

## **PREFACE TO THE REVISED EDITION**

*This 3<sup>rd</sup> edition of the Office Manual is the revision of the 2<sup>nd</sup> edition of the Office Manual issued in September 1979. Besides the updation of the existing manual the organisational changes occurred as a result of trifurcation of the erstwhile South Eastern Railway Audit into three zones since 2003. Accordingly the S.E.Railway Audit has been devided into three Zonal Railway Audit Offices i.e. S.E.Railway, S.E.C. Railway and East Coast Railway Audit Offices w.e.f. 01.04.2006 which has also been taken into account and incorporated herein. The rules of the VIth CPC have been included in this edition. Two new chapters on 'Performance Audit' and 'Information System Audit' have been added to this revised edition. For improvement of the quality of audit product the paragraphs on latest tools and techniques in auditing, such as Sampling in Auditing, Risk Evaluation, Restructured Auding Standard issued by the INTOSAI, Audit Quality Management Framework etc. have been incorporated in this edition.*

*This manual summerises statutory rules, codes orders etc. and carries no authority beyond that of the original rules, codes, orders etc. This manual should not be quoted as an authority in any correspondence outside this office.*

*The Co-ordination Section will be responsible for keeping the manual up-to-date and other sections of the office should report to Co-ordination Section all the changes in procedure to be incorporated in the manual from time to time.*

*Suggestions for improvement of the 3<sup>rd</sup> edition of the office manual are always welcome.*

*Kolkata  
Date: 08.06.2012*

*Sd/-  
D. P. YADAV  
Pr.Director of Audit  
South Eastern Railway*

## P R E F A C E TO THE 1979 EDITION

*This Manual is issued under the authority of Director of Audit, South Eastern Railway, Calcutta, in accordance with Paragraph 87 of Railway Audit Manual (Third Edition) and is intended to supplement the instructions contained in the standard codes issued by Comptroller and auditor General of India.*

*Any suggestion for improvement will be welcome.*

*Wherever it summarises statutory rules, orders, etc. this Manual carries no authority beyond that of the original rules, etc. In such cases it may not, therefore, be quoted as carrying any authority in itself. The Manual indicates in appropriate places the original rules, codes, orders, etc., which should be referred to for detailed guidance.*

*The Central Section will be responsible for keeping the Manual up-to-date, but other Sections of the Office should report to that Section all changes in procedure to be incorporated in the Manual from time to time.*

*Calcutta,  
Dated the 10<sup>th</sup> September, 1979*

*Sd/-  
K. N. Murthi  
Director of Audit  
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# **Chapter – I**

## **Historical Retrospect**

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## **CHAPTER-I**

### **Historical Retrospect**

- 1.1** This edition of the Office Manual is published in replacement of the second edition of the Office Manual of the Principal Director of Audit, South Eastern Railway. Since the publication of the second edition in September 1979, there has been a series of changes in the organisational & administrative structure. The aims, objectives and attitude of the present auditorial functions are distinctively different from the earlier systems. Such changes has been ushered in by the C & AG through the passage of time. In this edition an attempt has been made to accommodate such changes in order to facilitate the auditing contingent to reckon with the changing phenomena. The revised edition is published under authority of **Para 81 of the Railway Audit Manual (Fifth Edition)**. The guideline given in the aforesaid Para of the RAM has been followed while drafting the Revised Edition.

## **Chapter – II**

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## **CHAPTER- II** **(OFFICE ORGANISATION)**

### **POWERS & RESPONSIBILITIES OF THE PRINCIPAL DIRECTOR OF AUDIT**

The Comptroller & Auditor General of India (C & AG) is the supreme head of the Indian Audit & Accounts Department and is the final Authority of audit in India.

The Office of the Principal Director of Audit, South Eastern Railway is a subordinate office under the Comptroller & Auditor General of India with headquarters at Garden Reach/Kolkata.

The Principal Director of Audit is responsible for a detailed test audit of the accounts of the South Eastern Railway in the manner & to the extent as laid down in the Railway Audit Manual, the Secret Memorandum of Instruction (SMI), Revised Audit Norms 2003 regarding the extent of Audit and in accordance with the orders issued from time to time by the Deputy Comptroller & Auditor General of India (Railways). His responsibilities in this matter have been elaborately discussed in **Paras 3, 4 and 7 to 10 of the Railway Audit Manual (Fifth Edition)**.

The Principal Director of Audit is responsible to the Deputy Comptroller & Auditor General of India (Railways) of Railway Audit for the audit of all receipts and expenditure of the various units under his control. As regards the administrative function of the office he is directly responsible to the Comptroller & Auditor General of India.

Administrative jurisdiction of the erstwhile Principal Director of Audit, South Eastern Railway has been trifurcated into South Eastern Railway, East Coast Railway and South East Central Railway w.e.f 1<sup>st</sup> April 2003. After this re-organization, South Eastern Railway is now spread over to (i) the headquarters office at Garden Reach/Kolkata comprising of seventeen sections/cells (ii) Four Divisional Audit offices at Kharagpur, Chakradharpur, Adra & newly formed Divisional office/Ranchi located at Headquarters/Kolkata and (iii) one workshop & stores audit office situated at Kharagpur.

The powers of the Principal Director of Audit, relating to technical matters are derived from the C & AG's Manual of Standing Orders (Audit), Vol.I and those relating to the scope and extent of audit are detailed in the Secret Memorandum of Instructions, Revised Audit Norms 2003 regarding Extent of Audit (Railway Audit) and orders issued by C & AG from time to time. He has been authorised to exercise all powers as "Head of the Department" under the "Fundamental Rules" & "Supplementary Rules" & "Compilation of the Delegation of Financial Power Rules 1978". The administrative and financial powers of the Principal Director of Audit are given in C & AG's Manual of Standing Orders (Administration), Vol.II.

The Principal Director of Audit is assisted in the discharge of these responsibilities by Director/ Deputy Director and senior Audit Officers/Audit Officers. The distribution of the work amongst Gazetted Officers is made by the Principal Director of Audit.

The powers exercised by the Director/Deputy Director in charge of the Administration section are contained in Chapter II of this manual.

### **OFFICE ORGANISATION**

The operation, management & accounting of the South Eastern Railway are done on divisional and unit basis. Consequently, the organisational set up of the office of the Principal Director of Audit, South Eastern Railway (as shown in Annexure - I) has been so arranged that

auditing units work side by side with the accounting units of the Railway Administration. The various sections, branches and divisions of the offices are thus located as under: -

1. Head Quarters Office (Kolkata).
  - (i) Administration Section
  - (ii) Records & Correspondence Section
  - (iii) Co-ordination Section
  - (iv) Report Section
  - (v) Books, Budget & Appropriation Section
  - (vi) Stores Audit Section
  - (vii) Establishment & PF Section
  - (viii) Expenditure Section
  - (ix) Performance Auditing cell
  - (x) Traffic Audit (Local & Foreign) Section
  - (xi) Construction Audit Section
  - (xii) Costing cell
  - (xiii) Computer Audit Section (EDP)
  - (xiv) Divisional Audit Office / Ranchi located at headquarters

II. Divisional Audit Offices located outside Headquarters are the following:-

- (i) Divisional Audit Office / Kharagpur
- (ii) Divisional Audit Office / Chakradharpur
- (iii) Divisional Audit Office / Adra
- (iv) Workshop & Stores Audit office / Kharagpur

#### **Functions:**

Functions of various wings of the office are narrated in brief hereunder. Detailed functions of the sections are shown separately.

Functions of the Head Quarters Office of Principal Director of Audit/South Eastern Railway/Garden Reach/Kolkata.

(i) Administration Section : The Administration section of the Office of the Principal Director of Audit, South Eastern Railway, Kolkata deals with the personnel and managerial affairs of the entire office.

(ii) Records & Correspondence Section: - This section is in charge of office maintenance and maintenance of records.

(iii) Co-ordination Section: - This section co-ordinates work among the various auditing units and deals with policy and all referred matters.

(iv) Report Section: - This section processes and finalises all draft paragraphs.

(v) Books, Budget & Appropriation Section: - This section checks general books and connected documents, audits and certifies the consolidated Appropriation Accounts, Debt Head Report, Finance Accounts and Capital & Revenue Accounts of South Eastern Railway.

(vi) Stores Audit: - This section audits the accounts maintained by the store Accounts Sections of FA & CAO Office, reviews Stores tenders & contracts finalised by Controller of Stores.

(vii) Establishment Section: - This section audits transactions relating to establishment matters of gazetted officers and non-gazetted officers of the Headquarters' Office of South Eastern Railway, Provident Fund Accounts maintained by the FA & CAO/South Eastern Railway.

(viii) Expenditure Audit Section: - This section audits all departments of the Headquarters of South Eastern Railway other than stores, Commercial and Construction in respect of all transactions other than those relating to salaries and other establishment matters.

(ix) Performances Audit section: - This section conducts performance audit based on performance audit guidelines. Performance Auditing is an independent assessment or examination of the extent to which an entity, programme or organisation operates efficiently and effectively with due regard to economy.

(x) Traffic Audit Section: - Local audits of station earnings (and establishment matters relating to station staff), local audit of the records of the office of the Chief Commercial Managers other than establishment matters including claim cases is done by the Traffic Audit Section.

(xi) Construction Audit Section: - Annual certification of accounts of Capital works, audit of all transactions of the construction wing of South Eastern Railway is done by this section.

(xii) Computer Audit Group (EDP Section):- Acquiring and disseminating skills in the use of computers as an aid to office work to begin with in the areas of monitoring action on part- I Inspection Reports and Notes and Personnel Management.

(xiii) Costing Cell:

#### **Function of Divisional Audit Offices at Kharagpur, Chakradharpur, Adra, Ranchi**

Annual certification of Divisional Accounts, Central and Local Audit of expenditure of all Divisional offices including that of the Divisional Railway Manager.

Workshops and Store Depots at Kharagpur .

Annual certification of workshop accounts, Central and Local Audit of expenditure of all workshop offices.

## **2.2. FUNCTION of Principal Director of Audit**

The function of the Principal Director of Audit is maintained in paragraphs **3, 4 and 7 to 10 of the Railway Audit Manual (Fifth Edition)**. The Principal Director of Audit, South Eastern Railway is responsible to the Deputy Comptroller & Auditor General of India (Railways) for the audit of the accounts of receipts and expenditure of the South Eastern Railway, Railway Electrification Projects on South Eastern Railway. The detailed test audit of the accounts of the South Eastern Railway is required to be conducted as prescribed in Appendix to Secret Memorandum of Instructions (Railway Audit) and in accordance with the orders issued by the Comptroller & Auditor General of India from time to time.

## **2.3 CONTROL**

The Principal Director of Audit/South Eastern Railway is in overall charge of the Office assisted by the Directors/ Deputy Directors, Sr. Audit Officers & Audit Officers at Head quarters/Garden Reach and also senior Audit Officers, Audit Officers at various places located outside Headquarters. The detailed distribution of work amongst Gazetted Officers & Non-Gazetted staff is determined by the Principal Director of Audit. The Principal Director of Audit may issue detailed instructions regarding the division of work and responsibilities among his subordinate officers and other matters relating to the organization of his office subject to any general or special orders which may be issued by the C & A.G. of India.

## **2.4. GAZETTED ESTABLISHMENT**

The sanctioned strength of the Gazetted staff as on 1<sup>st</sup> March is given in the gradation list prepared every year. The scales of pay of gazetted staff are as under:

<b>Designation</b>	<b>Cadre</b>	<b>CCS revised Pay 2006</b>
<b>1) Principal Director of Audit</b>	<b>SA Grade of IA &amp; AS</b>	
<b>2) Dy. Director</b>	<b>Sr. Time Scale/ JAG of IA &amp; AS</b>	
<b>1) Sr. Audit Officer</b>	Group 'B' Officer	Rs. 15600 - 39100 + GP- Rs.5400
<b>2). Audit Officer</b>	Group 'B' Officer	Rs. 9300 - 34800 + GP- Rs.5400
<b>3) Asst. Audit Officer</b>	Group 'B' Officer	Rs. 9300 - 34800 + GP- Rs.4800
<b>4) Private Secretary to Pr. DA.</b>	Group 'B' Officer	Rs. 9300 - 34800 + GP- Rs.4200

## **2.5. NON GAZETTED ESTABLISHMENT:-**

The Strength of the permanent & temporary non-gazetted establishment as on 1<sup>st</sup> March is given in the gradation list. The following table shows the scales of pay of Non-Gazetted Staff.

<b>Designation</b>	<b>CCS revised Pay, 2006</b>
<b>Supervisor</b> (To be filled in by selection from Sr. Auditors)	Rs. 9300 - 34800 + GP-Rs.4800
<b>Welfare Assistant</b>	Rs. 9300 - 34800 + GP-Rs.4800
<b>Senior Auditor</b>	Rs. 9300 - 34800 + GP-Rs.4200
<b>Auditor</b>	Rs. 5200 - 20200 + GP-Rs.2800
<b>Senior Hindi Translator</b>	Rs. 9300 - 34800 + GP-Rs.4600
<b>PA to Director/Dy. Director</b>	Rs. 9300 - 34800 + GP-Rs.4200
<b>Stenographer Gr. II Officer</b>	Rs. 9300 - 34800 + GP-Rs.4200
<b>Stenographer Gr. III</b>	Rs. 9300 - 34800 + GP-Rs.4200
<b>Clerk I Typist</b>	Rs. 5200 - 20200 + GP-Rs.1900
<b>S.G Record Keeper</b>	Rs. 5200 - 20500 + GP-Rs.1900
<b>Car Driver</b>	Rs. 5200 - 20500 + GP-Rs.2400
<b>Multi Tasking Staff</b>	Rs. 5200 - 20500 + GP-Rs.1800

### **2.6.1 RESTRUCTURING OF CADRES IN IA & AD**

Consequent on restructuring of cadres in IA & AD introduced w. e. f. 01.03.84, the following pay scales were approved for Audit staff :-

Auditors: - Rs. 330-10-380-EB-15-500-EB-20-560

Senior Auditors: - Rs. 425-15-500-EB-15-560-20- 700-EB-25-800

Section Officers (Audit):- Rs. 500-20- 700-EB-25-900

Assistant Audit Officers: - Rs. 650-30-740-30-800- EB-40-14-1040 (Group 'B' Gazetted)

### **2.6.2 UPGRADATION OF 80% OF S.O. POSTS AS A.AU.OS. GR. 'B' GAZETTED POSTS AND 80% AUDITOR POSTS AS SR. AUDITORS**

80% of the Section Officers (Audit) posts (6500-200-10500 - Revised) and 80% of the Auditors (4500-125-7000 –Revised) posts were made available in the higher scales (Rs. 7450-225-11500 – Revised) of A. Au.O and (Rs. 5500-175-9000 – Revised) of Sr. Auditors in the existing Section Officers (Audit) and Auditors cadres in the total existing sanctioned strength. Supervisors' posts at 8% of the Section Officers posts in the scale of Rs. 5500-175-9000 (Revised) are to be operated w. e. f. 1.4.89 as per orders.

[Authority: (i) C & AG's letter No. 576 N, 4/5184 dated 2.6.84

(ii) C & AG's letter No. 290 N. 21154-88 dated 14.3.89.

(iii) Para Nos. 1.3.1, 1.3.2 and 3.3.5 of Manual of Instructions for Restructuring of cadres in Indian Audit and Accounts Department

(iv) Indian Audit and Accounts Department (Assistant Audit Officers) Group - B Gazetted Recruitment (Amendment) Rules 2005 and Indian Audit and Accounts Department (Sr. Auditor) Recruitment (Amendment) Rules 1999].

### **2.6.3 INTROOUCITION OF NEW CADRE OF RECORD KEEPER WITH FUNCTIONAL SELECTION GRADE**

A New cadre of Record Keeper (Rs. 2750-4400 - Revised) with a functional selection grade (Rs. 3050-4590 – Revised) limited to 10% of posts have been created w. e. f 1.3.84, 15% of the posts in group 'D' have been upgraded as Record Keepers.

*[Authority; - C & AG's letter No. 106 - N.2/74-83 (i) dated 18.10.94 and Para No. 3.13.1 of Manual of Instructions for restructuring of cadres in IA & AD].*

### **2.6.4 CREATION OF HIGHER FUNCTIONAL GRADE IN THE CADRE OF AUDIT OFFICER W.E.F. 1.4.92.**

In terms of C & AG's circular letter No. 3313-BRS-48-92 (KW) dated 30-10-92 regarding creation of higher functional grade in the cadre of Audit Officers in IA & AD, 80% of the posts of Audit Officers have been upgraded in the office of the Principal Director of Audit, South Eastern Railway, Kolkata, from the scale of Rs. 2375- 75-3200-EB-100-3500 to the scale of Rs.2200- 75-2800-EB-100-4000 w.e.f. 1.4.92. After the upgradation of the posts, the strength of Audit Officers in the scale of pay Rs. 2375-75-3200-EB-100-3500 has become 4 w. e. f 1.4.92 and that of Sr. Audit Officers in the scale of pay Rs.2200-75-2800-EB-100-4000 becomes 18 only w. e. f. 1.4.92.

*[Authority: IA & AD Recruitment (Sr. Accounts/Sr. Audit Officer) Recruitment Rules 2002].*

After trifurcation the no. of Audit Officer has become 2 and that of Sr. Audit Officer has become 10 vide C&AG's letter No. 1535-BRS/178-2003/Creation of post, dated 12.04.2006.

### **2.7 POWER OF PRINCIPAL DIRECTOR OF AUDIT AND THE DIRECTOR OF AUDIT**

The Principal Director of Audit is authorised and empowered to exercise all powers of Head of Departments under Fundamental Rules & Supplementary Rules, General Financial Rules etc.

*(Authority: C & AG's letter No.1383-Admn-IIIG7-A-C-Ar-G (Admn) 55 dated 29-9-55).*

The itemised powers exercisable by the Principal Director of Audit are given in M.S.O. Administration Vol. – I. The schedule of powers of the Principal Director of Audit/S. E. Railway is given in Appendix- VI. In terms of the Rule 3 of the delegation of Financial powers Rules 1978 read with SR 2 (10), the Director/Deputy Director of Audit (H.Q) has been declared as the Head of office for the purpose of Financial Rules of the Government. The delegated powers exercisable by the Director/Deputy Director of Audit, Head quarters as Head of office is given in Annex- II.

### **2.8 Powers exercisable by an officer while holding current charge of the duties of the post during the absence of the regular incumbent of that post**

An officer appointed to perform the current duties of an appointment can exercise administrative or financial powers vested in the full fledged incumbent of the post but he can not exercise statutory powers whether those powers are derived direct from an Act of Parliament (e.g. Income Tax) or Rules, Regulations and Bye-laws made under the various articles of the constitutions (e.g. Fundamental Rules, CCA Rules, FRSR, Delegation of Financial power Rules etc.).

**2.9 Distribution of Supervisory and Administrative functions amongst Principal Director of Audit and Dy. Director**

The following shall be the distribution of supervisory and Administrative functions between the Principal Director of Audit and the Director of Audit/ Deputy Director (Head Quarters).

**2.9.1 PRINCIPAL DIRECTOR OF AUDIT**

1. Establishment matters relating to the Sr. Audit Officers, Audit Officers, Assistant Audit Officers and Section Officers.
2. Sanctioning of contingent expenditure in excess of Rs. 5000/- subject to budget provision.
3. Increments of Sr. Audit Officers, Audit Officers, Assistant Audit Officers, Section Officers and Supervisors.
4. All correspondences and returns to the C & AG of India.
5. Countersigning/Passing of travelling allowances bills, conveyance bills, medical reimbursement bills for IA & AS Officers.
6. All work connected with staff proposals, budget control statements and Appropriation Accounts.
7. Temporary advances from G.P.F. under Rules 12 for Audit Officers and IA & AS Officers – Admn-II.
8. Allowing E.O.L. to count for pension in circumstances mentioned in the Ministry of Finance's Office Memorandum No. F6 (2) - EV 168 of 18.4.1968 in case of Audit Officers, Assistant Audit Officers/Section Officers and Supervisors.
9. Office accommodation, shifting of offices, house keeping etc.
10. Office Associations and Recreation Clubs.
11. Sanctioning of Leave to Sr. Audit Officers/Audit Officers beyond 30 days.

**2.9.2 DIRECTOR OF AUDIT/DEPUTY DIRECTOR**

1. Sanctioning of Casual Leave to Sr. Audit Officers and Audit Officers.
2. Sanctioning of leave to Assistant Audit Officers.
3. Establishment matters relating to Sr. Ars./Ars./Stenos/Clerk/Typist & Gr. 'D' staff.
4. Sanctioning of increments to Sr. Ars/Ars, Stenos, clerks/Typists and Record Keepers .
5. Functioning as Welfare Officer.
6. Functioning as Principal Information Officers.
7. All work connected with Examination.

8. Passing & Countersigning of T.A. Bills, Conveyance Bills, Medical Reimbursement bill and reimbursement of Tuition fee bills of Gr. 'B' Gazetted Officers.

9. Sanctions of advance for the purchase of bicycle, fans etc.

10. Allowing E.O.L. to count for pension in certain circumstances.

11. Sanctioning of Leave to non-Gazetted staff in excess of 15 days.

As per delegation of powers vide O.O.No.Misc./106 dated.14.02.2011 Deputy Director is empowered to sanction the leave of Sr.Audit Officer/Audit Officer upto 30 days, Asstt. Audit Officer/Supervisor upto 60 days and for other beyond 30 days and Audit Officer/Sr.Audit Officer is empowered to sanction leave of Asstt. Audit Officer/Supervisor – EL,LHAP and Commuted Leave upto 10 days and for others upto 30 days

**Chapter – III**  
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**Departmental Regulations – General**

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<b>3.20</b>	<b>Indian Audit &amp; Accounts Department Benevolent Fund</b>
<b>3.21</b>	<b>Staff Accossiation</b>
<b>3.22</b>	<b>Grants-in-aid for Recreation Club</b>
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<b>3.29</b>	<b>Grant of Leave to Gazetted Officers</b>
<b>3.30</b>	<b>Procedure to be followed by the Officers by the Indian Audit Department Returning from leave out of India</b>

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<b>3.41</b>	<b>Court Attachement Orders</b>
<b>3.42</b>	<b>Correspondence with private and non-officeal persons/Bodies</b>
<b>3.43</b>	<b>Correspondence with foreign countries etc.</b>
<b>3.44</b>	<b>Correspondence regarding interpretation and amendment of rules</b>
<b>3.45</b>	<b>Loss of files</b>
<b>3.46</b>	<b>Printing, Binding and Stationery</b>
<b>3.47</b>	<b>Suggestion Award Scheme</b>
<b>3.48</b>	<b>Use of Railway Holiday Homes by Officers and Staff of the Railway Audit Department</b>

## **CHAPTER -III**

### **DEPARTMENTAL REGULATIONS -GENERAL**

#### **3.1 TRANSFER OF CHARGE by Principal Director of Audit**

The instruction in paragraphs **1.19.1 to 1.19.4 of C & AG's Manual of Standing Orders (Administrative) - Vol.1 (3<sup>rd</sup> Edition) & Para 21 of Railway Audit Manual (Fifth Edition)** are applicable mutatis mutandis to the Principal Director of Audit.

The Charge Report of Principal Director of Audit will be prepared in the prescribed proforma. Materials for the memorandum of handing over charges showing:-

- (i) In what respect the working of any of the sections or branches of the Office is defective or in arrears;
- (ii) Outstanding important cases;
- (iii) Cases under correspondence with the DAI (Rlys) and cases containing special features, to which the successor's attention is intended to be particularly drawn including Administrative matters, should be obtained by the Co-ordination Section sufficiently in advance of the date of relief of outgoing Principal Director of Audit. While calling for the materials, the section and Branch Audit Offices should be asked to state the cases which are under correspondence with the DAI (Rlys).
- (iv) On receipt of the materials from the sections and Branch Audit Offices the memorandum of handing over charge of the Principal Director of Audit should be prepared by the Co-ordination Section. While drawing out the memorandum the following instructions should also be kept in view;
  - (a) A list of all keys intended to be handed over to the relieving Principal Director of Audit and the Register of valuable and secret documents including confidential reports should be mentioned in the memorandum. It will be signed by the relieved Principal Director of Audit and countersigned by the relieving Principal Director of Audit.
  - (b) One copy of the memorandum should be sent to the Comptroller and Auditor General of India and one copy of the DAI (Rlys) in the prescribed proforma.

On the occasion of each transfer a certificate of making over and taking over charge should be prepared by the Administration Section for signatures by the relieved and the relieving officer and a report is to be sent to C & AG of India and DAI (Rlys) and advices are also to be sent to:

- i) P. D. A., Central Revenue
- ii) P. A.O., AG concerned
- iii) The G.M. of South Eastern Railway
- iv) The FA & CAO of South Eastern Railway,
- v) The Audit Officers/Sr. Audit officers in Charge of all unit offices.

The Handing over memorandum should be prepared in five parts as under:-

- i) Matters relating to IA & AS Officers [to be sent to Asst. C & AG (P)].

- ii) Matters relating to Audit Officer/Sr. Audit Officer [to be sent to Principal Director (Rlys) in the office of the C & AG of India].
- iii) Establishment matters relating to confidential issues [to be sent to Principal Director (Rlys) in the O/O the C & AG of India].
- iv) Establishment matters not of confidential nature [to be sent to Principal Director (Rlys.) in the O/O the C& AG of India)].
- v) Other matters to be sent to Principal Director (Rlys.) in the office of the C & AG of India.

One copy of each of these parts should be sent by the relieving officer by name to the following officers in the Head Quarters office:-

- Part (i): Assistant C & AG (P)
- Part (ii): Director (P)
- Part (iii): Assistant C & AG (N)
- Part (iv): Assistant C & AG (N)
- Part (v): Director (Accounts)

Documents to be handed over to the Successor by the Principal Director of Audit in consequence of his/her transfer:-

A list of all keys, valuables, secret documents to be handed over by the relieved officer to his successor under his acknowledgement.

Transfer of Charge should be prepared by P. A. to the Principal Director of Audit and the same should be attached to the memorandum to be prepared by Co-ordination section after obtaining necessary material from Branch Officer/Sections.

(Para 1.19 of the MSO (Admn) Vol.- I)

### **3.2. HANDING OVER NOTES OF OFFICERS:-**

- i) Report regarding any event such as transfer, departure on leave etc. concerning an officer of the classified list should be sent to the C & AG of India on the day of taking and handing over charge.

Similarly, in case of Audit Officer/Sr. Audit Officer the report should be sent on the day of taking and handing over charge to the FA & CAO/South Eastern Railway.

However, when any officer is relieved of his charge, a detailed handing over note should be prepared for information of his successor. Confidential files and other records and articles in his personal custody should be separately listed and personally handed over to the successor.

The charge report of Director, Dy. Director and Sr. Audit Officers and Audit Officers should contain the general state of work, important outstanding cases relating to all the sections under his control and the information about inspections for which advices have already been issued. Any confidential paper or other records in the personal custody of a Gazetted Officer should also be mentioned in the charge report and duly handed over to his successor. The relieving Gazetted Officer should, after he had completely taken

over the charges, put up the charge report, duly signed by him, to the Principal Director of Audit for his information. The copy of the secret Memorandum of Instruction (Railway Audit) in the possession of Officers should be handed over to the successor and the fact mentioned in the handing over note.

ii) When an Asst. Audit Officer is transferred from one Section to another, he should prepare a note on state of his work bringing out all the items of arrears, if any, remaining in the section on the date of his release, including all important points or cases which require special and immediate attention and hand it over along with the auditor's register of points to be looked into, and Original Audit, Current Review and Post Review Registers, to his successor for his information and necessary action as well as for the information of the Branch Officer. Any confidential papers or other records in the personal custody of the AAuO should be mentioned in the handing over note and duly handed over to his successor. The relieving AAuO after taking over charge of the section should scrutinise the list of arrears and arrange clearance as expeditiously as possible. Omissions in the list, if any, should be brought to the notice of the Branch Officer within a month from the date of his joining the section. The relieving AAuO should satisfy himself as to the accuracy of the inventory of tools and plants and sectional Library and include in his charge report the shortage, if any, explaining the reasons thereof.

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

### **3.3 TRANSFER OF CHARGE OF SECTION BY SR. AUDITOR**

When Sr. Auditor is transferred from one section to another, he should prepare a note on the state of his work bringing out all the items of arrears, if any, remaining in the section on the date he is relieved, including all important points or cases which require special and immediate attention and hand it over along with the auditor's Register of points to be watched to his successor for his information and necessary action as well as for the information of the Branch Officer. Any confidential papers or other records in the personal custody of the Sr. Auditor should also be mentioned in the handing over notes and duly handed over to the successor. The incoming Sr. Auditor after taking over charge of the section should bring this to the notice of the Branch Officer within a month from the date of his joining the section. The relieving Sr. Auditor should satisfy himself as to the accuracy of the inventory of tools and plant and the sectional library and include in his charge report the shortages, if any, explaining the reasons therefor.

### **3.4. RESIDENTIAL ACCOMMODATION:**

As declared by the Railway Board, the demand for residential accommodation of Railway Audit Department is to be taken into consideration by Railway Administration in planning their programme for building quarters. It has also been decided that the existing Railway quarters may similarly be allotted to Railway Audit Staff as per availability and circumstances in the Headquarters and Divisional pools. In all such cases, the Audit staff should vacate the Railway quarters when they cease to be Railway Audit Staff and are posted to non-Railway Department at the same or other station.

The allotment of Railway Quarters to Officers and staff of Railway Audit Department is done on the same conditions as are applicable to Railway staff in the matters of recovery of rent, water, electricity charges etc. fixed by the Railway Administration from time to time.

*(Authority: Railway Board's letter No. F(X) I-59 RN5/2 dated 9.7.59 received under C & AG's endorsement No. 2676-NGE-III 354-58 dated 20.7.59 filed at page 402 of case No. Admn/31-21A/55).*

### **3.5 OFFICE ACCOMMODATION AND ELECTRICITY CHARGES FOR RAILWAY AUDIT DEPARTMENT**

The Railway Audit Department is not to pay rent for office accommodation or interest and maintenance on electrical installations in audit offices. The cost of electric current consumption in Railway Quarters is to be paid at railway employees' rate.

(Railway Board's letter No. 0846F, dated 24.7.59, Page 590 of file No. Admn/491/35 and Railway Board's letter No.0846 F dated January 1940 at page 17C of file No.X/41/39).

### **3.6 TRAVELLING ALLOWANCE TO THE STAFF OF RAILWAY AUDIT BRANCH**

The Officers and staff of Railway Audit Department including officers of IA & AS serving in the Railway Audit Department are governed by the Railway T.A. rules laid down in the Indian Railway Establishment Code (Vol. II) [R-II] and the rates of daily allowances applicable to them are same as mentioned in the R-II, as amended from time to time. They are also entitled to the benefit of duty passes as admissible to railway staff. The Principal Director of Audit's power as controlling officer for the purpose of T.A. rules have been delegated to the Dy. Director/Admn in respect of Sr. Audit Officer/Audit Officers and Branch Officers in respect of Assistant Audit Officers and staff.

### **3.7 ADVANCE OF TRAVELLING ALLOWANCE TO SUBORDINATE STAFF PROCEEDING ON INSPECTION DUTY**

Advance of approximate travelling allowance which in no case should exceed the amount sufficient to cover expenses of DA/rail/air fare/steamer fare for journey both way not exceeding 30 days. Temporary staff may also be granted advance of T.A. on their furnishing a surety from a permanent staff. The instructions contained in Rule 48 of General Financial Rules should be followed.

### **3.8 SPECIAL CONDITIONS OF GRANT OF ADVANCES IN CONNECTION WITH TRANSFER AND RETIREMENT**

Powers of sanction: A Head of Office may sanction advances of pay and travelling allowance to a permanent or temporary Government servant who, while on duty or on leave, is required to proceed on transfer.

Note 1: An authority competent to sanction the transfer of a Government servant to Foreign Service may sanction advances under this rule to the Government servant on such transfer.

**Note 2:** An authority competent to sanction advances under this rule may sanction such advances to itself.

Amount of Advance: The amount of advance which may be sanctioned to a Government servant under this section shall not exceed-

- (a) (i) One month's pay (Basic pay + Grade Pay) which he is in receipt of immediately before transfer.
- (ii) Equivalent to 1/3 of one month's pay (Basic pay + Grade Pay) if the retiring employee relocates within the same city/urban conglomeration or within 20 kms. of the old Headquarters.

*[Authority: Rule No.222 & 223 of GFR (4<sup>th</sup> Edition)].*

The surety of a permanent Central Government servant of status comparable to or higher than that of the deceased Government servant should be obtained in Form GFR 30 before the advance is sanctioned.

[Authority: Rule 265, 266 & 267 of GFR (4<sup>th</sup> Edition)].

### **3.9 LEAVE OUT OF INDIA**

An officer may, subject to the exigencies of public service, be granted leave while abroad for a period not exceeding fifty per cent of the actual period of duty abroad (excluding the transit time from India to the country of deputation and back and enforced halt) or a fortnight, whichever is less for personal reasons. Cases involving grant of leave in excess of limits indicated above should be decided in consultation with this department.

The competent authority may grant casual leave in exceptional circumstances to an officer, subject to the condition that it will not have the effect of extending the period of deputation.

[Authority: Appendix 6 - Para 11 & 12 of FRSR (25<sup>th</sup> Edition) & FR 115 (C)].

#### **3.10.1. PERIODICAL VISIT OF GROUP OFFICERS**

(A) Group Officer's supervision of local audit parties is essential for qualitative improvement in audit work. Apart from this presence of Group Officers in the field would have a statutory effect on the active involvement of the field staff for the entire period of inspection of a unit. The Group Officers are required to supervise field staff for the entire period of inspection of a unit. The Group Officers are required to supervise field audit parties for seven days minimum per month as prescribed vide Headquarters D.O. No. 353-Audit (MOM)/236-95 dated 17.09.95 and to finish detailed notes on supervision done by them. Information regarding the number of days, of which field parties were supervised by each of the Group Officer in charge of inspection work, should be sent to DG/Audit in the Headquarters' Office every quarter. The return should reach positively by 15<sup>th</sup> of the following month of the quarter to which the return pertains in the following proforma; where the Inspection/supervision falls short of the minimum prescribed period of seven days reasons should be furnished so that a view on condonation of the deficiency could be taken by the concerned DAI.

(B) Quarterly Statement showing the position of supervision of local audit parties by the Group Officers during the quarter ended.....

Sl No	Name of the Group Officer /Charge held	Number of days Supervision actually conducted (Month-wise)				Shortfall in Supervision (Month-wise)				Reasons for Shortfall in days
1	2	3				4				5
		1 <sup>st</sup> qua rter (a)	2 <sup>nd</sup> qua rter (b)	3 <sup>rd</sup> qua rter (c)	4 <sup>th</sup> quarter (d)	1 <sup>st</sup> qua rter (a)	2 <sup>nd</sup> qua rter (b)	3 <sup>rd</sup> quart er (c )	4 <sup>th</sup> qua rter (d)	

### **3.10.2. PERIODICAL MEETING OF GAZETTED OFFICERS:**

C & AG has desired that in order to improve efficiency and functioning of Offices in the Department the Principal Director of Audit should have class/periodical interaction with their Group Officers. The Group Officers in turn should meet Sr. Audit Officers, Assistant Audit Officers of their wings regularly and obtain first hand information on the state of work in their wings and also try to improve staff relations. These meetings would ensure accountability at all levels and also serve as a mechanism for monitoring and control activities. The meeting would also help in achieving close liaison between different groups/wings. It would also be desirable that an authenticated record is available for reference during future meetings.

(Authority: C & AG's circular letter No.106-0 & M/1-93 dated 26.2.93 regarding periodical meetings with Group Officers and senior Audit Officers/Audit Officers/Assistant Audit Officers).

### **3.11. TOUR PROGRAMME OF GAZETTED OFFICERS:**

The Branch Officers should send their tour programme in quadruplicate to the South Eastern Railway Headquarters/Co-ordination section by the 10<sup>th</sup> of the previous month. After scrutiny and approval of the Director/Dy. Director the Co-ordination section will return one copy of the approved tour programme to the Branch Officers, one copy to the concerned Group Officers and one copy to the Administration section of the concerned unit office for checking their TA bills.

### **3.12. LEAVING OF HEADQUATER STATION:**

Prior permission should invariably be obtained by all the Government Servants including Gr. 'D' staff to leave headquarters either on casual leave or during holidays (including Saturday & Sunday). Address during such absence from headquarters and stations where they could be contacted should invariably be left with the office. An authority competent to sanction casual leave under the existing orders shall be competent to permit the staff to leave headquarters during CL and/or holidays.

### **3.13 BROADCAST TALKS BY GOVERNMENT SERVANTS**

The instructions contained in **Para 3.37 of MSO (Admn) - Vol. I (3<sup>rd</sup> Edition)** are also applicable to staff and officers of Railway Audit Department.

(Authority: Para 23 of Railway Audit Manual – Fifth Edition).

With the issue of the Central Civil Services (Conduct) Rules, Government servants are now not required to obtain any sanction to broadcast on all India Radio if such broadcasts are of a purely literary artistic or scientific character.

(G.O.I., M.H.A., O.M. No. 25/32/56 Ests (A) dated the 15th January, 1957)

### **3.14 CONDUCT & DISCIPLINE ETC.**

All staff of Railway Audit Office are covered by the Central Civil Services (Conduct) Rules 1964 and the Central Civil Services (Classification, Control and Appeal) Rules 1965.

#### **3.14.1. DECLARATION OF IMMOVABLE PROPERTY:**

A declaration regarding immovable property required to be made under Rule 18(1) of CCS (Conduct) Rules 1964 by the Officers of the Indian Audit & Accounts Service are to be submitted to the C & AG in the month of January every year.

Accordingly, All Gazetted Officers working under the Principal Director of Audit/South Eastern Railway shall submit such declaration in respect of self and dependents in the month of January each year (Position as on 1<sup>st</sup> January).  
(C & AG's letter No.1223-GE/565-54 dated 12.1.56) 1386-GE/565-54 dated 1.3.56 and No. 5643-NCE-11/258-58 p 11 dated 12.12.59 (filed at Page 67C, 71 C and 214 C of case No. Admn/15-20/55)

### **3.14.2. PRIVATE WORK**

Rules regarding Honorary work of social or charitable nature or occasional work of literary, artistic or scientific character laid down in Para 3.36 of MSO (Admn) – Vol. I (3<sup>rd</sup> Edition)- are also applicable to staff and officers of Railway Audit Department.

**(Para 22 of Railway Audit Manual – Fifth Edition.)**

Private Practice (Whether it be in the nature of consultancy work or of some other type of work) shall not be permitted to any member of the staff in any Government institution. For details see C.C.S (Conduct) Rules. 25<sup>th</sup> Edition GID (8) below Rule 15.  
(G.O.I., M.F., O.M. No. F. 11(2)-E II(B)/63 dated 6<sup>th</sup> May 1963)

### **3.15. Unauthorized communication of information:**

No Government servant shall, except in accordance with any general or special order of the Government or in the performance in good faith of the duties assigned to him, communicate, directly or indirectly, any official document or any part thereof or information to any Government servant or any other person to whom he is not authorized to communicate such document or information.

[Authority: Rule 11 of CCS (Conduct) Rules 1964].

### **3.16. COMPLAINTS & REPRESENTATION:**

All complaints & representations of any kind, when made in writing should be submitted through proper channel. The instruction for the submission of representation etc. by the staff are contained in the G.O.I., Ministry of Home affairs O.M. No.25/34/68-Ests. (A) dated . .68 received under C & AG's No.83-NCE III 6-69 No cognisance should be taken of a representation on service matters submitted by a relative of government servant unless it is due to death or physical disability of the government servant himself. Officers should be advised not to resort to the practice of allowing their relatives to represent on service matters, transfers, promotion etc. Disciplinary action as deemed necessary shall be taken against the government servants who brings pressure, influence through Members of Parliament or prominent person, politicians etc. by the Head of the Department. List of appeals, Memoranda, petitions etc. addressed to the C & AG withheld by the Principal Director of Audit should be submitted to C & AG by the 1<sup>st</sup> week of April every year.

[Authority: C & AG's letter NO. 70-NCE/DISC/13-94 (Circular No. 16 NCE/1994) dated 01.03.1994].

### **3.17 PRACTICE OF ANY FORM OF MEDICAL TREATMENT**

The Government of India have decided to grant permission to Central Government servants to practise medicine on a purely charitable basis during their spare time. Only persons holding recognised qualifications in any system of medicine and registered under the relevant law in force in the state or Union Territory concerned should be allowed to undertake medical practice.

[Authority: C. C. S. (Conduct) Rules 25<sup>th</sup> Edition) GID (9) & (12) below Rule 15].

### **3.18. GAZETTE NOTIFICATION**

All important events in the official career of Audit Officer such as promotion, including proforma under 'next below rule', retirement, resignation and death should be notified in the official gazette. Notifications issued in this behalf will be sent by the Principal Director of Audit concerned direct to the press accompanied by Hindi version thereof. Only copies of the above office orders or advance notifications need be endorsed to the office of the C & AG of India.

[Authority: Para 4.7.1 of M.S.O. (Administrative) - Vol. -I (3<sup>rd</sup> Edition)] .

### **3.19. DEATH REPORT OF GAZETTED OFFICERS:**

Death report of Gazetted Officers should be notified in the official gazette. The instruction in this regard is contained in **Para 4.7.1 of M.S.O. (Admn) - Vol.- I (3<sup>rd</sup> Edition)** .

### **3.20. INDIAN AUDIT & ACCOUNTS DEPARTMENT BENEVOLENT FUND**

To provide relief to the staff, their family members and dependents in cases of distress and need and also to promote, wherever necessary, welfare activities of staff the C & AG of India has set one benevolent fund named "The Indian Audit and Account Departmental Benevolent Fund". The affairs of the fund are administrated by a Central Governments Committee located at Delhi and assisted by Regional Committee co one or more Audit Offices in a region. Accordingly, the office of the Principal Director of Audit, South Eastern Railway falls under West Bengal, Eastern Region- II of this fund. Any official serving in the IA & AD or on deputation to any other department is eligible for membership of this fund. The rate of subscription for different category of staff is given below:

Group 'A' – Rs. 21/-, Group 'B' – Rs. 2/-, Group 'C' –Rs. 2/- and MTS- Rs. 1/-.

Any person, who donates Rs. 150/- in lump sum or in instalments shall be enrolled as a Member of the Fund.

### **3.21. STAFF ASSOCIATION:**

There are five staff Association viz. (1) One for Sr. Audit Officer/Audit Officer Association (2) two for Assistant Audit Officer Association (3) two for Non-Gazetted Staff Association in this office along with branch units in all Divisional Audit Offices, Workshop & Stores.

Resolutions/Representation from staff associations meant for to authorities higher than the Head of the Office shall be withheld by the Head of Office if:-

1. They contain disrespectful and improper language;
- i) The representation is on matters of local interest on which Head of Office can take a decision or,
- ii) The representations merely represent old demands/grievances rejected earlier or not accepted in the past or on which definite policy decision exists;
2. Contents of telegraphic representations should be approved by the Head of Office;
3. Recognised staff associations may be allowed to hold meeting within office premises;
4. Apart from routine notifications relating to:-
  - a) Holding of meetings;
  - b) Elections and result thereof;
  - c) Statement of accounts of associations; and

- d) Reminders to members about their dues and display of notices by the recognised associations' office premises require prior permission. Such notice shall be displayed on the notice boards specified for the purpose.

[Authority: *Para 10.14 of MSO (Admn)- Vol. I (3<sup>rd</sup> Edition)*].

### **3.22. GRANTS -IN -AID FOR RECREATION CLUB:**

The Government of India places grants-in-aid (Recurring) at the disposal of the Heads of the Departments for distribution according to varying conditions of each centre of office. The rate of grants-in-aid will be Rs. 25/- per head (Rs.10 per head per annum based on Sanctioned Strength and Rs. 15/- per head per annum based on no. of members as matching grant). In addition to the recurring grants, other grants may also be obtained in respect of small units, if it is considered that the recurring grant by itself is insufficient for provision of amenities. On receipt of grant from C & AG the Principal Director of Audit/South Eastern Railway will distribute the same to the unit offices where recreation facilities exist. The grants are intended only for the amenities, recreational or welfare facilities and do not cover any compassionate object such as death benefit. Recreational and welfare activity comprise of the following:-

- a) Athletic activities;
- b) Staging of Dramas;
- c) Literary activities including library maintenance;
- d) Musical functions;

### **3.23. SPECIAL REPRESENTATION**

The general principles regarding the representation of Scheduled Castes and Scheduled Tribes candidates in Central services are contained in the Brochure published in this regard.

The maximum age limit prescribed for appointment to a non-Gazetted service or post should be relaxed by five years in the case of candidates belonging to Scheduled Castes and Scheduled Tribes.

[Authority: *GOI, Deptt. of Per. & Trg. O.M. No. 15012/11/90-Estt. (D) dated 22.11.91*].

To get better representations all vacancies proposed to be filled up should also be notified to recognised Association for Schedules Castes and Scheduled Tribes.

### **3.24. FORWARDING OF APPLICATION FROM STAFF FOR APPOINTMENT OUTSIDE THE OFFICE AND FOR APPEARING IN THE COMPETITIVE EXAMINATION HELD BY THE PUBLIC SERVICE COMISSION**

The administrative authority should ordinarily not refuse to forward applications submitted by the Government servant under its control for employment elsewhere, which are in response to open advertisements except where withholding of any such application is considered by the competent authority concerned to be justified in the public interest. The permanent Government Servants will be given four opportunities in a year to apply for employment elsewhere in response to open advertisement. The applications of Government servants forwarded in response to U.P.S.C. advertisement for competitive Examination and limited Departmental examinations and for other U.P.S.C. selection should not be counted against the limit of four opportunities referred to above.

The applications of the Government servants for appearing at any competitive Examination or for any other selection conducted by the U.P.S.C. may be submitted direct to the commission in the prescribed printed form. The applicants should, however, immediately inform the Head of their office giving details of the Examination/post for which they have

applied, requesting him to communicate his permission to the commission directly. In case the Head of office considers it necessary to withhold the requisite permission, he will inform the Commission within 45 days of the closing date for the receipt of the applications. In case no such communication from the Head of Office is received, it shall be presumed by the Commission that there is no objection on the part of the present employer to the candidature of the Government employees in question to be considered by the commission:

In all other cases, the applications must be through proper channel and such applications must reach Administration section at least 15 days before the closing date of submission of such applications. A copy of the advertisement to which the application relates should invariably be enclosed with the application.

[Authority: (i) G.I. M.H.A., O.M. No. 70/10/60-Estt. (A) dated 09.05.60.

(ii) Cabinet Secretary, Department of personnel, New Delhi's O.M. No. 8/15/71-Ests(C) dated 16.09.71. (iii) D.P. & A.R., O. M. No. 42015/3/77-Estt. (c) dated 25.02.78.  
(iv) G.I., Deptt. of Per. & Trg., O.M. No. AB 14017/101/91-Estt. (RR) dated 14.07.93].

### **3.25. TRANSFER OF NON-GAZETTED STAFF FROM ONE AUDIT OFFICE TO ANOTHER ON MUTUAL OR UNILATERAL BASIS**

In the case of mutual transfers, the staff transferred will be assigned seniority for the lower of the two lengths of service. In the case of unilateral transfer staff concerned will be assigned bottom most seniority in the new office.

### **3.26. RESIGNATION FROM SERVICE:**

The appointing authority in respect of the service or post in question is the competent authority to accept the resignation of the Government servant. The procedure to be followed in respect of resignations or notices for resignation has been laid down in (i) Government of India, Cabinet Secretariat, Department of personnel & Administrative Reforms' O.M. No. 24011/1/76-Est. (8) dated 17.5.76 (ii) G.I. Deptt. of Per. & Trg., O.M. No. 28034/25/87-Estt. (A) dated 11.02.88 and (iii) G.I., Deptt. of Trg., O. M. No. 28034/4/94-Estt. (A) dated 31.05.94. The instruction should be strictly followed before accepting any resignation.

### **3.27 NOTICE REQUIRED BEFORE LEAVING SERVICE**

The service of a temporary Government servant who is not in quasi-permanent<sup>1</sup> service is liable to termination at any time by giving one month's notice in writing by the Government Servant or the Appointing Authority under Rule 5 of Central Civil service (Temporary Service) Rules 1965.

<sup>1</sup>. There will be no provisions to declare quasi-permanent. Confirmation now be a one time event in the career of an employee w.e.f. 1.1.1989. (Please see para 4.36)

In case of officials who resign without giving one month's notice or goes away before completion of the notice period the following procedure should be followed :-

(a) When the appointing authority is satisfied that sufficient cause exists for waiver of the provision of notice, the Government servant is to be released forthwith and paid the salary for the period the Government employee has actually worked.

(b) In other cases where it is not possible to release the employee forthwith the letter should be required to continue on duty and if he remains absent from duty, suitable measure be taken against him. The salary for the period the employee has actually worked should not,

however, be withheld. The period of such absence should be treated as extraordinary leave without pay.

When action is taken under Rule 5 of CCS (TS) Rules, 1965 to terminate the services of a temporary employee, the order of termination which should be passed by the appointing authority, should not mention the reasons for such termination. Standard forms of notice of termination of services are furnished below:-

Form -I

Under Rule 5(1) of the Central Civil Service (TS) Rules, 1965

Shri/Shrimati/Kumar:..... (Name of the Individual) is hereby given notice that his/her services shall stand terminated with effect from the date of expiry of one calendar month from the date on which this notice is served on, or tendered to his/her.

Station

Date

Signature

Designation of the Appointing Authority.

Acknowledgement

I hereby acknowledge the receipt of the original notice of termination from service of which the above is a copy.

Countersigned

Name

Signature of the Individual

Designation

Designation

Place

Place

Date

Date

Form II

Under Proviso to Rule 5(1) of the Central Civil Services (TS) Rules, 1965 the services of Shri/Shrimati/Kumari (Name of the individual) is terminated with immediate effect. He/She will be paid a sum equivalent to the amount of his/her pay plus allowances for one month at the same rate at which he/she was drawing them immediately before the date of issuing this order. The payment of allowances will, however, be subject to the conditions under which such allowances are otherwise permissible.

Station

Date

Signature

Designation of the Appointing Authority

(C & AG's letter No. 2534-NGE 111/70-65 KW dated 5.11.65)

The cases of permanent and quasi-permanent pensionable staff shall be dealt with under Central Civil Service (CCA) Rules, 1965.

**3.28. GRANT OF HONORARIUM TO THE EXAMINERS AND LECTURERS FOR SECTION OFFICERS' GRADE EXAMINATION, REVENUE AUDIT EXAMINATION AND DEPARTMENTAL CONFIRMATORY EXAMINATION**

i) The instruction regarding the grant of honorarium to the Examiners of Section Officers' Grade examination and lecturers for imparting training to the candidates for the said examination are contained in paragraphs 204 A and 204 B of the C & AG's Manual of standing orders (Admn). In this connection, Paragraph 62 under section III of this chapter may also be seen.

ii) As regards Departmental Confirmatory Examination for the Auditors, the Principal Director of Audit is empowered to sanction honorarium at the following rates subject to a minimum of Rs.10.00 in each case for valuation of papers.

(a) **For setting the Question papers**

(1) Double paper (Theoretical & Practical) on the same subject set by one examiner irrespective of time limit of each paper: Rs. 750/-

(2) Single paper:

- (i) Less than 3 hours duration Rs. 300/-  
(ii) 3 hours duration Rs. 320/-

(b) **Moderation of Question papers:**

(1) Double paper Rs. 450/-;

(2) Single paper

- (i) Less than 3 hours duration Rs. 225/-;  
(ii) 3 hours duration Rs. 350/-

(c) **Valuation of Answer scripts:**

- (i) Less than & up to 2 hours duration - Rs. 4.00/- (per answer scripts)  
(ii) More than 2 hours and upto  $2\frac{1}{2}$  hours duration - Rs. 5.00/- (per answer script)  
(iii) More than 3 hours duration – Rs. 6.00/- (per answer script)  
(iv) Valuation of floppies through Computer – Rs. 9.00 per floppy

(d) **Head Examiner:** Rs. 1.50/- over the rate of valuation.

[Authority: 906-NI/48-84 dated 23.05.89].

(e) Translation: 50% of the rate for paper setting.

(C & AG's letter No. 15-Exam/7-88 dated 30.01.1990 & Endorsement No. 15-A-Exam/7-88 dated 30.01.1990 filled in Admn's Case No. Admn/31-21/83(R).

**3.29. GRANT OF LEAVE TO GAZETTED OFFICERS-**  
**(PARA 3. 29. 3.1 OF MANUAL OF STANDING ORDERS)**

(a) Leave without substitute for 45 days to the Dy. Director of Audit may be sanctioned by the Principal Director of Audit.

(b) Leave to the Audit Officers may be sanctioned by the Principal Director of Audit.

As per delegation of powers vide O.O.No.Misc./106 dated.14.02.2011. Deputy Director is empowered to sanction the leave of Sr.Audit Officer/Audit Officer upto 30 days, Asstt. Audit Officer/Supervisor upto 60 days and for other beyond 30 days and Audit Officer/Sr.Audit Officer is empowered to sanction leave of Asstt. Audit Officer/Supervisor – EL,LHAP and Commuted Leave upto 10 days and for others upto 30 days.

**3.30. PROCEDURE TO BE FOLLOWED BY THE OFFICERS OF THE INDIAN AUDIT DEPARTMENT RETURNING FROM LEAVE OUT OF INDIA**

Instructions contained in Para 97 of the comptroller and Auditor General of India's Manual of Standing Orders should be followed.

**3.31. SUBMISSION OF MEDICAL CERTIFICATE OF FITNESS UNDER FR 71 BY OFFICERS OF INDIAN AUDIT AND ACCOUNTS SERVICE**

(i) The comptroller and Auditor General of India has decided that Officers of Indian Audit and Accounts Service who take leave on ground of ill-health, whether on medical certificate or not, should submit his office a medical certificate of fitness under F.R. 71 in time to reach his office at least one week before the expiry of leave or extension of leave which has been sanctioned for one month or less and two weeks before the expiry of leave or extension of leave which has been sanctioned for more than one month. In the absence of a fitness certificate or of other advice, it will be assumed that he is not well enough to return to work on due date, but will apply for extension of leave on production of a proper medical certificate.

(Auditor General's No. 2463-GBE/753-30 dated the 10th/22nd July, 1931 File No. Admn/15/31 Paragraph 98 of MSO)

(ii) In those cases of short leave of officers of Indian Audit & Accounts service in which no Officer of that service is posted to replace the Officer proceeding on leave and the latter joins the office from which he proceeded on leave medical certificate of fitness will not be sent to Auditor General's Office. In such cases, the certificate should be submitted to the Head of the Office (Principal Director of Audit) concerned who will be responsible for seeing that instructions for submission of such certificates are observed.

(Auditors General Letter No.2500 -GBE/256-32 dated 15.7.32 File No. Admn/51/32)

**3.32. EMPLOYMENT OF NEAR RELATIVES OF GOVERNMENT SERVANTS IN COMPANIES OR FIRMS**

[C.C.S. (Conduct) Rule 4, 25<sup>th</sup> Edition]

**3.33. USE OF POLITE LANGUAGE IN THE COMMUNICATION EMBODYING AUDIT OBJECTIONS**

The language used in all outward communications, embodying audit objections should invariably be polite and inoffensive. The bonafides of the officers concerned should not be questioned, even by implication.[Authority: Para 2.2.8.1 of MSO (Admn) –Vol. I -3<sup>rd</sup> Edition].

**3.34. RECEIPT AND DISPOSAL OF VALUABLES**

The detailed procedure in respect of the receipt, safe custody and subsequent disposal of cash and other valuables is incorporated in the Manual of Office Procedure of each office.  
**[Ref. Para 2.29.1 of M.S.O. (Admn) - Vol. 1 (3<sup>rd</sup> Edition).**

### **3.35. SUPPLY OF INFORMATION IN CONNECTION WITH QUESTIONS RAISED IN THE PARLIAMENT & STATE LEGISLATURES**

Information regarding Parliamentary questions should be furnished to the Government of India only through the C & AG, unless otherwise specified. A copy of the communication calling for the information together with the reply in triplicate should be sent to the Assistant Comptroller and Auditor General (N) by name.

Information called for by the State Government for:

- (i) Replying to a question raised in the State Legislature or,
- (ii) Supplying it to the Central Government for replying to a parliamentary question, need not, however be routed through the C & AG, unless the matter pertains to administration etc. of the IA & AD. Whenever information is proposed to be refused, prior approval of the C & AG should be taken.

[Ref. Para 2.30 of M.S.O. (Admn) - Vol. I (3<sup>rd</sup> Edition).

### **3.36. DEALING WITH THE REPRESENTATIVES OF PEOPLE IN THE STATE LEGISLATURES AND PARLIAMENT**

The members of Parliament have important functions to perform under the Constitution and it should be the endeavour of every Officer to help them to the extent possible in the discharge of their functions. In cases where Officers are unable to accede to the requests or suggestions of Members of Parliament, the reasons for the Officers' inability to do so should be courteously explained to them. For purposes of interview, Members of Parliament should be given preference over the visitors failing which the position should be politely explained to the member and another appointment fixed in consultation with them. The same courtesy and regard should be shown to Members of Legislature attending public functions, where, in particular seats befitting their position should be reserved for them. Where any meeting convened by the Government is to be attended by Members of Parliament, special care should be taken to see that notice is given to all in good time regarding the date, time, venue etc. of the meeting and it should be ensured that there is no slip in this matter. However minor it be, letters received from Members of Parliament and State legislature should be acknowledged promptly and be handled carefully and should be responded to at an appropriate level expeditiously. The Government officials should furnish to Members of Parliament and of State Legislatures when asked for, such information or statistics relating to matters of local importance as are readily available and are not confidential. In doubtful cases instructions should be taken from a higher authority before refusing request. A Government servant is not expected to approach a Member of Parliament or of a State Legislature for sponsoring his individual case.

*Authority:* (1) Ministry of Home Affairs (Now Deptt. of Personal and A.R.) O.M. No.25/29/56 Estts (A) dated 28<sup>th</sup> August 1957.  
(2) Ministry of Home Affairs (Now Deptt. of Personal and A.R) O.M. No. 25/6/68 Estts (A) dated 27<sup>th</sup> March 1968.  
(3) Copy of DOPT., OM No. 11013/10/88-Est (A) dated 23.6.88.

### **3.37 ISSUE OF AUTHORITY FOR PAYMENT TO OTHER AUDIT AND ACCOUNTS OFFICERS AND VERIFICATION OF SPECIAL SEAL AND SPECIMEN SIGNATURE ON THE AUTHORITY FOR PAYMENT**

Each Principal Director of Audit has a special metallic embossing seal which should remain in the personal custody of the Officer who signs it. Duly attested specimen impressions of the seal are supplied to all the Audit and Accounts Officers.

An audit office concerned with issue of authority under special seal should empower one Gazetted Officer whose specimen signature should be sent to all other audit and accounts offices on a separate sheet of paper, duly attested by the Officer, whose specimen signature is

already with other audit and accounts offices. Whenever a specimen signature or special seal previously sent, is cancelled or superseded, a communication to that effect should be sent to all concerned and acknowledgement of such communication should be insisted upon.

[Ref: Para 2.31 of M.S.O. (Admn) -Vol. I (3<sup>rd</sup> Edition).

### **3.38. SUPPLY OF SPECIMEN SIGNATURE TO THE TREASURY AND OTHER DISBURSING OFFICERS**

The Principal Director of Audit should supply to all the Treasury Officers and other disbursing Officers in his audit/account circle, the specimen signatures of all the Gazetted Officers of his office, who are authorised to sign payment orders of bills, vouchers or, to issue letters of authority for payment to be made at the treasuries and other disbursing offices.

[Ref: Para 2.32.1 of M.S.O. (Admn) -Vol. I (3<sup>rd</sup> Edition).

### **3.39. LEGIBILITY OF SIGNATURES**

The Principal Director of Audit should see that the Officers who are entrusted with the duty of signing cheques or payment authorities have formed and legible signatures. It is also necessary that the signatures of all officers on letters, statements, accounts, certificates and reports etc. are clearly legible. If any person empowered to sign such documents does not sign legibly, he should be required by the Principal Director of Audit to cultivate a formed and legible signature, and in all cases, the name of the officer should be typed below the signatures.

[Ref: Para 2.33.1 of M.S.O. (Admn) -Vol. I (3<sup>rd</sup> Edition).

### **3.40: PROCEDURE FOR OBTAINING LEGAL ADVICE AND ARRANGEMENTS FOR THE DEFENCE AND PROSECUTION OF SUITS**

The Principal Director of Audit should ordinarily obtain legal advice through the Administrative Ministry/Department concerned. In urgent cases, he may take such action as appears to be necessary but simultaneously inform the Administrative Ministry/Department concerned and the C & AG of the action he has taken.

[Ref. Para 2.36.1.1 of M.S.O. (Admn.) Vol. -I – (3<sup>rd</sup> Edition).

### **3.41. COURT ATTACHEMENT ORDERS**

The Principal Directors of Audit is bound invariably and promptly to report to the C & AG, any misconduct on the part of an officer working under them. If the pay of any Officer be attached by order of Civil Court, the fact must immediately be reported to the C & AG and the explanation of the officer should be submitted with the report.

[Ref. Para 3.32 of M.S.O. (Admn.) Vol. -I – (3<sup>rd</sup> Edition)

### **3.42. CORRESPONDENCE WITH PRIVATE AND NON-OFFICIAL PERSONS/ BODIES**

Letter forms should invariably be used in addressing private or non-official persons or bodies (including applications). They should never be addressed in third person.

[Ref. Para 2.18 of M.S.O. (Admn.) Vol. -I – (3<sup>rd</sup> Edition)

### **3.43. CORRESPONDENCE WITH FOREIGN COUNTRIES ETC.**

Subject to such exceptions as may be authorized in this behalf, communications with the Government of foreign countries and the international organisations should generally be made through the channel of Government of India in the Ministry of External Affairs and the Indian Diplomatic Post in the country concerned. Detailed instructions on the subject are contained in Para 139 and Appendix VI of the Central Secretariat Manual of Office Procedure.

[Ref. Para 2.19 of M.S.O. (Admn.) Vol. -I – (3<sup>rd</sup> Edition).

### **3.44. CORRESPONDENCE REGARDING INTERPRETATION AND AMENDMENTS OF RULES**

When Principal Director of Audit notices, in the course of his audit duties, a rule in an authorised code, which in his opinion is defective and requires either an authoritative interpretation or a modification :-

(1) He will, in cases where the rule admits naturally of a definite audit decision being given, give the audit decision according to the terms of the rule and then refer, for the modification of the rule which he considers essential.

(a) To the state Government when the rule appears in an authorised code of the state Government and is without reference to the C & AG.

(b) To the Central Government when the rule appears in an authorised code of that Government or is a rule in respect of which the power of interpretation rests with that Government; and

(c) To the C & AG in all other cases.

(2) He will, in all cases where the rule is really so ambiguous on the point at issue as not to admit of a definite audit decision or the expenditures involved is so large as to make it inexpedient to anticipate what might be considered a certain decision by the Competent authority, refer to the C & AG for advice; the reference should be framed in concrete terms, the actual facts of the case giving to it being fully described.

[Ref. Para 2.27 of M.S.O. (Admn.) Vol. -I – (3<sup>rd</sup> Edition)].

### **3.45. LOSS OF FILES**

Loss of Government files is a serious matter. It should be ensured that every effort is made to trace the missing files and responsibility fixed in each case of loss.

[Ref. Para 2.43 of M.S.O. (Admn.) Vol. -I – (3<sup>rd</sup> Edition)].

### **3.46. PRINTING, BINDING AND STATIONERY**

The rules laid down by the Government of India regarding printing, supply of forms, binding and for supply and use of stationery stores, namely 'Rules for Printing and Binding' and 'Central Stationary Rules' should be strictly observed.

[Ref. Para 2.44 of M.S.O. (Admn.) Vol. -I – (3<sup>rd</sup> Edition)].

### **3.47. SUGGESTION AWARD SCHEME**

The suggestions award scheme is intended to stimulate original thinking among officers and member of staff of the department and to receive suggestions for improving the efficiency and productivity in office working. Suggestions made by the members of the staff, including officers, for improvement in audit, accounting & house keeping which contribute to the economy, efficiency or increased effectiveness of operations are eligible for cash awards or merit certificates/letters of commendations. Suggestions having local applications as well as those have wider applications and needing orders from the Comptroller and Audit General should be examined carefully once in three months by a Screening Committee consisting of the Principal Director of Audit and two group officers, one of whom should be the officer concerned with the subject matter of the suggestions. The staff member making a suggestion

which is eventually accepted by the Screening Committee/Comptroller and Audit General will be given the Cash award or merit certificates/letters of commendations as the case may be. The amount of the award may normally not exceed five percent of the saving or Rs. 1000/- whichever is less. In cases where the saving cannot be evaluated in precise monetary terms, the quantum of award may be decided by the Committee depending on the importance of the matter subject to the overall ceiling of Rs.1000/- in each case. Heads of offices have been delegated powers to sanction cash awards up to Rs. 500/-. Merit certificates/letters of commendation may be awarded where the grant of cash award is not justified.

The names of the members of staff, their suggestions, improvements resulting therefrom and the quantum of award sanctioned should be included in the material sent to the C & AG quarterly for publication in the Audit Bulletin.

[Ref. Para 2.16 of M.S.O. (Admn.) Vol. -I – (3<sup>rd</sup> Edition).

#### **3.48. USE OF RAILWAY HOLIDAY HOMES BY OFFICERS AND STAFF OF THE RAILWAY AUDIT DEPARTMENT.**

In terms of Shri C. T. Venugopal, ADF, Ministry of Railways, Railway Board, New Delhi's D.O. No. E(W)64 we2-7 dated 17.7.64 endorsed under ADAI(R)'s letter No. 2081-RAI/17-14/63 dated 25.7.64, the Officers and non-gazetted staff are entitled to use Railway holiday homes in the same way as Officers and staff of Railways according to the usual priority etc.

**CHAPTER -IV**  
**DEPARTMENTAL REGULATIONS - STAFF MATTERS**  
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## **CHAPTER -IV**

### **DEPARTMENTAL REGULATIONS - STAFF MATTERS**

#### **4.1.1. RECRUITMENT RULES IN CLERICAL CADRE:**

The recruitment to the cadres of Auditors, Clerks, Stenographers, Hindi Translators i.e. clerical cadres in IA & AD is done through the Staff Selection Commission, under the Department of Personnel & Training which at present have regional offices at different places to feed the requirements of different offices located in various states/union territories. The appointing authority in IA & AD will intimate the number of anticipated vacancies in general and reserved categories to the Commission which will in turn recommend the list of persons along with dossiers of each person, to whom calls are to be issued as per requirement. The office of the Principal Director of Audit, South Eastern Railway will finally issue offers of appointment to such candidates who are found fit for employment.

The transfer liability must be brought to the notice of the person concerned at the time of offering appointment.

#### **4.1.2. RECRUITMENT RULES FOR THE POST OF AUDITORS**

- a) 50% of posts by Direct Recruitment.
- b) 40% of the posts in Auditor's Cadre are to be filled up by promotion of clerks with 5 years regular service in grade on seniority subject to rejection of unfit, failing which by Direct Recruitment.
- c) 10% of posts by promotion from the following officials:
  - (i) Clerks on passing of Part – I of Section Officers Grade Examination;
  - (ii) Graduate Clerks with three years regular service in the Grade on passing of the Departmental Examination for Auditors and
  - (iii) Graduate Group 'D' officials with three years regular service in the Grade on passing the Departmental Examination for Auditors- failing which by Direct Recruitment.

(The inter-se ranking of those who qualify in the Examination will be in the order of their inter-se seniority those qualifying in an earlier examination ranking en bloc higher than those who qualify in a later examination; Gr. 'D' officials will rank en bloc below Clerks of the same batch).

Direct recruit Auditors and Clerks promoted on Seniority basis are required to pass a Departmental Examination of auditors within such limited time and within such chances as prescribed by C & AG of India, failing which, the direct recruits shall be liable to be discharged from service and promotees reverted to Clerk's Grade.

*[Authority: Indian Audit and Accounts Department (Auditor) Recruitment (Amendment) Rules 2000].*

**4.1.3.** On passing the departmental examination the successful candidates will draw Qualification Pay (QP of Rs. 60/- p.m.) w.e.f. the day following the last day of examination. Qualification pay will not be merged with pay and no Dearness Allowance (DA), City Compensatory Allowance (C.C.A), Travelling Allowance, House Rent Allowance (H.R.A.) will be admissible on Qualification pay. The Qualification pay will, however, be counted as pay for the purpose of fixation of pay on promotion to the next higher post.

[Authority: Govt. of India, Ministry of Finance (Department of Expenditure)'s OM No. F. No. 9 (7) – E III (A)/98 dated 05.08.99].

**4.2. TRAINING OF NEWLY RECRUITED, PROMOTED AUDITORS and Section Officer Grade Examination Service personnel**  
[Para 61 of RAM (5<sup>th</sup> Edition) & Para 6.3, 9.2.8 and 9.2.9 of M.S.O. (Admn) - Vol. I (3<sup>rd</sup> Edition).

**4.3. RECRUITMENT RULES FOR THE POST OF CLERKS/TYPISTS**

i) 85% of posts by Direct Recruitment. The minimum educational qualification for the post of clerk is 12<sup>th</sup> standard pass or equivalent qualification vide C&AG's circular No. 28-Staff App.-17-2010 issued under No. 730-Staff (App.-1)/17-2010 dated 09.08.2011.

ii)(a) 5% from among Group 'D' (Now M.T.S.) officials with 5 years regular service in the grade and who possess Matriculation or equivalent qualification on seniority basis, subject to rejection of unfit, failing which by direct recruitment.

(b) 10% among Matriculate Group 'D' (Now M.T.S.) official qualifying in the Limited Departmental Competitive Examination prescribed by the C & AG of India, failing which by Direct Recruitment. Preference will be given to those who qualify in the type test.

In the Offices in which Departmental Examination passed non-Matriculate Group 'D' (Now M.T.S.) officials are still awaiting promotion to the cadre of Clerk, 10% of vacancies prescribed for Direct Recruitment shall continue to be filled by promotion of such non-Matriculate Group 'D' (Now M.T.S.) officials till they are promoted to the cadre of Clerk as per Para 2 of C & AG's Circular letter No. 203-N.2/59-91 dated 06.04.1992.

Unless exempted by orders issued in this behalf by the C & AG of India, a clerk who has not qualified in the prescribed type test will not be entitled to increments, confirmation or promotion by seniority or through any departmental examination.

[Authority: (i) Indian Audit and Accounts Department (Clerks) Recruitment (Amendment) Rules 2001.  
(ii) C & AG's letter No. 1211-NGE (APP)/44-99 (Circular No. NGE/54/2001) dated 06.11.2001].

**4.4 RECRUITMENT RULES FOR THE POSTS OF STENOGRAPHER Gr. III**

(i) 80% by direct recruitment.

(ii) 20% by promotion of clerks, failing which by direct recruitment.

Promotion of clerks is for those who have qualified in the limited Departmental Competitive Examination for promotions as stenographer as specified by C & AG of India.

(Authority: Indian Audit and Accounts Department (Stenographer) Recruitment (Amendment) Rules 1999].

**4.5. RECRUITMENT OF M.T.S. STAFF**

The applications of the following categories should only be considered for appointments for M.T.S. posts.

- 1) Those sponsored by Employment Exchange.

2) Those who are already working as contingency paid labour in the office concerned provided they are registered with Employment Exchange and possess requisite qualification prescribed for appointment to Group-'D' (Now M.T.S).

The minimum age limit is 18 years and maximum 25 years. The minimum qualification for recruitment is either 10<sup>th</sup> pass or ITI equivalent pass from a recognised School/Board.

[Authority: O.M. No. AB-14017/6/2009-Estt (RR) GOI, Ministry of Personnel, Public Grievances & Pensions Department of Personnel & Training dated 30.4.2010.

#### **4.6. RECRUITMENT OF GESTETNER OPERATORS**

(i) The post of Gestetner Operators should ordinarily be filled up by absorption or by promotion from among the existing Group 'D' staff possessing minimum qualification for the post. Direct recruitment will be resorted to only when suitable departmental candidates are not available. Appointment of the junior grade will be made by absorption/by promotion of daftries/Senior Peon/Peon in the order of seniority subject to proficiency of handling the Gestetner machine and promotion to the Senior Grade will be made from the Junior Grade Operators on the basis of the seniority in that grade.

(ii) Educational qualification for direct recruitment is the Middle School Standard while for posts filled up by promotion no specific qualification has been prescribed.

(iii) The post in the higher grade is classified as 'Group 'C' and that in the lower grade as Group 'D'. The No. of posts will be sanctioned with due regard to the load of the work in the offices.

[Authority: (i) Indian Audit and Accounts Department (Gr. 'D' Posts) Recruitment (Amendment) Rules 2002].  
(ii) Indian Audit and Accounts Department (Sr. Gestetner Operator) Recruitment (Amendment) Rules 2004.

Erstwhile Gr. 'D' posts of peon, Daftrey, Jamadar, Jr. Gestetner Operator, Farash, Chowkidar, Mali etc. have been redesignated as Multi-Tasking Staff and have been placed in Gr. 'C' Pay Band-1 (Rs. 5200-20,200)+ Gr. Pay 1800/- vide DOP&T OM No. AB-14017/6/2009-Estt (RR) dated 30.4.2010.

#### **4.7. EXTENSION OF TIME LIMIT FOR JOINING DUTY FOR NEW RECRUITS**

Principal Director of Audit is empowered to grant extension of time for a maximum period of 2 months at the request of the candidates for joining duty either due to illness of self or other reasons. In Cases where the delay is solely due to non-completion of medical formalities in respect of the candidate himself, Principal Director of Audit may grant extension of time to join initial appointment without any limit of time.

