue for despatch to old records	No. of files/ registers overdue for despatch to old records	Approximate additional accommodation in cubic feet required for taking in records (vouchers, files, registers) requiring further preservation and overdue for despatch to old records

-NIL-

Note 1: Further preservation means records not fallen due for destruction but kept aside for eventual destruction under orders of competent authority.

Note 2: Position may be indicated as 'NIL' if specific information is not possible of being furnished.



**(SOUTHERN RAILWAY - CONSTRUCTION UNITS)**

**TOTAL**

### SOUTHERN RAILWAY (YEARWISE)

TOTAL

## ***ANNEXURE - 8***

**Name of the Office:**Office of the Principal Director of Audit, Southern Railway, Chennai-3.

<b>Utilisation of earmarked slots</b>		
No. of RTI/ RTC slots earmarked for the office	No. of slots utilised	Shortfall
<b>Completion of earmarked training</b>		
No. of earmarked trainings for the year	No. of trainings completed	Shortfall

I . Points earned for 100% utilisation of slots 5 points

II . Points earned for completion of earmarked training 5 points

		PROGRAMMED		ACHIEVED		SHORTFALL(-)/ EXCESS(+)		
SL. NO.	PARTICULARS	UNITS	MAN-DAYS	UNITS	MAN-DAYS	UNITS	MAN-DAYS	REASONS FOR THE SHORTFALL
1	2	3	4	5	6	7	8	9
<b>A. INSPECTION</b>								
1	DIVISIONS							
2	WORKSHOPS							
3	CONSTRUCTION							
4	STORES							
5	PRODUCTION UNITS							
6	TRAFFIC							
7	OTHERS							
Total								

<b>B. WORKS REVIEW</b>								
1	DIVISIONS							
2	WORKSHOPS							
3	CONSTRUCTION							
4	STORES							
5	PRODUCTION UNITS							
6	TRAFFIC							
7	OTHERS							
Total								
<b>C. APPROPRIATION AUDIT</b>								
1	DIVISIONS							
2	WORKSHOPS							
3	CONSTRUCTION							
4	STORES							
5	PRODUCTION UNITS							
6	TRAFFIC							
7	OTHERS							
	<b>Grand Total</b>							

Completion of 90% of the Audit scheduled or more in the Audit Plan within the year.

As the Office completed all Audit planned as per Audit Plan

POINTS EARNED



<b>ANNEXURE - 9</b>				
<b><u>Timeliness in issue fo Audit Certificates</u></b>				
<b>Name of the Office:Office of the Principal Director of Audit, Southern Railway, Chennai-3.</b>				
Sl. No.	Details of the Certificate to be issued	Scheduled date of issue	Date of actual issue	(Delay on account of the audit office) <b>Remarks</b>
1	Debt Head Report			
2	Income Tax			
3	Contingency Fund			
4	Audit certificate-Finance Accounts			
5	Civil Grants			
6	Balance Sheet			
7	Audit Certificate on the check of Appropriation Accounts			

All certification completed

All the above certification items (Accounts) were received from accounts after the Schduled date of receipt. There was no delay in Audit.

**Points earned:**

**ANNEXURE 3****Quality of Inspection paras****Name of office: Office of the Principal Director of Audit, Southern Railway, Chennai-3**

Sl. No.	<b><i>Identification of IR</i></b>	<b>Average points for the IR</b>
	<b>Total</b>	
	<b>Average points</b>	
	<b>Average points Rounded off</b>	

**ANNEXURE - 5****Record on Audit Committee Meetings****Name of the Office: Office of the Principal Director of Audit, Southern Railway, Chennai-3.**

Sl. No.	Name of the top 10 Defaulter departments/ ministries	Number of meetings held
1	Engineering (CN)	
2	Divisional Officers	
3	Accounts	
4	Stores	
5	Railway Electrification	
6	Workshop (Mechanical)	
7	Production Units	
8	MTP	
9	Traffic (Goods)	
10	Traffic (Coaching)	
	<b>Total</b>	

Number of new audit committees formed in the year:

(Details of departments/ ministries may also be provided)

**Points earned:**

**ANNEXURE 4****Delay in issue of Inspection Reports**

Name of Office: Office of the Principal Director of Audit/ Southern Railway, CHENNAI-3.

Total number of I.Rs issued in the year:

Sl. No.	Title of delayed IR	Due on	Issued on	Delay(Reason for Delay)
	<b>Points earned:</b>			

**ANNEXURE - 6****Progress in Vetting Action Taken Notes**

Name of the Office:Office of the Principal Director of Audit, Southern Railway, Chennai-3.

Sl. No.	ATN on para no. report no. and year	Received on	Vetted and dispatched on	Time taken for vetting
	Total time taken			
	Average time taken for vetting ATNs received in the year :      days			
	If avearge period of vetting ATN is less than 15 days points earned =			
	<b>Points earned:</b>			

## **Chapter XVI**

### **Efficiency cum Performance Audit (ECPA)**

#### **1601 Functions:**

The duties and functions of the Efficiency cum Performance Audit Section are those as laid down in Chapter 8 of the Comptroller and Auditor General's Manual of Standing Orders (Audit) II Edn.(2002) and Chapter XXIV of the Railway Audit Manual. This section functions under the direct charge of the Director of Audit, and is mainly responsible for undertaking special investigations on important topics as ordered by the Principal Director.

#### **INTRODUCTION:**

Efficiency-cum-Performance Audit is a technique of audit adopted to assess and evaluate the economy, efficiency and effectiveness of developmental schemes/projects/organisation. Economy means operation at the lowest possible cost (2) Efficiency is effective out-put without unnecessary waste of resources including adherence to time schedule and (3) Effectiveness in achieving programmed objectives and goals and ensuring that intended benefits arise in real terms. The Auditor has to review the working of the projects/schemes/organisations in their entirety in terms of their goals, objectives etc. to see how far the expected results have been achieved from the use of available resources of money, men and material. The audit embraces both financial and social aspects. The financial aspects would be to see that (1) the agency maintains an effective control over its income, expenditure, assets and obligation (2) the agency is responsible for its resources, obligations, and operation and (3) that the agency reports include specific true and useful data. The social aspects to be seen are how far (i)goals/targets set have been achieved and (ii)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.

#### **2. Nature of Audit**

2.1 The audit envisages a comprehensive review of the project/ scheme / activity to ascertain:-

- i. how far the physical and financial targets have been achieved
- ii. how far the social and economic objectives have been realised
- iii. whether the operations are conducted economically
- iv. whether there are any cases of over-payment, loss, extravagance, avoidable excess on infructuous expenditure due to improper planning, delays in completion of project over staffing, over capitalisation, unsound pricing policy etc.

2.2 The review should also bring to light cases where the utilisation of resources is found to be far below the outlays and the reasons therefor.

#### **3 Planning the review**

3.1 The selection of the projects/schemes for review is done with utmost care after making a preliminary study taking into account various factors apart from the financial outlay involved.

3.2 The review of the selected project/scheme is to be planned well and carried out in an effective manner.

3.3 Active co-operation of the concerned departments and their proper appreciation of the task taken up by audit is essential for meaningful review. As such a pre-review discussion is held with the departmental authorities soliciting suggestions regarding areas/aspects to be taken up for study and assistance in making available the records and data.

#### **4 Process of Review.**

The various phases of the scheme reviews can be broadly categorised as:

- i. Preliminary study of the selected projects/schemes.
- ii. Development of Audit Plan
- iii. Review proper
- iv. Drafting of the Review Report.

## 5 Preliminary Study of selected schemes

5.1 Preliminary study of schemes is an essential part of the review. The objective is to have a comprehensive insight into the broad picture obtained at the time of initial selection to locate areas/aspects requiring an indepth examination Acts, Rules and Regulations, budget and plan documents performance budget of the department, progress reports, administrative reports, periodical appraisals, reports by the departmental officers and external nominated agencies, if any, like working/study groups of Planning Commission, Public Accounts committee, Estimates committee, Bureau of Public Enterprises reports, special initial audit report etc. would provide the necessary background material for carrying out this study. This will help in understanding the idea of the scheme, its aims and objectives, financial targets and actual expenditure, the agencies executing the scheme, etc.

5.2 While conducting review of a project, it is necessary to understand the nature of the project right from the stage it is conceived. It has to be seen during the preliminary study:-

- i. Whether adequate surveys have been made before launching the project.
- ii. whether proper feasibility reports were prepared.
- iii. whether there is a detailed project report and if there are any deviation, why these deviations have taken place,
- iv. whether the specification/performance of the various items of equipment are properly matched leaving large idle capacity in any one of them. Whether there are proper procedure for inventory control and management i.e. whether there is effective system of material management,
- v. what contracting systems have been laid down,
- vi. what are the operational problems and how they are got over,
- vii. whether the project is functioning as it should be.

## 6 Development of Audit Plan

6.1 A specific plan of audit is chalked out in advance indicating the guidelines for investigation, making out the offices/field units to be visited and overall strategy for collecting relevant data, and the time allotment for completing the review. Necessary format and questionnaire are also prepared for collection of important data relating to the various aspects of the scheme not only from offices of units proposed to be visited but also from other units for being made use of for consolidation and processing while framing the review. Man-power planning for carrying out the detailed review is equally important.

## 7 Review Proper

7.1 The approach of audit should be systematic, methodical logical and rational. The review always commences with an indepth study of the files in the office of the concerned Administrative Department and other Heads of Department. While scrutinising the records, it has to be seen whether:-

- i. objectives of the project/scheme/organisation have been clearly defined and are in conformity with the policies and decision of Government;
- ii. programmes have been drawn up in accordance with these objectives and are being implemented by specific and well defined procedures;

- iii. a good monitoring/management information system exist for collecting reliable data and progress reports on implementation of the policies and programmes and whether the data is effectively utilised to improve organisation or remedy deficiencies with utmost speed;
- iv. proper built-in control mechanisms in the prescribed system exist to have an effective control over various areas of implementation to check leakages, losses, avoidable and wasteful expenditure etc.
- v. specified performance indicators exist, (if not, the procedure followed or yardstick/norm prescribed to assess the performance of the project/scheme have to be ascertained and their validity determined).

7.2 In short, the approach is to conduct systems audit. These factors will give necessary idea and guidance for further study/probe in the field units. On the basis of these studies the format and questionnaire prepared for collection of detailed information from base level offices should be reviewed and modified, if necessary. The next stage is carrying out the studies and collecting information from the selected field units. The examination from the selected and audit scrutiny of selected samples of transactions and study should be thorough and complete without the need for a second visit to the same offices. In order to have reasonably reliable audit findings, it is necessary that sample size taken up for detailed check in audit is adequate and is fairly representative of the whole. It should be ensured that the prescribed system is being followed as intended. Copies of full references should be taken wherever necessary. To elicit maximum information, it is useful to discuss details of the project/scheme with the officers of the institutions visited.

7.3 The review work, thus, involves in-depth study of project programmes, organisational set up, managerial process including systems checks and controls, research and developmental personnel policies and management, material management, budgets and accounts work etc. The efficiency evaluation is a complex and multifaceted problem which needs not only untrained skill but also a high degree of developed and abundant common sense.

## 8 Drafting of the Review Reports

This is the final stage of the review. The data collected or obtained from departmental offices and unit offices are consolidated and collected for interpretation and detailed analysis by careful, detailed and analytical dissection of the findings of investigations made during review, the consolidated data collected and the results of preliminary study taking into account mid-course review of the programmes and the remedial measures taken, if any, the review is drafted for approval.

8.2 Undoubtedly, there are always some plus points in favour of the project authorities, but audit does find serious irregularities. These can be non-realisation of social economic objectives, non-observance of time schedule and cost estimates, over-capitalisation, large over-read expenditure, over-staffing idle personnel, work backlogs, delay in construction of projects resulting in increase in expenditure, absence of trained man-power, plants operating below rated capacity, excessive inventories, absence of sound pricing policy, unauthorised occupation of government lands, idle plant and equipment, leakage of revenue, overpayments, losses due to pilferages or non-observance of proper procedure, improper, avoidable or infructuous expenditure etc.

8.3 In attempting the reviews, the emphasis should be on quality rather than on lengthy narration. More stress should be on analysis or strength and weaknesses of the organisation. In short, the performance review should encompass, efficiency, effectiveness and economy of the project or scheme.

8.4 After the review report is written up, it is to be forwarded to the Head of the Department and on receipt of reply their comments/replies are embodied in the review or the review is

revised wherever found necessary in the light of the reply. To expedite replies, it is desirable that self-contained parts of the reviews are issued immediately after drafting and the material discussed with the departmental authorities at appropriate level.

- 8.5 Lay-out for a review can be:
- i. Introduction-description of the organisation/scheme/project.
  - ii. Finance resources, expenditure.
  - iii. Targets-physical, financial.
  - iv. Use of financial assistance/resources.
  - v. Utilisation of materials/equipment.
  - vi. Utilisation of man-power.
  - vii. Components of scheme-goals, achievement, shortfalls.
  - viii. Inventory.
  - ix. Operational costs-variable, fixed.
  - x. Assets-Targets/fixed.
  - xi. Social objectives-how far met.
  - xii. Summary of findings.

## 9 Overall appraisal

On the basis of the results of efficiency audit of individual big projects and schemes, an attempt is made at the end of each year, to make an overall appraisal of the progress and efficiency of plan expenditure upto the end of the year, with reference to the total plan targets and anticipation. A mention of this appraisal is made in the Audit Report of the Government.

### 1602 Investigations:

The list of important and general matters which may be suggested for review by this section are given in Chapter - VIII of CAG's Manual of Standing Orders (Audit) II edition (2002) and Chapter XXIV of the Railway Audit Manual. In accordance with the instructions contained in Para 510 of Railway Audit Manual, items for investigation by Efficiency cum Performance Audit Section are selected by the Principal Director of Audit. In addition a few important investigations are also entrusted to this section as and when considered necessary by the Principal Director of Audit. A register showing the Progress of Special Investigations should be maintained in Form No.F.1602.

After selection by the Principal Director of Audit, when any investigation involves collection of data etc. the Efficiency cum Performance Audit Section would enlist the assistance of the auditing sections, where necessary. Data, if any, required to be collected from the divisions/branch offices will be called for from the Divisional/Branch Officers who should furnish them as early as possible. Files, if any, dealt with earlier on the subject may also be consulted before proceeding with the investigation. The staff of ECPA section may also visit any place/station/office for collection/verification of particulars etc. with the prior approval of the Director of Audit/Deputy Director of Audit.

### 1603 Efficiency cum Performance Audit:

Guidelines for the conduct of Efficiency cum Performance Audit have, inter-alia, been issued in the 'Audit Guide Series' issued by the O&M Division of the O/o the Comptroller and Auditor General of India, New Delhi (see annexure). A monograph on 'Efficiency cum Performance Audit' has also been issued by the Training Division of the O/o the CAG, New Delhi. The detailed instructions contained in Chapter – 8 of the CAG's Manual of Standing Orders (Audit)II edition (2002) should be followed. Apart from the above, the following aspects may also be given due consideration to see that the schemes were undertaken after a careful analysis of economics thereof:-

- a) Whether the competition allowed to the tenderers was fair and wide and if the sanctity of open tenders was duly maintained, whether the lower tenders, if any, were passed over on adequate grounds and whether in cases of allowing price preference on account of earlier deliveries the stipulated delivery period was strictly observed. It may also be generally seen whether the scope for receiving competitive rates is sufficient or it can be further improved.
- b) Whether in cases of works undertaken on urgency certificates, there was no delay in preparing technical estimates and whether the works were completed expeditiously and with all speed and whether the works are likely to be put to the expected use immediately after completion.
- c) Whether works have not been left incomplete or their progress slowed down and whether the circumstances responsible therefor could not be fore-seen well in time to avoid infructuous expenditure/blocking up of the capital. Whether any work should have been treated as abandoned and their cost written down from capital to D.R.F. with a view to reduce the dividend liability etc.
- d) Whether there are apparant facts indicative of the likelihood of enormous idle capacity on completion of certain schemes or whether the traffic offerings are expected to be very inadequate resulting in the additional capacity created remaining unused. And if so, whether the Administration have taken steps to arrest the magnitude of infructuous expenditure or to find alternative means to make best use of the circumstances. It may be specifically seen whether the works almost completed have not been thrown open for traffic to avoid any criticism about the lack of revenue earnings and/or are allowed to drag on with comparatively poor progress in some physical aspects just to explain away the delay in opening of the lines etc.
- e) Whether in the case of practically completed works, the number of staff employed has been brought down and expenditure on other ancillary items proportionately reduced.
- f) In the case of new lines or doublings, whether the Railway lines have been thrown open at the speed mentioned in the project estimates or not. If not, what are the reasons for speed restrictions and its financial effect on working.
- g) Whether any major changes in specifications laid down in estimates or tenders have taken place and its financial effects. (CAG's letter No.1047-RAI/8-5/65 dated 11-04-66).

ii) In addition to the regular investigations, this section will also conduct an annual review of major construction works costing over Rs.1 crore. For this purpose, the particulars of major construction works executed in the various construction units will be called for from the construction Audit offices in the month of December and one or two works where the physical progress is more than 75% selected, for review on the following lines.

The efficiency of construction may be reviewed with reference to the expedition with which the surveys and the finalisation of tenders were conducted, the commencement of actual work and the progress thereof from time to time, as against the original schedules etc. While the types of works found necessary and soils met with during actual execution would be an index of the accuracy of the technical appreciation in the estimates, the pattern of rates obtained in the tenders and any special aspects of construction or terrain might help in reviewing the dependability of financial forecasts vis-à-vis the actuals. The co-relation of the actual to the Railway should be sent to the CAG by the middle of August each year for preparation of a consolidated para for the Audit Report (Railways). (CAG's Ir.No.38-RAI/A8-3/63 dated 07-01-63).

#### **1604 Review of appreciation and other reports sent by various departments of the Railway Administration to the Railway Board etc.**

Copies of monthly appreciation and other periodical reports submitted by Commercial, Operating, Safety and Statistical Departments, Fuel Economy Reports, G.M's Annual Reports, Reports of the Committees set up to review Railway Working etc. are received in Efficiency cum



Performance Audit Section. These reports should be reviewed and interesting aspects, if any, brought to the notice of the Principal Director of Audit through the Branch Officer.