In the case of those who could not join within the prescribed time limit due to illness of self or other reasons, the seniority will be reckoned with reference to the actual date of joining duty only. In cases where the delay is due to non-completion of medical formalities, the panel seniority of the candidates will remain intact.

[Authority: Para 6.2.10 of C & AG's MSO (Admn) – Vol. I (3<sup>rd</sup> Edition)]

#### **4.8. APPOINTMENT ON COMPASSIONATE GROUND**

The Scheme for compassionate appointment under the Central Government has been simplified and consolidated w.e.f. 9.10.98.

The object of the Scheme is to grant appointment in Group ‘C’ or Group ‘D’ posts for direct recruitment quota on compassionate grounds to a dependent family member of a Government servant dying in harness or who is retired on medical grounds, thereby leaving his family in penury and without any means of livelihood, to relieve the family of the Government servant concerned from financial destitution and to help it get over the emergency.

This Scheme is applicable to a dependent family member of a Government servant who-

- (a) dies while in service (including death by suicide); or
- (b) is retired on medical grounds under Rule 2 of the CCS (Medical Examination) Rules 1957 or the corresponding provision in the Central Civil Service Regulation before attaining the age of 55 years (57 years for Gr. ‘D’ Government servants); or
- (c) is retired on medical grounds under Rule 38 of the CCS (Pension) Rules 1972 or the corresponding provision in the CCS Regulations before attaining the age of 55 years (57 years for Gr. ‘D’).

The family which is indigent and deserves immediate assistance for relief from financial destitution is eligible for such appointment on compassionate ground. While considering a request for appointment on compassionate ground a balanced and objective assessment of the financial condition of the family has to be made taking into account its assets and liabilities (including the benefits received under the various welfare schemes) and all other relevant factors such as the presence of an earning member, size of the family, ages of the children and the essential needs of the family, etc. Applicant for compassionate appointment should be eligible and suitable for the post in all respects under the provisions of the relevant Recruitment Rules. The upper age limit could be relaxed wherever found to be necessary but the lower age limit should, however, in no case be relaxed below 18 years of age. Compassionate appointments can be made up to a maximum of 5% of the vacancies falling under direct recruitment quota in any Group ‘C’ or Group ‘D’ posts.

A widow appointed on Compassionate grounds will be allowed to continue in service even after her re-marriage.

The maximum time a person’s name can be kept under consideration for offering Compassionate will be three years, subject to the condition that the prescribed Committee has reviewed and certified the penurious condition of the applicant at the end of the first and second year.

After three years, if Compassionate appointment is not possible to be offered to the Applicant, his case will be finally closed, and will not be considered again. A register should be maintained to record the details of each case.

The existing limit of terminal benefits received by the family member of the deceased Government servant in case of death of the Government servant in harness has been enhanced to Rs. Seven lakhs (Rs. 7,00,000), Rs. Four lakhs fifty thousands (Rs. 4,50,000) and Rs. Three lakhs (Rs. 3,00,000) for Group ‘B’, ‘C’ and ‘D’ posts respectively.

- [Authority: (i) GI, DOPT's OM No. 14014/6/94-Estt (D) dated 09.10.98.  
(ii) GI, DOPT's OM No. F. No. 14014/23/99-Estt (D) dated 03.12.99.  
(iii) GI, DOPT's OM No. 14014/19/2002-Estt (D) dated 05.05.03.  
(iv) C & AG's No. 25-NCE (Disc)/29-2004/Vol. V (Circular No. 10/NCE/2004)  
dated 29.01.2004.  
(v) C & AG's No. 09/NCE (Disc)/29-2005/Vol. V (Circular No. 02/NCE/2006)  
dated 09.01.2006.

#### **4.9. RECRUITMENT AGAINST SPORTS QUOTA**

Appointment of vacancies reserved for sports quota should be made by the Principal Director of Audit to any post in Group 'C' or 'D' as per extant orders of C & AG of India.

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

Application received from meritorious eligible sports persons in response to press advertisement are considered by the competent authority.

Relaxation of upper age limit is allowed in respect of meritorious sports person up to maximum of 5 years (10 years in case of those belonging to SC/ST) for appointment in group 'C' and group 'D' by Headquarters' office. This concession will be admissible only to those sports persons who satisfy all other eligibility conditions relating to educational qualifications etc.

Annual report on sports quota appointments for a year should be sent to Headquarters' office by the 15<sup>th</sup> of January of succeeding year.

#### **4.10. APPOINTMENT OF WELFARE ASSISTANT**

One post of Welfare Assistant in the scale of 6500-10500 (Pre-revised) has been sanctioned for this office in March 1985 and created with effect from 1st June 1985 vide this office 0.0 No. 42 dated 31-05-85 to assist in the welfare activities of the office of the Principal Director of Audit, South Eastern Railway, Kolkata. The post is ex-cadre and is to be filled in by deputation from eligible staff of the office of the Principal Director of Audit, South Eastern Railway, Garden Reach to be operated at Garden Reach/Kolkata. Those who have rendered three years service in the grade of scale of pay of PB-2 Rs. 9,300-34,800+GP 4,200 after appointment thereto on a regular basis are eligible for the post.

(Period of deputation including period of deputation an another ex-cadre post held immediately preceding this appointment in the same or some other Organization or Department of the Central Government shall ordinarily not to exceed three (3) years. The maximum age limit for appointment by deputation or absorption shall be not exceeding 56 years, as on the closing date of receipt of applications).

The person selected will be entitled either to deputation (Duty) Allowance or to draw the pay of the scale for which option will be given.

- [Authority: (i) C & AG's letter No. 1246-BRS/338-84- I dated 23/3/85  
(ii) Indian Audit and Accounts Department (Welfare Assistant) Recruitment Rules 2002

#### **4.11. PROMOTION TO SENIOR AUDIT OFFICER'S CADRE**

At the time of restructuring of IA & AD the cadres of the Audit Officers were not restructured and the matter regarding grant of an appropriate scale of pay to Audit Officers was under consideration of the Government. Keeping in view the duties & responsibilities and functional needs, a promotional Group 'B' grade in the scale of Rs. 2200- 75-2800-EB-100-4000 (Pre-revised) of Audit Officers in IA & AD & other organised Accounts Cadres, except Railways Accounts cadre, have been provided by the Govt. The no. of posts in the promotional scale of Rs. 2200- 75-2800-EB-100-4000 (Pre-revised) will be 80% of the sanctioned strength of the respective cadres of Audit/Accounts Offices.

The Audit Officers in the scale of in the scale of 7500-250-12000 (pre-revised) now 9300-34800+GP 5400 with a maximum of two years regular service in the grade will be eligible for promotion to the post of Sr. Audit Officer Scale of pay of Rs. 8000-275-13500 (pre-revised) now 15600-39100+GP 5400. The promotion will be made after following the due Process of promotion by adopting the principle of seniority-cum-fitness.

[Authority: (i) *Ministry of Finance, Dept. of Expenditure's O.M. Nos. F-6 (82)-IC/9 dated 22-9-92.*  
(ii) *Indian Audit and Accounts Department (Sr. Accounts/Sr. Audit Officer) Recruitment Rules 2002*

#### **4.12. PROMOTION TO AUDIT OFFICER'S CADRE**

From 1.3.84 promotion to the Cadre of Audit Officers will only be from the Cadre of Asst. Audit Officers and all existing instruction will apply mutatis mutandis. The period of service as Asst. Audit Officers under existing rules and orders for promotion as Audit Officer will be combined services Section Officer (Audit) and as Assistant Audit Officer.

Assistant Audit Officer (Scale of Pay of 7450-225-11500 (pre-revised) now Rs. 9300-34800+GP 4600) with six years combined service as Assistant Audit Officer and Section Officer are eligible for promotion to the post of Audit Officer (Scale of Pay of 7500-250-12000 (pre-revised) now Rs. 9300-34800+ 5400 by selection method only.

(Authority: *Indian Audit and Accounts Department (Audit Officer) Group – B Recruitment (Amendment) Rules 2005 and Min.of Finance notification No. 01.01.2008-IC dated 16.7.2009.*

#### **4.13. PROMOTION TO THE CADRE OF ASSISTANT AUDIT OFFICER**

Previously 80% of the Section Officers (Audit) posts in the Scale of Pay of Rs. 6500-200-10500 (pre-revised) were made available in the higher Scale of Pay of Rs. 7450-225-11500 (pre-revised) now 9300-34800+GP 4800 of Assistant Audit Officers in the existing sanctioned strength of Section Officers (Audit). Section Officers (Audit) with three years service in the grade were eligible for promotion to the cadre of Assistant Audit Officer.

The Section Officers' Grade Examination (SOGE) has been renamed as Subordinate Audit/Accounts Service (SAS) Examination. For detailed Rules regarding Subordinate Audit/Accounts Service (SAS) Examination the C&AG's Circular No.17-NGE/2010 No. 632-NGE (App)/24-2010 dated 07.06.2010 may be referred.

#### **4.14. PROMOTION TO THE CADRE OF SECTION OFFICERS (AUDIT)**

Appointment to the Section Officers Grade is made on the basis of seniority cum merit on candidates passing Section Officer Grade Examination part II.

[Paras 48 to 54 of Railway Audit Manual – Fifth Edition] –

As per Ministry of Finance notification under GSR 622 (E) Dt: 29.8.2008 the pre-revised pay scales of Section Officer and Asstt. Audit Officer/Accounts Officer has been upgraded and placed them in a common Pay Band (PB-2 Rs. 9300-34800) with Grade Pay of Rs. 4800/- merging of the post of Section Officer and Asstt. Accounts Officer/ Audit Officer.

The merged cadre of Section Officer and Accounts Officer/Audit Officer will be redesignated as Asstt. Accounts Officer / Asstt. Audit Officer and will be classified as Group 'B' Gazetted. Till such time the new RRs are framed, the promotions to the cadre of AAuO would be made in terms of existing RRs of S.O cadre w.e.f. the date of issue of the letter.

[Authority: C&AG's letter no. 697-6PC/GE II/22-2009 dated 27.05.2009].

#### **4.15. PROMOTION TO THE CADRE OF SUPERVISOR**

Appointment to the Supervisor (Audit) Grade is made on the basis of selection-cum-seniority. The post of Supervisor (Gr-'B' Non-Gazetted) is on the standard scale of pay of Rs. 9300-34800+GP 4800 (revised).

- (A) Posts will be filled by promotion from the Senior Auditors with three years regular service in the grade.
- (B) By transfer on deputation from other Audit Offices in Audit and Accounts Department
  - (i) holding analogous posts on regular basis; or
  - (ii) holding the posts of Senior Auditor in the Scale of pay of Rs. 9300-34800+GP 4600 (revised) with three years regular service in the grade.

The period of deputation will not ordinarily extend beyond 3 years. The Senior Auditors coming under zone of consideration, who are assessed as good and above by the DPC, shall be empanelled for promotion in the order of their seniority and not on the basis of their relative merit.

The eligibility criteria should be satisfied on crucial date i. e, 1<sup>st</sup> October preceding. Orders on reservations of SC/ST are applicable.

[Attention Para 9.2 (C) and note at P.116 of Brochure on Reservation of SC/ST VIII<sup>th</sup> Edition].

Supervisor would not be eligible for promotion as Assistant Audit Officer, which is to be mentioned specifically in the appointment orders.

(Authority: C & AG's No.290 N2/15488 dated 14.3.89) (Circular No. NGE/17/189).

#### **4.16. PROMOTION OF AUDITORS AS SENIOR AUDITORS**

Consequent on restructuring of Cadres in IA & AD w. e. f. 1.3.84, 80% of the sanctioned posts of Auditors will be in the Grade of Sr. Auditors. The eligibility for promotion as Senior Auditors in the grade of Rs. 5500-9000 (pre-revised) now 9300-34800/- + GP Rs. 4200/- is completion of 3 years regular service in the Grade of Auditors, i.e. Rs. 4500-7000 (pre-revised) now Rs. 5200-20200/- + GP Rs. 2800/- on crucial date and those who passed departmental examination for Auditors. The crucial date for determining eligibility criteria would be 1<sup>st</sup> January proceeding for the preparation of panel for operation from 1<sup>st</sup> January.

[Authority: (i) Indian Audit and Accounts Department (Sr. Auditor) Recruitment (Amendment) Rules 1999. 1.3.2. of Manual of Instructions for Restructuring of Cadres in IA & AD and C & AG's Circular No. 718 N21 41/84 dated 23.7.84.)

#### **4.17. PROMOTION OF CLERKS AS AUDITOR**

The promotional posts for clerks as Auditors in the grade of Rs. 4500-7000 (pre-revised) now 5200-20200 will be 40% on seniority-cum-fitness basis from clerks with 5 years service in the grade subject to rejection of unfit. Ten percent of Vacancies in Auditors Cadre will be filled in by promotion of Graduate Group 'D' officials or Graduate clerks, with three years combined service, on passing the departmental examination, for auditors or clerks passing the section Officers' Grade examination - Part- 1, failing which by direct recruitment.

**Note :** Clerks/Group 'D' appointed as Auditors on passing the Departmental Examination for Auditors, part- 1 of the Sections Officers' Grade Examination will be eligible to qualification pay of Rs. 60/- p.m. from the date of appointment as Auditor on the analogy of the instructions contained in Para 3.8.1 of Manual of Instructions on restructuring.

Unless exempted from passing type test by order of C & AG, Clerks who have not qualified the prescribed test will not be eligible for promotion by seniority or through any Department Examination Vide Headquarters' Circular No.321 -N2/46-87 dated 1.4.87.

[Authority: (i) *Indian Audit and Accounts Department (Auditor) Recruitment (Amendment) Rules 2000.*  
(ii) *C & AG's No. 768-No. i/47-88 dated 26.8.88 and MOF OM No. 718)-E (III)/87 dated 4.10.88 received under C & AG's No.987 -Audit 1/84-86/IV-88(192 dated 13.10.88)]*

#### **4.18. PROMOTION OF GROUP 'D' STAFF AS CLERK/TYPIST**

(a) Five percent amongst Group 'D' staff with 5 years regular service in the grade and who possesses Matriculation or equivalent qualification on seniority basis and ten percent from amongst Matriculate Group 'D' officials qualifying the Limited Departmental Competitive Examination prescribed by the C & AG of India are to be promoted as Clerk/typist. The Limited Departmental Competitive Examination will be held in September every year. Minimum eligibility being 3 (three) years continuous service on the 1<sup>st</sup> of the month in which examination is held.

[Authority: (i) *C & A G's letter No.851 -N2/68-85 dated 29.9.88.)*  
(ii)*Indian Audit and Accounts Department (Clerk) Recruitment (Amendment) Rules 2001]*

(b) There is another stories of promotion of Non-matriculate Gr. 'D' Staff qualified in Special Departmental Examination for Non-matriculate Group 'D' Staff with 12 years regular services in the grade.

(Authority: *C & AG's letter No. 203-N2/59-91 dated 6.4.1992 -)*

#### **4.19. PROMOTION OF GROUP 'D' STAFF AS RECORD KEEPER**

Group 'D' officials of the offices under the same cadre control with seven years regular service in the grade and who possess minimum qualification of eighth standard pass are eligible for promotion to the post of Record Keeper (Group 'C' non-Gazetted in the Scale of Pay of Rs. 2750-70-3800-75-4400).

The inter-se eligibility list will be prepared based on the total length of service as Gr. 'D' official.

Record Keepers in the grade of Rs. 2750-4400 with three years regular service in the grade are eligible for promotion to the post of functional Selection Grade Record Keeper (Scale of Pay Rs. 3050-75-3950-80-4590).

- [Authority: (i) Indian Audit and Accounts Department (Record Keeper) Recruitment (Amendment) Rules 2000.  
(ii) Indian Audit and Accounts Department (Selection Grade Record Keeper) Recruitment (Amendment) Rules 1999]

**As per recommendations of 6<sup>th</sup> CPC all Gr. ‘D’ posts in the Govt. will stand upgraded to Gr.-‘C’ Pay Band 1 with Grade Pay of Rs. 1800 alongwith the incumbents (after suitable training, wherever required) there will be no further recruitment in Gr. ‘D’ vide Min. of Personnel Public Grievances & Pensions Deptt. Of Personnel & Training No. AB-14017/6/2009-Estt(RR) dated 30.4.2010.**

#### **4.20. RESTRUCTURING OF CADRE OF STENOGRAPHERS**

Consequent on restructuring of cadre of Stenographers in the field offices vide Comptroller and Auditor General of India’s letter No. 1282/NCE (App.)/75-99 (Circular No. NGE/51/1999) dated 08.10.99, the existing posts of Stenographers, Personal Assistants and Managers (Typing Pool) are pooled together and the cadre is restructured as under with the following nomenclature :-

Sl. No.	Existing Grade	New Grade	Scale of Pay	Percentage Strength
1.	Stenographer	Stenographer Grade - III	Rs. 4000-6000 (pre-revised)	40%
			Rs. 5200-20200+GP 2400 (revised)	
2.	Personal Assistant	Stenographer Grade - II	Rs. 5000-8000 (pre-revised) Rs. 9300-34800+GP 4200 (revised)	40%

According to this restructuring and re-fixation of the strength, these grades in the ratio of 40: 40: 20, one post of Stenographer Grade III in the scale of pay of Rs. 4000-6000 is upgraded to the post of Stenographer Grade II in the scale of pay of Rs. 5000-8000 since revised as Rs. 9300-34800+GP. 4200 (Revised)

In view of the above, the revised cadre strength of Stenographers in this office will be as follows:-

Name of the Cadre	Cadre strength
Stenographer Grade – III	1
Stenographer Grade – II	1

These will be effective from 08.10.1999.

#### **4.21. PROMOTION TO THE POSTS OF STENOGRAPHER GRADE - I AND GRADE - II**

Stenographers Grade – II (Group ‘C’ non-Gazetted) in the scale of pay of Rs. 5000-150-8000 (pre-revised) with three years regular service in the Grade are eligible for promotion to the post of Stenographer Grade – I (Scale of pay of Rs. 5500-175-9000) (Gr. ‘B’ non-Gazetted) (Since revised as 9300-34800+GP. 4200).

[Authority: *Indian Audit and Accounts Department (Stenographer Grade- I) Recruitment Rules 2004*.]

Stenographer Grade – III (Gr. ‘C’) in the scale of pay of Rs. 4000-100-6000 (pre-revised) with five years regular service in the grade are eligible for promotion to the post of Stenographer Grade – II (Scale of pay of Rs. 5000-150-8000) Since revised as Rs. 9300-34800+GP 4200(revised).

[Authority: *Indian Audit and Accounts Department (Stenographer Grade- II) Recruitment Rules 2003*.]

#### **4.22. MODIFIED ASSURED CAREER PROGRESSION (MACP) SCHEME**

Effective from 01.9.2008

- (i) MACP envisages grant of three financial upgradation - will be granted at intervals of 10,20&30 years of continuos regular service.
- (ii) Counted from the diect entery grade to Groups ‘A’, ‘B’ and ‘C’
- (iii) Financial upgradation will be allowed whenever a person has spent 10 years continuously in the same grade pay.

**NOTE:** The status of Group ‘D’ employees would cease on their completion of prescribed training and would be treated as Group ‘C’ employees.

(Authority: *Dept. of Per.&TRG OM. No. 35034/3/2008-Estt(D) dated 19.5.2009.*)

#### **4.23. SCHEME FOR FILLING OF HINDI POSTS**

The question of adoption of the norms for creation of minimum of Hindi posts for the implementation of the official language policy of the Central Govt. as prescribed in Govt. of India's OM No. 13035/3/88. Dl(c) dated 5.4.89 in the Indian Audit & Accounts department has been engaging attention of the C & AG's office for some time. The matter also came up for discussion in the XXI ordinary meeting of the Department Council of IA & AD on 3<sup>rd</sup> August 90 and it was decided to implement the scheme of the Govt. of India in this regard. In order to result for implementation of official language policy in IA &AD, the same scheme as followed by Govt. of India broadly patterned in model recruitment rules framed by Department of Personnel. Administrative Reforms, has been ultimately prescribed for filling in all the Hindi posts that may be sanctioned by the Headquarters' for the field offices.

#### **4.24. RECRUITMENT FOR THE POST OF SENIOR TRANSLATOR**

The educational qualification for direct recruit's method of recruitment and period of probation for the post of Senior Translator Group 'B' non-gazetted ministerial post will be as under.-

##### **4.24.1 EDUCATIONAL QUALIFICATION**

(i) Master's Degree of a recognised University in Hindi/English with English/Hindi as a compulsory/ elective subject or as medium of examination of Degree level or Master degree of a recognised University in any subject other than Hindi/English with Hindi/English Medium

and English/Hindi as a compulsory/elective subjects or as a medium of examination at Degree level or Master's degree of recognised University in any subject other than Hindi/English with Hindi/English as compulsory/elective subjects or either of the two as medium of examination and the other as a compulsory/elective subject at Degree level and (ii) Recognised Diploma/Certificate course in translation from Hindi to English and vice versa or two year's experience of translation work from Hindi to English and vice versa in Central/State Government offices including Govt of India undertakings.

#### **4.24.2 METHOD OF RECRUITMENT**

Promotion on the basis of seniority subject to the fitness from junior translator in the Scale of Pay of Rs. 9300-34800+GP 4200 with 5 years service in the Grade available in the department failing which by transfer on deputation failing both by direct recruitment.

#### **4.24.3. TRANSFER ON DEPUTATION**

From amongst Central Government officers holding:

(a) (i) Analogous Posts or (ii) Post in the Scale of Pay of Rs. 9300-34800+GP 4200 equivalent with 3 years regular service in the grade (iii) post in the Scale of Pay of Rs. 5200-20200+GP 2800 with six years service in the grade and (b) Possessing educational and other qualification laid down for direct recruits.

#### **4.24.4. AGE LIMIT FOR DIRECT RECRUITMENT**

18-27 years relaxable as per extent rules in the cadre of LDC in accordance with the instructions / orders issued by Central Government; other relaxations as per general orders of the Govt. of India.

#### **4.24.5. PERIOD OF PROBATION & COMPOSITION OF D. P. C.**

Period of probation is two years for direct recruits and promotees. Composition of D. P. C. -as prescribed for Group 'B' Departmental Promotion Committee.

### **4.25. RECRUITMENT FOR THE POST OF JUNIOR TRANSLATOR**

Junior Translator post is a Group 'C' non-gazetted ministerial post of pay Scale of Rs. 9300-34800+GP 4200. Education qualification for direct recruits, methods of recruitment and period of probation for this post will be as under:-

#### **4.25.1. EDUCATIONAL QUALIFICATIONS**

Master degree of a recognised University in Hindi/English, with Hindi/English as Compulsory/Elective subject at Degree level, or Bachelor Degree with Hindi and English as main subjects (which includes the term compulsory and elective).

#### **4.25.2. METHOD OF RECRUITMENT**

By deputation/ absorption failing which by direct recruitment.

#### **4.25.3. TRANSFER ON DEPUTATION/TRANSFER FROM AMONGST CENTRAL GOVT. OFFICES HOLDING**

(a) (i) analogue posts, (ii) Posts in the pay scale of Rs. 4000-6000 (revised as Rs. 5200-20200+GP2400) as equivalent with 5 years regular service in the grade (iii) posts in the Scale of pay of Rs. 3050-4590 (revised as Rs 5200-20200+GP 1900) with 13 years regular service in the grade and (b) Possessing educational and other qualifications laid down for direct recruits.

#### **4.25.4. PERIOD OF PROBATION**

Two years for Direct Recruits.

#### **4.25.5. AGE LIMIT FOR DIRECT RECRUITMENT**

30 years. Whenever the posts of Hindi Officers, Senior Translators, Junior Translators have to be filled in by direct recruitment necessary requisition for the purpose will be sent to Union Public Service Commission in the case of posts of Hindi Officers and Staff Selection Commission in the case or posts of Senior Translator and Junior Translator.

(Authority C & AG's circular letter No. 672-NoIII/21-91-vol – II dated 6.3.91)

#### **4.26. DEPARTMENTAL EXAMINATION FOR AUDITORS**

All those appointed to the Auditors Cadre should pass the Departmental Examination for Auditors which is pre-requisite for confirmation and for promotion to the grade of Senior Auditor, the maximum number of chances for the Departmental confirmatory Examination is 6. Clerks who are promoted as Auditors will also have to pass the examination within 6 chances failing which they will be reverted. Such clerks are allowed further three chances to appear for the Departmental Examination while serving as clerk/Typist. These chances should be availed of within two years of their reversion. Graduate Group 'D'/Clerks are also eligible to appear in this examination provided they have completed 3 years' continuous service as on 1<sup>st</sup> of February/August. Departmental Examination for Auditors is to be held every year in February/August for which following three question papers are to be set by respective office.

Paper I - Railway Audit -2 <sup>1/2</sup> hours for 100 Marks.

Paper II - General Rules & Procedures -2 <sup>1/2</sup> hours for 100 Marks.

Paper III - Revenue Audit (Railway) - 3 hours for 100 Marks.

Candidates will be declared to have passed if they obtain 40% marks in each of the papers. Candidates securing 50% or more marks will be treated as exempted

(Authority: (1) 4.3.1, 4.3.2 & 4.33 of MIR (2) C & AG's No 167 - Exam of 1987) dated 30. 7. 87 (3) C & AG's No.421 -Exam/160 -88 dated 17.5.88.)\_ & (4) **Para No. 9.4.8 of MSO (Admn) – Vol. I (3<sup>rd</sup> Edition) -**

#### **4.27. LIMITED DEPARTMENTAL COMPETITIVE EXAMINATION FOR MATRICULATE GROUP 'D' STAFF FOR PROMOTION AS CLERK/TYPIST**

Group 'D' Staff who are matriculate and who have put in 3 years' continuous service on the first day of the month in which the examination is held are eligible to appear for this examination. The examination is normally held in the month of September every year. There is no limit in the number of chances a candidate may avail. The examination will consist of following 3 written papers.

1. English/Hindi- 2 hrs. -100 Marks.
2. Arithmetic Tabulation -2 hrs. -100 Marks.
3. General Knowledge & Office Procedure 1 hr. -100 Marks.

The pass marks required is 40% in each of the papers. Candidates securing 45% marks in any paper would be exempted from appearing in that paper in subsequent examination. There is no limit on the number of chances. The candidates who pass the written papers of the examination become eligible for promotion as Clerk/typist. They have to pass type test before becoming eligible for increments, confirmation and promotion. Preference in promotion will be given to those who have qualified in the type test before their promotion turn comes. They are however eligible for exemption from passing the type test on their reaching the age of 45 year.

*Authority: (i) Section V of Para No. 9. 6 of MSO (Admn) – Vol. I (3<sup>rd</sup> Edition) - C & AG's letter Nos.*

1. 341 .Exam/161 .83 dated 30.4.84.
2. 692 -Exam 161 -83 dated 5.7.84.
3. 833 -Exam/161 -83 dated 23.7.86. 4. 301 N ~ 2/46-87 dated 1.4.87. 242 - Exam/161 -83 Vol. II dated 23.4.87.

*(Ref. Western Railway's Office Manual Para No. 321).*

#### **4.28. DEPARTMENTAL EXAMINATION FOR PROMOTION TO STENOGRAPHERS**

Any permanent or temporary regularly appointed Clerk/typist who has completed 2 years' continuous service as Clerk/Typist who has passed the matriculation examination will be eligible to appear in the Limited Departmental Competitive Examination for Clerk/Typist for promotion as Stenographers.

The examination will be held once in a year in the month of August. The examination consists of two parts viz. Part-A - written Test and Part B - shorthand test.

##### **Part -A**

Paper I - General English 1 Hour 75 marks

Paper II - Essay 1 Hour 50 marks

Paper III - General Knowledge 1 Hour 75 marks

*[Authority: Section IV of Para No. 9.5.1 of MSO (Admn) – Vol. I (3<sup>rd</sup> Edition)]. -*

##### **Part -B**

Shorthand test in English or Hindi at 80 words per minute for 10 minutes for 200 marks. Minimum qualifying marks will be 55%.

The crucial date to determine the eligibility will be the first day of the month on which the examination is held. The candidates will be allowed 4 chances in all to pass the examination.

*[Authority : (i) Para No. 9.5.3 of MSO (Admn) – Vol. I (3<sup>rd</sup> Edition)]*  
C & AG's letter No. (1) 186-190/N-2/40-84 dated 6-3-1984 (2) 1259-Esam/21-84 dated Sept. 1984 (Ref. Para 3.22 of Western Railway's Office Manual)].

#### **4.29. SUBORDINATE AUDIT/ACCOUNTS SERVICE (SAS) EXAMINATION**

The Section Officers' Grade Examination (SOGE) has been renamed as Subordinate Audit/Accounts Service (SAS) Examination. Formats of these examinations has also been changed. For detailed Rules regarding Subordinate Audit/Accounts Service (SAS) Examination the C&AG's Circular No.17-NCE/2010 No. 632-NCE (App)/24-2010 dated 07.06.2010 may be referred.

To determine to suitability of candidates for Subordinate Audit/Accounts Service (SAS) Examination a preliminary test is held in the month of July/August every year which comprises of two papers.

1. General English/General Hindi and Constitution of India.

2. Service Regulations and Financial Rules, Principles of Govt. A/cs and Audit concerning Establishment Rules and procedure & Expenditure Audit including Books, Budget and Appropriation Accounts.

(Authority: C & AG's letter Nos. 222/Exam. 8-85 dated 01.04.1985 & 527 Exam. 8-85 dated 01.05.1985).

(Authority: C & AG's letter Nos. 43-Staff appointment/24-2010 dated 17.01.2011).

The lectures on each subject, to be imparted to the candidates appearing for Section Officers' Grade Examination, can be distributed by the Principal Director of Audit among the Sr. Audit Officers or Audit Officers for one or more than one faculty in order to secure intensive training of respective topics under each subject. The lecture session should be of a minimum duration of 75 minutes with option to the faculty to extend it wherever necessary. The timing should be fixed to 30 to 45 minutes within office hours, and 30 to 45 minutes outside office hours, the number of lecture is to be delivered being fixed at the direction of the principal Director of Audit. The training classes will be held provided the total number of candidates (including failed ones) appearing at a particular station is not less than 4 for part- I and 5 for Part- II of SOG Examination.

[Authority C & AG's letter No.499-08 M/S-82 dated 27.5.82].

#### **4.29.1. TRAINING OF CANDIDATES FOR THE SUBORDINATE AUDIT/ACCOUNTS**

##### **SERVICE (S.A.S.) EXAMINATION**

**[Para 61 of RAM, 5<sup>th</sup> Edition. The instructions are also contained in Para 9.2.8 and 9.2.9 of M.SO (Admn) – Vol.-I].**

#### **4.29.2. SENIORITY LIST**

For the purpose of regulating the promotion of the Subordinate Audit/Accounts Service (SAS) passed staff to the rank of Section Officers a single seniority list of all such man of every Railway should be maintained by the Principal Director of Audit. As soon as the result of Part-II of the Section Officers Grade Examination are published, the seniority of staff who are declared to have passed that examination should be determined by the Principal Director of Audit concerned in accordance with the prescribed rules of seniority and the names of such staff added in the proper places in the seniority list of the Railway concerned. Seniority lists will be maintained by the Principal Director of Audit in respect of the members belonging to his/her office in accordance with the instructions issued from time to time, the usual number of copies being submitted to the C & AG.

(Authority: Para 53 of Railway Audit Manual – Fifth Edition).

#### **4.29.3. SPECIAL PAY TO AUDITORS AWAITING PROMOTION AS SECTION OFFICERS**

During the first year, after passing the SOG Examination, the Auditors of the Indian Audit and Accounts Department awaiting promotion as Section Officers will be entitled to special allowance of Rs. 80 p. m and from the second year onwards of the date of passing the examination, special pay of Rs. 140 p. m. + with effect from 1.9.2008, the existing rates have been doubled vide M.F., O.M. No. 4/6/2008-Estt. (Pay-II), dated 1.10.2008. The rate of this allowance shall be increased by 25% whenever D.A. in the revised pay structure goes by 50%.

[Authority: C & AG of India, New Delhi's circular letter No. 418-ENG (Entt)/98 dated 24.07.98 effective from 01.08.97].

#### **4.30. REVENUE AUDIT EXAMINATION FOR ASSTT. AUDIT OFFICERS (RAE)**

Revenue Audit Examination for Asstt. Audit Officers has been introduced in Railway Audit Offices vide C&AG's Lr. No. 17-NCE/2010 No. 632-NCE (App)/24-2010 dated 07.06.2010. The Examination will consist of the following two papers each of three hours duration and carrying 150 marks.

Paper I: Income Tax (Theory and Practice).

Paper II: Departmental Paper – II (Railway)

Books will be allowed to candidates for reference during the examination. The examination will be held along Subordinate Audit/Accounts Service (SAS) Examination.

(a) Section Officers/Assistant Audit Officers borne on the cadre of Audit Offices, who have put in one year service in the Revenue Audit Branch or have undergone the prescribed training in Revenue Audit as Section Officer/Assistant audit Officer, are eligible to appear in the Examination. Total number of chances admissible to pass the Revenue Audit Examination shall be six including the chance, if availed, in 2010 examination. There will be no upper age limit for appearing in the Revenue Audit Examination.

(b) Audit Officers/Sr. Audit Officers, borne on the cadre of audit Offices, who did not appear in this examination or appeared but could not pass this examination while working as Section Officer/Assistant Audit Officer, will also be eligible to appear/re-appear in this Examination. Total number of chances to pass this Examination shall be six and counted afresh from the year 2011. There will be no upper age limit in this regard.

(Authority: C & AG's letter Nos.

1. 98-2 Exam/102 -72 dated 31.10.73.
2. 266 Exam/102 -72 dated 3.6.74.
3. 372 Exam/102 -72(111) dated 10.7.74.
4. 1115 Exam/183 -80 dated 14.10.80 & 4.1.2 of M.I.R.
5. 633-NCE (App)/24-2010 dated 07.6.2010
6. 25-Staff Appointment/1-2006/KW dated 11.01.2011)

#### **4.31. INCENTIVE EXAMINATION FOR SENIOR AUDITORS (IE)**

A Scheme of Incentive Examination for Senior Auditors of Finance, Accounts & Audit has been introduced from April 1989. Accordingly, Senior Auditors with one year continuous service in the grade on the 1<sup>st</sup> of the month in which examination is scheduled to be held will be eligible to appear in the examination.

There will be one paper on 'Finance Accounts and Audit' of 2<sup>1/2</sup> hours duration with 100 marks. The examination is to be written without books. The examination is to be conducted by Heads of Departments every year in April and exact date is to be fixed by the Head of the Departments.

Candidates securing fifty percent marks and above would be granted one advance increment in the scale of Senior Auditor w. e. f the 1<sup>st</sup> of the month in which the examinations is held which is to be sanctioned by respective Heads of Department and post facto approval obtained from Headquarters' Office.

[Authority: (i) C & AG's letter No. 279-Exam/27-88-III dated 05.07.93 (Exam. Sec's Circular No. 4 of 1993)  
(ii) C & AG's letter No. 59-Exam/27-88-II dated 22.02.90 (Exam. Sec's Circular No.3 of 1990)].

[Authority: C & AG's No.768 -Exam/27-86 dated 9.8.88) (Ref. Para 3.25 of Western Railway's Office Manual)].

#### **4.32 OPTION TO APPEAR IN DEPARTMENTAL EXAMINATION**

Candidates appearing for departmental examination have the option to answer the papers either in Hindi or English. The question papers have to be set in both the languages.

#### **4.33. TRAINING OF STAFF**

The training of Auditors covers a period of 3 months with intensive training which may include tours to various Administrative offices, fortnightly test, maintaining diaries to be submitted to Training Superintendent who in turn will submit the same to the Dy. Director.

(Authority: C & AG's NO.1665 -NGE 1/217 -60 dated 18.8.80.)

(PARA 61 OF RAM –Fifth Edition)

#### **4.34. GRANT OF LUMP-SUM INCENTIVE FOR ACQUIRING HIGHER QUALIFICATION**

Departmental officials belonging to Group 'B' and non-gazetted staff are entitled to a lump-sum amount of incentive of Rs. 8000 on passing the Final Examination and Rs. 4000 on passing the Intermediate/Part – I Examination of Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Chartered Financial Analysts of India. Officials are entitled to a lump-sum incentive of Rs. 4000 on passing the Final Examination and Rs. 2000 on passing the Intermediate/Part - I of the Institute of Company Secretaries of India. On acquiring of Ph. D - an eligible qualification a lump-sum incentive of Rs. 10000/- is admissible.

[Authority: C & AG's letter No. 897- NGE/Entt/26-96 dated 26.12.2000 effective from 09.04.1999 – and No. 1047/GE-II/66-2003/2004 dated 20.10.2004].

#### **4.35. RESERVATION ROSTER**

The existing 200 point, 40 point and 120 point vacancy-based rosters have been replaced by post based rosters w.e.f. 2.7.97 under the policy of reservation of jobs for SC/ST/OBC in line with the law laid down by the Supreme Court. The model rosters have been drawn up keeping in mind two fundamental principles – the reservation for the entitled categories is to be kept within the prescribed percentage of reservation and the total reservation should in no case exceed 50% of the posts. There are separate rosters for direct recruitment and for promotions where reservation in promotion applies.

The Post- Based Reservation Rosters for direct recruitment as well as promotion for Sr. Audit Officers, Audit Officers, Assistant Audit Officers, Section Officers, Supervisor, Sr. Auditors, Auditors, Clerks, Stenographers, Record Keepers and Group 'D' (now M.T.S.) posts etc. are maintained in Administration Section. The Dy. Director (Admn) who is also Liaison Officer will conduct annual inspection of the rosters with a view to ensuring proper implementation of the reservation orders.

The Roster Register will be submitted for inspection to Co-ord. Section for direct recruitment and promotion every year and the remarks offered by Co-ord. section is prescribed

proforma along with due explanation accepted by Co-ord. section will be forwarded to C & AG's office in April every year.

[ Authority : (i) GOI, DOPT's OM No. 36012/2/96-Estt (Res) dated 2.7.97. (ii) Brochure on Reservation for SC-ST VII<sup>th</sup> Edition]

#### **4.36. CONFIRMATION**

The procedure of confirming a Government servant against a permanent vacant post has been simplified and delinked from the availability of a permanent post w.e.f. 1.4.88. Every officer in the entry grade could be considered for confirmation if he is found to be eligible and suitable. There is no restriction on the availability of number of permanent posts. An Officer who has successfully completed the period of probation or passed departmental examination may be considered for confirmation. In cases where probation or passing of departmental examination is not prescribed, the official should have put in a minimum period of 2 years service in the entry cadre before he is considered for confirmation by the DPC. Confirmation will be made only once in the service of an official which will be in the entry grade.

Confirmation in the grade to which initially recruited will be issued when the case is clear from all angles. As no officer otherwise eligible have to wait for confirmation pending availability of a permanent vacancy, the need for following the existing procedure for declaring a person quasi-permanent ceases to exist. The benefits of having a lien in a grade will be enjoyed by all officers who are confirmed in the grade of entry or who have been promoted to a higher post declared as having been completed the probation where it is prescribed. In cases of those, who have been promoted on a regular basis to a higher post where no probation is prescribed under Rules, as the case may be. The present distinction between permanent and temporary employees for grant of pension and other Pensionary benefits will cease to exist. As a result of introduction of confirmation only at the entry stage and the delinking of confirmation from the availability of permanent posts, the need for reservation at the time of confirmation in posts and services filled by direct recruitment as per existing instruction will cease to exist as every one who is eligible for confirmation will be confirmed.

[Authority: (i) C & AG's letter No. 2536-NGE III/43-88 dated 20.07.88. (NGE Group Circular No. N/56/1988).

(ii) C & AG's letter No. 1431-N. III/43-88/III dated 09.08.91 (NGE Group Circular No. N/37/1991).

#### **4.37. LEAVE RESERVE**

As the Auditors are the main level of recruitment in this department and as special test are prescribed for the promotion of clerk to the post of Auditors, the leave reserve for Audit Officers, Assistant Audit Officers, Section Officers, Senior Auditors and Auditors in the Railway Audit Offices will be in the cadre of Auditors. The leave reserves for clerks and Group 'D' will be in the cadre of clerks and Group 'D' respectively. It will be calculated on the basis of 10% of the posts in each category, so far as ministerial class- III posts are concerned. In respect of Group 'D' staff, the leave reserves will be at 7<sup>1/2</sup> % of the staff.

ii} In calculating leave reserves, posts sanctioned for training deputation and leave reserves, should be excluded.

iii) The leave reserves cover all vacancies including those caused by the grant of leave preparatory to retirement.

iv) In calculating leave reserve fraction of less than half should be omitted and fractions of half or more should be rounded off to the next higher figure.

[Authority: Para 6.4 and 8.6 of MSO (Admn). Vol. I (3<sup>rd</sup> Edition)].

#### **4.38. TERMS AND CONDITION TO BE OFFERED TO TEMPORARY STAFF**

Detailed instructions about the conditions of services of temporary government servants are given in C.C.S. (Temporary Services} Rules, 1965 as amended from time to time.

In cases where the appointing authority is satisfied that sufficient cause exists for the waiver of the provision for notice, the government servant is to be released forthwith and the question of withholding pay or both pay and allowances for the period he has actually worked does not arise. In other cases, where it is not possible to releases the employee forthwith the latter should be required to continue on duty and suitable disciplinary action should be taken, if he absents himself from duty. The salary for the period that the employee has actually worked, however, should not be withheld.

##### **4.39.1. TRANSFER OF SUBORDINATES**

Transfer of all Non-Gazetted Staff except Section Officers from one section to another section will requires the approval of the Director of Audit. In the case of Gazetted Officers including Section Officers, Principal Director of Audit's approval will be necessary.

##### **4.39.2 TRANSFER OF STAFF FROM ONE STATION TO ANOTHER**

As far as possible no members of staff should normally be kept in the same wing for a period exceeding five years. Rotation to another group within a shorter period or retention in a particular group beyond five years should be allowed only in exceptional circumstances and with the specific orders of Principal Director of Audit. These instructions would apply to Audit Officers also. By the due date prescribed, the section should furnish a half yearly return to administration section indicating the action and the periods during which the staff have worked during the period under report.

(C & AG's No.215 -PC (Co-ord/3-87 dated 17.11.87).

##### **4.39.3. JOINING TIME ON TRANSFER**

Unless otherwise stated in the office order of transfer, staff of this office will be allowed joining time as admissible under the rules contained in C.C.S (Joining Time) Rules of Swamy's Compilation.

#### **4.40. AN ANNUAL PERFORMANCE ASSESSMENT REPORT (APAR)**

An Annual Performance Assessment Report is maintained for all staff (other than Gr.- 'D'). This is preferably recorded annually for financial year i.e. 1<sup>st</sup> April to 31<sup>st</sup> March. It is written by the immediate superior who must take into account all the performance (good and bad) of the concerned employee over the period under report & reviewed by the next higher authority.

*Authority:- (Dept. of Per. & Trg. O.M. No. 21011/5/2002-Estt. (A), dated 26.7.2002 read with O.M. No. 21011/1/2005-Estt. (A) (Pt.-II) dated 23.7.2009*

#### **4.41. PENSIONABLE STAFF**

All the staff appointed in this office from 31<sup>st</sup> March 1930 to 31.12.2003 shall be pensionable staff vide [Para 36 of Railway Audit Manual – Fifth Edition –]. Staff appointed from 01.01.2004 onwards are covered under the Revised Contributory Pension Scheme vide Min. of Finance (Dept. of ECO Affairs) Notification No. 5/7/2003-ECB&PR dated 22.12.2003.

2. Deptt. of Pen. & PW Notification No. 38/16/2003-P&PW(A) dated 30.12.2003.

#### **4.42 NOMINATION FORMS**

The nomination forms in respect of Audit Officer and staff for family pension, G.P.F, Central Government Employees Group Insurance Scheme (CGEGIS) and D.C.R.G (Death-Cum-Retirement Gratuity) should be obtained and kept in the custody of Administration Section.

#### **4.43. GRANT OF LEAVE**

Leave to Group 'C' and 'D' staff will be sanctioned by the Branch Officers. Issue of a consolidated Leave Office Order, after necessary entries being made in Service Books, will be made by Administration Section. Leave of Asstt. Audit Officers will be dealt with by the Head of office on recommendations of the Branch Officer. Sr. Audit Officer/Audit Officer can sanction leave not exceeding 15 days at a time to Asstt. Audit Officers working under them, provided no substitute is required.

[Para 39 of Railway Audit Manual – Fifth Edition].

#### **4.44. PREMATURE RETIREMENT OF CENTRAL GOVERNMENT SERVANTS**

Premature retirement of Central Government is governed by Rule 48 of C.C.S. (Pension) Rules.

#### **4.45. GRADATION LIST**

The gradation lists should be prepared each year (position as on 1<sup>st</sup> March) which should contain the sanctioned strength in different cadres, the scales of pay and seniority of different classes of employees on the establishment of different cadres, lists and basic documents for considering confirmation, promotion etc. and brought out on the 15<sup>th</sup> June each year as per revised format given in Head Quarters letter No. 427 -No. 2/3-89 dated 28.4.89.

[Para 10.13 of MSO (Admn.) Vol. -I - ].

#### **4.46. LEAVE INTENTION OF IA & AS OFFICERS**

A statement of leave intentions of IA & AS Officers should be submitted half yearly to the C & A.G. of India by 1<sup>st</sup> June and 15<sup>th</sup> October of each year for period between October and March and April and September respectively. Statement should be in prescribed form No.1 of M.S.O. (Admn) - Vol. I as given below –

"Report of Intentions of IA & AS Officers to proceed on Leave"

Period.....

Name	Post Held	Nature & Period of leave required	Purpose	Date of last return from leave	Recommendations of Head of office	Remarks
1	2	3	4	5	6	7

[Para 132 of the MSO (Admn) - Vol-I].

#### **4.47. FAREWELL PARTIES AND ACCEPTANCE OF GIFTS**

As per CCS (Conduct) Rules, 1964 the acceptance of gifts or entertainment at the time of retirement and transfer should strictly be confined to limits permitted under the conduct rules and subject to the prior permission of the government, wherever such permission is necessary.

#### **4.48. RESTRICTION REGARDING MARRIAGE**

1. No Government servant shall enter into, or contract, a marriage with a person having a spouse living; and

2. No Government servant having a spouse living, shall enter into, or contract, a marriage with any person:

Provided that the Central Government may permit a Government servant to enter into, or contract, any such marriage as is referred to in clause (1) or clause (2), if it is satisfied that-

(a) such marriage is permissible under the personal law applicable to such Government servant and the other party to the marriage; and

(b) there are no other grounds for so doing.

(3) A Government servant who has married or marries a person other than of Indian nationality shall forthwith intimate the fact to the Government.

[Authority: Rule 21 of CCS (Conduct) Rules 1964].

#### **4.49. VERIFICATION OF CHARACTER AND ANTECEDANTS OF EMPLOYEES**

Every candidate appointed in office to Group 'C' is required to produce a character certificate on the prescribed proforma from a trustworthy person duly attested by a Sub-Divisional Magistrate or all officers superior who would satisfy himself as to the reliability of person.

#### **4.50. OATH OF ALLEGIANCE**

Each new entrant is required to takes an oath of allegiance to the Republic of India in prescribed form which is to be pasted in the Service book and taking the oath should be made one of the terms of their appointment. The form of the oath is as follows:-

“ I..... do swear 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 loyally carry out the duties of my office. So help my God”. The Oath/Affirmation should be taken/made before the Head of the Department or officer as may be appropriate.

[Para 6.2.13 of MSO (Admn.) Vol. – I- 3<sup>rd</sup> Edition -]

#### **4.51.1.MEDICAL EXAMINATION OF THE CANDIDATES FOR ENTRY INTO GOVT. SERVICES**

All Candidates for appointments should produce a Medical Certificate of fitness from the appropriate medical authority which should be affixed to his first pay bill, except in cases where the appointment is made specifically for a period not exceeding three months when no medical certificate will be necessary. The appropriate medical authority will be a Civil Surgeon or a District Medical Officer or of equivalent status in the case of a male non-gazetted govt. employee except group 'D' staff .A Competent Medical authority for group 'D' staff will be an Assistant Surgeon grade -1/11 or a Medical Officer of equivalent status.

(i) Model offer as circular under G & AG's later No.758-MGE II/51- 7 I dated 19.4.73 p/22(R)

(ii) C & AG's letter No.053 -NGEII/51- 74 II dated 19-4- 75, P/322 of Admn/33-2/54 (R).

#### **4.51.2 MEDICAL CERTIFICATE ON FIRST ENTRY INTO GOVERNMENT SERVICES**

Medical Certificates of fitness, as required under FR 10 read with SRs 3, 4 and 4A in cases of recruitment should be obtained before the appointment is actually made. On his/her reporting in the office on receipt of offer of appointment the candidate should be directed to

Medical Officer for Medical Examination and Final appointment order should be issued to candidate, only on receipt of the fitness certificate.

(Authority: (i) M.O.H. & F.W.'s O.M. No-170/10/84-NS dated 17.6.86 received under C & AG's No. 434-Audit 1/56-86/11186( 153) dated 09.1.87)  
(ii) Para 42 of Railway Audit Manual – Fifth Edition.

Compensatory city allowance and house rent allowance is regulated in accordance with Govt. order issued vide M.O.F.O.M. V.O.) 15(1)/LC/86 dated 13.9.86 as amended from time to time.

#### **4.52. GRANT OF BENEFIT UNDER THE 'NEXT BELOW RULE' IN RESPECT OF SPECIAL PAY**

Proforma promotion given to Government servants deputed on Foreign Service should be regulated in the same manner as in the case of deputation under the Government outside the regular one.

[Reference: G.I.D.130) below FR 22].

The benefit under 'next below rule' should not be given to persons deputed to regularly ex-cadre posts in which their pay is regulated by special orders of the Central Government under FR 51-A.

[GID's 29 to 36 below FR 22 and GID (I) below F.R. 113)].

#### **4.53. CHILDREN'S EDUCATIONAL ALLOWANCE, REIMBURSEMENT OF TUITION FEES AND HOSTEL SUBSIDY**

All the Government servants without any pay limit shall be eligible to draw children's educational allowance, reimbursement of Tuition Fees and Hostel Subsidy in terms of the provisions and at rates contained in Civil Services (Children's Educational Assistance) Orders 1980.

(Authority: HOP PG & Pension OM No. 21011/21/86 Estt. Allowance dated 17.10.88 received under C & A.G.'s No.1022 Audit 1/50-64/1988(157 dated 5.12.88 read with C.D. No. 12011/1/86. Estt (Allowance) dated 6.1.89 received under C. & AG's No.45 Audit 1/60-4/kw 11/1-89(5) dated 31.1.89).\_

#### **4.54. LEAVE RULES**

The staff of I.A. & A.D. are governed by CCS (Leave) Rules, 1972 as amended from time to time.

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**Office Procedure**  
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<b>5.47</b>	<b>Disposal of remarks made by the Principal Director of Audit and Dy.Director on letters received in dak or otherwise</b>
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## **CHAPTER-V**

### **(OFFICE PROCEDURE)**

#### **5.1 HOURS OF ATTENDANCE AND HOLIDAYS: (Para 82 of Railway Audit Manual – Fifth Edition - )**

- i)The working hours of the office of the Principal Director of Audit, South Eastern Railway at Headquarters/Garden Reach is from 10 a. m to 6.30 p. m with a short recess of half an hour from 1-30 p.m. to 2 p.m. The three divisions situated at KGP, CKP, ADA, will follow the working hours as prescribed by the respective Railway Administration and local Accounts offices. The hours of work of the various unit offices at Kharagpur Workshop are also the same as prescribed by the respective Railway Administration and local Accounts office. Basically, the hours of work observed by the Head Office, Divisional Offices and the Workshop concern to those followed by the corresponding local Railway Administration and Accounts Offices. The working hours of M.T.S. staff and Farrash is from 9.30 A.M to 7 P.M at Head Quarters along with all divisions and from 9-30 A.M to 5-30 P.M in Workshop Audit Office.
- ii)No clerical or M.T.S. staff should leave his seat during office hours without the permission of his Asstt. Audit Officer nor should Asstt. Audit Officer do so without the approval of the Branch Officer in charge except during lunch time. Any staff found absent from his seat without such permission will be liable to disciplinary action.
- iii)Assistant Audit Officers with the approval of their Branch Officers may require the attendance of their subordinates before or after usual office hours in the exigencies of work, viz. for avoidance or clearance of arrears; execution of urgent or time bound work etc.
- iv)The M.T.S. staff should attend office half an hour before the prescribed hours of work unless in any special case their attendance is required earlier for opening office, dusting furniture etc. They will remain in attendance in the evening until the section, to which they are attached, is entirely closed and their duty to put off lights, fans and also to securely close the doors, windows is done before they leave the office.

Those attached to Gazetted Officer will remain in office so long as their officers are in office and in no case should leave before the usual closing hours of the office.

#### **5.2 ATTENDANCE REGISTER AND PUNCTUALITY IN ATTENDANCE:**

There will be separate Attendance Register for each section in the Head Office. The section situated at outstations or outside Head Quarters Building will maintain their own attendance registers. All members of the staff should attend office punctually. Importance should be attached to the punctuality of attendance and persistent late attendance should not be condoned.

The attendance Registers maintained by different sections of Head Office should be closed at 10-10 A.M punctually and submitted to the Branch Officers concerned. Similarly the register maintained by the Divisional Audit Office/Workshop Audit office should also be submitted to concerned Branch Officer. Staff coming to Office after 10-10 A.M are required to note the time of arrival below their initials. It will be treated as late attendance.

At the end of each month the total late attendance for each member of staff working in a section should be worked out and noted in the attendance register in the column provided for the purpose.

### **5.3 LATE ATTENDANCE:**

Permission to attend office late or to leave office early will not be granted. Half a day's casual leave will be debited for every late attendance. Late attendance not exceeding one hour due to unavoidable reasons may be condoned by the competent authority up to two occasions in a month. Disciplinary action will be taken in case of habitual late comer. If an official who has no casual leave at his credit, comes late without sufficient reasons and without knowledge of the Administrative Authority concerned, the authority is not prepared to condone the late coming, but does not at the same time propose to take disciplinary action, may inform the official concerned in writing that he will be treated as an unauthorised absence for the day on which he has come late and leave it to the official himself either to face the consequences of such unauthorised absence or to apply for Earned Leave or any other kind of leave due and admissible for that day. If he applies for Earned Leave or any other kind of leave due to him, the same may be sanctioned by the competent authority.

[Authority: M.O.H.A.O.M No. 2803413/82 Estt. (A) dated 5-3-82].

For this purpose, the Assistant Audit Officer may condone the late attendance of the staff working under him up to a maximum of two days in a month. Assistant Audit Officer should apply for condonation to Branch Officers who may condone such late attendance up to two occasions in a month after considering the circumstances of each case. Late attendance of staff owing to late running of train by which they travel to their place of duty can be condoned provided the competent authority is satisfied in such case that the late attendance was entirely due to late arrival of trains by which particular staff have to travel for attendance in office.

If such a course does not ensure punctual attendance, suitable disciplinary action may be taken against the defaulter in addition to debiting half a day's casual leave on each occasion of such late attendance. When casual leave has been exhausted, the Director will determine the penalty suitable. The 'Attendance Register' should be closed at the end of each month and the number of late attendance, of each employee during the month should be marked out in the Attendance Register itself.

The recess hours must be very scrupulously observed by all including Branch Officers/Assistant Audit Officers. The Director of Audit should carry out surprise checks. The Branch Officers in the case of Assistant Audit Officers and Assistant Audit Officer in the case of clerical and Group 'D' staff may condone late attendance for good and sufficient reasons.

### **5.4. ABSENCE FROM OFFICE**

Absence from office without proper permission or without getting leave sanctioned is tantamount to unauthorised absence entailing inter-alia disciplinary action, as contemplated under Rules 12 & 32 of the CCS (leave) Rules 1972.

Absences on the grounds of sickness or unforeseen circumstances must invariably be reported by letter promptly. Application for leave on ground of illness for a continuous period of over three days may be required to be supported by Medical Certificate as prescribed in CCS Leave Rules.

### **5.5. HOLIDAYS (para 83 & 84 of Railway Audit Manual – Fifth Edition):**

Railway Audit Offices should observe the same holidays as are observed by the office of the respective Local Railway Administration and Accounts Office.

The office of the Principal Director of Audit/South Eastern Railway/Garden Reach/Kolkata observes the same holidays as are observed by the Office of the FA&CAO/South Eastern Railway/Garden Reach/Kolkata. The seven divisional offices and three Workshop Audit Offices observe the holidays followed by the respective Accounts Offices. The list of holidays (other than Saturdays & Sundays) to be observed by the office of the Principal Director of Audit/South Eastern Railway/Garden Reach/Kolkata should be sent in duplicate to the C & AG of India on or before 15<sup>th</sup> December of each year.

Modification, if any, should be promptly intimated to C & AG of India. Sectional holidays should be allowed only to the extent actually allowed in the office of the respective Administration and Accounts Offices.

In addition to the closed holidays, each employee is permitted to avail himself/herself of two days of restricted holidays to be chosen by him out of the list of holidays declared by the concerned Railway Administration. The restricted holidays availed of should be noted in the Casual Leave Register.

The restricted holidays can be prefixed or suffixed to regular Leave or Casual Leave. If attendance of staff during holidays is necessary it may be done under the orders of the Principal Director of Audit in the case of staff working at Head quarters office.

#### **5.6. CLOSING OF OFFICE ON THE DEATH OF HIGH DIGNITARIES:**

As it may not be possible for the C &AG of India as the Head of the Indian Audit & Accounts Department to issue orders in time to all his subordinate Offices located in different parts of the country, the announcement for the death of high dignitaries should be treated as authentic.

(Authority: *Ministry of Home Affairs O.M. No. 3/16/59 Rep II dated 12-5-1960 received under C & AG's endorsement No.14 74 Admn. 11/262-60 dated 19-8-1960*).

#### **5.7. LEAVING HEAD QUARTERS (para 44 of Railway Audit Manual –Fifth Edition)**

When an employee wishes to leave Headquarters during Casual Leave or holidays (including Saturday, Sunday) he or she should obtain prior approval of the competent authority for doing so. Address during such absence from Head Quarter should invariably be left with the office during regular leave; also the leave address should be left with the office. During regular leave also the leave address should be left with the office. The Branch Officers, Assistant Audit Officers and Section Officers are competent to accord such permission to the extent indicated separately in the Office Manual. In cases where B.O.s/A.Au.Os./S.Os are not competent to grant such permission, permission of competent authority should be taken. This permission should be specially obtained. Application for leave or issue of passes & PTOs will not ensure such permission.

(Authority: *C & AG's letters No.1958 NGE. 1/280-59 dated 15-09-1959 and No. 278-NG.I/3760 dated 13-02-1960*).

#### **5.8. CASUAL LEAVE:**

Casual Leave can be granted to a Government servant up to a maximum of 8 days in a Calendar Year. Not more than 6 days Casual Leave may be granted at a time except under special circumstance and with the prior approval of the Principal Director/Dy. Director. Casual Leave can be combined with holidays and restricted holidays. The Assistant Audit Officers are competent to grant Casual Leave up to a maximum of 3 days at a time to Senior Auditors, Auditor, Clerks, Typists and Group 'D' staff (Now MTS)and Branch Officers up to a maximum of 5 days at a time to Assistant Audit Officer, Sr. Auditor, Auditor, Clerk, Gr. 'D' (Now MTS) staff etc. Restricted holidays may also be sanctioned in continuation of Casual Leave for 3/5

days by the Assistant Audit Officer/Audit Officer respectively and this will not count for computing the limit of 3/5 days. Permission to leave Head Quarters may be granted by the Assistant Audit Officer up to the period they are empowered to grant Casual Leave. Similarly, permission to leave Head Quarters may be granted by Audit Officer to the extent they are empowered to sanction Casual Leave.

(Authority: Sr. AuO/Admin's letter No: Admn/14-2/55/4188 dated 165.12.2000).

Casual leave can not be claimed as a matter of right and its grant, is subject to the exigencies of public service. Holidays intervening between the periods of Casual Leave should not be treated as Casual Leave. On the transfer of an individual from one section to another, the fact of the transfer should be recorded in his Casual leave account and an extract there from showing the number of Casual Leave, restricted holiday, compensatory leave etc. availed of be sent to the new section or office for record in the Casual Leave Register of the latter. In case an employee is transferred to an outside office, the above information should be sent to Administration Section for mentioning the details of Casual Leave, restricted holiday etc. in 'Last Pay Certificates'.

The Casual Leave account will be kept in a register to be maintained by each Section/Branch in the prescribed proforma given below. While sanctioning the Casual Leave, the Assistant Audit Officer/Branch Officer should simultaneously attest the entire of the Casual Leave in the register.

Half a day's casual leave, if applied for, may be granted. For granting half-a-days Casual Leave. i.e., a person who takes half-a-days Casual Leave for forenoon session is required to come to office at 2.00 P.M. Similarly, if a person takes Leave for the afternoon session, he can be allowed to leave office at lunch time. The Head of Office may decide as to what should be the dividing line for grant of half-a-day's Casual Leave, in conjunction with full days or day casual leave at the credit of a Government servant is in terms of a full day or days, there is no objection to the grant half-a-day's Casual Leave, in conjunction with full day or day Casual Leave, if so applied for. Likewise, even when the Casual Leave at the credit of. a Government servant is in terms of a full day or days, there is no objection to the grant of half-a-day's casual leave in conjunction with full day's or several days Casual Leave.

(Authority: G.O.I, Ministry of Finance O.M. No.60/17/64-Est (A) dated 04-08-65).

Sanction to Casual Leave should be obtained in advance unless due to illness or other unforeseen circumstances, in which case a prompt report of absence with request for the grant of Casual leave should be sent. Otherwise, the absence will be treated as a wilful misbehaviour for the purpose of F.R.15.

#### PROFORMA OF CASUAL LEAVE REGISTER BY NAME

Particulars	Credit	Debit	Balance	Initial of AAO/SO	Initial of Sr. AO/AO	Remarks

#### 5.9 SPECIAL CASUAL LEAVE:

The power of granting Special Casual Leave will be exercised by Dy. Director of Audit.

**5.9.1. SPECIAL CASUAL LEAVE MAY BE ALLOWED ONLY UNDER THE FOLLOWING CIRCUMSTANCES AND LIMIT**

- 1) **Sports Events** – Up to a maximum of 30 days in a calendar year for attending coaching or training camps.
- 2) **For cultural Activities** – (a) Admissible to employees taking part in cultural activities (drama, music, Kavi sammelan etc. ) subject to the overall limit of 30 days in one calendar year.  
(b) Admissible to employees participating in dancing and singing competitions at Regional, National or International level, (including Festivals of India) subject to a maximum of 15 days in a calendar year.
- 3) **For Mountaineering/Trekking Expeditions** – Admissible for participating in mountaineering/trekking expeditions up to a maximum of 30 days in one calendar year and subject to the overall limit of 30 days for one calendar year for participation in sporting events.
- 4) **For Family Planning –**
  - (a) Male employees:
    - (i) Maximum of 6 working days admissible for vasectomy operation. If he undergoes the said operation for a second time due to failure of the first, another six days will be admissible on the production of medical certificate.
    - (ii) Another 7 days, if after the vasectomy operation he is not fit to return to duty, but not hospitalised [D.P. & A.R.O. Ms, dated 30.04.81 & 29.01.84].
    - (iii) Maximum of 21 days for undergoing recanalisation operation.
    - (iv) Maximum of 7 days if his wife undergoes tubectomy, laparoscopy or salpingectomy operation. The leave should follow the date of operation.
  - (b) Female employee:
    - (i) Maximum of 14 days admissible for tebectomy/laparoscopy. If she undergoes the operation for a second time due to failure of the first, maximum of 14 days will be admissible for the second time.
    - (ii) Another 14 days if after the tebectomy operation she is not fit to return to duty but not hospitalised.  
[D.P.A. & R.O.M., O.M., 28016/3/78-Estt. (A) dated 6.8.1979, 28016/1/80-Estt (A) dated 30.4.1981 and 28016/5/83-EII (A) dated 25.1.1984].
    - (iii) Maximum of 14 days admissible for salpingectomy operation after Medical Termination of Pregnancy (MTP).
    - (iv) Admissible on the day of IUCD insertion/re-insertion.
    - (v) Maximum of 21 days admissible for undergoing recanalisation operation.
    - (vi) One day admissible on the day of operation when her husband undergoes vasectomy operation.

**Note:** Extension of additional special casual leave is admissible for the period of hospitalisation if the concerned employee is hospitalised on account of post-operational complications.

- (5) **Special Casual Leave to Office Bearers of the recognised Associations in IA & AD**  
Special Casual Leave may be allowed up to a maximum limit of 20 days, 10 days to Outstation delegates and 5 days to local delegates in a Calendar year, for participation in the activities of Association. The grant of such special Casual Leave is however, subject to exigencies of the public service.

(Authority: MHA., OM No. 27/3/69-Estt. (B) dated 08.04.69.

- (6) **In cases of natural calamities, bandhs, etc.** – Principal Director of Audit may grant special casual leave to employees residing at places 3 miles away from their office, when they are unable to attend office due to dislocation of traffic arising out of natural calamities, bandhs etc. If the absence was due to picketing or disturbances or curfew, special casual leave may be granted irrespective of the distance from residence to office.

(Authority : O.M.s dated 01.11.77 and 28.05.79)

- (7) **For meetings concerned with Co-operative Societies:**

Members, Delegate Members, Managing Committee Members and Office Bearers of Co-operative Societies, formed exclusively with the Central Government employees and posted outside Headquarters of the societies are eligible for maximum period of **ten days in a calendar year** plus the minimum period required for the journeys to attend such meetings. For those posted at the same station, the Special Casual Leave will be restricted to cover the actual period of such meetings i.e., either full day or F.N. or A.N., as the case may be.

(Authority: M.H.A., OM No. 46/22/63-Estt. (A) dated 14.1.1964 read with O.M. dated 19.06.84)

- (8) **For participating in activities in connection with Kendriya Sachivalaya Hindi Parishad-**

Special Casual Leave may be granted for participating in certain activities of the Parishad subject to a maximum of twenty days in a year, including the period of journeys involved.

(Authority: D.P. & A.R., O.M. No. 28016/2/76-Estt. (B) dated 27.6.76)

- (9) **During elections-**

Special Casual Leave is granted for the day of election/bye-election for the Lok Sabha/State Assembly in the Constituency where the employees resides, its office were outside the constituency and is not closed for the day.

(Authority: Deptt. of per & Trg., O. M. No. 12/4/86-JCA dated 9.3.87).

- (10) **For donating blood to recognised Blood Banks** on working day, the Special Casual Leave is granted for that day.

(Authority : M.H.A., Notes on Office Procedure – Chapter 11).

## **5.10. HOME ADDRESS OF STAFF**

The home address of all the members of office should be entered in the sectional register maintained in each section.

## **5.11. REMOVAL OF PAPERS**

Office files, vouchers, registers etc. should be taken home by the non-gazetted staff in very special circumstances only with the permission of the Gazetted Officer or the Assistant Audit Officer or the Section Officer where no Gazetted Officer is stationed.

The staff taking any office file, voucher etc. outside the office for working at home will be fully responsible for any loss or damage thereto even if such records are taken away with proper permission.

*[Authority: Para 115 of RAM 5th Edition].*

## **5.12. TIDINESS AND INSPECTION OF OFFICE ROOMS:**

The following instruction should be strictly observed.

- i) Each member of the staff should arrange his table properly at the close of the office before he leaves office.
- ii) No files, registers or papers may be kept on the floor.
- iii) As far as practicable, no papers of any sort (vouchers, files, cases etc.) should remain on anyone's table when he leaves office. Vouchers and books of reference and audit notes etc. should be locked in drawers & cupboards and when this is not possible they should be placed neatly in racks. All files and other cases taken out for dealing should be restored to the racks when not required and especially so before leaving office.
- iv) Waste papers and rusted pins and other litter should not be thrown about on the floor but placed in the receptacles provided for the purpose.
- v) The almirah should be kept locked except during office hours and the key of the almirah should be in the custody of the Asstt. Audit Officer of the Section or any Senior Auditor nominated to keep the key.
- vi) The Asstt. Audit Officer of the section would be personally responsible to see that the racks, shelves etc. have been regularly dusted and the section has neat and tidy appearance. He should bring to the notice of the Branch Official reasonable requirements of the section in the matter of repairs of broken chairs, tables and similar matters and should see that all almirah are locked in the evening. He should bear in mind that order, neatness and system is an indication of the efficiency of supervision and control and always pays.

## **5.13. POWERS DELEGATED TO ASSISTANT AUDIT OFFICERS (INCLUDING SUPERVISORS)**

The following powers are delegated to A.A.uO.s including Superior.

- i) Power to grant Casual Leave, to Senior Auditor/Auditors, Clerks/Typists and Group 'D' staff working under them to a maximum period of 5 days at a time.
- ii) Signing of routine acknowledgements and reminders under their own designation (except to Head Quarters Office, i.e. C & AG of India).
- iii) Signing of Rough Audit Notes, conveying routine remarks or calling for certification/wanting documents etc.

iv) Scrutiny and acceptance of sanctions issued by authorities subordinate to General Manager i.e. Head of Departments etc.

v) Filling of all circulars of routine nature.

vi) Grant permission to the staff to leave headquarters up to the period they are empowered to grant casual leave.

vii) At outstations Branch Offices of Railway Audit - Where an Audit Officer is not at headquarters, to issue acknowledgements and send returns of routine nature to the Headquarters Office to the Principal Director of Audit without waiting for the Branch Officers' visit.

In addition to the powers at serial No. (i) to (vii) above, Assistant Audit Officer shall exercise the following powers:-

Attestation of entries in the Service Books of Non-Gazetted Officers (other than those on the first page of the Service Book). However annual verification of service will be attested by Branch Officer.

#### **5.14. DUTIES OF ASSISTANT AUDIT OFFICERS:**

Consequent on restructuring of cadres in IA & AD, with effect from 01-03-84, the following duties have been allotted to the Assistant Audit Officers:-

##### **5.14.1. (A) CENTRAL AUDIT:**

Duties and functions allotted to the Supervisors.

i) They will normally be entrusted with the charge of less important auditing sections viz. Establishment Audit, Books Section etc.

ii) They will perform their supervision work, original audit, Current review, post review etc.

iii) In the absence of Assistant Audit Officers the Supervisor will be entrusted with the inspection work. In such cases the reports will issue over the signature of Audit Officer.

##### **5.14.2 (B). DUTIES AND FUNCTIONS ALLOTTED TO THE ASSISTANT AUDIT OFFICERS**

i) The Assistant Audit Officers will perform original audit, current review, post review etc. pertaining to their portion under direct supervision of the Branch Officer concerned.

ii) Audit Scrutiny of tender/contracts/purchase orders up to a limit of Rs. 25 lakhs each, will devolve on the Assistant Audit Officers. The result of such scrutiny will be put up to Principal Director of Audit through the Branch Officer concerned.

iii) They will do field work (i.e. collection of materials from Executive, records etc.) in connection with the review, investigation of schemes, entrusted to them.

a) The inspection of minor Executive Offices such as hospitals, railway schools. A.M.E, A.S.C., ASTE, Asst. Engineers etc. will be done by an Inspection party. The Assistant Audit Officer/Section Officer will issue inspection memo. The Assistant Audit Officers are authorised to issue inspection reports Part - II after approval by the Audit Officer. Supervision of Audit Officers to the extent of 50% to 75% as may be considered necessary according to the importance of the office to be inspected.

b) Inspection of Executive officer, and offices of the Heads of the Departments which are to be inspected annually should be split up into two portions - one relating to non-personnel matters. The inspection is to be conducted by a party consisting of one Assistant Audit Officer and one Sr. Auditor. As regards non-personal matters the inspection will be conducted by the Assistant Audit Officers with two Senior Auditors and supervised by the Audit Officers to the extent of 75% to 100% as may be considered necessary according to the importance of the office to be inspected.

(Authority: Para 428 of RAM 5th Edition.)

#### **5.14.3 (C) COMPOSITION OF INSPECTION PARTY**

The inspection parties will be composed of one Assistant Audit Officer and two Senior Auditors for important offices. These parties will work under supervision of the Assistant Audit Officers.

#### **5.14.4 (D) COMPOSITION OF INSPECTION PARTIES FOR INDIVIDUAL SHOP IN A WORKSHOP**

The individual shops in a workshop will be inspected by a party consisting of one Assistant Audit Officer and two Senior Auditors.

#### **5.14.5 (E) STATION INSPECTION**

The extent of inspection and the composition/supervision of the inspection parties therefore will be as given below:

- 1) Very big stations.
  - i) Extent of inspection - once in 2 years.
  - ii) Inspection by Audit Officer with two Assistant Audit Officers and one Senior Auditor.
  - iii) Extent of Audit Officer's supervision 100%
  
- 2) Major Stations.
  - i) Extent of inspection - 25% or in a cycle of 4 years.
  - ii) Inspection by Audit Officers with two Assistant Audit Officers and one Senior Auditor.
  - iii) Extent of Audit Officer's supervision 50%.
  
- 3) Minor Stations.
  - i) Extent of Inspection - once in 10 years.
  - ii) Inspections to be conducted by a party consisting of one Assistant Audit Officer and two Sr. Auditors.

#### **5.14.6 (F) STORES DEPOT**

- i) Receiving & Despatching Section.
  
- ii) Depots in charge of Assistant Controller of Stores/District Store Keepers-Inspection is to be done by one A AuO & two Senior Auditors.

In respect of other store of other stores depots under the District Controller of Stores the inspection will be conducted under the supervision of the Audit Officers. The party composition will be one AAuO & two Senior Auditors.