**1605 Review of Study Reports:**

In the month of April each year, the ECPA Section should call for the particulars of work studies conducted by the Planning/Efficiency Cell of the Railway Administration, and put up the same to the Principal Director of Audit for information. The cases selected by the Principal Director of Audit should be reviewed and notes submitted for information and order.

**1606 Maintenance of Data Bank:**

Data collected from newspapers, Railway and other publications on matters concerning Railways should be kept neatly arranged subjectwise for reference/use in connection with special investigations and reviews undertaken in Audit.

**1607 Para for Audit Report (Railways) - Frauds and Losses:**

- i. All cases of losses and serious irregularities should be carefully reviewed with a view to preparing draft paras to bring out instances of (i) inadequate action(ii) delayed action and (iii) cases in which action is pending for a long time. Really important cases of frauds, serious irregularities etc. involving comparatively larger amounts and disclosing procedural and other defects, should be considered for individual draft paras. Similar items of smaller losses including those amounting to less than Rs.2,000/- each, where the action taken is considered inadequate or ineffective should be grouped together to illustrate the point that disciplinary action is generally on the light side. All cases of losses should be reviewed on these lines and draft paras for the Audit Report (Railways)prepared every year. (CAG's letter No.2583-RAI/A8-10/59 dated 08-09-59)
- ii. In order to enable the ECPA Section to prepare the draft paras in this regard, necessary material should be furnished by the various Divisions/Units by 1<sup>st</sup> May of each year. If there are no cases a 'Nil' report is to be sent.

**1608 Review of Railway Board's Inspection Reports:**

All the reports on the inspection of the Accounts offices by the officers of the Railway Board should be reviewed by the Efficiency cum Performance Audit Section to judge the effectiveness of the inspections done by the Railway Board. Important and interesting features coming to notice should be reported to the CAG. (CAG's letter No.1458-RAI/8-6/67 dated 05-05-67).

**1609 Review of Vigilance Cases:**

Every year in the month of May, a list of Vigilance cases reported to the Railway Board and finalised during the previous calendar year should be called for from the Vigilance Branch and the same submitted to Principal Director of Audit for information and review of such cases as may be considered necessary.

- i) Joint Director/Railways Secret D.O. Letter No.1031-RAI/17-4/79 dated 05-09-79 addressed to the Director of Audit/Madras and
- ii) CAG's Circular Secret LetterNo.857-110-TA.I/(RGL)/76 dated :13-09-79.

**1610 Review of Rosters for SC/STs maintained by Administration Section:**

Rosters for SC/STs maintained by the Administration Section are required to be checked by the ECPA Section every year and reports sent to CAG on the following dates.

a.	Recruitment Cadres	-	Middle of February
b.	Promotion Cadres	-	Middle of August

(CAG's letter Nos.(i)2164-NGE.II/58-70-I dated 17-12-70 and (ii) 1052-NGE-III/SC Cell/78-79/II dated 02-04-80).

### **1611 Check of Nominal Rolls: Para 353 MSO(Admn)Vol.1:**

The Nominal Rolls Register containing the details of Pay and Allowances of the Officers and staff maintained by the Administration Section, should be checked by the ECPA Section, before the budget proposals are forwarded to CAG.

### **1612 Organisation and Methods:**

With a view to introducing new technique/methods and streamlining the office procedures, the work of O&M has been entrusted to the ECPA Section. Suggestions for new management techniques and improvement to the systems received from units/staff members are examined and the orders of the Principal Director of Audit are obtained for further action.

### **1613 ASOSAI GUIDELINES FOR DEALING WITH FRAUD AND CORRUPTION**

#### **PREFACE**

In its 31st meeting held in Manila in 24 October 2002, the Governing Board of ASOSAI established an ad hoc Working Group and a Core Member Task Force to develop regional guidelines for dealing with fraud and corruption. While the Working Group comprised nominees of the SAls of Bangladesh, India, Japan, Korea, Malaysia, Nepal, Pakistan, Philippines, Thailand and Turkey, the SAls of India, Japan, Pakistan and Philippines were represented on the Core Member Task Force.

The work for developing the Guidelines was initiated by the SAI of Japan by conducting a questionnaire-based survey on existing approaches and practices followed by member SAls. The survey was conducted from December 2002 to January 2003.

The SAI of Japan also developed a Base Document for the Guidelines taking into consideration the responses to the survey questionnaire and related professional material. A Working Draft of the Guidelines was developed by the Working Group during a two week Workshop [The workshop was funded by JICA] held in Tokyo from 12th to 23rd May 2003. The Working Draft was refined into the First Exposure Draft of the ASOSAI Audit Guidelines on Fraud and Corruption by the Core Member Task Force. The First Exposure Draft was sent to all the Governing Board members for their comments in 23 July 2003.

Taking into consideration the comments of the Governing Board members on the First Exposure Draft, the Core Member Task Force prepared a Second Exposure Draft, which was sent to all the ASOSAI members as advance information for the 9th ASOSAI Assembly in 9 October 2003. After that, further efforts had been made by the Core Member Task Force to refine the Draft into the Final Draft of the ASOSAI Guidelines for Dealing with Fraud and Corruption.

The Final Draft was discussed and supported by the Training Committee on 19 October 2003, and approved at the 32nd Governing Board meeting on 20 October 2003, and the 9th Assembly on 22 October 2003.

In the ASOSAI Guidelines for Dealing with Fraud and Corruption, 30 specific audit guidelines on fraud and corruption are included. Each guideline refers to an auditing principle / standard and guidance prescribed by the INTOSAI auditing standards. The guidelines also include a chapter dealing with understanding fraud and corruption by auditors of the member SAls.

The ASOSAI Guidelines are expected to be used as the model for each SAI to develop its own Guidelines. Accordingly, each SAI may modify the Guidelines applicable to each country. The Guidelines will be greatly beneficial to auditors of member SAIs when they deal with fraud and corruption cases.

**Introduction - Background** 1.1 Fraud and corruption have increasingly become important concerns for countries around the world. The role of audit in addressing this concern has come under critical scrutiny. There is an increasing expectation that SAIs should, through concerted action, play an effective role in promoting a culture that values honesty, responsibility, and accountability in the exercise of authority and utilization of national resources.

1.2 This expectation is embodied in the INTOSAI Auditing Standards in the following words:

...Auditors need to be alert for situations, control weaknesses, inadequacies in record keeping, errors and unusual transactions or results, which could be indicative of fraud, improper or unlawful expenditure, unauthorised operations, waste, inefficiency or lack of probity. (Paragraph 2.2.41, General Standards in Government Auditing)

1.3 The XVI INCOSAI held in Uruguay in 1998 discussed “the Role of SAIs in Preventing and Detecting Fraud and Corruption” as one of its themes signifying a growing awareness of the INTOSAI to a problem that affects in varying degrees the individual member countries and collectively poses a challenge for the auditing community.

1.4 The Uruguay INCOSAI agreed that corruption in government results in waste of resources and reduces economic growth and the quality of life, and it undermines the credibility of state institutions and reduces their effectiveness. A realization was flagged that a strong correlation apparently exists between corruption and the weakening of state institutions. An understanding emerged that corruption often links up to the socioeconomic environment of the population, like social injustice, poverty, and violence, and that a country's traditions, principles, and values influence the nature of corruption. While registering the gravity of the challenge posed by corruption, the INTOSAI community also observed that it is difficult to detect many acts of corruption and to estimate their financial impact as the loss does not necessarily get reported in the financial statements

1.5 The Uruguay INCOSAI adopted the following Accords:

SAIs agree that fraud and corruption are significant problems affecting all countries in varying degrees and that the SAIs can and should endeavor to create an environment that is unfavorable to fraud and corruption. As provided in the Lima Declaration adopted by INTOSAI in 1977, SAIs agreed that they should be independent and have adequate mandates that enable them to effectively contribute to the fight against fraud and corruption. It was also agreed that, where possible, SAIs should:

1. seek an adequate level of financial and operative independence and breadth of audit coverage;
2. take a more active role in evaluating the efficiency and effectiveness of financial and internal control systems and aggressively follow up on SAIs recommendations;
3. focus audit strategy more on areas and operations prone to fraud and corruption by developing effective high risk indicators for fraud;
4. establish an effective means for the public dissemination of audit reports and relevant information including, establishing good relationship with the media;

5. produce relevant audit reports that are understandable and user-friendly;
6. consider a closer cooperation and appropriate exchange of information with other national and international bodies fighting corruption;
7. intensify the exchange of experiences on fraud and corruption with other SAIs;
8. encourage the establishment of a personnel management procedures for the public service that selects, retains, and motivates honest, competent employees;
9. encourage the establishment of guidance for financial disclosure by public servants and monitor compliance as part of the ongoing audit process;
10. use the INTOSAI Code of Ethics to promote higher ethical standards and a code of ethics for the public service;
11. consider the establishment of a well publicized means to receive and process information from the public on perceived irregularities; and
12. continue work regarding fraud and corruption through INTOSAI's existing committees and working groups; for example the Auditing Standards Committee will consider these issues as part of developing implementation guidance as part of a broader standard framework."

1.6 In furtherance of the INTOSAI framework, ASOSAI initiated in December 2001 a project [The project is being implemented with Asian Development Bank funding and support.] for Strengthening the Regional Training Capability which focuses on the improving audit skills for fraud detection. One of the major focus areas of the project is the development of regional guidelines on fraud and corruption, an initiative that received formal sponsorship of the ASOSAI in the meeting of the Governing Board held in Manila in October 2002.

1.7 It is hoped that these Guidelines will become a useful reference and guidance material for the SAIs of the region and would be instrumental in sensitizing auditors to concerns arising from fraud and corruption and would assist them in taking timely and appropriate actions.

### **Definitions and Corelation**

1.8 Chapter II of the Guidelines, which deals with conceptual issues related to fraud and corruption, lists some of the many general and specific definitions of fraud and corruption. The multiplicity of definitions underscores the various ways in which fraud and corruption are perceived and conceptualized. In their broadest connotation the terms fraud and corruption can be defined as follows:

**FRAUD** involves deliberate misrepresentation of facts and / or significant information to obtain undue or illegal financial advantage.

**CORRUPTION** involves effort to influence and / or the abuse of public authority through the giving or the acceptance of inducement or illegal reward for undue personal or private advantage.

1.9 Fraud is most likely to involve deliberate misrepresentation of information that is recorded and summarized by an entity; its impact can be compared to an accounting error and would involve issues such as measurement, occurrence, and disclosure. Fraud poses a serious problem from an audit perspective because it is normally accompanied by efforts to cover / falsify / misdirect entity records and reporting. The efforts to misrepresent may involve the management itself—an aspect that has received considerable attention in the wake of major corporate failures. When management gets involved in the perpetration of fraud, the activity assumes the proportion or the additional bearing of corruption. Fraud and corruption are therefore interlinked, although certain types of fraud do not necessarily qualify for being viewed as corruption and can be perpetrated by an individual or a small group. The problem which corruption poses for audit is that it links up as a concept with the acts of bribery. It is possible to conceive of situations where bribery may have a direct impact on financial statements, for

example where a corporation pays an influential decision-maker a bribe to secure a contract. In such situations the issue of proper disclosure is involved because the corrupt practice of the illegal payment / expense is normally covered up through an accounting or reporting fraud. However, in many instances corruption does not necessarily result into transactions that are recorded and reported by the entity. This especially applies to situations where a position of authority or discretion available under rules is enmeshed by an official in the public sector. Such corruption, which because of its widespread prevalence, may be most responsible for undermining the social fabric and the credibility and functioning of state institutions, does not normally get reflected in information that comes in the purview of audit.

1.10 The Guidelines therefore propose that while fraud and corruption should be perceived independently for their numerous implications, the auditors should be well aware of the complex correlation between the two. In the Guidelines the two will be treated in combination, but attention would be drawn to possibilities of separate treatment, wherever the situation so warrants.

**Responsibilities for Prevention of Fraud and Corruption** 1.11 It is an essential function of Management to establish controls and safeguard assets of the entity. It is also a primary responsibility of management to meticulously record all material transactions and fairly report the results of the operations of the entity. The primary responsibility for establishing an environment that prevents valuable entity assets from being lost through fraud and corruption therefore clearly rests with the management. Further, since good management practices require the establishment of adequate controls and checks, the responsibility to detect fraud and corruption is a natural corollary of the responsibility to establish an environment that prevents and deters fraud and corruption. This responsibility includes the taking of remedial steps, including such disciplinary / punitive / legal action as the circumstances may warrant and also includes the obligation to bring about changes to policies and procedures for ensuring that similar cases will not happen again.

1.12 This reaffirmation and unambiguous recognition of the primary role and responsibility of the management, however, does not relieve the auditor of his responsibility to provide a credible assurance within his SAI's audit mandate about the actions taken by the management or those that may materially affect the picture that emerges from the audited financial reports. This responsibility covers situations where the financial reports or other auditable record may be materially misrepresented and the misrepresentation may or may not have taken place with the knowledge or involvement of the management. This responsibility of the Auditor is the extension of his responsibility to provide assurance about the audited entity and its financial statements and his obligation to make the management (either in each entity individually or through reports to the legislature) aware of any weaknesses in the design or operation of the accounting and internal control systems which are reviewed by him in the discharge of his professional duties. Although auditors are not primarily responsible for preventing fraud and corruption, audit can be a significant influence in reducing fraud and corruption. By conducting an audit that is sensitive to the risk of fraud and corruption, the auditors can make a proactive contribution to prevent fraud and corruption.

### **Audit Mandate**

1.13 While the legislative framework and mandate determine the policies and audit guidance adopted by each SAI, these Guidelines recommend that in its interpretation of its primary audit mandate, an SAI should be cognizant that public perceptions about fraud and corruption pose a serious risk to the credibility of its findings in individual audits and its national responsibility and role. Depending on their peculiar circumstances, the SAIs should actively consider adopting a formal policy or strategy for deterring fraud and corruption in the organizations covered in their audit jurisdiction. These Guidelines are based on the awareness that SAIs should have an

adequate level of mandate to deal with cases of fraud and corruption in planning and conducting an audit and that this mandate is usually inherent in the audit mandate. However, if an SAI feels constrained in its investigation of suspected fraud or corruption cases in the performance of its normal audit work, it should seek reinforcement of its audit mandate. This reinforcement could be in the shape of a regularity provision specifying that the SAI would be notified in all cases where fraud or corruption are suspected or reported.

## II UNDERSTANDING FRAUD AND CORRUPTION

2.1 Fraud and corruption includes both those committed by the government employees or management of an auditee (internal fraud and corruption), and those perpetrated against the auditee by outside individuals or groups (external fraud and corruption). Internal fraud and corruption may result in benefits being obtained either from the organization (e.g., theft of cash/assets, falsification of payroll data), or from a third party (e.g., the theft of patients' property). The latter may not result in immediate loss to the auditee, but it may result in a liability for restitution where positions of trust have been abused. Examples of external fraud and corruption include making fraudulent claims for government grants and benefits or suppliers issuing false or duplicate invoices.

2.2 Whereas the loss to the auditee is usually fairly apparent in cases of "fraud" as defined above, in the case of "corruption" the corrupt government employee may benefit from the act, but there may not be any loss to the auditee or effect on financial information. Both fraud and corruption are by definition without proper authority and involve breach of trust and therefore irregular.

2.3 There are many general and technical definitions of fraud. In most countries, fraud and corruption are legal concepts, although they are referred to in various ways. One of the factors distinguishing fraud from error is whether the underlying cause is intentional or unintentional, although intent is often difficult to determine, particularly in matters involving the use of judgment.

### Definitions of Fraud

2.4 XVI INCOSAI URUGUAY 1998 viewed fraud as a legal concept, which involves acts of deceit, trickery, concealment, or breach of confidence that are used to gain some unfair or dishonest advantage; an unlawful interaction between two entities, where one party intentionally deceives the other through the means of false representation in order to gain illicit and unjust advantage.

2.5 According to SPASAI Fraud Guide, "fraud is a generic term which embraces all the means that human ingenuity can devise, which are resorted to by one individual, to get an advantage over another by false representations. There is no finite rule to define fraud as it includes surprise, trick, cunning and unfair ways by which another is cheated.

2.6 Fraud, as it is commonly understood today, means dishonesty in the form of an intentional deception or a wilful misrepresentation of a material fact. Lying, the wilful telling of an untruth, and cheating, the gaining of an unfair or unjust advantage over another, could also be used to further define the word fraud because both that and dishonesty denote intention or willingness to deceive."

2.7 The Canadian Audit Guide 21 on Fraud Awareness refers to fraud as an action where there is a loss of a valuable resource resulting from a false representation made knowingly, without

belief in its truth. Such actions could result in charges being laid under various applicable Canadian laws.

2.8 According to the National Audit Office of UK, fraud involves the use of deception to obtain an unjust or illegal financial advantage as well as intentional misstatements in, or omissions of amounts or disclosures from, an entity's accounting records or financial statements. It also includes theft, whether or not accompanied by misstatements of accounting records or financial statements.

2.9 The Fraud Examiners Manual views fraud as any intentional or deliberate act to deprive another of property or money by guile, deception or other unfair means. Similarly International Standard of Auditing (240) also treats fraud as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.

2.10 Essentially, fraud refers to intentional misrepresentation of financial information by one or more individual among the management, employees or third parties. It involves the use of deception to obtain an illegal financial advantage.

2.11 Fraud may involve:

manipulation, falsification or alteration of records or documents.  
misappropriation/ misapplication of assets.  
suppression or omission of the effects of transactions from records or documents.  
recording of transaction without substances.  
misapplication of accounting policies.

## Elements of Fraud

2.12 The basic elements of fraud can be summarized as follows:

- There must be at least two parties to the fraud, namely the perpetrator and the party who was or could have been harmed by the fraud, otherwise known as the victim;
- A material omission or false representation must be made knowingly by the perpetrator;
- There must be intent by the perpetrator that the false representation be acted upon by the victim;
- The victim must have the legal right to rely on the representation;
- There must be either actual injury or a risk of injury to the victim as a result of the reliance;
- There generally is an attempt to camouflage; and
- Fraud involves betrayal of trust.