#### **5.14.7 (G) SURPRISE VERIFICATION OF CASH:**

- (i) Surprise verification of Cash with individual pay Clerk may be conducted by one AAuO and one Senior Auditor.

- ii) Surprise Verification of cash with pay master/cashier will be done by Audit Officers only.

#### **5.14.8(H)DISTRIBUTION OF ITEMS AMONG THE MEMBERS OF THE INSPECTION PARTY**

In the matter of distribution of items/points to be looked into during inspection of the Cash Office such as bills and bill register, adjustment memo write off Statements, Cash remittances, Register of losses, Check of Cash value Books Register of agreements, tenders/Contracts, review of Inspection Notes of General Managers, Heads of the Departments etc. scrutiny of previous Inspection Reports should normally be renewed by (pricing of issue notes) clothing and liveries accounts, miscellaneous pay orders, stores Accounts (pricing of issue notes) clothing and liveries accounts, repairs to office equipments, parts and plants accounts and so on will be reviewed by the Sr. Auditors. The list is, however, illustrative only and not exhaustive.

#### **5.15. DEMARCATON OF DUTIES FOR SENIOR AUDITORS & AUDITORS IN INSPECTION PARTIES**

Following is a broad outline of responsibilities and duties of Senior Auditors and Auditors during Inspection.

##### **5.15.1. SENIOR AUDITORS**

Normally the services of Senior Auditors will be entrusted with investigation work special type of routine nature job etc. and during inspection they will have to perform the duties as stated below:

i) Examination of service books, service rolls, broad sheets and ledgers in respect of PF accounts of Group 'D' staff etc.

ii) Obtaining files containing important rules/orders issued by Government in respect of the institution under local audit and matters dealt with by it with a view to study them and also take notes from the list of case files maintained.

iii) Check of disposal of previous inspection reports.

iv) Audit of expenditure

(v) Encashment, pay bills.

(vi) Register of advances.

vii) Property accounts, i. e. immovable property accounts like land, buildings another assets etc.

##### **5.15.2. AUDITORS**

Normally the Junior Auditors i.e. Auditors will be entrusted with routine nature job and during inspection they will have to perform the duties as given below:-

i) Check of dead stock register.

ii) Register empties.

iii) Stamp account.

- iv) Register of deposits.
- v) Log books and diaries of Government Vehicles.
- vi) Register of stationery.
- vii) Register of uniforms.
- viii) Register of books & periodicals.
- ix) P.F Account of Groups 'D' employees.

#### **5.16. ASSISTANT AUDIT OFFICERS' REGISTERS**

A register should be maintained in each section for recording brief particulars of all important cases where any point or developments of an important nature or implementation of any important order be watched. The registers should be divided into the following parts:-

- a) Appropriation Accounts and Audit Reports containing points to be watched during the check of Appropriation Accounts.
  - (b) Inspections: - Containing points to be watched and examined at local inspections.
  - (c) Test Audit: - Containing points to be watched in the course of continuous test Audit.
- The entries in each part should be made in the following form:-

Reference to orders	Brief Notes describing the points to be watched	A brief note of the final disposal
Dated initial		
AAO		Audit Officer

The register should be put up to B.O. for his review on 10<sup>th</sup> of every month. On a change of incumbency, the register should be handed over to successor and mention should be made in the charge report.

#### **5.17 REGISTER OF POINTS TO BE WATCHED:**

In order to avoid mistakes in audit resulting from changes in staff, a register of points to be watched should also be maintained by each auditor/Sr. Auditor. This will be handed over to the successor whenever there is a change and a mention should be made by the relieving Auditor in his handing over note. So long as the scarcity of paper exists, a combined register for Assistant Audit Officer and the Auditors may be maintained, separate pages being earmarked for Assistant Audit Officer and each Auditor.

#### **5.18.1 SECTIONAL REGISTER. (PARA 110 OF RAILWAY AUDIT MANUAL – FIFTH EDITION)**

Each section including Administration Section will maintain a sectional Register in the form given in Appendix -VI indicating the following details, which would serve as a permanent record.

- (i) Sanctioned strength.
- (ii) Nominal Roll in the prescribed proforma including residential address.
- (iii) Duties of each individual member,
- (iv) Duties of section as whole.

- (v) List of books in Sectional Library.
- (vi) Summary of important order affecting the work of section.
- (vii) List of Registers kept in the section.
- (viii) CL & RH Account.
- (ix) Residential address of the individuals.

The specimen signature and initials of each individual member should also be recorded against the entry indicating duties in the Register. Duty list of Assistant Audit Officers should be got approved by the Dy. Director. Subsequent changes, if any, should have prior approval of the Dy. Director.

Duty list of Sr. Auditors/ Auditors/Clerks should be approved by the Branch Officers after consultation with the Assistant Audit Officers of the Sections concerned.

### **5.18.2. SECTIONAL LIBRARY**

A complete list of books in the Sectional library should be maintained in each section in the Sectional Register. One of the Auditor of the section should be made responsible for the custody and proper upkeep of all books of reference, codes, Manuals etc. in the Sectional Library subject to the control of the Assistant Audit Officers of the Section. When the Assistant Audit Officer of the section is transferred, the books should be verified and the result of such verification should be recorded in his Charge Report.

### **5.19. OFFICE MANUAL (PARA 81 OF RAILWAY AUDIT MANUAL –FIFTH EDITION)**

Every Principal Director of Audit should maintain for the guidance of the staff manual containing instructions subsidiary to those in the C & AG's publications and this manual on subjects not touched upon therein. The manual should also contain such special deviation regarding audit procedure as the peculiarities in the internal check procedure as the Accounts Office or as local rules or orders may render necessary. The manual should be kept up to date. The section receiving the original letters which require any change in the Office Manual are responsible for submission of the Branch Officer/Dy. Director to the Report and Co-ordination Section at Head Quarters' Office for obtaining the approval of the Principal Director of Audit for its incorporation in the Office Manual. The information contained in this publication shall not be used by any person for any purpose other than those connected with official duties.

### **5.20. ISSUE OF CORRECTION SLIPS TO THE OFFICE MANUAL.**

In order that the O.M. may be of real utility it has to be kept up to date by the issue of correction slips from time to time. The under-mentioned section will be responsible for issue of correction slips to the Office Manual in respect of subject matters indicated against each. The section should therefore ensure that immediately on receipt of order affecting the procedure prescribed in the Office Manual or requiring its incorporation therein suitable draft correction slips are submitted through Branch Officers concerned to the Principal Director of Audit for his approval. The approved correction slips should be sent to the co-ordination section for numbering and issue. The Co-ordination section should enter these correction slips in a register to be maintained for noting down the brief particulars of the correction giving serial number to each correction slips and issue them to various section and Officers for necessary rectification at their end in their respective copies.

## **5.21. Office Order and Office Order Register**

**5.21.1.** Appointments, transfers, promotions, sanction of leave personal matters of members of staff etc. are notified through Office Orders issued by Administration Section serially numbered and filed in separate register. A separate register should be maintained for Office Orders issued in connection with transfer, promotions etc. of Gazetted Officers/Assistant Audit Officers.

### **5.21.2. PROCEDURE OFFICE ORDER:**

Orders dealing with change in procedure, interpretation and modification of rules etc. received from the Comptroller and Auditor General of India for implementation are notified through Procedure Office Orders (P.O.Os). P.O.Os affecting audit procedure and P.O.Os on other matters will be serially numbered and entered in the P.O.O register. P.O.Os maintaining from other sections should also obtain the approval of the Principal Director of Audit/Director/Dy. Director and allot the serial number with reference to P.O.O. Register.

### **5.21.3. CIRCULATION OF IMPORTANT OR GENERAL ORDER:**

All important order (s) received from the Comptroller & Auditor General's office, New Delhi, Railway Board or from the Railway Administration by any of the section at headquarter to be circulated to other units.

## **5.22. MAINTENANCE OF PROCEDURE OFFICE ORDER FILES:**

Instructions which are to maintain in force for a limited time or are not important enough for inclusion in the Office Manual may be issued in the form of Procedure Office Orders.

Each section will maintain a file of Procedure Office Order issued from time to time, fill it in. Procedure Office Order should be treated as a receipt and the action taken on it should be shown on the note side of the file.

## **5.23. CALENDAR OF RETURNS (COR) (Para 97 of RAM -)**

The instructions regarding maintenance and submission of Calendar of Returns laid down in Para 1.15 of the MSO (Admn)-Vol. I (3<sup>rd</sup> Edition) should be observed. Each section of the Office should maintain Calendar of Return in the form given in Appendix (IX) 11 - Calendar of Returns for each financial year showing the due and actual dates of -

- (1) Receipt of returns from other Office.
- (2) Despatch of returns etc. from the section or office to other sections or office respectively and
- (3) Submission of register etc. to the Branch Officers

Calendar of Return (COR) will remain with the Assistant Audit Officer in charge of each section who should watch their regular and timely submission. The returns should be classified as Bi-weekly, weekly, fortnightly, monthly, quarterly, half-yearly, annually and casual and entered in separate sections of the Calendar chronologically under each heading. Each member of the staff shall be personally responsible to see that the returns etc. pertaining to his seat are submitted in time. Explanations should be recorded for each case of delay in submission of the returns etc. AAuO will be responsible for seeing that the Calendar of Return is at complete and up-to-date timely. The actual date of Completion of an item of work or actual date of passing a return should be noted against the time concerned in the Calendar of Return. Great care should be taken to see that the time table for all returns and for other items work is carefully observed.

The Calendar of Returns (C.O.R) should invariably be submitted to the Branch officers once in a week in terms of Para 1.15.1 of M.S.O (Admn.) Vol.-I. These Registers need not be submitted to the Principal Director of Audit every month henceforth. Instead they should send a report by the 10<sup>th</sup> of every month to the Principal Director of Audit through Dy. Director indicating the returns not submitted on due dates or remain to be submitted with reasons therefor. These reports when returned to the concerned Branch Officers after perusal of Principal Director of Audit may be filed along with the C.O.R for record and future reference. A separate file for keeping such records may be opened, if considered necessary. The C.O.Rs should invariably be submitted to the Principal Director of Audit/Dy. Director at the time of their visits to the Branch Office or be subjected to scrutiny by the Co-ord. Section during their internal check. Since different sections of the Head Quarters will not face any difficulty in putting up the C.O.Rs to the Branch Officers every week for submission of the same to the Principal Director of Audit every month, they should follow the existing procedure except that they should ensure that the C.O.Rs are put up to the Branch Officers every week in terms of para 1.15.1 of M.S.O (Admn.) Vol.-I.

(Authority: *C&AG of India's letter No.306-RAIII176/8/85 dated nil circulated by A.O(C)/E.Rly./Calcutta vide No.C/30-7/85 dated 30-10-86*).

An inspection sheet should be attached in the beginning of each register and the name of the Section/Office maintaining it should be written on the cover in bold letters. When a new Calendar of Return is brought into use, it should contain a certificate on the first page by the Assistant Audit Officer that all the items from the old register have been carried forward excepting those which are no longer necessary.

#### **5.23.1. REGISTER OF LETTERS RECEIVED IN SECTIONS:**

(1) Each section should maintain two receipt registers - one in respect of letters received from the Additional Deputy Comptroller & Auditor General of India (Rlys.), Comptroller and Auditor General of India, Railway Board, Government of India etc. and the other in respect of letters from other offices and inter-sectional correspondence. On receipt either directly or from the R.C. Section all letters should be entered in these registers in form No. S. 31.

(2) The registers should be submitted as below:-

By Sections where G.O. posted	To Branch Officer	Fortnightly
By Sections where G.O. not posted	To Superintendent	During periodical visit/ Fortnightly

**Note:** - The register of letters received from the A.D.A.I. (Rlys.) and the Comptroller and Auditor General should be put up by Administration section to Dy. Director (Admn.) every week on Tuesday showing the position of letters received a week before the date of submission.

### **5.23.2 REGISTER OF LETTERS ISSUED FROM SECTIONS:**

Each section should maintain a Register of letters issued in form No. G. 318 either through R.C. section or direct. The Register should be submitted to the Branch Officer in charge of the section monthly showing the position to end of the month with a summary noted on the register in the following :-

Previous Balance.\_\_\_\_\_

No. or letters since issued \_\_\_\_\_

Total \_\_\_\_\_

No. of letters to which replies

have since been received\_\_\_\_\_

Balance\_\_\_\_\_

The Balance should show:-

No. of letters outstanding for  
one year or more \_\_\_\_\_

No. of letters outstanding for  
over six months. \_\_\_\_\_

No. of letters outstanding for  
less than six months \_\_\_\_\_

Note: (1) The Administration Section should submit the register to the Director (Admn) every fortnight on the 5<sup>th</sup> & 20<sup>th</sup> of every month.

(2) Reminders should be issued once a month except in urgent cases.

(Para 101 of Railway Audit Manual -3<sup>rd</sup> Edition).

### **5.23.3 REGISTER OF REMINDERS RECEIVED (Para 102 of Railway Audit Manual - Fifth Edition)**

A register of reminders should be maintained by all sections and Branch Office. All reminders received from the Additional Deputy Comptroller and Auditor General of India (Railways), Comptroller and Auditor General of India, Railway Board etc. should be diarised. This register should be submitted to the Branch Officer in charge of the Section twice in a week showing the disposal or the reason for delay in the disposal.

The second and subsequent reminder on the same subject should invariably be submitted to the Principal Director of Audit with the register and the original case within two days of their receipt indicating the reason for non-disposal of the reference.

In the R.C. Section reminders received should be diarised in registers separately for the Additional Deputy Comptroller & Auditor General of India (Rlys.) etc. and these need not be diarised again in the General Receipt Registers.

### **5.24 MONTHLY ARREAR REPORT [Para 101 of RAM and Paras 1.16 of C & AG's MSO (Admn.)- Vol. I]**

To enable the Principal Director of Audit to review the monthly state of work in the various branches and sections of the office, an arrear report for each section will be submitted in the form given in Annexure at the end of this chapter so as to reach the Main Office Co-ord.

section not later than the 5<sup>th</sup> of the following month without fail. The Co-ord. section will consolidate these reports and submit the consolidated report to the Principal Director of Audit by 20<sup>th</sup> of the same month. The monthly arrear report need not be submitted in the month in which the Quarterly Arrear Report is due to be submitted.

#### **5.25. QUARTERLY ARREAR REPORT:**

The Co-ord. Section will prepare the quarterly Arrear Report from the reports received from the branches and sections in the prescribed forms showing the state of work as on 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> December so as to reach the office of the A.D.A.I (Rly.) by the 20<sup>th</sup> of April, July, October and January respectively. The detailed quarterly Arrear Report should be submitted in the proforma given in Annexure at the end of this chapter.

The Co-ord. Section will consolidate the reports received from the branches and sections in prescribed form with a comparative statement showing arrears in man days for the quarter under report. The arrears in hours should be converted into Man-days on the basis of 8 hours a day. EDP will arrange to send the floppy of quarterly Arrears Report along with a compiled report on 20<sup>th</sup> of the following month to C & AG's office.

[Authority: - (i) C & AG's letter No. 189-RAI/17-7129 dated 18.09.93  
(ii) C & AG's letter No. 2-16 RAI/17-7293/B.T. 3 dated 18.02.94].

#### **5.26. INFORMATION TO OUTSIDERS:**

Information connected with office matters should not be given to outsider and no staff or member of another office should be allowed to have access to any of the office records unless permission to that effect has been obtained from the Gazetted Officers concerned. The files or books which an outsider is permitted to examine should be examined in the presence of the official responsible for those records. On no account should any record or document be removed from the office.

#### **5.27. TAKING WORK HOME: (Para 115 of Railway Audit Manual –Fifth Edition)**

No files or documents should ordinarily be taken home by non-gazetted staff. If under very pressing circumstances any file or document has to be taken home, prior permission of the Branch Officer must be obtained in writing and kept on record. In respect of confidential files, such permission should be obtained from the Principal Director of Audit/Dy. Director concerned. When the files/documents are brought back to office a remark about the return should be given by Branch Officer over his dated initials on the slip itself.

#### **5.28. SMOKING IN OFFICE**

Smoking in the office room is absolutely prohibited.

#### **5.29. OFFICERS' MEETING**

C & AG has desired that in order to improve efficiency and functioning of offices in the Department, the Director General of Audit/Principal Accountant General/Principal Directors of Audit should have close periodical interactions with their Group officers. The Group Officers in turn should meet Senior Audit Officers, Assistant Audit Officers of their wings regularly and obtain first hand information on the state of work in their wings and also strive to improve staff relations. These meetings would ensure accountability at all levels and also serve as a mechanism for monitoring and control of activities. The meeting would also help in achieving close liaison between different groups/wings. It would also be desirable that the meetings are duly minutized so that an authenticated record is available for reference during future meeting.

(Authority :- C & AG office letter No.106-0& M/I-93 dated 26.2.93)

### **5.30. LABELLING OF REGISTERS:**

All the registers in use should have a label on the outer cover showing the name of the section, the authority for its submission and the date on which it is to be submitted, as well as the number allotted to it in the Calendar of Returns. On the inner side of the top of the calendar, instructions or office orders in accordance to which the register is to be maintained should also be pasted.

### **5.31. OPENING & UPKEEP OF FILES:**

Files should be maintained according to subject and their numbering by allotting different major and minor heads subject-wise as shown in Appendix may be followed. General orders being kept separately from correspondence relating to individual cases governed by those orders. The numbers of file will indicate the code initial of the section to which it relates. Each branch will keep an Index Register of files in which all files opened in a year will be entered. When a file is closed and transferred to the list of recorded cases, a remark to that effect should invariably be given against the file concerned in the Index Register. The correspondence should be placed in the file on the right hand side and notes on the left hand side. Both sides should be separately page numbered. The Index Register of cases should be submitted to Branch officer for inspection on the 15<sup>th</sup> April and 15<sup>th</sup> October each year. In writing office notes or draft both sides of the paper should be used. In cases, where the paper is thin and both sides cannot be used there is no objection to the notes or draft being written in one side only.

### **5.32 CORRESPONDENCE: [ Para 2.17 of C & AG's M.S.O. (Admn.)- Vol. I (3<sup>rd</sup> Edition) and Para 91 of RAM – Fifth Edition].**

Ordinarily no communication on any important matter addressed to the C & AG of India or Higher authorities may be issued unless signed by the Principal Director of Audit. When The Deputy Director or other officers issues an important communication to the C & AG's office with the concurrence of the Principal Director of Audit, the fact should be indicated on the letter itself. All letters to the C & AG except those of a routine nature should be issued over the signature of the Principal Director of Audit. The Deputy Director may sign letters during the absence of Principal Director of Audit from Headquarters as 'for Principal Director of Audit'. All such papers should be put up to the Principal Director of Audit for approval later on either in camp or after his/her return to Head Quarters. All onward communications embodying audit objections should invariably be drafted in polite and inoffensive language. The bonafides of the Officers concerned should not be questioned, even by implication. Signatures on letters, documents etc. should be legible and in all cases the name the officer signing them should always be typed below the written signatures.

**[Para 2.17 of the C & AG's Manual of Standing Orders (Admn.)- Volume I (3<sup>rd</sup> Edition) ]**

### **5.33. TELEGRAMS AND EXPRESS LETTER: [Para 91 of RAM 5th Edition]**

Telegrams should not be issued except in very rare cases. Disposal of urgent matters, reply to Head Quarters on priority basis should be arranged by way of issue of Telex or Speed post or FAX with the approval of Principal Director of Audit.

All telegrams and telex messages addressed to the Principal Director of Audit will be opened by the Sr. P.A. to Principal Director of Audit, important ones shown to Principal Director of Audit and then given to Officers responsible taking action thereon. All telegrams and telex messages will be diarised in a separate diary and disposed of on priority & disposal watched in the same manner as letters. Principal Director of Audit/S. E. Railway/Kolkata is required to keep the C & AG informed of his current register abbreviated telegraphic addresses both foreign and inland.

### **5.34. REGISTRATION AND DISTRIBUTION OF INWARD CORRESPONDENCE:**

The dak covers received from the office of the C & AG of India and Ministry of Rlys. (Rly. Board) should be received and opened by the receipt & despatch clerk and submit it along with letters received from Accounts Department, other Departments of the Railways, other railways offices, Audit Units etc. and submit it to the Sr.AuO/AuO for perusal on the same day of the receipt of those letters along with the circular slip. After they are seen by the Sr.AuO/Audit Officers. The Assistant Audit Officers should not hold it with them and mark expeditiously. The letter marked by AAO and the dak pad after circulation will be received by the receipt and despatch Clerk for registration of all these communications in separate diaries. Separate diaries are kept for registration of letters received from the office of the C & AG of India and Railway Board. The diarising of other letters is done in other diaries. After such registration in Central diaries the letter should be distributed to the Auditors/Senior Auditors/Assistant Audit Officers and their acknowledgement taken in the register.

Separate Sectional Receipt Register will be kept for:-

- (a) Communication from C & AG of India/DAI (Rlys.)
- (b) Communication received from Railway Board.
- (c) Communication other than these at (a) and (b) above.
- (d) Reminders.

When the inward dak is submitted to Branch Officer, they should give proper guidance and indication for suitable disposal on the letter themselves wherever possible, before passing them on to the sections.

#### **5.34.1. REGISTER OF LETTERS RECEIVED IN R. C. SECTION FOR THE OFFICE AS A WHOLE AND THEIR DISTRIBUTION:-**

(i) Letters received from the Comptroller and Auditor of India, Deputy Comptroller and Auditor General of India (Railways), Ministry of Railways (Railway Board) and Other Ministries of the Government should be diarised in the R.C. Section in a Register and sent to Sections/ Offices concerned as marked by the AAO before diarising.

(ii) Letters received from offices other than those mentioned in sub-para (i) above should be sorted out section-wise as marked by the A.A.O. and diarised in Receipt Registers in same form separately for each section in the Head Office. In case of sections and offices located outside Head Office one register should however be maintained for all such sections and offices. While the letters intended for sections in Head Office should be sent along with the receipt register for taking delivery, those intended for section and offices outside Head Office should be sent through courier service or messenger system as the case may be.

(iii) D.O. letters in the name of Gazetted Officers other than Principal Director of Audit and Director/Dy. Director received from other offices should be diarised in a separate register and handed over personally by the Receipt Clerk to the Gazetted Officers concerned.

(iv) D.O. letters in the name of Principal Director of Audit or Director/Dy. Director should be diarised in a register separately by the P.A. to the Principal Director of Audit and Stenographers concerned to the Director/Dy. Director respectively.

(v) In course of diarising, the receipt Clerk should see that the enclosures, said to have been sent with the letters, have been duly received and in the case of any enclosure not having been received, or suitable remark should be given on the letter as well as in the

receipt register. The Section dealing with the letter, should take up the matter regarding the non-receipt of enclosures immediately, instead of deferring it to the date of disposal of the letters. (vi) In case the section to which a letter has been marked finds that the letter does not concern them the A. Au.O. of the Section should transfer it to the proper section through R.C. Section immediately.

#### **5.34.2 REGISTER OF LETTERS ISSUED FROM R.C. SECTION:**

All letters received in R.C. Section (Despatch), Section from Sections in Head Office and outside for issue to outside offices including offices of the Comptroller and Auditor General of India, Deputy Comptroller and Auditor General of India (Rlys.), Railway Board should be diarised in a register.

#### **5.34.3 RECEIPT OF D.O. LETTERS, REGISTERED LETTERS, INSURED COVERS AND VALUABLES:**

Registered letters, insured covers and valuables must not be received by any body below the rank of an Officer. Ordinarily, the Officer-in-charge of the R.C. Section will receive all such things and place them in Dak. D.O. letters addressed to the Principal Director of Audit and Deputy Director/Director (Admn.) should be received by their P.As. D.O letters addressed to other Gazetted Officers will be received by the Receipt Clerk of the R.C. Section.

#### **5.34.4. PROCEDURE RELATING TO RECEIPT, DISPOSAL AND DESPATCH OF CONFIDENTIAL AND SECRET PAPERS:**

The instructions contained in the confidential procedure Office Order No.209 dated 27-5-59 circulated under Central Section's endorsement No. C/41 A/53 dated 29-5-59 should be followed.

#### **5.35. DISPOSAL OF INWARD CORRESPONDENCE:**

Letters should be disposed of in proper files. Where there is a direction by the Principal Director of Audit or a Gazetted Officer on the letter, the same should be attended to immediately. Queries raised by a Gazetted Officer should as far as possible be personally dealt with by the Section Officer concerned. The maximum time taken for disposal of communication received from the Office of the C & AG of India and the Railway Board should be seven days. The disposal of other letters should not take more than 10 days. No communication shall be treated as filed without obtaining the specific orders of Gazetted Officer or Section Officer, Cases of the following nature on which no action is necessary may be filed under the orders of the section Officer in charge.

(a) Copies of the G.O. India's and Railway Board letters received from the General Manager on which no action is to be taken.

(b) Miscellaneous circular etc. received from the Govt. of India which do not relate to the Railway Department.

(c) Acknowledgement of Audit Notes.

(d) Correction slips to list of telephones.

(e) Other miscellaneous routine matters including all interim replies. Nil statements/replies received from units in response to circular letters till all replies are received unless there is something special to be brought to the notice of the Gazetted Officer in charge.

i)Copies of letters of general nature will be supplied to all the Gazetted Officers by the Assistant Audit Officers entrusted with work or the section concerned. All communications on which final sanction has to spend for sometime and consequently

cannot be disposed of finally within the prescribed time, should be entered in a register of pending cases. When the pending communication is finally disposed of a note should be taken in the register of pending cases against the communication to that effect. The entering of a letter in the register of pending cases will require the approval of Branch Officer. The disposal of letters will be recorded in the Inward Diaries from the note sides of the files, Outward Diary (issue Diary) indicating the number and date under which the reply to the letter has been sent.

ii) It should be assumed that a paper under consideration will be read by the Officer to whom it is submitted. Consequently the notes should ordinarily not contain a paraphrase of it. But when paper under consideration is of great length and complexity, a précis of its contents may occasionally be necessary. A précis may also be required when several letters under consideration are dealt with simultaneously. All office notes should be written on half margin, the margin being left blank for the use of the officer to whom the note is submitted. Only one note should be submitted by the A.Au.O. on each case requiring decision or orders. This note need not necessarily be written by the A.Au.O. himself but it will be passed by him and he should express his views on the subject. A.Au.O. should not make marginal comments on the notes submitted to the G.O. through them.

An Office note should make full reference to the previous notes of letters. The paper under consideration should invariably be submitted with the case in which it is to be filled and if it is a reply to a communication from this office, a suitable remark should be made on the letter indicating that a reply has been received thus "Reply at page ....". It will also be convenient to mark on the paper under consideration the page number of the letter to which it is a reply or to which it quotes a reference, all cases from a section should be submitted to the G.O. through the A.Au.O. except when order exist varying this rule.

When cases are put up for disposal, all relevant correspondence and office notes should be flagged in the office notes, however, reference should be given to the page and file number containing the correspondence or note referred to and the flag letters should be indicated boldly in the margin of the office notes. This, procedure will be useful in connecting up papers; subsequently in the flags are removed from the files.

All office notes and drafts should be worded as clearly and as concisely as possible and should be divided into paragraphs which should be numbered, a fresh paragraph being commenced for every new statement or fresh argument. The reply to an unofficial reference should invariably be in the same forms. The tone of letters, audit notes etc. should be temperate and courteous. The staff should bear in mind that a good case is often lost by an unnecessarily strong language. Neither any reference which are not reasonable nor any assumptions which cannot be substantiated should be made. Interim replies to all references from higher authorities, viz. C & AG of India, The D.A.I. (Rlys.) etc. should be issued whenever final reply is likely to be delayed for any reason beyond the usual time limit allowed for the disposal of such references. A.Au.O.s are personally responsible for the expeditious disposal of all letters from the office of the Comptroller and Auditor General of India. In replying to letters of the Deputy Comptroller & Auditor General of India (Rlys.) a reference to the original letter should only be quoted and not to the subsequent reminders thereto. Also a single date should be shown on the letter issued from this office viz. the date of issue and not a double date.

(Authority:- Para 4.10. of W.Rlys O.M., Vol -I and para 3.33 of O.M. of the PDA/RPU & M.R./ Cal. 1982.)

### **5.36. ARREARS IN CORRESPONDENCE:**

A weekly report of outstanding inward letter should be prepared in the R. R. Register and submitted to the Branch Officer once on every fortnight showing the position of letters received during the previous week but not disposed of up to the date of preparation of the report. Separate weekly reports should be prepared for letters received from the office of the C & AG, Railway Board and other letters. The weekly reports should contain the following:

- (i) Last balance outstanding
- (ii) Number of letter received during the week
- (iii) Total
- (iv) Number of letter disposed of up to the date of preparation of the report
- (v) Balance outstanding

### **5.37. REGISTER OF REMINDERS: (Para 102 of RAM –Fifth Edition –)**

All the reminders received from the C & AG/DAI (Rlys.), other Audit Office etc. after perusal by the Principal Director of Audit/Dy. Director should immediately be entered in the inward Reminder Register and given to the section concerned for disposal. It will be the responsibility of the Assistant Audit Officer concerned to put up the disposal of the reminder register expeditiously. The register is required to be put up to the Branch officer twice a week on Monday and Thursday for perusal. A third reminder should invariably be submitted to the Principal Director of Audit/Dy. Director as the case may be with the Register and the original case within two days of its receipt for suitable action as may be deemed fit.

#### **5.38.1. REMINDER TO AND DISPOSAL OF OUTWARD LETTERS:**

All references made by a section to other offices/sections to which replies are required should be recorded in a separate register to be maintained for the purpose. The register should be termed as Register of outward letter and maintained in the following form. The references recorded in the Register of pending *Cases* should not find place in this register:

Sl. No	Letter No.& Date	Subject	To whom issued	Dt. of reminder	Dt. of receipt

When the outward references recorded in the register is finally closed the relevant entry should be neatly scored out over the initial of the Auditor. The register should be put up to Branch Officer on the 5<sup>th</sup> of the every month with a summary in the following form and a certificate that the reminders have been issued where due.

Opening Balance	Item entered in the register during the month	Items closed during the month	Item outstanding	Initial of Auditor/SO	Remarks
1	2	3	4	5	6

One roster may continue with the same series for a period of 3 years after which a new register may be opened with new series carrying over the outstanding items under the serial numbers old register duly analysed year-wise.

#### **5.38.2. DELAY IN REPLIES FROM ACCOUNTS OFFICE ETC.**

In order to speed up the disposal of inspection reports and specific reports etc, the following procedure should be followed.

If a reply is not received within six weeks from the date of issue of such reports a reminder to the Accounts Office should be issued. If no reply is received within a fortnight of

issue of this reminder, second reminder should go. In case a reply is still not received, a demis-official reference should be made by the officer-in-charge of the section of the branch to the Accounts Officer concerned. Delay should also be brought to the notice of the Accounts Officer concerned personally, if possible. If still no reply is received, the case should be put up to Principal Director of Audit for speaking personally to FA & CAO or sending a D.O. letter by name to him, if issue of D.O. letter to the FA & CAO does not expedite the disposal of the above report the case should be put up to the Principal Director of Audit for orders in case of delay for more than two years, whether special report may be made to the DAI (Rlys.). The case submitted to the Principal Director of Audit should invariably contain the following information.

- a) When the report was sent
- (b) When the first reminder was issued
- (c) When the second and subsequent reminders were issued and,
- (d) When the D.O. was sent.

### **5.39. MAINTAINANCE OF RECORDS AND FILES AND NUMBERS OF CORRESPONDENCE**

A complete list of Registers and files maintained in each section should be kept in the sectional register, indicating against each the year of opening and the year in which due for destruction. The registers and files becoming due for destruction should be listed out separately every year in the month fixed for that purpose in accordance with extant instructions and obtaining approval of Dy. Director to their being destroyed, the relevant entries in the sectional Register should be circled in red colour to indicate that they are not current. In Administration section the list of personal records such as Service Books, Character Rolls, personal files etc. should be maintained in separate registers.

- (i) All files to be maintained in each section should be classified by Major and Minor Head a list of which is given in Appendix VIII. Any addition or alteration in the list of Major or Minor Heads will require the approval of the Principal Director of Audit. Branch officers may, however, maintain more than one file under a Minor Head if circumstances so warrant. The number of such sub-files bearing the same Major and Minor Head should be distinguished from each other by adding the letter Part 1, Part II etc. or Vol.- I, Vol.- II, Vol.- III etc. or Railways, Civil or 'a', 'b' etc. after the Minor Head in the number of the file. No new file should be opened without the approval of the Branch Officer. The files should be in such a way that the orders and important decisions on a subject are filed separately from routine Correspondence on the subject.
- (ii) Each file should begin with an index on blank sheets on important orders and reference contained in the file.
- (iii) On the cover of each file, the file number, subject, year of opening and the year in which due for destruction should be recorded in bold letters.
- (iv) All files should be neatly arranged in order of Major Heads on the racks,
- (v) All correspondence should be dealt with through the appropriate file and should bear the file number which should indicate (1) Station of issuing office (2) Section (3) Major Head (4) Minor Head (5) The year of opening the file in the same order.

The following abbreviations will be adopted for sections and stations of issue office to be indicated in file number in the outward Correspondence sections:-

E- for Establishment Audit Section  
X- for Expenditure Audit Section  
W- for Workshop Audit Section  
S- for Stores Audit Section  
CI- for Compensation Claims Audit Section  
TA- for Traffic Audit Section  
B- for Books and Budget Audit Section  
Admn- for Administration Section  
R.E.- for Railway Electrification  
CON- for Construction Audit Section  
CATG- for Catering Audit Section  
SIC- for Special Investigation Cell/Review Cell  
CO-ord/R- for Co-ordination/Report Section  
EDP- for Computer Section  
COST- for Cost Audit Section

vi) Letters issued with reference to pending cases will bear numbers, as described above, followed by Serial Numbers of the Register of Pending Cases, letters other than those relating to pending cases issued to other offices from where replies are to be received, will bear file numbers, as above followed by Serial numbers, prefixed with letter 'R' of the Register of outward references.

vii) **Besides the sectional files, confidential files are maintained by Branch Officer, and Section Officer/Assistant Audit Officer. These files should be classified by three Major Heads, Viz. (a) Administrative matters (b) Audit & Accounts matters and (c) other matters. Major Heads under those Major Heads, for the purpose of maintenance of confidential files may be provided by the Branch Officers and Section Officer/Assistant Audit Officers concerned, according to the needs.**

viii) As prescribed in **Para 98 of Railway Audit Manual –Fifth Edition-** verified classified guard files or registers of important orders should be maintained by Co-ordination Section in Headquarters office for consultation by Officers and Staff whenever required. These files should be broadly classified subject-wise in keeping with requirements of different auditing Sections.

**Maintenance of Registers:** A list of registers to be maintained in the office with particulars as to the name of the section maintaining the same, to whom and when the register is to be submitted, period of preservation and authority under which opened is given in Appendix VII. The proforma in which important registers are to be maintained are given in Appendix -VIII.

#### **5.40. OPENING OF CASES, THEIR NUMBERING, MAINTENANCE AND DESTRUCTIONS OF OLD RECORDS – [App.- 2] Para 96 of R.A.M. and Chapter XII of the Manual of Standing Orders (Admn. I) - Volume –I (Third Edition) - ]**

The rules relating to numbering, opening and maintenance of cases and destruction of old records are laid down in Appendix to this Chapter. The index register of cases mentioned in Annexure to Appendix I to this chapter should be put up by each Section/Division/Workshop to their Branch Officer once a month on the 15<sup>th</sup>. The list of records, the period for preservation of old records for which no period has been fixed specially by the D.A.I (Rlys.) or C & AG of India are shown in Annexure. The list of records for which the period of preservation has been prescribed in Appendix- 2 to Railway Audit Manual and **Chapter-XII of the Manual of Standing Orders (Admn.) Vol-I. [Third Edition -]**. The old records should be neatly preserved in the Almirah by each Section/Division/Workshop. In each year, each section/division/workshop should go through all the fields and records and should prepare a list of destroyable files and records and should destroy them on getting proper approval of higher authority.

#### **5.40.1. RETURN OF COVERS OF UNUSED BOOKS, OLD FILE BOARDS ETC.:**

The covers of unused books and old file boards should be retrieved and sent to Record and Correspondence Section annually for return to the printing Superintendent, South Eastern Railway.

#### **5.41. COMMUNICATION FROM MEMBERS OF LEGISLATURE:**

The following procedure should be observed in communicating the numbers of the Legislature on matter concerning the work of the office:-

- (a) If a member of the Legislature asks for information on a point of work or organisation the same will be supplied if the Principal Director of Audit considers that there is no objection. In important matters, however, the C & AG of India will, as a rule, be consulted beforehand.
- (b) If, however, a member of the Legislature intend to criticise executive or administrative arrangements he should be told that he is not at liberty to discuss those arrangements as he is responsible to C & AG, to whom any correspondence should be addressed.

#### **5.42. COMMUNICATION FROM SPECIAL ORGANISATION:**

The Government of India have decided that the following instructions should be observed in dealing with special organisation:-

- (a) No notice should be taken by the Government and its Officers, local bodies, state-aided instruction etc. of petitions or representations from special Organisation on political matters.
- (b) Interview should be refused to leaders of Special Organisation who wish to make representations on political matters. Deputations of such Special Organisations should not be received by any officer and
- (c) No Govt. grant-in-aid or patronage in any form should be given to any Organisations which indulge in political activities.

For the purpose of the above instructions all activities not concerned with the bonafide religious, cultural, social and educational needs of a society are regarded as political.

#### **5.43. RECTIFICATION OF MIS-STATEMENT OF FACT RELATING TO OFFICE ACTIVITIES PUBLISHED IN NEWS PAPERS:**

In the event of publications in the Press of any articles containing incorrect or unfair accounts of the office activities the question of rectifications should not be directly taken up with the editor of the newspaper concerned but the Principal Information Officer may be consulted through the Comptroller and Auditor General of India.

*(Authority: Director of Railway Audit No. G.I. 4/40/dated 6.5.41 and 6.8.41).*

#### **5.44.1. GOVERNMENT SERVANT'S CONDUCT RULES:**

The Central Civil Service (Conduct) Rules, 1964 are applicable to all members of the establishment. Copies of the Rules should be kept up-to-date and available for general reference in each office.

#### **5.44.2 PETITIONS & MEMORIALS:**

1) The instructions on the subject are contained in **Para 3.39 of Manual of Standing Orders (Administrative) Vol. - I 3<sup>rd</sup> Edition** - with a view to watch over the disposal of representations received from the staff. A register should be maintained by the Administration Section.

#### **5.44.3. ADVANCE COPIES OF REPRESENTATIONS:**

All representations etc. from the Staff should be sent through the proper channel and no advance copies should be sent. Any breach of these orders will invite disciplinary action against the person concerned

### **5.45. PROCEDURE OF PUTTING UP LETTERS AND PAPERS IN CASES:**

'Note' and 'Correspondence' portions should be kept separate in each file with separate series of page numbers for each. The paging of 'Notes' should be seen from the left or right of correspondence from right to left, i.e. from bottom to top. The 'paper under consideration' will always be on the top of the correspondence portion of the file. If a draft for approval is put up, it should, in the first instance, be placed below the P.U.C. and should be brought on the top of it and page numbered (the draft) is approved and issued. Both 'Notes' and 'Correspondence' should be tagged separately. A letter with continuation, sheets, enclosures, etc should be as received or issued without disturbing the arrangement of the pages thereof. Page numbering of such letters will, however, be from the bottom to the top. These instructions, apply to the Audit Notes and Inspection Reports also.

As soon as a letter is diarised and handed over to the dealing Auditor it should be placed on the respective file, page numbered and flagged with the printed or hand made slip 'Paper under Consideration' (P.U.C.). Copies of the circular letter, etc. and Procedure Office Orders received from section should also be treated as receipts and dealt with in the ordinary way.

The particulars of the letters should be entered on the note side in red ink in the following manner.

R.R. No	Date	Page

Then the noting should be stated. For every receipt there should be a brief note, but the contents of the 'P.U.C.' should not be repeated, if there are more than one 'P.U.C.' for a file, on such occasion, they should be distinguished as 'P.U.C. No.1', 'P.U.C. No.2' and so on, the R. R. Notes of all PUCs should be entered on the note side one after another and then the noting should begin.

If any draft is put up for approval it should be flagged 'Draft for Approval (DFA)'. Ample margin (Say two inches) should always be left while putting up notes and drafts; and all reference in the P.U.C, notes or D.F.A. should be neatly indicated in the respective margin, the

page number and if necessary the files also being mentioned. Flags should not ordinarily be used for the purpose. The letter 'N' or 'C' should be written with page number to indicate whether the reference quoted is on the 'Notes' or 'Correspondence' side of the file respectively. For instance page 30<sup>N</sup> will denote that the reference is available at page 30 of the notes side of the file and page 30<sup>C</sup> will mean that the required document is at page 30 of the correspondence side of the files. When other files are put up for reference flag may be used in addition to the page numbers and the file number.

"Urgent" and "Immediate" slips should be used, wherever necessary, and that the Auditors do not use them unnecessarily.

No paper should be filed except under the order of the Section officer/Assistant Audit Officer of a section. The sections receiving letters containing sanctions to expenditure as also circular letters in original are originally responsible for their final disposal under the orders of the Branch to other sections or branches for information and guidance only, the A.Au.Os are empowered to file such copies.

All communications on which final action has to pend for some time and consequently cannot be disposed of finally within the prescribed time should be entered in a Register of Pending Cases which is distinct from the Register of Outward letters.

#### **5.46. DISPOSAL OF REFERENCES MADE BY ADDITIONAL DEPUTY COMPTROLLER AND AUDITOR GENERAL OF INDIA (RAILWAYS) AND HEAD OFFICE.**

Reference from ADAI (Railways) and Central Secretariat should be dealt with on Immediate basis and the Branch Officer should personally see that such references are replied to promptly. If the information is not readily available or will take a longer time than allowed, an interim reply should invariably be sent to the DAI (Rlys) or Central Secretariat as the case may be. In case of information required by DAI (Rlys) in connection with the Public Accounts Committee's Report, memo of Tariff, Commission, etc. if there is any difficulty in collecting them, the fact should be intimated to the DAI (Rlys) by telegram so that he may ask the Railway Board to issue necessary instructions to the Railways Administrations to afford necessary facilities to audit. Such telegram should be put up for Principal Director of Audit's approval before issue.

(Authority: ADAI (Rlys)'s Confidential letter No. RR 2-10/56 (20) dated 6.9.1957.)

#### **5.47. DISPOSAL OF REMARKS MADE BY THE PRINCIPAL DIRECTOR OF AUDIT AND DY. DIRECTORS ON LETTERS RECEIVED IN DAK OR OTHERWISE:**

All letters received on which the Principal Director of Audit or Dy. director has made remarks, should be attend to within three days of their receipt in the section. The cases in which he has remarked "Immediate" should be submitted to him on the same day or at the latest the day after, It is not the Intention that the disposal IS required by the P.D.A. within a specific period after perusal of the letter with the case put up to him in reply to his remarks, the letter should be put up with disposal within a week of receipt of the letter in the Section.

#### **5.48. COMPARISON OF FAIR COPIES OF TYPED LETTERS - GENERAL INSTRUCTION**

Letter whether registered, insured or ordinary should be carefully compared by the person comparing fair copies of the letter typed before submission to the Gazetted officers for signature. He is also responsible to see whether in the fair copies the fact 'Registered' or 'Insured', if there be any, has been mentioned in the left hand corner below the body of the letter typed, like DA 1 in two sheets on DA2 in 5 sheets.

#### **5.49. REGISTER OF PENDING CASES**

All communications on which final action has to pend for some time and consequently can not be disposed of finally within the prescribed time should be entered in a Register named 'Register of Pending Cases' to be maintained in the form prescribed below:-

Register of Pending Cases

Sl. No.	Letter No. & Date	From whom received	Subject	Reference issued		Replies received		File No. in which filed	Initials of SO/ AAO
				Letter No. & Date	To whom issued	Diary No. & Date	From whom Received		
1	2	3	4	5	6	7	8	9	10

The register should be put up to the Branch officer fortnightly with a summary in the following form:-

Opening	Items	Items		Items outstanding				Initials of		
				Up to 3m. old	More than 3m but less than 6 m old	More than 6m but less than 1 year	One year over old	Ar.	SO/ AuO	BO
Balance Entered in the Register during the fortnight	Closed during the fortnight									
1	2	3	4	5	6	7	8	9	10	

A reference to the serial numbering of items should be given against each of the above columns.

The items outstanding at the end of each month of the Register of Pending cases should be categorised into cases (a) Not more than three months (b) More than three months but less than 6 months (c) More than 6 months old but less than one year old (d) More than One year old. This position should be shown in the Monthly Progress Report, as a separate annexure briefly giving reasons for non-finalisation of cases more than six months old.

Entering a letter in the above register will require the Branch Officers' approval, for entering a letter from the C & AG's of India in the Register, approval of the Principal Director of Audit will be necessary.

Letters entered in the Register will not be shown as outstanding in the Arrear Report. When a pending case is finally disposed off, the connected serial number of the Register of pending cases should be in red colour. One register may be continued with the same series for a period of three years after which a new register may be opened with a new series carrying over the outstanding items under the serial numbers of the old register duly analysed year-wise, with the approval of the Principal Director of Audit.

Serial number of the pending case entered in the Register of Pending Cases should be recorded on the cover of the temporary file at the right hand corner. This serial numbers should also be indicated in bracket after the usual file number in all the correspondence related to the pending case.

In respect of the communications disposed off finally, reference to the file in which they are filed should be recorded in the inward diaries against the inward diary number borne by them. In respect of the communication entered in the Register of Pending Cases, reference to the serial number of the register should be recorded in the Inward Diary against the Inward Diary number borne by them and later on when such communications are finally disposed of reference to the file in which they are finally filed should be recorded in the Register of Pending Cases. The record of file number and/or reference to the register of Pending Cases in the Inward diaries should be made only when necessary action has been taken on a communication and this should be done under the dated initials of the dealing auditors.

All temporary files containing pending cases should be placed together in one bundle by each dealing auditor. The A.Au.O. of the section should verify the physical existence of all such temporary files in the possession of the auditors in his sections at regular intervals. All communications remaining to be disposed off by the 15<sup>th</sup> and by the end of the month other than those entered in the Register of Pending cases should be shown in the fortnights arrear list of outstanding items to be submitted to the Branch Officer on the 17<sup>th</sup> and 2<sup>nd</sup> of the following month. The A.A.O in charge of the sections are responsible to see that the register is maintained properly and submitted to the B.O. by the 2<sup>nd</sup> and 17<sup>th</sup> of each month indicating the previous month's position. While putting up the register a summary in the form given below should be prepared and a certificate recorded by the Auditor that remarks have been issued where necessary.

Balance from the previous month

No. of cases added during the month

Total

No. of cases removed during the month

Balance

#### **5.50. SIGNING OF LETTERS: (Para 70 of MSO (Admn.) Vol.- I)**

Communication of the following nature should be issued only with the prior approval of the Principal Director of Audit.

- i) Letters implying dissatisfaction or censure
- ii) Letter to Government (either Union or State)
- iii) Letters to FA & CAO of Railways or any other office.
- iv) Challenging decisions or orders.

- v) Questioning validity of any sanctions, otherwise than on merely technical grounds.
- vi) Writing off/waiving of recovery of over payments.
- vii) Letters to General Manager of the Railways or outside officers except on purely routine matter.
- viii) Letters to the Comptroller and Auditor General of India, other than or routine matters.

All letters to the DAI (Rlys) should, as a rule, issue under the signature of the Principal Director of Audit, or in case of routine letters, they should be signed by the Audit Officers of concerned section and shown to the Principal Director of Audit before issue and the fact of this indicated in the letter.

*(Authority: Para 4.12 of Western Railway's Office Manual – Vol. I)*

### **5.51. DIVULGING OFFICIAL INFORMATION:**

Law relating to classified documents and responsibility of Govt. Servants in connection with such documents:-

- i) Rule 11 of the Central Civil Service (Conduct) Rules 1964, prohibits a Government Servant from communicating without authority to any one including a fellow government servant any information acquired by him in course of his official duties. Such unauthorized communication of information as well as the retention or removal of any document containing such information is punishable under the Official Secret Act (Act No. XIX of 1923).
- ii) It is the responsibility and the direct concern of every Government Servant in whatever capacity he is employed to safeguard the security of all classified information and papers to which he has access in the course of his official duties of which he comes on possession in other way. It is his duty to bring immediately to the notice of his superior officer, or the officer responsible for security in his department, any breach of security regulations in general and in particular any disclosure of classified information either deliberately or inadvertent of which breach of disclosure he may have knowledge.
- iii) It is the duty of every Branch Officer to ensure by frequent surprise checks and visits to office rooms and other places where his subordinates work or which they frequent and by all other means in his power that the instructions laid down for the conduct of business and maintenance of security in Government offices are fully understood and complied with by all persons working under him. It will be the duty of the Asstt. Audit Officer to bring immediately to the notice of his superior officer or to the officer responsible for security in his department, any instance of breach of security regulations by any member of the staff working under him or in that Department if any members of the staff is guilty of misconduct of such a nature as to give rise to doubts about his reliability from the security point of view.
- iv) It is the duty of every Branch Officer or other superior officer to keep himself acquainted with the moral and conduct of the staff working under him and to see that each members of the staff fully understand and observe all security regulations and that his behaviour in no way raises doubts in his reliability. It is also his duty to see that the Asstt. Audit Officers under him keep in close touch with the work of the staff in their respective branches and bring to his notice all cases where any remiss or suspicious conduct on their part is noticed.

## **5.52. CLASSIFICATION AND DEFINITION:**

There are following four types of security gradings: (1) Top Secret (2) Secret (3) Confidential (4) Personal not for publication.

'Top Secret' grading is reserved for papers containing information of such a vital nature that for reasons of national security it must not be disclosed to any one for whom it is not essential to have knowledge of it for the proper performance of his duty. Such papers include references to current or future military operations, intending movements of dispositions of armed forces, shaping of Secret methods of war, matters of high papers will bear the connection N.G.O. i. e 'Not to go into office'.

'Secret' marking is reserved for papers containing, information, the unauthorised disclosure of which would, endanger *national* security, cause serious injury to the interest or prestige of the national or serious embarrassment to Government or would be of great advantage to a foreign nation. This classification should be used for highly important matter and is the highest classification ordinarily use.

'Confidential' marking is reserved for papers containing information, the unauthorised disclosure of which will while not endangering national security would be prejudicial to the interests of the nation, any Government activity or individual would cause administrative embarrassment or difficulty or be of an advantage to a foreign nation. Most matter will, on proper analysis, be classified no higher than confidential.

'Personal not for publication' marking will be reserved for communications to the members of the public when it is desired to make it clear that these communications or the information contained therein should not be published.

## **5.53. TREATMENT AND CUSTODY OF CLASSIFIED DOCUMENTS**

i) 'Top Secret' must at all times and in all stages remain in the personal custody of the officer responsible for dealing with them and they must invariably be addressed by name to the officer for whom they are intended and must either be balanced in a 'Top secret' office Box and locked or enclosed in a cover and sealed in the presence of the transmitting officer. These papers may on receipt only be opened by the officer to whom they are addressed or by the officer who is dealing with his work in his absence. All typing work on the 'Top Secret' papers must be done in the presence of the officer concerned. Only such papers are to be given to stenographer as are essential for typing work in hand. All copies of top Secret documents including rough drafts, notes, stencil and carbon papers must be fully accounted for. In order to facilitate this accounting it is necessary that all the copies should be serially numbered and their destruction and disposal noted in respect of each copy this includes in perfect copies, drafts, stencil papers etc.

ii) 'Secret' Papers inducing 'Confidential' are intended only for the perusal of the officer to whom they are addressed to and off limited number of persons whose duty is to deal with them. Secret papers should be addressed by name to be opened by him or his substitute. 'Secret' papers received must remain in the possession of the Principal

Director of Audit/ Deputy Director/Branch Officer who will be personally responsible for their safe custody. The receipt and issue work in the Head office will be done by the Stenographer to the Principal Director of Audit. "Secret" papers must, before being sent for despatch by post, be closed and sealed in an inner cover bearing clearly the names of both the address for whom intended and the security marking 'Top Secret' or 'Secret'. The outer cover should bear only the usual official address and the stamp to the

despatching office. These letters and packets should be sent by *registered* post with acknowledgement due.

iii) A 'Confidential' paper is intended for the perusal of a limited number of persons who have direct concern with the subject matter contained in that paper. A paper marked 'confidential' should be addressed to an officer by name and should be opened by the addressee, or in his absence by an officer performing his duties. After disposal of a confidential paper, it should be stored for safe custody in locked cage, the key of which should remain in the personal custody of the Branch Officer. A confidential paper sent for typing to the secret issue of the section when such a section exists, otherwise it will be taken personally to the typing section by an Assistant who will bring back draft typed copies and the used carbon Papers to the section dealing with confidential paper.

iv) Short hand note books should be separate for 'Top Secret' and 'Secret' Papers and should be returned to the officer concerned for destruction.

#### **5.54. USE OF ECONOMY LEVEL:**

Economy level must not be used on inner covers containing top Secret Papers but they may be used on outer covers of both Top Secret and Secret papers and the inner covers of 'Secret' papers.

(Authority: *Departmental Security instructions- 1957* issued by the Ministry of Home Affairs.)

#### **5.55. WRITE OFF OF PRICED/UNPRICED ARTICLES.**

(Section A 9(B) of MSO (Admn) Vol - II)

The Principal Director of Audit has got full powers to sanction write off of any unpriced article of office furniture and of any priced article of such furniture up to the value of Rs.50/- in each case.

He may also sanction the write off of petty losses up to the value of R 50/- in case of stationary and Rs. 200/- in case of miscellaneous stores.

(Authority: *C & AG's letter No 1936-NCE111 22-67 dated 59.1967*)

## CHAPTER -VI

### Record and Correspondence Section, Administration Section including Hindi Cell

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## **CHAPTER -VI**

### **Record and Correspondence Section, Administration Section including Hindi Cell**

**6.1** The M.T.S. staff attached to the Head Quarter office as well as to the unit offices will remain under the direct supervision of the Assistant Audit Officer of RC section who should ensure that the MTS staff attached to the section are properly dressed and carry out their duties efficiently.

At Head Headquarters and Branch offices, the opening, cleaning and closing of office rooms should be done by the MTS Staff nominated for the purpose. Where this work is done by the staff of Railway Administration, it should be ensured that a MTS staff is present in the office. The person nominated in Head Quarter & Branch offices should see that the various articles of furniture, stationery etc. are intact and take charge of any personal property inadvertently left behind. He should also see that bolts of doors & windows be securely fixed and the rooms locked up at the close of the day. The keys of the office will remain in the custody of the janitor of the office premises to whom these should be handed over at the end of each day. The MTS staff attached to sections should not leave office, without permissions of A.AuO.

#### **6.2. CONTINGENT EXPENDITURE**

The Principal Director of Audit, the Dy Directors and Audit officers are empowered to incur contingent expenditure as per extant rules.

All the Divisional Audit Offices and workshop Audit Offices have been provided with such imprest to enable them to incur contingent expenditure. Such cash imprest in respect of Head quarters' office should be with the officer-in-charge of RC Section. The sanction limit of such imprest as sanctioned by the Principal Director of Audit is as under:-

All divisional Audit Offices and workshop Audit offices - Rs 200/-

Head quarters Office - Rs.1000/-

(Authority POO. No 359 dated 187.94 issued by Director/Admin E" Rly. Cal)

All payments met from the imprest should be noted in the cash imprest Account and the vouchers in support of each payment should be duly cancelled or defaced other payment. The imprest should be recouped once a month. As so an office copy of the cash imprest Account will be retained and the original forwarded to the Accounts officer over the signature of the Gazetted officer in charge for recoupment. Recoupment of imprest will also be posted in the register. The monthly totals in this Register, for those amounts only, which have already been recouped within the month should be struck and posted in the Register of expenditure of a month booked in that Expenditure register, with that recorded in the books of the Accounts office.

The imprest cash balance in hand as on 31<sup>st</sup> March each year should be certified by actual count by the Audit officer concerned and a certificate of such verification should be sent to the Accounts office/expenditure with the following details, a copy being sent to Head Quarters office:

- 1) Amount of Sanctioned imprest
- 2) Amount of expenditure met from imprest cash but awaiting recoupment,
- 3) Actual cash balance in hand as on 31<sup>st</sup> March; this should be recorded in the calendar of Return under Annual Items.

### **6.3. INDENT & SUPPLY OF STATIONARY AND FORMS.**

All sections of the office of the Principal Director of Audit, South Eastern Railway should intimate their requirements of stationery, stores and forcible requisition in the prescribed form to RC Section one month before each quarter of any year starting from April 1991. While sending requisition all sections should include the requirement of Audit officer in charge of the section also.

(Vide Principal Director of Audit's Letter No. RC/38/45/ dated 19.2.91. The sections should submit their requisition in the form given below:-

A) Indent for the quarter ending for stationery for which scale has been fixed.

Name of the Section.....

Strength

Audit Officer/Section Officer (Audit).....

Auditor/Sr. Auditor.....

Clerk.....

Total.....

S1. No.	Name of article	Due for the quarter as per scale	Quantity actually indented	Approx. Balance of the article on the last date of the quarter on date of submission of the indent	Remarks.

2) The scale for the supply of stationary as laid down below:

The section Officers (Audit)/A.Au.O. should scrutinise the indents very carefully before sending their indents to R.C. Section. The indents should not be in driblets. The indents so received will be scrutinised by the R.C. Section and supply arranged for as soon after 10<sup>th</sup> of the month as possible. No indents should be placed on the Controller of stores or Printing Superintendent direct by any section.

In case of any item or items not in stock, the R.C. section should pool the requirement and arrange to take prompt action to obtain the same from the Controller of store or Printing Superintendent under sanction of the Principal Director of Audit, Director (Admn) as the case may be and to supply them to the sections concerned.

- 1) Pencil lead              1 per quarter per men
2. Pencil blue 1 per quarter per men excluding receipt & despatch clerk in R.C section.
3. Pencil Red              For Officer's use only
4. Pencil Copying          4 per big section per quarter, 2 per small section per quarter
5. Pen holders superior For Officer's use (Generally 2 per officer per annual)
6. Dot Pen                  2 each for officers, Sr.Ar/ Auditors and clerk per annum.
7. Dot Pen Refill          One each quarter per member.
8. Blotting pad             one sheep per man per mensem.

9. Office note & draft pads. One each for Auditors /Sr.Ar. and one each per Clerk per mensem.
10. Memo Blocks One per mensem per officer.
11. Case Boards 40 per annum per section i.e. 10 per quarter small section will get half of it.
12. Case Cover 15 pairs per quarter per section. Small Section will get 10 pairs only
13. Match Box 1 per mensem for office out of the Head quarters
14. Candle 2 each per Section per quarter.
15. Twine Ball 1 per big Section per qtr. Small section will receive half of the quantity.
16. Gum Liquid 1 Bottle per officer per quarter.
17. DRA, PUC, signature Flags. 20 each per quarter per Section will get 10 of each.
18. Duster 1 per quarter for outside section. 2 per annum per section in head office including G.O, 2 per quarter for farash in Head office.
19. Tune, red : 2 per quarter per section, small section will get 1 per quarter.
20. Tags 30 per section per quarter, small section will get 15 only per quarter
21. Pin packets 2 per big section per quarter.
22. Eraser, Pencil 4 per annum per big section.
23. Glass tumbler 1 per annum
24. Aluminium Tumbler 1 per Group D staff for every 2 years,

**Note:** - Big sections consisting of more than 6 Auditing staff; Small Section consisting of 6 or less number of Auditing staff.

3. Articles of stationery other than those enumerated above such as ink-stands, ink-pots, knives, note-books, papers will be supplied to sections on requisition signed by their A.Au.O. concerned. In order to affect economy on the office stationery, such indents should be sanctioned very carefully before sending them to RC section for making the supply if the section considers the demand for any item to unreasonable, it should be brought to the notice of the section concerned after supplying the other items.

4. In this connection the general instructions for the supply of stationary and forms contained in central stationary rule should be followed as far as possible. The staff in charge of the stationery etc., should correctly post the receipt and issue in a Register in form No. EI-P 69 immediately, and submit the same for the inspection on the 14<sup>th</sup> of every month to the Gazetted Officer-in-charge of RC.

5. The annual indents for stationery and forms for the office as a whole should be prepared by RC section, in consultation with the Stationary register and other actual verification of stock in hand and probable cost thereof by estimate. Thereafter the indents should be placed on the Controller of Stores, and the Printing Superintendent (stationery & forms) in October each year. In respect of civil form the indent should be placed on the Deputy Controller of Stationary, Kolkata on or before the 10<sup>th</sup> of April each year.

6. When placing indents for any item not in stock during the course of the year or placing the annual indents a note in each case should be kept in the Liability Register showing the indent No, date and the estimated amount and the bills as and when received should be noted against the indent concerned. The actual payment should, however, be recorded in the contingent Register maintained in the Section.

### **Supply of Stationery and forms**

The instructions contained in Para 106 of Chapter VII of Railway Audit Manual should be carefully observed. The stationary and the Railway forms for the office of the Principal Director of Audit Eastern Railway are obtained from Assistant Printing Superintendent/Howrah. Annual Indents are placed in November/December each year. For civil forms annual indents are placed by middle of April each year. For preparation and placement of indents formalities proforma are observed according to the regional/Zonal procedure. In preparing the indent the A.Au.O of R.C. Section will personally check the indents minutely with due regard to the actual requirement, work out financial implication sanction obtained from the competent authority and should also check the articles, on receipt, by comparing with the indent. In this work the A.Au.O of R.C section may take help from the routine clerk. As soon as supplies are received, the same will be entered as receipts in the Register of stationary and forms are issued according to the yardstick prescribed to the section or requisitions sent by the section officer of concerned sections. Such issue will immediately be entered in the Register. 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 and any discrepancy noticed should be reported to the higher authorities and certificate to the effect that actual physical verification was carried out, recorded in the Register under the signature of a Gazetted Officer.

On receipt of debits from the Assistant Printing Superintendent /Howrah, the same should be compared with reference to the actual receipts of stationeries and forms; then the debits will be accepted pointing out the discrepancy, if any, noticed during the verification and sent to the respective FA & CAO for adjustment. The debits received from the Assistant Printing Superintendent/Howrah will be dealt with likewise.

### **6.4. LOCAL PRINTING OF FORMS ETC.**

In order to arrange for emergent and unforeseen printing at short notice, the Principal Director of Audit, the Dy. Director (Admn.) and Sr. Audit officer/Admn. & RC have been empowered to incur expenditure for Rs 10,000/- and above, up to the limit of Rs. 10,000/- and Rs. 1,000/- per year respectively on printing (including the cost of paper and other binding materials). Such printing works may be got done locally through private agency and charged to the head "Contingencies" and no approval of the rates by the Chief Controller of Printing and Stationery would be necessary.

(Authority: (i) P.D.O. no.361 dt. 6.9.94 and (ii) P.D.O No.360 dt. 19.7.94 issued by director (Admn.)/E.Rly. /Calcutta).

### **6.5. STAMP ACCOUNT**

Where railway free service is available the letters should be despatched through such service. In other cases, service postage stamps should be used. The Divisional & Workshop Audit Offices should procure service postage stamps from RC section on submitting proper requisition.

In each Office a stamp account will be maintained to show the receipt and expenditure of service stamps. Full particulars of letters despatched by post will be furnished therein; the stamp account should be checked daily and the balance of stamps in hand at the end of the month verified and the fact of such check and verification recorded therein. The Stamp

Account Register should be submitted to the Audit officer on the 1<sup>st</sup> of each month after closing the account of the previous month for his perusal and signature. In the case of letters sent by Registered post or telegrams the postal receipts should be posted in the register in support of the entries.

Indents for service stamps are required to be placed on local Treasury Office in whose favour a cheque for 'the value of the indent is to be obtained from the FA & CAO of the respective Railway and Unit Offices the cheque is then sent to the Treasury officer together with the indent showing details (denomination) of stamps required. On receipt of the stamps the value thereof will be entered forthwith in the stamp account, and the entry initialled by the Audit officer of the routine Section.

#### **6.6. LIVERIES (Paras 63, 104 and 105 of RAM –Fifth Edition -)**

The uniforms are issued to all MTS staff of the office of the Principal Director of Audit, South Eastern Railway according to the scale laid down in the South Eastern Railway Dress Regulations and are the property of this office. When a MTS staff leaves service, all uniform which are to last for one year, issued to him within six months prior to the date of his leaving the service, must be returned to the Office, failing which the value of the articles at the rates in which they were issued will be recovered from him. When such clothing has been issued to him more than six months before leaving the service he may be allowed to retain his uniform at the time of leaving service. In case of uniforms which are to last for two years or more then procedure as laid down in the South Eastern Railway Dress Regulations should be followed. The MTS staff are required to wear all the items of their uniforms supplied to them and to keep the same always neat and clean while on duty. Attending office without full uniform and in untidy dress will involve such disciplinary action as the Branch officer may think fit to take (O.M. No.5/18/59- Pute li dated tile 23rd September, 1959 from the G.O.I. Ministry of Home Affairs circulated by the C & AG. of India vide No.2374 -NGE 1/ 99-59 dated 15/11/59). If the uniform is rendered useless due to the negligence of the staff afresh issue will be made and the cost will be recovered from him. Umbrellas may be issued to MTS staff every alternate year. The indent for umbrella should be submitted to the District Controller of stores, Howrah once a year according to the requirement of office.

The annual indent for uniforms of MTS staff for winter and summer shall be place as per South Eastern Railway's scale on the Tailoring Contractor approved by the C.D.S/South Eastern Railway, generally in April and August respectively each year after finalisation of the contract with the firm by the C.D.S as intimated by him every year.

A register will be maintained in R.C section for the receipt and issue of each items of uniform and also the uniform supplied to each MTS staff separately. This register should be reviewed by the Sr. Au.O./Au.O of the R.C. section each quarter ending on the 10<sup>th</sup> of April, July, October and January.

#### **6.7. WASHING ALLOWANCE**

(a) Washing allowance to MTS staff is to be paid in accordance with the scales fixed for such allowance by the respective Railway Administration as per Ex. DRA'S letter No. G-6-5151 dated 17.3.1951. It will be the duty of the controlling officers to satisfy themselves that the allowance is actually spent for the purpose for which it is granted. No deduction of proportionate washing allowance need be made for period of regular leave, except where the total period of such leave taken during any calendar year exceeds 15 days. When the total period of such leave exceeds 15 days in a calendar year a proportionate deduction from the washing allowance would be made only in respect of period in excess of 15 days. Such a deduction should be made in a year from the pay for the month of January of the following one to which the deduction relates, as per Railway Board's letter No. F(1) 1-68.

b) The drawal of washing allowance is subject to the conditions that MTS staff keep their uniforms neat and clean. If a M.T.S. staff does not wear a uniform and does not keep it neat and clean his allowance may be stopped under the orders of the Branch Officer concerned, which should be communicated to Administration Section for necessary action. Cases when MTS staff are seen without uniform although supplied will also be treated as requiring disciplinary action.

c) Washing allowance shall be payable to all common categories of MTS staff.

(Authority: *M.D.P. PG & Pension D.M No. 31441.25 JAC DT 17.1.86*)

#### **6.8. SCALE OF FURNITURE**

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

For Principal Director of Audit

Cotton Dury- 1. woollen carpet-1. Table officer's-1

For Sr. Auditors/Auditors Stenographers/L.D.C. Duftaries

Clerk's table 1

Clerk chair 1

Side rack 1

For Typists 1

Table typist 1

Chair clerk 1

For Group 'D' staff one stool each

(Authority: *C & AG's letter No. 80-NCE. 1126 dated 15.1.1965*)

#### **6.9. FURNITURE REQUIRED FOR GENERAL USE IN OFFICE**

The furniture required for general use of the office, such as almirah, racks, safes etc, may be provided with proper sanction according to the requirements of each office without reference to any particular scale.

##### **6.9.1. POWER OF PURCHASE FOR FURNITURE**

Power to incur expenditure on the purchase and repair furniture subject to budget provision have been delegated to the Principal Director of Audit.

For purchase of furniture etc. normal rules and procedures for purchase etc. inviting tenders, acceptance of lowest quotation awaiting of Govt. rate contract, etc., should be followed. In case of any deviation from this normal rules and procedures the reason for such deviation should be recorded.

##### **6.9.2. SCALE OF FURNITURE IN THE AUDIT OFFICES ON OTHER RELATED MATTERS**

The scale laid down by the comptroller and Auditor general of India for the use of the officers and staff is given below:-

Furniture required for general use in the office such as almirah, racks, etc. may be purchased locally, subject to the availability of the funds. Powers to incur expenditure on the purchase and repairs of the furniture, subject to the budget provision so far as scale items are concerned, have been delegated to the Principal Director of Audit. Dy. Director (Admn.), Sr. Audit Officer/Admn & R.C. The Principal Director of Audit can incur expenditure on the purchase and repairs of non-scale item of furniture under his control above Rs. 10,000/- per year, Dy. director (Admn.) up to limit of Rs.10,000/-, Sr. Au.O./Admn & RC up to limit of Rs.1,000/-. The purchase of such items which are considered essential and unavailable may be sanctioned and purchase of costly articles like steel cupboards, steel racks, etc. should be restricted to minimum. The expenditure required to be incurred should be subject to the availability of funds.

[Authority:- i) P.D.O. no.361 dt. 6.9.94 and (ii) P.D.O No.369 dt. 19.7.94 issued by Director (Admn.)/Eastern Railway].

#### **6.9.3. SUPPLY OF FURNITURE AT THE RESIDENCE OF IA & AS OFFICERS.**

The Principal Director of Audit is competent to sanction issue of furniture free of rent at the residence of officers including himself for doing official work at home under clause (a) of Para 1 of M.D. F.O. M. No. /f1 (7)-EG 1-54 dt.15.6.1964 & DRA's No. E. 8-44154 dt. 10.2.1956. The procedure to be observed in the matter of issue of furniture at the residence of an officer for doing official work is as follows: -

The officer will take receipt for all the furniture allotted to him with an undertaking to the affect that he will be personally responsible for safe custody and return in good condition, wear on tear exempted.

2) No non-essential item of furniture such as sofa, clocks, electric lamps, carpets, Durries etc. should be supplied.

3) Cases in which the Principal Director of Audit/South Eastern Railway issue an order for the supply of furniture in his own favour, copies of such orders should be sent to Principal Director of Audit/Northern railway; in cases of others, the order should not be sent to the Principal Director of Audit/Northern Railway, but should be preserved in the respective offices and shown to audit at the time of local inspections, if necessary.

4) All such furniture will be borne in the inventory of the office which should prominently be shown in red ink, as items of furniture issued to officers for their residences.

5) A stock verification should be carried out annually, in the month of January to ensure that the articles of furniture issued are actually in existence and correct according to the number borne on the inventory of the office.

6) The Competent Authority should review his orders at least once in two years to see that the number of articles of furniture issued are essential in the interest of office work and no curtailment is possible. For this purpose R.C. Section will put up the orders passed by the Principal Director of Audit during the last 2 years sometime in January on every alternate year.

7) Issue of an Almirah is not permissible.

8) The supply of furniture will not entitle the officers in question to claim (i) any rent for the portion of their residences used for office work and (ii) light charges and any other connected expenditure that they may have to incur.

(Authority: C & AG's No.1773 NGE 111/100-60 dated 6.7.1960).

## **6.10. DEAD STOCK REGISTER**

A register should be maintained in each office recording the receipt and issue of all tools, plant and furniture in prescribed forms. The inventory will be test checked annually by the Audit officer/RC. Section in the HeadQuarters' office and by the Branch officers in the unit offices every year by the month of March. A certificate of such verification should be sent to the Head quarters' office. Excess or deficiency, if any, found during verification should be brought to the notice of the Principal Director of Audit for necessary orders. The register should be brought to the notice of the Principal Director of Audit for necessary orders. The register should be kept up-to-date by incorporating all the changes, transactions, receipt, issue, writing off, etc. as and when take place.

## **6.11. TELEPHONES:**

The Railway Administration provides the facility of Railway telephones in the Audit offices free of charge. For installation of Railway telephone, Signal and Telecommunication Department of Railway is required to be requested after obtaining Principal Director of Audit's administrative sanction in this regard. In addition to Railway telephone a few P & T telephone connection are also installed in the Audit offices. For installation of P & T telephones at residence sanction of the C & AG of India is required. The telephone directories supplied by the P & T Department should be maintained up-to-date by the PAs attached to the Principal Director of Audit/Deputy Director of Audit. One register for booking trunk call should also be maintained by the PAs indicating therein each call with suitable remarks as to whether the call is official or private. On receipt of the bills from the P & T Department, the bill is required to be checked with this register in respect of trunk calls and sent to the respective F.A. & C.A.O. for payment within the due dates.

(Authority: C & G & letter No, 971 -GE 11/463 dt 2414163)

### **6.12.1. NEWS PAPERS**

Some Daily Newspapers/periodicals may be purchased for the office. These may be subscribed from the contingencies of the office so that all staff may keep themselves abreast of the day-to-day developments regarding Railways in particular and other matters in general. R.C. section should arrange for the purchase and regular supply of these publications. The publication should be scrutinised with a view to seeing whether there are any news items, reports, criticism or suggestions affecting the railway Revenues and expenditure in which audit may feel interested. After circulation the details should be sent to Co-ord. section for scrutiny and taking out cuttings of such news items as are required to be posted in the register for putting up to the higher authorities or the section concerned as the case may be.

### **6.12.2. SALE OF OLD NEWSPAPERS**

Old newspapers and other periodicals which are subscribed at public expense for perusal of officers and staff but are not intended for preservation should be sold half-yearly in June and December each year by the R.C. section. For this purpose marked price should be first ascertained and the highest price that can be obtained, should be got approved from the competent authority and the papers sold to the intending purchaser. The sale proceed should be sent to the Chief Cashier of the respective railways for affording necessary credit to the Head of Account "Misc. Receipt".