## Definitions of Corruption

2.13 Corruption is a complex issue. While its roots are grounded in a country's particular social and cultural history, political and economic development, bureaucratic traditions and policies,

one can generalize to state that corruption tends to flourish when institutions are weak and economic policies distort the marketplace.

2.14 The following definition of corruption is provided by the Asian Development Bank in the Anti-corruption Policy: “Corruption involves behaviour on the part of officials in the public and private sectors, in which they improperly and unlawfully enrich themselves and/or those close to them, or induce others to do so, by misusing the position in which they are placed.”

2.15 The Anti-Corruption Act of the Republic of Korea defines the term “act of corruption” as the act of any public official’s abusing his position or authority or violating laws and regulations in connection with his duties to seek gains for himself or any third party.

2.16 The Chartered Institute of Public Finance and Accountancy of UK defines corruption as the offering, giving, soliciting or accepting of an inducement or reward, which may influence the action of any person. That is, an individual receives a bribe as a reward or incentive for action or inaction contrary to the proper conduct of his or her duties, for the direct benefit of a third party.

2.17 The World Bank defines corruption as the abuse of public power for personal gain or for the benefit of a group to which one owes allegiance.

2.18 Klitgaard [World Bank Publication, Pillars of Integrity, The Importance of SAIs in Curbing Corruption] (1996) developed a model to explain the dynamics of corruption.

Corruption = Monopoly power + Discretion – Accountability

### **Elements of Corruption**

2.19 An act of corruption would comprise one or more of the following elements:

- There must be at least two parties to an act of corruption, namely the person who offers the reward or inducement and the party accepting it;
- There must be misuse of office or position of authority for private gain;
- There is either an offer and/or acceptance of inducements;
- An attempt to solicit an offer of inducement or reward as benefit for performance of an official act;
- Any act through which public or entity property is dishonestly misappropriated;
- There may be an attempt to camouflage; and
- Corruption involves breach of trust.

### **Factors that Influence Fraud and Corruption**

2.20 It is useful for auditors to understand the motivational and organizational/environmental factors of fraud and corruption. The presence of these factors does not necessarily mean that fraud and corruption have occurred. Rather, awareness of their presence should increase the auditor’s sensitivity to that possibility. The key factors generally associated with fraud and corruption are as follows:



## Motivational Factors

2.21 Motivation and opportunity are the elements that generally underlie the commission of fraud and corruption. These could take the form of:

- Economic motivation - financial need or gain is the most common motivation for fraud and corruption. Often, persons convicted of fraud and corruption complain that they had unbearable financial problems for which there was no legitimate recourse.
- Greed – persons with power and authority often commit fraud and corruption because they are motivated by greed.
- Prestige or recognition – persons may feel they deserve more prestige or more recognition. These persons are often motivated by jealousy, revenge, anger, or pride. They often believe that they are superior to others, that they are shrewd enough to confound and confuse others and can commit fraud and corruption without being discovered or detected.
- Moral Superiority – persons may also be motivated by a cause or values that they feel are morally superior to those of the victim, or the government in this case.

## Organizational/Environmental Factors

2.22 The organisational atmosphere and its perception play a major causative role in perpetration of fraud and corruption.

2.23 Where management is perceived as insensitive, insecure, impulsive or too strict, illtreats employees and judges performance either on short term results or without considering operational constraints, the disgruntlement in the employee is likely to result in instances of fraud and corruption.

2.24 Systems and procedures adopted in organisations and organisational policies are particularly important. An organisation in which the corporate policies are unclear, there is inadequate internal control, excessive regulations, red-tapism, inadequate accountability or history of programme abuse is likely to have more instances of fraud and corruption.

2.25 An understanding of the organisational atmosphere will enable an auditor to assess whether there is a higher risk of fraud and corruption in the entity and planning of the audit could be suitably modified. Poor management structure and policies are indicated by a high turn over of employees, absenteeism, poor documentation, low awareness of regulatory requirements and lack of transparency in reward systems

2.26 It is important for the auditor to also understand that very often the perpetrator of fraud and corruption rationalises his actions with some kind of justification. For instance an employee accused of fraud and corruption is likely to rationalise his action by saying or believing that his low pay justifies the action or since everybody is doing that he is also well within his right to do it; while a contractor could justify his acts of fraud and corruption as a cost of doing business or problems of securing contract from a government entity.

## Types of Fraud and Corruption

2.27 Some of the most typical fraud and corruption are as follows:

- Bribery is the giving, receiving, offering or soliciting of any “thing of value” in order to influence a person in the performance of, or failure to perform, his / her duties.
- False Statements and False Claims occur whenever a person knowingly and willfully falsifies a material fact or makes a false or fictitious representation or files a false or fictitious claim that results in economic or financial loss to the person to whom the false representation has been made.
- Embezzlement is the fraudulent conversion of personal property by a person in possession of that property where the possession was obtained pursuant to a trust relationship. Examples of means to conceal embezzlement are the use of kiting or lapping scheme.
  - Kiting occurs when a person withdraws cash from a bank on checks deposited by a person for which the cash has not yet been collected by the bank. To conceal the fraud, the person continuously writes checks against non-existent account balances (“kites” checks from bank to bank).
  - Lapping occurs when a person steals cash from payment of accounts receivable, and continuously uses cash from other payments of accounts receivables to conceal the initial theft (“laps” two consecutive accounts).
- Conflict of Interest occurs when a person has an undisclosed economic or personal interest in a transaction that adversely affects that person’s employer.
- Phantom Contractor is a non-existent company whose invoice is submitted for payment by a person involved in the purchase process.
- Purchases for Personal Use. A person may purchase items intended for personal use or may make excess purchases of items needed, some of which are then diverted to personal use.
- Split Purchases. Contracts are split into two or more segments to circumvent the procurement authority limitations, and thus to avoid competitive bidding. This may involve bribery from the contractor to a person of the other party.
- Collusive Bidding, Price Fixing or Bid Rigging. Groups of prospective contractors for a contract form an agreement or arrangement, to eliminate or limit competition. This agreement may also involve bribery.
- Progress Payment Fraud. The contractor requests progress payments based on falsified information submitted to the other party.
- Over or under invoicing. Occurs when there is deliberate misstatement of the invoice value as compared with goods or services received or supplied.
- Extortion is the use of authority to secure unlawful pecuniary gain or advantage.
- Nepotism and Favoritism unlawful use of public office to favor relatives and friends.
- Loss of Revenue on account of tax or duty evasion can include different situations where revenue due to the government is not received or paid.
- Unfair Recruitment favoritism exercised in the process of recruitment for unlawful gain.
- Computer Fraud is any fraudulent behavior connected with computerization by which a person intends to gain a dishonest advantage. For instance, salami-slicing is a computer fraud where fractions of interest calculations are transferred to a personal account.

## Identification of High Risk Areas

2.28 An understanding of the audited entity should enable the auditor to identify potential high-risk areas and suitably modify audit procedures and techniques. Some of the commonly perceived high risk areas are:

- contracts of service/procurement;

- inventory management;
- sanctions/clearances;
- program management;
- revenue receipt;
- cash management;
- general expenditure; and
- other areas with public interface.

SAIs would have to, based on experience and perceptions, identify such risk areas while planning audits.

### **Contract Fraud and Corruption**

2.29 Procurement of goods and services is a major activity in the government sector and is traditionally prone to fraud and corruption. Understanding fraud and corruption in contracts may therefore be beneficial to the auditor. An illustrative list of the forms fraud and corruption can take in the area of contracts is given at Appendix 1 to enhance the Auditor's understanding.

2.30 The audit of Contracts in most SAIs, therefore becomes an area of focus for the Auditor who has to be particularly sensitive to the possibility of Fraud in this area. Appendix 2 lists out the warning signs that an auditor needs look out for. These would alert him to the necessity of further scrutiny or intensive examination. The size of the sample or the techniques adopted could also be suitably adjusted.

### **Computer Fraud**

2.31 With the increased use of information technology in the function of entities and increased introduction of IT systems the auditors needs to understand that the perpetration of fraud and corruption and consequently detection of such instances become more complicated.

2.32 Computer fraud could involve the manipulation of a computer or computer data by whatever method in order to dishonestly obtain money, property or some other advantage of value or to cause loss

2.33 The Auditor has to be particularly aware of the audit trail, of the checks and balances of IT systems, of the levels of control and needs to also have a fair idea of how processing controls can be circumvented by the perpetrator of fraud and how data can be accessed and manipulated. It is particularly important for the auditor of the IT system to assess in his audit the level of security controls built in and if these are in tune with the sensitivity of data.

2.34 Audit evidencing in an IT environment is often more complex than traditional manual audit. In an IT environment not only it is necessary to understand the techniques of assessing system and data soundness but also necessary to establish means of collecting evidence. The standards of audit evidence collection have to be set by the SAIs in consonance with the legal framework and regulations in which the audit is carried out.

2.35 Since this is an emerging field of audit and is also undergoing rapid changes the SAIs may consider the pooling of information on the IT audits conducted and techniques adopted.

### **III TREATMENT OF FRAUD AND CORRUPTION**

#### **BASIC PRINCIPLES**

**Auditing Principle** “Auditing Principle” here refers to Basic Principles as given in the INTOSAI Standards.

3.1 The SAI should consider compliance with the INTOSAI auditing standards in all matters that are deemed material. (paragraph 1.0.6 (a))

#### **INTOSAI Guidance**

“INTOSAI Guidance” refers to the explanation of the Basic Principles, General Standards, Field Standards, and Reporting Standards given in the INTOSAI Standards.

In general terms, a matter may be judged material if knowledge of it would be likely to influence the user of the financial statements or the performance audit report. (paragraph 1.0.9)

Materiality is often considered in terms of value but the inherent nature or characteristics of an item or group of items may also render a matter material-for example, where the law or regulation requires it to be disclosed separately regardless of the amount involved. (paragraph 1.0.10)

In addition to materiality by value and by nature, a matter may be material because of the context in which it occurs. For example, considering an item in relation to:

- (a) the overall view given to the financial information;
- (b) the total of which it forms a part;
- (c) associated terms;
- (d) the corresponding amount in previous years. (paragraph 1.0.11)

#### **ASOSAI Guideline 1**

“ASOSAI Guideline” is the specific audit guideline on fraud and corruption as recommended by ASOSAI.

While determining materiality levels for different audit areas the SAI may take into account adjustments to the materiality level that may make audit more responsive to risk arising from fraud and corruption.

#### **Auditing Principle**

3.2 The SAI should apply its own judgment to the diverse situations that arise in the course of government auditing. (paragraph 1.0.6 (b))

**INTOSAI Guidance**

Audit evidence plays an important part in the auditor's decision concerning the selection of issues and areas for audit and the nature, timing and extent of audit tests and procedures. (paragraph 1.0.16)

**ASOSAI Guideline 2**

SAIs should apply its own judgement to determine the extent of audit investigation to be undertaken in cases of suspected fraud and corruption.

**Auditing Principle**

3.3 With increased public consciousness, the demand for public accountability of persons or entities managing public resources has become increasingly evident so that there is a need for the accountability process to be in place and operating effectively. (paragraph 1.0.6 (c))

**ASOSAI Guideline 3**

With an increasing concern on fraud and corruption SAIs are expected to demonstrate that the audit addresses these concerns. The SAIs should actively consider adopting a formal policy or strategy for deterring fraud and corruption.

**Auditing Principle**

3.4 Development of adequate information, control, evaluation and reporting systems within the government will facilitate the accountability process. Management is responsible for correctness and sufficiency of the form and content of the financial reports and other information. (paragraph 1.0.6 (d))

Appropriate authorities should ensure the promulgation of acceptable accounting standards for financial reporting and disclosure relevant to the needs of the government, and audited entities should develop specific and measurable objectives and performance targets. (paragraph 1.0.6 (e))

Consistent application of acceptable accounting standards should result in the fair presentation of the financial position and the results of operations. (paragraph 1.0.6 (f))

**INTOSAI Guidance**

The correctness and sufficiency of the financial reports and statements are the entity's expression of the financial position and the results of operations. It is also the entity's obligation to design a practical system which will provide relevant and reliable information. (paragraph 1.0.24)

The SAIs should work with the accounting standards setting organisations to help ensure that proper accounting standards are issued for the government. (paragraph 1.0.26)

**ASOSAI Guideline 4**

SAI should review whether applicable accounting standards ensure adequate recognition of assets and liabilities and disclosure of true financial position inclusive of any losses resulting

from fraud and corruption. In case it observes any deficiency in this regard it should work with the audited entity and the accounting standard setting body to remove the deficiency.

### **ASOSAI Guideline 5**

The responsibility for adequate and timely disclosure of any cases of fraud and corruption rest with the management and the responsibility of ensuring reliability and results of operation must include concerns arising from risk of fraud and corruption. Through its audit the SAI must evaluate and report on the adequacy and competence with which the management has discharged this responsibility.

### **Auditing Principle**

3.5 The existence of an adequate system of internal control minimises the risk of errors and irregularities (paragraph 1.0.6 (g)).

### **INTOSAI Guidance**

It is the responsibility of the audited entity to develop adequate internal control systems to protect its resources. It is not the auditor's responsibility. It is also the obligation of the audited entity to ensure that controls are in place and functioning to help ensure that applicable statutes and regulations are complied with, and that probity and propriety are observed in decision making. However, this does not relieve the auditor from submitting proposals and recommendations to the audited entity where controls are found to be inadequate or missing. (paragraph 1.0.31)

### **ASOSAI Guideline 6**

SAIs should be alert to shortcomings in systems and controls that are likely to provide an environment conducive for fraud and corruption and should proactively report to the management to improve the control environment and minimize the risk of fraud and corruption.

### **Auditing Principle**

3.6 Legislative enactments would facilitate the co-operation of audited entities in maintaining and providing access to all relevant data necessary for a comprehensive assessment of the activities under audit (paragraph 1.0.6 (h)).

### **INTOSAI Guidance**

The SAI must have access to the sources of information and data as well as access to officials and employees of the audited entity in order to carry out properly its audit responsibilities. Enactment of legislative requirements for access by the auditor to such information and personnel will help minimise future problems in this area. (paragraph 1.0.33)

### **ASOSAI Guideline 7**

Legislative enactment can ensure that all suspected and detected cases of fraud and corruption are reported to audit by the management. If considered necessary SAI can reinforce their mandate to investigate cases of fraud and corruption by seeking legislative enactments on these lines.

**Auditing Principle**

3.7 All audit activities should be within the SAI's audit mandate. (paragraph 1.0.6 (i))

**INTOSAI Guidance**

The full scope of government auditing includes regularity and performance audit. (paragraph 1.0.38)

Regularity audit embraces:

- (a) attestation of financial accountability of accountable entities, involving examination and evaluation of financial records and expression of opinions on financial statements;
- (b) attestation of financial accountability of the government administration as a whole;
- (c) audit of financial systems and transactions including an evaluation of compliance with applicable statutes and regulations;
- (d) audit of internal control and internal audit functions;
- (e) audit of the probity and propriety of administrative decisions taken within the audited entity; and
- (f) reporting of any other matters arising from or relating to the audit that the SAI considers should be disclosed. (paragraph 1.0.39)

Performance audit is concerned with the audit of economy, efficiency and effectiveness and embraces:

- (a) audit of the economy of administrative activities in accordance with sound administrative principles and practices, and management policies;
- (b) audit of the efficiency of utilisation of human, financial and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audited entities for remedying identified deficiencies; and
- (c) audit of the effectiveness of performance in relation to the achievement of the objectives of the audited entity, and audit of the actual impact of activities compared with the intended impact. (paragraph 1.0.40)

**ASOSAI Guideline 8**

Normally sensitization of different types of audits undertaken by SAIs to fraud and corruption can be brought about under their existing mandates. However, where SAIs feel constrained, they can seek additional mandate.

**Auditing Principle**

3.8 SAIs should work towards improving techniques for auditing the validity of performance measures. (paragraph 1.0.6 (j))

**INTOSAI Guidance**

The expanding audit role of the auditors will require them to improve and develop new techniques and methodologies to assess whether reasonable and valid performance measures are used by the audited entity. The auditors should avail themselves of techniques and methodologies of other disciplines. (Paragraph 1.0.46)

**ASOSAI Guideline 9**

The auditor should make the management aware that the absence or lack of application of reliable and valid performance measures and indicators could increase the possibility of occurrence of fraud and corruption.

**GENERAL STANDARDS****General Standard**

“General Standard” here refers to General Standards as given in the INTOSAI Standards.

3.9 The SAI should adopt policies and procedures to recruit personnel with suitable qualifications. (paragraph 2.1.2 (a))

The SAI should adopt policies and procedures to support the skills and experience available within the SAI and identify the skills which are absent; provide a good distribution of skills to auditing tasks and assign a sufficient number of persons for the audit; and have proper planning and supervision to achieve its goals at the required level of due care and concern. (paragraph 2.1.2 (d))

**INTOSAI Guidance**

It should be open to the SAI to acquire specialised skills from external sources if the successful carrying out of an audit so requires in order that the audit findings, conclusions and recommendations are perceptive and soundly based and reflect an adequate understanding of the subject area of the audit. It is for the SAI to judge, in its particular circumstances, to what extent its requirements are best met by in-house expertise as against employment of outside experts. (paragraph 2.1.18)

**ASOSAI Guideline 10**

The SAI should have an adequate inventory of skills to deal with cases of fraud and corruption. In the detailed examination of cases of fraud and corruption where an SAI feels the need to involve outside professional expertise, such professional opinion should only serve to augment the audit conclusion, the ultimate responsibility for the conclusion remaining with the SAI.

**General Standard**

3.10 The SAI should adopt policies and procedures to develop and train SAI employees to enable them to perform their tasks effectively, and to define the basis for the advancement of auditors and other staff. (paragraph 2.1.2 (b))



**INTOSAI Guidance**

The SAI should take adequate steps to provide for continuing professional development of its personnel, including, as appropriate, provision of in-house training and encouragement of attendance at external courses. (paragraph 2.1.6)

The SAI should establish and regularly review criteria, including educational requirements, for the advancement of auditors and other staff of the SAI. (paragraph 2.1.8)

**ASOSAI Guideline 11**

In considering the portfolio of skills that the SAI should have to meet the requirements of its audit mandate, the SAI should pay particular attention to training its auditors to deal with concerns about fraud and corruption, including experience gained from past fraud and corruption cases. Training could include developing forensic auditing skills provided that forensic investigation is covered by the mandate of the SAI.