## **6.13 SUPPLY OF CODES & BOOKS [paras 2.8 to 2-12/65 of C & AG'S MSO (Admn.) Vol. I – 3<sup>rd</sup> Edition -].**

The instructions for the supply of books and codes either for use in office or as personal copies of Gazetted officers and Section Officers (Audit) are laid down in **Para 92 of the RAM –Fifth Edition**). Subject to the limitations in the schedule of powers of the Principal Director

of Audit and other rules and orders for the competent authority, the Principal Director of Audit is authorised to purchase for the allotment of contingencies books and periodicals required for the offices under him. All books and periodicals, gazette and other printed publications and post all correction slips therein. All issues should be made against receipt which should be retuned or cancelled when the book is retuned. The discretion to prescribe the list of publication to be issued as personal copies of officers and S. O (Audit)/A.Au.O is left to Principal Director of Audit. Individual *officers*/Section officers are responsible for their own copies of the codes/Manuals.

(Authority: ADAI (Rlys.) letter No.3966-R G- 7-2/61 dated. 7.10.1962)

### **6.13.1 SUPPLY OF CODES, MAUALS TO THE OFFICERS AND STAFF OF THE OFFICE**

Every Gazetted officer, Section Officer, Supervisions, SOGE passed Senior Auditor or Auditor should be supplied with a copy of general books of reference, and the correction slip there to, issued from time to time. Books so supplied will be treated as personal copies and may be taken with him by a Govt. Servant on his transfer to another office. Codes and manuals supplied to Senior Auditors and Auditors from sectional library are not treated as personal copies and should be handed over to the Sectional library or their successor on transfer from the section.

Only one copy of the Secret Memorandum of Instructions (SMI) regarding the extent of Audit issued by the C & AG should be supplied to each Gazetted officer, Section Officer and Supervisor. The Head of Office should ensure that these books are duly handed over to the successor or to the library under proper acknowledgement in cases where the persons to whom these are supplied proceed on leave or are transferred to another office or section or retire from service or otherwise demit service.

[Authority: Para 2.8 to 2.12 of MSO (Admn.) Vol. – I -3<sup>rd</sup> Edition-].

### **6.13.2 SUPPLY OF CODES AT CONCESSIONAL RATES**

(A) Supply of priced publications of Government.

The Railway Audit Branch is treated as a paying department for the supply of priced publications of the Government of India. Any publication required by this office may be had on payment from the Manager of Publication, Delhi. The publications are obtainable at a rate of 75% of the cost of Publication remaining 25% representing the discount allowed by the Publishing Department.

(C & AG's letter No. 2213- Admn .1/302- 56 dt. 1.12.56 to the Chief Auditor, S, Rly and copy endorsed to this office).

(B) Priced publication of the Central Government (including Railways) and the C & AG of India together with sets of correction slips there to may be supplied to the candidate preparing for S.O.G. Examination at the rates applicable to the auditors, i.e. 50% of the cost price. A proper record of code books supplied at concessional rates to the prospective candidates for S.O.G.E. & Departmental Examination should be maintained in the R.C section to ensure that the books are not supplied more than once at concessional rates.

(Authority: C & AG's letter No. 107-Admn II/185-58 dt. 1.9.1958)

(C) However, copies of Indian Railway codes and other priced publications issued by the Railway Board are supplied free to this office by the Manager of Publication, Central Publication branch in accordance with the distribution list prepared by the Railway Board in

respect of each code and publication and any copy required in excess of number is to be paid for.

The number fixed by the Railway Board for this office is 75 for the present.  
(C & AG's endorsement No. 2996- RAIIRG 7- 2153 dated 15.10.59)

**(D) Supply of codes, Books of reference and correction slips.**

The instructions for the supply of books and codes including correction slips for use in office or as personal copies of Gazetted offices and or Sections Officers/Assistant Audit Officers are laid down in Para 92 of Railway Audit Manual (5<sup>th</sup> edition). R.C. Section shall maintain a register of codes, books and correction slips showing particulars of receipt and distribution. The register shall be submitted to the Branch Officer (RC) for review in every quarter in January, April, July and October. The books in stock should be verified annually as laid down in Para 2.15 of MSO (Admn) – Vol. I (3<sup>rd</sup> Edition).

**(E) Supply of codes on loan to Examinee (Para 93 of RAM - Fifth Edition -)**

The spare copies of departmental codes will be kept in the office library to be loaned in rotation to candidates preparing for the Section Officers Grade Examination or Departmental Examination. They should be kept up to date by R.C. Section and should be issued on written application from them with the approval of the AAuO/RC and in case of any loss of books supplied, double the price of the books lost should be recovered from the official concerned. Railway Audit Manual may also be supplied to such candidates but the same should be returned after the examination is over.

(Confidential letter No. 1723 I/DW 445 -50 dt. 13.9.54 from the CAG RECEIVED UNDER dra's ENDORSEMNT No aA 8-7/52 dt. 4.10.54)

**(F) Responsibilities for correcting the Codes and other books of reference.**

i) The Sr. PA to the Principal Director of Audit and the Stenographers to the respective Director (Admn.)/Deputy Director will be held personally responsible for keeping the books of reference of the Principal Director of Audit and Deputy Director/Director (Admn.) respectively fully corrected and up-to-date.

ii) The staff of the R.C section who is the custodian of the office library in Head Office under the control of Audit officer (R.C) will be held responsible for keeping all codes and books of reference maintained *corrected* and up to date, with the help of Dutries.

iii) The Section Officers (Audit)/AAuOs in sections and Branch offices should arrange to have the books corrected and up-to-date by one or more Auditors /Sr. Auditors of the section /Branch concerned. The books for which each Auditor /Sr. Ar. will be responsible should be specified.

iv) One who has been supplied with codes etc. as personal copies should make his own arrangement to keep those corrected and up-to-date.

**6.13.3 SUPPLY OF CODES AND MANUALS TO OUTSIDE OFFICES**

One copy each of all publication of important nature including cyclostyled ones, other than those marked "Secret", "Confidential" and "for use of I.A. & A.D only" are required under the Delivery of Books and News Papers (Public Libraries) Act 1954, to be sent to the National Library at Kolkata, the Connemara Public Library, Egmore, Madras and the Central Library, Town Hall, Mumbai, at the cost of the publishers within thirty days from the date of publication. A monthly statement of publications even though 'nil' and ten copies of each publication other than those marked "Secret", "Confidential" and "for use of I.A & A.D only" are also required to be sent to the Parliament Library.

The publications marked "for use of IA & AD only or "Secret" should not be supplied to outside offices etc. unless authorised by the C & AG in specific cases.

[Authority: Para 2.13 of MSO (Admn) - Vol. I (3<sup>rd</sup> Edition)].

#### **6.13.4 SUPPLY OF COPIES OF MANUAL TO THE C & AG [Ref: Para 2.14 of MSO (Admn.) – Vol. –I- 3<sup>rd</sup> Edition –]**

#### **6.13.5 OFFICE LIBRARY**

The Office Library should be maintained under the personal custody of the officer-in-charge, R.C. section. The books in the library should be verified annually in the month of March and the result of verification record over the dated initials of the Audit Officer. This may be watched through the Calendar of Returns maintained in the R.C. section. Every new addition to the library should be entered then and there and the entry attested.

Besides the library maintained in the R.C. section there may be separate library for the Principal Director of Audit and Deputy Director, content with various books of references etc. Paper accounted of the books of this library and its maintenance will devolve on the stenographer attached to the Principal Director of Audit and Deputy Director.

**Requests for loan of books should be addressed to the office or section concerned for reference.**

In order to keep watch over the issue and return of book by the loans, an issue register should be maintained for each library by the person concerned. This library should be small but efficient, up-to-date & serviceable for the purpose for which the office exists. A library catalogue should be maintained.

Every office on receiving charge of a part to which the care of the library lasts must satisfy himself as to the state of the library. Unless he reports specifically to the contrary it should be assumed that the charge of the library was taken by him in good order. This would apply for relieving librarian as well.

#### **6.14. OFFICE CLOCK**

Office clock in the office of the Principal Director of Audit, South Eastern Railway would be regulated weekly by the agency engaged by the local Railway Administration. In unit offices the job is done by the employee engaged for the work by the respective Railway Administration.

#### **6.15. OUTSTANDING LIST OF LETTERS RECEIVED AND ISSUED**

The following instruction for the preparation and submission of the outstanding lists of letters received and issued should be followed:-

(1) The outstanding list of letters received should contain only such letters on which no action has been taken.

(2) The outstanding list of letters issued should contain only such letters to which no replies have been received or where interim replies have only been received.

Regarding (1) - Inward letters A statement showing the position of all outstanding letters received from the DAI (Rlys) etc. as appeared in the Pending Register should however be sent to Co-ordination section fortnightly indicating the position of letters received up to the 15<sup>th</sup> and 30<sup>th</sup> of a month but not disposed of all the dates of their submission to Co-ordination Section viz. 20<sup>th</sup> of the same month and 5<sup>th</sup> of the next month respectively in the following form duly counter signed by the Branch Officer.

Sl. No.	No. & date of letter received from DAI	Subject in brief	Target dates if any, laid down for sending the reply	Reason for the delay in sending the reply	Action taken. No. of reminders issued & the level of officers at which the reminder have been issued
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Similar outstanding list in respect of letters received from the DAI (Rlys), C & AG, Railway Board and Govt of India up to the 13<sup>th</sup>/28<sup>th</sup> of the month but not disposed of by 28<sup>th</sup>/13<sup>th</sup> of the month/next month should be prepared fortnightly and submitted to the Co-ordination section on the 15<sup>th</sup>/last day of each month with a certificate to the following form for consolidation and submission to the Principal Director of Audit through the Dy. Director on the 18<sup>th</sup> and 3<sup>rd</sup> of each month.

### **Certificates**

Certified that letters received up to the 13<sup>th</sup>/28<sup>th</sup> have been disposed of with the exception of the following.

Sl. No.	RR No.	Date	Actual date of receipt in the section	From whom received	Subject in Brief	Particulars with date of the latest action taken	Reason for delay in disposal	Remarks
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The letters received in a particulars section and sent to some other section for information or some other section for information or some other reason should be shown as outstanding by the section in which they were originally received till the dates of final disposal.

The above maintained two Returns should be recorded in 'Calendar of Returns'.

Regarding (2) outward letters: - The outstanding list in respect of letters issued up to quarter ending 30<sup>th</sup> May/30<sup>th</sup> August/30<sup>th</sup> November and 28<sup>th</sup> February to which no replies have been received up to 30<sup>th</sup> June/30<sup>th</sup> September/31<sup>st</sup> December/31<sup>st</sup> March should be submitted to the R.C. section by the 7<sup>th</sup> July/7<sup>th</sup> October/17<sup>th</sup> January and 17<sup>th</sup> April in the following form for consolidation and submission to the Principal Director of Audit on the 10<sup>th</sup> July/ 10<sup>th</sup> October/10<sup>th</sup> January/10<sup>th</sup> April. The details of the outstanding letters need not be submitted to the R.C.section. except of letters to which there has been inordinate delay in getting replies from the accounts or executive section concerned should take special steps to get the replies expeditiously either by personal contact or issue of DO to the Accounts Officers or Executive Officers concerned.

List showing the number of letters issued up to quarter ending 30<sup>th</sup> May/30<sup>th</sup> August/30<sup>th</sup> November/29<sup>th</sup>/28<sup>th</sup> February to which no replies have been received up to 30<sup>th</sup> June/30<sup>th</sup> September/31<sup>st</sup> December /31<sup>st</sup> March .....

No. of letters outstanding for 1 year or more.

No. of letters outstanding for over 6 months.

No. of letters outstanding for less than 6 months.

### **6.15.1 QUARTERLY RETURN FOR OUTSTANDING LIST OF INWARD AND OUTWARD LETTERS RECEIVED AND ISSUED (OTHER THAN DAI (Rlys), C & AG, RAILWAY BOARD)**

The following instruction for the preparation and submission of the outstanding list issued should be followed:-

The outstanding list of letters received/issued should contain only such letters or no action has been taken/no reply has been received. The return may be sent to Sr. Audit Officer/Co-ord by all Divisions, Workshops and Sections of Head Quarters for the Quarter ending June/September/December/March each year by 7<sup>th</sup> July/17<sup>th</sup> October/7<sup>th</sup> January/17<sup>th</sup> April in the following form:

1. In case of inward letters received: -

- (i) Opening balance, if any.
- (ii) Total No. of letters received during the period.
- (iii) Total No. of letters disposed of.
- (iv) Balance outstanding.

2. In case of outward letters issued:-

- (i) Previous balance i.e. opening balance, if any.
- (ii) Total no. of letters issued during the period.
- (iii) Replies required in respect of item (ii) above.
- (iv) Replies since received.
- (v) Balance outstanding.
- (vi) Outstanding over six months old.
- (vii) Outstanding less than six months old.

A consolidation Report should be submitted by Co-ord Section on the above-mentioned form to the Principal Director of Audit through Director/Dy. Director for information.

### **6.16. REGISTER OF LIABILITY**

A liability register in the form given below should be maintained in order to keep systematic watch of the liabilities may be annually as in the case of electric and other charges or may be contractual when orders for supplies are issued to suppliers or to the Controller of Stores or Stationary. The liability in each case should be estimated correctly and entered up in the register and the bill for the service on the supply should be watched.

The register should be revised every month and the outstanding items list offices on 15<sup>th</sup> of each month for scrutiny. If any liabilities have been outstanding for more than 3 months, necessary action should be taken to see whether the bills have been lost in transit, etc.

Sl. No	Particulars of indents for supplies or other received voucher or Bill No./Date/Amount.	Approx. Cost	When	Ref. to Debit	When Accepted	Remarks

## **6.17. ISSUE OF PASSES AND PRIVILAGE TICKET ORDERS**

(1) Passes & Privilege Ticket Orders including Card Passes, Concessional Ticket Orders required for the staff will be issued from Administration Section according to force and a proper account will be kept there for the name.

(2) Each member of the staff of the office should submit every five year by 15<sup>th</sup> December to Administration Section a declaration giving details of family members/dependent relatives to the Pass Issuing Authority. Change in the same shall also be intimated as and when the same takes place [Authority: Para 3 (i) – Schedule II of Railway Servant Pass Rules 1986].

(3) The blank cheque pass books, card passes and privilege ticket order forms are to be requisitioned from the Superintendent/Printing & Stationery (Money Value)/South Eastern Railway/Kharagpur. On receipt these should be checked at once in presence of the Audit Officer/Sr. Audit Officer to see that progressive number are complete and then entered in the Stock Register and kept together with the register under lock and key in the safe the key of which will remain with the Audit Officer/Sr. Audit Officer.

(4) The Principal Director of Audit shall verify the stock of the passes and privilege ticket order quarterly (February, May, August and November) and record a certificate of verification in the stock register. In case of Divisional Audit Offices at outstations the same will be done by the Sr. Divl. Audit Officers. At the time of conducting this check, the Audit Officer/ Sr. Audit Officer should also check all counterfoils of the forms issued from the pass books in use since the date of last check and record a certificate of this check in Stock Register

*[Authority: C & AG's Confdl. Letter No. 1457-RAI/T/17-61/69 dated 04.04.70].*

(5) Whenever any Audit staff in possession of card pass, proceeds on leave, whether casual or regular, or returns from duty, should deposit the card pass with the Sr. Audit Officer/Audit Officer or the Section Officer as the case may be.

## **6.18. NOTICE BOARD**

A Notice Board will be kept in office in which all important circulars, orders and other communications of personal interest to the members of the office will be displayed under orders of the Principal Director of Audit/Dy. Director of Audit.

## **6.19. STAFF CAR**

So far staff car of Principal Director of Audit/South Eastern Railway/Garden Reach is concerned, it will be guided by the Staff Car Rules.

## **6.20. PERFORMANCE REPORT**

In order to evaluate the quantified output vis-a-vis efforts deployed by Railway Audit Offices, Deputy Comptroller and Auditor General of India desires that a Performance Report in the prescribed proforma (enclosed to this chapter) may be sent each month to the Head Quarters, so as to reach Head Quarters by the 10<sup>th</sup> of each month. It should be noted that in the performance report, opening balance in all cases should be the outstanding balance at the beginning of the financial year and should incorporate all objections carried over from previous year. Each Para in a Part -I Report is to be treated as one objection.

*[Authority :- Smt. Anita Pattanayak, Director (Railways), D.O. No. 789-RAI/RR2-2/93 dated 03/08/1993.]*

The return of performance report should be submitted to the Audit Officer/Co-ord. by all Divisions, workshops and section of Head Quarters/South Eastern Railway positively by 1<sup>st</sup> working day of the month. The Co-ord. section should consolidate the reports received from the units and send the consolidated report to Head Quarters within the target date.

(Authority :- A.O/COR/E.Rly's circular No. COR/I-1 C/93-94 dated 10.6.94.)

## **6.21. ACTIVITY REPORT**

The material for Activity Report of the Indian Audit and Accounts Department may be sent to Head Quarters each year. The material for the Report may be forwarded in duplicate in the prescribed proforma (enclosed to this chapter).

(Authority: - C & AG's letter No. 198-Audit (JMT & AR) 214—2004 dated 06.09.2005).

The aforesaid Report should be submitted to the Sr. Audit Officer/Co-ordination by all Divisions, Workshops and Sections of Head Quarters/South Eastern Railway well in advance in order to enable the Co-ord. Section to send a consolidated report to Head Quarters within the target date fixed.

## **6.22. DIFFERENT KINDS OF PASSES**

The employees of the office of the Principal Director of Audit/South Eastern Railway may be issued the following kinds of passes, namely :-

(i) Privilege Passes including passes while on deputation (ii) Duty Passes (Cheque Passes or Card passes). (iii) Post-Retirement Complimentary Passes, (iv) Settlement Passes, (v) School Passes. (vi) Widow Passes. (vii) Sport Passes, (viii) Luggage Passes and (ix) Metal Passes.

[Authority: Railway Servant Rule (Pass) 1993- Rule 4].

The Principal Director of Audit has delegated his power to sign Passes/P. T.Os. to the Sr. Au.O/Au.O. and also A.Au.O., posted at Divisions/Workshops. In Headaquaquerter/Garden Reach, AAuO/Adminn. has been authorised by the Principal Director of Audit/South Eastern Railway for this purpose.

### **6.22.1 COLLECTION OF BLANK PASSES, PTOs ETC.**

Administration Section, Pass issuing unit in Headquaraters/Garden Reach should submit requisitions for Blank Money value Books i.e. Passes, PTOs and Blank Card Passes to the Superintendent/Printing & Stationery (Money Value)/South Eastern Railway/Kharagpur in four copies. After collection of blank Passes/P.T.Os books, Card Passes etc. the same is supplied to the Divisions/Workshops as per requirement submitted by them. Administration Section is to maintain a Register showing therein the Blank Passes/P.T.Os and Card Passes received from Superintendent/Printing & Stationery (Money Value)/South Eastern Railway/Kharagpur vis-a-vis issue of the same to the Head Quarters and Divisions/Workshops. Similar procedure is also being followed by the Divisions/Workshops.

### **6.22.2 PRIVILAGE PASS**

A. staff of the Railway Audit Department, may be issued, by the Divisional Audit Officer/Workshop Audit Officer or Headquarters/Garden Reach, on his/her request, a Privilege Pass or a P. T.O in the prescribed form from one station to another for self, family, dependent relatives and adopted child, which are admissible.

Pass on Privilege Account	Class of Privilege Pass and PTOs	Number of Privilege Pass/PTO which is admissible
1 (a) Group 'A'  (b) Group 'B' (Gazetted) – Sr. AuOs/AuOs	I Class 'A'	6 sets Privileges Passes per year/6 sets PTOs per year; in case of those Railway Audit Staff who had opted/are compulsorily governed under the scheme of widow passes entitlement would be limited to 4 sets of PTOs.
2 Group 'B' Gazetted (AAuOs)	I Class	<p>i. 1 set Privilege pass per year up to the end of 5<sup>th</sup> year of Railway Service</p> <p>ii. 3 sets Privilege Pass per year after 5 years of Railway service.</p> <p>NB: Carry one attendant in second class sleeper; travel in any class other than first class AC.</p> <p>Number of PTOs same as for Group A &amp; B.</p>
3. Non-Gazetted Group 'B' & Group C' Railway Audit staff  (a) <u>Appointed prior to 1.8.69.</u>  (i) Drawing pay of Rs. 4900/- or above, provided the employees of the South Eastern Railway Audit offices are in the scale, the maximum of which is Rs. 6000 or above.  (ii) Employees other than those covered under item (i) above.	I Class  II/Sleeper Class	<p>i. 1 set pass/6 sets PTOs per year up to the end of 5<sup>th</sup> year of Railway Service</p> <p>ii. 3 sets pass/6 sets PTOs per year after 5 years of Railway service.</p> <p>NB: Carry one attendant in second class sleeper; travel in any class other than first class AC. Two sets of PTOs are reduced for availing the benefit of widow passes;</p> <p>i. 1 set pass/6 sets PTOs per year up to the end of 5<sup>th</sup> year of Railway Service</p> <p>ii. 3 sets pass/6 sets PTOs per year after 5 years of Railway service.</p> <p>Two sets of PTOs are reduced for availing the</p>

<p><b>(b) Appointed during the period from 1.8.69 to 10.11.87</b></p> <p>(i). Drawing pay of Rs. 5375 or above provided they are in a scale, the maximum of which is Rs. 7000 or above;</p> <p>(ii) Employees other than those covered in Item (i) above</p> <p><b>© Appointed during the period from 11.11.87 to 1.2.99</b></p> <p>(i) Drawing pay of Rs. 7250/- or above or those who are in a scale, the minimum of which is Rs. 6500;</p> <p>(ii) Employees other than those covered in Item (i) above.</p> <p><b>(d) Employees appointed after 1.2.1999</b></p> <p>(i) Employees in pay scale minimum of which is Rs. 6500 or above;</p> <p>(ii) Employees drawing pay of Rs. 7600 or above;</p> <p>(iii) Employees in pay scale of Rs. 5000-8000 and Rs. 5500-9000 and drawing pay of Rs. 7250 or above but less than Rs. 7600;</p>	<p>I Class</p> <p>II/Sleeper Class</p> <p>I Class</p> <p>II/Sleeper Class</p> <p>I Class</p> <p>IIInd Class 'A'</p> <p>II/Sleeper Class</p>	<p>benefit of widow passes</p> <p>Same as admissible under 3 (a)(i)</p> <p>Same as admissible under 3 (a)(ii)</p> <p>Same as admissible under 3 (a)(i)</p> <p>Same as admissible under 3 (a)(ii)</p> <p>Same as admissible under 3 (a)(i)</p> <p>Same as admissible under 3 (a)(i)</p> <p>Entitled to travel by AC-3 tier. II nd class 'A' pass shall be of yellow colour. The other entitlements will be the same as per II Class. Eligible to travel by Rajdhani/Shatabdi etc. carrying free luggage etc.</p> <p>Same as admissible under 3(a)(ii)</p>
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(iv) Employees other than those covered under (i), (ii) and (iii) above		
3. Group 'D'	II/Sleeper Class	Same as admissible under 3(a)(ii)

[Authority: Railway Board's letter No. E(W)/97/PS5-1/6, dated 1.2.1999, RBE17/99, 21/2001 and 88/03]

#### B. Revised pay limits for entitlement of Passes / PTOs.

Consequent upon revision of pay scales on the basis of decision of the Government on the recommendations of the 6<sup>th</sup> Central Pay Commission, the entitlement of Passes / PTOs in respect of railway servants drawing pay in the Railway Services (Revised Pay) Rules, 2008 shall be as under:-

Sl.No.	Category	Type of Privilege Pass & Privilege Ticket Order	Type of Duty Pass
1	Group 'A' & Group 'B' (Gazetted)	: 1 <sup>st</sup> Class 'A' Pass	1 <sup>st</sup> Class 'A' Pass
2.	Non-Gazetted employees	:	
	(i) In Grade Pay Rs. 4200/- and above	: 1 <sup>st</sup> Class Pass	1 <sup>st</sup> Class Pass
	(ii) In Grade Pay Rs. 2,800/-	: IIInd Class 'A' Pass *	IIInd Class 'A' Pass*
	(iii) In Grade Pay Rs. 1,900/- and above but below Grade Pay Rs.2,800/-	: One IIInd Class 'A' Pass * in a year, remaining Passes and PTOs of Second / Sleeper Class	IIInd Class 'A' Pass*
	(iv) Employees in Grade Pay Rs. 1800/-	: One IIInd Class 'A' Pass* in a year, remaining Passes and PTOs of Second / Sleeper Class	Second / Sleeper Class Pass.

**\*Note:** In terms of the extant instructions, the holder of IIInd Class 'A' pass shall be entitled to travel by AC-3 tier class in trains other than Rajdhani / Shatabdi / Duronto Exp. Trains. IIInd Class 'A' pass is of yellow colour.

3. In all other respects, the provisions of the Railway Servants (Pass) Rules, 1986 (Second Edition, 1993) will apply.

4. The Railway employees who are already entitled to Ist Class Passes, shall continue to draw Ist Class Passes, irrespective of their eligibility in terms of these orders.

[Authority: NO. E(W)2008/PS 5-1/38 , New Delhi, the 6<sup>th</sup> January, 2011]

**C. Entitlement for travel by Rajdhani and Satabdi Express trains on Privilege/Post retirement Complimentary Passes and PTOs:**

In terms of Railway Board's letter No. E(W)93 PS 5-1/1 dated 9.9.94 the Privilege/Post Retirement Complimentary Pass holders are entitled to travel by all existing Rajdhani/Satabdi Express and by Rajdhani/Satabdi Express trains to be introduced in future subject to the following restrictions :-

Status	Rajdhani Express	Shatabdi Express
(i) Retired and serving Board Members	Two berths in 1 AC or Two berths in 2AC or Four berths in 3 AC	Two seats in Executive Class or Two seats in Chair Car.
(ii) Serving and retired G.M.s, Additional Members, DG/RHS and DG/RPF of Grade Rs. 24,050 and above.	2 berths in 1AC on payment of 1/3 difference of fare between 1AC & 2AC of Rajdhani or 2 berths in 2AC or 4 berths in 3AC	One seat in Executive class or Two seats in Chair Car.
(iii) Serving officers with pay Rs. 22,400 and above and Retired officers of equivalent status	One berth in 1AC (on payment of 1/3 difference of fare between 1AC & 2AC of Rajdhani Express trains) or Two berths in 2AC or Four berths in 3AC.	One seat in Executive class (on payment of difference of fare between Executive Class & Second A.C. of Rajdhani) or Two seats in Chair Car.
(iv) Serving officers with pay Rs. 14300 and above and retired officers of equivalent status.	Two berths in 2AC or Four berths in 3AC.	Two seats in Chair Car.
(v) Serving officers with pay below Rs. 14300 and retired officers of equivalent status.	One berth in 2AC or Two berths in 3AC.	Two seats in Chair Car.
(vi) Other serving and retired First Class Pass holders.	-do-	-do-

[Authority: RBE 30/2004 dated 16.02.2004].

### **6.22.3. POST RETIREMENT COMPLIMENTARY PASSES**

(i)	Gazetted Officers with 20 to 25 years service	2 sets per year.
(ii)	Gazetted Officers over 25 years service	3 sets per year.
(iii)	Group 'C' staff 20-25 years service	1 set per year
(iv)	Group 'C' staff over 25 years service	2 sets per year
(v)	Group 'D' staff with not less than 20 years of service	1 set every year for self and wife/family

**Note:** (1) One set of post-retirement complimentary pass will be disallowed for every month of unauthorized retention of railway quarter by the retired employee.

*[Authority: Board's letter No. E(W) 99 PS 5-1/4 dated 03.11.99]*

- (2) Retired employees whose whole gratuity and pension is withheld permanently under DAR action, is debarred from issue of post-retirement passes.

*[Authority: RBE 11/05 dated 20.01.2005].*

### **6.22.4. DUTY PASS/CHEQUE PASS**

A Railway Audit Staff may be issued Duty pass/Cheque Pass for performing journey on official Duty.

### **6.22.5. CARD PASS**

A Card Pass affixed with passport size Photograph duly stamped may be issued by Administration Section/Garden Reach in favour of the Staff posted in Auditing Sections at Head Quarter/Garden Reach or at Divisional/Workshop Audit Offices who are in frequent tour on Official Duty.

Card Passes are not admissible during leave other than C.L, taken in continuation of duty. Card Passes should be surrendered by the employee when proceeding on transfer or deputation or when he/she retires from service. The Controlling Officer of Divisions or Auditing Sections may be requested to maintain a register to watch the movement of the Card Passes issued in favour of staff under his control.

### **6.22.6. SETTLEMENT PASS**

The Railway Audit staff after his retirement or widow in the event of his death may be issued Passes for himself or family members/dependent relatives and for the transportation of personal effects as admissible (1/2 set only) on transfer to the place he/his family intends to settle after retirement/death of the Railway Audit staff.

Applications for settlement Passes should be submitted within one year from the date of retirement (or decease) of Railway Audit staff.

### **6.22.7. SCHOOL PASS**

Passes for journey of student son/daughter are admissible in addition to privilege pass to the son/daughter of a Railway Audit staff. The son/daughter must be a bonafide student of any recognised educational institution. Six single journey passes per child per year may be issued. Guardian may be included in school pass as per rules laid down, for a girl of any age and a boy under 18 years.

*[Authority: RBE 168/2001]*

#### **6.22.8. WIDOW PASS**

Widows of those Railway Audit staff who were in service on 01.01.89 and opted for the scheme of widow pass or widows of those Railway Audit staff who joined service on or after 01.01.89 and are compulsorily governed under the scheme of widow passes are eligible for widow passes. In such cases Railway Audit staff who have opted for the scheme of widow pass or those are compulsorily governed under this scheme shall be eligible for 4 sets of P.T.Os in a calendar year while in service. Widow will not be entitled to this facility if she becomes otherwise entitled to the Pass facility due to her son's complimentary Pass or on her own employment on the Railways or on her re-marriage.

[Authority: Railway Board's letter No. E(W) 85 PS 5-8/2 dated 23.02.89.

#### **6.22.9. SPECIAL PASS**

Special passes may be issued to Railway Audit staff on sports account or attending competition or cultural programmes organised by Railway Audit Departments.

#### **6.22.10. LUGGAGE PASS**

A luggage pass/kit pass may be issued to the Railway Audit staff for transporting his personal effect on transfer.

#### **6.22.11. METAL PASS**

In Railway Audit Department, a silver pass may be issued to the Head of the Department, on official duty. All Sr. Audit Officers/Audit Officers are entitled to Bronze passes on official duty. The custody of the un-issued metal passes will be the liability of the Sr. A.O. (Admn). He will maintain the stock of and issue Metal Pass as and when warranted.

#### **6.22.12. CENSUS OF METAL PASSES**

In terms of Rule 9 of the South Eastern Railway Pass Manual, a census of Metal Passes is to be taken monthly on the 30<sup>th</sup> April each year and a report submitted to the General Manager/South Eastern Railway/Garden Reach. The statement should contain the following columns:-

(1) Serial No. 2) No. of the pass, 3) Name of the holder, 4) Designation of the holder, 5) Date from which holding the pass 6) Remarks.

#### **6.22.13. PENALTY FOR LOSS OF METAL PASS**

Penalty for loss of Metal Pass is the actual cost of replacement.

#### **6.22.14. ISSUE OF YEAR ENDING PASS**

Passes, PTOs, post-retirement Complimentary passes or Widow passes as due on 31<sup>st</sup> December can be issued during the next 3/4 months. The validity of half set passes will be upto 31<sup>st</sup> March and full set passes upto 30<sup>th</sup> April.

#### **6.22.15. METAL PASS**

Entitlement of travel by Rajdhani Express while on duty:-

<b>Category</b>	<b>Conditions of entitlement</b>
1) Gold pass Holders	The holder can travel alone or along with his family in first AC coups or can avail four berths in 2AC.
2) Silver pass Holder	The holder can travel alone in First AC class or can avail Two berths in 2AC or Four berths in 3AC.

3) Metal Pass & First Class pass holders (Pay Rs. 14300 & above)	The holder can travel alone in First AC class or can avail Two berths in 2AC or Four berths in 3AC.
4) Metal and First' A' Pass holders (Pay less than Rs. 14300)	One berth in 2AC and one extra berth for eligible family member on payment of 1/3 difference of 2AC and 3AC of Rajdhani or Two berths in 3AC. One berth in 2AC or two berths in 3AC.
5) First Class pass holders	One berth in 3AC

#### **6.22.16.ENTITLEMENT OF TRAVEL BY SHATABDI EXPRESS WHILE ON DUTY**

<b>Category</b>	<b>Conditions of entitlement</b>
1. Gold Pass Holder	The Pass Holder can travel alone or along with his family and avail up to four seats in Executive Class/AC chair car.
2. Silver Pass Holder	The holder can avail up to 2 seats in Executive Class or 4 seats in Chair Car.
3. Metal & First 'A' pass holders (Pay Rs. 14300 & above)	The holder can avail up to 2 seats in Executive Class or 4 seats in Chair Car.
4. Metal & First 'A' pass holders (Pay below Rs. 14300)	The holder can avail two seats in AC Chair Car.
5. Other First Class pass holders.	The holder can avail only one seat in AC Chair Car.

#### **6.22.17.ELIGIBILITY OF UN-MARRIED DAUGHTER FOR INCLUSION IN THE PASSES/P. T.Os.**

Un-married daughter even if earning is eligible for inclusion in the passes/P.T.O.s issued to her father/ mother who is/are both Railway employees subject to the condition that if she is also a Railway servant, a corresponding debit shall be made in the pass A/C of the daughter as well to the extent of her own entitlement of passes as a Railway employees and thereafter she may be included in the pass/P.T.O issued to her father/mother in the same manner as an un-married earning daughter who is not a Railway employees.

*(Authority: Para (3) (XI) of Schedule II).*

**6.22.18.** Passes and P. T. O.s may be issued in favour of more than one legally married wife of a railway servant provided that separate passes/PTOs are issued and counted against the Railway servant's Pass accounts.

*(Authority: Para 3 (XXVII) of Schedule -II).*

**6.22.19.** Married daughter may be included in Pass/P.T.O when her husband is missing for a period of at least 7 years (subject to the production of an affidavit signed by the Railway servant concerned and attested by a Magistrate regarding the missing period.

*(Authority.: Para 3 (XXVIII) of schedule II).*

**6.22.20.** Dependent brother/sister of the employee may be included when his/her step father is alive, provided it is certified that they are wholly dependent on the employee and step father has severed his connections with the step-children.

*(Authority: Para 3(XXX) of schedule II).*

## **6.22.21.INCLUSION OF INVALID SONS/DAUGHTERS & DEPENDED RELATIVES IN PRIVILEGE PASSES.**

In terms of extant rules son or sons of Railway Employees are included in the Privilege passes/P.T.Os of their parents up to the age of 21 yrs. only. Beyond this age limit, they can be included under certain conditions if they are declared invalid under Rule 2(d) (iii) (d) of the Railway Servants (Pass) Rules 1986. Similarly, dependent relatives in relation to a railway servant whose father is not alive means, inter-alia, invalid brother of any age.

[Rule 2(c) (iv) of Railway Servants (Pass) Rules -1986].

*[Authority: Railway Boards letter No. E (w) 88 Pass -1/2 dated 11.5.88]*

### Administration Section

#### **6.23. DUTIES & RESPONSIBILITIES**

The Administration Section is responsible for dealing with all establishment matters pertaining submission of Budget Estimates, Control Statement and all other returns relating to the establishment of the office of the Principal Director of Audit/South Eastern Railway/Garden Reach to the Office of the Comptroller and Auditor General of India, New Delhi, Office of the Principal Director of Audit, Northern Railway (PDA/NR) being in charge of audit of establishment of the Office of the Principal Director of Audit/South Eastern Railway/Garden Reach and such other offices to which those returns are due. This section is also responsible for all works relating to Welfare activities, sports and matters relating to Benevolent Fund.

All applications from the staff should be dealt with expeditiously according to the urgency of each case. Under no circumstances shall an urgent case be left over for more than three days.

#### **6.24. SERVICE RECORDS:**

The service records of all staff under the Principal Director of Audit, South Eastern Railway should be maintained in the Headquarters by Administration Section according to Supplementary Rules 197 to 203. These records should be kept in the personal custody of the Assistant Audit Officer of the Administration Section. This section is responsible for keeping the service records posted up to date as and when any changes like promotions, increments, etc. occur and get them attested by the Audit Officer in charge of the Administration Section. Every step in the official life of an employee should be entered in the service record. There should be no ensure or over-writing in the service book. All corrections should be neatly made and properly attested. A note of any departmental examination passed by a Government servant also made in his/her service book. It is the duty of each government servant to see that his service record is properly maintained in order, that there may be no difficulty in verifying his service for pension. For this purpose, Administration Section should make available the respective service records to each individual member of staff each year and obtain his signature in the Service Book in token of having it inspected by him. The section will also record the certificate of verification of the services in the Service Book once in a year. The members of the office staff may examine their service books in the presence of a Gazetted Officer.

If any member of the staff finds that the Service Book is not written up to date or that any necessary entry has been omitted or wrongly made, he/she should report the matter to the Audit Officer/Administration and have the mistake or defects rectified. As token of scrutiny and acceptance of entry in the Service Book, each member of the staff should sign in the relevant column of the Service Book, and the officer who supervises the scrutiny will also endorse his signature in token of his having supervised the scrutiny. All the Service Books

should be kept in an almirah, the key of which should be in the custody of Assistant Audit Officer of the Administration Section.

A certificate regarding the verification of service of IA & AS officers should be recorded and put up to the Principal Director of Audit by the 30<sup>th</sup> April each year by the Administration Section for submission of report to C & AG's Office (GEL Section) in terms of Headquarters' letter No. 224- TA/II/204-83 of 06.03.84. A note to this effect should be kept in the Calendar of Returns of the Administration Section.

When a non-gazetted and gazetted Group 'B' government servant is transferred from this office to another, the Administration Section should record in the Service Book of the employee concerned under the signature of Audit Officer/Administration, the result of verification of service with reference to pay bills in respect of the whole period during which the government servant was employed in this office before forwarding the Service Book to the new office where the services have been transferred.

The Service Books should be restored to the almirah as soon as possible and, if any of them sent to unit offices, its return should be watched through a suitable register. It is also necessary that periodical physical verification of the Service Books should be done by a responsible officer preferably by one who is not connected with the office administration in January and July.

(Authority: *C & AG's letter no. 2387- TA II/93- 799 dated 28.11.1979 & P.Q.Q. no. 306 dated 19.01.1980*)

#### **6.24.1. VERIFICATION OF SERVICE BOOKS - (Para 120 and 121 of the G.F.R.)**

The following procedure should be observed in order to carry out the annual verification of service in respect of staff non-gazetted establishment of this office:-

(i) The service books of non-gazetted staff should be verified in April every year by the Administration Section which, after scrutiny from the relative salary bills that the services (Permanent, provisional, temporary or officiating) of the Government servant concerned, are correctly recorded in the service book, should record in it a certificate in the following form to be signed by a Gazetted Officer. :-

"Service verified up to ..... (date) from the office copy of the salary bills (the period of extraordinary leave during the period being from ..... to .....)".

(ii) In case any portion of service cannot be verified from office records it should be distinctly stated that for the expected periods (naming them) a statement in writing by the Government servant as well as a record of the evidence of his check should be made in the Calendar of Return of Administration Section.

#### **6.25. LEAVE**

Leave is to be applied in prescribed form and will be considered only if it is recommended by the concerned Assistant Audit Officer and Branch Officer.

Branch Officers are delegated the power to sanctioned regular leave to Assistant Audit Officer and other categories of staff working under them up to 15 days when no substitute is necessary. Leave application in excess of 15 days are to be sent to Administration section for sanction.

(Authority *W.Rly's O.M. Para 5.11*)

## **6.26. QUARANTINE LEAVE**

Where, in consequence of the presence of an infectious disease, in the family or household of a Government servant or at his place of duty, residence or sojourn, his attendance at his office is considered hazardous to the health of other Government servants, such Government servant may be granted quarantine leave.

(For details see Rule 48 of Swamy's Compilation of F.R. S.R. Part III -Leave Rules, 1985 Edition).

## **6.27. COMPENSATORY LEAVE (Para 86 of RAM, 5th Edition -)**

### **6.28. LEAVE ACCOUNTS**

The entries regarding leave taken by an employee are made in a leave account. In writing up the leave accounts the instructions given in the forms should be carefully followed. As such service book is opened, a form of leave account should be opened thereto and the name of the Government servant, his date of birth, date of commencement of service etc. should be recorded therein. On receipt of application for leave, the leave account of the applicant should be made up to date to the half year preceding the date from which he wished to proceed or has proceeded on leave. After the columns "Leave earned" and "Leave at credit" have been written up the certificate of title of leave will be recorded before the leave application is put up to the sanctioning authority. The entry regarding the period of leave availed should be made in the leave accounts after the receipt of the Joining Report from the unit concerned. All entries should be made under the initials of the Section Officer/Assistant Audit Officer/Admn. An entry should also be made simultaneously in the Service Record. Leave to staff of this office is governed by the Central Civil Service Leave Rules 1972 as amended from time to time and the Leave Accounts of all staff are maintained in the Headquarters/Garden Reach in Form No. 2. The Sr. Audit officer/Admn. is delegated the powers to attest the entries in the Service Register and the leave accounts of all gazetted officers. Assistant Audit Officer/Section Officer (Admn.) is authorised to attest entries in the service books of non-gazetted officers the first page of the service Book. The service book of each pensionable employee must be verified from the pay bills every year and a certificate regarding such verification recorded in the service Book, soon after the close of the financial year. The service books should be verified and attested by the staff concerned once a year and annual certificate to that effect recorded and put up to the Principal Director of Audit by 30<sup>th</sup> September every year by Head of Office. The leave account of staff transferred from other offices to this office should be checked and attested by the officer-in-charge of the Admn. Section immediately on receipt in this office so as to ensure that those have been correctly prepared by the office in which the staff served prior to this transfer.

*[Authority : C & AG's letter No. 2873/NI/68-81 dated 20.9.82].*

### **6.29. GRANT OF LEAVE**

The admissibility of leave will be verified by the Administration Section immediately on receipt of application from the staff and orders of the competent authority obtained for the grant of leave or otherwise.

Staff office order will be issued after the leave is sanctioned. A copy of staff office order should invariably be pasted and filled in the staff office order register and personal file of the employee concerned respectively. Necessary entry regarding sanction of leave should be made in the leave account and service record of employee concerned under the initials of section Officers/Assistant Audit Officer of the Administration Section.

If an employee after sanction of leave cancels it in whole or part or extends the same, necessary action for cancellation of leave and for affording credit for it or further sanction of leave may be taken under the sanction of competent authority. All applications for regular

leave should be made in prescribed form to the Branch Officer well in advance of the date from which the leave is required. In terms of the Office Order No. Misc./106 dated 14.02.2011 the Branch Officers are empowered to sanction leave with pay and allowances up to 10 days in respect of Ass'tt. Audit Officers and Supervisors . The Branch Officers will send the leave applications to Administration Section after noting his sanction thereon and issue of necessary office orders for accountal. In all other cases the Branch Officers should forward the leave applications with his recommendation. In recommending leave the Branch Officer should state whether any substitute is required in the leave vacancy of the applicant or the work of the applicant during the period of leave will be done by local arrangement in the section. If any extension of the leave already sanctioned is needed, the application for extension should be made in good time to receive the sanction to the extension being intimated to them before the expiry of the original leave.

The applicant should mention in the leave application his address while on leave and subsequent changes should be immediately reported to the office. An application by a non-gazetted official on medical ground must be supported by a certificate from appropriate medical authority as enunciated in Rule 19 of C.C.S (Leave) Rules 1972 as amended from time to time. Such medical certificate should distinctly specify the nature of illness, duration and the period of absence from duty considered to be absolutely necessary for the restoration of the applicant's health.

The leave application having been duly scrutinised and sanctioned, a staff office order will immediately be issued and sent to the section concerned.

No section officer (Audit)/Assistant Audit Officer, Sr. Ar. should be recalled from leave except under orders of the Principal Director of Audit, when such a recourse is unavoidable the order recalling an official to duty before expiry of the leave must state whether the return to duty is optional or compulsory. The fact of recall should be recorded in the leave account of the individual concerned on this return to duty over the dated initial of the officer in charge of the Administration section.

If an official proceeds on leave necessary entry should be made in the sectional Attendance Register to that effect showing the dates from and to which he has been granted leave.

#### **6.29.1. ACCEPTANCE OF MEDICAL CERTIFICATE FOR THE PURPOSE OF SANCTIONING LEAVE TO GOVT. EMPLOYEES:-**

(i) An application for leave on medical certificate, made by a non-gazetted Government employee, shall be accompanied by a Medical Certificate in Form 4 prescribed under C.C.S. (Leave) Rules, 1972 granted by an authorised Medical Attendant or a registered medical practitioner, defining as clearly as possible the nature and probable duration of the illness. A certificate given by a registered Ayurvedic, Unani or Homeopathic medical practitioner or by a registered Dentist in the case of dental ailments or by an honorary medical officer may also be accepted provided such certificate is accepted for the same purpose in respect of its own employees by the Govt. of a state, in which the General Government servant falls ill or to which he proceeds for treatment. However, the Govt. of India, Ministry of Finance's O.M. No. p-13015/I/79-E. IV(A) dated 8.1.79 enjoins the central Government employees to avail themselves of the service of Government doctors wherever they are available.

The leave sanctioning authorities are authorised under Rule 19(3) of C.C.S. (Leave) Rules 1972 to secure second medical opinion by requesting a Government Doctor not below the Rank of Civil Surgeon or Staff, Surgeon to have the applicant medically examined.

(ii) With effect from 1.1.1977, a Gazetted Government servant can be granted leave on medical certificate from an Authorised Medical Attendant as in the case of non-gazetted Govt. servant. Where, however, the authority competent to grant leaves not satisfied about the genuineness of a particular case it will be open to such authority to secure a second medical opinion by requesting a Govt. Medical Officer not below the rank of Civil Surgeon or staff/surgeon to have the applicant medically examined on the earliest possible date.

(Govt. of India, Min. Of Finance's O.M. No. 16(1)- E.IV(A)/76 dt.24.12.76 Para 6).

The authority competent to grant leave may, at its discretion, waive the production of a medical certificate by both Gazetted and non-Gazetted Govt. servants along with their application for leave if the periods of leave do not exceed three days at a time. Such leave shall not, however, be treated as leave on medical certificate and shall be debited against leave other than leave on medical grounds.

[Rule 19(6) and Note below Rule 18 of CCS (Leave) Rules 1972].

### **6.30. PREFIXING AND/OR SUFFIXING HOLIDAYS OR SUNDAYS TO LEAVE:**

The instructions regarding the submission and acceptance of medical certificate are given in **Para 41 of Railway Audit Manual –Fifth Edition**. The following instruction should be observed for combining holidays with leave on medical certificate.

a) The fitness certificate is of the date on which the Government servant resumes duty on the date just preceding the date of joining, the holiday may be treated as part of the leave and not allowed to be suffixed.

b) When the fitness certificate is of the date just preceding the holidays, the holidays may be allowed to be suffixed, provided the Government servant makes a request in this respect.

c) When the fitness certificate is of a date intervening the holidays the entire period of holidays may be treated as part of leave.

### **6.31. REPORTS OF PROCEEDING ON LEAVE OR REJOINING DUTY:**

Reports of proceeding on leave or rejoining duty of Group 'C' and M.T.S. staff attached to various sections and Branch Audit Officer at outstation should be sent to Administration Section immediately.

Every member of the office establishment will ordinarily be posted to the same section from which he proceed on leave until otherwise ordered. The AAO of the Administration Section will take orders of the Principal Director of Audit in regard to AAO and of Dy. Director(Admn) in regard to Sr. Auditors/ Auditors, clerks, record sorters and M.T.S. staff about the posting of a man on leave sufficiently in advance of the day on which he is due to resume duty so that necessary intimation of posting to a section other than the one from which he proceeded on leave may be given to him specially in the case of men employed at outstations.

### **6.32. ISSUE AND MAINTENANCE OF STAFF OFFICE ORDERS**

The orders dealing with staff matter should be, after approval by the Principal Director of Audit or the Director (Admn) as the case may be, issued in the form of staff office orders by the Administration Section or copy of signed Staff Office Order should be posted in a book called "Staff Office Order Book" which should be properly maintained with a suitable index by the Administration Section. One copy of each of the Staff Office Order with forwarding endorsement should be sent to the following:-

1. Principal Director of Audit, Northern Railway
2. Financial Adviser & Chief Accounts Officer, South Eastern Railway.
3. Section Concerned.
4. Administration Bill.
5. Staff concerned
6. R.C. Section.
7. Personal file of the staff concerned.

### **6.33. BUDGET AND REVISED ESTIMATES**

The instruction contained in paras **74 to 80 of RAM –Fifth Edition and Chapter XI of M.S.O. (Admn.) -3<sup>rd</sup> Edition** - may be seen. The Budget Estimates and Revised Estimates in respect of groups "A", "B", "C" & "D" posts and office expenses shall be prepared in the following forms:

- (i) Group 'B'/Non-gazetted Establishment: - Forms 'A' to 'D'
- (ii) Group 'A' Officers: - Forms 'E' to 'H'

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

(i) The provision for men in position should be accurately estimated. A register in the form prescribed by the Comptroller and Auditor General of India is required to be maintained, showing details of provision proposed for pay and allowances of establishment category-wise, Budget proposals for extra posts are to be included in the register. In respect of additional temporary posts, proposed by office, relevant entries are to be made in fresh page. The register shows names of each member of staff, actual pay as on 1<sup>st</sup> April alongwith DA and allowances, Date of increment & Rate of increment.

(ii) Provision for those posts out of vacant ones, which can be filled in during remaining part of the year should only be proposed. No provision for additional posts under Head 'Travel Expenses' should be made.

Provision for Cash Awards to employees under Hindi Teaching *Scheme/Merit* award may be under the sub- Head "other charges".

(iii) Explanations for variations should invariably be furnished in the estimates.

(iv) The estimates of funds under head "Salaries" in the Budget will be framed on the basis of trends over preceding 3 years taking into account other relevant factors like changes in rates of pay, allowances, number of posts and their filling and economy instructions issued from time to time with effect from 1987-88, provision for 'Festival Advances' is to be made under salaries. The provision will be on a net basis i.e. net of recoveries under the Head 'Salaries'.

*[Authority: C & AG's No. 653-B/I-80 dt. 11.6.80, 2903- BRSI315-86- dt. 4.8.9-86/3982- BRS/315-86-1 dt. 27-10-8, and 1036-ACI/171-86 dt. 29.9.86].*

### **6.33.1 REVISED AND BUDGET ESTIMATES OF PENSIONERY CHARGES (Para 79 OF RAILWAY AUDIT MANUAL –FIFTH EDITION –VERIFIED) AND APPROPRIATE ACCOUNT OF PENSIONERY CHARGES.**

The Pensionary charges of Audit staff are booked directly under sub-minor head ‘Pensionary charges of Railway Audit Staff’ under Major Head "Pensionary charges: 346" as below :-

<u>Pension</u>	346(ii)	pension and other
<u>DCRG</u>	346(i)(iv)	Retirement benefits
<u>Commutations</u>	346 (I) (i)	

The Revised and Budget Estimates for Pensionary charges of this office are therefore to be sent to the FA & CAO/South Eastern Railway/Garden Reach. The revised estimates are prepared on the basis of pension sanctioned during the year as well as in previous years, The Budget Estimates.

### **6.34. CONTROL STATEMENTS [Para 11.12, 11.13 & 11.14 of MSO (Admn.) Vol. I – (3<sup>rd</sup> Edition)]**

For the purpose of exercising proper control over expenditure, under Major Head ‘2016 Audit’, a monthly review of expenditure as specified in Para 11.12, 11.13 & 11.14 of MSO (Admn.) Vol.. I – (3<sup>rd</sup> Edition) should be prepared commencing from the month of April and sent to the Comptroller and Auditor General of India. The monthly review of expenditure in respect of Group 'A' officers and Group 'B' Non- gazetted Establishment should be prepared separately. The monthly review of expenditure is to reach the office of the Comptroller and Auditor General of India by the 10<sup>th</sup> of the month succeeding to which they belong.

Only the amount of the bills which have been actually passed for payment in a particular month should be shown in column 3 of the monthly service of expenditure.

The purpose is to review the expenditure up to date and adopt special measures to limit the expenditure on items which tend to exceed the estimates or approach the Comptroller & Auditor General of India for a supplementary provision.

### **6.35. APPROPRIATION ACCOUNTS (Para 80 of Railway Audit Manual –Fifth Edition)**

After the close of the account for the year, the Appropriation Accounts of the expenditure porting to this office booked to Civil Head ‘2016 Audit’ will be prepared. A provision is also made under the Railway Demand No.2

The Accounts will be in the proforma prescribed in Para 4 of M.S.O. (Audit). Vol. - II. The explanation of variations should be drawn up carefully and should conform to the explanations given in the various control statements specially the last control statement.

The audit certificate in the prescribed form will be signed by the Principal Director of Audit and will accompany the Appropriation Accounts. The necessary certificate will be signed after obtaining necessary certificate of audit from Principal Director of Audit/South Eastern Railway/Garden Reach.

The Appropriation Accounts in the civil form along with audit certificate should be forwarded to Principal Director of Audit, Central Revenues, New Delhi and one copy of the same endorsed to FA & CAO/South Eastern Railway/Garden Reach.

The Appropriation Accounts in Railway form for Grant No. 2 under which a lump sum provision is made under Railway Estimates should be prepared in quadruplicate and two copies

thereof forwarded to the F.A. & C.A.O/South Eastern Railway/Garden Reach and a copy to Books and Budget Section of this office.

### **6.36 ESTIMATES FOR LOANS AND ADVANCES (Para 78 of Railway Audit Manual-Fifth Edition-)**

The Principal Director of Audit should submit the estimates for loans and advance pertaining to Audit Staff of this Railway, in prescribed form to Comptroller & Auditor General of India, as per instruction issued from time to time. Information in this respect is called for from Unit/ Branch offices, for Budget estimates and the information on receipt of the from Unit/Branch offices is entered in the Budget Register maintained for the purpose. A Consolidated return in prescribed form is then forwarded to Comptroller and Auditor General of India. This is in respect of advances for conveyances (cycles, Scooter, Car etc.), House Building advances, Festivals advances. Necessary disbursement of the advances by issue of pay order is arranged after the receipt of sanction from Comptroller and Auditor General of India.

### **6.37. INCREMENTS - Para 103 of Railway Audit Manual –Fifth Edition -).**

All increments accrue as a matter of course in terms of F.R.26, unless withheld as a disciplinary measure.

The Increment Register will be maintained in form Sy-299 and after review will be submitted to Audit Officer (Admn.)/Dy. Director before drawal of normal increments. Clerk/Typist promoted from Group 'D' as also those appointed on compassionate grounds will not be granted increment, unless they pass the prescribed type test.

### **6.38. LAST PAY CERTIFICATE**

Whenever a member of the Office is transferred from one bill preparing unit to another within the jurisdiction of the Principal Director of Audit/South Eastern Railway, a statement of pay and allowances last drawn by the person together with recoveries to be made, if any, should be prepared and sent to the department or office concerned by Administration Section. In case of persons transferred from this office to other department or office a last pay certificate should be prepared and sent to the department or office concerned by Administration Section. It should be seen that there is no delay in sending such statement of pay etc. or last pay certificate.)

The rules for preparation of last pay certificates are contained in Appendix § to the Compilation of the Treasury Rules, Vol- II read with note (2) below Rule 230 of the compilation of Treasury Rules, Volume-I. The form of the L.P.C. is given in Annexure- to Appendix 4 of the Compilation ibid.

### **6.39. SANCTIONS**

All sanctions related to gazetted posts are accorded by Comptroller and Auditor General of India. The Principal Director of Audit is empowered to accord sanction of regular temporary post of Group 'C' which have been approved by the Comptroller and Auditor General of India for inclusion in the Budget for that year subject to other conditions as laid down in Headquarters office circular No. 1267/BRS/60-69 dated 12.5.1970 being satisfied. The annual review for conversion for temporary posts into permanent ones is to be conducted in the 1<sup>st</sup> week of July each year.

(C & AG's No. 1224-NIII/64-82/iv dated 28.4.1983).

The Principal Director of Audit empowered to sanction continuance of temporary basis, for seasonal work of emergent nature subject to following conditions:

- 1) Circumstances justifying the original sanctions by the Comptroller & Auditor General of India continue to exist.
- 2) Funds have either been provided in the Budget/Revised estimates or can be found by valid re-appropriation from sanctioned budget allotment, and
- 3) A report of having extended the post will be sent to Comptroller & Auditor General of India.

#### **6.40. REGISTER OF ESTABLISHMENT SANCTIONS (SECRET)**

A register of Establishment sanctions will be maintained in the Administration Sanction in the following columns, separately for temporary and permanent sanctions:-

- (i) Serial No.
- (ii) Numbers and date of sanction.
- (iii) Name of sanctioning authority.
- (iv) Date of commencement of sanction.
- (v) Date of termination of sanction (for temporary establishment).

#### **6.41. DETAILS OF ESTABLISHMENT SANCTIONED**

- 1) Gazetted Officer
- 2) Group 'B' Non-Gazetted
- 3) Auditors including Sr. Auditors.
- 4) Stenographers
- 5) Clerks
- 6) Leave Reserves (a) Auditors, (b) Clerks, (c) Multi Tasking Staff
- 7) Training reserve
- 8) S.G.Record Keepers and MTS
- 9) Remarks

All sanctions for permanent and temporary posts should be recorded in a register, exhibiting an entry in this register should be made immediately on the receipt of sanction or issue of staff office order and should be attested by Audit Officer/Admn. The register should be reviewed by the A.Au.O.(Admn) and put up to the Audit Officer(Admn) every half year in April and October.

#### **6.42. SANCTIONED STRENGTH**

A statement showing the sanctioned strength and staff in position as on 1<sup>st</sup> of every month, another one showing additional regular posts sanctioned by Principal Director of Auditor under his powers as on the preceding month as also a statement showing the causes of vacancy should be sent to Comptroller & Auditor general of India so as to reach him by 10<sup>th</sup> of every month.

#### **6.43. PREPARATION AND PAYMENT OF BILLS OF GAZETTED OFFICERS**

##### **6.43.1.PAYMENT TO GROUP 'A' OFFICERS**

The pay and allowances including T.A., Medical Reimbursement, Honorarium etc. of Group 'A' Officers of this office are drawn by the office and bills sent to pay and Accounts Officers (Audit), office of the Principal Accountant General (A&E), West Bengal, Calcutta in respect of Group 'A' officers at Kolkata. The service Registers and leave accounts of Group 'A'

officers are maintained by this office. On transfer of an officer this office will issue last Pay Certificate to the drawing and disbursing officer of the new office and also service registers duly completed.

Pension papers of the retiring Group 'A' officers working in this office shall be prepared by this office and sent to the Pay & Accounts Officer concerned for verification and issuing pension *order/gratuity* payment order. The pay book supplied to Group 'A' Officers will be completed by the drawing officer every month.

[Authority: 11 (C & AG's No. 363- TAI/197-82 dt. 23.3.82)]

#### **6.43.2. PAYMENT OF GROUP 'B' OFFICERS**

The bills of all Group 'B' Officers will be drawn by respective unit officers and sent to respective F.A. & C.A.O. so as to reach Accounts office by the 20<sup>th</sup> of the month for arranging payments. The F.A. & C.A.O. will issue payment authorities in the name of Group 'B' officers (Audit Officers & Assistant Audit Officer) posted at outstation and payment will be received in cash/cheque as desired by the Officers. In case of Group 'B' officers at Headquarters payment is arranged in the same form and manner as those of non-gazetted staff.

#### **6.44. PREPARATION OF SALARY BILL OF NON-GAZETTED OFFICERS**

The non-gazetted strength of this office is distributed among the various branch offices/Unit offices. However, payment of all claims, i.e. pay, Allowances, T.A. Honorarium, Medical reimbursement etc. is passed at Headquarters, The changed statement of the Pay bills of all Branch offices are prepared by themselves and sent to Headquarters office,Garden Reach. The bills in respect of Headquarters office alongwith Branch offices will be passed and payment arranged by FA & CAO/South Eastern Railway. The office copy of the bill is to be preserved for 35 years. The original bill prepared in Railways form in respect of Head Quarters/Unit offices, should be forwarded then to the respective Accounts Officers/FA & CAO so as to reach by middle of the month.

The salary bills of all non-gazetted staff including MTS posted at different sections of Headquarters office at Garden Reach will be prepared by Administration –II (Bill) Section. The salary bill of staff posted at different Divisional and workshop Audit offices will be prepared by the respectively Divisional/ workshop Audit office and submitted to Administration section by the 20<sup>th</sup> of each month. The fair and office copies of the salary bills should be separately stitched with thread. Only the pay bill, memo of differences and list of absentees should be signed by Audit officer/Administration section. As for the Principal Director of Audit deduction lists should be signed by the AAuO / Section officers (Audit) as for Principal Director of Audit. Supplementary bills should be made sparing. Arrear bills should be supported by explanations for the cause of delay together with a certificate that payment was not received previously.

The Administration- II (Bill) Section will scrutinise the bills and post the amount of the bills in the Bill Register maintained in the section and then arrange their submission to the Financial Adviser & Chief Accounts Officers (Estt.)/South Eastern Railway for payment. The bills are to be made over to the Establishment section of FA & CAO's office not later than the 25<sup>th</sup> of instant so as to enable the FA & CAO to arrange for prompt payment to staff through the agency of Chief Cashier or Divisional Cashier as the case may be. The leave salary of members of staff will be drawn in the pay bill of the office from where the members proceeds on leave if not otherwise transferred to other section on expiry of the leave.

The office copy of pay bills of non-gazetted staff should be prepared in the pay-sheet copy Book in the South Eastern Railway form No. EI-G.161, The pay sheet copy book should be submitted to the Administration Section for security and return along with the fair copies of the pay bills.

#### **6.44.1. BILL REGISTER**

A Bill Register should be maintained by sections presenting bills for cash payment by the Accounts office in the following form:-

Bill No.	Date signing Bill	Particulars of Bill	Gross amount despatch to Accounts Office	Dated	Initials of GO
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The Gazetted Officer signing the bill before presentation to the Accounts office should initial in the bill register against the bill passed by him for payment. No bill should be submitted to the gazetted officer without entering it in the bill register.

#### **6.44.2. SIGNING OF PAY BILLS (Para 94 of Railway Audit Manual)**

Pay bills after check by Section Officer/AAuO (Admn) should be submitted to the Audit officer (Admn) with enclosures and pay bill Register (Office copy), for approval and signature. The specimen signature of the officers authorised to sign the bill will be sent to Financial Adviser and Chief Accounts Officer. Whenever there is a change in the incumbency the specimen signature of the officer taking over as Audit officer (Admn) should be sent to the FA & CAO, cancelling the authority given to outgoing officer.

#### **6.45. INCOME TAX / PROFESSIONAL TAX**

The amount of Income Tax to be deducted monthly from each member of the officer whose income is taxable should be calculated twice a year viz. preliminary in the month of March and finally in the month of February and the Administration section will send the Income Tax schedule to the FA & CAO for necessary check. Whenever there is a change in the yearly emoluments of an employee, a recalculation of tax recoverable for the year should be made adjusting the monthly deduction of tax accordingly. In the beginning of each financial year the Administration section should obtain from the officials concerned a declaration of the total amount of Insurance premia of Life Insurance policies during the year, amount of provident Fund subscription and other savings allowed as deductions from gross salary Income under the Income Tax Act. The final adjustment of the Income Tax recovery will be made after taking into account the total amount recovered and after obtaining necessary information regarding LIC, profession Tax should be recovered wherever due.

(M.O.H.A.) office Memorandum No. 24/I/64-AB dated 26.3.1965

#### **6.46. RECOVERY REGISTER**

Separate Recovery Register should be maintained for each category of recovery; only one register should be maintained for the whole office in respect of each category of recovery. Following are the recoveries for which the registers are maintained.

- i) General Provident Fund Advance
- ii) Advance for conveyances (i.e. Bicycle/Motor Car/Scooter etc.)
- iii) Festival Advance
- iv) Fan Advance
- v) House Building Advance
- vi) Loans due to Co-operative Credit Society
- vii) T.A. Advance.

Entries in respect of 1, 2, 3, 4, 5 & 7 are made from office orders/sanctions whereas entries in respect of co-operative credit societies are made from the intimation or grant of advance received from various credit societies

#### **6.47. TRAVELING ALLOWANCE-CHECK OF CLAIMS**

As audit staff are governed by Railway T.A. Rules contained in the Railway Establishment Code – Vol. II, the T.A. claims are to be submitted by them in Railway T.A. Journal separately for each month. The same is to be scrutinized by controlling officer, i.e. Branch Officers for Non-gazetted officer, Dy. Director of Audit (Admn) for Gazetted officer for counter signature. The claims after verification of Commencement & completion of Journey, no. of days, rate of T.A., advance of T.A., Gross/Net claims have to be entered in the register to be put up to A.O (Admn) along with claims of Non-gazetted staff. The amount of claims is to be entered and paid along with salary bill. T.A. Journal claims received in Administration Section up to 10<sup>th</sup> of the month will be included in pay bill. Advance of T.A. on tour is normally admissible up to 75% of the anticipated claim which has to be adjusted in T.A. Bills to be submitted immediately on completion of the tour. Advance of T.A. Register attested by Audit officer (Admn) and necessary entry that the T.A. advance has been adjusted should be made in the Register. A temporary employee should furnish surety bond from a permanent employee along with his application for Advance.

##### **6.47.1. PREPARATION AND SCRUTINY OF T.A. BILLS.**

- (i) The travelling allowance journals should be sent by each section or office to Administration Section on or before the 3<sup>rd</sup> of each month positively following the month to which the T.A. journal relate. The T.A. journals reaching the Administration section after 3<sup>rd</sup> of the month may not be considered for inclusion in the consolidated bill to be sent to the Accounts office for payment on the same month and the staff may have to wait for payment till next month.
- (ii) At the time of submission of T.A. journals (on tour) a copy of the tour programme already approved by the controlling officer should be sent to the Administration Section for reference and record.
- (iii) The travelling allowance journals received from the sections or branch offices will be scrutinised in the Administration Section and submitted to the controlling officer viz. Director (Admn) or Deputy Director as the case may be for counter signature. After the journals are countersigned separate bill will be prepared for the non-gazetted staff and Gazetted Officers and the bills journals passed on to the FA & CAO for payment. Ordinarily the bills will be submitted to the Accounts officer within 10<sup>th</sup> of each month.

#### **6.48. MEDICAL ATTENDANCE BILLS -CHECK OF CLAIMS:**

All bills for charge on account of medical attendance and treatment should be countersigned by controlling officers, who are authorised to countersign T.A Bills.

A register of Medical claims should be passed after careful scrutiny of the period of claims along with each claim. The bill should be passed after careful scrutiny of the period of claims, admissibility of medicines, others charges claimed as per M.A. Rules and frequency of claim etc.

#### **6.49. CHECK OF CLAIMS FOR CHILDREN EDUCATION ALLOWANCE, REIMBURSEMENT OF TUITION FEES AND HOSTEL SUBSIDY**

The claims of Children Education Allowance, Reimbursement of Tuition Fee and Hostel Subsidy are to be duly supported by certificates in the prescribed form. These certificates are required to be verified by the Drawing Officer with regard to the recognition of the institution by the State Educational Authorities, the ages of the children and the fact of non-receipt of any scholarship from the Government. The verification has to be done periodically. It is, however, not necessary that the claims for the allowances should be held over pending verification of the correctness of the certificates given by the staff in support of the claims. The

claims for Children Educational Allowance, Reimbursement of Tuition Fees and Hostel Subsidy may be admitted provisionally, provided the Drawing Officer is satisfied that within a period of not exceeding six months commencing from the month in which the first payment is made the verification of certificates is likely to be completed. If, however the verification of correctness of the certificates given by the staff is not completed within six months, the Drawing Officer will have the discretion to stop payment of the claims if he feels such a step is necessary. The responsibility for the correctness of the facts given in the certificates entirely devolves on the employee claiming the Children Educational Allowance/Reimbursement of Tuition Fee/Hostel Subsidy. Therefore, in the course of verification of the certificates given by the employee, if the facts are found to be incorrect, serious view will be taken of the incorrectness of the certificates and suitable disciplinary action will be taken against the employee at fault.

#### **House Rent Allowance - Verification of claims.**

House Rent Allowance at the prescribed rates may be paid to all employees (other than those provided with Government accommodation) without requiring them to produce rent receipts. However, they should furnish a certificate to that effect that they are incurring some expenditure of rent/contributing towards rent. HRA at these rates will also be paid to government employees living in their own house subject to their furnishing a certificate that they are paying/contributing towards house property tax or maintenance of the house. The drawal of H.R.A. is regulated in accordance with the orders contained in the G.O.I/Ministry of Finance & O.M. No. F21311 E II (81/64 dated 27th Nov. 1965 as amended from time to time.

#### **6.50. HOUSE RENT ALLOWANCE**

The rates of H.R.A. (w.e.f 1.9.2008) in the Revised Scales of pay as per 6<sup>th</sup> CPC are

Classification of cities/towns	Rates of House Rent Allowance as per percentage of basic pay+NPA where applicable
X	30% of actual Basic Pay plus Grade pay
Y	20 % of actual Basic Pay plus Grade pay
Z	10% of actual Basic Pay plus Grade pay

#### **6.51. TRANSPORT ALLOWANCE.**

The rates of Transport Allowance w.e.f 1.9.2008 are given in the Table below:

Employees drawing grade pay of	Rate of Transport Allowance per month	
	In 13 cities classified as A-1/A earlier #	Other Places
Grade pay of Rs. 5,400 and above	Rs. 3,200+DA thereon	Rs.1,600+DA thereon
(i) Grade pay of Rs. 4,200, Rs. 4,600 and Rs. 4,800	Rs. 1,600+DA thereon	Rs. 800+DA thereon
(ii) Those drawing grade pay below Rs. 4,200 but drawing pay in the pay band equal to Rs. 7,440 and above		
Grade pay below Rs. 4,200 and pay in the pay band below Rs. 7,440	Rs. 600+DA thereon	Rs. 400+DA thereon

[M.F. (Dept. Of Expr.) O.M.No.21 (2)/2008-E.II (B), dated. 29.8.2008]

# Hyderabad (UA), Delhi (UA), Bangalore (UA), Greater Mumbai (UA), Chennai (UA), Kolkata (UA), Ahmedabad (UA), Surat (UA), Nagpur (UA), Pune (UA), Jaipur (UA), Lucknow (UA) and Kanpur (UA),

#### **6.52. DRAWAL OF DEARNESS/ADDITIONAL DEARNESS ALLOWANCES.**

The above allowances are admissible as per the rates circulated by the Ministry of Finance, Govt. of India from time to time.

#### **6.53. SUPPLEMENTARY BILLS.**

The pay and allowance of any member of the staff (when not drawn through the regular pay bill) are drawn through supplementary bill.

#### **6.54. ARREAR BILL**

Arrears of pay, allowance or leave salary etc., if more than three months old, will be drawn through a separate pay bill.

#### **6.55. ADVANCES**

A competent authority may grant advances from public funds in accordance with the provisions under rule 178 (1) and shall charge simple interest at such rates as may be specified by the Ministry of Finance from time to time for this purpose.

There are two type of advances: - Interest bearing, e.g. Advance for purchase of Cycles, Scooters, Cycles, Table Fans, Advance for construction, extension of ready build House/flats etc, & (b) Interest free advance, e.g. Advance of leave salary, Advance on the eve of important festivals, advances to government servant affected by floods, cyclones etc., advance of pay on transfer, Advance of TA on transfer/tour, Advance from the G.P.F etc.

##### **INTEREST BEARING ADVANCES:-**

###### **6.55.1. ADVANCE FOR PURCHASE OF MOTOR CAR**

The Principal Director of Audit may sanction an amount not exceeding Rs. 1, 80,000 or eight months pay in the pay band of the Government servant or the anticipated price of the motor car whichever is least in the first occasion to an Officer whose pay in the pay band should be Rs. 19530/- per month or more [Rule 17 (ii)]. On the second/subsequent occasion the amount of advance may be restricted to Rs. 1,60,000 or eight months pay in the pay band or Dearness pay of the employee or the cost of the motor car to be purchased, whichever is least [Rule 21 (1) & (2)]. The advance is recoverable in equal monthly instalments as the govt. servant elects, not exceeding 200 monthly instalments [Rule 23 & 24]. The Govt. servant may at his option repay more than one instalment in a month. Interest is recovered thereafter. The Officer drawing the advance should execute an agreement in form GFR 22, if the advance is granted to under Rule 193, or in form GFR 23 if the advance is granted to him under Rule 196, On computing the purchase of a motor car, he also execute a mortgage bond in form GFR 24 and or GFR 25, as the case may be, hypothecating the motor car to the President of India as security for the advance.