SAIs could consider sharing of information and knowledge of techniques, procedures and skill development in order to develop expertise in this area.

**General Standard**

3.11 The SAI should adopt policies and procedures to prepare manuals and other written guidance and instructions concerning the conduct of audits. (paragraph 2.1.2 (c))

**INTOSAI Guidance**

Communication to staff of the SAI by means of circulars containing guidance, and the maintenance of an up-to-date audit manual setting out the SAI's policies, standards and practices, is important in maintaining the quality of audits. (paragraph 2.1.14)

**ASOSAI Guideline 12**

SAI should consider reviewing the manuals, policies and prospectus from the perspective of conducting audits that are sensitive to fraud and corruption and dealing with suspected cases of the nature.

**General Standard**

3.12 The auditor and the SAI must be independent. (paragraph 2.2.1 (a))

SAIs should avoid conflict of interest between the auditor and the entity under audit. (paragraph 2.2.1 (b))

**INTOSAI Guidance**

While the SAI must observe the laws enacted by the legislature, adequate independence requires that it not otherwise be subject to direction by the legislature in the programming, planning and conduct of audits. The SAI needs freedom to set priorities and program its work in accordance with its mandate and adopt methodologies appropriate to the audits to be undertaken. (paragraph 2.2.9)

The legal mandate should provide for full and free access by the SAI to all premises and records relevant to audited entities and their operations and should provide adequate powers for the SAI to obtain relevant information from persons or entities possessing it. (paragraph 2.2.19)

**ASOSAI Guideline 13**

The SAIs need to demonstrate that they are independent not only in a legal sense but in a practical sense as well so that they can perform an effective role against fraud and corruption. Demonstration of independence in practical audit work includes avoidance of any possible conflict of interest situation.

The SAI should be in a position to carry out an independent risk assessment and prioritize its audit planning accordingly.

Where necessary the SAI should work for legislation that would allow it access to all records and information required in the examination of cases of fraud and corruption.

#### **ASOSAI Guideline 14**

Without compromising on their independence to plan and conduct audit the SAIs should consider establishment of means to receive and process information from the public on suspected cases of fraud and corruption.

#### **General Standard**

3.13 The auditor and the SAI must exercise due care and concern in complying with the INTOSAI auditing standards. This embraces due care in specifying, gathering and evaluating evidence, and in reporting findings, conclusions and recommendations. (paragraph 2.2.1(d))

#### **INTOSAI Guidance**

The SAI must be, and be seen to be, objective in its audit of entities and public enterprises. It should be fair in its evaluations and in its reporting of the outcome of audits. (paragraph 2.2.40)

#### **ASOSAI Guideline 15**

Since complete evidence about cases of fraud and corruption may not be available to the SAI, due care should be exercised in arriving at an audit conclusion. In many circumstances additional tests may have to be performed and additional evidence acquired than would normally be considered appropriate and necessary for arriving at an audit opinion.

#### **ASOSAI Guideline 16**

In investigating and reporting cases of fraud and corruption the SAIs should be aware of the risk that perpetrators of fraud and corruption seek protection for their acts by accusing the auditors of libel and slander. The SAIs could consider working towards changes in their legislation which protects their auditors against such allegations and likely legal proceedings.

### **FIELD STANDARDS**

#### **Planning**

##### **Field Standard**

“Field Standard” here refers to Field Standards as given in the INTOSAI Standards.

3.14 The auditor should plan the audit in a manner which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner. (paragraph 3.0.3 (a))

#### **INTOSAI Guidance**

In planning an audit, the auditor should:

- (a) identify important aspects of the environment in which the audited entity operates;
- (b) develop an understanding of the accountability relationships;
- (c) consider the form, content and users of audit opinions, conclusions or reports;
- (d) specify the audit objectives and the tests necessary to meet them;
- (e) identify key management systems and controls and carry out a preliminary assessment to identify both their strengths and weaknesses;
- (f) determine the materiality of matters to be considered;
- (g) review the internal audit of the audited entity and its work program;

- (h) assess the extent of reliance that might be placed on other auditors, for example, internal audit;
- (i) determine the most efficient and effective audit approach;
- (j) provide for a review to determine whether appropriate action has been taken on previously reported audit findings and recommendations; and
- (k) provide for appropriate documentation of the audit plan and for the proposed fieldwork. (paragraph 3.1.3)

The following planning steps are normally included in an audit:

- (a) collect information about the audited entity and its organization in order to assess risk and to determine materiality;
- (b) define the objective and scope of the audit;
- (c) undertake preliminary analysis to determine the approach to be adopted and the nature and extent of enquiries to be made later;
- (d) highlight special problems foreseen when planning the audit;
- (e) prepare a budget and a schedule for the audit;
- (f) identify staff requirements and a team for the audit; and
- (g) familiarise the audited entity about the scope, objectives and the assessment criteria of the audit and discuss with them as necessary. (paragraph 3.1.4)

The SAI may revise the plan during the audit when necessary.

#### **ASOSAI Guideline 17**

While planning his audit the auditor should assess the risk that fraud may cause the financial statements to contain material misstatement or record material irregular transactions.

- The auditor may keep in view that the risk of fraud and corruption could be higher in certain organization like those involved in procurement of goods and services.
- The auditor may keep in view that when a fraud is conducted there is a deliberate effort to conceal the facts and distract the auditor.
- For planning the audit the auditor should have a complete understanding of the auditee including the environment in which the entity operates the level of internal control and the past performance of the auditee especially previous instances of fraud and corruption.

#### **ASOSAI Guideline 18**

Based on the risk assessment the auditor should develop the audit objective and design audit procedures so as to have reasonable expectation of detecting and evaluating material misstatement and irregularities arising from fraud and corruption. In case of high risk audit the audit team should be selected keeping in view the requirement of such audit.

#### **ASOSAI Guideline 19**

The SAI should keep in view the need for flexibility in terms of budget, time and expertise of the audit team particularly when fraud and corruption are suspected or discovered in the course of audit.

Supervision and Review

**Field Standard**

3.15 The work of the audit staff at each level and audit phase should be properly supervised during the audit; and documented work should be reviewed by a senior member of the audit staff. (paragraph 3.0.3 (b))

**INTOSAI Guidance**

All audit work should be reviewed by a senior member of the audit staff before the audit opinions or reports are finalised. It should be carried out as each part of the audit progresses. Review brings more than one level of experience and judgment to the audit task and should ensure that:

- (a) all evaluations and conclusions are soundly based and are supported by competent, relevant and reasonable audit evidence as the foundation for the final audit opinion or report;
- (b) all errors, deficiencies and unusual matters have been properly identified, documented and either satisfactorily resolved or brought to the attention of a more senior SAI officer(s); and
- (c) changes and improvements necessary to the conduct of future audits are identified, recorded and taken into account in later audit plans and in staff development activities. (paragraph 3.2.4)

**ASOSAI Guideline 20**

For ensuring that all audits dealing with actual cases of fraud and corruption are adequately supervised, the SAI should develop policies, including a comprehensive supervision checklist, regarding supervision levels and procedures for managing the investigation of fraud and corruption.

When fraud and corruption are suspected in the course of audit the auditor should report the matter to the official of the SAI in accordance with the SAI's policy on supervision levels.

Study and Evaluation of Internal control

**Field Standard**

3.16 The auditor, in determining the extent and scope of the audit, should study and evaluate the reliability of internal control. (paragraph 3.0.3 (c))

**INTOSAI Guidance**

The study and evaluation of internal control should be carried out according to the type of audit undertaken. (paragraph 3.3.2)

Where accounting or other information systems are computerized, the auditor should determine whether internal controls are functioning properly to ensure the integrity, reliability and completeness of the data. (paragraph 3.3.4)

**ASOSAI Guideline 21**

The changes and improvements in the internal control system made by management when there have been previous instances of fraud and corruption or in response to changes in the auditee environment should be particularly studied and evaluated during audit.

**ASOSAI Guideline 22**

Increasing use of IT systems by auditees requires that the auditor should have access to reliable and verifiable system-based audit trails to evaluate the internal control. For meeting this objective legislation or executive guidance should ensure that audit is viewed as a stakeholder in the system development.

Compliance With Applicable Laws and Regulations

**Field Standard**

3.16 In conducting regularity (financial) audits, a test should be made of compliance with applicable laws and regulations. The auditor should design audit steps and procedures to provide reasonable assurance of detecting errors, irregularities, and illegal acts that could have a direct and material effect on the financial statement amounts or the results of regularity audits. The auditor also should be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements or results of regularity audits.

In conducting performance audits, an assessment should be made of compliance with applicable laws and regulations when necessary to satisfy the audit objectives. The auditor should design the audit to provide reasonable assurance of detecting illegal acts that could significantly affect audit objectives. The auditor also should be alert to situations or transactions that could be indicative of illegal acts that may have an indirect effect on the audit results.

Any indication that an irregularity, illegal act, fraud or error may have occurred which could have a material effect on the audit should cause the auditor to extend procedures to confirm or dispel such suspicions. (paragraph 3.0.3 (d))

**INTOSAI Guidance**

The auditor also should be alert to situations or transactions that could be indicative of illegal acts that may indirectly impact the results of the audit. When audit steps and procedures indicate that illegal acts have or may have occurred, the auditor needs to determine the extent to which these acts affect the audit results. (paragraph 3.4.4)

Without affecting the SAI's independence, the auditors should exercise due professional care and caution in extending audit steps and procedures relative to illegal acts so as not to interfere with potential future investigations or legal proceedings. Due care would include consulting appropriate legal counsel and the applicable law enforcement organisations to determine the audit steps and procedures to be followed. (paragraph 3.4.7)

**ASOSAI Guideline 23**

Whenever a material instance of failure to comply with the applicable laws and regulations is observed the auditor should without automatically assuming the management and staff are dishonest investigate the control failure with an appropriate degree of professional skepticism. He may also examine if the supporting evidence has been tampered in any manner or any individual(s) could have benefited from the material violation.

Audit Evidence

**Field Standard**

3.18 Competent, relevant and reasonable evidence should be obtained to support the auditor's judgement and conclusions regarding the organisation, program, activity or function under audit. (paragraph 3.0.3 (e))

**INTOSAI Guidance**

Auditors should have a sound understanding of techniques and procedures such as inspection, observation, enquiry and confirmation, to collect audit evidence. The SAI should ensure that the techniques employed are sufficient to reasonably detect all quantitatively material errors and irregularities. (paragraph 3.5.3)

**ASOSAI Guideline 24**

When auditors suspect the possibility of fraud and corruption, they should establish whether it has taken place and there has been resultant effect on the financial reporting, especially whether the certificate requires the qualification.

**ASOSAI Guideline 25**

When auditors intend to report on fraud and corruption, they should ensure the reliability of audit evidence by verifying it with source documents including third party evidence. Auditors should carefully determine how much evidence they should gather in support of audit conclusions. Auditors should also keep in view that the evidence gathered by them and the conclusion drawn by them could become the basis of legal or disciplinary proceedings. (Some of the sources of evidence and factors that may be considered in searching for evidence are listed in Appendix.)

### **ASOSAI Guideline 26**

Since many records are produced by computers in the usual and ordinary course of work, auditors should understand how to collect and handle those records as audit evidence. Collecting computer evidence requires careful planning and execution. Auditors should examine whether appropriate controls are in place in order to ensure the authenticity of computer evidence.

#### **Analysis of Financial Statements**

### **Field Standard**

3.19 In regularity (financial) audit, and in other types of audit when applicable, auditors should analyse the financial statements to establish whether acceptable accounting standards for financial reporting and disclosure are complied with. Analysis of financial statements should be performed to such a degree that a rational basis is obtained to express an opinion on financial statements. (paragraph 3.0.3 (f))

### **INTOSAI Guidance**

Financial statement analysis aims at ascertaining the existence of the expected relationship within and between the various elements of the financial statements, identifying any unexpected relationships and any unusual trends. (paragraph 3.6.2)

### **ASOSAI Guideline 27**

Auditors need to be alert to deviations from acceptable accounting standards including disclosure requirements particularly when there is suspicion of fraud and corruption.

### **REPORTING STANDARDS**

“Reporting Standard” here refers to Reporting Standards given in the INTOSAI Standards.

### **Reporting Standard**

3.20 At the end of each audit the auditor should prepare a written opinion or report, as appropriate, setting out the findings in an appropriate form; its content should be easy to understand and free from vagueness or ambiguity, include only information which is supported by competent and relevant audit evidence, and be independent, objective, fair and constructive. (paragraph 4.0.7 (a))

It is for the SAI to which they belong to decide finally on the action to be taken in relation to fraudulent practices or serious irregularities discovered by the auditors. (paragraph 4.0.7 (b))

### **INTOSAI Guidance**

In formulating and following up recommendations, the auditor should maintain objectivity and independence and thus focus on whether identified weaknesses are corrected rather than on whether specific recommendations are adopted. (paragraph 4.0.26)

### **ASOSAI Guideline 28**

When in the opinion of the auditor the financial statements include material fraudulent transactions, or such transactions have not been adequately disclosed, or the audit conducted by the auditor leads him to the conclusion that instance(s) of fraud and/or corruption have taken place and when the auditor has adequate evidence to support his conclusion, he should qualify

the audit certificate and/or ensure that his findings are adequately included in his audit report. However, the term fraud or corruption may not be used in a conclusive sense unless such action is established in a court of law.

### **ASOSAI Guideline 29**

The report may contain auditor's recommendations for the changes in the system and procedures that could prevent recurrence of such instances.

### **ASOSAI Guideline 30**

In following up on reported cases of fraud and corruption the auditor should determine whether the necessary action is being taken with due regard to urgency that the situation demands and become aware of the changes in the systems and procedures which could be validated through subsequent audits.

## **TYPES OF FRAUD AND CORRUPTION IN CONTRACTS**

The following types of fraud and corruption have been reported in contracting for goods and services:

- Bribery and Kickbacks - Money or any other form of reward or favour is exchanged between a public functionary and a provider of goods and services in order to obtain some benefit e.g. acceptance of substandard goods or obtaining unauthorized information.
- Changes in Original Contracts - Changes are made in the original contract requiring flow of additional funds from the government to the contractor, which may affect the basis on which the contract was awarded to the contractor in the first instance. This may also involve front-loading of contract in the hope of increasing the price of the original contract through change orders or subsequent modifications to the contract.
- Duplicate Payments - The contractor claims and receives payment for the same service or work done or goods supplied under the same or different contracts.
- Collusive or Cartel Bidding - Contractors form cartels to fix artificially high prices for goods and services supplied by them.
- Conflict of Interest - Contracts are awarded on the basis of vested interests of the decision makers.
- Defective Pricing - The contractor submits inflated invoices.
- False Invoices - The contractor submits invoices for goods that have not been delivered or do not properly represent the quantity or quality of goods and services supplied or work done as per contracted specifications.
- False Representations - The contractor falsifies the goods specifications or his ability to provide certain services.
- Splitting of Purchases - The purchases of goods and services are split either to avoid open competition or having to seek the approval of higher authority.
- Phantom Contractor - Purchases are made from a fake supplier or contractor.

- Pilferage of Public Assets - Public funds are used to acquire goods for personal use or public assets pilfered by officials.

Tailored specifications - Specifications and time limits are manipulated to favor a certain contractor or supplier.

### **WARNING SIGNS OF POSSIBLE FRAUD AND CORRUPTION IN CONTRACTS**

Procurement and contracting of goods and services present different opportunities for fraud and corruption at different stages of the procurement and contracting processes. The auditor would be well advised to look out for warning signs corresponding to each stage. These warning signs indicate the increased risk factor in contracts and serve as red flags for the auditor.

- Requirements defining stage
- Inadequate needs analysis
- Inadequate information about potential suppliers
- Inadequate review of existing and required inventory
- Unduly short supply period
- Needs analysis is product rather than needs oriented
- Someone other than the user defines the user requirements
- Unwarranted involvement of senior officials
- Bidding and selection stage
- The specifications are not clearly defined
- A very limited number of offers is received
- Documentation indicates unusual involvement of an official
- Suspicion about conflict of interest
- Evidence of early receipt of information by some contractors
- Request for proposal is not properly advertised
- Unusual handling of the bidding process
- Evaluation criteria is not consistent for different offerors
- Exceptions to the tender deadlines
- Changes in the bids made after their formal receipt
- Lowest responsive bidder is not selected



- Contractor submits unrealistic bid indicating collusion or bid rotation
- Unusual withdrawal of bids
- Re-bid results identical to original bids
- Successful contractors use competitors as sub-contractors
- Justification for single source procurement is inadequate
- Contract performance and evaluation stage
- Changes in a contract result in the large increase in the cost of goods and services
- Changes made without adequate explanations
- Unwarranted contract extension
- Complaints about the quality of goods and services received
- Inadequate inspections and quality assurance of goods and services received
- Evidence of over charging and duplicate billings
- Dubious invoices
- Insufficient pre-audit of contractor payments
- Contracts repeatedly awarded to one contractor
- Unduly high labor payments

### **AUDIT EVIDENCE**

In searching for the evidence of fraud and corruption the auditor must:

- Always search for the strongest possible evidence;
- Investigate without delay, as evidence can be destroyed, lost or forgotten;
- Not ignore small clues or leads;
- Look for facts that confirm or refute suspicions;
- Concentrate on the weakest point in the fraud and corruption.
- Identify and summarize the evidence indicating that fraud and corruption may have been committed;
- Identify the possible scenario of fraud and/or corruption;

- Summarize and explain the accounting and control systems involved, the paper trail involved in the transaction, and the deviations from the systems;
- Explain patterns used in covering up the fraud and corruption;
- Identify the possible extent of the fraud and corruption; and
- Consider the possibility of collusion.
- Sources of Evidence
- Documents from the auditee: During the course of examination of books of accounts, auditors investigate various documents that serve as evidence for the audit. These documents may be originals or photocopies depending upon their importance.
- Report of Internal Auditor: The internal auditor may have identified instances of deviation from normal procedure.
- Interviews: Auditors can obtain important information from various government employees. Since they may have noticed internal control failure made by managers and fraudulent activities perpetrated by other employees, interviews may be useful in detecting material misstatements caused by fraud and corruption.
- Inspection/ Observation: Auditors can notice possibility of fraud and corruption through the examination of inspection /observation/physical verification reports (e.g. forged document, inventory not in existence or inferior quality). Where any auditor relies on physical observation for an audit conclusion this would need to be supported with properly documented evidence.
- Questionnaires: Auditors may gather important and helpful information by using questionnaires.
- Confirmation with other related parties: Auditors sometimes obtain information directly from other related parties (e.g. bank balance confirmation from the bank, Debtor's balance confirmation from individual debtors etc). If the figures provided by these agencies do not tally with the books of account, they should check in detail to find out the reason for discrepancy.
- Results of Analytical Review: Auditors analyze both financial and non-financial information, which can indicate abnormal trends. In that case, auditors need to concentrate on particular areas.
- Expert Opinion: Auditors may seek expert opinion about a suspicious case. The expert's opinion becomes evidence if auditors can rely on that opinion in assessing fraud and corruption.