- 1) MF O.M.No. 12(1)/E-II-A/2008 dated. 24.10.2008
- 2) MF O.M.No. 12(1)/E-II-A/2004 dated. 08.10.2004

###### **6.55.2. PERSONAL COMPUTER**

The Principal Director of Audit may sanction an amount not exceeding Rs. 80,000/- on the first occasion and Rs. 75,000 on second or subsequent occasions or the anticipated price (excluding customs duty, if any) whichever is less to a Govt. servant whose pay in the pay band per month should be Rs. 19,530/- or more and who is otherwise eligible for the grant of motor car advance in terms of Rule 193 for purchase of a personal computer. The Govt. servant

can draw an advance for the purchase of either a motor car or a personal computer, provided he has repaid fully the advance with interest thereon, if any, availed of earlier for the purchase of a motor car/personal computer. The Govt servant, who has already taken an advance for the purchase of a motor car and a period of 4 years have not elapsed from the date of drawal of advance, shall not be eligible for the grant of an advance for the purchase of personal computer. The personal computer will be required to be mortgaged in the name of the President of India and for this purpose GFR form 24 may be used by substituting the words 'Motor vehicle' with the words 'Personal Computer'. Similarly GFR forms of Agreement for drawing an advance for the purchase of motor car may be used by substituting the words 'Motor vehicle' with the words 'Personal Computer'. Similarly GFR forms of an application for the grant of advance for the purchase of a personal computer shall be required to be made in GFR Form 27. The advance sanctioned for the purchase of a personal computer shall be recovered in such number of equal monthly instalments as the Govt. servant may elect, but not exceeding 150 [Rule 25 (5)].

Simple Interest at such rates as may be fixed by Govt. from time to time for motor car advance shall be charged on advances granted to Govt. servants for the purchase of a personal computer [Rule 25].

All other rules laid down in G.F.R. 1963, regulating the sanctioning of motor car advance will apply to the advance which may be sanctioned for the purchase of a personal computer.

**Note: Employees having pay in the Pay Band of Rs. 8,560 or more and who are not eligible for grant of motor-car advance in terms of SI.No. 6.35.1. above, may be granted an advance not exceeding Rs.30,000 or the anticipatory price (excluding custom duties, if any) which ever is less ( w.e.f. 12.12.2008) [M.F., O.M.No.12(1)/E-II(A)/2008, dated.12.12.2008.]**

#### **6.55.3. ADVANCE FOR THE PURCHASE OF MOTOR CYCLES, SCOOTERS AND AUTO CYCLES**

A Govt. servant may be granted an advance for the purchase of motor cycles/scooter/moped provided pay in the pay band should be Rs. 8,560/- per month or more [Rule 17 (iii)].

Subject to the provisions of Rule 193 of G.F.R., an authority competent to sanction advance for the purchase of a motor car, i.e. the Principal Director of Audit, may sanction an advance for the purchase of a motor cycle/scooter/*moped*. The quantum of such advance for the first occasion shall not exceed thirty thousand or 4 month's pay in the pay band or the anticipated price of the motor cycle/scooter/moped whichever is the least. The quantum of advance that may be granted on the second or subsequent occasions for the purchase of a motor cycle/scooter/moped shall be restricted to Rs 24,000 (Rupees twenty four thousand) or 3 month's pay in the pay band or the anticipated price of the motor cycle/scooter/moped, whichever is the least, provided further that notwithstanding anything contained in Rule 201 of GFR, the amount of advance granted a Government servant for the purchase of motor cycle/scooter/moped shall be recovered from the Govt. servant in such number of equal monthly instalments as he may elect but such number shall not be more than seventy [Rule 30].

#### **6.55.4. ADVANCE FOR PURCHASE OF BICYCLES**

A Govt. servant, who is in receipt of Grade pay not exceeding Rs. 2800/- per month [Rule 31], may be granted an advance for purchase of a bicycle, provided that the amount of such advance shall not exceed Rs. 3000/- and shall be restricted to the anticipated price, inclusive of sales tax of the bicycle, paid by the Govt. servant. If the cost of the bicycle is less than the amount of the advance sanctioned he shall refund the balance to Government

forthwith. The amount of bicycle advance shall be recovered in the manner prescribed in Rules 201 and 202 in equal monthly instalments not exceeding thirty [Rule 31 Proviso]. The amount of interest Calculated under Ruler 198 of G. F. R. shall be recovered in the manner prescribed in Rules 203 & 204. Second advance will not ordinarily be sanctioned within three years of the previous advance.

**N.B.: Bi-cycle advance shall be treated as intrest free advance vide No. 12(1)/E-II(A)/2008 dated.7.10.2008**

#### **6.55.5. ADVANCE FOR THE CONSTRUCTION, EXTENSION, READY BUILT HOUSE/FLAT ETC.**

The Principal Director being Head of the Department is competent to sanction this advance to a Government Servant subject to the conditions and limits laid down in Government of India, Ministry of works, Housing & rehabilitation orders issued from time to time.

#### **INTEREST FREE ADVANCES:-**

##### **6.55.6. ADVANCE OF LEAVE SALARY**

An advance restricted to the net amount of leave salary for the first month of leave that is clearly admissible to the government servant proceeding on leave when the duration of leave is not less than one month/30 days. The amount of advance in lieu of leave salary which may be granted to a Govt. servant proceeding on leave for not less than 30 days, shall be fixed in whole rupees and shall not be exceed the net amount of leave salary, including allowances, for the first 30 days of leave, that is clearly admissible to him after usual deductions on account of Income tax, Provident Fund, House Rent, Recovery of advances etc.

##### **6.55.7. ADVANCE ON THE EVE OF IMPORTANT FESTIVALS.**

A Head of office may sanction a festival advance of Rs. 3000/- to a non-gazetted Government servant under his administrative control, who is in receipt of Grade pay not exceeding Rs. 4800/- p.m. The advance is admissible only once in a financial year even if the festival falls twice in the same year. The amount of advance granted shall be recovered in not more than ten equal monthly instalments. The rates of Bi-cycle and Festival Advances shall be increased by 25% every time dearness allowance on revised pay bands increases by 50%. [M.F. O.M.No.12 (1) E II (A)/2008 dated.7.10.2008].

##### **6.55.8. 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 natural calamity. The maximum amount of the advance is Rs. 5000/- per month. It is recoverable in not more than 25 equal monthly instalments commencing from the second issue of pay after the drawal of advance. A second advance shall not normally be sanctioned if an earlier advance for the same purpose fully recovered.

##### **6.55.9. ADVANCE OF PAY ON TRANSFER**

This advance is admissible to Government servants who (i) are under orders of transfer, (ii) receive order of transfer during leave, (iii) proceed on Foreign Service in India or return from such Foreign Service. The amount of advance shall not exceed one month's pay of the government servant before his transfer. The recovery is made in 3 equal instalments.

##### **6.55.10. ADVANCE OF TRAVELLING ALLOWANCE ON TRANSFER/TOUR**

The advance is of an amount sufficient to cover his personal travelling expenses for a month/ period of tour. This amount is to be adjusted in the government servant's claim on his return to Headquarters or 31<sup>st</sup> March whichever is earlier. The advance of travelling allowance

on transfer will be equal to the amount of which the government servant shall be entitled to as travelling allowance consequent on his transfer.

#### **6.55.11. ADVANCE FROM THE GENERAL PROVIDENT FUND**

The rules on the subject are contained in Rule 12 & 13 of General provident Fund (Central Service) Rules 1960 as amended from time to time.

#### **6.55.12. GRANT OF LOANS AND ADVANCES**

All applications on account of grant of advance of travelling allowance on tour, pay or transfer, festival advance, Motor Cycle/Cycle Advance, House Building Advance etc. as admissible under the rules should be forwarded to the Administration Section who will deal with all such applications and arrange for their sanction by the Director (Admn.) or Deputy Director or Principal Director of Audit, as the case may be.

#### **6.55.13. STATEMENT OF ADVANCES FROM PROVIDENT FUND AND OTHER ADVANCES**

A Statement (Expenditure Review Statement) showing loans and advances by Central Government employees should be sent to Headquarters on the 10<sup>th</sup> of the following month in respect of House Building Advance and 5<sup>th</sup> of the following month in respect of advances other than House Building Advance.

[Authority: (i) C & AG's letter No. H 63/BRS/240-2000 dated 09.06.2000.  
(ii) C & AG's letter No. 1670/BRS/134/2000-I dated 07.06.2000].

#### **6.55.14. STATEMENT OF RECOVERY OF ADVANCES**

A statement showing the recovery of advances granted to the staff of the establishment including Gr. 'B' Gazetted Officers will be prepared by the Administration Section and sent direct to the respective Audit Officer every month.

#### **6.56. AUDIT BULLETIN**

A quarterly 'Audit Bulletin' incorporating information on matters of common interest, important decisions on technical matters and administrative orders issued by the Government of India, State Government and of the Supreme Court on matters of interest to Audit, important and interesting cases noticed during audit, extra articles and Personal relating to the quarters ending March, June September and December of each year is issued from the Office of the C & AG during June, September, December and March respectively. Necessary material to be included in the bulletin duly approved by Head of the Department along with the copies of relevant circulars and notifications should be sent by each field office and the different wings in the Headquarters' Office by the 10<sup>th</sup> of April, July, October and January respectively. The material for incorporation in Audit Bulletin collected from section/divisions is to be furnished to Comptroller & Auditor General on the 10<sup>th</sup> of month following each quarter. The requirement of number of copies should be intimated by the 15<sup>th</sup> of April each year.

[Authority: Para 2.6 of MSO (Admn). Vol. I (3<sup>rd</sup> Edition)].

#### **6.57. CONTROL OVER EXPENDITURE**

The Principal Director of Audit is responsible for the control over expenditure against the budget grant allotted by the Comptroller and Auditor General of India who in turn is responsible for the control over expenditure on the Railway Audit Department. The expenditure of statutory audit for each Railway is shown in Railway Demand No. 2 "Miscellaneous Expenditure" in the Railway Budget to accommodate lump sum provision. The Appropriation Accounts of this grant are, therefore, required to be submitted to the Railway Department in the form prescribed for other Railway grants. For the purpose of exercising

proper control over expenditure and also helping preparation of budget and revised estimates of this office and other allied statements different registers are maintained in this office as explained below:-

#### **6.58. REGISTER OF EXPENDITURE (General Financial Rules - 66)**

A register should be maintained in the Administration Section to record all expenditure as charged for in the pay, travelling allowance and other bills (excluding contingent charges) of each month classified under the detailed heads under the Major Head 216 Principal Director of Audit/South Eastern Railway. Similar procedure should be observed in the case of adjustment on account of transfer etc. accounted for in the month's account which are open at time. The contingent expenditure and cash payment should first be posted in the contingency register and before putting up these bills to the Gazetted Officer for signature, the expenditure relating there should be posted in the Expenditure Register duly attested by the S.O./A.Au.O. of the Administration Section. The expenditure booked in the Expenditure Register maintained in the Accounts Office and the result put up to the Gazetted Officer/Admn.

#### **6.59. REGISTER OF CONTIGENT EXPENDITURE**

This register is intended to watch the adjustments of debits pertaining to contingent expenditure such as telephone charges, electricity charges, stationery indents, purchase of Books/Periodicals, Liveries charges for purchase and repair of office furniture and equipment and other miscellaneous contingent expenditure. The expenditure relating to these should be posted in the register, along with bills to be put up to Audit Officer (Admn.)/Branch Officer for signature. A note should be made in the register, as and when indents for stationery are placed. Total expenditure on contingencies, in a month should be posted in the Expenditure Register and should be reconciled monthly, with particulars of expenditure booked in accounts of a month by FA & CAO.

#### **6.60. PREPARATION OF STAFF PROPOSALS**

As budget estimates for this office are based on the proposals made by this office for creation of new posts required during the budget year concerned, the staff requirements, assessed on the basis of detailed job analysis of the work done by various sections and branch offices are to be forwarded to Comptroller and Auditor General of India by 25<sup>th</sup> July every year. These sections and branch offices should forward their proposals with detailed statistical data by the last week of June or by prescribed date to Administration Section. The justification for the existing strength or additional staff required should be supported by data based on monthly average of work done in May, July, January, February and March (excluding March final and supplementary) of the preceding financial year. The general instructions should be strictly adhered to in formulating proposals.

2. Items for which no standard are fixed by the Comptroller & Auditor General of India should be exhibited in a separate statement adopting adhoc standards.

3. The standard man hour for Auditor should be taken as 1920 man hours/237 days per annum.

4. The man-hour statistics complied by Assistant Audit Officer of the Section concerned should be got checked independently by another Assistant Audit Officer nominated for the purpose by Branch Officer. The man hour statistics of the whole office should be test checked by Assistant Audit Officer (Internal Audit) and reviewed by Audit Officer/Co-ord. Section.

On receipt of proposals from sections and Branch offices, detailed note showing particulars of posts proposed for creation and continuance is to be put up to Principal Director of Audit for approval. Detailed staff proposals are not to be forwarded to Headquarters office

where increase or decrease in work load as compared with the previous year is not more than 5%. A certificate that there is no reduction of staff based on work load and as such the existing strength may be allowed to continue should be forwarded to the office of the Comptroller & Auditor General of India. Increase of work load by 5% or more is to be assessed for a particular group or groups, as compared with previous year, and proposals for sanction of additional staff for particular group/groups, as approved by the Principal Director of Audit, should be included in the staff proposals of Comptroller & Auditor General of India's Office.

The staff proposals should be accompanied by

- (i) A summary of proposals
- (ii) A statement showing the group-wise distribution of regular sanctioned strength (both permanent & temporary), other than casual posts.
- (iii) A statement of regular temporary posts for which provision is proposed to be made in Revised Estimates and Budget Estimates in prescribed form.
- (iv) A statement indicating clearly the additional posts proposed on work standard for the different groups/sections.
- (v) Full details of Supplementary/shadow/Deputation reserve posts and justification for their continued retention.
- (vi) Staff position statements in forms 14 & 15 of MSO (A) Vol-I.
- (vii) Details of existing permanent posts held in abeyance, together with justification for continued retention.

#### **6.61. MAN HOUR STATISTICS**

Demand for creation/continuance of all temporary posts as are required to be submitted along with Budget Proposals to the C & AG, annually should be justified on the basis of man hour statistics. The standard man hour for each man per month has been fixed at 160 hrs. The strength of the Section Officer(Audit)/Assistant Audit Officers, Sr. Auditors, Auditors should be worked out on the basis of revised norms vide C & AG's letter No. Rly/SEC Memo/17-25/2002 dated 17.03.2003 w.e.f. 01.04.2003.

The instructions of the C & AG from time to time is to be followed in the preparation of the man hour statistics.

#### **6.62. PENSION**

The Head of Office is responsible for preparing the pension paper. He will initiate the pension case 2 years before the date of retirement of the Government servant, deficiencies, imperfections and omission in the service book should be removed and service book completed in good time, at any rate not later than 8 months in advance of the date of retirement of Government servant. The actual work of preparation of Pension papers should be taken up 8 month before date of retirement. Being the cadre controlling authority, each & every aspect of Pension processing formalities is carried out by the Office of the Principal Director of Audit/South Eastern Railway/Garden Reach.

It shall be the responsibility of the Officers maintaining the Service Register to make annual verification and also to complete and certify the service Book in respect of previous service on the 25<sup>th</sup> year of Service or 5 years before the retirement and communicate to Government Servants, the period of qualifying service so determined in consultation with Principal Director of Audit/South Eastern Railway (M.O.E. O.M.F. 11 (3).EV (A)/76 dated 28.2 .1976). The progress of pension cases should be watched by means of monthly, quarterly & half yearly returns as detailed below :-

- (1) Statement to be submitted to Principal Director of Audit by the 5<sup>th</sup> of each month indicating progress of cases of all Government servants due to retirement within succeeding 8 months.

(2) Statement covering cases of those who become due for retirement in the preceding month to be submitted to Principal Director of Audit by 3<sup>rd</sup> of each month.

(3) Quarterly statement to be submitted to Principal Director of Audit by 10<sup>th</sup> April/July/October/January for provisional pension and/or provisional DCRG cases to be made final after expiring of period of 6 months.

(4) Quarterly statement indicating details of presumptions made in cases of retired Government Servants, due to incomplete service books to be submitted by 15<sup>th</sup> April/July/October/January.

(5) Six monthly statement showing cases of Government servants, not finalised within 6 months to be submitted to Principal Director of Audit on 15<sup>th</sup> January/July.

The pension papers are to be prepared and particulars obtained from Government servants 8 months before retirement. The papers with necessary documents are to be submitted to Principal Director of Audit/South Eastern Railway/Garden Reach being the controlling authority. In respect of Group 'A' Officers the pension paper should be processed and sent to Pay and Accounts officer concerned of the Office of AG/CR for verification and arranging payment.

Family Pension is also to be verified along with superannuation pension and DCRG by the Principal Director of Audit/South Eastern Railway/Garden Reach.

The nominations for Family Pension & DCRG as executed by each employee is to be countersigned by Dy. Director (Admn.) after scrutiny with necessary remarks in the service book and is to be filed in the file kept by Au.O (Admn.)/Office of the Principal Director of Audit/South Eastern Railway/Garden Reach.

### **6.63. COMPULSORY RETIREMENT**

The provisions of FR 56, regarding age of superannuation are applicable to the staff of this office. For the purpose of application of the FR(56) (J) according to which appropriate authority has absolute right to retire any Govt. servant by giving him notice in writing of not less than 3 months.

If it is in the public interest, the case of employees attaining the age of 50 years in the cases of Group 'B' staff and 55 years in the case of Group 'C' staff or in respect of those employees who will be completing 30 years of service or 30 years of service qualifying for pension are to be reviewed by a DPC as per following schedule and decision taken by competent authority.

Quarter in which review is to be made	Quarter to which the cases to be reviewed pertain
January to March	July to September of the same year.
April to June	October to December of the same year.
July to September	January to March of the next year.
October to December	April to June of the next year.

A report of the above review is required to be sent annually to Hd. Qrs. Office by 14<sup>th</sup> August of each year. All these works are being done by the Administration section of the Office of the Principal Director of Audit/South Eastern Railway/Garden Reach on behalf of this office, being cadre controlling & appointing authority.

#### **6.64. PASSES & PRIVILEGE TICKET ORDERS**

(i) Officer and staff of the Railway Audit Department including officers of the Indian Audit & Accounts service serving in Railway Audit Branch are entitled to the privilege of passes and P. T.Os irrespective of their date of joining the Department. The scale of passes/P. T.O.s and the rules governing their issue are the same as applicable to Railway Servants from time to time.

[Rly. Bd's letter no. E(G) 58 PS 5-20/1 dated 14.4.60 received with C & AG's endorsement No. 564-RAII/T. 17-23/58 dated 18.4.1960].

(ii) **Issue of passes for journeys on duty** - Metal and Card passes may be issued to the Officers and staff of the Railway Audit Department in accordance with the Pass Rules of the Railway. It has been decided by Railway Board vide letter No. E(w)78 Ps 5-1/6 dated 26.5.78 forwarded with C & AG's endorsement No.1048-RAII/T/17-12/77 dated 25.7.78 that all Gazetted Officers should be issued with metal passes to enable to perform rail journey on duty. The metal passes that will be issued to Officers appointed or promoted to gazetted rank on or after 1.8.69 should bear the inscription 'Post 1.8.69'. There will be, however, no change in the entitlements of the metal pass holders of those already in use and the new series with the inscription 'Post 1.8.69' to be introduced.

As a result of restructuring of the cadre of Indian Audit & Accounts Departments, a number of posts of Assistant Audit Officers have been created in the scale of Rs. 2000-3200, and classified as Group 'B' posts carrying a gazetted status, but the facility of enjoying metal pass was not allowed to them, whereas the Audit officer in the scale of Rs. 2000-3200 were allowed to enjoy the facilities as admissible to the Railway employees in identical scale of pay, i.e. Rs. 2000-3200 vide G.O.I., Ministry of Rly. Bds letter No. E (vi)87P55-1/3 dt. 27.7.89 which was modified in terms of G.O.I., Ministry of Rly's wireless issued on 11.9.1989 wherein it was stated that the A.Au.O.s given the gazetted status between 1st March 84 and 31.12.86 shall continue to enjoy the facility of passes, PTOs, Quarters enjoyed by them as a result of conferring of the gazetted status on them during the period 1.3.84 to 31.12.86. However, four special leave petitions were filed by A. A.uOs' of Railway Audit before Supreme Court against judgement dated 13.3.92 of CAT/Delhi regarding issue of passes, and vide Ministry of Rlys. (Rly's/Bds/) letter No. E (W)87-PS5-1/3 PTII New Delhi Dt. 4.6.93 the judgement of the Supreme Court was communicated to this Office and it was stated that the A.A.uO.s working in Railway Audit Department in the scale of Rs. 2000-3200 (pre-revised) may be extended such facilities like passes P.T.O.s, allotment of Railway quarters and rest houses retiring rooms etc. as admissible to the Railway employees in identical scale of pay Viz. Rs 2000- 3200, (pre-revised) as stipulated in Boards letter No. E.(w) 87P55-1/3 fy. 20.7.89 and metal passes previously granted to A.A.O.s are ordered to be withdrawn the A.A.Os who had given Group 'B' gazetted status between 1.3.84 and 31.12.86 have been decided to maintain status quo.

*(Authority P/24 & 26 and 189 offile No. RPU/15-CAT/1/89)*

(iii) In the case of officers of the IA & AS, when proceedings on leave exceeding 4 months passes and P.T.O.s will be admissible, provided they have completed not less than one year's service in the Railway Audit Department and provided also that the C & AG of India declares in each case that the Officer is likely to return to Railway Audit or Accounts (Rly, Bd's letter No. E (G) 58 ps 5/20/1 dt. 14.4.60 and ADAI (Rlys.)'s endorsement no 711-RAII/T 17-23/58 dt. 19.5.60).

(iv) In the case of Indian Audit and Accounts Service Officer serving in the Railway Audit Branch who proceeds on leave not exceeding four months, passes and PTOs can

be issued during or before leave period. While the passes and PTOs 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 month's limit for purposes of availability, fresh passes to be availed of during 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 Account office.

(v) Officers of the I.A. & A.S. working in the Railway Audit Department will not be granted certificates to enable them to obtain travel concessions on Railways outside India

(C & AG's endorsement No. 564-RAII/T. 17-23/58 dated 18.4.1960)

(vi) S.R.A.S. Apprentices are eligible for the issue of passed & PTOs in accordance with the rules applicable to Apprentices on the concerned Railways

(C & A.G.s endorsement No. 685.RA iVT-17-23/58 dl. 17.5.1960)

(vii) In the case of Civil Audit & Accounts staff on deputation to the Railway Audit Offices, Passes & PTOs on the scale admissible to Railway employees from time to time may be issued to them only when the period of deputation is expected to last one year or more.

(viii) The staff on deputation to non-Railway Department would be eligible for full benefits of privilege passes including school passes and PTOs for periods not exceeding four years as per instruction contained in the Railway Board's letter No. E(Trg.) 1 /66-Ps-5/15-2 dated 11.10.66.

(ix) The Officers and staff of the Railway Audit Department including the Officers of the I.A. & A.S serving in the Railway Audit Department are also entitled to passes of the following nature to the extent and under the conditions governing their issue to Railway employees:-

(a) School passes (b) Transfer passes (c) Free residential Card Passes/Concessional season tickets over sections on which admissible (d) Passes for transport of motor cars, (e) Settlement passes (f) Post retirement complimentary passes (except to Officers of the I.A. & A.S. in respect of whom each case will be dealt with by the Railway Board on merits (g) Metal and Card Passes (h) Misc. passes over the home line only as admissible to Railway employees under the home line pass rules.

(i) Special Passes on Sports accounts for participation in Sports organised by the Central Sports committee of the Indian Audit & Accounts Department.

School Passes are to be issued only in cases where the children are studying at a place away from the Headquarters of the employees i.e. no school pass is allowed if the child is studying at Head Quarters of the employee (Rly. Bd's letter No. E.O Trg 1- 70 PS 5-1/11 dt. 23.3.70).

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

(i) Passes to office bearers of Unions of staff of the Railway Audit Department (Railway Board's letter No. E (G)-58 PS 5-20/1 dt. 6.6.61)

(xi) The Passes and P. T.Os will be issued by the Principal Director of Audit irrespective of home or foreign line. It is not necessary for the Principal Director of Audit to accord prior personal approval of the issue of Passes & P. T.O.s. Specified Gazetted Officers A.Au.O./ S.O.s are authorised to issue them on behalf of Principal Director of Audit.

(C. & A.G.'s letter No., 781-RAII/T-17/23/58 dt. 3.6.1960)

The form in which the Register of issue of passes & PTOs to staff required to be submitted to Principal Director of Audit is under:-

Sl. No.	Name & Design of the staff	Classes of Passes & PTOs	Printed No. of Passes & PTOs	Date of issue	Why granted	Remarks
1	2	3	4	5	6	7

Loss of passes should be immediately reported to the Administration Section which will report the fact to the Chief Operating Superintendent of the Railway concerned in the form of notification for publication in the Railway Gazette.

A register of Passes & PTOs is required to be kept by each pass issuing authority to keep a control over the number of passes & P. T.Os issued. A folio is opened for each official wherein the entries regarding issue of passes & P. T.O.s during a calendar year are made the form of the register is as under:-

Date	Particulars	Pass No.	PTO No.	No. of Sets	Initial of Ar./SO/ AAuO/AuO/D.D
	Card Passes:				

All passes will be issued by the Head Quarters office in respect of staff working at H.Q. Card Passes should remain in the custody of the Audit Officer (H.Q). In respect of branch offices Card Passes should remain in the custody of the Branch Officer concerned at those places. A register of movements of Card Passes must be maintained in the following Proforma.

Card Pass No.	To whom issue	Date of issue	Reason for issue	Custodian's Signature in support of issue	Signature of Person to whom issued	Date of return of Passes.
1	2	3	4	5	6	7

Blank forms of each class of Pass of Card Pass & P. T.O forms will be obtained from the Printing Superintendent of respective Railway. On receipt of the Blank forms, the same should be kept under the safe custody of the Audit Officers concerned in the unit Audit Offices as well as in Headquarters. The books once in use should also be kept under the safe custody.

## 6.65. MEDICAL ATTENDANCE

The staff in the Railway Audit Department is entitled to medical attendance from the Civil Medical Department in accordance with Central Service (Medical Attendance) Rules 1944 as amended from time to time.

They are entitled to the re-imbursement of the medical expenses incurred in connection with treatment of themselves and members of their family. Family is defined as under:

- (i) Wife or husband as the case may be:
- (ii) Sons and daughters including legally adopted children provided they are wholly dependent on the Government servant.
- (iii) Parents other than stepparents provided they are wholly dependent on the government servant. If both husband and wife are Central Government servants, a joint declaration in duplicate is obtained from them as to who will prefer the claim for reimbursement of medical expenses in respect of members of family. One copy of the declaration will be retained in this office and one copy forwarded to the office of the husband/wife as the case may be. Copies of the declaration should be forwarded to the Audit Officer of the offices concerned. The declaration may be revised by the parties in the event of promotion, transfer, resignation etc. of either of the two.

In respect of staff working at Kolkata a few Central Government Health Scheme (CGHS) dispensaries are functioning in different places within Kolkata Corporation area. The scheme is likely to cover all areas of Kolkata and Howrah in due course. Employees whose residential addresses fall within the areas covered by CGHS dispensaries are to receive medical treatment of themselves and their families from the respective dispensaries. Those employees who are not living in those areas are governed by the Central services Medical Attendance Rules, 1944. A monthly subscription at prescribed rates has to be recovered from the concerned staff through their monthly salary bills. The staff who are transferred to outstations are not ordinarily entitled to the benefit of the scheme. It is, however, left to the discretion of the beneficiary concerned either to continue to be governed by the Scheme for the treatment of the members of their families residing in C.G.H.S. area or to discontinue it. Employees covered by the scheme are entitled to free medical attendance/treatment they visit any of the places covered by the scheme (other than headquarters). Similarly if the entitled person or members of his family fall ill at a place not covered by the scheme, treatment shall be admissible under the Civil Service (Medical Attendance) Rules 1944.

*(Authority: Letter No. Admn/15-27/17CGHS dated 01-12-77 of Chief Auditor, Eastern Railway, Calcutta).*

The Railway Audit staff are not eligible for medical attendance in Railway Hospital. The Railway Board, however, authorise the Railway Administration to afford medical facilities of their medial departments where available and to the extent they are admissible to Railway servants of corresponding status, to the Railway Audit staff at places where the civil Administration have not provided those facilities to such staff, or where the staff reside far away from the places where such facilities are provided by the Civil Administration.

*(Authority: Railway Board's Circular letter No. E/46.ME 39/3 dated 24th June, 1946 received under C & AG's endorsement No. E8-33143 dated. 9.7.46 and Ministry of Health O.M No. F-10-9172 CGHS dated 23.6.73).*

C & AG has clarified vide endorsement no. 3309-NGE.1/112- 78 dated 24.9.80 that the normal entitlement of an employee in Railway Audit is the CCS (MA) Rules or the CGHS where in operation but the employee can exercise the option to avail of the medical facilities for himself or dependants in terms of para 19 of RAM. Thus he will be governed either by Railway Medical facilities for himself or dependants in terms of para 19 of RAM. Thus he will be governed either by Railway Medical facilities or the Civil Medical facilities but not both simultaneously. The option once exercised is final except where there is a change of residence or station on account of transfer.

Government servants drawing pay less than Rs. 1,200 per mensem and those drawing more than Rs. 1200/- but less than Rs. 2500/- (pre-1996 pay scales) per mensem may receive treatment normally under any assistant surgeons, Grade II (Medical Licentiate) or if he is not available Assistant Surgeon, Grade I (Medical Graduate) and Assistant surgeon Grade I, in the station respectively Group' A' Officers and others drawing pay not less than Rs. 2500 per mensem may receive medical treatment under the Principal Medical Officer of the District, but those officers stationed at Sub-division may receive medical attendance and treatment from the Medical-Officer-in-charge of the sub-divisional Hospitals at their discretion. If no AMA has been appointed in a suburban area, treatment may be had from AMA employed in a Government hospital in the adjoining city, but not from private medical practitioner appointed as AMA outside the place of Duty.

(Rule 2(a) & GIDs of Swamy's Medical Attendance Rules).

The Heads of hospitals have instructions from the Directors of Medical Services to notify all changes in the incumbency of Authorised Medical Attendant is not found in the latest list of Authorised Medical Attendance furnished by the hospital Authorities a reference should be made to that hospital and the claims admitted after obtaining the information.

Treatment should normally be obtained from a Medical Officer attached to a Government Hospital. When treatment is obtained from a Medical Officer attached to any hospital, and if any doubt arises as to whether the hospital in question is one where Government employees may undergo treatment, the Director of Medical Services of the State concerned should be consulted before reimbursement is authorised, The rates of the consultation charges reimbursable may also be ascertained if considered necessary.

The Officers of IA & AD deputed to the Railway Accounts Office are entitled to medical facilities as admissible to the Officers of the Indian Railways.

*(Authority: C & AG's letter No. 3092-NCE.III/258-63 dated 26.12.63).*

All bills for charges on account of medical attendance and treatment should be countersigned by the controlling authorities who are empowered to countersign TA bills of the Government servants concerned. The following instructions should be borne in mind by the staff before they submit their claims for reimbursement of medical expenses.

- (i) The essentiality certificate should be attached with the medical claim duly completed in all aspects.
- (ii) All prescriptions should be attached to the medical claim. The prescriptions should contain dated initials of the medical attendants.
- (iii) All receipts should be countersigned by Medical Attendant.
- (iv) The claim should be preferred in the prescribed form within three months of the completion of the treatment.

It will be the duty of the Controlling Officers to scrutinise carefully before signing or countersigning the claim in respect of medical expenses to see that the claim is genuine and is covered by the rules and orders on the subject and that the charges claimed are supported by the necessary document, receipt and certificate etc. All claims for refund of medical expenses of Central Government caution form as given in Medical Attendance Rules.

*(Authority: Ministry of Finance No. F-49(76)-EN.49 dated 28.9.1949).*

## **6.66 RELAXATION OF MEDICAL ATTENDANCE RULES**

(1) In emergent case involving accidents, serious nature of disease etc., the person may use their discretion for taking the patient for treatment in a private hospital in case no Government or recognised hospital is available nearer than the private hospital. The Controlling Authority/Department will decide on the merits of case whether it was a case of real emergency necessitating an institution. If the Controlling Authorities/Department have any doubt, they may make a reference to the Director General of Health Service for opinion.

(2) A patient while in a private hospital should act according to the advice of the Hospital authorities. He should get his discharge from the hospital only when the hospital authorities discharge him.

(3) In case where the expenditure likely to be incurred for treatment in private hospital is beyond the paying capacity of the Government servant, Departments of Government of India may authorise the Controlling Authority to meet directly the expenditure incurred on admissible items of treatment laid down in Annexure to G.I.M.F. OM. No. S 14012/9175.MC dated 23.2.1977.

(4) Controlling Officer may make advance payments to hospitals. Payment to hospitals may also be made.

(5) The charges on account of inadmissible medicines etc. will be paid by the Government to the hospital.

## **6.67. DISPOSAL OF OBJECTION STATEMENTS**

The disposal of objection raised by the Chief Accounts Officer/South Eastern Railway and the Principal Director of Audit/Northern Railway; in connection with the establishment bills of the office will be dealt with by the Administration Section.

Similar objection raised by the pay and Accounts Officer/Principal Accountant General in respect of Group 'A' Officers' bill should also be dealt with by the Administration Section.

## **6.68 Central Govt. Employees Insurance Scheme, 1980**

The Scheme is compulsory to all the Central Government employees (including Departmental Canteen employees). It provides at a low cost and on contributory and self-financing basis, the benefits of insurance cover to help their families in the event of death in service and a lumpsum payment to augment their resources on retirement.

A portion of the subscription is credited to the Insurance fund and the other portion to the savings Fund which earns interest at the other position to the savings Fund which earns interest at the prescribed rate compounded quarterly. The apportionment is at 30% to Insurance Fund and 70% to Savings Fund w. e. f. 01.01.1988 at the assumed mortality rate of 3.60 per thousand per annum.

Employees are enrolled as members of the Scheme only from 1<sup>st</sup> January every year. The Group to which an employee belongs will be determined with reference to the post held by him on a regular basis on the 1<sup>st</sup> January. In the event of regular promotion of an employee from one Group to another, his subscription would be raised from the 1<sup>st</sup> January of the next year to the level appropriate to the Group to which he promoted.

The rate of monthly subscription and amount of Insurance covered under this scheme are as follows:-

Group to which employee belong	For those who subscribe at the old rates		Rate of subscription		
	Rate of subscription	Amount of Insurance coverage	Before enrolment as a member	After enrolment as a member	Amount of Insurance coverage
1	2	3	4	5	6
'A'	80	80,000	40	120	1,20,000
'B'	40	40,000	20	60	60,000
'C'	20	20,000	10	30	30,000
'D'	10	10,000	5	15	15,000

(A) Applicable to all employees who were members of the Scheme on 31.1.1989 and have opted to continue to subscribe at the old rates.

(B) Applicable to all employees who were members of the Scheme on 31.1.89 and have opted to subscribe at the revised rate w. e. f 01.01.90 and to those who joined service on or after 01.02.89.

Benefits payable: (a) Retirement, resignation etc. : The employees will be paid as per the Table of benefits-

- (i) Lumpsum due to him out of the Savings Fund for entire period of membership in the lower group; and
- (ii) Amount(s) due to him for the additional units by which subscription was raised due to promotion-for the period from which the rate was raised, to the date of cessation of membership.

(b) Death while in service: The nominee/heir will be paid-

- (i) the amount of appropriate Insurance cover to which the employee was entitled at the time of death; and
- (ii) lumpsum and amount(s) as in the case of (a) above, for the period till the date of death;

(iii) only the Insurance Cover, if death takes place before becoming a member.

The transactions under the Scheme would be booked in the Public Account of India under a minor head Central Govt. Employees' Group Insurance Scheme below the major head '811-insurance and Pension Funds."

#### (RAJBHASHA)

#### **6.69 Constitution of Official Languages Implementation Committee:-**

In accordance with the instructions issued by the Ministry of Home Affairs from time to time, the Official Language Implementation Committee should have to be constituted for the office as under:

Principal Director of Audit	President
Director/Deputy Director (Admn)	Chairman
Sr/Audit Officer (Admn)	Member
Sr/Audit Officer (Constrn.)	"
Sr/Audit Officer (Reports)	"
Sr/Audit Officer (Stores)	"
Sr/Audit Officer (Expr)	"
Sr/Audit Officer (Traffic)	"
Sr/Audit Officer (PA)	"
Sr/Audit Officer (W&S)	"
All Sr/Divisional Audit Officer	"

The Committee will be Headquartered at Garden Reach and will meet once every quarter i.e. in the first week of February, May, August and November.

## **2. The function of the Committee are as under:**

- 1) to review the implementation of the instruction of the Ministry of Home Affairs regarding use of Hindi and to take preparatory and other measures therefore.
- 2) to review the quarterly progress report which are sent to the Ministry of Home Affairs and to ensure their timely submission.
- 3)
- 4) to review the Implementation of Instructions of the Ministry of Home Affairs regarding training of the employees in Hindi under Hindi Teaching Scheme.

The Committee should submit the minutes of the meeting in Hindi (Devnagri) and English to the CAG New Delhi in the 2<sup>nd</sup> week of February, May, August and November. (Au/Admn/VI-12/orders Pt.IV/76-77/4104 dated 24.7.1976).

## **3. Use of Hindi in day to day work: The following instructions should be borne in mind:**

- 1) Small letters like acknowledgements, reminders etc. should be sent in Hindi.
- 2) Office orders regarding sanction to leave, absentee statement, cut list, late attendance etc. should be issued in Hindi.
- 3) Efforts should be made to issue forwarding of the Inspection Reports in Hindi.
- 4) All staff should utilize bilingual or Hindi forms supplied by the Railway Administration.
- 5) Sufficient numbers of copies of the books "Karyalaya Sahayika" should be made available to sections and divisions to facilitate use of Hindi in their daily correspondence.
- 6) Training of staff of Hindi: The Administration Section should arrange to train all the staff in Hindi by sponsoring the candidates for various examinations conducted by the Central Hindi Teaching Scheme of the Government of India. The staff should be deputed to the training classes conducted by the Railway Administration.

**CHAPTER VII**  
**GENERAL INSTRUCTIONS REGARDING PROCEDURE**  
**OF AUDIT & METHOD OF WORK.**

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<b>7.45</b>	<b>Discussion with Officers of Railway Administration</b>
<b>7.46</b>	<b>Changes in accountal procedure locally by the Railway Administration</b>
<b>7.47</b>	<b>Scrutiny of important documents</b>
<b>7.48</b>	<b>Prompt settlement of rebates or refunds or other dues due to this railway from non-railway parties</b>
<b>7.49</b>	<b>Audit of Sanctions</b>
<b>7.50</b>	<b>Anlual Review of the working of the Accounts Office</b>
<b>7.51</b>	<b>Deviation from rules</b>
<b>7.52</b>	<b>Report on the Efficiency of Internal check</b>
<b>7.53</b>	<b>Tripartite meeting for expeditious disposal of audit objections</b>

## CHAPTER VII

### GENERAL INSTRUCTIONS REGARDING PROCEDURE OF AUDIT & METHOD OF WORK.

#### 7.1 GENERAL

The objects of separated audit on Indian Railways and the way in which these objects are achieved by the Indian Audit Department are given in para 119 of Railway Audit Manual (5th Edition). The general principles and rules of audit applicable to different classes of transactions laid down in the Manual of Standing Orders (Audit), (First Edition, 1991) of the Comptroller and Auditor General of India should be observed in so far as they are applicable in the audit of railway receipts and expenditure. The rules and instruction contained in this chapter and also in chapter 8 apply equally to all sections in respect of all common items of work whenever they may appear in the above two chapters.

#### 7.1.1. Auditing Standards

Auditing Standards prescribe the norms of principles and practices, which the Auditors are expected to follow in the conduct of Audit. They provide minimum guidance to the Auditor that helps determine the extent of auditing steps and procedures that should be applied in the audit and constitute the criteria or yardstick against which the quality of audit results are evaluated.

The auditing standards of the International Organisation of Supreme Audit Institutions (INTOSAI) have been suitably adapted with due consideration of the Constitution of India, relevant statutes and rules for the auditing standards for the Supreme Audit Institution of India (SAI).

The auditing standards consist of four parts:-

- (a) Basic Postulates
- (b) General Standards
- (c) Field Standards
- (d) Reporting Standards

The **Basic Postulates** for auditing standards are basic assumptions, consistent premises, logical principles and requirements which help in developing auditing standards and serve the auditors in forming their opinions and reports, particularly in cases where no specific standards apply.

The **General Standards** for the auditor and the audit institutions include independence from the legislature, independence from the executive and independence from the audited entity.

The purpose of **Field Standards** is to establish the criteria or overall framework for the purposeful, systematic and balanced steps or actions that the auditor has to follow. These steps and actions represent the rules of investigation that the auditor, as a seeker of audit evidence, implements to achieve a specific result.

The field standards establish the framework for conducting and managing audit work. They are related to the general auditing standards, which set out the basic requirements for undertaking the tasks covered by the field standards. They are also related to the reporting standards which covers the communication aspect of auditing, as the result from carrying out the field standards constitute the main source for the contents of the opinion or report.

**Reporting Standards:-** On the completion of each audit assignment, the Auditor should prepare a written report setting out the audit observations and conclusions in an appropriate form, its content should be easy to understand, free from ambiguity and supported by sufficient, competent and relevant audit evidence and be independent, objective, fair, complete, accurate, constructive and concise.

For details: [http://www.cag.gov.in/html/auditing\\_standards\\_ch4.htm](http://www.cag.gov.in/html/auditing_standards_ch4.htm)

## 7.2 PROGRAMME OF AUDIT

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

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

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

### 7.2.1 Methodology of Audit

Based of the total number of departments and auditable units in South Eastern Railway as well as capacity based on manpower available the annual audit plan is prepared keeping in mind the important provisions of revised audit norms and risk profile of auditable units. The auditable units are categorized into main, assistant and sub-units depending on their risk profile and periodicity. The main offices which comprise the offices of Heads of departments both at Zonal and Divisional levels are audited annually, the assistant offices biennially and sub-units triennially.

The resource available for the year is first calculated based on man-in-position and then apportioned to local Audit, Central Audit, Books and Appropriation Audit, Performance Audit, Review of Manor Works etc.

After completion of preparation of annual audit plan duly approved by Principal Director of Audit, the same is sent to the Headquarters for information and the auditing units for implementation.

The progress report with reference to audit plan of both the Zonal and Divisional units is reported to Headquarters regularly.

Action plan should be taken to implement the department-centric audit.

### **7.3 REQUISITION AND RETURNS OF FILES AND VOUCHERS SELECTED FOR AUDIT.**

(a) Any file or records relating to Accounts office if required for audit purposes should be called for on proper requisition and the Accounts office will arrange for their supply expeditiously within a week from the date of receipt of such requisition. On receipt of the files or records by the section concerned they should be returned under proper acknowledgement as soon as possible.

Requisition for important files of the administration required for review of large contracts, policy matters and other special investigations should be placed on the Executives only over the signature of Deputy Director of Audit. Other less important file required for Programme of Audit may be requisitioned over the signature of branch officer. The files on receipt should be returned as soon as possible.

(b) All sections should send their requisitions for vouchers selected for Audit by the middle of the second following month (in case of Traffic Audit by the first week of the third following month) so that vouchers may be made available for Audit in the first week of the month of Audit.

Generally for the purpose of selection of Vouchers for audit, the detailed lists of all vouchers passed in a month need not be prepared separately. Only the serial numbers of bills under each category (from the Bills Register C.O.6) are to be listed and selection made from these list by the G.O. according to the percentage fixed. While making such selection, the Bill Register should invariably be referred to by the "Voucher selecting Officer so that there may not be any omission in selection of important vouchers. Similarly in the case of a Journal Vouchers only the serial number of Journal Vouchers should be listed according to the category fixed and on the amount and selection made from these lists as per prescribed percentages. While making selections, the G.Os should consult the Register of Journal Vouchers.

Total number of bills under each category, percentage of check fixed and the number to be selected should also be indicated in the lists for A.O's selection. The items selected for check should be indicated in the lists and not in the Register of Bill or the journal Vouchers.

In respect of Pay and T.A. Bills all the Departmental units for which the pay bills are prepared and which are recorded as such in the bill passing sections of the Accounts Department, the whole field may be divided into units separately for G.Os and N.G.Os as prescribed by the CAG and one unit from each selected for monthly audit of all such vouchers. The units should be drawn in such a manner the each contains drawing (of accounts rendering) officers of more than one department. Where the Principal Director of Audit feels that audit of these vouchers in a particular month can be dispensed with, with a view to deploy additional manpower for local inspections, he may do so. In case of Labour Pay sheets which need not be checked in central Audit (except in workshops) it is sufficient if these are checked during local inspections. However, before returning the paid vouchers to the Accounts office, the posting of the Labour pay sheets checked during local inspections should be traced in the works and Revenue Allocation Registers. In case of labour Pay Sheets, Master Sheets and Time Sheets of workshops the whole field may be divided into units as prescribed by the CAG and one unit selected each month. The units may be so drawn as to contain a reasonable number of direct workers, indirect workers and supervisors. (CAG's letter No. 647-580/RAI/8- 11/73 date 05.3.74)

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

- i) All vouchers received from the Accounts office should invariably be returned within 2 months from the date of their supply unless they are retained for Branch Officer's post review and current review. Such occasions should, however, be very rare. The retention of vouchers beyond two months should have the approval of the Branch Officer concerned.
- ii) All auditing sections should open a register to record the monthly return of vouchers to Accounts office, and obtain therein the full signature and designation of the Account Office clerk who receives back the vouchers. A carbon copy of the entries made in the register should be handed over to the Accounts office clerk for receiving the vouchers.
- iii) Branch Officer should send a certificate to the Co-ordination Section by the 15th of every month that all vouchers due to be returned to the Accounts Office in that month and which are no longer required in the Audit Office have been returned and the acknowledgement for the same obtained from the Accounts Office.
- iv) The Register of vouchers returned as mentioned in sub-para (ii) above should be submitted to the Branch Officer on the 15th of every month who should review it and initial as a token of his security.
- v) The return of all vouchers pertaining to a financial year should be advised to the Accounts officer concerned and his confirmation obtained there to. A copy of this confirmation should be endorsed to the coordination section by the 31st of October of the following financial year.
- vi) Coordination section should watch the receipt of such confirmations from all auditing sections, if necessary, and then submit a consolidated report to the Principal Director of Audit for his information.
- vii) The register maintained for the return of the voucher should be kept in the personal custody of the section Officer (Audit)/ Assistant Audit Officer of the Section and he will be held responsible for any loss or damage to the register. In case of his transfer from the section the register should be handed over to his successor and a reference, to this effect made in his handing over notes.
- viii) The register should be preserved for a period of 10 years.

#### **7.4 CHECK OF LISTING OF VOUCHERS.**

The surprise check on the listing of vouchers done by the Auditors/Sr. Auditors should be done by A.A.Os /S.O (Audit) once a quarter, the particular month in a quarter being selected by the Branch Officer at the time the lists are put up to him for selection. The results of the surprise check should be recorded on the lists of vouchers themselves and after the completion of each calendar year, the files containing these lists should be securely stitched bound in order to ensure their safe preservation.(Para 148-RAM-5th Edition).

#### **7.5 VOUCHER SELECTION REGISTER.**

After the vouchers are selected for audit and requisitions placed with the Accounts Office, the number end date of the vouchers and the amount thereof together with other particulars are noted in the voucher selection Register.

On receipt of the Vouchers and completion of audit thereof each Auditors/Sr. Auditors and Section Officer (Audit)/AAOs should put his dated initial in the Voucher Selection Register against the vouchers or documents audited by him as a proof of his having done so. If any voucher or document has been originally audited by the Branch Officer, the fact should be noted in the Register. A Certificate should be recorded in the Voucher Selection Register over

dated initials of each Auditors/Sr. Auditors /SO (Audit)/AAOs that the Bills have been duly audited by him, specifying the bills or documents not audited and the reasons thereof. (Para 146-RAM-5<sup>th</sup> Edition)

## **7.6 SELECTION OF DOCUMENTS FOR AUDIT**

Instructions contained in chapter X of Railway Audit Manual and Chapter III of MOI. The audit of vouchers is done to the extent of the percentages laid down for the various types of vouchers.

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

10 units should be formed and the audit of each unit taken up and completed once in 4 months so that the entire work in units is completed in the prescribed period to satisfy the percentage laid down. The selection of employees for audit pertaining to this unit should be made in all the four months to ensure the audit of salary bills pertaining to all the months in a year and also to satisfy the provision regarding the audit of vouchers in the fourth following month. All the bills pertaining to the unit selected should be listed in the selection register for each month separately. At the commencement of each financial year, the record maintained in the bill passing section of the accounts department should be verified and necessary changes in the units (addition/deletion etc.,) if any, be carried out wherever necessary so that the list is maintained up to date and there is no omission whatsoever in the prescribed percentage of audit.

In respect of other vouchers, which are subjected to percentage check, the first step should be to list out all the vouchers received by the accounts department for internal check in the month for which audit is to be conducted noting AB numbers and amounts. Then a memorandum should be prepared indicating the total number of vouchers. The percentage to be applied for audit and the number of vouchers to be selected for audit. This memorandum should be put up to the Branch Officer for selection of the required number of vouchers from those listed out. In order, however, to avoid the clerical work involved in listing out such vouchers, the selection may, wherever possible be obtained directly from the 'Register of bills received for internal check'. (From 'A' 204) maintained by the accounts department. For that purpose a memorandum should be prepared indicating the number of bills received for internal check in the month for which audit is to be conducted, the percentage to be applied and the number of vouchers required to be selected for audit. This memorandum together with the register of bills received for internal check of the Accounts Department should be submitted to the Branch officer. The Branch Officer will select the bills directly from this register of bills indicating in the memorandum AB numbers of the bill, so selected.

The contractor's final bills should be checked according to the prescribed percentage (As per Revised Audit Norms). All relevant on account bills also should be checked along with the check of final bills. The details of all such on account bills should be noted in the selection register.

In selecting the bills, the fraction appearing on application of the percentage to the total number of bills in resultant figures should be rounded off to the next higher number.

The selection of pension cases should be made from the register of sanction to pensions maintained by the accounts department. The selection of paid vouchers of Death-cum-Retirement Gratuity should be made from the register maintained for the purpose by the accounts department.

The selection of cases of final withdrawal from SRPF, GPF etc., and of Special contribution to PF of Gratuity under State Railway Provident Fund rules should be made from

the refund register maintained by the PF Section of the accounts department. The selection of pension payments through the treasuries, post offices and public sector banks should be done separately for each type of payment from the vouchers, debit schedules, scrolls etc., as the case may be on the basis of acceptance/accounting made by the accounts departments monthly.

The selection of journal vouchers of the value of Rs. 50,000/- and above should be done after classifying them according to the prescribed category for the purpose of applying the percentages laid down.

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

In respect of monthly items of audit, the audit should ordinarily be conducted in the fourth following month. Wherever it is possible to have the vouchers for audit in the third following month, there is no objection if audit is undertaken accordingly, in the third following month. This should however, be done on obtaining specific orders of the Principal Director of Audit in respect of journal vouchers, the Principal Director of Audit has decided that the audit should be done in the 3rd following month.

The Selection of vouchers should be completed by 20th of the month preceding that in which the audit is taken up so that all the vouchers and documents may be collected from the accounts office in time to commence audit as far as possible on the first of the month of Audit.

In the selection register, besides recording the number of the bills given by the accounts department, particulars of number of employees in the case of labour pay sheets and salary bills, number of Items in the case of TA bills, number of items in the case of contractor's bills and estimates, number of adjustment memo in respect of the journal vouchers etc., or such other particulars as are required for purposes of job analysis of the work conducted in July each year, should also be recorded.

The Instructions regarding the rounding off of fraction in case of selection of vouchers and documents for initial audit should also be observed in case of selection for current review and post review by Section Officers and Gazetted Officers.

In making selection of contractor's bills and miscellaneous bills, the selecting officers should ensure that bills of all important contracts and important purchases come under our scrutiny some time or the other and that the same kind of bills relating to the same work or contract of same type or purchases do not come up for audit month after month. Particular attention should be paid in selecting bills for audit from category, "Miscellaneous bills and pay orders" in such a manner that vouchers of various transactions come under audit, as otherwise it is likely that the bills for payments to municipalities and local bodies etc. which are made yearly or half yearly may remain unchecked for a long time. It should therefore be ensured that such bills are invariably selected for audit.

In order to ensure that selection of the requisite number of vouchers under each category is properly done, the Principal Director of Audit has decided that all listing done by the Auditors/Sr. Auditors should be routed through and checked by the AAuOs for the purposes mentioned in Para 39 of MOI (Para 148 of Railway Audit Manual before they are put up to the Audit Officers/Sr. Audit Officers, for the purpose of selection. In view of this changed procedure, no further surprise check will be necessary.

The grouping of units for the purpose of all establishment bills should be reviewed yearly in order to ensure that no categories of charges are omitted from the preview of Audit.

On completion of Audit the Auditor/Sr. Auditor concerned should record his dated initials against each item of Audit in the selection register in token of having completed the audit of that item.

The vouchers and documents not made available till the end of the month and therefore, remaining in arrears for audit should be indicated separately in respect of each item of audit under the list of selected vouchers recorded in the selection register.

### **7.7 REQUISITION OF VOUCHERS FOR AUDIT**

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

When requisitions are addressed to the Executive officers for supplying tenders, other documents, sanction cases etc., it should be ensured that copies of such requisitions are sent to the concerned accounts officers also.

### **7.8 COLLECTION OF DOCUMENTS FOR AUDIT.**

As soon as documents to be audited are selected, they should be collected from the accounts office expeditiously. In the case of items for which an official requisition is necessary, such as review of compensation claims, the relevant files or documents should be called for officially. A record should be kept of the documents made available and still due and attempts made to obtain the letter as early as possible. Difficulty, if any, in getting the documents should be brought to the notice of the section officer/Assistant Audit Officer of the section for necessary action. Cases of inordinate delays in respect of the documents should be brought to the notice of the Branch officer.

If the documents due for audit in a month are not made available by the accounts office by 15th of the month, an official requisition or reminder should be issued to the Accounts Officer concerned. If this has no effect a demi-official letter should be issued to that officer by the 25th of the month.

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

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

### **7.9 DISTRIBUTION OF WORK ( PARA 139 OF RAM)**

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

The Auditors should be given changes of duties periodically in terms of provisions of para 58 of RAM.

## **7.10 RAISING AND PERSUIT OF OBJECTIONS**

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

- i) Objections of a routine nature or calling for certificate, wanting documents etc., noticed during the course of audit should be embodied in formal notes (Rough Audit Notes) which, duly signed by the AAuO will be issued to the section Officer (Accounts)/ Sr. S.O (A/c) concerned. These rough audit notes will be examined on receipt by the Section Officer (Accounts)/ Sr. S.O (A/c). Periodical meetings will be held between AAu O and the corresponding section officer to discuss rough audit notes. A record of discussions will be drawn up. As far as possible, irregularities pointed out in the rough audit notes will be settled in these discussions. If the matter is satisfactorily settled, no formal audit note will be issued but the matter should be included in the minutes of discussion and further action to enforce recovery etc. will be taken up by the Section Officer (Accounts)/Sr. S.O (A/c).
- ii) The discussion on the rough audit notes should ordinarily take place within a week and in any case not later than a fortnight. Whenever for practical reasons, it is not possible to have periodical discussion, the Section Officer (Accounts)/ Sr. S.O (A/c) should, within a week of receipt of rough audit notes and not in any case later than a fortnight, issue a formal reply to the A Au O indicating action taken on the various points raised in the rough audit note. The reply on receipt should be examined in audit and on points treated as settled, no formal audit note will be issued.
- iii) After action has been taken as above a few points that may still remain, will be included in a formal note by the Branch Officer and issued to the Accounts Officer for further action.
- iv) Rough audit notes mentioned above, will not be treated as official objections and will not figure in the statistics of objections outstanding.

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

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

According to Para 918 of the Indian Railway Code for the Accounts Department (Part 1) the final disposal of part II Audit notes and inspection reports whether on the accounts or executive side rests with the Accounts Officer and no formal reply to the audit is necessary but the disposal of such audit notes and inspection. Reports should be made available to the

Director of Audit. The Accounts office is also required to keep a proper record of the specific reports. Audit Notes and inspection Reports received from audit and review them periodically to ensure their speedy disposal. The connected records on which objections have been raised are also not to be destroyed by Accounts till objections are settled also been decided in consultation with the accounts office that as required under para 918-AI, Part II Audit notes and inspection reports may be closed by the Accounts Officer concerned at his discretion and the final disposal made available to Audit. On receipt of such intimation, the closed cases by the Accounts Officer should be reviewed by audit and if for any reason, Audit feels the necessity for re-opening a case so closed by Accounts a fresh communication should be sent to the Accounts office, which will be treated as fresh objection.

According to Para 471 of the Railway Audit Manual, i.e., review of Part II inspection reports and Audit notes in general should be done half yearly and the review restricted to really important items. Para 471 also requires that the audit office should ensure that machinery exists in the accounts office for the proper disposal of audit objections.

For speedy disposal of such objections Branch officers should ensure that review of inspection reports and Audit notes Part II as contemplated in Para 461 of Railway Audit Manual is carried out 'half yearly'. The following further instructions are issued.

- a) The review as contemplated in Para 471 of RAM should be carried out half yearly by 30th September and 31st March each year and the required entry regarding this item of the work should be made in the calendar of returns.
- b) While conducting the review, it should also be ensured that the outstanding in the audit books are agreed/reconciled with those reflected in the Accounts office.
- c) All Branch Officers of units should send a half yearly certificate by the 15th October/15th April to the Co-ordination section on the following lines; "certified that the half yearly review in terms of Para 471 of RAM has been completed for the period ending September/March..... and that the number of outstandi have been reconciled with those of the accounts office".
- d) This item of review should also be included in the progress report register of the sections and arrears if any exhibited in the monthly/ quarterly arrear reports.

### **Issue of important objections**

- i) The important objections proposed to be issued as Special letter or Part I. audit notes should be issued only after their approval by the Principal Director of Audit, for this purpose, when a point is ripe enough for issue of a Special letter or Part I A note, draft objection together with all previous papers (like rough Audit Notes, Part II objections and the Accounts Officer's reply) and supported by copies of all Railway Boards/Railway Administration's orders and relevant important correspondence etc., should be submitted through report section. This is necessary to appreciate the proposed objection in its proper perspective.
- ii) As regards procedure for the issue of Part I Inspection report, the instructions contained in para 18.8 should be followed.
- iii) The objections proposed to be included in the Special letters, Part I notes of Part I inspection reports should be self contained and should be in the form or actual statement with all relevant data, information etc., so that they can be issued straightway as Draft Paras for inclusion in the Audit Report, when objections reach such a stage. The drafting of the objections should be the personal responsibility of the Branch

officers concerned.

iv) Copies of special letters, Part I A. Notes and part I inspection reports when finally issued after approval by the Director of Audit should invariably be endorsed to report Section.

v) The approval of the Principal Director of Audit should invariably be taken before Special letters are closed by the unit officers. For this purpose, unit officers should send the special letter cases and proposals (in duplicate) for closure to the Audit Officer/Sr. Audit Officers (report). Such proposals should contain inter-alia, the main arguments given by the Railway administration which are considered satisfactory for the closure of the special letter. Audit officer should scrutinise such proposals and after obtaining Principal Director of Audit's orders thereof, he should return the cases to the concerned units communicating the Principal Director of Audit's orders.

### **7.11 Draft Para for Railway Audit Report on outstanding Audit Objections and Inspection Reports.**

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

i) The units should send the report to headquarter office duly vetted by the accounts in the 1st week of September positively.

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

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

Year	Where money value is known						Where money value is unknown					
	Test Audit Note Including Special Letters			Inspection Reports Part I			Test Audit Note Including Special Letters			Inspection Reports Part I		
	No.	Item	Amt	No.	Item	Amt	No.	Item	Amt	No.	Item	Amt

### **7.12 ORIGINAL AUDIT BY GAZETTED OFFICERS ( Para 140- RAM-5th Edition)**

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

A list of items of original audit work that may with advantage be done by Gazetted officers and should be kept in each Branch duly approved by the Principal Director of Audit, this list should be revised from time to time in the light of local conditions and the relative importance of the various items of work.

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

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

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

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

#### Register of Results of Original Audit

Name of the Section.....  
Name ..... of ..... the  
AAO/AO/Sr.AO.....  
Conducting the original audit.....

Particulars Of documents	Defects noticed	Reference to Audit Note or Special letters through which pursued	Remarks

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

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

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

#### 7.13 Current Review of Audit (paras 151 to 153 -RAM-5th Edition)

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

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

III) The Branch officers will as far as practicable current review the original audit work done by AAO. As regards periodical items like the appropriation Accounts, Review of Balances etc., which are concurrently checked by the Branch Officers in the ordinary course, a further current review is not essential.

IV) Completion of current Review:

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

The current Review register should be maintained in the following form: Current Review for the Month of.....

Month of Accounts.....

Name of the AAO

Name of the Section.....

Particulars Audited	Defects noticed	Reference to Audit Note or Special letters through which pursued	Remarks

#### **7.14 POST REVIEW OF AUDIT (paras 154 to 161 of Railway Audit manual.)**

In addition to the current review a post review of the work done during the month is also carried out by the Gazetted Officer in the following month. For this purpose, the items of work are required to be divided into 12 units; one unit being selected every month. Separate lists of units should be prepared for AAO and Branch Officer. As regards the post review of the periodical items of work, the post review should be taken up in the month subsequent to the date on which these items are due for audit. A list showing the months in which the post reviews of different periodical items fall due should be maintained by each Section.

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

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

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

the results of the review and audit notes, if any issued by the section on these documents.

The GOs should see as far as possible, during their post review, that all vouchers due to be audited have been obtained and that the audit has been properly done and that no important checks have been omitted. After results of review have been recorded in the register by the post reviewing officer the section concerned should offer its remarks, if any on the same and submit the register to the Branch Officer. This should be done through the post-reviewing officer wherever necessary in order that he may enter his further remarks, if any. Action should be taken expeditiously on the order passed by the Principal Director of Audit, and suitable indication thereof made in the register. Further and final disposal of the points should also be entered in the register. No documents received from the accounts office for audit should ordinarily be returned to that office until the selections for post reviews have been made and it is clear there from that the documents in question will not be required to be submitted to the post reviewing officer. If the audit of an item of work selected for post review has not been completed by the section, the document relating to that item audited in the previous month should be collected and submitted for review with approval of the Branch Officer.

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

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

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

In terms of Para 156 of the Railway Audit Manual and the note thereunder, the post review of an item under the charge of a Section Officer/Assistant Audit Officer should be carried out by another Assistant Audit Officer. The Branch Officers should ensure that this procedure is invariably followed wherever more than one AAOs are headquarters at a place.

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

of February, June and October each year and sent to the Co-ordination Section for recording the date of completion of review. (P.O.O. 256 dt- 9.11.64)

### **7.15 INTENSIVE TEST AUDIT**

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

### **7.16 SPECIAL INVESTIGATION**

The instructions contained in Para 128 to 130 of the Railway Audit Manual (5th Edition) should be borne in mind. All special investigations when ordered to be undertaken should be conducted under the personal supervision of the Branch Officer. Ordinarily such special work should be arranged without affecting the normal programme of audit.

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

- i) To take up all investigation cases referred to it by the Principal Director of Audit.
- ii) To collect all information, materials, data etc. from the Rly. Administration either direct or through the dealing audit sections;
- iii) To consult the concerned sections including the Divisional and workshop Audit Offices and obtain their remarks wherever necessary.
- iv) To submit to the Deputy Director of Audit the results of its investigation from time to time; and
- v) In case the results of the investigation ultimately disclose potential points for inclusion in the Audit Report to submit the relevant case to the Report Section with a tentative Draft Para for further action to be taken by that section.

### **7.17 INVESTIGATION INITIATED BY ACCOUNTS OR EXECUTIVE.**

The instructions contained in Para 131 of the Railway Audit Manual 5th Edition should be followed.

### **7.18 AVOIDANCE OF PETTY OBJECTIONS ( also para 460 of RAM-5th Edition)**

- i) The Procedure laid down below on the subject will apply only where a defect of procedure is not involved, i.e. only to individual instances and only where any irregularity appears unlikely to be recurring or habitual.
- ii) The Railway Audit office will refrain from raising formal objections in the following cases:
  - a) Any item of irregular expenditure which does not exceed Rs. 15/-
  - b) Any item of expenditure up to a limit of Rs. 100/- which though otherwise justifiable

in itself, 1) Is objectionable on the ground that it is not covered by requisite sanction but where there is no reason to believe that such sanction would not be forthcoming if sought; or (2) where full proof of the regularity of expenditure is not forthcoming although there is no reason to doubt that the disbursement has been actually made.

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

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

(e) Any mistake in the apportionment of earnings

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

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

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

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

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

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

## **7.19 AUDIT NOTES AND SPECIAL LETTERS: (Paras 457, 467 to 471 of RAM-5th Edition)**

**No objections should generally be included in the formal Audit Note without obtaining the remarks of the Accounts and Executive officers. The following procedure should be followed in regard to the issue of Audit Notes: -**

**1) Rough Audit Note:** In all cases of objections noticed, which cannot be settled at the time of monthly audit, rough audit notes should be prepared in triplicate and two copies of which should be sent to the Accounts officer concerned under cover of a D.O. letter over the signature of the Branch officer requesting for a reply within 3 weeks. These Rough Audit Notes will be entered in part- III of the Audit Note Register as per form given below this paragraph and should remain there for a period not exceeding three weeks. After receipt of the reply to the Rough Audit Note, the Branch officer should decide whether a formal audit objection should be issued and if so, special letters, Part-1 or Part- II Audit Notes should be issued according to the importance of objection.

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

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

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

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

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

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

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

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

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

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

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

rule has been infringed or an amount in the accounts is incorrect or a financial safeguard has been ignored.

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

11) A register in the form given below should be maintained by each auditing section to record the issue and to watch the disposal of all audit notes. The register should be put up to the Branch Officer by the 5th of each month and to the Principal Director of Audit quarterly. Number of Audit Notes Part-1 outstanding for over one year old, six months old and three months old should be shown in the remark column of the Inspection Sheet when putting up the Register on the dates mentioned above, if any.

12) Reminders for the reply to the Audit Notes or rejoinders should in the first instance be issued after a month and thereafter at an interval of a fortnight. Form of Audit Note Register Part -I of the Audit Note Register (Part-1 Audit Note)

Sl No.	Part-I Notes No.	Audit Date	Particulars	Dt. Of return of A/Cs	Dt. Rejoinder by Audit	Of	Dt. Of Final disposal
<hr/>							
Reminders			AAO's initial to be recorded when the A/N is finally closed			Remarks	

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

SI No.	Part -II Particulars Audit Notes No.	Paragraphs outstanding at the time of half-yearly review. Date
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Date of final disposal by Accounts office	AAO'S initials to be recorded at the time of final disposal by Accounts office	Remarks
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#### Part -III of the Audit Note Register (Rough Audit Note)

Sl. No.	Draft Audit	Months accounts audited	Particulars	Dt. Of reminder
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### **Notes**

No. Date

Dt. Of reminder by A/C's office	Final disposal	AAO'S initials to be recorded at the time of final disposal by Accounts office	Remarks
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#### **7.20 Extent to which advice may be given by Audit to Accounts or Administration.**

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

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

3) The General Managers have instructions from the Railway Board to seek the advice of the Statutory Auditor when any doubt exists as to the interpretation of a rule or financial sanction and not to act against such advice when tendered, without a reference to the Railway Board, except in case of emergency. Instructions were also issued by the late Controller of Accounts to all the Chief Accounts officers requesting them to attend with promptitude and care to any advice given to them by the Audit officer. (Director of Railway Audit's No. 172-Admn. 30/2.06 Rep. Dt. 9.5.30, Rly. Board's Circular NO, 625-F dt. 17.7.30 and Controller of Railway Accounts' letter no. 306-CRA-Admn. dt.. 8.3.30).

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

The Audit staff should not admit on their own responsibility decisions in doubtful cases arrived at by the Accounts authorities, but should invariably put them up to their own Branch officers for final acceptance.

(Director of Railway Audits letter No. AI41188 dated 10.8.33 )

#### **7.22 Withdrawal of Important objections.**

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

#### **7.23 Metrification of replies received from Accounts Office in the disposal of audit objection involving recoveries.**

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

Railway stock are issued to other Railway or Govt. Departments their acknowledgement and acceptance of debits raised have to be watched before the case is closed.

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

#### **7.24 Register of Points to be looked into**

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

#### **7.25 Register of Potential Draft Para Cases.**

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

#### **7.26 Register of recoveries effected at the instance of Audit.**

A register will be maintained for recording all recoveries effected at the instance of Audit, either as a result of discussions of the rough audit notes or issue of formal inspection reports or special letters in the proforma given in Annexure I.

A consolidated Statement showing recoveries effected at the instance of audit for each year is required to be submitted to the Deputy comptroller and Auditor General of India (Railways) in the prescribed proforma (Annexure II at the end of this chapter) so as to reach him by September every year for inclusion in the Audit Report. Deputy comptroller and Auditor General of India (Railways) has also advised that the above statement should include brief details of individual items over Rs. 1 Lakh.

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

#### **7.27 Review of Half-Yearly Arrear Report of Accounts Office**

It is necessary for Audit to watch the progress of work In the Accounts Department. Each section of the office should examine the Half-yearly Arrear Reports of the section of the Accounts office under its audit prepared in the proforma sent with Railway Board's letter No, 58AC,111/28/16 dt. 17.11.58 and modified under their same number dated 19.1.59 and bring to the notice of the Principal Director of Audit through Co-ordination Section and take up with the Chief Accounts Officer such of these arrears as need special attention. The submission of this report should be watched through the sectional calendar of returns. In reviewing the arrear reports, auditing sections should generally see that the statements of arrears as shown therein are correct and that the outstanding Audit Notes and Inspection Reports, Part I and II and Special letters have been duly shown therein as in arrears.

Important arrears, if any, relating to the accounts of the proceeding year appearing in the half-yearly arrear reports the 30th of June should be taken up in the form of a factual statement. Book section will likewise specially review the consolidated arrear report for the half year ending 30th June with a view to mention important arrears, if any, as exceptions to the audit certificates on the annual accounts concerned. For this purpose, they will consult

factual statements regarding important arrears in the Accounts Office, if any, sent by the different sections to the Co-ordination Section. The review of the Half- Yearly Arrear Reports of December and June should be completed by the last day of next February and August respectively.

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

1) Whenever a manual for the guidance of the office is issued by the Accounts office, the auditing section should undertake a systematic but not a too minute scrutiny of it and send their comments to Co-ordination Section. If there is no comment to offer intimation to that effect should be sent not later than a month from the date of receipt of the manual. Co-ordination Section will make a general scrutiny to see that the comments are in order and arrange for their communication to the Chief Accounts officer.

2) Three copies of each manual should be furnished to the DAI (Rlys) and copies of all correction slips should be sent as and when received.

3) The Co-ordination Section should scrutinize all orders issued by the FA&CAO, South Eastern Railway authorising a modification in internal check procedure or the procedure of compilation of accounts in the Accounts office or Executive offices rendering accounts to it. Copies of such orders will, after scrutiny, be furnished to the auditing sections concerned for information and necessary action.

4) Each AAO is responsible to see that he gets a copy of all circular letters by the FA&CAO in connection with the work of the section to which the AAO is attached. Supply of such circular letters or orders has been arranged for with the Chief Accounts officer vide his No. FBIX-107(Misc) dt. 1/4.2.58 to all Accounts Officer. (Para 120-Rly. Audit Manual 5th Edition)

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

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

1. The RC Section will arrange for a sufficient supply of copies of reports issued by the Railway Administration and send those to the central section.

2. On receipt of the supply the Co-ordination Section will determine what reports or portion thereof are to be dealt with in each of the auditing sections and obtain the Branch Officer's orders thereon. Copies of the reports will then be endorsed to each auditing section inviting its attention to the paragraphs or portions marked out for that section.

The Sections or Branches are concerned will review their portion carefully and bring to the notice of the officer-in-charge, any instances of misstatements specially such as are likely to mislead the legislature and other matters requiring investigations from a higher audit point of view and take orders as to further action, if any.

3. The reports and other publications should not be filed without the orders of the Branch officer. (Director of Railway Audit's No. 205/A/Cs dt. 30.7.1929)

### **7.30 South Eastern Railway Fortnightly Gazette**

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

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

### **7.31 Audit of Imprest Cash**

Imprest cash held by officers of the various departmental and offices, the accounts of which are maintained in the various branches and sections of the FA&CAO's office should be checked by the corresponding Audit Section as laid down in the Memorandum Of instructions (Railway Audit) (Secret). It should be generally seen that (i) imprest account is opened under the sanction of competent authority, (ii) imprestes are regularly recouped so as to include transactions of a month in the accounts of that a month as far as possible, (iii) expenditure incurred by each imprest holder justified the retention of the entire amount of imprest held by him (iv) the opening balance and amount of recoupment is correct, (v) payments are made for recognised railway purposes and are supported by vouchers and that (vi) the imprest is not utilised to liquidate such claims as should ordinarily be paid after check is exercised thereon by the Accounts office.

### **7.32 Review of Dead Stock and Uniform Registers of Accounts etc.**

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

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

### **7.33 Audit of passes and privilege Ticket orders.**

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

#### **I (a) Passes issued by Non-Railway offices**

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

#### **(b) Check at Headquarters:**

Collected passes and privilege ticket orders should be checked to see

i) that the passes and privilege ticket orders are accounted for in the monthly pass return where such returns are sent to the Accounts office.

ii) that passes were not expired dated at the time of collection and were used for the journey specified therein.

iii) that in other respects passes and privilege ticket orders have been issued in accordance with the rules.

iv) that tickets in excess of the number authorised in the privilege ticket orders have not been issued; and

v) that tickets have been issued from and the station shown therein within the time

limit. Generally speaking, Audit will follow the executive arrangements in the matter of check at Headquarters.

c) Check at local inspections

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

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

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

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

**7.34 Review of the Registers of Irregularities and losses maintained in the accounts office. (paragraph 9 & 492 of RAM-5th Edition.)**

a) Register of irregularities: - A register of irregularities is required to be maintained by each branch division and section of Accounts office to record the irregularities detected either in the course of internal check or reported by Audit.