Sl. No.	Subject	Page No.
(1)	(2)	(3)

## II. Details of the Cases

Brief Resume	Progress of the Case
(1)	(2)

## Record of Submission

Month of Submission	Opening Balance	Additions/Deletions	Closing Balance	Analysis		No.	Initials of Ar./SO/AuO/Dy.DA/DA
				1	No. of special letters issued to the FA&CAO during the month		
				2	No. of special letters outstanding with FA&CAO		
				3	No. of Dps issued and special letters closed		
				4	Others		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Form No.1609  
[Para No.1609(iii) of OM]

Watch Register for Internal Audit Reports

Sl. No.	Name of the unit/inspected	Date of inspection	Ref.No. and date of report	Ref. to replies received	Reminders/rejoinders issued	Final disposal
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Form No.1609

(Para No.1609)

	REPORT FOR THE MONTH OF		
1	Particulars of Office/Section taken up for Internal Audit	:	
2	Dates of commencement and completion of Internal Audit	:	
3	State of work in the Sections	:	
	a	Inspections and Issue of Inspection Reports	:
	b	Audit work-arrears under different categories and steps taken by the section to clear the arrears	:
	c	Pursuing Audit Objections issued	:
	d	Correspondence	:
	e	Filing of papers, weeding out of records and general upkeep	:
	f	Issue of passes/PTOs	:
	g	Correctness of staff statistics	:
	h	Any shortfall/lapses in procedure of audit	:
4	Items test checked and results of re-audit-any important defects noticed		:
5	Any other important points to be brought to the notice of the Director of Audit		:

Asst. Audit Officer (IA)

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 Audit Guide Series No.4

 Standards of Field  
 Investigation in Efficiency cum Performance Audit

 Issued by the O and M Division of the Office of the Comptroller and Auditor General of India,  
 New Delhi - 1983.  
 About this guide

This guide, is a part of a series, is intended to present a bird's eye view of the audit processes described and to serve as a means of quick reference while conducting audit. It can also be used as a training aid. The contents of the Guide do not modify any codal provisions.

## **CHAPTER XVII**

### **1701 The Railway Rates Tribunal and the Railway Recruitment Board.**

The work of maintenance of the accounts of the Railway Rates Tribunal, Chennai and the Railway Recruitment Board at Chennai, Bangalore and Trivandrum, which are coming under the direct control of the Railway Board, devolves on the Financial Adviser and Chief Accounts Officer, Southern Railway. The accounts of the Railway Recruitment Board, Chennai and the Railway Rates Tribunal, Chennai are maintained by the Headquarters office of the FA&CAO, Southern Railway, while the accounts of the Railway Recruitment Board, Bangalore and Trivandrum are maintained by the Divisional Accounts Officers at Bangalore and Trivandrum. As such the local audit of the accounts relating to these units is conducted by the Headquarters Establishment section in respect of Railway Recruitment Board, Chennai and by the respective Divisional Audit Officers in respect of Railway Recruitment Board at Bangalore and Trivandrum, the extent of audit being as per the instructions contained in the Secret Memorandum. As regards inspection of these offices, the Headquarters Inspection section will conduct the inspections of Railway Rates Tribunal and Railway Recruitment Board stationed at Chennai while the Divisional Audit Officers, Bangalore and Trivandrum will conduct and inspections of Railway Recruitment Board at Bangalore and Trivandrum respectively. The inspections are to be conducted annually.

### **1702. The Railway Rates Tribunal:**

The Railway Rates Tribunal has been constituted under section 34 et seq. of the Indian Railway Act. 1898. The Tribunal consists of a Chairman, who is a person who is holding or has held the post of a judge of the Supreme Court or a High Court and two other members who in the opinion of the Central Government have special knowledge of commercial or industrial or economic conditions of the country and of the commercial working of the Railway. The appointments are made by the Railway Board. The Administration work is carried on by a Secretary which post is usually held by a Senior Scale Officer of the Railways. The Tribunal is invested with the powers of a Civil Court under code of Civil Procedure 1908 and the complaints of the following nature against a Railway Administration/Administrations are heard by the Tribunal:-

#### **Complaints that a Railway Administration:-**

- (1) is contravening the provisions of Section 28 of the Indian Railways Act (i.e. showing unreasonable, undue preference of advantage to a person or to a particular description of traffic.
- (2) is charging for the carriage of any commodity between two stations a rate which is unreasonable; and
- (3) is levying any other charge which is unreasonable. The decisions of this Tribunal are binding on the Railway Administrations.

The Tribunal is also being consulted by the Railway Administrations in respect of cases under the Discipline and Appeal Rules.

**1703** In addition to the usual points to be seen during the inspection of offices, the following points may, inter alia, be seen during the inspection of the office of the Railway Rates Tribunal:-

- (1) Whether the prescribed fees for the filing of affidavits and complaints etc. before the Tribunal have been collected and properly accounted for.

(2) Whether the Government share of fees received by the Chairman/members of the Tribunal in regard to arbitration work etc. undertaken by them with the sanction of the railway Board have been collected and remitted to the Railway Revenues.

(3) Whether the Chairman/members of the Tribunal have been allowed passes and privilege ticket orders under Railway rules (except in the case of members who by reason of their service in the Railways have become entitled to passes and Privilege Ticket orders) as they are entitled only the travel concession admissible to other Central government Civil officers. In this connection the terms of their appointment may also be seen.

**1704** The staff of the Tribunal are taken from the Southern Railway on deputation and they are confirmed in the vacancies against permanent posts in the Tribunal. Such confirmation will be rescinded on their retransfer to the Southern Railway. No deputation allowance is payable in regard to the above deputation.

**1705** The Railway Recruitment Boards are functioning under the direct administrative control of the Railway Board. The three Railway Recruitment Board located at Chennai Bangalore and Trivandrum attend to the recruitment of the staff of various offices as noted against each.

Sl. No.	Office	Jurisdiction in terms of Divisions/ Production Units		
1.	Railway Recruitment Board/ Chennai	Headquarters, Tiruchirappalli, ICF/PER	Madras, Madurai,	Southern Railway
2.	Railway Recruitment Board/ Trivandrum	Palghat Trivandrum		Southern Railway

(Railway Board's letter No.E(NG) II-81/RSC/39 dated 23.09.1982)

The expenditure incurred on the Railway Recruitment Board is divisible between the various Zonal Railways/Production units in the proportion laid down by Railway Board from time to time based on the recruitment work relating to each unit attended to by the Boards. The staff for the Recruitment Board are drafted from the Zonal Railways and as per the existing orders of the Railway Board they should not be allowed to continue in the Recruitment Board beyond a fixed period. No deputation allowance is payable to the staff. They are eligible for confirmation against permanent posts in the Recruitment Board which will be rescinded on their retransfer to their parent office. The following points may be seen, in addition to the normal points, during the inspection of the office of the Railway Recruitment Board.

**1706** (1) The accountal and utilisation of ordinary postage stamps, envelopes etc. sent by the candidates along with their applications.

(2) The correctness of the remuneration paid to the examiner for setting question papers and valuation of answer papers with reference to the Railway Board's orders issued from time to time.

(3) The correctness of the expenditure incurred in the conduct of the mass examinations with reference to the schedules prescribed and whether there is competent sanction for the excess, if any.

(4) The method of disposal of old answer papers and whether the same is profitable.

(5) Whether the overtime allowance paid to the staff, if any, in connection with their attendance of office early in connection with interviews to candidates, mass examinations etc. is not excessive and whether the same would be reduced by re-adjusting their office time, i.e. by relieving them suitably early in the afternoon etc. wherever possible. The staff of the Railway Recruitment Board are not governed by the Hours of Employment Regulations

and for the purpose of overtime allowance the rates prescribed by the Railway Board from time to time are applicable.

#### **1707 Railway Claims Tribunal:**

The Railway claims Tribunal has been constituted under section Act 1987. The Tribunal consists of a Chairman who is has been a Judge of a High Court, or has for at least two years held the office of a Vice Chairman, four vice-chairman and such number of Judicial Members and Technical Members.

The appointments are made by Railway Board. The Central Government shall determine the nature and categories of the Officers and other employees required to assist the Claims Tribunal subject to the condition that the vice-chairman or such officer shall while exercising such delegated powers, continue to act under the direction, control and supervision of the Chairman.

#### **Jurisdiction powers and authority of Claims Tribunal:**

The Claims Tribunal shall exercise on and from the appointed day, all such jurisdiction, power and authority as that of a civil court or a claims commissioner.

- a) relating to the responsibility of the Railway administration as carriers in respect of claims for
  - i) compensation for loss, destruction damage, deterioration or non-delivery of animals or goods entrusted to a Railway administration for carriage by railway,
  - ii) compensation payable under section 82-A of Railways Act or the rules made thereunder; and
- b) in respect of the claims for refund of fares or part thereof or for refund of any freight paid in respect of animals or goods entrusted to a railway administration to be carried by railway.

Inspection of RCT/Chennai is being carried out by Inspection section Headquarters, Chennai and Inspection of RCT/ERS is being carried out by TVC Division. Periodicity of inspection is once in 4 years.



## **CHAPTER – XVIII**

### **Construction Audit**

**1801 Duties:** The Construction Audit Section is responsible for auditing the accounts of Surveys, Constructions of new lines and Major Projects and works undertaken by the Southern Railway. The following construction Audit Sections are functioning in this office and the audit jurisdiction of these offices is shown against each:

1.	Construction Audit Office: (Head Quarters) Chennai Egmore	i. Audit of accounts maintained by FA&CAO(CN)MS including Audit of contracts and accounts
2.	Construction Audit Office: Tiruchirapalli and Madurai	Audit of accounts maintained by the FA&CAO/CN/TPJ and Madurai including audit of contracts.
3.	Construction Audit Office: Ernakulam(As a temporary arrangement Inspection/Works review of CN offices in Kerala area is entrusted to Sr,Auo/CN/ERS irrespective of Jurisdiction of Accounts control.	Audit of accounts maintained by the Accounts Officer(CN) Ernakulam including audit of contracts.
4	Audit office Railway Electrification/Chennai	Audit of accounts maintained by FA&CAO/RE/MS including audit of contracts entered in to by CPM/RE/MS
5	Audit office MTP/MS	Audit of accounts maintained by FA&CAO/MTP/MS including audit of contracts.
6		

Note: For all accounting purposes MTP(R) is treated as a separate organisation and returns etc. are sent directly to CAG.

**1802. Periodicity of Audit:** The periodicity of audit of various items is as per the revised audit norms prescribed for Construction audit.

The duties and responsibilities of staff as well as the instructions contained in chapters on Establishment and P.F. Audit section, Expenditure Audit Section, Stores Audit Section, Books & Budget Audit section, Inspection Section including works review etc. apply in the case of construction Audit section also.

#### **1803 “Audit of accounts of subscribers to PF”**

The PF ledgers in respect of NG staff employed in various construction unit are being maintained centrally by FA&CAO/CN/MS. However, PF accounts of GO's are continued to be maintained at FA&CAO/CN. As per revised Audit norms, accounts of subscribers to PF has to be checked annually. Sr.AUO/E/HQ should select one month for detailed check of PF accounts of GOs.

In respect of NGOs, the month selected for detailed check will be advised by Sr.AUO/CN/MS The particulars of items selected for tracing are to be advised by the outstation Construction units to Construction office at Chennai Egmore. During annual audit of PF accounts, CN unit/MS will arrange for tracing the items in the relevant PF ledgers in FA&CAO/CN/MS in respect of NGO staff. In respect of Gazetted Officers, Construction Audit

office at Egmore shall get particulars from other construction offices and sent a consolidated list to Establishment section/HQrs. For tracing during annual audit.

**1804.** Consolidation of Appropriation accounts, Debt Head Reports etc., The accounts and statements pertaining to Appropriation accounts of out-station CN units etc. after verification by the concerned Branch Audit Offices, are consolidated by the Head Quarters CN Unit/MS and forwarded to FA&CAO/CN/MS with copy to the Principal Director of Audit, Books and Budget section, Chennai.

**1805** Audit of Contractor's Bills: In addition to the checks which are normally required to be exercised in the audit of the contractor's bills, the following further checks should be carried out on the bills for well-sinking and Earth-work, during local inspections.

(i) Bills for well-sinking: In addition to the check of the quantities in the bill with the entries in the Measurement Books, it will be useful to check the Measurement Book entries themselves with the entries in the log book or field book maintained for such works. It should be seen that the recording of the bed level (or the ground/water level in the case of ground wells) has been done by a responsible official and signed by the officer-in-charge and the contractor in token of his acceptance. The entries in the Measurement Books could also be usefully checked with reference to the completion drawing available in the XEN's office and which would show the level reached by the cutting edge and the bed level.

(ii) Bills for Earth work: (a) In the case of works involving large quantities of each work, "key-plan" and the 'Project sheets' if any, should be consulted in order to have general idea of the work entrusted to the contractors.

(b) Earth-work will ordinarily be paid for, based on measurements by cross section of formation taken before the commencement and after the completion of the work. Contractors will have to sign ground cross section (both initially and finally) in token of the acceptance. It should be seen in audit that this requirement has been complied with.

(c) In the case of earth-work based on cross-section measurements of the bank or the cutting, the entries in the Measurement Books would show the area of the cross-section on different suitable chain ages, the length of the bank or cutting between the construction cross section and the quantity for each length of the bank/cutting. In addition to checking the bills with the Measurement Books which has necessarily to be done, the entries in the measurement books themselves should be checked with reference to the level Books, the banks, cutting recorded in the level book by the officer in charge (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 cut spoils and partly from the borrow pits, the chain ages of the bank to be formed in each type is pre-determined by the Engineer's representative. In such case, it should be seen that the cut spoils have been used to the best advantage of the Railway.

#### **1806 Check of contractor's Bills:**

(a) **Final Bills:** During the check of Final bills selected for audit, all the connected on account bills working up to the final bills should be checked completely. In the case of contracts over Rs.50/- lakhs each, one or two on account bills should be checked independently during the year.

(b) On account bills: These bills are checked monthly as a separate item. The on-account bills so checked need not be rechecked at the time of audit of final bills.

(c) In addition, one or two on-account bills in respect of each of the big works in progress costing over Rs.50 lakhs should be checked independently. All such works contracts costing over Rs.50 lakhs which are in progress should be listed and one or two on

account bills in respect of each work selected for check during the year. The check should be in addition to the audit of all paid vouchers including on account bills passed during the month selected for audit in the course of review of major works. The extent and scope of the check already prescribed for final bills should be adopted in respect of these on account bills.

**1807 Inspection of construction offices and works reviews:**

Detailed instructions contained in Chapter on Inspection Section should be followed for preparation of the annual programme and for the conduct of local inspection of construction offices, including review of Major works.

## **CHAPTER – XIX**

### **INTERNAL AUDIT**

#### **1901 Internal Audit:**

i. The Internal Test Audit Section (ITA) is entrusted with the work of the Internal Audit of the working of the other sections/branches of this office to judge the efficiency of the working. The Principal Director of Audit will select one section/branch by the last week of every month, the internal audit of which will be conducted during the following month. The internal audit of all the sections/branches of the office is required to be completed in a cycle of two years and will be conducted generally on the lines laid down in Chapter – 24 (Para 3.24.1 to 3.24.5) of the CAG's MSO (Audit) II Edn.(2002).

ii. The internal audit should, inter-alia, see:-

- Whether adequate attention is paid to the progress of audit and whether the processes of audit employed in the section ensure a complete scrutiny of the records under audit;
- Whether the periodical arrear reports etc. submitted to the higher authorities faithfully reflect the actual position of arrears in that section.
- Whether the audit work has been done adequately and intelligently by a test audit of vouchers and other documents audited already.
- Whether the files and records of the section/branch are maintained in a neat and systematic manner and whether weeding of records is being undertaken periodically.
- Whether the procedural rules and regulations are correctly followed;
- Whether the various registers prescribed are maintained properly;
- Whether the returns shown as having been sent on the due dates mentioned therein were actually sent on those dates;
- Whether the queries made by Dy.Director/Director are being attended to expeditiously;
- Whether the Selection Register, Register of Current Review, Post Review, Original Audit, Inspections, Tenders and Contracts, etc. are properly maintained and upto date indicating details of vouchers/documents audited reviewed date of completion of audit/review and initials of the staff concerned;
- Whether the delays in the disposal of the correspondence have been brought to the notice of the Branch Officer/Dy. Director/Director of Audit wherever necessary through weekly reports or otherwise.
- Whether the sectional library has been maintained currently by posting correction slips and orders etc. received from time to time; whether the physical stock verification of books is done regularly and losses/shortages of books, if any, are dealt with and finalised without omissions/delays under sanction of the competent authority.
- Whether adequate action is being taken by the Section/Branch on important references wherein either investigations have been ordered or reports called for from CAG;
- Whether the Man-hour statistics prepared by the section can be taken as representing the work done in the section;
- Whether the cash imprest accounts, wherever kept, are being maintained properly and
- Whether the passes/PTOs have been issued as per orders and whether the stock on hand tallies with the Stock Register.

iii. The draft internal Audit Report will be issued by the Asst. Audit Officer doing the Internal Audit. The Audit Officer whose office is inspected, should keep a close liaison with the Internal Audit party and try to settle as many points as possible on the spot by furnishing his remarks then and there. For the paras which could not be settled locally, a detailed reply covering the action taken to rectify the defects pointed out as also the steps proposed to

guard against such irregularities in future should be furnished over the signature of the Audit Officer in charge to AuO/ECPA, within a week of the receipt of draft internal Audit Report. A summary of the points raised in the report in Form No.F.1609 should be submitted to Principal Director of Audit and the final report on the basis of the replies furnished will be issued after obtaining the approval/orders of the Principal Director of Audit thereto. The issue and closure of the reports should be verified through a Register maintained in Form No.F 1609 (iii).