Each auditing section will review the register quarterly i.e 5th January, April, July and October and prepare factual settlement In case of important irregularities and noted therein. The register should be examined to see that all important irregularities reported by Audit have been entered in the register and that the investigation by the Railway Administration into the irregularities is sufficiently thorough and speedy end that proper disciplinary action has been taken against the individuals concerned.

b) Register of losses

- i) The register of losses maintained in the various sections and branches of the

Accounts office should also be subject to a similar review quarterly i.e 5th January April, July and October by the respective auditing sections and factual statement wherever necessary, should be prepared and submitted to Co-ordination Section for taking necessary action.

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

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

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

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

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

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

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

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

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

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

### **7.36 Audit of Grants-In-aid**

The following Instructions should be followed with regards to the audit of Grants-in aid. Paragraphs 341, 342 and 345 of Indian Railway Accounts Code Part-1 and the instructions

of the ADAI (Rlys) contained in his letter No. 2371/RAI/A 7-5/58 dated 8.12.58 may also be referred to in this respect.

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

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

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

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

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

c) 1) A report containing the result of audit of Grant-in audit at Headquarters and at local inspections should be sent by all auditing sections to Co-ordination Section so as to reach there by the 1st of September every year to enable the Co-ordination Section to send a consolidated report to the DAI(R) at the end of October each year.

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

3 The submission of the report may be noted in the calendar of returns of the auditing sections concerned. (ADAI(Rlys's) letter, No 2D01-RAI/A7-5/58 dated 9.7.58 and Central Sections letter No C/29-44/59)

### 7.37 RESULT OF AUDIT

1. The result of audit is recorded by the Branch officers and AAO in the Original Audit, Post Review and Current Review Register and by the Auditors in the draft Audit Notes and Inspection Reports and subsequently initiated to the Accounts office through Audit Notes, Inspection Reports and Special letters.

2. The Co-ordination Section will maintain a register called "Register of Important Results of Audit for the office as a whole as required under para 474 of the Railway Audit Manual (4th Edition) in the following form.

Sl.No.	Epitome of the Section Case	Year	Sectional file No.	Remarks
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This register should be submitted for inspection by the DAI(Rlys) during his visit to the

Director of Audit quarterly In April, July, October, January for selection of the digest of important and interesting cases which are of general interest to all Audit Offices and for intimation to the DAI(R).

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

4 Whenever any item of Important objection is finally settled or is nearing settlement and is proposed to be included in this register, a draft epitome of the case along with the relevant file should be submitted to the Principal Director of Audit in case the money value exceeds Rs 1000.00 and to the Dy. Director of Audit concerned in other cases through Co-ordination Section who will paste one copy of it in this register in column 2, note the serial no. in column 1 as well as other information required in columns 3 to 6. The duplicate copy of the draft epitome together with the serial noted therein by the Co-ordination Section and the connected papers should thereafter be returned to the sections concerned.

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

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

- 1) Serial No,
- 2) Particulars of cases,
- 3) Amount pointed out by audit for recovery.
- 4) Amount actually recovered or agreed to be recovered by the F A & C A O
- 5) Amount recovered as a result of further review by the Admn.
- 6) Reference to Audit Note/ Inspection Reports etc and acceptance of the F A & C A O.
- 7) Initials of the Branch Officers.

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

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

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

The Railway Board's orders prohibiting irregular employment of staff do not mean that the staff should not be used at all for any other work in addition to the work for which they are primarily employed, but that they should not be shown as employed on one job when really

employed altogether on another. (Rly. Board's letter No. 1387-B, dt. 29.9.34 received with DRA's endorsement No. A/4/157 dt. 11.10.34)

### **7.39 Disciplinary Action**

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

When, however, it is intended to point out that disciplinary action already taken is inadequate, the papers should invariably be put up to the Principal Director of Audit and his orders obtained. (Para 494 of the Railway Audit Manual-5<sup>th</sup> Edition also)

### **7.40 Acceptance of orders of delegation of financial powers**

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

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

All branch Officers should, when they do not agree with Accounts Officer's view on the interpretation of a rule or order, in the first instance request the Accounts Officers to obtain the view of their Dy. CAO/DFA in regard to such interpretation. The opinion of the Dy./CAO/DFA, if at divergence with audit views, should be submitted to the Dy. DA concerned, who will explain to his accounts counterpart the correctness of the stand taken in Audit. In case the difference of opinion persists, the matter should be put up to the Principal Director of Audit who, if he agrees with the stand taken by audit, will take up the matter with the FA & CAO. These instructions do not however, apply to objections raised in audit to obtain the sanction of the Railway Board where such sanction is obviously necessary under any specific rule or delegation of authority.

### **7.42 Relations of audit with Accounts and Executive Officers (para 134 of Railway Audit Manual)**

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

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

#### **7.43 Preparation of Paragraphs for Register of Audit Activity (para 484 of Railway Audit Manual).**

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

#### **7.44 Procedure for dealing disputed matters with the Railway Administration. (para 479 to 482 of Railway Audit Manual 5<sup>th</sup> Edition)**

Where in any case the Railway administration does not concur with the views expressed by Audit, the letter would be allowed an opportunity of expressing its views fully in a note of objection. If any doubt or difficulty is felt in the matter at this stage a reference should be made to the DAI (Rlys) but specific orders of the Principal Director of Audit should be obtained by the section concerned for waiving prior reference to the DAI (Rlys.). On receipt of the Principal Director of Audit's note of objection the matter would be referred promptly by Railway administration to the Railway Board.

#### **7.45 Discussion with Officers of Rly. Admn.**

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

#### **7.46 Changes in accounting procedure locally by the Railway Administration**

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

1) The staff should as far as possible familiarise themselves with the idea underlining the experiment and a careful and sympathetic watch over its progress should be exercised.

2) In the course of test-audit, special attention should be directed to the revised procedure which may have been introduced, with a view to see that it is not defective and not open to audit objection. Whenever there is a change in procedure or change in the methods, as for instance, due to the introduction of mechanical accounting it should be seen that no important processes are skipped and In particular that there Is a provision for reconciliation with the General Books.

3) If the Branch Officer considers that the procedure introduced is defective in any respect or has resulted in reduced efficiency of internal check increase in outstanding, at any other undesirable result or that it has made efficient check by the Audit Office difficult or impossible, the matter should be brought to the notice of the Principal Director of Audit.

4) The DAI (Rlys) should be consulted in all important cases before the suitability of any experiment or change in questioned.

5) All experiments of any importance should be reported to the DAI (Rlys) at a fairly early stage, in due course; however, a full report should be submitted stating results achieved and the financial effect of the experiment. Similarly when an important change in accounts or audit procedure is introduced as a result of job analysis, a report should be submitted to the DAI (Rlys.).

6) If any claim is made by the Accounts authorities that the introduction of any scheme

has resulted in any savings, such a claim should be examined carefully and completely. Up-to-date information on similar lines should be given for the Audit Report in respect of all experiments conducted during the year.

7) Where any formal report on the experiment is submitted by the FA&CAO, the Audit Office should communicate comments on the report to the DAI (Rlys.).

8) Whenever, all experiment is authorised or instituted in the Accounts office a preliminary report giving full particulars of the experiment, the specific authority under which it has been taken in hand and the accounting arrangements with a view to record separately the expenditure incurred on the experiment, should be submitted to the DAI (Rlys.) as early as possible through the Co-ordination Section. The preliminary report should be followed by reports from time to time detailing subsequent development.

#### **7.47 Scrutiny of Important documents**

All important estimates, completion reports and journal vouchers should be submitted by the auditing sections concerned to their Branch Officers for scrutiny. Any unusual feature coming to their notice should be reported to the Principal Director of Audit. (Para 120-RAM-5<sup>th</sup> Edition)

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

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

#### **7.49 Audit of Sanctions (para 132 of RAM-5th Edition)**

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

(a) That the authority sanctioning it is competent to do so that the sanction does not contravene any general or special orders of any higher authority;

(b) That the sanctions are not split up in order to avoid the sanction of a higher authority;

(c) That in the case of sanctions of write off accorded by the General Manager or higher authorities the circumstances leading to the write off are fully investigated with a view to ascertain if there is any omission to observe the prescribed instructions or defect in the existing procedure and the item traced into the register or losses maintained by the Account Office. (para 12 of DRA's letter No. A8-42/38 dt. 6.6.39 and;

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

(2) Every sanction audited should bear an audit enforcement as indicated below with the dated initials of the Auditor/Sr. Auditor, AAO and the Branch Officer concerned :-

R.R.No. Dated:

Audited/objection to vide para -----Items of schedule of powers Auditor AAO/B.O.

(3) Sanctions accorded by a competent authority remain valid for the specific period for which they are accorded. The necessity of having such sanctions received periodically by the sanctioning authorities, say once in 10 years or oftener should be borne in mind (paragraph 132 of RAM 5th Edition)

(4) (Sanctions accorded by the General Manager)

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

(5) Sanctions accorded by authorities subordinate to General Manager.

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

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

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

Date of Receipt	No.& Date of sanction	Sanctioning authority	brief subject	Case through which disposal made	Nature of disposal	Remarks
2	3	4	5	6	7	1

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

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

iv) Objections raised as a result of audit of the sanctions received from the Railway Board should be intimated by all auditing sections to the Co-ordination Section along with other major audit objections raised in the following proforma on the last working day of each month so as to reach that section positively by the 2nd of the month following that to which the objections relate. Co-ordination Section will consolidate the report and send the same to the DAI (Rlys) so as to reach his office by the 7th of the month following that to which the objections relate. (ADAI/Railways letter No. RAI/A8-7/56 dated 10.9.57 and Central section's letter No. C/3-/56 dt.10.9.57)

Proforma I

Audit objection raised against sanctions of the Rly. Board during the month.....

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

#### **7.50 Annual Review of the working of the Accounts Office (para 135 of RAM-5th Edition)**

1. In addition to the audit of Vouchers and documents according to the programme of audit all auditing sections conduct once a year along with the audit of March accounts a general review of the works of the Account office inclining an examination of the various accounts registers in chapter - V of the Memorandum of instructions regarding the extent of audit (Railway Audit) - 2nd Edition.

2. After the audit of March Accounts has been taken up, a report showing the result of review should be submitted to the Branch officer who will bring to the notice of Principal Director of Audit any important point noticed.

3 Important results of the review should, if necessary be taken up with the Account officer concerned and the report of the important items affecting the efficiency of the working of the Accounts department based on the annual review of the working of the Accounts office and on more important items of arrear at the end of the year under review showing the position as on 30th June following sent to the Co-ordination section duly vetted by Accounts officer concerned not later than 15th September each year. (Central Section's letter No. C/1-62/59/ Dated 15.9.59).

Proforma - II

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

Sl. No.	Subject	Audit observation in brief but in comprehensive terms	Reference to the Rly. Admn's letter to the Rly. Bd., if any.
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Proforma – III

Other Major Audit objections raised during the month-----

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

#### **7.51 Deviation from Rules**

All sections should review the major, and minor deviations from the code rules existing in the offices under their audit control and see that such deviations have the approval of the Railway Board or the General Manager, as the case may be. Unsanctioned deviations noticed as a result of such review should be taken up with the local Accounts officer with the request

either to obtain the requisite such deviations or to implement the code rules, cases.

4) In all cases where the percentage of the bills need audited within 10 days of receipt exceeds ten percent of the total number dealt with in the month review, the delay should be taken up with the Accounts Officer concerned. The delay may be analysed as under.

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Name of the Section of the Accounts Office passing the bill	No. of Bills received a. Establishment b. Expenditure	No. not passed passed within 10 days	Percentage of bills not passed within 10 days of receipt.
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5. This work should not take too much time. Where information relating to any item is already on record in the Accounts office, it should be made use of after a check as to its correctness. Where, however, the information required is not readily available for want of proper registers etc. not being maintained in the Accounts office the matter should be taken up with the Accounts officer concerned and in case of disagreement with the audit's suggestions a report should be submitted to the Principal Director of Audit for orders.

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

### **7.52 Report on the Efficiency of Internal check**

i) The materials should be in the form of short narrative reports only. A critical appreciation covering significant item of arrears in internal check as well as the shortcomings or relaxation of particular items of internal check as also cases of non-observance of code rules should be mentioned. Particular attention may be paid to cases of laxity in carrying out adjustments effecting recoveries in relation to other government departments, non-government railways, outsiders and railway staff, control over expenditure against sanctions/funds and the manner in which investigation of irregularities and losses is pursued. A general review of Suspense Accounts including stores, workshop etc, with comparative figures of three years indicating the improvement or deterioration in respect of Postings, Reconciliation, clearance of original debits/credits and also the regularity or efficiency of the balances may be made. A comment relating to traffic Accounts and the state of Station Accounts including returns should also be appended.

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

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

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

**Note:** - 1. In the list of important arrears the number of missing returns may be included. The matter need not however, be commented upon in the efficiency report separately unless there is a failure on the part of the Accounts office to ensure that a correct and reliable record of the missing returns has been maintained and the position has not been brought to the notice of the Administration (P.O.O 195 dt. 28.3. 67)

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

iv) The comments on the efficiency of internal check prepared on the lines indicated above should be sent to the local Accounts officer every year after closing of the annual accounts. Important cases, if any, should be reported to central section simultaneously for taking up with the EA & FA&C AO.(ADAI(R)'s letter No. 242-RAI/21-45/61 dt. 17.1.62 and central section's letter *No.C/I-62/I-61* dt. 7.2.62)

### **7.53 Tripartite meeting for expeditious disposal of audit objections**

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

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

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

(P.O.O. No.176 dated 24.11.55) In cases where Audit objections have been accepted by the Administration and actions initiated by them, audit should remove the items from the lists of outstanding objections. This procedure may be adopted reserving the right for 'Audit' to comment on such objections though they might have been removed from the list of this office, if it is found that they reveal special features such as gross negligence and carelessness on the part of the Railway Administration including Accounts. The action proposed to be taken by the Administration for recoveries etc. should be periodically reviewed by Branch officers to see that such cases are entered in the 0.1. register of the Accounts office with or without money value (P.O.O. 176 dated 24.11.55)

**CHAPTER-VIII**  
**ESTABLISHMENT AUDIT**

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<b>8.50.4</b>	<b>Maternity Leave</b>
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<b>8.50.7</b>	<b>Special Casual Leave</b>
<b>8.51</b>	<b>Register of Foreign Service Contributions</b>
<b>8.52</b>	<b>Payment of cash equivalent of leave salary</b>
<b>8.53</b>	<b>Monthly contribution to Insurance Scheme</b>
<b>8.54</b>	<b>Productivity Linked Bonus</b>
<b>8.55</b>	<b>Recovery of Govt. share of fee received by Railway Servants</b>
<b>8.56</b>	<b>Register of over payments waived or recoveries forgone</b>
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<b>8.58</b>	<b>Audit of computerised pay-roll system</b>
<b>8.59</b>	<b>Grant of various advances to rly. Employees</b>
<b>8.60</b>	<b>Audit of Pension</b>
<b>8.61.1</b>	<b>Verification of pensionable services</b>
<b>8.61.2</b>	<b>Qualifying service</b>
<b>8.61.3</b>	<b>Amount of Pension</b>
<b>8.61.4</b>	<b>Dearness Allowance to Pensioners</b>
<b>8.61.5</b>	<b>Extraordinary Pension</b>
<b>8.61.6</b>	<b>Death cum Retirement Gratuity</b>
<b>8.61.7</b>	<b>Terminal/Death Gratuity</b>
<b>8.61.8</b>	<b>Family Pension</b>
<b>8.61.9</b>	<b>Ex-Gratia Pension</b>
<b>8.61.10</b>	<b>Commutation of Pension</b>
<b>8.61.11</b>	<b>Audit of Pension paid vouchers and Pension cases</b>
<b>8.61.12</b>	<b>Accounts of Staff Benefit Fund</b>
<b>8.62</b>	<b>Audit of Profident Fund Account</b>
<b>8.62.1</b>	<b>Audit of Profident Fund Accounts</b>

<b>8.63</b>	<b>Special contribution to the Provident Fund and Gratuity</b>
<b>8.64</b>	<b>Audit of payment of special contribution to PF and Gratuity</b>
<b>8.65</b>	<b>Contribution and Interest</b>
<b>8.66</b>	<b>Provident Fund recoveries</b>
<b>8.67</b>	<b>S.R.P.F. Ledger Accounts</b>
<b>8.68</b>	<b>Audit of temporary withdrawals</b>
<b>8.69</b>	<b>Audit of final withdrawals</b>
<b>8.70</b>	<b>Payment under Deposite Linked Insurance Scheme</b>
<b>8.71</b>	<b>Reconciliation of the PF Ledgers with General Books</b>
<b>8.72</b>	<b>Revision of scale of Pay</b>

## **CHAPTER-VIII**

### **ESTABLISHMENT AUDIT**

#### **8.1 General:**

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

- 1 Indian Railway establishment Code. Vol-1 & Vol-II
2. Indian Railway Establishment Manual
3. Indian Railway code for the accounts Department.
- 4 Indian Railway Administration & Finance - An Introduction
5. M.S.O. Administration. Vol-1
6. F.R.S.R.
- 7 Pension Rules.

#### **8.2 Duties of the Section:**

The audit of personal claims of all the Gazetted Officers of the Railway administration and of the subordinate establishment of Headquarters office, the bills of which are passed by the FA&CAO (Establishment).South Eastern Railway. Calcutta devolves on this section.

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

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

#### **8.3 AUDIT OF SALARY BILL**

(para 1205 to 1212.1303 to 1402 to 1405 of AI & para 217 of RAM, Vth Edition) :

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

#### **8.4 Audit of pay Bills (other than Accounts):(para 210 -RAM 5th Edition and para 1205 to 1212, 1303 to 1304 and 1402 to 1405 of AI)**

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

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

3 The validity and admissibility of additions to pay should be checked with reference to rules and orders on the subject. Items, which do not completely satisfy all conditions of eligibility or are doubtful and items, which clearly infringe the rules on the subject or are of a peculiar or of an extra-ordinary nature, should be thoroughly scrutinized and brought to the notice of the Branch Officer for being taken up the accounts or the executive. In this connection the instructions contained in para 213 of the Railway Audit Manual (5th edition) should also be kept in view.

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

(ii) That the deductions, which should be made from salary bills have been correctly made. In this connections the salary Audit Register and Register of Miscellaneous Advances should also be looked into.

(iii) Arrear claims and supplementary bills should be carefully scrutinised to see that they are in order and the reason for charging arrears or making out a supplementary bill should be looked into. In this connection the instruction contained in para 218 of RAM 5th edition should also be referred to

(iv) In addition the pay of an individual appointed to the service of railway for the first time the following points should also be looked into.

a) That all appointments are made by the competent authority as laid down in chapter -I of the Indian Railway Establishment code, vol - I.

b) That in the case of re-employment of non-pensionable staff who resigned their appointments on the railway, the sanction of the Head of the Department exists to their re-employment and that they refund Provident Fund Deposits, Special Contribution of P.F. and Gratuity unless specially exempted from doing so.

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

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

(e) That in the case of re-employment of persons having custody of cash e.g. Cashiers, Pay-clerk, Store-keepers etc. who are required to furnish security, information is available that the security has been lodged and the necessary security bond executed.

5. It should be seen that the bills are otherwise in order and arithmetically correct and the moments payable have been correctly acknowledged over revenue stamps if the gross of salary, travelling allowance and contingent charged, exceeds Rs. 500/- under Articles 53 of schedule I to the Indian stamp Act unless the receipt is exempted under the exceptions enumerated in that Article.

6. The audit of pay bills of Gazetted Officers should be carried out with the help of

salary Audit Registers in which are recorded all sanction to pay, leave, transfers and also recoveries to be made etc. The bills should be tracked into the Cadre Register (A.525) to see that the sanctioned seals have not been exceeded.

#### **8.5 Audit of pay Bills of Accounts Offices:**

A separate inspection of the Accounts Office is not conducted as the initial records are available for security at the time of Audit of relevant vouchers and documents (c. f. para 135 Para 2 of Railway Audit Manual -5th Edition). The Audit of pay bills should be conducted with service Records and Attendance Registers in accordance with instructions contained in the Railway Audit Manual and in the previous paragraphs.

#### **8.6 House Rent Allowance**

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

#### **8.7 Income Tax deduction in pay, pension etc.: - ( para 1208 of AI. In addition the following points should be borne in mind.)**

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

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

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

#### **8.8 Unpaid wages statement: ( para 386 of RAM, Vth Edition)**

The check of unpaid wages statement consists in the tracing of unpaid items from the bills audited in to the unpaid wages statement.

#### **8.9 Electricity Charges: - ( Para 1208 of AI)**

#### **8.10 Diet Charges: ( Para 1208 of AI)**

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

#### **8.11 History of service of Officers of the Railway Department: ( para 231 of RAM)**

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

#### **8.12 Disallowance lists:**

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

**8.13 Allocation:** ( para 217 -RAM)

**8.14 Revision of pay:** ( para 216 -RAM)

**8.15 Additions to pay;** (para 213 -RAM)

**8.16 Payment Authority:**

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

**8.17 Provident Fund Account:** ( para 237 -RAM)

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

**8.18 Washing Allowance:** (para 1216 and 1416 of AI)

(a) This Allowance is granted at prescribed rates to certain class IV staff who are provided with uniforms and are requested to keep their dresses neat and clean.

(Rly Board's No. F(E) 1/12/AL/-29/1 of 31.3.1986 & Rly Bd's No. F(E) 1/68/AL-3 of 8.9.1981.)

(b) This allowance is also admissible to the RPF and RPSF staff at prescribed rates. (Rly Bd's No. E(P&A) 11- 82/HW-20/RPF of 2.6.1982)

(c) Uniforms and Laundry allowance & Nursing Allowance to Nursing staff. The correctness of payment of these allowances should be checked with, reference to the rates and instructions issued by the Rly. Board from time to time.

**8.19 Night Duty Allowance** (para 1416 of AI.)

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

**8.20 Children's educational assistance to Rly. employees & reimbursement of tuition fees** ( Para 233 of RAM & para 1418 to 1419 AI)

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

**8.21 Subsistence Allowance and admissibility of pay and allowances on reinstatement** (Para 234 of RAM, para 2043 and 2044 R.II)

**8.22 Out turn allowance to telegraph signallers**

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

(ii) Dy. Director of Audit, will exercise necessary checks on the statements certified by the STR for one selected month and issue necessary advices to the Divisional Audit Officers Concerned for tracing the amounts into pay bills.

(iii) SR.Audit Officers/Audit Officers (TA) during their inspection of stations will also ensure by test check of the accounts of the selected month that the returns submitted by the station to STR indicating the number of messages sent or received by each signaller during the month are accurately compiled.

**8.23 Overtime allowance to Railway Staff:**

The overtime allowances of Railway Staff other than those governed by the Factories Act should be checked with reference to the Hours of Employment of the Indian Railway.

**8.24 Audit of Increment:** See para 211 of RAM.

**8.25 Grant of Advance Increment to Stenographers:**

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

**8.26 Qualification Pay to Nurses:**

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

**8.27 Special Pay:**

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

**8.28 Non-practicing allowance:**

The Railway Doctors including Dental surgeons drawing pay in revised pay scales 1996 will draw non practicing allowance, which is treated as pay for all purposes.

**8.29 Contingent Charges:**

The audit of contingent charges is divided into two parts:-

i) Audit of imprest accounts.

ii) Audit of contingent vouchers not included in the imprest accounts.

The audit of these charges will be done in accordance with para 227 RAM-5th Edition and para 1001 to 1049 of Chapter-X of the Indian Railways General Financial Code, Vol-I.(First Edition 1982)

**8.30 Medical Attendance Bill:**

The rules contained in Chapter-IX of the Indian Railway Establishment Code, Vol-1 should be borne in mind. (Para 230-RAM-5th Edition). In checking the medical attendances bills, the following points should be seen: -

i) that the claims for re-imbursement of charges are supported by vouchers and certificates by the authorised medical attendant as required under the rules.

ii) that the re-imbursement is admissible under the rules and orders.

iii) that the claims for re-imbursement of cost of medicines, vaccines, sera and other preparations etc. the authorised medical attendant has furnished a separate certificate of

essentially as prescribed in Railway Board's letter No. E.49/MEI/9/3 dated 19th July, 1949;

iv) that if the claim is for the refund of charges for treatment at the residence of an employee, the authorised medical attendant has given a certificate stating the reasons for giving the treatment as he would have been entitled to free of charge to receive if he had not been treated at his residence as referred to in Rule 908 RI.

v) that a proper record is kept in the Accounts Office for all claims passes as a safeguard against double claims.

### **8.31 Leave to Railway staff:**

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

#### **8.31.1 Leave Applications of Railway staff:**

As the leave accounts of subordinate staff (except those of the Accounts Department) are not generally maintained in the accounts Office, it is not possible to check their leave salary certificate at Headquarters and it will be sufficient if the leave accounts of those employees are generally scrutinized and checked at local Inspections.

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

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

In cases of leave in India, in addition to the check of leave salary included in the leave Salary bills selected for monthly audit, on the basis of the statement regarding calculation of average pay, absentee statement memorandum of difference etc. the leave salary of persons appearing in the bills of the month detected for audit during local instruction should be verified from the original service records and leave accounts. The check of leave accounts should be a complete one from the beginning or from the last entry check to the date of scrutiny and should cover cases all employees due to retire prior to the end of the month in which next instruction is due, a record of the accounts checked during each inspection being maintained for the purposes. The instructions contained in Central section's Secret Circular No. C/40--2/52 confidential dated 31-7-53 should also be borne in mind.

### **8.32 Workmen's Compensation Act payment (para 232 -RAM-5th Edition):**

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

i) That the workmen was on duty at the time of injury and that the injury arose in the course of and out of the employment;

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

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

### **8.33 Advances of pay, Travelling Allowance & for purpose of conveyance (para 220 of RAM, 5th Edition):**

The instruction contained in paras 1501-1540-G, 430 -437-A and paras 206 & 211 of M.S.O (T) , Vol-1 should be applied in the audit of such advances.

### **8.34 Register of sanctions having limited currency (para 223-RAM 5th Edition):**

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

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

### **8.35 Capital and Revenue Accounts of Residential Buildings (Para 221 & 259 of RAM- 5th Edition)**

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

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

### **8.36. Register of Disallowance Lists:**

The detailed procedure for maintaining the Register of Disallowance List has been laid down in Paragraphs 358 and 359 -A.I. The disallowance lists and objection books should be reviewed to see that prompt action is being taken to clear outstanding items. It should be seen inter-alia that the objections taken have been pursued and brought to a satisfactory conclusion and that there is no inordinate delay in the disposal of the same by the departments. (Para 224 - RAM- 5th Edition).

### **8.37 Audit of Rent Rolls:**

(Para 221 of RAM and Para 1417, 1602 to 1631 A-I).

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

### **8.38 Railway Board's letter No.F(X)1-2002/11/2 dated 22.12.2008**

Type Slab range of plinth area		Revised rates of licence fee w.e.f. 1.1.2009 Rupees per month
Type I	Up to 25 Sqm. 25-30 Sqm. 30-35 Sqm. Above 35 Sqm.	Rs.43/- Rs.54/- Rs.65/- Rs.71/-
II	Up to 45 Sqm. 45-50 Sqm. 50-55 Sqm. Above 55 Sqm.	Rs.86/- Rs.99/- Rs.109/- Rs.119/-
III	Up to 60 Sqm. 60-65 Sqm. 65-70 Sqm. Above 70 Sqm.	Rs.152/- Rs.164/- Rs.175/- Rs.189/-
IV	Up to 80 Sqm. 80-90 Sqm. 90-100 Sqm. 100-120 Sqm. Above 120 Sqm.	Rs.224/- Rs.249/- Rs.277/- Rs.326/- Rs.413/-
V	Up to 150 Sqm. 150-200 Sqm. 200-250 Sqm. 250-300 Sqm. 300-350 Sqm. Above 350 Sqm.	Rs.614/- Rs.770/- Rs.1087/- Rs.1242/- Rs.1537/- Rs.1843/-

**Notes:** 1. There will be no change in the flat rate for servant quarters and garages and the existing rates will continue to be recover as indicated below:

- (i) Servant quarters : 40/-
- (ii) Garages : 28/-

2. Rates of Licence fee for type – IV quarters will also apply to Officers' Transit Flats.

Rate of damage rent as per Estt.Srl 93/02 & 65/05

#### **8.39 Audit of Attendance register of the Accounts Department:**

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

#### **8.40 Audit of Emergent Pay Sheets :**

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

#### **8.41. Computerisation of Railway accounts:**

(Para 203 to 209 of RAM & para 1234 to 1243 of AI).

Pay rolls have been completely computerised in certain units of the Railways. The changes in audit checks prescribed in DAI(Rlys)'s letter No. 571/RAI/8- 7/71-11 dated 22-06-1971 and No. 571-RAI/8- 7/71-11 dated 17-2-92 are to be followed in auditing the computerised pay bills and provident fund accounts.

#### **8.42. Payment of Wages Act:**

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

#### **8.43 Travelling Allowances Bills:**

(Paras 198-199 of M.S.O(T)-vol. I, Paras 414-A to 416-A & Para 222- RAM -5th Edition)

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

Points which may suggest themselves for inquiry are:

- a) travel by air, if any, is covered by the rules or special sanction therefore;
- b) whether officers who countersign their own bills do not abuse this privilege;
- c)whether countersigning officers duly carry out their responsibilities as such;
- d) whether a change of headquarters in certain instances would not result in a reduction of travelling allowance;
- e) the possibility of reducing the number of Group-D staff accompanying an officer in tour;
- f) the desirability of granting of fixed conveyance allowance where the charges for conveyances are heavy;
- g) the justification for the rate of motor Car allowance which may have been granted in comparison with the amount of travelling to be done;
- h) the possibility of reduction of fixed travelling allowance to officers an constructions when the linking is complete and the free use of a trolley is granted; and

i) whether arrangements exist to deface travelling allowance journals accompanying travelling allowance bills In a proper manner to prevent them from being passed a second time for payment. In the case of survey Officers it should be seen that no fixed travelling allowance is drawn during recess.

#### **8.44.1 Transfer Allowance:**

(i) Transfer TA., is allowed from residence to residence to the employee as well as his family.

(ii) Admissibility---

(a) Admissible only if the transfer is in the public interest.<sup>1</sup>(employees whose headquarters are changed as a result of Government policy and not at one's own request).

<sup>1</sup>[M.F.,(Dept of Expr.) O.M., No. 19055/1/E.IV/2002, dated 28.3.2003.

(b) Official transferred after completion of full tenure are entitled to T.A. and transit time, even if they are posted to the place of their choice.

[Dept. of posts, No.17-3/94-PAP, dated 18.12.1995.]

Transfer T.A. comprises the following elements:-

(i) A Composite Transfer Grant equal to one month's pay (i.e. Band Pay plus Grade Pay plus NPA, if any)

**Note:** Not admissible if no change of residence is involved even where the distance between the two stations is more than 20 Kms.—O.M., dated 26.2.2001.)

(ii) Actual fares for self and family for journey by rail / steamer / air by the entitled class;

(iii) Road Mileage for journey by road between places not connected by rail;

#### **8.44.2, TA to staff attending breakdown duties:**

'Break down' may be any accident which involves calling out of a break down train or engine with special staff or equipment from the nearest break down train depot, shed etc,(through hooter also wherever provided). In this connection para 430 of RI(1971 Edition) and Railway Board's letter No- E(P&A)/III78/12 DA dated 21-11-1978 may be seen.

#### **8.44.3 Conveyance allowance to blind and orthopedically handicapped:**

Blind employees and orthopedically handicapped employees born on regular establishments including work charged staff are granted conveyance allowance on fulfilling the conditions laid down in Railway Board's letter No F9E1/78/AL-7/5 of 23-10-1978. The allowance will not be admissible during leave (except casual leave joining time or suspension.) (Railway Board's letter No F(E)1/78/AL7/5 of 23-10-1978, 15-1-80,31-10-81 and PC.IV/86/Imp/AL.23 of 08-05-1987)

#### **8.45 Audit of overtime and running allowance bills:**

Item IV (5) under divisional audit in M,O,I for extent of check, Para 213 of RAM and Para 1416 AI for General instructions.

The checks should be exercised with reference to tile rules content in the booklets rule for the payment of running allowance to running and "Hours of employment regulations" issued by G.M/E,Riy/CAL.

#### **8.46 Running Allowance:**

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

#### **8.47 Breach of Rest Allowance : (para 1416 of A1)**

The Running staff are granted breach of rest allowance if they are detained for running duty before completing prescribed rest at Headquarters provided it is immediately preceded by full term of running duty.

#### **8.48 Tracing of Bills:**

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

#### **8.49 Review of court Cases finally settled in various courts (staff matters):**

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

### **8.50 Audit of Leave entitlement and encashment of leave (Para 228 RAM)**

#### **8.50.1 Earned leave**

Earned Leave is earned at the rate of 30 days in a year. The Leave Account is credited in advance with 15 days on 1<sup>st</sup> January and 1<sup>st</sup> July each year. Earned Leave can be accumulated up to 300 days w.e.f. 1.7.1997 as per decision of 5<sup>th</sup> Pay Commission Recommendations. If the credit is between 285-300 days, the new credit of 15 days may be kept separate to first adjust LAP that one may taken in ensuing half year and the balance, if any, may be credited at the close of the six months period keeping the maximum to 300 days. The procedure will be adopted w.e.f. 1.7.1999 (RBE-156/99, Dt. 1.7.99). 1/10 of the Extraordinary Leave availed during the previous half year is debited to the Leave Account. Maximum amount of 180 days Earned Leave may be availed at a time. New entrants will be given credit of two and a half (2-1/2) days per month of half year in which they join. Similarly, credit at the rate of 2-1/2 days per month up to the date of retirement/death will be given. The maximum limit of availing Earned Leave has been raised from 120 days to 180 days vide RBE 42/92.

#### **8.50.2 HALF PAY LEAVE**

##### **A. Crediting H.P.L. Account<sup>3</sup> [(Effective from 1.1.1986)---**

(1.) Half Pay Leave is credited to the leave account of an employee **in advance** in two instalment; 10 days on first January and 10 days on first July every calendar year.

[Rule 29 (1)]

(2.) Half Pay Leave is credited @ 5/3 days for each completed calendar month of service which he is likely to render in the half year of the calendar year in which he is appointment. **Fraticon of a day** is rounded off to the nearest day.

[Rule 29 (2)(a) & (5)]

(3.) (i) The credit for the half-year **in which an employee is due to retire** or resigns

from service, will be afforded at the rate of 5/3 days for each completed calendar month in that half year up to the date of retirement/resignation.

(ii) The credit for the half-year in which an employee **is removed/dismissed from service or dies while in service**, will be afforded at the rate of 5/3 days per completed calendar month up to the end of the calendar month preceding the calendar month in which he is removed/dismissed/or dies in service.

[Rule 29 (2)(b) & (c)]

#### **8.50.3 Commuted leave**

No restriction on accumulation. It can be availed on medical certificate or otherwise. It is granted only on medical certificate without any limit. However for an approved course of study half pay leave up to a maximum of 180 days is allowed to be commuted in entire service. Commuted leave up to a maximum of 60 days can be granted in continuation of maternity leave without the production of medical certificate.

#### **8.50.4 Maternity leave**

This may be granted to female railway employees on full pay (i.e. pay drawn before commencement of this leave and also in the event of miscarriage or abortion). This can be granted for a period of 180 days on full pay from the date of commencement as per decision of 6<sup>th</sup> Pay Commission recommendation. It can be combined with any other kind of leave due including commuted leave up to a maximum of 60 days and Leave Not Due (LND) up to a maximum of 2 years without production of medical certificate. In case of miscarriage it is granted up to a period of 45 days during service on medical certificate. Maternity leave is not debitable to employee's leave account.

#### **8.50.5 Paternity leave:- (w.e.f. 7.10.97): For a period of 15 days (RBE 154/97)**

A male employee (including an apprentice) with less than two surviving children may be granted Paternity leave for a period of 15 days during the confinement of his wife. His leave salary during this period will be equal to the pay drawn immediately before proceeding on leave. This leave will not be debited against the leave account. It may be combined with any other kind of leave as in case of Maternity Leave. It may not normally be refused under any circumstances.

#### **8.50.6 Child Care Leave (CCL) (Introduced from 1.9.2008)**

(i) Women employees having minor children may be granted Child Care Leave **when they have exhausted earned leave**, by an authority competent to grant leave, for a maximum period of two years (i.e. 730 days) admissible in different spells **during their entire service** for taking care of **upto two eldest surviving children** whether for rearing or to look after any of their needs like examination, sickness etc

(ii) Child Care Leave shall not be admissible if the child is '[eighteen years of age or older]'.

(iii) During the period of such leave, she shall be paid leave salary equal to the pay drawn immediately before proceeding on leave.

(iv) Child Care leave shall not be debited against the leave account.

(v) Leave of the kind due and admissible (including commuted leave not exceeding 60 days and leave not due) (without production of medical certificate) up to a maximum of one year, if applied for in continuation of child care leave may be granted.

(vi) It may be combined with leave of the kind due and admissible.

(vii) It may be availed of in more than one spell.

(viii) CCL can be availed only if the employee has no earned leave –  
*Dept. of Per. & Trg., O.M.No.13013/2/2008-Estt. (L) dated.18.11.2008.*

(ix) The leave account for Child Care Leave shall be maintained as per prescribed proforma and it shall be kept along with the Service Book of the employee concerned.

*[Rule 43-inserted vide DEptt. of Per. & Trg., Notification No. 11012/1/2009 Estt.(L) dated 1.12.2009]*

#### **Clarification regarding Child Care Leave:-**

This Department's O.M.No.13018/2/2008-Estt.(L) dated 11/09/2008 regarding introduction of Child Care Leave in respect of Central Government employees and subsequent clarifications vide O.M.No. dated 29/9/2008, 18/11/2008 and 2/12/2008 were reviewed.

It has subsequently been decided to delete the condition that CCL can be availed only if the employee concerned has no Earned Leave at her credit, subject to the following conditions:-

(i) CCL may not be granted in more than 3 spells in a calendar year.

(ii) CCL may not be granted for less than 15 days.

(iii) CCL should not ordinarily be granted during the probation period except in case of certain extreme situations where the leave sanctioning authority is fully satisfied about the need of Child Care Leave to the probationer. It may also be ensured that the period for which this leave is sanctioned during probation is minimal.

3. It is reitreated that the leave is to be treated like Earned Leave and sanctioned as such.

4. These orders take effect from 1.9.2008. Earned Leave, if any, availed by women employees before availing CCL subsequent to the issue of the OM 13018/2/2008-Estt,(L) dated 18-11-2008 may be adjusted against CCL, if so requested by the employee.

*[Authority:No.13018/1/2010-Estt.(Leave),GOI,Dptt. Of Per. & TRG. Dated.7.09.2010]*

#### **8.50.7 Special Casual leave.**

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

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

**8.50.8** Railway servants are paid cash equivalent of leave salary in respect of the period of leave on average pay at their credit at the time retirement on superannuation subject to a limit of 300 days. The cash payment in one lump sum will be equal to leave salary as admissible for leave on average pay plus dearness allowance admissible on the leave salary at the rate in force on the date of retirement (including voluntary premature retirement) and will be without any deduction of pension or pensionary equivalent of other retirement benefits. No city compensatory allowance and/or house rent allowance shall, however, be payable.

(Rly. Bd's letter Nos. E(E) III/77/IEI/4 of 15.11.1997 F(E) III/78/IEI/6 of 18.7.1978 F(E)

III/78/IEI/4 of 24.7.1978 F(E)III/82/IEI/2 of 28.10.1985 Leave salary certificates for leave out of India to gazetted and not gazette officers. Para 228-RAM.

**8.51 Register of Foreign Service Contributions:** (paras 442 to 445 -AI) (paras 442 to 445-Al)

The register should be checked to see that correct recoveries of contributions are being made towards leave salary, pension, Provident fund, Gratuity etc. (Para 225 -RAM -5<sup>th</sup> Edition)

**8.52 Payment of Cash equivalent of leave salary:** (Para 219 -RAM -5th Edition)

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

**8.53 (Para 242 of RAM -5th Edition)**

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

The vouchers relating to payments of retirement/death under the Insurance Scheme may be checked to the extent of 10% in respect of Accounts Department and 5% for other Departments. The transfer of debit/credits for recoveries and payments under the Railway Insurance Scheme may be treated at per with settlement of interdepartmental and inter-governmental transactions and checked as per V1116(a) Extent of Audit (Railway Audit), 2nd Edition.

**8.54 Productivity linked Bonus:** (Para 243 -RAM -5<sup>th</sup> Edition)

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

a) the individual employee receiving the payment is eligible for the same;

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

c) the wages per day of individual employee have been correctly computed as per extent orders of the Railway Board, taking into account the prescribed ceiling on monthly wages. The salient features of the scheme are contained in the Railway Board's letter No. E(P&A)II/79/PLB/I dated 6-12-79, 15-3-80, 01.07- 80 and D.O No. E(P&A)II.87/PLE-4 dated 29-9-1987 (C&AG's letter No. 898-RAII/4-25/79 dated 26-09-1961).

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

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

the Payment to the employees according to rule 2036 (FR-48) & Appendix XXX of RII.

#### **8.56 Register of over payments waived or recoveries forgone:**

The Register of overpayments waived or recoveries forgone should be checked quarterly. It should be seen that the write off in each case had been sanctioned by the competent authority and that the items entered in the register do not disclose any defect in the system or accounts procedure requiring a mention in the Audit Report. If otherwise, the orders of the Principal Director of Audit should be obtained for preparing a Draft paragraph.

#### **8.57 Review of balances-loans and Advances:**

The Establishment Audit Section will conduct the necessary audit on the material supplied by the Chief Accounts Officer, South Eastern Railway to the Railway Board regarding the Review of balance under interest-free and interest-bearing loans and advances and submit a copy of the material with its comments to Books & Budget Section not later than 15th of July each year. Some important instructions regarding the analysis and review of the loans and advances are as follows: - The balances should be analysed by Sub-heads and reviewed, directing special attention to writes off, delays in repayment, acknowledgment of balances, suspension of recoveries, doubtful assets in balances etc. Any peculiar feature, viz. irregular recovery interest remission of interest, grant of loan without or at a nominal rate of interest, grant of loan without necessary safe-guards for recovery, unusually large loans to an individual or a corporate body etc. should also be commented upon.

#### **8.58 Audit of computerised pay-roll system:**

While comprehensive audit technique in respect of computerised pay-roll is yet to be evolved, the audit of computerised pay rolls should be conducted according to the guideline given in Para 209-RAM-& 5th Edition. For acquaintance with the computerised system of Pay-roll reference may also be made to para 203 to para 208 of Ram -5<sup>th</sup> Edition.

#### **8.59 Grant of various Advances to Railway Employees:**

(Chapter XVI of Indian Railway Establishment Manual and Para 220 of RAM.)

#### **8.60 Audit of Pension**

This should be checked with reference to the instructions issued by Railway 8.60 Pension Payment audit. Audit of pension including family pension etc. and paid vouchers of pension and gratuity payments:

(i) The extent of check is as prescribed against items IV(9) and (II) under central audit in M.O.I and the instructions for audit are contained in para 249 of Railway Audit Manual.

(ii) The rules governing pension, DCRG, family pension and gratuity are laid down in the Manual of Railway Pension Rules, 1959, chapters XXIII to XXIV-RII and XRI.(1985 edition). The modifications in the rules regulating pension, DCRG, and family pension under the provisions of the Manual of Rly. pension Rules, 1950 as laid down in Railway Board's letter No. PCIV/87/Imp/1 dt. 15.4.1987 circulated vide H.O.No. SA/HQ/E/IX/4525 dt. 16.1.1989 may be kept in view.

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

##### **8.61.1 Verification of Pensionable Services:**

Para 1230 of Indian Railway Administration and Finance. An introduction should be seen. Verification of pension able service in respect of departments other than accounts should be done during local inspections to the extent prescribed in para 23 of Secret Memorandum. In

respect of accounts offices, this should be done in central audit every month to the extent prescribed in para 23 of Secret memorandum.

#### **8.61.2 Qualifying Service:**

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

#### **8.61.3 Amount of Pension:-**

(i) **Amount of pension** is related to the length of qualifying service rendered by an employee.

(ii) A Government employee retiring before completing qualifying service of ten years is not eligible for payment of pension but he shall continue to be entitled to **Service Gratuity** in terms of Rule 49(1) of the C.C.S. (Pension) Rule, 1972.

(iii) From 1.1.2006, pension will be 50% of “average emoluments” or “emoluments” drawn on the date of retirement, whichever is beneficial in all cases of retirement with qualifying service of 10-year or more.

##### **(iv) (a) (i) Minimum Pension-**

**In case of all post – 1.1.2006 retirees**, minimum pension shall not be less than 50% of minimum of the pay in the pay band *plus* applicable grade pay from which he retired. In case of person in HAG+ or above scale, minimum pension shall be 50% of the minimum of such scale.

[*Dept. of Pen. & P.W., O.M.No.38/37/08/P. & P.W. (A) Pt.II dated 3.10.2008*]

(ii) Further, pension shall not be less than Rs. 3,500 p.m. if the calculation of pension works out to an amount less than Rs. 3,500 p.m., it should be stepped up to Rs. 3,500.

#### **8.61.4 Dearness allowance to pensioners:**

In addition to the pension calculated vide para 8.61.3 above; the dearness allowance is also admissible on pension as per extant rate.

#### **8.61.5 Extra ordinary pension:**

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

The rules regarding grant of extra ordinary pension are set forth Railway Service (Extra ordinary pension) rules vide Appendix XL III-RLL. Modifications have been made in the above rules under Railway Board's letters Nos. PC. III/78/EOP/e/Pt. III dt. 21.8.1978. and PC II/78/8//eOP/3 Main dt. 22.8.1978. Detailed Instructions and Govt. orders Issued from time to time have been Incorporated In Appendix-3 CCS (Extraordinary pension) Rules In Swami's Pension compilation which may also be seen.

#### **8.61.6 Death cum Retirement Gratuity**

##### **(1) Service Gratuity ---**

(i) **Eligibility** : Employees who retire before completion of 10 years of qualifying service, are eligible.

(ii) **Amount** :  $\frac{1}{2}$  month's emoluments (Basic Pay+DA) for every six monthly period of qualifying service.

(iii) Service gratuity is in addition to retirement gratuity. (refer clause (2) below).

[*Rule 49 (1)*]

##### **(2) Retirement Gratuity ---**

- (i) **Eligibility** : Employees who retire after completion of 5 years of qualifying service,  
[Rule 50 (1)]

(ii) **Amount** : At the rate of one-fourth of emoluments for each completed six-monthly period of qualifying service subject to a maximum of 16 ½ time of emoluments or Rs. 10 lakh (Rs. 3.5 lakh upto 31.12.2005 under pre-revised pay structure), whichever is less.

[Authority: Deptt. of Pen. & P.W. O.M.No.45/86/97-P&P.W. (Pt.I),dated 04.12.2001  
Deptt of Pen. & PW OM No. 38/37/08-P&PW(A) Dated 2.9.2008 (effective from  
1.1.2006) Rs. 3.5 lakh upto 31.12.2005 under pre-revised pay structure]

**Note :** There is no ceiling on reckonable emoluments for calculation of gratuity.

#### **8.61.7. Terminal/Death Gratuity :**

In the event of death in harness (while in service), **Death Gratuity** shall be paid to the family nominee(s) at the following rates:

<i>Length of qualifying service</i>	<i>Rate of Death Gratuity</i>
(i) Less than one year	2 times of emoluments
(ii) One year or more but less than 5 years	6 times of emoluments
(iii) 5 years or more but less than 20 years	12 times of emoluments
(iv) 20 years or more	$\frac{1}{2}$ month's emoluments for every completion six-monthly period of qualifying service subject to a maximum of 33 times of emoluments limited to [Rs. 10 lakhs]

*Authority: Deptt. of Pen. & P.W. O.M.No. 38/37/08-P & P.W. (A), dated . 02.09.2008 effective from 01.01.2006.*

**Note:** 1. There will be no ceiling on emoluments for calculating Gratuity.

2. Rounding off – The gratuity is rounded off to the next higher rupee.

[Second Proviso to Rule 50 (1)]

## 8.61.8 Family Pension

- (i) Family pension shall be calculated at a uniform rate 30% of <sup>1</sup>[basic pay in all cases and shall be subject to a minimum of Rs. 3,500/- p.m. and maximum of 30% of the highest pay in the Government. ( The highest pay in the Government is Rs. 90,000 since 1.1.2006).

(ii) <sup>2</sup>[Family Pension at enhanced Rate:-

Circumstance	Amount of higher family pension (effective from 1.1.2006)
(a) When the employee dies while in service, after having rendered at least 7 years' continuous service.	50% of the last pay drawn payable for a period of 10 years from the date following the date of death without any age limit.
(b) When the employee dies after retirement	50% of the last pay drawn or the retirement pension, whichever is less. It will before period of 7 years or for the period upto the date on which the pensioner would have attained the age of 67 had he survived, whichever is earlied.

[Rule 54(3)(a) (ii)]

- Notes:** 1) In case the employee died before 1.1.2006 but the period of 7 years has not expired on 1.1.2006, the family pension shall be payable for 10 years ---Deptt. of Pen. & P.W. O.M.No. 38/37/2009, dated 3.10.2008.  
 2) After the expiry of the aforesaid initial period, the family shall be entitled to family pension at normal rate.

#### **8.61.9 Ex-gratia pension**

##### **Eligibility----**

(i) Central Government Employee in receipt of pay up to Rs. 500/- p.m. and **retired prior to 18<sup>th</sup> November, 1960** (having rendered **at least 20 years of continuous service prior to** their superannuation) with Contributory Provident Fund benefits are eligible for the grant of ex-gratia pension from 1.11.1997 onwards at the rates mentioned in clause (4) (i) infra.

(ii) The rates of ex-gratia pension/family pension from 1.11.1997 after consolidation by taking into account the basic ex-gratia plus dearness relief as on 1.1.1997 plus interim relief I,II & III are as under:

<i>Categories of beneficiaries</i>	<i>Pay drawn at the time of retirement</i>	<i>Consolidated ex-gratia pension/family pension from 1.11.1997.</i>	<i>Rates of DR p.m. w.e.f. 1.11.1997 (5%)</i>
		<i>Rs.</i>	<i>Rs.</i>
(i) Widows and dependent children of pre-1986 CPF retirees/deceased employees.	----	605	31
	Rs. 80/- or less.	654	33
	Above Rs. 80/- and upto Rs. 130/-	659	33
(ii) Retirees before 18.11.1960	Above Rs. 130/- and upto Rs. 200/-	703	36
	Above Rs. 200/- and upto Rs. 500/-	965	49

[Dept. of Pen. & P.W., O.M.No.45/52/97-P.&P.W.(E) dated 16.12.1997]

#### **8.61.10 Commutation of Pension**

The maximum amount of commutation of pension is restricted to 40% of the pension amount depending upon the discretion of the employee. Only ordinary pension may be commuted. Commutation of family pension is not admissible.

(Rule 5 as amended vide Deptt. of Pension and P.W. Notification dated 28.2.2002)

#### **8.61.11 Audit of Pension paid vouchers and pension cases:**

This item has to be audited to the extent as prescribed in the programme of Audit CA, IV (11) and according to para 249 RAM. The P.O. is issued by FA & CAO from time to time regarding the issue of Pension Payments orders by the different Accounts Offices to the retired staff of the Railway may also be seen.

#### **8.61.12 Accounts of staff Benefit Fund. ( Para 247 of R.A.M.)**

#### **8.62 Audit of Provident Fund Account:**

General: a) The instructions under this section are applicable equally to Divisional, workshop and Construction Audit Offices. The E & PF Section is responsible for the audit of P. F. Accounts in respect of all Gazetted Officers including those of the Accounts Department,

South Eastern Railway, Non-Gazetted Staff of the Accounts Department and Executive Offices including Staff lent to other departments under the accounts control of Head Offices, Calcutta and also of the accounts of the staff of South Eastern Railway Audit Department Divisional & Workshop Audit Offices will conduct the audit of Provident Fund Accounts in respect of all non-gazetted staff including staff lent to other departments of the executive Departments under the accounts control of the respective Divisional and Workshop Accounts Officers.

#### **8.62.1 Audit of Provident Fund Accounts:**

The audit of provident fund accounts should be conducted keeping in view the instructions contained in para 237 -Railway Audit Manual, Para 350 and Chapter 11 of M.S.O(Audit) and rules laid down In Chapter 9 R-1 And A-1.

The simplified procedure for the preparation of deduction lists and the maintenance of PF accounts was introduced vide Railway Board's letter No. 63/ACCII Dir(Spl)21 dated 22/24-8-1964. Prior to the introduction of this procedure, the checks prescribed in respect of SRPF accounts are detailed in Para 204(V) and 237 RAM.

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

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

In respect of the units covered by the systems of preparation of complete deduction statements, the full checks as prescribed vide para 204IV) and 237 Railway Audit Manual will apply. In these cases also, in respect of the fund accounts of employees selected for audit, the latest half yearly balance should be extracted from the ledger and noted in the selection register against then concerned employees. For this purpose a separate column should be provided.

#### **Amount of compulsory subscription:**

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

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

In conducting audit of computerised P.F. Accounts, the instructions contained in Para 209 of the Railway Audit Manual(4th Edition) should be kept in view.

#### **8.63 Special Contribution to the Provident Fund and Gratuity (Chapter XIII & XV of the Indian Railway Establishment code-Vol-I).**

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

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

- (i) See items IV (9) and (11) under central audit in M.O.I for extent of check.
- (ii) The audit of special contribution to provident fund and gratuity should be conducted keeping in view the instructions contained in para 229 of Railway Audit Manual and paras 1219 to 1220 and 929 of AI.
- (iii) The rules governing the payment of special contribution to provident fund and gratuity are laid down in 902 paras 902 (8), 915 to 919 and Chapter 10 of RI (1985 Edition).

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

#### **8.65 Contribution and Interest:**

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

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

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

Some important clarifications made by the Railway Board in connection with grant of interest are given in Railway Board's letter No. F(F)111 73 PF-1/13 dated 17-11-1973 and F(F) III 77 PF-1/10 dated 31/08-1977. (See also para 234 -RAM 4th Edition)

#### **8.66 Provident Fund Recoveries:**

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

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

#### **8.67 S.R.P.F. Ledger Accounts (of Para 237 of RAM, 5th Edition):**

The figure in the deduction lists accompanying the pay bills of the employees whose accounts are to be checked should be traced into the relevant ledger accounts. As far as possible the same deduction lists into which the recoveries of P.F. have been traced at the time of check of pay bills may be traced in the P.F. Ledgers to the extent specified, with a view to avoid the possibility of the amounts in the recovery sheets being inflated. It should be seen

whether the contribution credited to the account in the previous half-year is correct, whether the closing of the account and the calculation of interest for the previous year have been correctly done, according to the rate of interest applicable to the persons concerned and whether recoveries on account of advances are being regularly made in accordance with the rules. In the case of new accounts it should be seen whether the employee is eligible to subscribe to the Fund.

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

#### **8.68 Audit of Temporary withdrawals:**

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

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

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

- i) See item IV (24) under Central Audit in M.O.I for extent of check.
- ii) Instructions contained in para 298 Railway Audit Manual (5<sup>th</sup> Edition) and paras 922 to 923 RI (1985 Edition) may be kept in view.
- iii) No temporary advance shall be sanctioned during last 3 months of review as laid down in Railway Board's letter No. F(F), 111/85/FF-I/13 dated 07-07-1986. (para 238 - RAM -5th Edition)

#### **8.69 Audit of Final Withdrawals (of. para 239 of RAM -5th Edition):**

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

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

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

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

- i) The extent of check is as prescribed against items Nos. IV 25,26,27 (i) and (ii) under central audit in M.O.I.
- ii) The check of final withdrawals of provident fund assets should be conducted with reference to the Instructions contained in para 239 of Railway Audit Manual and the provisions of paras 924 to 940 RI and 945 RI (1985 Edition).

#### **8.70 Payment under Deposit Linked Insurance Scheme:**

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

These payments should be checked to the same extent and in the same manner as prescribed for the final withdrawals from Provident Fund. (Para 241 of RAM -5<sup>th</sup> Edition) In this scheme, Insurance cover is linked with the average amount during last 3 years, standing at the credit of the employee in his P.F. deposits. The employee must have minimum of 5 years of Service. The amount should not have fallen below the following limit at any time during last 3 years.

	<b>Subscribers holding a post in pay band and Grade pay</b>	<b>Limits (Rs.)</b>
i)	Subscriber holding post in Pay Band-2 (Rs. 9300-34800) or above and drawing grade pay of Rs. 4800/- p.m. or more	25,000
ii)	Subscriber holding post in Pay Band-2 (Rs. 9300-34800) and drawing grade pay of Rs. 4200/- p.m. or more but less than Rs. 4800/- p.m.	15,000
iii)	Subscriber holding post in Pay Band-2 , Pay Band-1 or Pay Band IS (Rs.4440-7440) and drawing grade pay of Rs. 1400/- p.m. or more but less than Rs. 4200/- p.m.	10,000
iv)	Subscriber holding post in Pay Band-IS , (Rs.4440-7440) and drawing grade pay of Rs. 1300/- p.m. or more but less than Rs. 1400/- p.m.	6,000

The additional amount payable shall not exceed Rs.60,000/- (effective from 29.4.1998). The payment for this amount needs no formal sanction. The amount payable is not taxable. The scheme does not apply to those engaged on contract basis.

(RBE 67/90, 238/98 Dt. 20.10.98, 102/2000, Dt.29.5.2000).

(RBE 221/09 dated.14.12.2009

These payments should be checked to the same extent and in the same manner as prescribed for the final withdrawals from Provident Fund. (Para 241 of RAM-5<sup>th</sup> Edition).

**8.71 Reconciliation of the P. F. ledgers with General Books:** (para 244 -RAM -5th Edition). The reconciliation of the Provident Fund Ledgers with the General Books should be reviewed with a view to see that any discrepancies are set right at once. It is necessary that the review of the reconciliation should include a test check of the totals of check sheets and summaries. A method similar to that described below and modified to suit local conditions may be adopted for the purpose to ensure that the entire field is covered in a cycle of prescribed period.

When the accounts extend over several ledgers, accounts of subscribers working up to the number prescribed are selected each month from one particular ledger. These accounts will be checked in full, the totals of the check sheet of that particular ledger being checked in full, the totals of the check sheet of that particular ledger being checked in full, the totals traced into the summary ledger which totals up to the figures from other ledgers also. The grand total of the summary ledger (of opening balance, debits and credits and closing balance) should then be reconciled with the figures in the General Books. Where the maintenance of Provident Fund Accounts has been computerised and no check sheets are prepared, the reconciliation with General Book figures obtained from Cash and J. E. files should be carried out with reference to the control totals i.e. the total figures for credits and debits printed separately on the computer.

**8.72 Revision of Scales of Pay** (c.f. para 216 of RAM -5<sup>th</sup> Edition):

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

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## **CHAPTER -IX**

### **CONSTRUCTION AUDIT**

#### **9.1 General**

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

The construction Audit Section of 0/0 the PDA/S.E.Rly has a working strength of One Sr.Audit Officer/Audit Officer, two Assistant Audit Officers, five Senior Auditors/Auditors and one Clerk.

#### **9.1.1 Scope of Audit**

Generally the works of following nature are undertaken by the construction organization on South Eastern Railway: -

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

The Survey & Construction audit sections are responsible for auditing the accounts of (i) Construction of new lines and major projects. (ii) Civil engineering works (other than track renewals) costing over Rs. 20 lakhs. (iii) Signal and telecommunication works and electrical works costing over 10 lakhs undertaking by the construction organisation.

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

- (1) South Eastern Railway (Construction) Audit of accounts maintained by FA & CAO (Construction) S.E.R. including works/surveys.

#### **9.1.2 Periodicity of Audit**

The third following month has been prescribed as the periodicity of audit in these offices including in the case of journal slips and accounts current. The extent of audit of various items is the same as prescribed for open line organization, which is given in the programme of audit from time to time.

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

### **9.1.3** However the following provisions should be borne in mind:

- (i) Audit of sanctions for the creation and abolition of gazetted posts, leave accounts and salary bills: - The establishment work of gazetted staff in the FA & CAOs office, sanction of the gazetted posts of Construction and S&C organization are audited and accepted in audit at head Quarters.
- (ii) Audit of salary bills and leave accounts in respect of gazetted staff is also done by the Construction audit section.
- (iii) Audit of salary bills of non-gazetted staff of Construction Wing is done by the concerned Construction audit units. As the PF accounts of the employees of Construction organization are maintained by the Accounts offices of construction wing at GRC the check of salary bills of non gazetted staff completed as soon as the particulars of PF deductions such as name, PF account number and the amount of deduction and month should be traced in PF accounts.

### **9.2 Work charged Establishment.** ( para 1121 E 1982 edition)

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

- 1) The pay allowed to holders of work-charged should not, except with the sanction of the competent authority, exceed the rates prescribed for such posts
- 2) They should be paid by the day or month, their employment ceasing with the cessation of work. On completion of 180 days of continuous employment, casual labour employed on projects are given consolidated monthly wages at the rate of the scale plus dearness allowance thereon. (Bd's No, E (NG) II/82/LG-SI 4 dated 6th June 1983)

Daily rates for such staff should be based on the rates fixed by the state govt. for the particular area or local market rates as the case may be. In absence of information regarding these rates, a pro-rata of pay not exceeding the minimum of the CP.C scales for similar categories after being converted into daily rate should be applied.

### **9.3 Travelling allowance to construction staff.**

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

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

### **9.4 Construction allowance:**

Compensatory (construction survey) allowance to staff employed on construction Survey projects

The following are the broad principles under lying the grant of compensatory (Construction & Survey) Allowance.

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

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

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

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

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

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

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

#### **9.5 Compensation of works staff in construction under W.C. Act. Payments for compensation are regulated by rules in workmen's compensation Act.**

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

#### **9.6 Contribution for leave salary, pension, gratuity etc.**

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

#### **9.7 Incidence of rent realized from staff quarters built as part of important open line works in progress.**

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

#### **9.8 Leave rules for work charged establishment and construction staff.**

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

(a) Permanent open line staff deputed to hold temporary posts in construction projects are governed by ordinary leave rules applicable to permanent open line staff.

(b) Work charged daily rated establishment are not entitled to any leave under the ordinary leave rules with pay But they are entitled for periodical rest as admissible under the rules. On completion of 180 days of continuous employment casual labour employed on projects are also granted nine holidays. (RBS No E(NG)11/82/LC-5/4 dated 6.8.83)

## **9.9 Retrenchment compensation to casual labour under Industrial Disputes Act.**

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

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

entitled a workman to retrenchment where retrenchment compensation is due in terms of the provisions of section 25F(b) of the Industrial Disputes Act.

It should be seen in audit:

(i) That there has been no delay on the part of the Railway Administration to issue notice in such cases of retrenchment so as to avoid payment of wages in lieu of notice.

(ii) That there is no case where due to non-compliance with retrenchment provisions of the Industrial Disputes Act in effecting retrenchment, the retrenched person had to be reinstated at a later date and thereby the Admn. had to incur avoidable expenditure on payment of back wages for the period from the date of retrenchment till "the date of reinstatement of the worker concerned and other expenses on unnecessary litigation etc.

### **9.10 Debit for stores issued to construction project**

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

### **9.11 Bill for well sinking**

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

### **9.12 Bills for earth work.**

a) On new constructions large quantities of earth work in embankments are involved, measurements for which are taken on the basis of sections. In such cases the entries in the Measurement Books show the areas of Cross section at different chainages, the length of the embankment between two consecutive cross sections and the quantity for each length. It is, therefore, not enough to check the bills for earthwork with the entries in the MB and the latter should be checked with reference to the original records regarding initial end final levels and sectional diagrams. It is to be seen that initial and final levels have been correctly plotted the sectional diagrams and the area of each section has been correctly worked out, the initial levels noted for the purpose of measurement of earth work should also be compared with the levels shown at the corresponding chainages in Index Plan available in Drawing office and if any wide variation is noticed it should be taken up.

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

### **9.13 Audit of contractors' bills**

Besides the checks which are normally required to be exercised in the audit of the contractor's bills, the following further checks should be carried out on the bills pertaining to well sinking and earthwork

### **(i) Bills for sinking wells**

In addition to the check of the quantities in the bill with the entries in the measurement book, it is useful to check the measurement book entries themselves with the entries in the log book or field otherwise named as 'technical/site register' maintained for such works. It should be seen that the bed level (or the groundwater level in the case of ground wells) has been done by a responsible official and signed by the AEN in charge and the contractor in token of his acceptance. The entries in the measurement books could also be usefully checked with reference to the completion drawing available in the engineering office which would show the level reached by the cutting edge and the bed level.

### **(ii) Bills for earth works:**

a) In the case of works involving large quantities of earthwork 'Key plan' and the 'Project sheets' should be consulted in order to have a general idea of the work entrusted to the contractors.

b) Earthwork will ordinarily be paid based on measurement by cross section of formation taken on 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 been complied with

c) the case of earthwork based on cross section measurements of the bank or the cutting, the entries in the measurements books would show the area of the cross section on different suitable changes, the length of the bank/cutting. In addition to checking the bills with the measurement book which has necessarily to be done the entries in the measurement book themselves should be checked with reference to the level book/the bank cutting recorded in the level book by the AEN. The areas of the cross section recorded in the level book should also be test checked.

d) Where the bank is made up partly from cutting spoils and partly from the borrow pits, the changes 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 cutting spoils have been used to the best advantage to the railway.

e) In the case of bank formed from cutting spoils lead is reckoned from the centre of gravity of the cutting marks to the centre of gravity of the embankment marks by using a mass diagram. In respect of bank formed from borrow pits, the lead is determined with reference to the borrow pit plans. The entries shown in the measurement books should be checked with reference to these records, (C&AG's letter No. 1803-RAI/7-15/6 dt. 1.6.1962)

f) Classification and reclassification of soils. During the inspection of engineering office, the Asstt.

Audit Officer/Section officer and Branch officer in charge should specifically watch for cases where reclassifications have been ordered either by the officers who originally gave classification or by higher officers. Such cases, with all the facts and figures that could be collected for further examination, should be reported to the Principal Director of Audit.

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

### **9.14 Check of 'On account bills'.**

'On account' bills should be checked monthly due to the time lag between final bill and the preceding on account bills and the practice of making several adjustments in final bills in respect of payment and supplies made through running 'On account' bills. The percentage

provided in M.O.I. (Railways) should be applied for check of 'on account' bills checked as separate item need not be rechecked at the time of audit of final bills.

### **9.15 Employment of project casual labour**

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

- i) The project should be taken as involving construction of new lines, major bridges, widening of tunnels etc. Only the concerned GM/HOD in consultation with FA & CAO is competent to decide particular work is a project (Para 2501 IREM)
- ii) Project labours are generally governed by the Minimum wages Act and they are to be remunerated rates fixed under the said Act.
- iii) Casual labours employed on projects who have put in 180 days continuous service on the same type of work are to be treated as monthly rated of the minimum scale of pay plus dearness allowance thereon.
- iv) The conditions of service of project casual labour have been liberalized with effect from 1.1.81. They have been allowed to attain temporary status after, **180** days of continuous service. On acquiring status casual labours on projects are entitled to get benefits as admissible to temporary employees. (Railway Board's Letter No E(NG)ii/84/CL/4L dt 11.9.86)
- v) As far as possible casual labour required to be recruited on projects should be taken from amongst those casual labours who have worked on open line/projects in preference to outsiders. However, intake of fresh faces as casual labour is permissible only after obtaining the approval of General Manager.
- vi) Generally, project casual labours are required to be appointed against Group 'D' posts that may be required for operation and maintenance of newly created assets.
- vii) Registers showing particulars of appointment and service cards are required to be maintained as to facilitate the fixation of seniority and absorption against regular vacancies.

### **9.16 Inspection of construction offices**

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

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

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

### **9.17 Review of Major works**

See Para No. 60 of M.O.I. The instructions given therein should be borne in mind. The time allowed for review of major works is five days.

As per extant instructions one or two completed major works are also to be selected for review each year. In most of the cases, preparation of completion report pends for a long time after completion work owing to delay in adjustment of stores debits, non payment of

contractors bills due to arbitration etc. and hence works cannot be treated as completed in all respects. The review need not be shows in arrears but the pending items noticed should be noted and reviewed at the time of next Inspection in alternate year. (C & AGs No. 156-RA III/257/8-11/81 dt. 23.5.1984).

### **9.18 Works Registers**

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

### **9.19 Review of tenders**

All tenders invited for construction of new lines, major projects and other civil engineering works finalized in the CE (S&C)'s office, pertaining to any work undertaken by construction department on South Eastern Railway are reviewed by the Pr.DA/DD/ Sr.Audit officer/Audit Officer, AAO/SO(A). For this purpose advices about acceptance of tenders in various construction units are received quarterly from the CE/CSTE/CEE's office. The results of the review of the tender for works pertaining to audit offices other than S&C audit office are intimated to the concerned unit Audit officers for action, if any, required to be taken at their level. As regards the tenders accepted at other executive officer, the audit officers in charge of Construction units should review these tenders on the basis of quarterly advices of accepted tenders received from the executive offices under their control. Similar procedure is applicable in case of review of the tenders finalized by the CSTE(C), and the C.E.E. (C) as also tender accepted at unit level by the signal and Tele communication and electrical construction departments.

**CHAPTER-X**  
**EXPENDITURE AUDIT**

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<b>10.17</b>	<b>Audit of charges debitible to the Head 345-A/345-B Other Miscellaneous Railway Expenditure</b>
<b>10.18</b>	<b>Audit of Land Registers</b>
<b>10.19</b>	<b>Audit of Private Sidings and Assisted Sidings Accounts</b>
<b>10.20</b>	<b>Audit of Works Registers &amp; Revenues Allocation Register</b>
<b>10.21</b>	<b>Audit of Miscellaneous Advances &amp; Deposit Miscellaneous Register</b>
<b>10.22</b>	<b>Audit of Register of serious irregularities and Register of losses</b>
<b>10.23</b>	<b>Audit of Objectionable Item Registers</b>
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<b>10.31</b>	<b>Bills for rent of Telegram wires</b>
<b>10.32</b>	<b>Recovery of conservancy charges in respect of quarters allotted to Govt. Railway Police, State and other Govt. Departments etc.</b>
<b>10.33</b>	<b>Audit of Block Account</b>
<b>10.34</b>	<b>Subsidy to Co-operative Societies</b>
<b>10.35</b>	<b>Bill for Family Planning</b>
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<b>10.45</b>	<b>Statement of unsanctioned expenditure</b>
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<b>10.47</b>	<b>Holiday Homes</b>

## CHAPTER-X

### EXPENDITURE AUDIT

#### **10.1 General**

##### **10.1.1 Scope of Audit**

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

##### **10.1.2 Duties and responsibilities**

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

This section is also responsible for the check of staff Benefit Fund Accounts and consolidated statement of unsanctioned expenditure-Annexure 'A' to Appropriation Accounts for the South Eastern Railway as a whole.

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

##### **10.1.3 Audit Items**

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

##### **10.1.4 Reviews**

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

#### **10.2 Audit of estimates (see also paras 251-253 RAM 5th edition) Chapter VII-E.**

(a) Extent of check-See item No. II under central audit in the appendix to Memorandum of instructions regarding the extent of Audit (Rly. Audit). (b) Separate check of estimates has at present been dispensed with. No separate check is necessary but while auditing contracts, estimated should be reviewed to see that all the contracts are in conformity with the estimates and also how the estimated have been framed keeping in view the various specifications etc. However, the audit of estimated should be done at the time of audit of contracts, contractors' bills, completion reports and review of major works etc. to see that all the contracts are in conformity with the estimates and also how the estimates have been framed keeping in view

the various specifications, drawings etc. A record of the estimates so checked should be kept in the Voucher Selection Register. For percentage of audit see item No. II under Central Audit in MOI, only a general review of the estimates need be made with particular reference to contracts and the quantities against various items of works mentioned in the estimates need not be checked. The quantities shown in the estimates may, whenever considered necessary, be compared with those shown in the contracts linking of estimates with contracts should be confined to works contracts only.

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

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

It should be seen that the estimate contains provision for other that is not legitimately chargeable to Rly. funds or a charge of an unusual nature requiring spl. sanction. An item of expenditure which prima-facie is wasteful or unremunerative or on which expenditure already incurred elsewhere seem likely to prove unfruitful, or of which the result is still awaited should ordinarily be the subject of comment. In the case of estimated for new constructions, where this factor if relevant, any proposed or accepted guarantee should be examined and tested in the light of known or likely circumstances. The instructions given in para 520 of M.S.O. (T), Vol. I should be borne in mind.

Estimates chargeable partly to main lines and partly to worked lines (i.e. lines constructed for local bodies, state Govt. etc. but worked by main line system) and those relating to deposit works and joint stations with other than Indian Rlys. should receive particular attention.

### **10.3. Audit of Sanctions**

See item No.1 under Central Audit in MOI, Paras 6, 7, 128 and 133 RAM, 804 to 809-AI Para 2.2.25 to 2.2.37 of MSO Audit (first Edition 1991).

All sanctions selected of audit should be accepted under the orders of the Branch Officer on the original sanctions themselves. The nothing, if any leading to their acceptance can, however, be made on separate nothing sheets. For percentage of audit see item No. I under Central Audit in MOI.