**b.** The Internal Audit of EDP section/Books & Budget, IT Audit section, Inspection wing and Administration section has to be done as per “BEST PRACTICE GUIDE LINES FOR INSPECTION OF AUDIT OFFICES” issued by DG/Inspections/CAG’s Office/New Delhi (letter No.338/Inspn./2004/145 dt:10-06-2004). – ANNEXURE – ‘A’.

**c.** A monthly return on important points/irregularities noticed by the ITA has to be reported to Headquarters each month in the proforma – ANNEXURE – ‘B’

### **1902 Inspection by the DGOI:**

The ITA Section should act as liaison between the DGOI party and other auditing sections of the entire office. The Inspection Report issued by the DGOI should be dealt with by the ITA Section in consultation with other auditing sections and necessary instructions issued to ensure that the irregularities pointed out by DGOI do not recur.

### **1903 Preservation of records:**

The following is the period of preservation of records relating to Internal Audit Reports etc.

1	Internal Test Audit Reports	}	2years after the closure of the report and settlement of all paras.
2	Watch Register for Internal Test Audit Reports	}	
		}	
3	Correspondence on Director of Inspection Reports	}	1 year after the closure of the report or until the next inspection whichever is later
		}	
		}	

(CAG’s letter No.1609-TA.II/170-70 dated 27-06-73).

**ANNEXURE****BEST PRACTICE GUIDE LINES FOR INSPECTION OF AUDIT OFFICES****A EDP SECTION**

- 1 What is the total number of PCs/Servers/Printers etc. in the office?
- 2 What is the average number of hours per day for which the PCs are utilised ?
- 3 The precise purpose for which the PCs are used and PCs issued for Cash purpose may be specified.
- 4 What is the number of total employees trained in computer (Cadre-wise/Package-wise).
- 5 How many of the computer trained persons are working on computers?
- 6 Whether returns regarding all the items as specified vide Hqrs circular No. 926/NGE-2000 dated 7.7.2000 and circular No 29/GEII/42-2000 dated 11.7.2000 are sent to Hqrs by E-mail (Annexure A)
- 7 Whether computer training programmes are arranged through RTIs and In-house trainings, as per instruction of Hdqrs?
- 8 Whether Computers, UPS, LCD etc. were purchased during last four years? Entire details of the same may be obtained?
- 9 Whether the Computers etc. were purchased from the vendors at DGSAD rate contract? If no, reasons of the same and permission of Hqrs may be obtained/checked.
- 10 Whether all the works relating to Administrative Reports, Activity Reports, Audit Reports, processing of Audit Report material, important returns to Hqrs, Gradation list of employees etc. are done through computers ?
- 11 Who are the annual maintenance contractors for computers etc.? What is the basis of selection of the contractors? Whether the annual maintenance rate exceeds 6% of the cost of the items? Whether AMC is given with prior approval of Hqrs/Competent Authority?
- 12 How is the performance of AMC contractor? In case of any dispute please give the details.
- 13 How many of the computers are loaded with Hindi packages like Akshar etc? If Akshar/ India 2000 Hindi software is also installed on the computers on which e-mails are received/sent?
- 14 Please furnish information in the following proforma. Is it ensured that there is no pirated software in use.

Name of Software	No. of Licenses	Total No. of machines on which installed	No. of each machine on which installed along with location/room No. whose the machine is placed

- 15 Whether arrangements have been made for uninterrupted power supply to all computer machines. In this connection please furnish information in the following proforma :-

(i) UPS (Size in KVA)	Numbers	Total KVA

(ii) Machines	Nos. covered under UPS	Nos. not covered under UPS
Servers		
PCs		
Printers		

- 16 How many PCs have internet connection? Are these really required?
- 17 What is status of IT Audit in the office? Whether all the units required to be audited have been audited as per time schedule?

**A. BUDGET AND APPROPRIATION MODULE.**

- 1 Whether DDO wise Budget and expenditure is studied to see unusual excess, savings and expenditure pattern in the DDO for Audit and planning for Audit? (Hdqrs letter D.O. No. 352-AC-I/8 dt. 18.03.1997).
- 2 Whether audit of monthly appropriation accounts is conducted regularly? (Hdqrs Circular No. 16 of 1997 No. 923-Rep (S)/797 dt. 11.09.1997).
- 3 Whether the departments and areas where substantial excess expenditure occurred have been identified to undertake in-depth analysis?
- 4 Whether the monthly check provides the basis for the annual appropriation audit?
- 5 Whether a comprehensive review of the budgetary procedure is conducted based on the persistent savings/excess in the past years and the current years figures? (Hdqtrs Circular dated 09.03.1999).
- 6 Whether it is ensured that the re-appropriation orders are issued by the competent authority not in excess of the total grant amount, not for new service or new instruments of service, not from one grant to another, not from voted to charged and vice-versa, not from plan-to non plan and vice-versa? (MSO (Audit) chapter 14 para 3-14-2 and Hdqtrs Circular dated 09.03.98).
- 7 Whether a quarterly review is conducted regarding receipts of Treasury Accounts, distribution of accounts/vouchers to sections, their compilation and consolidation to identify areas of weakness, if any? (Annexure-2, 41, 1, MICA).
- 8 Whether delay in submission of accounts is analysed and comment included in chapter 1 of Audit Report? (Headquarters Circular No. 8 No. 386-Rep (S)/7-97 dt. 31.03.1997).
- 9 Whether CAPs perform a quarterly review of receipt and issue of suspense slips in DC sections? (3.A.1(vii) of Annexure 2.4.1, MICA).
- 10 Whether CAPs perform a quarterly reviewed of broadsheets of DAA suspense and OB suspense? (3.A.1 (viii) of Annexure 2.4.1 MICA).
- 11 Whether transfer of amount from consolidated fund to Public Account is analysed and commented in Audit? (Headquarters letter No. 416-Rep (S)/166/98-98 dt. 05.05.99).
- 12 Whether, On the basis of types of vouchers captured in VLC modules, statistical sampling is used for selection of vouchers in Central Audit? (Hdqrs letter No. 524 Trg. Dir. 1997 dt. 29.05.97).
- 13 Whether, on the basis of expenditure details captured in VLC modules, statistical sampling for selection of vouchers is used in Local Audit? (Hdqrs letter No. 524 Trg./Dir. 1997 dt. 29.05.97).

- 14 Whether amounts transferred by Government to various autonomous bodies etc. is analyzed and commented upon in chapter 1 of Audit Report in case sizeable amount of Government budget has gone out side audit purview? (Hdqrs General Circular No. 8-386-Rep (s)/7-97 dt. 31.03.97).
- 15 Whether in scheme reviews, on the basis of details captured in VLC regarding allotment and release of funds, audit has commented on cases where funds could not be spent due to delay in allotment/release of funds or where funds were released at the fag end of the year? (Hdqrs letter No. 436-Rep (S)/1 (11-9-99) dt. 05.07.1999).
- 16 Whether, on the basis of details captured in various modules inputs like monthly civil accounts, appropriation accounts, unadjusted AC bills, list of Nil payment vouchers, errors noticed in the paid vouchers relating to a department are used by audit in conducting integrated audit? (Hdqtrs letter No. 663-Rep (S)/69-99 dt. 06.07.1999).

**C. IT AUDIT**

- 1 Whether a complete database has been prepared regarding the auditee units, which have been computerised?
- 2 Whether the database is updated periodically?
- 3 What is the system for updating the database? By visiting the unit or by calling the information.
- 4 Whether progress of computerization of functional activities in various auditee units /organizations have been obtained / ascertained to know the areas of computerization and software / programmes developed / being developed by each auditee departments vis a vis year wise details of expenditure incurred on computerization programme?
- 5 Whether any training plan to impart training to members of field audit parties in respect of software/ computer programme developed / being developed by major auditee units have been drawn up. If so, number of officials imparted training during last three years may be obtained.
- 6 How many units have been identified as significant for IT Audit and based on what criteria?
- 7 How many IT trained officers/officials are available in the office?
- 8 Whether these were trained abroad or in RTIs or through hands on training or through private trainers?
- 9 Whether guide note issued by on IT Audit Reporting issued by PD (IT) is being followed strictly.?
- 10 Whether training module has been developed/arranged to impart training to IT Auditors?
- 11 Whether required infrastructure/logistics are available in the office for IT Auditors?
- 12 How many units were selected for IT Audit during last three years (please mention the names) and how many of these were audited?
- 13 Whether the IT Audit findings took place in Audit Report?
- 14 Whether IT Audit paras are circulated to other officers/offices?
- 15 Whether all the instructions and manuals etc. issued by Hqrs office on IT Audit are available in the office and provided to Auditors?
- 16 Whether the IT Audit Parties are briefed properly before taking up IT audit?
- 17 Whether all the IRs on IT Audit have been sent to Hqrs office within stipulated time incorporating replies of the auditee organisation.



- 18 Whether in IT Audit, General controls and Application controls have been examined thoroughly?
- 19 Whether while conducting IT Audit, following Application control requirements are examined:
  - a) Documentation standard.
  - b) Input control
  - c) Processing control
  - d) Output control
  - e) Master/Standing data file control
  - f) Audit requirements
- 20 Whether before taking up the IT audit preliminary evaluations of computer systems covering the following were done:
  - a. how the computer function is organised?
  - b. use of the computer hardware and software.
  - c. applications processed by the computer and their relative significance to the organisation.
  - d. methods and procedure laid down for implementation of new application of revision to existing application.

#### D. RAILWAY AUDIT WING

1. Whether Annual Audit Plan for the year 2003-04 has been drawn up /revised based on the audit norms revised in March 2003?
2. Whether scrutiny / review of invoices and Parcel bills is being done as per revised norms of March 2003 and Proper record maintained showing the No. of invoices/bills audited and reviewed by BO/GO.
3. Whether review of remission & refund of wharfage and demurrage charges is being done and results submitted to GO for review?
4. Cases of compensation for goods lost etc. are being reviewed monthly and outcome of review submitted to the PDA for information and further direction, if any?
5. Whether returns of tourist agents are being checked and necessary records maintained ?
6. What are the total number of sidings? Whether record of sidings being used frequently, not being utilised, sidings constructed during last 3 years, status of earning from sidings etc. maintained?
7. Whether any data base of major works/projects have been created and copies of background papers, sanctions, status of financial and physical progress, major audit findings have been kept?
8. Whether complete list of tenders and contracts is made available by Rly. Administration and tenders/contracts are called for as per prescribed norms? How many tenders and contracts are awaited from Rly. Authorities may be furnished.
9. Whether all tenders/contracts above 10 crore were being submitted to the PDA?
10. Whether review of productivity test applied by Railway Administration is being conducted?
11. Whether In land way bills issued by Concor are being audited at prescribed percentage and necessary record maintained indicating level of supervision made

- and list of unaccounted for Inland way bills issued by concor is called for to cross check the realisation system.
12. Whether system exist to ensure that all sanctions having financial bearing, issued by various competent authorities are received in the Audit Office and examined by various level offices, as prescribed and proper note/record kept.
  13. Whether journal vouchers including scrutiny of adjustment memos is being conducted monthly as per laid down norms and submitted regularly to the Group Officer along with results of audit scrutiny for their review. Records maintained in this regard may be checked.
  14. Whether list cases of court judgements decided against Railways and arbitration cases is being received/obtained monthly for detailed scrutiny and proper record maintained?
  15. Whether any data bank/ details regarding number/value of claims against railways pending at the end of each year, number of claims added/settled maintained / scrutinised.
  16. Whether prescribed percent of PF Accounts are scrutinised regularly and record maintained. In case the accounts are computerised, whether computer trained staff is deputed for PF audit to check the accounting by running the programme on computers.

#### **I. T. A. Wing (Audit Offices)**

1. Please obtain the staff position of ITA section.  
One Senior Audit Officer, one Asst. Audit Officer and one Senior Auditor.
  2. Staff members of ITA section should have work experience of different Audit wings.
  3. In house training to ITA staff should begin to ensure qualitative out put.
  4. Internal test audit of all the wings/sections of the office is to be conducted according to the periodicity fixed/laid down by PDA.
  5. Inspection Reports are to be issued to concerned Group Officers within 21 days from the last days of internal test audit.
  6. In case there are delays in issue of Inspection Report. Status of delay during last two years may be tabulated and furnished.
  7. No. of IRs/Paras outstanding as of (Month & year) .
  8. Quarterly Status of IRs issued and cleared during last two years may be obtained.
  9. Whether necessary record of check of quality of audit conducted and comments offered by ITA in their reports to ensure adequate measures initiated to improve the quality work at the instance of ITA as envisaged in chapter 24 (Para 3.24.1) of CAG's MSO (Audit), Vol.-.
  10. A monthly status report is to be submitted regularly to the PDA. Bringing out (1) the audit inspection of section conducted, (2) IRs issued /cleared, (3) List of cases referred to ITA for examination and pending and (4) comments offered for improvement in quality of audit by field/central audit.
  11. Whether various reports & returns half yearly appraisal report are required to send to Headquarters office are being sent regularly and noted in the calendar of returns.
  12. Quarterly compliance reports on the outstanding paras of DOI's inspection report to be sent regularly for each quarter.
- Note :-The guidelines mentioned above are not exhaustive and provisions laid down in relevant Codes & manuals, rules and Regulations as prescribed by the Government and instructions issued from time to time by the Headquarters office as applicable shall also be applied.

**Records maintained in the office of the DGA DS, PR. DA (AFN) & Pr. DA (Ord. Fys)****Description of Registers**

1. Register of Test Audit Activities Amendments to the Manuals of the Audit Department, Defence Services.
1. \*Register of departmental scale.
2. Establishment or sanction registers.
3. Register for special representation in services.
4. Register regarding oath/affirmation of allegiance to the Constitution
5. Register of History of Services
6. Register of distances by Road
7. Contingent Register
8. Overtime Allowance Register
9. Expenditure Statement Register.
10. Bill Register
11. Cash Book
12. Register of temporary establishment
13. Permanent vacancy register
14. \*Roster for watching promotion of Clerks to auditor cadre and Group-'D' to Clerks Cadre.
15. Register of Identity cards.
16. Register of private address of the members of the staff.
17. PLI Register
18. Casual Leave Register
19. Special Casual Leave Register.
20. Increment Register
21. Demand Register
22. Register of TA Bills of Officers
23. Telephone bill register
24. Register of Civil Credit Notes and Form TR-5,
25. Dead Stock Register.
26. Register of perishable articles/consumable stores.
27. Register of stationary.
28. Register of forms.
29. Livery Register
30. Register showing distribution of shorthand notebooks
31. Register of books.
32. Register of receipts of Services instruction/Service Orders
33. Register of Certificates of pasting corrections.
34. Register of corrections
35. Register for watching receipt of copies of publications.
36. Register of books/corrections issued to staff on Gratis/Payment issue.

37. Register of special enquires.
  38. Register of amounts written off by the DGA DS under the Financial Powers vested on him.
  39. Register of draft paragraphs for the Report of C&AG of India, Union Govt. (Defence Services).
  40. Register showing allotment in respect of locally controlled heads.
  41. Register for noting large savings or excesses.
  42. Appropriation Audit Register.
  43. Register of Secret list of units.
  44. Register of Provisional sanctions.
  45. Inward Diary Register.
  46. Despatch Register
    - a. For confidential cases to be kept by stenographers
    - b. For other than confidential cases.
  47. Postage stamp account register.
  48. Peon Book.
  49. File register in respect of ordinary top secret, secret and confidential files.
  50. Register of list of files destroyed.
  51. Note book of orders.
  52. Reminder Register
  53. Calendar of Returns
  54. Attendance Register.
  55. Work Book.
- **Maintained in the office of the DGA, DS New Delhi only.**

### **List of Registers maintained by Commands/Branch Offices.**

#### **Particulars of Registers**

1. Attendance Register
2. (a) Inward Diary Register for DGA,DS letters/C&AG
3. Inward Diary Register for other letters
4. Inward Diary Register for Confidential & Secret letters/Inward Diary Register of Sanctions
5. Outward Diary Register
6. Register of private addresses of members of staff
7. Register of files (including the records destroyed)
8. Calendar of Returns
9. Note book of orders(to be maintained under Standard headings prescribed by the DGADS)
10. Reminder Register
11. Casual Leave Register / Special Casual Leave Register
12. Register for recording special kind of leave
13. Register of showing oath of allegiance to the Constitution of India

14. Register of temporary employees
15. History of services
16. Duty lists
17. Register of persons who are due to retire in near future
18. Register of persons to be trained in Hindi typewriting or stenography
19. Register of Service Books
20. Office Order book
21. Demand Register
22. Increment Register
23. Register of distances
24. Cash Book
25. Register of Surprise verification of Cash
26. Bill Register and Register of Expenditure
27. Contingent Charges Register
28. Register of Un-disbursed pay and allowances
29. Register of Money Orders remittances
30. Register of Bank drafts and Chalans
31. Register showing payments to contractors and other non official of Rs. 250/- and above
32. Register of court attachments
33. Register showing withdrawals from GPF for payment of insurance premia
34. Register of overtime work
35. Register of claims towards reimbursement of tuition fees.
36. Medical examination fee register
37. Register of sanctions issued by the Command Officers and the Pr. DA/DGADS.
38. (I) Ledger of GPF Group 'D'
  - a. Broad sheet of accounts of GPF Group 'D'
39. Register of Dead Stock
40. Register for supply of furniture at the residence of officers.
41. Register of Typewriters/Computers and other machines (separately).
42. Register of Identity Cards.
43. Stock Register of stationery and forms.
44. Register of monthly indents for stationery
45. Register of shorthand note books
46. Expandable store register
47. Liveries Register
48. Register to watch telephone trunk calls
49. Register for watching the recoveries of telephone dues from Govt. Officers
50. Register showing particulars of STD calls made from the residential telephones of officers

51. Nominal Roll Register
52. Liability Register
53. Register to watch receipt and disposal of secret list of units
54. Register of auditable units (Static & mobile station-wise)
55. Register forwarding the receipt and issue of LTAR.
56. Register for recording cases where supervising GOs could not discuss the result of audit, with executive authority.
57. Register of points for inclusion in the programme of Central and Local Test Audit.
58. Register of special enquires
59. Register of Higher Audit cases
60. Register of Important Points raised in the test Audit.
61. Register of cases for discussion with the PR.DA, DS/DGADS.
62. Register of Cases under reference to higher authorities
63. Register of DPs for the Report of C&AG of India, Union Govt. (Defence Services)
64. Register of watching receipt of DPs from CsDA (Controller of Defence Accounts)
65. Register of watching disposal of objection statements (Local Audit and Central Audit)
66. Register of Contract examined
67. Register of statistics regarding acceptance of tenders other than the lowest.
68. Register of amendments to Manual of Audit Deptt. Defence Services.
69. Register of Books in the Office.
70. Register of new books received and their distribution
71. Register of corrections received and their distribution
72. Register for watching pasting of Correction Slips.
73. Register for watching verification of charter and antecedents.
74. Register to receive directions issued by Pr.DA, DS/DGADS based on scrutiny of Local Test Audit Reports called at random.