In accordance with the provisions of Para 808 A.I. sanctions of permanent nature and sanctions with a long period currency are required to be reviewed by the accounts department periodically. It should be seen during annual review of working of accounts office that the necessary review is conducted.

Sanctions pertaining to more than one unit office or sanction issued by the authorities at headquarter of the Railway, should be audited by the concerned auditing section in the headquarters office and copies thereof should be supplied to the unit office or sections concerned at out stations for necessary action together with an advice of audit. All the correspondence connected with such sanctions should be addressed to the concerned auditing section in the headquarter office. It should be seen that all sanctions to the waiving of

overpayments and write off of losses are posted in the register of recoveries foregone (Para 846-AI) and the register of losses maintained by the account department (Para 861-AI).

#### **10.4 Audit of completion Reports**

(For extent of check see item No. III under Central Audit in the Appendix to M.O.I. Para 284 of RAM-Vth/Edition and Chapter XVII-E.)

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

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

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

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

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

**5.** The checks prescribed in para 284 of the Railway Audit Manual (5<sup>th</sup> Edition) be applied to the audit of completion reports. The provisions contained in chapter XVII of the Indian Railway Engineering Code (1982 edition) should also be kept in view during the audit of completion reports.

**6.** The percentage check of completion reports has been revised as follows vide item NO. III under Central Audit in MOI.

<b>Scope and extent of checks to be exercised</b>	<b>To be checked by</b>	<b>Remarks</b>
(i) Upto Rs. 50 lakhs – Random selection of 2 to 5 works.	(i) SO/AAO	(i) No C.R by B.O
(ii) Above Rs. 50 lakhs & upto Rs. 1 crore – 50%	(ii) SO/AAO	(ii) 20% CR by B.O
(iii) Above Rs. 1 crore and upto Rs. 5 crore – 50%	(iii) B.O	(iii) 20% CR by G.O
(iv) Above Rs. 5 crore – 100%	(iv) B.O	(iv) 20% CR by G.O. Cases of above Rs. 10 crore are to be submitted to PDA

## **10.5 Audit of Vouchers** (Para 3.1.5 of MSO (Audit) first Edition 1991, para 269 of RAM and item IV under Central Audit).

**1.** The vouchers/bills other than contractors bills dealt with under Expenditure Audit are pay orders for refund of deposits etc., vendors bills for supply of materials for work, repairs and maintenance such as supply of bricks, ballast, tiles etc., bills for payments to municipalities and other local bodies, bills for rent on telegraphic wired, bills for services rendered by other government departments etc.

**2.** In auditing miscellaneous bills and pay orders it should be seen that proper sanction to the payments, supply orders or any other authority as the case may be, exists and that payments made recorded on them or in the register of bill payable where such sanctions may be recorded in order to safeguard against double claims being admitted in accounts. Where payments have been made provisionally pending receipt of proper sanction it should be seen that they are included in objectionable items register.

**3.** In case of bills for services like water supply, electricity supply, telephone, hire of buildings etc. agreements should be referred to in order to see that the payments are covered by the relevant provisions therein. Expenditure pertaining to services rendered in one year but booked in the accounts of a subsequent year should be examined with a view to find out the causes of delayed accountal and possible inclusion in Annexure 'J' statement of misclassification and important mistakes in the accounts of the year.

## **10.6 Audit of contractors' Final, Petty and On account bills**

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

**1.** The check of contractors bills is not complete without checking the quantities of work paid for with those entered in measurement books, which are the initial records from which bills are prepared on the basis of the quantities of works measured by the authorised Engineering Staff recorded therein. The check of the contractors' bills with the measurement books is usually conducted during local inspections.

**2.** On completion of works, 'completion drawing' are prepared to show the work as actually executed in these completion drawings or in the Register of classification are recorded the nature of the soil met with in carrying out the works below ground level. (Para 281 of way and works manual). A reference to these completion drawings at the time of check of final bills would be helpful to verify the correctness of the payments made for excavation works at different rates according to the nature of soil.

**3.** The following further checks should be exercised in addition to those detailed out in paragraphs 270 to 272 of RAM.

(i) The correctness of recoveries toward hire charges for tools and plant, water and cess charges should be verified with reference to the rates fixed by the railway administration for that purpose examining interalia, the adequacy of the rated so fixed.

(ii) The admissibility of sales tax in respect of works contracts should be examined with reference to the instructions issued by the Railway Board and the Ministry of law in that respect.

(iii) When on-account payments have been made on the basis of approximately estimated quantities, it should be seen that the responsible officer has certified that not less than the quantity of work paid for has actually been executed (Para 2925 of Way and Works manual).

(iv) In case of bills for works for which estimated are required to be sanctioned but have not been sanctioned, or the estimated costs as per sanctioned estimates of which the cost has been exceeded, it should be seen that in the former case the works have been commenced on the strength of the urgency certificate sanctioned by the competent authorities in terms of paragraphs 1103 to 1107 - E and in the latter case, necessary steps to restrict further expenditure and to prepare perished estimated as laid down in paragraphs 1136-E have been taken.

(v) it should be seen that the quantity of materials such as cement, steel paint supplied by the Railway to the contractor is commensurate with the quantity of works executed. For that purpose the scales given in the Railway works Hand Book (Part III) May be referred to A reference to the technical check note file along with the office copy of the bill in the DEN's Office may also be helpful. AS regards other materials supplied to the contractor which are to be arranged by the contractors in accordance with the terms of the contract, it should be seen that the quantity is generally commensurate with the quantity of work to be executed and also the rates charges to his are in accordance with extent orders (para 1269-E).

(vi) (a) In checking the payments for earthwork the procedure of measurement of earthwork, lead and lift explained in chapter I of the Schedule of Rates Part I issued by the engineering department of the Railway should be carefully studied to see that the measurements have been taken as per extent orders (para 1869-E). Level books, wherever available, may be checked for payment of earthwork on the basis of the measurement of initial and final levels by cross section and longitudinal section. In cases where payments for earthwork have been made by measurements of borrow pits, the entries for lead in the measurement books may be checked with reference to the borrow pit plans. These checks may with advantage be exercised during the central audit or during local inspection of the engineering offices depending on the availability of initial records.

(vii) In checking the payments for well sinking, the entries regarding bed levels (or the ground/water levels in case of ground wells) and the levels reached by the cutting edge in the measurement books may be further checked with the entries in the history of wells or level books maintained for the wells. It may also be seen that the bed levels (or the ground/ water levels in case of ground wells) have been entered in these initial records under the signature of responsible officers of the railway and have been accepted by the contractors and that the levels of the cutting edge as entered in the MB have been correctly worked out from the levels of the gauge height of the wells.

**4.** In respect of contracts over Rs. 1 Lakh when the final bills are selected for audit, the relevant file relating to the contracts should also be reviewed to see how the contracts have been implemented. The comptroller and Auditor General of India has also prescribed an additional check of running or on account bills in respect of big contract works in progress costing over Rs. 50 lakhs mainly to ensure that these works come under regular audit check which will supplement the check during inspection. Two on account bills in respect of each of the big contract works in progress costing over Rs. 50 lakhs need to be checked during the year and this item of check may be treated as monthly. When two bills or particular contract have been audited, no further bills for that contact need be audited for the remaining part of the year. While making selections bills from all the contracts may, not be selected in one month alone but selections can be spread over. This check is in addition to the audit of all paid vouchers

including on account bills passed during the month selected for audit in the course of review of major works.

(CAG's letter No. 1862-177-RAI/8-10/71 dated 26.5.72)

### **10.7 Review of the accounts of Major Works**

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

**1.** In addition to the central audit conducted at the Headquarters of the audit offices relating to the accounts of works such as audit of contractors bills, labour pay sheet contractors' ledgers, journal vouchers and review of works, registers etc it is necessary to review the accounts of major track renewal works costing Rs one crore and above and other works costing over Rs 50 lakhs completely during the progress of the works and after their completing.

All such works may be inspected in terms of item NO. VII under Central Audit in MOI. In order to ensure that the review of major works is undertaken as prescribed, the expenditure audit section in headquarters office and other unit offices responsible for audit of works accounts should maintain a register having the following columns

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

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

However, before undertaking review of a particular work Registers should be reviewed to ascertain whether the work is due for review on the consideration of the actual expenditure incurred having been reached upto the limit prescribed for taking up the review. When a work has been completed requiring no further review as 'work in progress', the same should be transferred to the Register of completed works mentioned below. The works physically completed for which completion report has not been drawn will be due for review in alternate years only if there is substantial booking of expenditure subsequent to last review by audit, say 5 lakhs or 10% of the estimated cost, whichever is higher. (C&AG's letter No 156-RA 111/257/8-11/81 dated 23.5.84)

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

The register should have the following columns.

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

- (viii) Month in which last outlay was booked
- (ix) Remarks showing year during which work was selected for review and the date of review.

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

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

**5.** The review of the accounts of a major work should begin with a study of the scheme as a whole from its inception. The preliminary study should be made with reference to the (i) particulars of the work given in the Works Programme (ii) the estimate of the work (iii) the departmental files available at Headquarters relating to the work. The special directions given for the execution of the work, the special rates sanctioned, if any, the targets fixed for completion of the various phases of the work, changes in specifications, if any, special steps taken for acquisition of land and materials, the invitation and acceptance of tenders to the best financial advantage of the railway circumstances in which lowest tenders were passed over in favour of higher tenders etc. should be studied and noted.

**6.** The progress reports of execution of the work should be seen with a view to appreciate that the execution has proceeded according to the schedules of programme ordered by the Railway Board, General Manager or the CE, as the case may be and the contractual obligation in that respect have been fulfilled by the contractors. The physical progress should be correlated with the financial progress to see that there has been no wastage of labour or that the materials have not been acquired too early before their utilisation and consequently there is no blocking up of funds.

**7.** All objections taken up in audit relating to the work in the course of monthly audit should be collected and gone through to see whether any special investigation is necessary with reference to the initial records in the course of review.

**8.** The accounts of the works maintained in the works register should be examined to see that they have been efficiently maintained and the expenditure shown in the works register has been reconciled with that recorded in the general books according to the rules on the subject.

**9.** After the initial study of work as outlined above, it should be possible to decide important aspects to be seen in the course of the review. A visit may, if found necessary, be made to the engineering sub-offices where the initial records are kept. In the sub-offices the check of adjustment memo with reference to the initial records should be conducted to see that:

- (i) All material transfer orders have been correctly prepared.
- (ii) the receipts of stores are accounted for in the tally books.
- (iii) the adjustment of stores charges are supported by the issue of stores shown in the tally books.
- (iv) adjustments of charges on account of transfer of materials, are supported by MTO's and acceptances by the parties concerned.
- (v) the materials given to the contractors are acknowledged by them.

- (vi) any other adjustment of charges on account of earlier erroneous adjustments have been adequately particularised to render verification possible.
- (vii) where there are any cases of payment of heavy demurrage charges.
- (viii) non-acceptance and receipt of credits for released materials returned to stores or to other or to other departments.

In the case of major track renewal works, the following points should receive special attention:

- (i) That the track renewal work is undertaken only after ascertaining the age and condition of the track with special reference to the weight of the rails used previously and whether AEN/XEN concerned have recommended the renewal after personal inspection.
- (ii) Infractuous expenditure on procurement and transportation of surplus materials.
- (iii) Condition of sleepers.
- (iv) Execution of track welding contracts.
- (v) Utilisation of causal labour and comparison of expenditure on labour with similar other works.
- (vi) Disposal of all surplus materials and realisation of credit for released materials.
- (vii) Operation of work charged posts.

**10.** A comparison of the indents with the materials schedules and of the receipts with the indented materials may be made to see that no materials which are not ordinarily required for the work have been acquired and that the indenting and acquisition of materials is within the requirement shown in the materials schedules. The balances shown in the materials at site accounts may also be checked with the balances as per tally books.

**11.** After scrutiny of the initial records in the Engineering Sub-offices is completed, a final stock taking of the various aspects seen in the course of review of the accounts of the major work should be done. A comprehensive note should invariably be submitted by all the units bringing out all the important aspects of the units bringing out all the important aspects of the work. The important results of review should also be included in the comprehensive note.

#### **10.8. Scrutiny of Tenders and Contracts:**

Refer Chapter XII-E, VI-FI, IV-S

Paras 3.7.1 to 3.7.8. of MSO (Audit) (Last Edition 1991) Para 27 and item XV under Central Audit of MOI, and para 267 and 268 of RAM.

**1.** For extent of audit see item XV (a) of Central Audit under Appendix to M.O.I. (Rly. Audit) as modified from time to time (Vide P.O.O. No. 331 dt. 27.3.85. Tenders and contracts shall be audited by officials as done in case of completed contract.

**2.** In scrutinising the tenders it should be seen whether the lowest tender has been accepted, and if not whether reasons for accepting other than the lowest tender have been recorded. Orders of the Branch Officer should be obtained as to whether the reasons for accepting other than the lowest tender may be admitted in audit. In all doubtful and important cases, orders of the Principal Director of Audit should be obtained before taking up such cases either with the Accounts or the Executive.

**3.** It should be seen that the terms of the accepted tender and the rates shown therein have been correctly incorporated in the connected agreements, contracts or work order and that the accepted rates are in no case increased or an ex-gratia payment made save in exceptional cases with the sanction of the competent authority. It should be remembered that such payments render the object or tender system nugatory. The occasion on which they are granted and the reasons thereof should, therefore, be watched zealously.

**4.** All correspondence in connection with tenders and contracts should be treated as confidential in view of the confidential nature of the remarks against some contracts. The work of scrutiny of tenders should primarily form the subject of personal discussion between the reviewing officer and the officer accepting the tender or contract and correspondence, if necessary, should be always marked confidential. Draft paragraph, if any, on this subject, should be prepared personally by the Sr. Audit officer/ Audit officer and fully discussed with the officer of the Executive or Administrative Department and his agreement obtained in writing so that latter on it may not be necessary to modify or drop the paragraph.

**5.** With a view to see that the examination of contracts entered into by the Railways Board is not overlooked in audit, the ADAI (Rlys.) has ordered that the various Audit officers who scrutinise the contracts entered into behalf of Railway Administration should -

(i) bring to his notice doubtful points or unusual features noticed during such scrutiny, and,

(ii) furnish particulars or contracts, if any, negotiated and entered into by the Rly. Board so that the scrutiny may be arranged by his office.

**6.** All auditing sections should sent the required information to the Expenditure Section every quarter not later than 1st February, 1st May, 1st August and 1st November. Expenditure section will consolidate the same and send a report to the Deputy Comptroller and Auditor General of India (Rlys.) only when there is any case. A 'nil' report need not be sent.

#### **10.8.1 Selection of tenders to be reviewed**

The review of tenders should be carried out in April, July, October and January for the quarters ending March, June, September and December. The selection is taken from the lists received from the executive officers duly reconciled with the tender register maintained in the accounts office. The arrears, if any, due to non-availability or tender documents or non-completion of the review within the stipulated period should be reflected in the monthly progress report under the column original Audit by *B.O./AAO/SO*, as the case may be.

**1.** The instructions regarding formation of Tender committee for scrutiny and recommendations of acceptance of tenders are contained Conditions of Contracts' issued by Railway Administration, para 614 to 619-FI and para 1255-E (Revised Edition-1982), 2910 of Railway Board Way & Works Manual and Railway Board's letter No.72/I/CT/12 dated 11.3.81.

**2.** The procedure to be followed by the Railway Administration when only one tender is received in response to a call for limited or open tenders is indicated in Note under para 'Consideration of Tenders in the booklet 'Confidential supplement of General Conditions of Contract'. When the lowest tender considered un-reasonably high, negotiations for a lower rate are carried out. In this connection instructions issued by the Railway Board vide their letter No, 67/WI/CT/32 dt. 25.5.68 may also be referred to.

**3.** Any unusual features, whenever coming to the notice of audit in the course of scrutiny of contracts entered into by the Railway Board on behalf of the Railway Administration should be reported to the ECPA section. All cases in which the recommendations of the Tender Committees have not been accepted should be critically examined. Cases of rejection of lowest should be critically examined and doubtful cases reported to the Principal Director of Audit for orders.

#### **10.8.2 Review of Arbitration Cases/Court Judgments.**

All arbitration award and court judgments involving contracts should be reviewed. This

review should be completed in the month following the month in which sanction for the awards/judgments is given.

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

Particulars of Contracts	Whom to be received
1. Contracts for open line whether entered into by the	Officers concerned with the Audit of accounts of such works
2. Contracts entered into by the CME	Audit Officer
3. Contracts entered into by the CME pertaining to P. Us.	Audit Officer
4. Contract entered into by the Controller of stores	Audit Officer
5. Contracts entered into by the CCM for Catering and Vending	Concerned Audit Officer
6. Contracts for winding and repairing railway clocks at stations and Offices in respect of which tenders were accepted by CCS.	Concerned Audit Officer
7. Contracts for cartage of luggage parcels and goods from Railways Station to consignee's addresses and vice versa in respect of which tenders are accepted by CCM	Audit Officer
8. Contracts for cartage of luggage etc from city booking offices to stations and vice versa in respect of which tenders are accepted by CCM	Audit Officer (TA)
9. Contracts for printing Time Table	Audit Officer (X)
10. Contracts for handling of Scaborne coal received in Calcutta Port	Audit Officer(S)
11. Catering Contracts (i) For opening refreshment Rooms in respect of which agreements are entered into by CCM.	Officer in charge of Catering Audit
(ii) Dining cars and Refreshment Officer Cars in respect of which agreements are entered into by CMM	Officer in charge of Catering Officer , Audit.
(iii) Tea Stalls and Tea Tables in respect of which agreements are entered into by SRMS.	Concerned Divisional Audit Officer
(iv) Sale of Ice and Aerated Waters in respect of which agreements are entered into by DRMS	Concerned Divisional Audit Officer
12. Out-Agency and City Booking Office Contracts in respect of which tenders are accepted by CCM.	Audit Officer (TA)
13. Contracts for loading, unloading and transhipment of parcels luggage (Handing Contracts) in respect of which tenders are accepted by CCM.	Audit Officer (TA)
14. Flag stations agreements with local agents.	Audit Officer (TA)
15. Agreements for Cycle Stands	Concerned Divisional Audit Officer

16. Agreements with Tourist r Agencies entered into by CCM.	Audit Office (TA)
17. Contracts for weighing machines and weighbridges in respect of which tender are accepted by CMM.	(i)Concerned Divl. Audit Officer  (ii)Audit Officer (X)CCG for machines in use in Stores Dept
18. Contracts for Petromax lamps in respect of which tenders are accepted by CCM.	Concerned Divl. Audit officer
19. Departmental catering Contracts, for purchase of commodities such as vegetables, dairy products, pulses cooking oils, grains non-vegetarian article required for catering entered into by DRMs and Dy. CCM(G) and CCM	(i)Concerned Divl. Audit Officers ii)Officer in charge of Catering Section

**2.** It has been decided that common tenders invite by the Heads of Departments pertaining to work on more than one Division should be reviewed by Sr.Audit Officer/Audit Officer (X) Headquarters Centrally on behalf of the Divisional Audit Officers concerned. On completion of the review, an audit advice should be sent to the Divisions/units concerned by the Expenditure Audit Section, Headquarter. Copied of the minutes of the tender committee and letters of acceptance issued to the contractors *will* not be sent unless in a particular case they are so *required by the Divisional Unit*. The Sr.Audit Officer/Audit Officer (X) headquarter should review the Tender Registers maintained by the Head of Department quarterly and undertake the review of such of them as are common in nature.

**3.** Tenders pertaining to the Division/Units finalised at the Headquarters Office of the Railway will be reviewed by the Sr.Audit Officer/Audit Officer (X). The following procedures shall be followed in this regard:

(i) The Divisional Unit officer should invariably send a list of tenders to be reviewed by Expenditure Section Headquarters by 10th of the month following the quarter to which they, pertain viz. January/April/July/October.

(ii) The list referred to in (i) should contain the named of contracts and the rates mentioned in the original accepted tender (available at the Division/Unit Office).

(iii) Report (in respect of tender for the preceding quarter) to the effect that 'Other Checks' for conducting Audit contracts Contemplated in paras 267 to 268 of RAM have been exercised by the Division/Unit should also be invariably sent to Expenditure Section. (iv) Suitable remarks to the effect that 'other check referred to in para (iii) above are carried out should also be given in the tender register maintained at the Division/Unit. This equally applies to Tenders etc. reviewed completely at the Division/Unit level also. (v) Expenditure Section would send and advice of audit to the Unit concerned in respect of tenders reviewed on behalf of the Decision and in respect of common tenders for work on more than one Division invited by the heads of the Departments. On receipt of such advice suitable reference should be given in the Tender Review Register maintained by the Division/Unit.

#### **10.8.3 Review of completed contracts:**

Besides the review of contracts and tenders as laid down in the preceding paragraphs, the execution of accepted tenders of works after their completion will be reviewed at the

prescribed percentage. Selection for the review of contractors over one lakh and upto five lakhs should be done at the time of review of tenders, preference being given to the contract where the lowest tender has not been accepted for special reasons. A separate register should be maintained for the purpose of this review in each auditing section and contracts require to be reviewed should be entered therein. This register will include besides particulars of the contracts, the probable date of completion of work. The register will include besides particulars of the contracts, the probable date of completion of work. The register should be examined every month and items require to be reviewed completed. The date of completion and result of the review should be noted in the register.

The following additional points should also be borne in mind.

(i) Planning for the work is invariably done with adequate care and sufficient details even in the initial stage and the final scope of the work is fully determined before tenders are invited.

(ii) In cases where limited tenders are invited from contractors from the approved list, the responses are sufficient.

(iii) No tender without earnest money is considered.

(iv) There is no ambiguity in the terms of the contract.

(v) Reasons for wide variations between the rates quoted by different contractors are investigated.

(vi) There is no undue delay in the technical examination of the tenders, the consideration of the tenders by the tender committee in communicating the acceptance to the tenderers and in the execution of the agreements.

(vii) If the lowest tender has not been accepted, the reasons therefore are recorded.

(viii) The rates given in the agreement are the same accepted by the Tender Committee and that these have been attested by a responsible official of the Accounts Office.

(ix) The work order for the execution of the work is issued only after the acceptance of the tender.

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

#### **10.9 Scrutiny of rates- (para 266 of the Railway Audit Manual)**

**1.** The rates in estimates and bills (for supply of labour, goods, general stores & cement} may occasionally be compared with those paid by other Government Department for similar work in the locality.

**2** For this purpose it would be necessary to get the required information form the Civil Accountants General and supply and Defence Accounts authorities and to keep the rates so obtained upto date by annual reference to them. All auditing sections (viz. Divisional Audit

Offices etc.) will ascertain the same locally by reference to the Civil and Military Engineering Offices situated in their area.

**3.** This item of work should be noted in the Voucher Selection Register as well as in the Calendar of Returns.

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

#### **10.10 Audit of Contingent Vouchers**

Item IV 8(b)-Central Audit in MOI and instructions contained in para 227-RAM, paras 816 to 818 of A-I and chapter X-F-I.

#### **10.11 Audit of Journal vouchers including scrutiny of Adjustment Memo.**

Para 36 and item No. IV(22) under Central Audit in MO I, para 387-RAM & para 307 and 308- AI.

**1.** The Journal Slips prepared in the expenditure section of the corresponding Accounts Office should be scrutinised, care being taken that all such Journal Vouchers incorporated in the accounts by the Booking Section of the Accounts Officer (Headquarters and Divisions/Units) are duly covered by the scrutiny without omission. The Journal slips with amounts for which a percentage check only is prescribed should be listed out separately and selection to the extent required obtained from the Branch Officer. The check of journal slips along with the adjustment memo and other supporting vouchers, documents, etc. is as important an item of audit as check of each vouchers and almost vigilance as required to detect fictitious adjustments, delayed adjustments, misclassifications and adjustments causing wide variations between the final allotment and the actual expenditure under the grant concerned.

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

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

**4.** Bills for rent of telegraph wires, (vide para 287 of Railway Audit Manual) details for which are adjusted through Journal vouchers will be checked along with the relevant journal voucher keeping in view the orders issued by the Railway Board on the subject from time to time.

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

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

#### **10.12 Debt Registers and Capital and Revenue Accounts of Residential Buildings**

Item No. IV 14(b) and 14(c) under Central Audit in the MOI para 259 RAM.

**1.** The orders regarding maintenance of the register showing the dates of vacation and occupation of quarters and the register showing recovery of rent of quarters, rent of electric installations, conservancy cess and water charges and preparation of Capital and Revenue Accounts of residential building, contained in the dated 7.5.66 and the orders regarding rent rolls and Capital and Revenue Accounts of buildings contained in the Railway Board letter No. 63/AC-II/Div (Spl)/22 dated the 12th March 1963 may be seen. Paras 1620 to 1630-AI may also be referred to. In order to save clerical labour the Railway Board vide their latter No. 63/AC-II/Dir/(spl)/22 dated 12.3.1963 introduced a Simplified procedure for the preparation of rent rolls and maintenance of Rent Registers (Capital and Revenue Accounts of Residential Buildings) As per the revised procedure, the scope of check detailed in paras 221 and 259 of the Railway audit Manual may be borne in mind.

**2.** The following item of audit work relating to the Capital portion of the above accounts will be checked by the Expenditure Audit Section in respect of items selected for Audit: (i) Verification of the Capital Cost buildings as adopted for the above accounts.

(ii) Check of correctness of figure relating to additions, abandonment etc. during the course of the year.

(iii) Verification of the correctness of the amount calculated as interest on additions during the course of the year. The discrepancies, if any, coming to the notice of the Expenditure Audit Section in the audit of the capital portion, should be passed on to the Establishment Audit section, which will complete the other checks relating to recoveries of rent.

### **10.13 Audit of Contractor's ledger**

Item IV(15) under Central Audit in the MOI, para 1483 to 1485E, 272 & 273-RAM.

Contractor's ledgers should be reviewed simultaneously with the audit of Contractor's Bills in accordance with instructions contained in paras 272 and 273 of Rly. Audit Manual.

### **10.14 Audit of Locomotive Energy Accounts**

Para 319 of RAM item VI-Stores Audit MOI.

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

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

**2.** As regards HSD oil, instructions contained in joint Operating Mechanical Commercial, Stores and Accounts Procedure office order No. 174 may also be borne in mind. As for the electric power supply for traction purposes, the rates and conditions of supply for traction purposes, the rates and conditions of supply should be checked with the relevant tariffs of electric supply companies/State Electricity Boards.

#### **10.15.1 Audit of Muster Roll and Labour pay sheets**

(Item IV-18 of Central audit-MOI, para 275-276-RAM para 1307 to 1311 E and 1302E to 1311 E paras 1404, 1405-AI)

This item need, not be checked in Central Audit. This is checked during local inspections as per instructions contained in para 267 of RAM. Detailed rules for recording attendances and absence of labour in the Muster Sheets, Working out gross wages due to each labour and system of arranging payment are given in paras 1305-E to 1308-E.

### **10.15.2 Audit of Expenditure of Experimental works. ( para 704-F1)**

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

### **10.16.1 Test to judge the Productivity of Capital Expenditure**

[Item No. XIV under Central Audit in the MOI, para 292 of Ram and 243 to 253-F1]

(A) According to the FA & CAO's opinion the productivity review of Capital expenditure work--New Lines will be carried out in the FA & CAOs Office, and for this purpose, the Divisional Accounts Officers have to furnish figures of expenditure in respect of the lines and works under their accounts control to the Headquarters Accounts Office, by the end of September every year. Similarly the figures of earnings are to be obtained from Traffic Accounts office.

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

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

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

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

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

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

1. Railway Board's letter No, F(X) 1-53-PD/1(Dup) dt 20.8.1958 (received under C&AG's endorsement No. RAI/A5-26/56 dated 20.10.1956).
2. Railway Board's letter No. F(X) 1-56GMT/4/5 dt. 9.11.1956) (Received under C&AG's endst. No. RAI/A5-26/56 dt. 23.11.1956).
3. Railway Board's letter No. F(X) 1-53/PD/1/ (DUP), dt. 16.10.1957 (received under C&AG's endst. No. RAI/A5-26 dt. 18.12.1957).
4. Railway Board's letter No. F(X) 11-73/PD/10 dt. 22.10.1979.

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

**1. The reviews prepared by the administration should be examined generally to see interalia, whether.**

(i) all the relevant factors affecting the final results have been taken into account

without omission. (ii) the results have been correctly worked out as laid down in the Indian Railway Finance Code Vol-1 (iii) the results show that anticipated benefits have been achieved.

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

#### **10.16.2 Financial results of working of New Branch Lines.**

(Para 520 of MSO (Technical) 256 of the RAM and 244-246 FI.)

It should be seen that they represent fact and that the methods adopted for computing the earnings and the calculations are fairly accurate. The actual figures of earning and expenditures should also be compared with the estimated ones. It is however, not necessary to vet these statements or give an audit Certificate before the submission of these statements to the Railway Board. (Authority: ADAI (Rlys.) confidential Letter No.1219 B1/5-12/63 dated 22.4.1965).

**1.** In terms of the instructions contained in paragraph 292 of the RAM, the figures relating to sanctions, actual, further outlay etc. should be verified.

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

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

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

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

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

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

review should be furnished.

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

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

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

**5.** In case of important and peculiar features notices during the course of the review or, when there is any doubt or difference of opinion in regard to the interpretation of Railway Board's orders, or in regard to information that should be supplied a special report should be made to the ADAI(Rlys.)

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

(Item No. X under Central Audit in the MOI and para 294 of RAM).

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

#### **10.18 Audit of land Registers**

(Item VI(3) under 'Central Audit' in the MOI and 282 of RAM.)

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

#### **10.19 Audit of Private Sidings and Assisted Sidings Accounts**

(Item No. VI 11(5) under 'Central Audit' to the Appendix to MOI and para 285 of RAM).

**1.** The rules regarding construction, working and maintenance of Assisted Sidings are given in paragraphs 1822.E to 1842-E. It should be seen that the rate of maintenance charges has been fixed correctly and that the charges have been recovered from the parties concerned in accordance with the agreement and extant instructions. A standard agreement form for assisted industrial siding necessitated due to various suggestions made by the Zonal Railway for amending siding Agreements has been evolved by the Railway Board vide their letter No. 72/WI/SA/20 of 12.5.83, which should be referred to while auditing the accounts of the siding's owners. The siding Registers maintained in the Accounts Office may be examined to see that the interests of the Railway have been safeguarded, wherever necessary. It would be necessary to maintain a corrected and upto date list of the assisted siding on the Railway. Traffic Audit Section should be asked to advise particulars of any new siding opened for

traffic, or of existing siding closed down during the year. It should be specifically seen that all charges provided in agreements are recovered from the Firms or Government Departments promptly, otherwise interest charges wherever due levied for delayed payments (vide 1837-E). Incidental charges for cost of staff, wherever loaned are also recoverable as per percentages provided in addition to the recovery of leave salary contribution, P. F. Bonus and Gratuity Contribution etc. In cases where cost of staff is recoverable from siding owners, it should be seen that in addition to pay and allowances, the percentage charges as laid down in para 2153 R-II are correctly realised.

In view of introduction of new concepts of peripheral yard, full rake movement, end to end running and examination of rakes movement, end to end running and examination of rakes in the siding premises during the last few years had brought out a large number of areas which require modification elaboration of the extant rules to lay down a uniform policy and avoid controversies between the Railway and respective siding owner in planning and sharing the cost of these sidings. Board have reconsidered the matter of construction of railway sidings for the use of private parties including the other Government departments and in suppression of all earlier instructions have issued revised orders vide their letter No. 85/WI/SP/45 dated 1.12.86 which should be borne in mind while conducting the Audit of siding Accounts. It should also be seen that the cases where payments are disputed and involve huge amounts are vigorously pursued by the Accounts Department and are shown in the monthly progress report submitted to the FA & CAO. Keeping in view the enormous increase in the cost on this score Railway Board have revised the rates with effect from 1.4.1984 vide their letter No. E(E)-83/Misc/1 dt. 27.6.84, which should be borne in mind while conducting the audit of siding account.

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

#### **10.20 Audit of Works Registers and Revenues Allocation Register**

(Paras 28.29 item No. VI under 'Central Audit' in MOI, paras 280 and 281 RAM. 1468 1475-E, 311-312-A-I & 512-F-I).

**1.** Journal vouchers to the extent prescribed and all audited vouchers should be traced in the works Register.

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

**3.** In the case of works Registers for Deposit works, in addition to the points mentioned in paras 280 and 281 of the Railway Audit Manual, it should be seen that the consent of the party for whom the work is being done has been obtained and that the expenditure booked is not in excess of the deposit or that action has been taken to obtain further deposits where the expenditure has exceeded the deposit already made.

**4.** The annual general review of works Registers should be done under a phased programme. The whole field may be divided into 12 units and one unit taken up for review each month. It should be seen whether the reconciliation of works Registers with General Books has been done every month in respect of the unit selected and action has been taken to set right the discrepancies as detailed in para 1471- E (1982 Edition).

**5.** It should be seen that in the case of mixed work the outlay is booked proportionately to capital D.R.F., D.F. or Revenue.

**6.** Under divisional system and on construction organisation only single set of works registers is maintained. The procedure regarding reconciliation of Revenue Allocation and works Registers with General Books laid down in paras 147K-E and 1489-E.

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

#### **10.21 Audit of Miscellaneous Advances and Deposit Miscellaneous Registers**

(Item No VI (8) and VI(9) under Central Audit in the MOI respectively, para 320 RAM and 223, 224, 610 and 614-AI.)

**1.** The registers recording these transactions have to be reviewed to see that the transactions have been correctly booked to suspense in accordance with the rules and each item of suspense transaction is efficient, that is, money or material has been actually advance deposited, and the case may be, and the parties are traceable and that the action is taken to chase the transactions and clear them.

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

#### **10.22 Audit of Register of serious Irregularities and Register of Losses**

(Para 37 and item No. VI(14) under 'Central audit' in the MOI, Paras 861, 867-AI and 414-RAM.)

**1.** In each Accounts Office a register is maintained to record serious irregularities noticed in the course of internal check. Besides this register another register is maintained to record all cases of losses of stores and cash reported to the Accounts by the Executive Departments of the Railway. A review of these registers helps to pick up cases, which may merit mention in the Railway Audit Report.

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

**3.** In reviewing the cases of losses, frauds and embezzlements, the rules regarding report and investigation of the cases and the procedure to be followed in the Accounts in dealing with them as laid down in chapter XI-FI and paragraphs 867 and Appendix III-AI should be borne in mind. It should also be seen that as soon as any case of fraud etc., is noticed, the Railway Administration arranges for departmental enquiry to fix responsibility and disciplinary action against the defaulters to be finalised forthwith.

**4.** All cases of frauds, losses, etc. amounting to less than Rs. 50,000/- should be reviewed by the DAOs/AAOs with a view to see whether they reveal any procedural or other defects and whether the corrective action taken is adequate and effective. Existence of a large

number of case where frauds etc. are attributable to misdemeanor, negligence, etc. of the staff and for which disciplinary action taken by the administration is nominal or inadequate or where they are attributable to defective procedure for which effective action has not been taken to remedy the same, may sometimes necessitate preparation of general paragraph for the Railway Audit Report. Therefore, all the cases of losses amounting to less than Rs. 50,000/- should be reviewed on the above lines. Audit Officers/Auditing Sections and report (supported by specific instances of the type mentioned above) sent to co-ordination Section by 15th July each year).

5. All cases of losses due to fire, theft, frauds, embezzlements, serious irregularities etc. exceeding Rs. 50,000/- may be reviewed by the unit officers and a report thereon may be submitted to Co-ordination Section by 15th July every year indicating details of cases revealing interesting points worth commenting in the Audit Report. However interesting cases of unusual nature may be reported as soon as they come to notice hitherto, the unit officers used to send half yearly report on cases of losses due to fire, theft, embezzlements etc. indicating their upto date position. In several cases, where detailed reports are not forthcoming immediately from the Railway Administration, the cases are reported to the ADAI(R) after a long time. By the time, detailed reports are received, the case loses its importance and no useful purpose is served in reporting the same to ADAI(Rlys.). Hence it has been decided that as soon as a preliminary report on any case of loss due to fire, theft, frauds, embezzlements etc. over Rs. 50,000/- is received, the Branch Officer should intimate the case to co-ordination Section alongwith a draft letter from the Principal Director of Audit to the ADAI(Rlys.) endorsing copy of the preliminary report for further necessary action. The detailed report may be sent on receipt from the Railway Administration for transmission to the ADAI (Rlys.). The Railway Administration may, however, be pursued vigorously for expediting the outstanding detailed reports. The Co-ordination Section will examine each case, so reported by the unit offices with a view to frame draft paras for the Railway Audit Report, if necessary, in order to bring out instances of inadequate action, delayed action and cases in which corrective action is pending for a long time. The references made by the Co-ordination Section to the unit offices calling for additional information or for any other action for purposes of report to the ADAI Rly of for preparation of draft paragraphs for inclusion in Railway Audit Report should receive immediate attention by the offices referred to. ADAI(Rlys.) letter No. 2199-RAI/A 12- 71/61 dated 20.6.1961.

#### **10.23 Audit of objectionable Item Registers**

(Item No. VI(4)under 'Central Audit MOI, para 283 of RAM.)

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

#### **10.24 Audit of account of Hospitality Fund**

( Item XVI Control Audit M.O.I.)

**10.24.1** The public Relations Officer of the Railway has been authorised to incur expenditure on entertainment of distinguished visitors, editors or important members of his staff, free lance journalists, Press correspondents and persons connected with commercial advertising on the Railway in the interest of Railway Publicity and Public Relation or procurement of commercial advertising. The expenditure incurred for that purpose is met from a fund known as Hospitality Fund. The detailed orders on the Subject are contained in Railway Board's Letter No.1022.TG/55 dated 14.6.1956, dt. 13.2.1957 and No. 1501/TC/V/57/1 dated 24.1.1958 and No F(XI 11-64-pw4/1 dated 23.7.1964. **10.24.2** The ADAI (Rlys) had prescribed an annual

review of the accounts of the Hospitality Fund. This review is to be conducted only by the Expenditure Audit Section in Headquarters Office as the Public Relation Officer, who is authorised to operate the Fund, is attached to the Headquarters office of the General Manager.

#### **10.25 Audit of Grants-in-aid**

(Para 233 of R.A.M. Paras 281 to 293 of M.S.O. (Technical Vol. I and item IV(16) under Central Audit in M.O.I.)

**1.** Grants-in-aid or contributions are made by the Railway administration whether as a recurring or non-recurring ones to

(i) The Educational and Medical Institution.

(2) The Railway Institutes and Sports Clubs

(3) The Railway Co-operative Societies & Stores

(4) Other Local Bodies e.g. Chambers of Commerce etc. The procedure to be followed in sanctioning Grants-in-aid is given in Para 1612 to 1618-AI and the procedure of internal check of grants-in-aid by the Account Deptts is given in paragraphs 1619-AI.

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

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

**4.** The Expenditure Section at headquarters should submit proposals for conducting local inspections of those institution-receiving grants-in-aid less than Rs. 1 lakh recurring and Rs. 5 lakhs non-recurring if any for Principal Director of Audit's approval in the month of May every year. Instructions contained in para 6 or Chapter VI of MOI, should be born in mind while proposing inspections of such institutions. The required information is collected every form the executive's files available at headquarters. In order, however, to ensure that no grants given to any local body are lost sight of by any chance omission in the office records of the General Manager's office while putting up the proposal for inspections, it is desired that a list of grant-in-aid paid from Railway Revenues to any institution at Divisional level upto end of March may be submitted to Audit Officer (X) Headquarters on 10th April every year in the following proforma. This may also be noted in the Calendar of returns in the following proforma

Sl.No., Name of the Institution to whom grant-in-aid, Year to which the Amount is sanctioned.

#### **10.26 Road Transport-Scope of Audit Investments ( Para 296 of RAM)**

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

#### **10.27 Efficiency Audit and Overall Performance Audit**

**1.** In addition to the review of the accounts of Major works it is necessary to see in audit that the various projects/schemes executed by the Railway Administration have been so executed that the objectives in view have been achieved according to the plan of execution and that the benefits anticipated on their completion have actually accrued to the Railway Administration. The review undertaken for that purpose is termed as 'Efficiency Audit' on the basis of which overall performance audit is to be conducted. The general Instructions for conducting this audit are given in paragraphs 56 to 58 of C&AG's MSO (Tech) Vol. 1 and chapter XXIV of RAM.

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

**3.** The results of overall performance audit are to be reported to the ADAI (Rlys.) positively by the middle of August each year. The report will be sent by the Co-ordination Section, on the basis of the reports receives from unit offices after conducting further examination, if necessary of the points with reference to the administration's files, statistical date, reports made by the administration to the Railway Board and other printed reports etc. It should, therefore, be ensured that the results of efficiency audit of projects/Scheme conducted during the period June to May are consolidated and comments if any proposed for inclusion in the report to be made to the ADAI (Rlys) sent to the Accounts Officer concerned by 15th June for his verification and acceptance, simultaneously endorsing a copy thereof to the Co-Ordination Section at Headquarters. The acceptance, or remarks of the Administration on the proposed comments should be furnished by the unit office to the Co-ordination Section by 15th July positively. An entry in the Calendar of Returns of each unit office and the Co-ordination Section regarding submission of these reports on the prescribed dates should be made.

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

#### **10.28 Register of Buildings**

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

#### **10.29 Law charges:**

Instructions contained in Para 277 of the RAM (5th edition) may be referred to. It should be seen that financial power of the officer sanctioning such charges has not been exceeded and that fees and other charges paid to Govt. pleaders, advocates etc. are in accordance with the maximum limit as fixed by the Railway Board. Each year in April the railway administration is sending on annual statement to Railway Board showing, the engagement of lawyers on high fees in Government cases. This statement should be checked in Headquarters to ensure that all cases have been included in this statement with reference to

sanctions received in this and the a/cs office records. Record maintained by Accounts office to show the total charges incurred in each case may be consulted. Important cases of dispute noticed during the course of audit of such charges should be watched to see whether there is suitable material for inclusion in the Railway Audit Report.

### **10.30 Review of Court cases and Arbitration Awards:**

(Item XVII of Central Audit MOI.)

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

2) In cases where appeals are filed the original judgements would not fall due for review only when the appeals are finalised the item shall become due for audit and the procedure as in (i) above shall mutatis mutandis apply.

Scrutiny of court cases finally settled in various courts against Railways relating to Engineering Departments should be carried out by the Expenditure Headquarters Audit Section. These cases are dealt with by the HODs and where payment of legal charges is arranged through the FA&CAO, Divisional Audit Office (Expenditure Audit Section) should similarly review the cases if they are dealt with by the DRM and payment of legal charges is arranged through the PACs. These cases should be reviewed to the extent laid down. All arbitration cases should be reviewed in audit and important results of both the reviews should be reported to the Principal Director of Audit through Co-ordination Section.

### **10.31 Bills for rent of Telegram Wires: (Para 287 of the RAM.)**

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

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

The existing arrangements for the recovery of conservancy charges in respect of quarters occupied by Government Railway Police, State and other Government Departments etc. is that whoever sanitary services are provided inside the Railway quarter by Railway Administration the recovery statements are prepared by the DMO concerned and consolidated by the CMO. These are then sent to FA & CAO (X) for checking the rates etc. The statements prepared by the C.M.O. on the basis of D.M.C.'s returns and sent to FA&CAO(X) should be checked by X(HQ) Audit Section to ensure that the dues are calculated correctly and realised.

### **10.33 Audit of Block Account:**

The Audit will be done at various stages viz. (i) It should be seen generally that in the case of all estimates chargeable to (a) D.F. (b) D.R.F. (c) O.L.W. (Rev.) the percentage of improvement is shown. The percentages are decided by the technical authorities but it should be seen that *prima facie* they are not open to any objection.

(ii) During review of Works Registers, it should be seen that the percentages of improvement shown on the estimate is shown in the works register with the remarks "For Block Account." After the close of March accounts, the expenditure to be shown in the Block account is worked out on the basis of the actual expenditure on the work during the year and percentage for Block Account shown in the Works Register. These accounts should be test checked to ensure that the arithmetical calculations are correct.

The expenditure to be shown in the Block-Account as per the works register, is carried over in the summary register (Pink Book summary) for each grant end the total expenditure to be shown in the Block Account is worked out therein. The correctness of carrying over of the expenditure from the works register and totaling in the summary register should be test checked.

The final compilation of the Block Account by the Accounts Office is to be checked by Books and Budget Section of this office from the audited accounts received from the sections and divisions concerned. Instructions contained in paras 427 to 430 of FI should also be borne in mind.

#### **10.34 Subsidy to Co-operative Societies:**

**1.** Under the Railway Board's Orders the Co-operative Societies formed by the Railway employees are eligible for subsidy for the first three years of their formation under certain terms and conditions. The subsidies paid are to be checked by this office. The payments made should be ascertained from the pay orders issued and the CO6 register. It should be seen while auditing that the payments are made according to the rules and orders issued by the Railway Board from time to time. (Railway Board's letter No. 63(E)Co-op/40-26 dated 13.10.1964. 64/B(Co-op/9/6/ dt. 24.4.1965 and 65/E(Co-op) 1443 dated 10.1.1966)

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

In respect of payments made by the Railway Administration for expenditure incurred on canteen items of non-statutory canteens the audit is required to be conducted in accordance with instructions contained in Railway Board's letter No. E(N) 63 CNI-2 of 9.7.1963. E(W) 63 CNI-12 dated 31.3.1964, E(W)65 CNI-5 dated 7.8.1965 E(W) 84 CNI-17 dated 23/28.12.1967.

#### **10.35 Bill for Family planning:**

As per Comptroller and Auditor General's letter No 1653- Tech Adm-1/460-64 dated 8.7.1964 this office is required to furnish audit certificate in support of expenditure booked by Railway after carrying out the necessary test-check. The vouchers relating to Divisional audit offices and other Headquarters units are checked by them and advice sent to this office. Vouchers relating to 'X' Headquarters are audited by this section. Consolidated certificate is furnished by the section to Principal Director of Audit. The vouchers/documents relating to the Family Planning Scheme should come under audit at least two or three times in a year. As such it is imperative that record of selection/ audit etc of the vouchers/documents relating to Family Planning Scheme should be kept. (Dy. CA-CCG's letter No. SA/HQ/C/1/25/Vol-111/2774 of 2.8.1965 and FA & CAO(BB) CCG.s No. BKS/CAP/A 750/A 198/3005/Vol- II dated 26.9.88).

#### **10.36 Review of working of the Accounts Department:**

(Para 135 R.A.M. & annexure to Chapter V of M.OI.)

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

The list of items should be complied with reference to the Accounts office Manual, wherever necessary. These manuals may be requisitioned from the Administration who should

examine the demands and meet the requirements as early as possible.

P.O.O.s issued by the Accounts Office should also be taken into account while compiling the list.

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

### **10.37 Property Accounts:**

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

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

- (a) Land Registers
- {b) Register of Building-
- (c) Siding Register-

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

(a) Register of Bridges:

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

(b) Register of level crossing:

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

(c) List of completion drawings:

During local inspections it may be seen that completion drawings in respect of works completed to the estimated drawings exist and a record kept thereof. There may be one completion drawing when several structures are erected in the same locality and to the same drawing. In such cases number of assets involved may be checked up with estimate and completion Reports. (ADAI (Rly) letter No. 1191-RAI/8-11/67 of 1.4.1980).

### **10.38 Licensing of Railway land:**

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

### **10.39 Train performance-occupations ratio:**

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

### **10.40 Review of Annual works programme:**

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

### **10.41 Staff Benefit Fund Accounts:**

(Paragraph 247 of the Railway Audit Manual and chapter XII of the Indian Railway Establishment code Vol-I).

The fund shall be called the South Eastern Railway Staff Benefit Fund. Credits to the fund:

- a) To the fund shall be credited:
  - i) all receipts from fines.
  - ii) All receipts from forfeited provident fund bonus except forfeited bonus of G.Os.
  - iii) All other classes of receipts, which were previously credited to the fine fund.

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

#### **10.42.1 Object of the Fund:**

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

1. (a) Education of the staff and of their children when no assistance is admissible under the normal railway rules provided that no grant shall be made to a school which is not in accordance with any general or special orders issued by the President in this behalf;
- (b) Recreation and amusement for the staff and their children;
- (c) Relief of distressed amongst the members or ex-members of the staff or their

families not provided for under the regulations in force on the railway,

- (d) Schemes for sickness or maternity benefits to the families of the staff;
- 2. If the committee desires to incur expenditure on any other object which in their opinion is for the benefit of the staff, they shall refer the matter to the General Manager whose decision shall be final.

#### **10.42.2 Extent of check:**

[Item No. IV(30) of Central audit to M.O.I. (Railway Audit)].

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

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

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

#### **10.43 Check of Log Books of departmental vehicles:**

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

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

#### **10.44 Printing Press(Para 401 RAM).**

The review of suspense balance under workshop Manufacture suspense Accounts (Printing press) and check of Account current for printing press maintained by the Chief Accounts Officer (X) should be conducted by Expenditure Audit Section. In order to reduce the suspense balance to the minimum possible extent, WMS (Printing Press) Account is cleared by the Printing Superintendent on the basis of accepted challans received from the indenters concerned instead of on the basis of accepted bills. The Printing Superintended sends a statement of such adjustments to the indenters through the Chief A/Cs Officer (X) and the discrepancies, if any, pointed out by the indenters are rectified in the subsequent months. The procedure for clearing suspense balance may be kept in view while reviewing suspense

balance. The system of billing for forms etc. supplied as well as the outstanding bills should be reviewed. It should be seen that where work has been done for other Government Departments or Foreign Railways, the charges for supervision and maintenance and depreciation of machinery and the fixed percentage for indirect charges are levied according to rules or orders in force.

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

The statement of unsanctioned expenditure relating to the Expenditure and Electrical Accounts of the Headquarters office and the consolidated statement in respect of all accounting units of the South Eastern Railway received from the Chief Accounts Officer, South Eastern Railway, are checked by Expenditure Audit Section. This section should see that the audit certificates and comment from the audit sections are received in time and there is no delay in the issue of the audit certificate to the Chief Accounts Officer, South Eastern Railway.

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

#### **10.46 Measurement books and measurement of works**

(Paragraphs 1322-E to 1326-E and paragraph 274 of the Railway Audit Manual).

In addition to the checks laid down in paras 1322-E to 1326-E and 274 of the Rly. Audit Manual the following checks should be conducted:

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

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

#### **10.47 Holiday Homes:**

Holiday Homes opened and run by this Railway Administration should be inspected by Expenditure Audit Section. The yearly proforma accounts in respect of these Homes prepared by the Railway Administration should be scrutinised generally and comments, if any furnished to the Additional Deputy comptroller and Auditor General of India (Rlys.) (C.A.Gs letter No. 13-RAI/5-14/57, dated 24.2.1958 at page 6c of case No. X/16-21/58)

## Chapter-XI

### Stores Audit

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## Chapter-XI

### Stores Audit

#### **11. General:**

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

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

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

Stores Audit at GRC conducts the audit of accounts of Controller of Stores/GRC including Assistant Material Manager/Tikiapara, Medical Department/GRC, Assistant Manager, Printing & Stationery Railway, /GRC. Stores Audit Office at Kharagpur conducts the audit of accounts of Dy. Controller of Material Manager (I & II) /Kharagpur, Dy. Controller of Material Manager/Diesel/Kharagpur, Sr.Material Manager/Electric/Kharagpur, Dy. Controller of Material Manager/Diesel/Bandamunda, Sr.Material Manager/ELS/TATA., Assistant Material Manager/ Steel/KGP, Assistant Material Manager/ESD/KGP, Assistant Material Manager/ELS/Bokaro, Assistant Material Manager/ESD/Sini, Assistant Material Manager/ Tikiapara. Stores Audit at Nagpur conducts the audit of accounts of Dy. Controller of Material Manager/GSD/Raipur, Assistant Material Manager/RWS/Raipur, Assistant Material Manager/DLS/Raipur, Assistant Material Manager/ELS/Bhilai, Assistant Material Manager/ GSD/Nagpur and Assistant Material Manager/ DLS/Nagpur

#### **11.2 Duties of Stores Audits Section:**

The main duties are detailed below:

- 1) Scrutiny of monthly statement of stores Account current, check of journal vouchers and connected adjustment memo (other than fuel), check of Appropriation Accounts and Annexure, check of rebates received and its continuation, check of transfer vouchers and adjustment memo (fuel portion). Auction sale account Rate of running contracts entered into by the Rly. Board, scrutiny of Bills for direct purchase (construction) including tracing and posting, port charges bills and custom Duty, quarterly review of tenders and contracts Half Yearly check of completed contracts and tenders including check of final bill review of inspection of works of the receiving and dispatching depot annually, review of suspense register of Deposit Miscellaneous, Purchase, Sales, Inter Depot Transfer, Miscellaneous Advance (Capital), Imported invoices Imported stores, check of Half yearly progress report of Accounts Office, check of price list. Review of O.I. Register and register of serious irregularities and Dead stock, scrutiny of security deposit register, Ledgers/Transaction Registers, Control over expenditure Register of losses and overpayment waived, Register of Bills recoverable, Fund Register, Review of Court Judgement, check of accepted tenders and contracts, Review of Contractor's ledger, stock Adjustment Account Register, review of Debt

Head Report (including fuel), priced ledger, bills for escalation charges Budget Register and re-appropriations statement etc.

### **11.3 Check of contractors' bills for stores purchases. ( Paras 2819-S to 2822-S).**

In the audit of contractors' bills for stores purchase, the following points should be specially looked into. Paragraphs 308 of the Railway Audit Manual should also be consulted.

1) Whether executive officers at the time of passing bills satisfy themselves that the stores supplied under the bills have actually been received and taken into account.

2) That adequate precautions are taken by the Executive Officers to guard against the passing of a second claim for the same stores.

3) that stores supplied are measured by responsible official and officer signing the bill satisfies himself that the quality and quantity of stores supplied are according to the contract.

4) that direct purchases of store by the C.O.S. which are required to be purchased, through agency of the D.G.S. & D in accordance with Chapter VIII of the Indian Railways stores code and latest orders of the Railway Board in this connection are within the limitations presented in para 802-S.

### **11.4 Purchase of stores arranged by the Railway Board.**

In addition to purchase of rolling stock and their components, track materials etc., running contracts for supply of materials hitherto procured by the Railways through DGs & D are also finalised by the Railway Board. Consequent on the Ministry of supply having delegated the powers of purchase on them in 1974 while audit of tenders and contract finalised by the Rly. Bd. is to be conducted by the DAI (Rly.), the execution of such contracts shall be reviewed by the Principal Directors of Audit of the line indicated in paragraph 301 of the Railway Audit Manual.

### **11.5 Bills for purchase of rolling stock and their component track materials etc. (para 301of the Railway Audit Manual).**

Contracts are entered into by the Railway Board with the manufacturing firms for purchase of various items of rolling stock and their components, track materials etc. Copies of these contracts in respect of which the FA & CAO/S.E. Railway has been specifically mentioned as the accounting and paying authority are docketed by the Railway. Board to the General Manager and FA & CAO, S.E. Railway with necessary instructions to check and pass the bills of the manufacturing firms. Bills preferred by the suppliers are checked and passed by the F.A & CAO/Stores with reference to the forms of the contract.

While audit of tenders and contracts finalised by the Railway Board is conducted in ADAI (Rlys) office, the execution of such contracts need to be reviewed by the concerned Principal Director of Audit. (See central section's circular letter No. C/1-1A/ Contract/10.7.85). It should be seen whether:

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

b) when materials offered by the firms are found to be substandard and/or not conforming to specification adequate action has been taken for obtaining replacements with materials of requisite standard.

c) the defects/deficiencies in the equipments/materials noticed during the warranty period are promptly reported to the suppliers and the Rly. Bd. for enforcing warranty claims;

d) Loss, inconvenience etc. suffered, if any, due to delayed supplies is reported by the Rly. Admn. concerned to the Rly. Bd. to enable invoking liquidated damages clause of the contract.

e) the emergency purchases resorted to at higher rates from the same firm who defaulted in supply against the running contracts have been reported to the Rly. Bd. for appropriate action against the defaulting suppliers.

### **11.6 Port charges and custom charges.**

(Paragraph 313 of the Railway Audit Manual and paras 2830-S to 2835-S).

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

The bills should be checked to see that:

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

### **11.7 Accounts custody and disposal of scrap.**

(Chapter XXIV of the Indian Railway stores Department and para 326 of the Railway Audit Manual.)

A large quantity of materials of different categories which are no longer useful for the purpose for which they were originally procured accumulates on the Railways. They are generally classified as scrap and consist of turnings, borings, cut ends of metals, sweepings or released materials. Sometimes second hand or even new materials are classified as scrap when they have become unsuitable for use on the Railway. This may be due to the stores having become obsolete on account of change in the designs, or due to modernisation of equipment.

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

Cases of reclassification of large quantities and costly items of second hand and new materials into scrap should specially be reviewed with reference to the period and circumstances of their procurement.

Detailed schedules of scrap are maintained by the Rly Admn, under "group-98" of the classification of stores. It should be seen that the scrap is accounted for under the relevant category and disposed off from time to time without allowing accumulation of huge quantities which may require elaborate and costly stocking arrangements,

If scrap is to be disposed off by public auction, arrangements are made for its collection at convenient points for the purpose of such sale. In regard to permanent way scrap it should be specially seen that they are collected at such points that may require the best expenditure on haulage and handling. Procedure adopted for and during auction of the scrap should be scrutinised.

The rates fixed and those obtained during auctions and the procedure for verification of scrap specially valuable scrap need also be investigated.

In auditing the sanctions for such sales it should be seen whether the instructions and orders issued from time to time by the competent authority have been followed.

## **11.8 Returned stores**

(Para 311 of the Railway Audit Manual and chapter XVI of the Indian Railway Stores Code).

In checking the vouchers of returned stores, the following points require special attention:

1) the reasonableness of the rate at which credit is afforded to works should be checked, where any formula has been prescribed for valuation of second hand materials it should be seen that the adjustments are correct according to the formula;

2) the correctness of the allocation of credit should be checked;

3) it should be seen that the returned stores are properly taken into account in the priced ledger/ transaction register.

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

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

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

## **11.9 Issues to Revenue and Capital.**

(Paragraph 315 of the Railway Audit Manual)

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

## **11.10 Issues on sales**

(Paragraph 315 of the Railway Audit Manual and chapters XXIII-S and XXIV-S).

It should be seen that:

a) the purchase money is paid in advance if the sale is made to the outsiders,

b) Percentages charges prescribed in the code have been correctly levied;

c) Only surplus or condemned articles are sold to railway employees and there is no tendency to issue frequently ordinary articles, which can be purchased easily by the employees from the market.

d) whether the stores sold as scrap was declared as such by the survey committee,

e) in case of sale of borings and turnings of valuable metals, such as brass, copper etc whether the question of effecting economy by casting them into ingots to be issued again in the foundries was considered.

f) The gate passes should be checked with connected sale order.

## **11.11. Priced lodgers/Transaction Register:**

(Paragraph 317 of the Railway Audit Manual and chapters XXV-S and XXVI-S)

Priced ledger is an annual item of audit done monthly by dividing the total number of priced ledgers as on last April of a year into twelve units and one unit is selected for audit

every month. The review of priced ledgers should be supplemented by a review of the following managerial statements prepared on the computer.

- a) Review of non-moved accounts showing the items not moved over two-years/one year etc,
- b) Review of priced ledgers account having irregular balances in quantity or value.
- c) scrap statement.
- d) Report on value/volume analysis to pin point account having excessive balances with reference to the issue of stores as relates to the total volume of issues to the depot.
- e) Statement showing no issues for a certain period as fixed by the stores depot.
- f) Statement showing stock holdings over one year's requirement as and when required and for specific item only.

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

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

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

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

### **11.12 Account of stores in the custody of running shed foreman and train examiners.**

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

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

### **11.13 Account of Imported stores**

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

### **11.14 Monthly statement of stores Account-Current**

(para 319 of the Railway Audit Manual)

Monthly statements are received in the Chief Accounts Office from all the decentralised stores Accounts offices. These should be checked to see that they are all correctly consolidated and proper Transfer vouchers made out. The reconciliation of the figures in the consolidated statement with these in the General Books should be seen by the Stores Audit (Central).

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

### **11.15 Sales Abstract**

(Para 320 of the Railway Audit Manual)

It should be seen (i) that each sale has been sanctioned by the proper authority and included in the sales Register.

(ii) proper percentage charges prescribed in the codes have been correctly levied and bills made out against the parties concerned,

(iii) that there are no credit items.

(iv) that the postings are correctly made in the ledgers

(v) that the totals agree with the head "Sales" in the General Books of the Railway. The correctness of the entries in the sales Register should be verified with reference to the computer printed sales statement. Balances under this head should be reviewed as in the case of purchase Registers (para 320 RAM)

### **11.16 Locomotive Energy Account**

Please see instructions contained in para 329 of the Railway Audit Manual.

### **11.17 Suspense Registers**

(Para 320 of the Railway Audit Manual)

#### **11.17.1 Purchase Registers** (Also paras 2809-5 to 2816-8 and 2924-8-A1)

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

#### **11.17.2 Sales Register** (Paras 2722-S to 2722-S and 2927-S and para 1607-A1)

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

### **11.17.3 Deposit Miscellaneous and Miscellaneous Advance Register,**

(paras 1120-A to 1121-A & para 1611-A & 1616-A)

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

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

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

### **11.17.4 Inter depot transfer Register, ( para 314 of the RAM and paras 2746-S to 2751-S)**

It should be seen that (i) vouchers of issue and receipts are passed and that sufficient action is taken to watch the acknowledgement of outstanding items

(ii) balances in the Register have been reconciled monthly with the General Books and that proper machinery exists in the Accounts office to ensure that all the vouchers have been taken into account

(iii) the receipts are correctly priced at the same rate at which the corresponding issue vrs are valued and

(iv) if receipts & issues are not paired during the month, it is reflected in the stores-in-transit (Depot Transfer).

### **11.18 Stock verification reports,**

(paragraph 327 of the RAM and Chapters XXXII-S & XXXIII and 1260-S, 1442-S, 1875-S & 2526-S paras 339-A, 340-A & 703-A)

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

The stock verifiers reports will be reviewed with reference to the explanations furnished and the orders finally passed thereon, it being seen that all important losses have been adequately investigated.

The actual adjustment in the accounts will be scrutinised. Explanations setting off shortages against examination under similar or other articles are open to objection as such differences indicate looseness in the account of issues. Any unreasonable delay in the disposal of stock sheets either by the departmental offices or by the Accounts office, should be

brought to the notice of the Accounts Officer. The arrangements for departmental verification and the important results thereof may also be reviewed. The postings of the excesses and deficiencies after review by the competent authority should be verified in stores priced ledgers. The action taken by the Account Office should be watched to see that full investigation is made in all important cases and that no improper use is made of the stock Adjustment Account and in the case of shortage adequate disciplinary action is taken against the person responsible therefore.

It may be seen whether the accuracy of the weight bridges and other weighing machines is periodically tested by the executive and whether a record is maintained of such tests.

### **11.19 Auction Sales Account**

(Paras 328 and 448 of the Railway Audit Manual and paras 2412-S to 2447- S and 2733-8 to 2737-S).

The following points may be seen while auditing the above account -

- (i) that the lists of stores for auction has been made out under proper sanction and reasonable publicity has been given in regard to date end other particulars of auction;
- (ii) that the auction has been personally supervised by a responsible officer of the stores Department.
- (iii) that the accepted bids have been written by the concerned officer and a certificate has been recorded by him as to his personal supervision;
- (iv) that an accounts representative was also present at the time of auction;
- (v) that the amounts of commission charged by the auctioneer is as per his agreement and that there is no delay on the part of the auctioneer in remitting the amounts to the Railway Administration;
- (vi) that the credits for the values received have been afforded to the correct heed of Account;
- (vii) that the total amount realised in auction sale agrees with the total remittance as made.

It should be seen occasionally that the materials put up for sale in auction are not serviceable and costly articles are not mixed up with lots of scrap or condemned materials.

In the case of sales account of scrap metals the reasons for realising a higher value than the book value should be carefully looked into. It should also be seen whether, in cases of failure to remove the materials within the stipulated period by the buyers the penalty as per terms of Sale is levied; also that no remission or reduction of ground rent on materials sold by action but not removed within free time is allowed except with the sanction of the competent authority.

The prices realised at one sale may be compared with the prices realised for similar articles at other sales. It should be seen whether before selling the stores to public, there is system of sending lists of surplus stores to other Railways, which may be useful to them. It should also be seen that suitable arrangements exists to ensure that only such materials are issued from stock/workshops etc. as have actually been sold and that the description and quality as well as quantity of the materials are correct. In the case of local deliveries, the gate passes should be checked with the delivery order for auction sales. It should be ensured that all

materials sold in lots are weighed before auction in the presence of an Inspector of Stores Accounts. The lists of weightment of there lots received in Accounts Office should be compared with the Auctioneer's sale Account. The latest schedule of rates for scrap should be compared with the prices obtained in recent auction sales to see if any of them calls for revision.

#### **11.20 Yearly statement of stores transactions**

(para 324 of the R.A.M. & 3001-S)

The annual statement of stores transactions is the statement showing the money value of actual balances of stores in hand expressed in thousands of rupees at the end of each financial year prepared in form no. S-3001. A copy of this statement is sent to the Railway Board so as to reach them by the 1st November of the year following the financial year. The statement is prepared by the controller of stores with the assistance of the Accounts Officer. Detailed instructions for the preparation of this statement are contained in chapter XXX of the Stores Code. The statement is accompanied by three annexure.

Annexure' A ' -is in the form of questionnaire which should be answered duly certified by the FA & C.A.O.

Annexure 'B' - is a review of balances under materials at site account for the year.

Annexure 'C' - is a statement of balance of charged off imprest comprising the balance at the end of the year with each category of imprest holder.

The following points should be seen:

1) the statement has been prepared in the prescribed form discrepancies, if any, should be brought to the notice of the FA & C.A.O.

2) the balances shown in the statement are correct, effective and efficient;

3) the Railway Administration has not unnecessarily reduced the stores balances by resorting to the following means:

i) writing down of values without sufficient causes; ii) Charging of stores to works on which they are not required for use immediately; (iii) under valuing returned stores; (iv) undue acceleration of the sale of surplus stores; (v) keeping off the payment or accountal of receipt of stores towards the end of the year till the next financial year.

#### **11.21 Yearly statement of stores purchases;**

(para 325 of RAM & 2943-S to 2946-S)

This statement, which shows the details of stores purchased during the year from various sources should be scrutinised generally to see how far the Government stores purchase policy, has been adhered to. The statement may be compared with the previous years statement and the reasons for important variations investigated.

#### **11.22 Stores-in-transit Register.**

(Para 320 of RAM & 2746-S to 2752-).

It should be seen that:

i) the balance outstanding in the stores-in-transit account is reconciled monthly with the subsidiary Registers;

ii) Steps have been taken for prompt clearance of the outstanding items;

iii) the register of outstanding items is examined periodically by the stores accounts officer and delays in the acceptance and return of monthly account current are taken up with the departmental officers and the Heads of Departments and that repeated or protracted delays are specially brought to the notice of the General Manager.

### **11.23 Stock Adjustment Account Register.**

(paragraph 321 of the RAM and 2740-S to 2742-S 2852-S and 2936-S)

It should be seen that items are not carried to Stock Adjustment Account without proper investigation and adequate reasons exists in all cases where clearance are deferred. The transactions of the stock Adjustment Account will generally come under scrutiny in connection with the review of priced ledgers and stock sheets etc. As all items are as a rule to be cleared within six months vide para 2742-S, items more than six months' old should be specially scrutinised and reasons for their non-clearance investigated. The total amount placed under stock Adjustment Account during the year should be compared with the total for the previous year and the difference, if large should be investigated.

### **11.24 Scrutiny of larger contracts.** (para 299 of the RAM and Chapters III to XI-S).

While reviewing the contracts, it should be further seen that:

- 1) Wide publicity was given to an advertised tender.
- 2) Reasonable time was allowed for submission of tender.
- 3) A tender committee was properly constituted, associated with finance and the tender was duly examined by the committee.
- 4) Necessary earnest money/security deposit has been obtained.
- 5) Technical advice wherever necessary has been obtained and financial implications of alternate specifications of delivery period have been examined.
- 6) Reasons for accepting a rate higher than the lowest have been recorded and are genuine.
- 7) Acceptance of a tender has been duly communicated to the party within the validity period of offers.
- 8) Acceptance of the tender and execution of necessary agreement have been done, by competent authority.
- 9) No contract has been entered into with parties who have been black-listed.
- 10) the quantity ordered is as per genuine requirements with regard to estimate/indents based on consumption and stock position.

A record of contracts reviewed should be kept in a register similar to that prescribed for works contracts (expenditure Audit). See also item No. XIII (ii) (1) under stores Audit in the appendix to. M.O.I. In this connection P.D.O. No. 331 dt. 27.3.85 regarding stores audit may also be seen.

### **11.25 Stores Adjustment Sheets.** (para 322 of the RAM and paras 2543-S & 2548-S)

The stores adjustment sheets should be checked with reference to the Transaction Register. The original postings should be verified wherever necessary and the justification of the adjustment scrutinised. It should be seen that important shortages brought to notice during stock verification are fully investigated before the difference in value due to reclassification of stores into class-11 or scrap are adjusted. It should be seen that survey committee has recommended such reclassification or scraping and the recommendation has been accepted by the competent authority. Papers dealing with the procurement of such materials and circumstances leading to the materials being rendered obsolete or unserviceable should be specially investigated, wherever the amount adjusted is heavy.

## **11.26 Price lists.** (para 323 of RAM and 208-S to 210-S)

It should be seen that the Controller of Stores is advised of all the variations between the average and the price list rates as required under the rules to enable him to consider the revision of the price list rates. In case of stores, for which there have been no purchases, it should be seen that the enquiries are made as to the prevailing market rates and the price lists revised where necessary. If price lists do not exist for many classes of stores, if should be taken up and factual statement prepared, if necessary.

The review of price lists should be done along with the review of stores ledgers yearly (see item no. XV under stores Audit in the appendix to M.O.I)

It should also be seen that the alterations in rates etc. issued during one month in each year (to be selected by the Branch Officer) have been carried out in the price lists maintained in the Accounts office.

## **11.27 Inspection of the work of the Receiving and Despatching Sections.**

- i) The purpose of inspection of the receiving and despatching sections of the depot is to see that the section of the depot, which receives all stores before the wards take them into stock, and the section, which arranges despatch of all stores from the Depot, is functioning properly. The detailed list of items to be looked into during inspection of these sections is contained in Appendix Chapter XVIII. Inspection.
- ii) Accounts, custody and disposal of scrap material (para 326 of RAM)- The check covers the work of the section mentioned in para 1206-5 and includes a scrutiny of the arrangements for the custody of the scrap materials, the procedure adopted for the during auction of scrap, the rates fixed and those obtained during auctions and the procedure for verification of scrap, specially valuable scrap. Annexure I to stores Audit (para 5.7.12)

Sub: Computerisation of stores -Revision of audit procedure therefore.

Computerized system of stores accounting it being introduced on South Eastern Railway in phases and out of five phases (in which the whole area of accounting is proposed to be covered) Computerisation has been fully introduced in three phases and in one phase it has been taken up in hand and another phase (Computerisation of purchase ledger with connected accounting vouchers) is yet to be taken up. Where the Computerisation has not yet been introduced the check under annual system of accounting is being done (where necessary with corrected documents computerised so far).

The procedure followed in processing the input documents relating to various transactions of stores dept is narrated below:

- i) Card Code -In order to specify the nature of transaction of various classes of input documents i.e. receipt, issue and purchase etc. each type of voucher has been given a distinctive numerical code known as card code. This card code is indicated on all vouchers before they are sent to stores accounts department. There from the same are made over to EDP section after rechecking the code numbers for further processing.
- ii) Voucher numbering -Each voucher for various stores transaction is identified by an alphabetic code number known as "voucher number" which signifies Depot, Ward, nature of transaction and serial number. A new set of numerical codes have also been introduced, for categorizing various classes of stores viz. ordinary, scrap, emergency, surplus stores etc. and various nature of items viz. manufactured items, semi-finished,

rough items, standard items etc. as also identity numbers for each item of stores.

iii) Unit Code -To indicates various items of measure for accountal of various stock items such as number set, kilogram. M/Tonne some numerical code has also been introduced. For a proper appreciation of each stores voucher dealt with in computerised system auditors should get themselves acquainted with the scheme of codification introduced by the Railway Administration.

## 2. Transmission of vouchers to EDP section for processing:

The ward keeper of each ward collects vouchers relating to various transactions arising on a particular day and sends the vouchers for the day along with a forwarding memo to the EDP section through stores Accounts department. Before sending the vouchers the ward keeper exercises checks to ensure that necessary code particulars have been correctly noted on the vouchers. On receipt of the vouchers along with the forwarding memo the above particulars are rechecked in stores Accounts office. If any error or discrepancy is noticed in the vouchers in course of such recheck, those vouchers are segregated and returned to the ward for necessary connection. The vouchers relating to receipt are then priced manually or with the help of computer with reference to the details given in the vouchers. Keeping the ward-wise arrangement of vouchers intact, code card wise lot are made for each ward, each bunch or lot being allotted to a lot number. The total number of vouchers in each lot and lot total (Which is a hash total of the value of each voucher taken on comptometer) are entered in a lot register for subsequent reconciliation with lot total produced by the computer while preparing the daily tabulation. The vouchers are handed over the EDP section for punching of cards. After punching and verification the vouchers are returned by the EDP section to stores Accounts Office.

Edit Run: After the cards have been punched they are fed to the computer machine and a ward wise list of vouchers (separately for receipt and issue vouchers) is prepared which gives particulars in regard to date, voucher number, P.L. No. description, quantity unit, ward number, value, gross total (has total for each lot). The list printed out by the machine is then checked with the original vouchers in order to ensure that the cards have been correctly punched. If any error is noticed in the punching of cards, necessary corrections are made by repunching the card.