**Monthly report of ITA for the month of**

Sl. No.	Name of the Sections selected for internal audit in a wing of the office	Period covered By ITA's test-check	Actual dates carrying of internal audit	Common defects/areas of weakness noticed during the internal test audit	Action taken to set right the defects	Appraisal by Head of the office as to whether or not the system has been followed	Corrective measures taken to avoid recurrence of such defects.
1	2	3	4	5	6	7	8

**Name of the Office:Principal Direcot of Audit/Southern Railway/Chennai.3****Month:**

Part.B: Progress of Test Check by ITA wing

		<b>Annual</b>	<b>Once in 2 years</b>		<b>Once in 4 years</b>
		<b>Cycle</b>	<b>Cycle</b>		<b>Cycle</b>
		Name of Sections(*)	Name of Section(*)		Name of Section(*)
			ADMN	Other Audit Office	
1	Total No. of Sections (Group-wise in the Office)	Not Applicable			Not Applicable
2	No. of Sections (Group-wise test-checked during this cycle till the end of previous month)				
3	No. of Sections (Group-wise) selected for test-check during the current half year				
4	No. of Sections (Group-wise) actually test-checked				
5	No. of Sections for which test audit reports have not been issued within stipulated period (with reasons for delay)				

(\*) Indicate names of Sections like Administration, Cash, PAO, TM, etc

SIGNATURE

NAME &amp; DESIGNATION

## **CHAPTER – XX**

### **INTEGRAL COACH FACTORY**

**2001.** A separate Audit Office under the control of Pr. Director of Audit, Southern Railway, Chennai is functioning at the Integral Coach Factory Shell and Furnishing Units, Perambur to audit the transaction relating to those units. The Factory Was constructed during the first plan period and production of Integral Shells commenced from 2<sup>nd</sup> October 1955. The Furnishing unit was commissioned in May 1957.

The Audit Office/Shell has the following Sections:

1. Administration and Routine
2. Production (Workshop Audit)
3. Books and Budget
4. Expenditure Section
5. Inspection of Shell Office/Shops.
6. Stores

The sections mentioned above are under the charge of an Audit Officer/Sr. Audit Officer who is working in the Shell Unit of Integral Coach Factory.

The duties of Sl.No.1, 3, 4 and 6 are similar to that of Southern Railway

#### **2002 Production Section (Workshop Audit):-**

This section test checks all transactions relating to Workshops in Furnishing as well as Shell Units. The functions of this section are similar to that of the workshop audit section in open line. The scope of audit is as laid down in the Secret Memorandum of Instructions (Railways) for the various items of workshop audit in open line. In additions, certain special items of work not covered in the regular audit programme vide Annexure is also conducted by this section. The Inspection of the offices/shops (shell) is also done by this section.

#### **Items Peculiar to Integral Coach Factory**

- |    |   |                              |
|----|---|------------------------------|
| 1. | Audit of Cost Reports(Shell and Furnishing)   | Monthly as and when received |
| 2. | Review of Machinery idle time   | Monthly                      |
| 3. | Review of idle time cards labour  | Monthly                      |
| 4. | Review of Register of Provisional payments  | Quarterly                    |
| 5. | Review of Production control statistics   | Quarterly                    |
| 6. | Audit of payments and review of the correspondence relating thereto in respect of Coaches manufactured by BEML of Railway Board for which payment is made by ICF. | Monthly                      |
| 7. | Check of Depreciation Reserve Fund statements.  | Annual                       |

#### **2003 INSPECTION SECTION:-**

All offices (except GM and CE office ) and shops attached to ICF/Shell division (including TTC office), are inspected by this section. A list of offices/shops audited by Shell/ICF is enclosed. By the middle of October every year , the programme of inspection for the ensuing financial year should be sent to the Co-ordination section for obtaining the Principal Director of Audit's approval. After the approval of PDA is communicated, monthly programme of inspection should be submitted to the PDA for approval. The procedure for conducting inspections and issue of inspection reports etc., will be as laid down in chapter XIII of this Manual



**LIST OF OFFICES TO BE INSPECTED BY SHELL OFFICE:**

- 1) CME/SHELL
- 2) CWE/SHELL(INCLUDING SHOPS)
- 3) COS/SHELL – a) Material Manager/Shell (b)Receipt/Shell
- 4) SURPRISE VERIFICATION OF CASH
- 5) CDE/Mech./SHELL
- 6) SECURITY
- 7) PERSONNEL/SHELL
- 8) PRINCIPAL/TTC
- 9) CASH OFFICE

**COSTING**

**2004** The check of cost accounts forms part of Workshop Audit of Production section in Shell/ICF.

**Aim and System of Cost Accounting**

Costing is the technique and process of ascertaining the cost which enables one to find out the cost of various jobs or processes. The costing system helps to compare the actual cost of a product with the estimated cost and thereby to assess the losses and wastages where they are occurring and also to take necessary precautions to avoid such wastages or losses.

**Object of Cost Accounting**

The object and scope of cost accounting are

- (i) to ascertain the cost of components, assemblies, coaches and the special jobs undertaken for departments, other Railways and outsiders;
- (ii) to ensure an effective control over expenditure on different elements of cost viz. material, labour and overheads;
- (iii) to analyse and interpret cost data, highlight special features and present the same through Managerial Reports for information, guidance and necessary action at different levels.

**2005 Scope of Costing in ICF**

The main objective of ICF is to manufacture all metal light weight coaches from ordinary II class to most complicated types of coaches ie. AC and DC EMUs, A.C.Express, Rajdhani Express etc. ICF has entered into export market also supplying coaches for foreign countries.

Manufacture of (i) components required for coach production, (ii)spares for other Railways for the maintenance of ICF Coaches and (iii) a little portion of capital works and work for outsiders are the activities of the ICF.

Since the production consists of limited repetition work and a definite number of coaches/components is to be manufactured at any one time, the system of batch costing was considered to be more suitable and accordingly this has been introduced.

**Elements of Cost**

The expenditure incurred on manufacture comprised(i) Direct labour, (ii) Incentive, (iii) Direct Stores (iv) Direct expense (v) Overhead or indirect expenses.

**2006 List of Cost Accounts documents to be checked as per New Audit Norms are listed below:**

**MONTHLY**

1) Estimates, 2) Completion Reports, 3) Check of Workshop Account current with schedules  
4) Reconciliation of monthly Account Current of stores in the sub ledgers, 5) Completed Batch orders 6) Sub-ledgers showing the total labour and stores charges under each work order for each day (yearly done monthly).

NOTE:- Estimates and Completion Reports are prepared for Machinery and Plant items. In so far as coach production is concerned, Estimates are prepared only when new type of coaches are built. Completion certificate / Cost Report in respect of coach building activities forms part of Batch costing.

**Half-yearly items**

Deposit miscellaneous – Yearly item as per new norms .  
Work orders and Half yearly Progress report.

**Yearly**

- 1) Workshop General Register recording expenditure on each work order.
  - 2) Calculation of on-cost – yearly or half yearly depending upon the periodicity of revision of on-cost charges.
  - 3) Distribution of on-cost among workorders.
  - 4) Out-turn statement with special reference to acceptance of debits and clearance of outstanding.
  - 5) Accounts numerical or otherwise, of stores received into workshop and charged off to workorders but not actually used thereon.
  - 6) Transfer statement of mama (Adj. vouchers)
  - 7) Advice Notes of returned stores
  - 8) Material spared from Work order
  - 9) Record of Plant and Equipment
  - 10) Administrative reports and manuals
  - 11) O.M. & P.O.O. of the Accounts Office
  - 12) Deposit Misc.(Debt Head Report, Appropriation Accounts)
- (Sl.No.5, 8 & 9 are seen during Inspection.  
Sl.No.10, 11 & 12 – These items are seen by Workshop Audit Section).

**2007 WRITEUP ON ICF FURNISHING DIVISION.**

The main functions of Furnishing Unit of ICF is to convert the shells received from the shell unit of ICF into full fledged coaches by fitment of seats, berths and other accessories and arrange for their despatch to the user Railways as per allotment given by the Railway Board.

Besides furnishing materials, procurement of all the electrical items including engines etc. for the Self Propelled Electrical Coaches like BG AC Electrical Multiple unit, AC DC coaches etc. are centralized at the Material Management Wing of the ICF Furnishing.

Accounts function of the establishment side of the entire ICF unit including retirement benefit is centralized at FA&CAO/FUR.

**2008 Audit of Furnishing Division consists of:** (1) Central Audit:

- a) Establishment audit of the entire ICF Accounts (Gazetted and Non-gazetted) and Retirement benefits etc. pertaining to entire ICF A/s. and other than Accounts Dept.(Gazetted & Non-Gazetted) is centralized in Furnishing Audit wing.
- b) Stores Central Audit in respect of items procured by the Furnishing unit of ICF.

(2) INSPECTION: Besides exclusive Furnishing offices namely CWE/FUR, CMM/FUR and inspection of Personal Branch/FUR and PF accounts, the audit plan of the unit covers the inspection of the offices of CEE, CDE/Electrical, CE, RH/ICF, GM/General and EDPM also.

In addition, review of major works pertaining to the executive offices inspected by the Furnishing audit is also undertaken as prescribed by Audit norms.

## **CHAPTER – XXI**

### **INFORMATION TECHNOLOGY AUDIT**

#### **2101 - Introduction:**

IT audit is part of comprehensive audit of an organization. IT audit principles are the same as those which govern all other spheres of audit. The difference is only in application of these principles. While computerization is often viewed in terms of changes in way things are done, an automated system does not necessarily require any new ideas. An automated system simply applies the processing abilities of a computer to the task. By using the computer, the limitations of human processing abilities are eliminated with proper system and design, the tasks can be performed in much the same manner but more efficiently by using the computer as a processing tool. Computers do not alter the basic concepts or objectives of the system control. However, the techniques and points of control must be adopted to the changing conditions and responsibilities of an IT environment.

Objectives: IT audit includes all activities undertaken to evaluate IT system at any stage of its life cycle; from acquisition or development through operation and maintenance and ultimately replacement. The basic and broad objectives of IT Audit are to see:

1. System Effectiveness: Does the system fulfill the aims for which it was acquired or developed? Does it provide the information needed by users in a convenient format and timely fashion?
2. System Economy and Efficiency: Is the use of system resources (hardware, software, people, and money) optimized?
3. Data Integrity: Are the internal controls adequate to ensure that errors are not introduced when entering, communicating, processing, storing or reporting data?
4. System Security: Are the internal controls adequate to ensure that data can not be altered maliciously or assessed 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, operation, maintenance) in compliance with applicable laws, regulations, policies, directives and guidelines?

#### **2102 - Functions and duties of IT Audit Section:**

1. To impart basic training in computer culture to staff and officers, through in house Training/Programs.
2. To formulate effective audit procedures relating to computerized accounting systems/records.
3. To conduct inspections/audit of the computer systems/records covering the following main headings.
  - i) Planning and acquisition of IT facilities.
  - ii) Review of
    - i.installation controls
    - ii.systems under development
    - iii.production systems
    - iv.data base
    - v.micro computer systems/office automation

The extent and scope of IT audit under the above headings depends upon the state of development of auditee computer organization and the technical expertise of the audit personnel.

**2103 - Documentation:** The importance of good standards of documentation insisted upon in audit holds good for IT audit too. Maintenance of:

- an installation file containing details of hardware, software, IT organization chart procedures and controls
- an application file giving an outline of the system, its important control features, description of data stored in data files etc; and
- an audit file containing computer listing of programs, input, output, data description and the objectives of the program can prove to be great help in the course of IT audit form verification and review.

**2104 - Audit Review of Planning and Acquisition of IT facilities and use of Resources:**

- The purpose of audit of “IT facilities planning” is to identify the impact of technological and environmental changes and to ensure that the most appropriate IT services are provided. The questions asked are
  - Is there a strategic plan for provision of IT services and does the plan take into account organizational, environmental and technological changes likely to occur in a three to five years time frame?
  - In auditing IT facilities planning, we have to see whether services are provided in accordance with a published IT policy. The purpose of audit in this case is to ascertain whether there is
    - Lack of central coordination of IT
    - A high degree of IT centralization in a decentralized organization
    - Uncontrolled proliferation of computers
    - Lack of user awareness of service availability
    - Any complaint from users regarding service offered

**2105 - Audit of Acquisition of IT Facilities:**

The overall objectives in an audit review of acquisition of IT facilities is to see the adequacy of administrative procedures and controls used by a department when considering and deciding upon the acquisition of computer facilities.

Acquisition of computer facilities may include;

- Acquisition of hardware
- Introduction of completely new installation
- Enhancement of central processor
- Enhancement of peripherals
- Addition/replacement of a specific equipment
- Introduction of several small processors
- Acquisition of software
- General software associated with changes in hardware (a new operating system)
- Application Software and
- ‘off the shelf’ application software

The first step in audit should be to identify the organization's computer policy. The degree of complexity of hardware and software installed and cost and time scale for the installation will determine the precise procedure to be followed in each installation.

The auditor should direct his attention to the following areas:

1. Justification of hardware and software
2. Feasibility study/project report containing proposals, costs and benefits
3. Equipment selection
4. Installation of equipment and adequacy of testing
5. Post implementation review of costs and benefits

The points to be looked into in each of these areas are given below:

1. Justification: Responsibility for examining and establishing the need for computer facilities lies with the Department (accountability for investment)
  - Instead of saying "we have a computer, what can be put on it?" the decision to acquire the IT facility should be because "we see inefficiency; can the computer save us time or money?"
  - Absence of a thorough study of the perceived shortfall in computing facilities or staff is indicative of a foreseen conclusion that there was no alternative to acquiring more computer facilities.
  - Failure to upgrade the equipment at the right time may involve risk of dependence on manufacturers for spare parts.
  - Delays in processing, one of the reasons for acquiring a new facility, may be caused by overloading of the existing computer, computer malfunctioning, inefficient program design, staff shortages, poor staff performances in particular areas.
  - A discussion with computer staff may reveal unexpected results which point to a solution other than upgrading computer facilities.
2. Feasibility Studies: The feasibility study report should cover the following points:
  - Clear statement of objectives
  - Existing arrangements
  - Alternative solutions
  - Proposed solution
3. Equipment Selection: The following points should be borne in mind:
  - Specification of requirements for acquisition, enhancement or replacement of computing facilities are stated concisely and precisely as they form the potential;
  - Both technical and commercial aspects of the proposal are evaluated according to standard contracting procedures;
  - Procurement action is taken after ensuring that the supplier's offers meet the requirements of the specifications through;
    - bench marking tests with sample representative job mix for measuring throughput of the system;
    - technology options available at the time of procurement;
    - obtaining first-hand experience of other users having similar systems installed in their organizations;

- future development plans of the potential suppliers in terms of expandability, upgradeability, communicability, trade-in options;
- financial appraisals are on the same lines as those of any other form of capital purchase and should be taken into account;
- the extent of built-in obsolescence and useful life of the asset, and
- Incidental costs which could eventually be of sufficient magnitude, besides hardware and software costs.

4. Installation of equipment and Adequacy of Testing: The following points should be borne in mind while monitoring:

- plan/schedule for installation and for monitoring progress (whether they are available);
- schedule for conversion of software (extent of efforts required) and how it will affect the commissioning of the installation;
- payments to suppliers are authorized after testing and user acceptance of the system;
- maintenance and support services include basic training, production documentation, option for upgrading.

5. Post Implementation Review: The detailed process of evaluating proposals specifying the requirements, organization and installation should be followed by a post implementation review by the department to satisfy itself that the cost and benefits expected have materialized. The purpose of the audit review in this case is to see whether

- the system operates in accordance with the designed objectives and
- other measurement criteria and project costs/benefits have been achieved.

The use of Computing Resources: The purpose of audit review in this case is to appraise and report upon waste, extravagance, inefficient Administration or poor value for money. While the responsibility for effective and efficient use of all resources rests with the auditee organization, it is the auditor's job to satisfy himself that the procedures laid down are adequate to make proper use of hardware, software staff and data; maximizing the benefits and minimizing the costs; and satisfying users by providing effective and efficient applications. Failure to complete the projects in estimated time scale, poor turn around of jobs, inadequately defined standards, insufficient monitoring, too optimistic forecast, too little users' participation and excess costs of new system development are some of the areas requiring auditor's attention.

The following aspects should be reviewed in consultation with the computer management:

- often smaller applications are computerized without a cost justification exercise mainly because there is surplus computing power
- increasing the productivity of the existing computer facilities by making better use of staff resources through well-defined functional distribution should be considered as an alternative to increased staffing level
- computing resource of an organization is not just hardware installed but the total contribution of software, hardware and staff. The performance can, therefore, be increased more effectively by improving contribution from these factors rather than acquiring more equipment

**2106 - Audit review of IT Installation controls:**

1. Audit of EDP installation controls is closely bound to the audit of computer applications. However, in a large installation, it is usually advantageous to break up the audit into a number of smaller projects each dealing with some elements or with certain functions within the computer department. Hence, the audit project could be broken up into functional units such as a review of data control facilities, organizational controls, environment controls.
2. The object of review of installation controls is to see that the regulations providing for the duties and responsibilities of various computer staff, other control staff and standards in regard to operation functions, access to computer and computer files, terminal activity etc. are such as to ensure efficient day-to-day running of the computer installation. The areas to be covered by audit are:
  - Functions and responsibilities of those involved in installation management and computer processing.
  - Procedures for data preparation, data control and operating functions; access to the computer and its software and their custody.
  - Terminal controls in interactive systems.
  - Physical security and risk management which ensure environmental controls.
3. The following points should be covered while reviewing the installation controls.
  - Obtain a list of hardware including computer, ancillary and terminal equipment in use indicating model, performance details and check the existence of this equipment.
  - Obtain an organizational chart which is up to date and see how the computer fits into the overall organization.
  - Obtain an up to date staff organization chart of the computer department showing the relative responsibilities and authorities and note any changes on review.
  - Obtain job specification (role definition) for senior computer staff and supervisors of the ancillary section and note any changes.
  - Obtain the details of standards and norms fixed for each of the functions like data control, data preparation, system operation and verify their implementation:
    - Computer utilization per shift in terms of Central Processing Unit (CPU) time and peripheral use
    - Key depressions per shift per data entry operator and error allowance
    - Document standards and controls-batching, balancing and sequencing
    - Run to run controls maintained by system operators
    - Whether manuals are maintained and kept up to date specifying the control procedures and whether they are enforced in practice-through a 'test check'.
  - Obtain and verify existence of the following terminal controls to protect data and system integrity
    - physical access controls to terminal rooms
    - software controls through password protection and user directories
    - logging of terminal activities by all users
  - Obtain details of security measures, both physical and system, for check and review of the following:



- adequacy of protection of hardware and software against risk of fire (fire prevention steps and fire fighting arrangements)
- maintenance of hardware and system software
- air conditioning and protection against possible radiations, vibrations
- possible industrial action, malicious action by programmers, operators input-output staff (discontent among computer operating staff)
- security awareness and training provided to all employees
- emergency shut-down procedures in case of power failures
- safe custody of software and data files and tape library
- adequacy of back-up files (off-site storage included)
- operator access to program files and data
- procedures for reconstructing files in the event of loss or disk errors/tape errors (contingency plans)
- computer equipment back-up through the use of compatible equipment at other dispersed sites
- computer room should be off limits to all except systems operators, hardware engineers and
- insurance of the installation to cover possible risk

#### **2107 - Audit of Review of Systems Under Development:**

1. The overall objective of audit is to ascertain whether adequate controls are incorporated during the system development phase and ensure that these controls form part of the operational systems when implemented and that any amendment to the system does not invalidate the controls. The auditor, as a user of the system, should, therefore, involve himself during the system design so that he can evaluate the need for controls and audit requirements while the system is being developed. This will avert the need for 'retrofit' controls at a later date.

2. While reviewing system under development, the auditor should examine the following points either through questionnaires or by interviewing the system development groups.

- Whether a published standard methodology is being used for designing and developing systems.

- Whether there is a common understanding by all parties-users, systems analyst, management and auditors – of the basic structure of both manual and computer processing activities, as well as of the concepts and needs for control and of the applicable control techniques. This understanding must be reached first at a non-technical user level.

- Who authorizes IT applications development – user or steering committee or management?

- Whether the system development works as preceded by a feasibility study to determine the most appropriate solutions to standard problem?

- Whether there is adequate cross referencing between the following stages

- content and format of preliminary studies,
- feasibility studies
- system specifications
- program coding

- Whether project management techniques such as project decision milestones, time and cost estimates are in place so that progress could be monitored against estimates
- Whether programming standards using modular, structured methodology are being adhered to in coding
- Whether existing in-house or external available application packages were considered before deciding upon new in-house application development

### **2108 - Audit Review of Production Systems:**

1. "IT application" refers to production system which is processed on an IT facility such as a pay roll system or an inventory control system. When the auditor proceeds to perform the audit of application systems, the process consists of:
  - Obtaining, understanding and reviewing documentation (physical and documentary evidence)
  - Interviewing the IT personnel and surveying the users of the applications on production stream for testimonial evidence
  - Completing questionnaires for testimonial evidence and
  - Reporting on the basis of physical, testimonial and documentary evidence collected in the course of IT audit
2. Documentation of applications is a by-product of the system development function. The accepted standards require that documentation should consist of system description, System flow chart, Process description, process flow chart, data dictionary, input forms/files, output reports/files, computer operator run manual, user manual, data entry instructions, report distribution. The auditee documentation should be reviewed to see whether it conforms to these accepted standards.
3. The following IT personnel may be interviewed: IT manager, system analysts, systems development group, supervisors. The purpose of the interview is to obtain the following information.
  - whether there is any wastage/redundancy in relation to the work load
  - case of maintenance/operation of the application systems
  - processing problems such as returns due to inefficient system design/program coding weakness
  - cost effectiveness of ongoing application systems
4. In the audit of application systems, the most important method of assessing the usefulness of applications is to survey the various users and obtain their views through interviews and questionnaires. The following points may be included:
  - Are the users sufficiently aware of what the systems will do for them?
  - Are users sufficiently involved in system review, manuals, forms design, clerical procedures, input/output controls, testing etc.
  - Are users aware of responsibilities to make data available, to ensure that all data are adequately processed, to arrange back-up facilities and recovery procedure and to initiate action to incorporate changes in regulations
  - What percentage of time the user makes use of computer output
  - To what extent the user considers the application important and relevant
  - Whether the computer output for the most part has to be reconciled with other documents before it is relied upon
  - Is the computer output accurate, timely and easy to use

5. The audit of an application system which is operational involves verification of input/output controls, processing controls and audit trail. Testimonial evidence may be obtained through the following questionnaire in the course of audit to come to a reasonable conclusion regarding existence of controls and their adequacy.

- Whether the data processed are genuine, complete, accurate and not provisional
- Whether expected output is produced and distributed on time
- Whether application programs process the data as intended and accurately
- Whether a complete audit trail is available for tracing back a transaction from the final result to the initial input
- Whether the data and changes to it are authorized by appropriate authority both in the user and computer departments
- Whether schedules for receipt of input data are maintained and what is the extent of compliance
- Whether there is a preliminary check on input data to ensure completeness
- Whether the application system provides for the following programmed controls
  - i) Check for missing/duplicate transactions
  - ii) Check for continuity of goods invoice numbers issued by a station for missing numbers
  - iii) More than one subscription for the same month for one Provident Fund account number
  - iv) Controls on rejected items and keeping them under computer suspense
  - v) The monthly treasury transactions are rejected if they do not have valid heads of account as given in the budget master. The rejected items are kept under suspense and control totals along with valid transactions tallied with the cash account and list of payments
  - vi) Rejection of issue notes in a stores accounting system due to want of balance
  - vii) Input validation for data purification (alpha-numeric checks to conform to data types), personal identity number should be numeric, station name field is alphabetic
  - viii) Station name field is alphabetic (depends on system requirements), Limit/range checks
  - ix) Overflow checks
  - x) Some fields should not be blank or zero (mandatory fields)
  - xi) In a leave accounting system, the leave type code cannot be left blank since the entire transaction will be invalid without this
  - xii) A treasury transaction should indicate in the relevant fields whether it is voted/charged, plan/non-plan and not be left blank
  - xiii) Check digits
  - xiv) In a payroll system, the account number, which is a control field to identify an employee, has a built-in check digit. The program works out the check digit on the basis of the account number input and verifies the correctness of the check digit given

- xv) Compatibility checks: e.g. if the transaction type is for official receipts in a financial accounting system, the account cannot be a negative value.
- xvi) Totals for batch/lot: e.g. the batch total for a major head under a treasury is worked out on the computer and tallied with the total given in the schedule of payments/receipts for that batch (to ensure complete accounting of transactions in a batch)
- xvii) Record totals summaries for reconciliation; e.g. in a freight accounting system, when a goods basic tape is created it gives the total number of records, which should tally with the total number of invoices input
- xviii) Whether output reports are test-checked before being distributed to the user department and the output is produced in accordance with a prescribed schedule

## 2109 - Audit Trail and its Objectives

1. The audit trail objective is to obtain sufficient evidence regarding the reliability and integrity of the application system. To achieve this, the audit trail should control enough information to allow management, the auditor, and the user;
  - to recreate processing action
  - to verify summary totals and
  - to trace the source of error and abuse
2. The audit trail should include the following information:
  - System information including start up time, stop time, restarts, recovery etc.
  - Transaction information including input items which change the database, control totals and rejected items (relevant to database application)
  - Communication information including terminal log on/off, password use, security violation, network changes and transmission statistics (relevant to transaction processing (TP) applications)
3. In a computer system, the audit trail may not always be apparent as in a manual system since data are often retained in magnetic media and output is limited to a small number of total items processed with reports produced only on exception basis. The general procedure is to first investigate control totals and run to run totals within the whole system and then to check and substantiate the audit trail by limited checking through records and files or by taking intermediate printouts of audit interest. If the design of the computer system does not provide for adequate audit trail, this should be brought out in audit review, highlighting control weakness or lack of controls in the system. Apart from this, there is a possibility of frauds, which might go undetected due to control weaknesses.

### Audit of Database Systems

1. The advent of database management system (DBMS) with the new generation of computers has brought about a shift from conventional batch processing to on-line interactive processing. DBMS requirements are developed in the light of a set of basic objectives; viz. data independence, reliability, non-redundancy, integrity, security, performance and compatibility with the existing concepts.
2. While reviewing the DBMS, in addition to general guidelines given for the audit of application systems, the auditor should see that
  - The DBMS in use meets the requirements in the light of the basic objectives stated above

- Procedures exist for
- Access controls (user's "right to know" and need to know basis with field level access control definitions)
- Maintenance of back-up
- Journalizing all transactions for reconstruction in case of a crash
- Roll back and recovery and
- Ensuring data integrity by protecting the stored data from being contaminated through exclusive and shared control and by imposing restrictions on the values that can be assigned to data items. When an application program terminates part way through an update procedure, it should be possible to reverse the effect of changes to the database
- The data dictionary is complete and update and could be relied upon as a comprehensive documentation and
- There is a data administrator who is assigned the responsibility for describing the data, defining the data relationship and mappings, establishing data security rules, specifying performance measurement procedures and evaluating the system on the basis of the results.
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## **2110 - Review of Microcomputers/Office Automation**

1. In the past any cost justification of computer facilities was relatively straight forward because savings in staff could very easily be identified and these savings usually outweighed the cost of computerized applications. This approach is no longer practical as the advent of microcomputers and the introduction of information technology have shifted the emphasis from cost justification to improvement in the quality of service and better management control of the resources available. This aspect should be borne in mind by the auditor while reviewing microcomputer based system.
2. The purpose of audit is to see
  - Whether there is a comprehensive IT Policy for the organization
  - That there is no unplanned proliferation of computers due to lack of coordination of IT facilities and
  - That only persons with extensive specialized training are employed to use microcomputers, to ensure quality and standards of data processing (when tools are introduced and used without detailed understanding, the potential for misapplication always exists)
3. The software industry is full of "user-friendly" packages for microcomputer systems, but in many cases these programs have limited capabilities and are more suitable for the novice operator. Users quite often do not consider what their requirements are and this can have far reaching consequences with regard to acceptance of the system
4. Audit implications of office automation stem from weakening overall controls in the office automation environment. Major control implications of office automation are listed below
  - loss of audit trail due to reduction/elimination of paper work
  - rejection of source documents/authorization and authentication of input
  - information access by more people and hence possible abuse
  - creation of sub-standard systems and
  - inadequate back-up and recovery facilities

These control applications apply equally to any microcomputer based system in operation. Therefore, audit should verify that at least the controls, procedures and security aspects that are currently available in the manual system are taken care of, if not improved upon, while designing an automated system. In addition, audit should verify that network security, proper communication provision and user interface exist where automated systems are installed and in use.

5. In general, information should be automated only when there are clear benefits to be gained from doing so. For example, automation makes sense if the volume of information is large, requiring analysis in several different ways and/or used by various users in different ways.

#### **2111 - IT Audit Techniques:**

1. IT audit techniques refer to the use of computers, including software, as a tool to independently test computer data of audit interest.
2. Some well-established techniques are
  - collecting and processing a set of test data that reflects all the variants of data and errors which can arise in an application system at different times
  - using integrated test facilities, built into the system by the auditee to help the auditor in his requirements, as one of the users of the system
  - simulating the auditee's application programs using audit software to verify the results of processing
  - reviewing program listing periodically to see that there are no unauthorized alterations to the programs
  - using either commercial software or in-house developed programs to interrogate and retrieve data by applying selection criteria and to perform calculations and
  - extracting samples of data from the auditee database/files, using sampling techniques, for post analysis and review. The nature of data and type of analysis required determine what technique is to be employed. The auditor should give the same size and design
3. Computer audit techniques are employed for:
  - verification of ledger balances and control totals independently
  - recalculation of critical computerized calculations to check mathematical correctness
  - range of checks to verify the working have gone into the master file
  - detection of data abuse/frauds and
  - substantive testing with large volumes of data which is difficult, if not impossible, in a manual audit process.
4. The particular computer audit technique employed depends on the type of application system under review, the extent of testing required and the availability of resources in terms of computer facilities and level of IT skills among the audit staff (audit skills are assumed here). Where data volume is small and adequate printed information is available to carry out a meaningful clerical audit, there is no need to employ computer techniques, which are costly and time consuming. To elaborate further, the auditor should break up his project of application system audit into three stages. In the first stage, he will carry out the examination of audit trails, intermediate printouts as required, system logs, operational controls. As a result of audit in the first stage, if the auditor feels that the adequacy of controls requires further verification, in the second stage he can carry out compliance testing by using the test check method and integrated test facilities with resident audit programs. If the compliance testing

exposes some control weaknesses, substantive testing may be resorted to in the third and final stage using retrieval software and simulation techniques with audit software.

5. Some IT audit techniques are briefly described

Test Deck Method:

1. In this method, the auditor prepares both real and fictitious data to test the accuracy of the programs. In designing the test data, care should be taken to include all variants to test all possible conditions. Using this techniques audit can check whether
  - the system and programs operate as specified in the documentation
  - only valid data is accepted and processed correctly
  - erroneous data is rejected as anticipated and
  - exception conditions are tested by the application programs to avoid absurd results.
2. Integrated Test Facilities: This technique requires involvement of auditors at the system development stage. Separate programs are written exclusively for audit use and are operated by auditors at periodic intervals. These programs reside in the software an integral part of the application system. For example, all the transactions which affect the master file could be written into another file for post audit and review. Similarly, audit modules could be built into the system to check exception conditions, like stocks below minimum levels, issues without balances and purchases of items when no issues have recorded, in the case of an inventory control system.
3. Simulation Using Audit Programs: While, in the test deck method, the auditee's programs are tested with the auditor's data, in the simulation method, the auditor uses his own software to test the auditee's data and then compare the results of this independent processing with those of the auditee. This is a very time consuming and expensive method. Moreover, this calls for special programming skills on the part of the auditor. Employment of this technique is generally discouraged. It is certainly not suited to our environment since we do not have the required time or resources. The time required for developing simulated systems could be profitably employed in developing new systems of audit interest.
4. Program Review and Comparison: This technique requires programming skills on the part of the auditor to periodically go through the program listing and compare such listings for each application system. It is a time consuming method. There are utilities available today for comparison of files on the computer itself. However, the examination of program listings can only be done manually. This technique is not recommended for our environment since we do not have the time or resources to do this job. Moreover, the object module could be manipulated by a skilled programmer without touching the source program files, in such situation, the examination/comparison of program files does not serve the purpose.
5. Retrieval/Interrogation Programs: Retrieval software should be comprehensive and include the following functional routines/ facilities to
  - retrieve record by record from a file
  - total value fields for reconciling computer figures with booked figures
  - perform calculations on numeric data to check the resident modules' mathematical correctness
  - sort and merge data in any desired sequence
  - select data from an indexed file on any desired criteria and

- print reports for post-audit analysis and review

There are a number of commercial packages like ACL, IDEA available off the shelf. There are versions for use both on conventional files and data base systems. The auditor can also develop in-house retrieval programs. Such projects are not only expensive but also call for high levels of programming skills and knowledge of a variety of computer languages. Also auditee data files would require conversion to an acceptable format before retrieval software can be used. Even for using commercially developed packages, the auditor is required to possess:

- knowledge of the computer system with the auditee
- programming skills to construct queries and retrieve data
- knowledge of the operational aspect of the package and
- the layout of data files subject to examination

(Availability of computer resources and time is assumed)

Today many DBMSs have built-in query and report writer facilities. Unstructured queries on the data files are also possible in some advanced systems. These utilities could be profitably employed for audit purposed. The auditor will be able to obtain the relevant information from the auditee's computer centre.

The distinct advantages of retrieval packages over other methods are 100 percent review of data and accuracy of processing and effective use of the auditor's time in analyzing results of interrogation. Use of retrieval software will, however, always remain a problem area primarily because of the multitude of hardware and software systems in use in various departments, necessitating expertise in several programming languages.

Work Papers of IT Audit: The preceding processes are only tools in the hands of the artisan, namely the IT auditor. The shape of the final product depends on his level of skills. The work papers at the end of an IT audit exercise constitute the evidential matter on which conclusions will be based. Stated broadly, the contents should address the following issues:

- Does the auditee have an IT Policy or clearly defined objectives for acquiring IT facilities
- How much has been invested in commissioning the facilities and the details of inventory, both hardware and software
- Are the installed IT facilities adequate to meet the objectives
- How are the resources utilized
- What are the applications processed on the IT facilities and their utility and impact on management/users
- Is there a relationship between the management objectives and the products churned out by the computer centre
- What is the extent of controls with reference to installation, applications and processing to ensure safety of assets, data integrity and reliability of the end products
- Is there a review of IT functioning by management and, if so what is the periodicity
- Where does the IT set-up fit in, considering the overall auditee organizational set up and what is the position of the IT in charge

For elaborate details of I T Audit approach, the I T Audit manual may be referred.