If any card is rejected by the machine during this edit run, the corresponding voucher is taken out from the lot for return to the ward for scrutiny and necessary rectification. At this stage it is to be checked whether the total number of vouchers noted in the ward's forwarding memo is equal to the number of vouchers edited and listed by the machine and the total number rejected lot totals are also reconciled with the lot total taken earlier on comptometer and entered in lot register. The edited list of vouchers is then filed chronologically for record.

In this connection it is to be noted that any card, the part number of which does not find a place in the stock master record will be rejected during the up-date run. Such vouchers will be returned to the wards for initiating action to create master record format.

In case new cards are to be opened, or in case of items for which no master format has been prepared earlier, the ward keeper should prepare an opening advice and send it to the ledger section, who will immediately prepare the format in the proper form and send it to the ward. The vouchers pertaining to the new items is to be forwarded to the Joint checking staff comprising staff of the stores Department and stores Accounts Department along with the format with specific mention in the forwarding memo. Similar action is to be taken in case of vouchers rejected by the computer for want of master format after investigating and verifying that master formats have not been prepared earlier. The stores Accounts representative should check the new formats and ensure that the book balances and value balances are properly

furnished before sending there to the machine room section officer (Accounts) computer cell should take prompt action for creation of the master.

### 3. Procedure for pricing of vouchers.

There are certain classes of vouchers in respect of which the values (amount) are required to be calculated manually and punched in the relevant card while there are certain classes of vouchers in respect of which such calculation of value is not necessary. Where the value is calculated the computer utilises this value of striking out the fresh average rate by taking the new value into account but in respect of vouchers where no value is given the computer prices the new vouchers with the existing average rate.

In respect of following classes of vouchers valuation is required to be made the same is to be punched in the relevant card for arriving at the new average rate. Name of Vouchers

Book/Transfer (issue)

B.T.R. (receipt)

Dept transfer (receipt)

Write off vouchers, receipt notes, minus receipt notes, receipt note for fabricated materials.

Temporary receipt notes.

Advice of despatch for imported stores.

Sales Issue Notes

Advice Note of Returned stores

Minus loan issues (receipt back of loaned materials).

Return of loaned materials. Claim issues.

Minus claim issue (withdrawal of claim issue note).

As the above vouchers are required to be evaluated and punched in the card the 'rate' should be mentioned in the vouchers.

In case of the following vouchers calculation of value is not required to be made. These vouchers are evaluated by the computer at the average book rate

Name of vouchers

Depot stock verification sheets.

Accounts stock verification sheets.

Loan receipts.

DIR Issue (Minus receipt) Depot transfer.

Issue notes.

Material requisition -issue vouchers.

Issue slip for workshop manufactured finished items.

Fabrication issue note (plus) Loan issue.

### 4. Some important statements/tabulations printed on the computer

#### i) Daily ward wise list of vouchers.

Daily transaction statement: This is an edited list of stores transactions posted by the computer every day showing full particulars of receipt and issue vouchers. This statement is sent to stores Accounts Department as well as to the ward keeper. The statement is critically examined by the ward keeper and stores Accounts Office with reference to the relevant vouchers so as to ascertain correctness of the transactions incorporated in the statement. In case of mistakes, if any, the ward keeper returns one copy of the statement to the machine room with remarks and necessary adjustment munched for rectification.

ii) Daily stock status: After the daily up-dating is over a daily stock ledger items affected by the days transaction is printed out showing the receipts and issues under each dept. class and P.L. no. separately along with closing quantity balance and value balance. This are filled data wise and class-wise for reference purposes.

iii) Monthly stock status: At the end of the monthly stock ledger is printed out by the computer from updated disc/tally file. This shows total of all receipts and issues (quantity and value) during the month and closing balance (quantity and value) in respect of all items in stock and for all classes and depots separately. This also gives particulars of cumulative 'True issues' from commencement of the year, maximum and minimum and red signal level etc. for stock control purposes. Simultaneously a statement showing the total value of receipts and issues during the month and closing balance by depot, category and class is also printed out.

iv) Consolidated monthly class wise summary for Receipts/Issues

This tabulation gives class wise summary of receipt and issues during the month. This is utilised for preparation of monthly statement of stores Account.

v) (a) Monthly Departmental summary of non-stock receipt notes:

This tabulation shows work order wise and department wise debits for non-stock items.

(b) Consolidated monthly summary of non-stock receipt note by department:

This statement shows the consolidated monthly debit to the various departments for non-stock purchases.

vi) (a) Monthly departmental summary of Issues :

This gives department wise statement of issue notes (relating to issues for the concerned department) showing the allocation.

(b) Consolidated (Departmental) summary of issue or summary of issues by allocation.

This gives allocation wise totals of stores issued in respect of each department. This is used for preparing journal vouchers for debiting the concerned heads

vii) Monthly Credit statement of shop manufactured items:

This gives the monthly total value of manufactured items for affording credit to work orders by debit to stock.

viii) (a) Monthly credit statement for returned stores:

This gives the details (department wise and allocation wise) of advise notes for stores returned to stores depots by the departments.

(b) Consolidated summary of returned stores:

This is a summary prepared on the basis of monthly statements at (a) above under various allocations for preparation of journal vouchers for crediting the departments concerned by debit to stock

## 5. Managerial statements:

In addition to the statements enumerated above the following Managerial statements are printed out by computer. Although the statements are primarily prepared for facilitating the work of executives they should be critically examined in Audit as they are subsidiary to the documents listed earlier and would give a fair idea about the management of stores.

**1 (a) ABC analysis showing inventory balance of high value items:**

The statement is printed out monthly and furnishes the break up of stores transactions under different categories viz. items valuing Rs. 50,000/- and above, items valuing 25000/- and above etc showing opening balance, receipts, issues and closing balance. It should be examined to see whether the issues under heavy value items are commensurate with the receipts and whether there are any heavy stock holdings.

**(b) P.L. exception report:** This report shows all the items where receipts rates are lower than the average book rates by 20% or more. This report shows items of receipts where rates fluctuate more than 50% on high side.

**(c) List of non-moving Items:** The items for which there have been no issues during a particular period are printed in the list of non-moving items. The statement is to be reviewed to see whether there has been heavy accumulation of surplus stores. The reasons for the accumulation should be examined and it should be seen whether adequate steps have been taken by the Admn. for their proper disposal.

**(d) Items with inefficient balances:** The items having negative balances are printed in the list of items with inefficient balances showing P.L. No., description of items, quantity on hand, unit average book rate and the value.

**(e) Continuity statement of stores vouchers:** With a view to checking the continuity of stores vouchers (both receipt and issue) during the months continuity statements of stores vouchers are printed and sent to depot officer for investigation of the reasons of missing vouchers.

**6. Procedure of Audit of Stores Accounts under Computerised Accounting system:** In stores accounting the source documents are the various classes of receipt and issue vouchers for which separate card codes and formats have been prescribed. As already explained these input documents are subjected to careful checking before the particulars given in them are punched in cared so as to ensure that the input data is basically correct computer itself also edits the punched card during the edit programme and rejects the card in case of incomplete particulars in vouchers with wrong format or irrelevant date etc. But the computer is not in a position to detect certain classes of inaccuracies viz. inaccuracy in value or part No. etc, if the voucher is otherwise correctly prepared in correct format. Audit, therefore, aims at locating the inaccuracies, which generally arise due to human error by referring to the source, documents viz. the different classes of vouchers. The procedure to be followed in regard to audit of stores accounts under computerised system is narrated below:

i) **General principle of audit:** Although the logical correctness of the computerised system of Accounting has been broadly established, Audit should, however, test the efficiency of the system by continuing the existing method of check including arithmetical calculations with reference to source date and output documents. As such the quantum of audit prescribed by the C & A.G. in regard to various items of stores transaction is needed to be adhered to. Since the computer possesses the ability to carry out arithmetical calculation with almost unfailing consistency the check of arithmetical accuracy where the calculation has been done by computer should be restricted to 50% of the transactions selected for audit.

If in course of audit any error is noticed the reason for such error should be traced back through various stages of processing the original documents so as to determine whether the error was due to human failure, such as, error in coding, punching etc. or whether it should be attributed to any lacuna in programme. If any lacuna in the programme is suspected, the matter should be taken up with Data Processing Manager and a report in

this regard should be sent to comptroller and Auditor General of India's Office incorporating the remarks of Data Processing Manager for remedial action taken etc.

ii) Check of completeness of Accountal: The object of audit check is to ensure that the vouchers received from Stores Depots are continuous and that adequate arrangements exist for action taken on rejected vouchers. Without check on the completeness of the document processed by the computer the output cannot be assumed as correct.

Check of completeness of processing may be treated as an independent item of audit to be done half- yearly for one month's account.

With a view to ensuring the correctness and completeness of accountal of all transactions originating in a Stores Depot, audit should completely check one day's transactions (both receipts and issues) for each Depot as follows:

a) to see whether the total number of vouchers sent by the wards as per forwarding memo is equal to the total number edited and listed (as per edit list) plus the number of vouchers rejected and that the total number of vouchers edited for posting is equal to the total number actually posted plus number rejected by the computer due to creation of credit balance.

b) to verify the manual lot totals (quantity and value etc) are reconciled invariably with 'hash' totals developed by the computer. (The lot registers maintained manually should be examined for this purpose).

c) to verify that the vouchers which are sent back to the wards for correction, are duly corrected and returned for posting within a reasonable time. (Failure to take action on rejected vouchers or abnormal delays in returning them should be taken up).

d) to check the continuity of vouchers with reference to continuity registers manually maintained and continuity statement prepared on computer.

e) to trace the posting of one days transaction for each depot into the priced ledger or transaction statement and in addition into-

i) Accounts stock verification statements in case of accounts stock verification vouchers.

ii) Departmental stock verification statements in case of departmental

iii) Depot stock sheets - Losses etc statement in case of Depot stock sheets.

iv) Stock adjustment account statement in the cases listed at (i), (ii) & (iii) above.

v) Books transfer statement in the case of Book transfer vouchers.

vi) Returned stores statement in case of Returned stores.

vii) Depot transfer receipts and Depot transfer issues in the case of depot transfer.

viii) Purchase statement and sales statement in case of Purchases and sales respectively.

ix) Debits/Credits to Misc. Advances Capital statement in the case of receipt notes for fabricated stores and issue notes for issue of material on loan.

x) Depot Misc. statement in case of stores received on loan and return of such stores and

xi) Receipts-Issues to petty shop statements and workshop receipt statement in the case of receipt and to petty shops under D.C.Os and workshop receipt respectively.

iii) Receipt Returns (items No.II of stores Audit Programme).

This Item at present covers returned stores, Imported stores, Inter Depot transfers and workshop cut turn. In addition to these, occasionally there arise certain other categories of vouchers such as; temporary receipt notes fabrication receipt notes and non-stock receipt notes in production units, which have to be covered in audit. While most of such categories of vouchers come under check while checking the stores bills some such vouchers may not come under audit check. In order, therefore, to make the audit of receipt return comprehensive a new item viz. other receipt notes has been added as item 5 under item II of stores audit. It is to be ensured that where selections are made for one day's transaction (both receipt and issue) different day's transactions for each type of vouchers are selected.

(iv) Delivery Notes (item II of stores Audit):

This item at present covers Issues to revenue and capital, Issue to workshops and Inter-Depot transfers. Certain miscellaneous issue vouchers, such as, fabrication issue notes, loan Issue notes, Issue notes, for return of materials taken on loan etc. may also be encountered in audit. With a view to include all such vouchers an additional sub Item viz. 'Other Delivery Notes' has been introduced under item III of stores programme. Selection of dates of transaction for Audit should be different for different types of issue notes.

v) Priced ledgers:

(a) The receipt and issue vouchers audited should be transferred into the monthly transaction register. The review of stores priced ledgers may be conducted with reference to the periodical listings which contain all the items, moving or non-moving.

(b) The review of priced ledgers should be supplemented by review of the following managerial statements prepared on computer. The review should also be directed to see that the action taken is adequate when irregular or excessive balances arise in the first piece etc.

(i) Review of non-moved accounts showing the items not moved over two years, over one year etc.

(ii) Review of priced ledger accounts having irregular balances in quantity or value.

(iii) Scrap statement.

(iv) Report of value/volume work analysis to pinpoint account having excessive balances with reference to the issue of stores as relates to the total value of issues in the depot...

(v) Statement showing no issues for a certain period as fixed by stores Depot.

(vi) Statement showing stock holding over one year's requirement as and when required and for certain items only.

The periodicity of review of these statements may follow the periodicity of their preparation on computer. When computerised system in addition to the Priced Ledger, Class Ledger/Summery showing the opening balance, receipts, issues and closing balance under each class is also prepared from the transaction file for receipts end issues end updated opening balance, the total debit, credit and balances in these class ledgers are required to be reconciled with stores account current/General Books.

It is required to be ensured in audit that the procedure in venue in the accounts office

provides for (I) a monthly reconciliation of class summaries with Departmental summary and (II) Debits, credits, and balances in the class ledger with General Books and balances in the priced ledger. It is also to be viewed that the action taken by the accounts office for discrepancies in different sets of figure is adequate.

7) Stores account current:

The scope of check of stores account current has been revised as follows: The monthly account current of stores transactions should be examined in full details. The opening balance should be compared with the closing balance of the previous month, the debits and credits examined and traced from the audited statements (viz. those printed from the monthly summary tape as part of the monthly processing). In audit the depot wise class leaders should be totalled up and the totals agree with the totals of the number of categories into which the stores transactions are abstracted every month by accounts section. It should be further seen that the stores balances are properly agreed with the balance in the General Books and agreement is duly attested. In addition to the above, the following checks are required to be exercised in respect of various documents under computerised system.

The entries in the Purchase Register and in Sales Register should be reconciled with those in the Purchase statement and Sales statement in respect of 8.1/3% of the depots. The check is to be exercised for verification of correctness of entries in the purchases and sales registers with reference to the printed statements, which form the basis for adjustment in Accounts.

The accounts and departmental stock verification statements should be examined and cases of large variations in balance should be taken up with the Executive. Since a consolidated statement is available with Computerisation review of this statement should be conducted in audit.

In addition, the following statements should be examined with view to ensuring that the stores transactions are correctly and completely brought to account every month.

(a) The list of stores transaction vouchers finally printed for the month should be checked to see that there are no cases printed where the message controls do not tally.)

(b) The opening number in the continuity statement of voucher printed on the computer should be agreed with the closing number as per the preceding month's statement in respect of 8.1/3% of the Depot. The statement should be agreed with the manually maintained continuity Register. It should be examined whether adequate action has been taken to bring the missing vouchers to account.

(c) The Residual statement should be reviewed in respect of 8.1/3% of the Depots and the adequacy of action taken should be watched in audit.

(d) The above checks should be conducted in audit as they are essential for ensuring correct and comprehensive accountal and are in the nature of a regular review of the working of the procedure. The list of items with more than 20% variation in notes should be examined with a view to locating cases of incorrect posting or programmes errors.

The list of opening balances printed should be reviewed in respect of 8.1/3% of the Depots every month.

Accordingly, the review of priced ledgers should be supplemented by a check of opening balances statement. The extent of check is 8.1/3% of the depots every month.

**Chapter –XII**  
**Section -Divisional Audit**

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## Chapter –XII

### Section -Divisional Audit

#### **12.1 Duties and responsibilities:**

The Divisional Audit offices at Kharagpur, Adra, Chakradharpur, Ranchi, are responsible for the audit of the accounts maintained in the respective divisions and the work done in the respective divisional Accounts Offices in respect of Expenditure, Establishment, Books and Budget in accordance with the programme of Audit laid down in the Memorandum of instructions regarding the extent of audit (Railway Audit, Revised Audit Norms, Perspective Plan and the orders issued from time to time. They are also responsible for the inspection of the accounts and records maintained in the Executive Offices under their audit control. Instructions relating to common items of work, as mentioned in this Manual, equally apply to the Divisional Audit Offices. They are also responsible for the certification of Divisional Accounts prepared by the Divisional Accounts Officers.

**12.2 Working Strength of Divisional Audit Offices has been mentioned in the ‘Gradation List’.**

#### **12.3 General Instructions:**

Each Assistant Audit Officer/Section Officer will be responsible for the official cases, books of reference tools and plant &c. The Accounts Department should not be allowed to have access to Audit reports and cases without the permission of the Branch Officer.

#### **12.4 Establishment Audit:**

(Reference: Indian Railway Financial code, volumes I and II, Indian Railway Establishment code, volumes I & II, Indian Railway code for the Accounts Department, pt. I, Workmen's Compensation Act, Manual of Instructions for the guidance of the office of the Divisional Accounts Officer and Railway Audit Manual and MSO (Audit) First Edition 1991).

#### **12.5 Pay bills of non-gazetted staff -Bills of the following categories are audited in the Divisions:**

- (i) Engineering staff, including Inspector of works, permanent way Inspectors, sanitary Inspectors and other subordinates.
- (ii) Loco staff (steam, Electric & Diesel) including foreman, Drivers, Motormen, Shunters, Firemen, fitters, cleaners & c.
- (iii) Carriage and wagon staff, such as Head Train Examiner, Assistant Train Examiners & c.
- (iv) Signal and interlocking staff -Block signal Inspector & c
- (v) Operating and commercial staff, such as station Masters, Asstt. S.M.S. Ticket collectors, Booking Clerks, switchman, cabin man, points man, shunting Mast, Yard master, yard master control staff etc.
- (vi) Running staff, such as Guards, Brakeman, Traffic Inspectors.
- (vii) Divisional Accounts staff.

(viii) Office staff of the various sections of the Divisional Officer and Miscellaneous staff under the control of the Divisional Railway Manager.

(ix) Staff of Railway Schools.

(x) Electrical Department Staff .

(xi) Miscellaneous staff such as R.P.F. Medical etc.

In auditing the pay bills the instruction contained in Railway Audit Manual, Revised Audit Norms and Perspective Plan should be borne in mind. It should be seen whether the internal check by the Accounts Office is efficient.

### **12.6 Overtime and Running Allowance Bills:**

1) Extent of check see item no. IV(5) under central audit in the appendix to M.O.I. (Railway Audit) & RAM.

2) The instructions contained in para 213 of the Railway Audit Manual may be seen. These allowances are given to the Railway staff in terms of the provisions contained in chapter V of the Indian Railway establishment code, Vol. I and chapter IX of the Indian Railway Establishment Manual (second edition).

3) These allowances whether charged through regular salary bills of the staff or through separate bills should be checked with reference to the overtime and running allowance journals. During the local inspection of the Divisional personnel officers and others the accuracy of O. T. and running allowance journals should be checked with reference to initial records i.e. engine tickets O. T. Registers guard's journals etc.)

4) While checking overtime bills it should be seen that basic pay includes substantive pay or officiating pay and personal pay and dearness pay, but does not include any allowance such as compensatory allowance, house rent allowances, dearness allowance or running allowance.

### **12.7 Special allowances -certain allowances, mentioned below, are also admissible to the non-gazetted staff:**

- i) Consolidated travelling allowance.
- ii) Conveyance allowance.
- iii) Allowances to Nurses.
- iv) Extra duty allowance to R.P.F. staff .
- v) Night duty allowance.
- vi) National Holiday Allowance.
- vii) Hard duty allowance.

The rules on the subject in the Indian Railway Establishment code should be consulted. In regard to consolidated allowances, the relative sanction may be generally reviewed to see how far the continuance of the allowance is justified in general or in any particular case.

### **12.8 School fee bills and contribution to schools:**

(chapter XI of the Indian Railway Establishment Code, Vol-I and Paragraph 233 of the Railway Audit Manual).

1. The payments to individuals should be checked to see that they are in accordance with the existing practice based on the above rules as amended from time to time. Para 622 A may also be seen.

2. In checking grants-in-aid to schools, the justification for the same should be scrutinised. If the grants-in-aid are dependant on the number of scholars actually in attendance during a specific period or on the expenditure on certain objects during that period, it is necessary to test the accuracy of the calculation by which the grants-in-aid have been made. Many grants-in-aid are made on the understanding that certain conditions will be fulfilled in the course of expenditure of the grant. The audit scrutiny will be confined in such cases to an examination of the annual reports.

**12.9** Staff engaged on behalf of non-Railway Department public bodies and outsiders. Pay, allowances and incidental charges on account of the staff engaged on behalf of the above bodies are recoverable from them. It should be seen that recoveries of pay, allowances, and incidental charges for such staff are made from them in accordance with Rule 2158-R II and the orders issued by the Railway Board in this connection from time to time. Pay and allowances, paid to the staff are allocated to "Miscellaneous Advance" of the first instance and subsequently recovered from the parties concerned through monthly bills. The outward bills (bills recoverable) register and the "Miscellaneous Advance" register should be carefully scrutinised to see whether there is any delay in recovery. Recoveries should also be verified with acknowledgements or advices from the treasurer or the Chief Accounts Officer (Books).

The outward bills register should also be carefully reviewed to see that all cases of recovery have been noted therein, that there is no delay in recovery and the entries showing recoveries are supported by a documentary evidences of recovery. When new registers are opened it should be seen that the current cases have been correctly brought forward and that all sanctions of recovery, known to audit have been recorded therein.

**12.10 Unpaid wages statements and pay orders for payment of unpaid wages. (Paragraph 386 of the Railway Audit Manual)**

While sending the unpaid wages statements, the Divisional Cashier retains the total amount of the unpaid wages, informing the Divisional Accounts Officer of the amount so retained. The Divisional Accounts Officer on the day he receives the intimation from the Divisional Cashier should deduct the retained amount from the total of the bills to be made over on that day to the Divisional Cashier for payment in cash and should issue a cheque for the reduced amount, crediting the amount, deducted to 'Deposits -unpaid Wages'. If the amount of the cheque in favour of the Divisional Cashier on that particular day is not enough to cover the recovery, deduction will be made as soon as possible. The position should be received frequently to see whether the procedure is rigidly followed. If not, the defects should be taken up with the Accounts Office and pursued till the matter is set right. It should also be seen that the amounts of "Deposits -Unpaid Wages" are monthly reconciled with the General Books.

**12.11 Register of Foreign Service contribution (Paragraph 225 of the Railway Audit Manual and paras 442 to 445-A)**

The registers maintained in the Account Offices should be checked to see that correct recoveries are being made towards leave salary, pension, Provident Fund Contributions, Gratuity etc and the Broad sheet of recoveries IA-443) is correctly prepared. Delays in recoveries should be taken up.

**12.12 Rent Register and rent rolls of residential building (paragraphs 221-259 of the Railway Audit Manual).**

1. Extend of cheque -See item no. 14(a) & 14(b) under Central audit in the appendix to M.O.I. The registers should be checked to see that they are posted up-to-date, cases of mis-

allotment of quarters, vacant quarters and delay in recovery of rent should be taken up and carefully pursued to finality

Rent rolls accompanying the pay bills for April, pertaining to the unit selected for audit should be completely checked In respect of pay bills for other months, variation statements relating to the unit selected for audit should be linked with the rent rolls for April end also with the variation statements for the previous months.

**12.13 Execution of works** -As a general rule, no work should be commenced and no liability or expenditure incurred on a work until a detailed estimate for it has been sanctioned and an allotment of the requisite funds made by the competent authority But under the special circumstances, mentioned in paragraph 1103-E (Revised edition 1982) the commencement of a work may be authorised on an "urgency certificate" and expenditure or liability incurred prior to the sanction to the estimate. When it comes to the knowledge of Audit through sanctions, registers of sanctions to estimates maintained in the Divisional Manager's Office and Divisional Accounts Office, works Registers or other sources that work has been started on "urgency certificate" the justification should be scrutinised in audit. A special watch should also be kept over such to see that the provisions of paragraphs 1103-E to 1107-E are observed and the necessary estimates prepared and submitted to the competent authority for sanction within the limit time and sanctioned by him.

**12.14 Work orders** - (Paragraph 1263-E and paragraph 2 of the Railway Audit manual)  
In the course of audit of contractors bills, the connected work orders should be examined to see:

- i) that the rates quoted are authorised schedule rates or accepted tender rates. In the case of new rates (not appearing in the schedule) the analysis arriving at the rates should be carefully scrutinised. In such cases and in the case of special rates (a compound rate consisting of one or more scheduled items at a proposed rate higher than schedule) it should be seen that competent sanction exists.
- ii) that it is properly executed document, complete in all respects.
- iii) That the special terms and conditions, if any, are not in contravention of extent rules and orders not prejudicial to the interest of the Railway.
- iv) That a close work order is duly cancelled to guard against a second claim.

During a quarterly scrutiny of larger contract and tenders all sanctioned work orders for over Rs. 5000/- should be picked up from the registers of work orders maintained in the Bill sanctions of the various departments and checked as above, and also with tender papers etc.

**12.15 Labour pay sheets:** (see paragraph 1263-E and paragraph 267 and 268 of Railway Audit Manual)

- i) Extent of check item IV-18 of Central Audit Programme in the Appendix to M.O.I. (Railway Audit)
- ii) 50% of labour pay sheets checked during local inspections should be traced in the works and Revenue allocation Registers. PF deductions in respect of 5% of the employees included in the labour pay sheets checked need also be traced in the PF ledgers.

It should be seen from internal check exercised by the Accounts Office is efficient and that Gang Register (From-E, 1354) is maintained in Accounts Office for watching the wages charged for each gang or a group or labour under each subordinate in the case of maintenance works do not without sufficient reasons (which should be investigated and recorded) vary materially from month to month. (Para 1355-E).

In this connection for instructions contained in para 308 should also be followed.

**12.16 Register of Deposit Works -(paragraphs 1481-E and 1848-E).**

It should be seen that the register of works for the deposit works is duly maintained in terms of paragraph 1984. E and reconciled with the general books monthly as mentioned therein. Statement of capital and Depreciation Reserve Fund Expenditure:

The monthly statement submitted to the Chief Accounts Officer by the Divisional Accounts Officer should be checked monthly.

**12.17** Sometimes direct purchases of building materials etc. are made in Divisions on the basis of tenders or quotations received from outside firms. The rates and competency of sanction to the purchases should be scrutinised. The stores bill concerned, delivery notes and the ledger where maintained should be checked to the some extent as in the programme of stores audit.

**12.18 Imprest Stores in running sheds and Train Examining stations (see para 290 of the R.A.M. and chapter XVIII of the stores code.**

i) Extent of check item VIII-17(b) under 'Central audit' the appendix to M.O.I.

ii) The imprest stores are held in stock in the Running sheds and Train Examining stations are a standing advance for meeting urgent requirements in connection with the repairs, maintenance and the operation of rolling stock.

These stores are charged off to Revenue. The following are the more important points to be looked into during audit:

i) At Head Quarters: -(a) The combined requisition and issue notes received from the feeding stores depots along with the daily summaries should be compared with the accepted copies of the imprest holders. It should be seen that the cases of missing acknowledgements are duly followed up and finally regularised. In the cases of stores, returned by the Imprest holders or issued by them or other imprest holders, acknowledgements of the parties concerned, should be carefully checked.

(b) The summaries and allocations should be checked and the allocations should be traced into the accounts.

(c) The annual revaluation of the stores done, should be reviewed.

(d) It should be seen whether the money limits for each imprest holder is revised from time to time.

(e) The figures furnished by the Divisional Accounts Officers to the Chief A/Cs. Officer for the purpose of incorporation in the Annual statement of stores Transactions should be checked and comments, if any, sent to the stores Audit Section after acceptance by the local Accounts Officer.

ii) During local inspections -It should be seen: -

(a) that the quantities of each item of stores are based on two months average consumption and is approved by the General Manager or any lower authority whom he may authorise.

(b) Whether there is transaction with more than one stores depot in respect of anyone item of stores by the same imprest holder; and if so, the reason therefore.

(c) that all issues are made on proper issue tickets duly signed by authorised persons;

(d) that the numerical ledgers for each item of stores are maintained and are posted daily from issue.

Tickets and closed monthly on a date fixed for it; the recoulement schedules are prepared from the closing balances of each month and the balances of the items In stock are verified by actual count of ground balances on the completion of each sheet and the actual balances are recorded as its last entry, e.g. balances by actual count found to be:

(e) that the departmental verification of stock is carried out annually and a certificate to that effect is appended to the annual statement furnished and that the stock is verified by the Accounts stock verifiers at least once in two years; and

(f) that the officers of the imprest holders are regularly inspected by the Accounts staff not less frequently than once in three years.

#### **12.19 Private and Assisted Sidings (paragraphs 1822E to 1842-E and paragraph 285 of the Railway Audit Manual)**

(a) Private and Assisted Sidings Accounts -

i)The outward bill register and the siding Register (E-1840) should be fully reviewed to see that the interest and maintenance charges and such other charges as cost of special staff engaged on the siding or interest and maintenance charges for other Railway assets used by the siding owners along with the siding have been correctly worked out with reference to Railway Board's orders issued from time to time and recoveries thereof are being effected promptly and correctly accounted for.

In cases where cost of staff is recoverable from siding owners, it should be seen that in addition to pay and Allowances, the percentage charges laid down in Para 2158-RII are correctly recovered.

ii) It should be seen that the entries contained in the sidings register maintained in the Accounts Office are being duly verified annually with statements of sidings obtained from the District or Divisional Engineers as mentioned in para 1840-E.

iii) It should be seen whether suitable clause has been provided in each siding agreement for the closing down of the siding and the determination of the agreement as provided in para 1833-E. If any Biding is closed and the agreement is so terminated, the Justification therefore should be examined.

iv) It should also be seen that inspection charges for periodical inspection works (in connection with private/Assisted sidings) inside the premises of the siding holders in terms of para 2012E (third print) read with C.S.76E. are being recovered from the siding owners.

#### **Agreement for private sidings:**

The sidings agreements should be fully reviewed annually. In addition to the full check of new- agreements and amendments to existing agreements as per percentage laid down should be thoroughly checked every year. The siding register, printed pamphlet of sidings and the goods tariff should be consulted for a correct list of sidings. The particulars of the sidings whose agreements are checked annually, may be kept in a separate case or register so that it may be watched that any agreement is not reviewed more than once or omitted to be reviewed. In reviewing the agreements it should be seen that they are executed in the approved form in accordance with the extent rules and the interests of the Railway are duly safeguarded. While checking the estimates and completion reports or siding it should be watched that the necessary agreements are promptly executed.

#### **12.20 Material-at-site Accounts (see chapter XIV of the Indian Railway Code for the Engineering Department.)**

The material at site account should be checked to see that: -

- 1) the returns and records prescribed are correctly maintained and the accounts are arithmetically correct;
- 2) the materials collected are necessary and not in excess of requirements;
- 3) the materials have not been collected long in advance of requirement;
- 4) materials received have been properly accounted for;
- 5) all issues to contractors are properly vouched and are not out of proportions to the quantity of work done by them;
- 6) the total issues on a given date are in pace with the progress of work done upto that date as indicated by the progress report of the work and are not in excess of estimated quantities.
- 7) in the case of renewals, the quantity returned roughly equals material issued in replacement;
- 8) non-perishable articles of tools and plant are not shown as finally issued to the work;
- 9) the write-off material is covered by proper sanction and there is no fictitious adjustments to write off outstanding balances, such as transfer to Revenue or other works;
- 10) Empties, such as bags, tins, drums, etc. are returned to stores with due expedition and are not unnecessarily accumulated;
- 11) there have been no issues after the completion of work and the materials left over have not been charged to the "charged off return" without proper sanction;
- 12) there are no credit balances in the site account and its value agrees with the corresponding Balances in the work register;
- 13) there is evidence of actual count having been made once a year of the numerical balances, outstanding in the site account and that

14) no balances are allowed to continue at debit of the site account. Long after works have been completed nor are materials left over at the site of completed works.

As regards materials returned to stores depot or transferred elsewhere, the correctness of credit to site accounts should be checked with the relevant advice of returned stores or adjustment memo. (Para 1447-E)

### **12.21 Accounts of permanent way and building Materials - (Paragraph 1407-E etc. see.)**

At the close of each month separate returns (in form E-1417) showing receipts, issues and balances of all items of imprest and surplus stores operated on during the month should be submitted by each Engineering subordinate to the Divisional Office. Both the accounts should, as far as possible, be supported by the various receipt and issue vouchers, i.e. Issue notes, Adjustment memo and Advice notes and bear a certificate from the subordinate concerned that no stores. Other than these included in the accounts have been received or issued during the month and that the balances of all items of stores not included in the accounts remain the same as at the end of the previous month.

The instructions regarding the check of material-at-site account apply mutatis mutandis to these accounts also. It should also be seen that the stock on hand with the inspectors are not in excess of the sanctioned imprest stock, that the sanctioned stock is revised as and when the issue justify such revision, that transfer of material between two inspectors is few and fair between and agrees with their returns and that monthly reconciliation of the debits, credits and balance in the General Books is made with priced return.

### **12.22 Stock verification of Engineering Imprest Stores**

**a)(i)** The subordinates should be asked to submit the returns bearing the stock verifier's attestation whenever the stock is verified, if such a procedure is not in vogue.

ii) The balance on the verified returns should be compared with the closing balance of the last returns and discrepancies, if any, taken up.

iii) At the time of countersigning the stock-sheets and submission thereof to the Account Office, the balance shown on them should also be checked with these on the returns.

**b)** The stock verified should carryout the stock verification of Imprest stores with reference to the original record presented to them by the Engineering subordinates and after verification the book balances should be worked back to the last half year for which a complete statement of balances has been submitted to the Divisional offices and show discrepancies, if any, with reference to these balances by adding Issues and subsequently receipts from the Ground balance.

**CHAPTER-XIII**  
**WORKSHOP AUDIT**

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## **CHAPTER-XIII**

### **WORKSHOP AUDIT**

#### **13.1 General:**

In open line Railway the work shop Accounts office is under the control of workshop Accounts Officer, who is in charge of and responsible for maintenance of all accounts of the workshop including the work- shop Establishment, provident fund and costing. The workshop Accounts Officer is directly responsible for all the finance and accounts functions relating to the workshop but he works under the administrative control of the F.A & CAO of the concerned open line Railway.

The workshop organisation is headed by H.O.Ds viz. CME, CWE, CEE. The above H.O.Ds. are assisted by different subordinates viz. ACME, Dy.CME, CWM, WM,SME,ME, AWM etc in different units. The Accounts of workshops are being maintained in the following sections. i) Time keeping organisation.

- ii) incentive bonus piece work section. iii) Workshop Establishment Section.
- iv) Workshop Manufacturing Section
- v) Costing

#### **13.2 Organisation of workshop**

##### **13.2.1 Time keeping organisation:**

This organisation is responsible for maintaining the initial record of attendance of all workshop staff which serves as a record for payment as well as for allocation of labour charges. The staffs of this organisation is not borne on the cadre of Accounts Office. This organisation is responsible for booking of time spent by operators on various work orders. There are Time Booths inside the individual shop. The attendance upto the level of charge man is being maintained on the Gate Attendance Card (M-21 with the aid of time recorder clocks. Gate Attendance Cards are punched 'In' and 'out' by the workman at the time of coming in and going out. At the end of the month summaries of the attendance for the whole month are prepared. Leave sanctioned is also marked on Gate Attendance Cards. E.D.P. centre prepares pay bills of the work-shop staff with help of Gate Attendance Cards.

Time office is also the custodian of the job cards which are used for booking time in respect of various operations carried out by the operators for a particular job. The Office works out the total time taken on completion of a particular job and records the same in the respective column of the job card. Job cards are then allotted serial number and certified by Inspectors in respect of work done. Completion and preparation of Incentive Bonus bills are made with the help of job cards. Time office is also responsible for proceeding Time Card, Handle Time card an Machine Idle Time Card.

**Workshop Establishment:** This section is responsible for payment of all claims of workshop staff (including workshop labour) and watching recoveries in respect thereof.

Computer printed pay bills of the various bill units of the shops submitted by the personnel branch of the workshop are checked and passed by the workshop Establishment Section. The total amount of each bill is summarised in a Memo showing the different denominations of coins and notes required for each bill unit payment booth. This Memo is

known as change Memo which is sent to Cash office on the day preceding the payment day. The payment of the Workshop labour is being made with the help of the payment clerks selected for this purpose by the officering-charge of the Section. The amount of wages is entered on the pay envelopes along with the Ticket No. Each payment Clerk is assisted by a charge man specially deputed for this purpose. The Gate Attendance Cards of the month for which payment for which payment is to be made are distributed to the respective Workshop labour on the second half of the payment day. On collection of the Gate Attendance Cards the envelopes are handed over by the charge man to respective labour after verifying the tickets no. as shown in the envelope with that of Gate Attendance Card. The amount of unpaid as struck off in the pay bill and is handed over to the Cashier on the same day. The unpaid wage lists are being prepared by the respective payment order clerks on the next day. The lists are handed over to the Cashier for arranging payment to the unpaid workers in the usual manner.

**Incentive Bonus & Piece-work Section:-** This section deals with the payment of Incentive Bonus to the work-man and compiles the various managerial statements in respect of incentive Scheme. Under the Incentive Scheme, the wages of the workers and the Supervisors participating the scheme are guaranteed. Time is the yardstick for each operation is fixed after detailed study and Includes allowance for fatigue, general handing etc. The difference between 'Time Allowed' and 'Time Taken" constitutes the time saved/ lost for direct workers which is converted into money values at standard basic hourly rates prescribed by the Railway Board for different categories of staff. In addition to direct workers, other workers and supervisors upto the level of charge-man also participate in the scheme and are known as "Essential Indirect workers". The staff of the service shops are also paid incentive bonus. Job/ Squad cards are the basic documents on the basis of which incentive bonus is calculated and paid. The EDP Centre is finally responsible for the preparation of incentive bonus bill. The payment of incentive bonus is made in the same manner as that of regular wages.

### **13.2.2 Workshop Manufacturing Section:**

Complete records of stores, labour and miscellaneous relating to production incurred by each shop together with overheads thereon as also indirect expenses of the shops and departments are maintained in this section. In the production unit the Workshop organisation is the main unit for the purpose of initial accounts. The workshop organisation is sub-divided into various shops. The expenditure is being incurred by these shops for the various types of production in respect of labour, stores and other miscellaneous nature. With a view to records all the overheads there on types of expenditure incurred in connection with direct labour and stores together with overheads thereon a register is maintained which is known as "Workshop".

**13.2.3 Stores** consist of [i] direct stores and (ii) indirect stores, Stores which can be directly attributed to a job is called direct stores and those which can not be directly attributed is known as indirect stores generally the latter category is known as 'overheads'. The direct stores are drawn through Material Requisition and workshop issue slips at the rates authorised for that particular job. The issue of material is priced at the book average rates which are worked out at the time of every fresh receipt. Non-stock items are priced at the actual cost of purchase. Certain shop manufacture. The direct stores drawn in a month are tabulated by the computer showing the voucher number, date, work order number and amount of each voucher together with stores overheads at predetermined percentage. The workshop general register is posted from this tabulation against individual work order. After completing the posting in respect of all. Work orders the total for the month and to the end of the month are struck for each work order under each element of cost and direct man-hours.

Simultaneously with the posting of workshop General Register the stores, labour charges and overheads thereon are also posted independently in "Check-sheets" with the same details and in the same proforma as that of workshop General Register except direct man hours. The total of each work order under each element of cost is struck. The total of each

element of cost of each work order of check sheet is reconciled with the total of each work order under each element of the workshop General Register. The out turn statements are prepared showing all outlay separately against each work order adjustable during the month and outlay on work in progress and completed work awaiting acceptance and adjustment. The out turn statements are prepared in part I and part II in form W-1204.

**13.2.4.** Account current of all the transaction pertaining to workshop manufacturing suspense account is prepared. Before compilation of the workshop account current, all expenditure and recoveries are posted in a manuscript register quoting the voucher reference and the item number of the workshop account current against which the expenditure or recoveries are to be grouped. The total of the expenditure and recoveries as posted in this manuscript register is reconciled with the total of the out turn statement except the credits of returned stores which are taken as minus debits in the outturn statement. The workshop account current also shows the opening and closing balance. After the completion of the monthly account current, a cumulative account current is prepared in a manuscript register showing the debits and credits against various items along with the total of the month and to the end of the month.

**13.2.5** The following suspense register are maintained in the workshop manufacturing section:(a) Workshop manufacture suspense accounts, (b)labour suspense and Development suspense. The monthly balances as per compiled accounts under these suspense heads of accounts are reconciled registers for each suspense heads of accounts are maintained. After the closing of the accounts for a financial year, the manufacturing accounts and out turn statement are prepared in the prescribed proforma and are submitted as annexure to appropriation accounts.

### **13.3 Duties and responsibilities:**

There is a combined workshop and stores audit office of each the following stations:-  
Kharagpur (S.E.Railway)- carriage and wagon shops), POH of Locos  
Raipur (S.E.C.Railway)- Wagon Repair Shop, Raipur (RWRS)  
Motibag (S.E.C.Railway – Narrow Gauge Workshop.  
Mancheswar (E.Co.Railway)- Carriage Repair Workshop.

The work of the accounts offices attached to the workshop at these stations is audited by the respective audit offices which include the (a) audit of accounts relating to workshop,(b)the audit of expenditure incurred by the mechanical and electrical department in connection with machinery and plant programme. These audit offices also audit the provident fund accounts of the subordinate staff and electric accounts maintained by the respective workshop accounts officers and store accounts etc. of different depots maintained by the respective accounts officers.

The audit of subordinate establishment of workshop Medical offices is also done by the respective audit offices. As regarded local inspection of the workshop the headquarter coordination section prepare the inspection programme.

### **13.4 Audit of sanction:**

The instructions relating to the audit sanction (Establishment and Expenditure) in separate chapter of this manual also apply mutatis mutandis to the sanctions received relating to workshop branch.

### **13.5 ESTIMATE:**

Detailed instructions relating to audit of estimates maintained in paragraphs 332 and 333 of the Railway audit manual and item II under 'workshop audit programme' of the secret M.O.I.(Rlys),& RAM the following points should also be seen during the check of sanction estimate-

- i) **Chargeable wholly to capital:** That provision made for the requisite on cost as laid down in para 1443-W.
- ii) Chargeable partly to main line and partly line. Such estimates should receive particular attention with reference to the terms of agreement with the worked lines.
- iii) Chargeable wholly to Revenue: It should be seen that the provisions of paragraph 1443-W, are observed .
- iv) Private work orders. (a) The order contain graph 832-W, and 1417-W should be borne in mind. (b)in the case of work for other Railway Departments, formal acceptance of the estimate and the estimated cost by the officers ordering should be obtained before the work is put in hand (vide para 1417A-W and 1425-W).
- v) it should be seen that provision for contingencies to the extent of 3% is made in the estimates on when the Rolling stock are to be manufactured in Railway workshop and not other wise. (Authority: Rly. board's Letter No. SL/467/21/M Dated 4.9.52)

**Note.** In checking the estimates, only the top sheets need be checked, reference to details in the estimates may be to extent needed for an intelligent understanding of the information contained in the top sheet. No arithmetical checked of the detailed estimate need undertaking.

### **13.6 completion reports:**

The instructions laid down in paragraphs 282 and paragraphs 1468-W to 1474-W paragraph 334 of the railway Audit manual 5th edition should be borne in mind while auditing the completion reports.

The instructions relating to audit of completion reports contained in chapter on "Expenditure audit " apply mutatis mutandis to completion report by workshop.

### **13.7 Workshop Account.**

The instructions laid down in para 335 of RAM may be seen. Different month should be selected for the various Workshops manufacturing Suspense and any accounts for which a separate account current is prepared.

### **13.8 Work Orders.**

(Paras 344 and 345 of the railway Audit manual and paras 825-W to 826-W). A work order is an order placed on the shops to in work in hand. These orders are numbered in the manner indicated in paragraphs 1004 to 1006-W and all stores and labour utilised in the execution a particular work are allocated to the work order. There are also a numbered of standing and stock work orders mostly relating to jobs like repair to vehicles, locomotives and manufacture of spare part for stock. Works on capital accounts for other departments or an private accounts are given special number in making selection it should be seen that the work orders test checked during the course of the course of the year comprise work orders executed in each of the are not confined to those executed in particular shops only a record of the work orders checked should be kept.

In checking the work orders, the following points should be borne in mind:-

- i) no work should be undertaken without a work order relating to it having been sanctioned by competent authority;
- ii) that the work order is issued after the estimate for the work has been sanctioned and funds have been provided to meet its costs ;
- iii) that the estimate sanctioned for the work sufficient details eg a description of the labour to be employed, the various kinds stores required, the shops in which such stores are to be manufactured, the percentage charges to be levied and the deposit, if any, full particulars, such as size, quality etc. should be given to scrutinise the cost of the finished article.
- iv) that all work orders have been recorded in showing the work undertaken, the date of issue work order, the date of commencement and of the completion of the work.
- v) that the allocation of the labour and stores is correct and that all charges properly debited to a work order are booked against it.
- vi) that no expenditure is booked after the work order is completed and closed and that there is no inordinate delay in closing the works and sending the completion report.
- vii) that for works undertaken for outsiders the estimate cost has been deposited and the outsider agreed, in the event of estimate being exceeded the excess before delivery of the work is effect .
- viii) that there is no credit outlay outstanding orders:
- ix) that the under charges and over charges in completed work orders are adjusted to final heads of account without delay and the actual cost of manufacture adjusted in the accounts of the in which work orders are reported to have been completed to avoid misclassification of expenditure (para 846-W)

### **13.9 Private work orders. ( paras 344 & 345 of RAM and Chapter-VIII-W).**

**It should be seen that:-**

- i) Charges are debited to private work orders with due regard to the materials used and labour engaged thereon and that they are adequate and that no additions or alterations are made without the approval of the authority who sanctioned the original work orders;
- ii) recovery of cost from Railway employees is promptly enforced through the salary bills.
- iii) On cost charges are correctly levied in accordance with the orders in force;

### **13.10 Incentive Bonus & Piece-Work Bills:**

- 1) Incentive Bonus Bills are prepared with the help of job cards and squad cards. In addition to general checks enumerated in Para 337 of Railway Audit Manual, the individual job cards and squad cards will be scrutinised to see that the time saved has been worked out correctly.

The total time saved by the workmen should then be verified with the time shown in the bonus bills.

2) that the amount of incentive bonus earned by each worker has been calculated with reference to the standard hourly rates as determined by the Administration from time to time and not with reference to the actual rate of pay of the employee concerned,

3) that the totals and calculations of job cards, squad cards incentive Bonus Bills are correct.

4) that the time taken as recorded by Time Office agrees with that shown in the Gate Attendance Cards minus that booked on the Idle Time Cards.

5) that the losses during any particular month have been adjusted against the profits of the same month of all the workers,

6) the amount of Incentive Bonus of direct workers has been charged against the job concerned and that the amount of bonus of essential Indirect Workers and the Supervisory staff has been charged against the Shop on Cost Work Orders.

7) that the average percentage bonus earned by a section which forms the basis for calculation of bonus for supervisory staff and essential indirect workers has been worked out correctly.

8) that the total land calculations of piece work bills job cards, squad cards etc. are correct.

9) that no apprentices have been allowed to participate in the incentive scheme.

10) that ordinarily a piece worker has not been put on the day work during a wage period and vice-versa.

11) that the summary of piece work statements has been complied correctly and that the amount earned by each worker has been correctly taken into monthly Incentive Bonus bills.

12) that the summary of job cards has been correctly posted form the checked up job cards and that all the serial numbers of job cards as supplied during the month are received and entered in this summary.

13) that there is one bill in Incentive bonus for each shop in respect of direct and essential Indirect workers.

14) that the time booked on the job cards on each date is equal to the time as given in the Gate Attendance Cards minus that booked on the Idle Time Cards.

15) that for calculating the piece work profits, the dearness allowance has been excluded.

16) that when losses are being frequently incurred or when profits near about the maximum are being earned consistently by the majority of the workers, the causes contributing to this result have been analysed and the defects discovered has been set right.

17) that there is no error in computation or in printing/typing of standard timings fixed by the Admn.

18) that no job cards other than the authorised ones have been taken to account for the piece work payment.

19) that when Idle time is booked due to lack of work or lack of tools, proportionate deduction on the prescribed scales is made from the paid work profits earned by the charge man / Mistry concerned.

20) that ordinarily no worker has been allowed to punch the card beyond the time permissible i.e. upto half an hour in the 1st shift and 3 minutes in the 2nd shift.

### **13.11 Muster Rolls & Labour:- Pay Sheets Including Time sheets:**

( para 275,276 & 336 of RAM, 5th edition) .

The following points should be looked into while checking the Muster Rolls and Time Sheets:

(i) that the hours booked against each workman as shown in the Muster Rolls tally with the Time shown in the time sheet /tally sheet and gate Attendance cards and that proper arrangements exists for investigating the differences noticed.

### **13.12 Sub-ledgers (labour, stores and Miscellaneous).**

(W-522 and paras 339, 342 and 343 of the Railway Audit Manual 5th Edition).

It should be seen that the sub-Ledger for labour is correctly posted from Time sheet/ Tally sheet the object of checking the labour sub-Ledger is to ensure accuracy of the evaluation of time spent on work orders, levy of over-heads and ultimately posting into the workshop General Register.

The stores sub-Ledgers are posted work order wise data wise and shop wise. The check of stores sub-ledgers is intended to ensure correctness of the stores debits/credits and their allocation to the work orders. The totals of the various columns shown in the summery sub-Ledger (Para 827-W) should be checked with reference to the following;-

- i) last daily summaries received from the Accounts Officer of the workshop stores. Main Depot as well as the General stores Depot;
- ii) Debits raised by Divisions and Foreign Railways.
- iii) Cash book debits i.e. payment made for municipal taxes, licence fees and direct purchase of stores;
- iv) Issues from workshop manufacturing Accounts; and
- v) Write back orders.

### **13.13 Workshop General register. (Para 355 of the RAM and paragraphs 1201-1225-W).**

This register is prepared from the allocated abstracts and summaries of labour and stores and shows all charges on account labour, stores and miscellaneous charges expended on work orders. The out turn statement is posted there from and shows time cost of all works including those charged off each month, completed jobs awaiting adjustment or acceptance and also work in progress. It should be seen that -

- i) the Register is correctly posted and all the details given in from W-1601 have been furnished;
- ii) The postings under each work order from the sub ledgers and other vouchers are correct;
- iii) that the indirect charges have been correctly worked out.

In case the workshop General Register is printed monthly on the computer (as against one consolidated documents showing the progressive posting from month to month) and does not show the month of origin and the trend of booking expenditure, the accuracy of the compilation should be checked at the time of checking cut turn statement and the review of workshop general Register carried out along with the review of workshop Manufacture Balance.

#### **13.14 On- Cost -( para 346 of the Railway Audit Manual and Chapter VII-W).**

Items of expenditure incurred in common with more than one shop, or all the shops of the workshop are charged to General on cost-items of expenditure incurred in anyone particular shop are charged to on cost.

Shop and general on cost expenditure collected under a sufficient number of standing work orders separately for labour and materials. A share of these charges is added to the prime cost at a predetermined percentage on direct labour for this purpose, shop and general on cost budgets are prepared before the start of financial year, on the basis of the figures of on cost expenditure actually booked during the 12 months from January to December. The percentage are than worked out in relation to the total direct labour, separately for labour on cost and stores on cost.

It should be seen that only such items of expenditure that cannot be directly charged to any specific job are allocated to on -cost. The actual expenditure on the basis of which the percentages are worked out may worked out may be checked with reference to the initial documents like labour pay sheets of indirect labour. The percentage of shop on cost charges for each shop month by moth may also be reviewed and any abnormal fluctuations investigated. While checking the figures of the shop and general on cost charges, the following points should also be looked into.

1. that the percentages are reviewed regularly and reasons for substantial increase investigated.
2. that all items of expenditure as detailed in the Mechanical code have been taken into account.
3. that the wages of store khallasis engaged in handling, stacking, loading and unloading are allocated general charges.
4. That credits for packing cases returned to stores are taken under general charges percentage charges on account of proforma on cost are leviable on capital works and on works executed for other Railways, other Government Departments, Railway employees and private bodies as laid in paragraph 1425-W.

#### **13.15 Distribution of on-cost charges:**

After all the sub-Ledgers are posted in the workshop General Register, the works on-cost charges(both labour and material) in respect of each of the work orders will be calculated on the direct labour charges, booked against each work order, at the percentages rates for labour and material in force for each shop and posted in the appropriate column of the register. The total work-on-cost charged to various work orders at he percentage will be booked as credits under the on cost work order. The difference between the debits and credits under the on cost work orders is adjusted against the final heads of account for 'over and under charges - on cost'.

The calculation made for the month in arriving at the amount of on cost to be added to the expenditure on each work order should be checked. The posting in the register maintained by the accounts office to collect the actual on cost charges and the adjustment of the "over and under charges on cost" to Abstracts 'B', 'C' &'D' should also be checked annually.

### **13.16 Outturn- Statement. (Para 356 of the RAM)**

The out turn statement is prepared in the manner indicated in para 1222-W. The total debits for the month in respect of each work order under labour, stores and on-cost charges and the grand total are struck in the workshop General Register and the outturn statement in form W-1201 prepared in two parts, part-1 comprising items referred to in para 1207-W and part - II those covered by para 1210 - excepting deposit works. Expenditure on deposit works are included in the Part-I.

The Workshop outturn statement is verified with the figures in the General Books The posting in the out turn statement of the charges for the month against each work order should be compared with those in the check sheets.

In the audit of out turn statement it should be seen that the adjustment of outlay is effected promptly by transfer of the amounts to divisions, other departments and other Railways concerned or by adjustment of the amounts to the relatives final heads of accounts as the case may be. The unadjusted item of expenditure should be scrutinised to see that there are no minus balances, there is no outlay on jobs prior to issue of work orders: that there are no completed job outstanding for more than three months and that outlay on works for which no estimates have been sanctioned is held under objection. The accuracy of the compilation of the workshop General Register should be checked during the check of this item.

Under the computerised system preparation of check sheets as provided in para (1215-W & 1216-W) for ensuring the correctness of posting of labour and stores in the Workshop General Register and correct transfer of account to the out turn statement, has been dispensed with. The accuracy of posting should therefore be checked with reference to the relevant sub-ledgers. The posting in the outturn statement and workshop General Register should also be mutually agreed. The review of the outstanding under the workshop General Register should be supplemented by a review of the computer generated statement called "Monthly review of work-shop general Registers' and the statement "Review of credit and irregular WMS balance.

### **13.17 Register of works.**

(para 358,280 & 281 of Rly. Audit manual 5th edition and 1854E)

It should be seen that:

- i) no expenditure is incurred in regard to items not included in the estimate.
- ii) no additional works not provided for in the estimate are included under contingencies
- iii) expenditure, which under the rules in force should be shown in the sub-heads of estimate is so recorded;
- iv) the register is properly closed monthly and initialled by the gazetted officer: and
- v) in the case of mixed works, the outlay is booked proportionately to capital, DRF or Revenue in accordance with the estimates.

**13.18 Workshop Account Current:**

(paras 1215 -W, 1216 -W & 357 of RAM).

In auditing this account, the following checks should be applied

- i) the opening balance should be checked with the closing balance of the previous month.
- ii) The postings under each head both on debit & credit side should be checked with the supporting schedules;
- iii) The arithmetic accuracy should be checked;
- iv) That there are no old items as per closing balance.
- v) That the freight and proforma on cost charges should be checked with the schedule in form W-1604.
- vi) That the cash debits and other charges referred to in para 1216-W-(i)(ii)&(v) respectively have been checked;
- vii) That the credit side has been checked with the summary of outturn statements part-I and should be supported by detailed schedules. The closing balances should be verified from the balances shown in the outturn statement part-II.

**13.19 JOB CARDS/SQUAD CARDS: It should be seen that:-**

- i) The time taken has been recorded correctly in the relevant page by the time booth clerk and the average rate and evaluation of time taken has been correctly recorded in the relevant column of the job card and tally Sheet;
- ii) on completion of each operation the shop instructor/inspector has certified the quality passed and the rate fixer has scrutinised the job cards to ensure that the same has been correctly and completely filled in;
- iii) that the total time allowed, time saved and time lost have been worked out and shown in the relevant cage by the incentive bonus section,

**13.20 Workshop Manufacture Suspense:** the balances under this account should be reviewed to see:-

- i) that all the items are current and have been undertaken after the issue of a proper work order under the sanction of competent authority;
- ii) that the details consist of nothing except labour material and on cost charges expended on unfinished jobs or completed jobs awaiting adjustments;
- iii) that in the case of jobs undertaken for outsiders, sufficient deposit has been made, where such a deposit is required by rules and on the first appearance of a work, it is seen that an estimate is on record containing extra percentage charges required under the rules and accepted by the party ordering the work.

**13.21 Reconciliation of monthly account-current of stores with sub-ledgers (Paras 340 & 341 of RAM)**

The total debit and credit to workshop manufacture suspense account indicated in the stores account current should be reconciled with *the total* of the respective sub-ledgers. Detail instruction for the reconciliation are contained in paras 605, 606, 608 and 619-W. It should be seen whether the reconciliation is being done properly and differences, if any, adjusted. It should also be checked whether the paring of issue notes received from the shops with those received from the daily summaries from the stores accounts Office is being done.

### **13.22 Transfer statements or memo.** (Para 359 of RAM)

It should be seen that adjustments are not irregular and unauthorised and that credit is given promptly, i.e. when the materials are actually transferred and not on the completion of the jobs. Especially the items where labour and material are transferred from revenue to private work orders are to be scrutinised. It should be seen that the corresponding debits are also transferred and that the Memo are correctly posted in the workshop concerned.

### **13.23 Write-back orders.**

(Paragraphs 823-W and 824-W)

Write back orders are prepared when stores are issued on work order other than the one for which they were ordered. Any tendency on the part of the executive to issue a large number of write back orders should be pointed out, as this shows that either the stores are generally ordered in excess of requirement of the particular work order to which their cost was originally debited or that those were obtained earlier than the time actually required for use on works. The

#### **following points should be seen when scrutinising write-back- orders:-**

- 1) that the explanation furnished for the write-back order is reasonable;
- 2) that the sanction of the competent authority has been obtained to the work to which the cost-of stores is being debited. Stores may sometimes be used on works still awaiting sanction of competent authority and later their cost is adjusted. This shows that the work was started without proper sanction;
- 3) that the write-back order has been sanctioned by a Gazetted officer;
- 4) that the stores can really be used on the work to which their cost is now being transferred;
- 5) that the allocation is correct;
- 6) that it has been posted in the adjustment book and that it has been suitably endorsed to that effect. This endorsement is necessary to avoid double adjustment.

### **13.24 Audit of stores:**

The procedure of drawal of stores from the stores department and their allocation to the work order on which they are used is laid down in the chapter on stores in this Manual. Besides the checks mentioned in para 343 of RAM the following points should also be seen:-

- i) issue notes should be checked to see that the price charge is correct according to the rate given thereon,
- ii) that E.D.P centre prepares monthly summaries and send the same to workshop Accounts office for reconciliation.
- iii) that for all issues to the workshops, proper requisition are forthcoming.

### **13.25 Advice notes of returned stores:**

(paras 311 and 341 of RAM and paras 1539 to 1547 of Stores Code)

In checking the advised notes of returned stores the following point should be looked into:-

- i) that the acknowledgement of the returned stores by stores Department is received promptly;
- ii) that the quantity received by the stores depot tallies with the quantity returned by the workshop;
- iii) that the rates of which credit has been afforded are reasonable;

- iv) that the allocation of credit is correct;
- v) that in cases in which the valuation of returned stores by the returning department differ generally from that given by the stores Depot, necessary investigation has been carried out to see the reason for the differences;
- vi) the reason for the returning stores should be scrupulously scrutinised.

**13.26 Stores charged off to work orders but not actually used** (Para 444- item 14 of RAM).

It will suffice if a yearly review is undertaken of the procedure in the workshops for the accounting of charged off surplus stores lying unutilised in the different shops. Where regular numerical accounts maintained, one month's accounts should be test checked. It should be seen that stores charged off to work orders do not remain unused for a long time. The reasons for delay in utilising or in returning the surplus stores should be investigated.

In this connection instructions issued by the Railway Board to the Rly. Administrations regarding "Tightening of Accountal procedure" in workshops vide Rly. Bd's letter no. 67/M(W)/964/71 DATED 3.9.1968 (See Annexure to this connection) may also be refer to.

**13.27 Materials spare from work orders:**

It should be seen that no material remaining unused on the completion of the work orders is allowed to accumulate as it should be returned to the stores Depot forth with in accordance with the instructions in para 619-W and 1539-S. special attention must be paid to spare materials at the time of local inspection.

**13.28 Manufacturing Accounts -Cost Accounts and job cost sheets.**

Paragraphs 347 to 349 of the Railway Audit Manual describes the check to be applied in the audit of Manufacturing Accounts -Cost Accounts and job cost sheets.

**13.29 Foundry Accounts:**

(Para 352 of the Railway Audit Manual and paras 1011 -W, 1040 -1043 -W).

In addition to the above the following points should be seen in auditing such account:-

- 1) that there is a proper record of the quantities of other materials with which these raw materials are mixed before being put into the furnace;
- 2) that there is a proper account of the scrap metal which does not admit of any leakage;
- 3) that in most of the foundry operations a standard percentage is charged as wastage. it should be seen when such percentage was fixed and whether it needs revision in the light of subsequent experience;
- 4) Whether there are any material/lying unused for a long period, say six months or over and if no longer required, why those are not returned; and
- 5) whether the stock is verified periodically and the shortages or excesses noticed are duly investigated and adjusted under competent sanction.

**13.30 Paint Accounts:**

Paints are manufactured in the shops on standard work orders Blotted for each kind of paint separately and the daily transactions of the same recorded in three registers maintained in the shops to show:-

- i) Receipts and issues of each ingredient separately;
- ii) The quantities of raw -materials used in mixing each kind of paint and the out turn therefore, both as per formula and actual;
- iii) The daily manufacture and issue of out turn (paint) for each kind of paints separately;

A quantity accounts is also submitted monthly by the foreman to the workshop accounts office. Issues are at scheduled tares which are composed of:-

(A) The average value of the materials used for the composition as per actual out turn during the month; and

### **13.31 Charges for actual wages and on -cost booked during the month.**

A statement is finally made out showing the quantities of issues and the cost of the same at the schedule rates against the individual work orders which they are issued and submitted for incorporation in the monthly accounts.

The following are the more important points to be looked into during audit:-

- a) the opening balance should be checked with the closing balance of the previous month;
- b) the receipt of each ingredient should be checked with reference to the first Register.
- c) the receipt of each ingredient should be checked with reference to the first Register and compared with the second Register. It should be seen that issues are proportionate to the out turn;
- d) the issues of the out turn should be checked with reference to requisitions and acknowledgements as well as with reference to the 3rd Register.
- e) it should be seen that the schedule of rates are reviewed periodically and revised with the workshop Account officer's approval;
- f) the cost of the issues, valued at the scheduled rates is booked to the individual work orders should be traced into the monthly accounts.

### **13.32 Hostel Accounts:**

As the Apprentice Mechanics are to run their own mess, the Hostel Accounts are not required to be checked by Audit. It will suffice, if the dead stock etc. Accounts of the hostels are reviewed at the time of inspection of the offices in whose books the supply of such materials by the Railway is accounts for.

### **13.33 Accounts, Custody and Disposal of scrap materials. [Para 326 of the Rly. Audit Manual]**

Reclamation section: Reclamation are likely to become serviceable. It should be seen that all scrap and released materials are returned to stores and proper credit is afforded to the work orders concerned. The credit provided for in the estimate should correspond roughly to the value realised and that the latter and not former is credited for the work orders.

When scrap is disposed of by sale by the stores Department directly from the workshops, the method of accountal and the arrangement for the removal of scrap by the purchase may be especially examined.

### **13.34 Recovery of non-ferrous turnings/Borings from shop floor:**

In order to ensure that the Railways do not suffer avoidable losses on account of short collection of borings and turnings, detailed instructions have been issued by the Railway Board to the Railways for tightening up the arrangements for the collection of non-ferrous turnings and borings, vide their letter No. 69/M(W)/964/ 103 dated 31.01.1970. Headquarters office of each railway should obtain from all workshops a quarterly statement showing the percentage

of recovery of non-ferrous borings/turnings. In cases where the recovery is low, the matter is required to be promptly investigation by the Rly. Administration. It should be seen that the detailed instructions laid down by the Railway Board are followed for the recovery and disposal of non-ferrous turnings and borings. This should be scrutinised during the Inspection of shops.

**13.35 Record of plant and equipment:**

(Para 360 of RAM ).

It should be seen that a complete and up to date record of the cost of buildings, plant and equipment and machine tools is maintained and that numerical accounts of tools and plants and furniture are kept and the articles verified by actual count at suitable intervals.

**13.36 History Sheet of Rolling Stock:** (Para 361 of RAM )

It should also be seen that-

- i) Engines are not lying idle for long periods and full use is made of the available stock;
- ii) attempt is made by the Administration to compare the repair costs of different classes of engines and vehicle kilometres run between periodical overhauls.
- iii) records are kept upto date and incorporate all orders regarding addition condemnation and the result of last census of the stock condemned.

**13.37 Misc. Advanced and Misc. Deposits:**

(Para 381 of RAM and chapter xvi of the state Railway code for the Accounts Deptt).

**3.38 Cost Accounts:** (Para 347 of RAM ).

**13.39 Statistics of periodical overhauls and cost of unit Repairs:**

The instructions contained in para 364 of Railway Audit Manual are to be followed.

**13.40 Sub-ledgers (labour & stores )**

(Chapter vii & viii-w & para 336 and 340 of Railway Audit Manual)

It should be seen that the sub-Ledger for labour is correctly posted from time sheet/Tally sheet and the store sub-Ledgers posted work order wise, date wise and shop wise. The totals of the various column shown in the summary sub-Ledger (para 608-W) should be checked with reference to the following:-

- i) Last daily summaries received from the Accounts officer of the workshops stores main depot as well as the General stores Depots;
- ii) Debits raised by Division and Foreign Rlys.
- iii) Cash Book debits i.e. payment made for municipal taxes, licence fees and direct purchase of stores;
- iv) Issue from workshops manufacturing accounts; and
- v) Write-back orders.

**13.41 Incorporation of workshop Accounts Into the General Books of the Railway:-**

(Para 355 of RAM & 1201-W to 1225-W). It should be seen that:-

(i) the difference between the balance as per the compiled accounts and those as per general Books are not abnormally heavy and that the difference between the two sets of figures have been investigated and necessary adjustment carried out to clear them;

(ii) the discrepancy statement together with the account current and the labour book have been put up to the workshop Accounts officer every month.

### **13.42 Workshop Manufacture Suspense A/C:-**

The instructions contained in para 1224-25-W are to be followed at the time of review of such balances.

### **13.43 Stores:-**

The procedure for the drawal of stores from the stores Department and their allocation to the work orders on which they are used is laid down in chapter VIII -W. Besides the checks mentioned in para 340 of R.A.M. the following points should also be summarised;

- (i) the issue notes should be checked to see that the price charged is correct according to the rate given thereon;
- (ii) daily reconciliation is effected between the daily allocated abstract of stores and the daily stores summaries;
- (iii) where the computerised system of stores accounts has been introduced, it is to be seen that monthly summarise are prepared and sent to workshop accounts office for reconciliation;
- (iv) that necessary pairing of issue notes which is required to be done in workshop accounts office in terms of the orders contained in Mechanical and stores Code is done properly; and
- (v) that for all issues to the workshops a proper requisition is forthcoming.

### **13.44 Advice Notes of Returned Stores:-**

(Para 311 & 341 of RAM & paras 1529 to 1547 of Stores Code).

In Checking the advice notes of returned stores the following points should be looked into:-

- (i) that the acknowledgement of the returned stores by the Stores department is received promptly;
- (ii) that the quantity received by the Stores Depot tallies with the quantity returned by the workshop;
- (iii) that the rates at which credit has been afforded are reasonable;
- (iv) that the allocation of credit is correct;
- (v) that in cases in which the valuation of returned stores by the returning department differ generally from that given by the stores depot, necessary investigation has been carried out to see reasons for the differences;
- (vi) the reasons for returning stores should be scrupulously scrutinised.

### **13.45 Piece work bills:**

The P. W. bill shows against each worker (Ticket No.) the net time saved or lost and rate for each job in which he was engaged in that month. Their details viz, job card, number wise time saved /lost are however, available in a print out called "details of job cards" here details of the job cards relating to a particular ticket No. are grouped together and printed showing all the job card details viz. W.O. Nos, C & O No. Operation No. Quantity on order, Quantity passed, P. Actual time. Allowed time (for each unit), Special time, if any, total allowed time, total time taken, individual time taken (by the Ticket No. concerned and Time

lost/ saved by the worker, The following checks may be exercised on this statement, with reference to job cards;

- (i) it should be seen whether quantity on order, quantity passed, preparatory time and allowed time per unit are correctly taken from the job card. The preparatory time and allowed times are pre- printed on the job cards and care should be taken to see that there are not unauthorised alterations.
- (ii) C & D No. W.C.NO. and Ticket No. have been correctly taken in this statement from the job cards.
- (iii) the totals of time saved/lost for the Ticket No. relating to the various job numbers should be worked out and tallied with the time saved/lost shown in the bill;
- (iv) actual time taken -This should be checked completely on the basis of clock punching record for 'in' and 'out' on the job cards and turned into the tabulation. The total time taken for each Ticket No.(for various jobs) should be reconciled with the Tally Sheets prepared for each Ticket No. to reconcile the time put in as per job cards with that in G. N. Cards;
- (v) rate for piece work should be checked with reference to the category of the worker;
- (vi) In respect of squad cards it should be seen that the total time saved/lost is distributed in proportion to the time actually worked by the various workers on the job.
- (vii) the amount of P. W. profit/loss should be checked with reference to the hours gained/lost and the P. W. rate;
- (viii) as the payment of P. W. profit is restricted to 50% of the time taken, it is necessary to check for each job that the time saved has been limited to 50% of the total time taken;
- (ix) when special time allowance has been given it should be seen that execution cards duly signed by Rate fixers has been issued for proper reasons. Such a card should be traced into the special allowance statement;
- (x) Adjustments- Adjustment card are punched from adjustment memo received from P. W. section showing the amounts, if any, to be recovered on account of part over payments and amounts, if any to be added for arrears. While auditing the bill, these adjustment memo should be referred to when the adjustment cards either due to ticket, the T.No. not appearing in that month or the amount earned being insufficient, such cards are listed out for adjustment in subsequent months. During audit it should be seen that adjustment cards, which are left out in the previous month, were duly brought forward during the current month. Adjustments cards which remain un recovered for 3 consecutive months should be specially taken up and action taken for recovery should be enquired into.

### **3.46 System of payment of Results:**

The following are the main features of the incentive scheme:-

- (1) The allowed times are so fixed that a workmen of normal ability may be enabled thereby to earn 33.1/3% over and above the basic wages in respect of the period on piece-work jobs.

(2) The mean of the prescribed scales of pay applicable to unskilled, semi skilled, skilled, highly skilled, mistries and charge man is taken as wages for the purpose of calculating the piece-work results.

(3) The maximum ceiling limit on profit is fixed at 50% of standard basic wages earned in respect of each piece work job.

(4) Supervisors of the level of Charge man and essential indirect workers participate in piece work profits subject to their earning being restricted to 80% of the average percentage if profit earned by direct workers supervised by them. Mistries are paid 100% of the average percentage of profit earned by the direct workers under their control.

(5) The basic wages of all workers are guaranteed irrespective of their piece-work results, but losses during any particular month are adjustable against the profits of the same month.

(6) Hourly rate of pay for calculating piece work results are based on 208 man hour per month throughout the year.

(7) All cases of abnormal profits (above 50%) and those of losses are investigated by the Rate fixed Section for necessary remedial action.

(8) The administration reserves the right to vary the standard timings if new and faster machines are installed or other time saving devices are introduced and also if there is any error in computation or in printing. In this connection Railway Board's letter issued from time to time may be referred to.

#### **13.47 Disposal of job cards in the piece-work section and the machine Section:-**

Following are the items of work to be done in piece work section in dealing with job cards.

(i) To check up total of time taken as shown by the time booth clerk in forms M -6 & M-18.

(ii) To work out 'total time allowed' on the basis of passed out turn to the last minute.

(iii) To work out 'time saved/lost' for each operation, care being taken that the 'time saved' as per each job card/squad card is restricted for calculation of profit to 50% of checked 'time taken'.

(iv) to prepare a list of card serial number on which either abnormal time saving (above 50%) or losses have come to notice. Three lists will be forwarded to the P. E. (Rate - fixing section) for investigation.

(v) To check up the 'rates for piece -work' indicated by time booths in job cards references to the category of staff.

(vi) In the case of squad cards Net time saved/lost for each squad will be worked out in the piece work section, but distribution of this results over the workman in the squad in proportion to time taken by each of them will be worked out on comptometers in machine section.

**13.48 Register of works and Revenue Allocation Registers (para 358 of the Railway audit Manual).** It should also be seen that :-

- (i) no expenditure is incurred in record to items not included in the estimate;
- (ii) no additional works not provided for in the estimate are included under contingencies;
- (iii) expenditure which under the rules in force should be shown by the sub-heads of estimate is so recorded
- (iv) the register is properly closed monthly and initialised by Gazetted officer;
- (v) in the case of mixed works, the outlay is booked proportionately to capital, depreciation Reserve Fund or Revenue in accordance with the estimates, and
- (vi) the interest on the capital expenditure incurred by the Railway during the period of construction of works for the other depreciation is correctly calculated and charged against the department concerned in accordance with the rules laid down in paragraph 1854 -E (Revised edition 1982)

**13.49 Proforma capital and Revenue accounts of Saloons reserved for other departments (para 365 of the Railway Audit Manual)**

The above accounts are prepared according to the rules laid down in Indian Railway Mechanical Code. The capital accounts should show the up-to-date capital cost of each saloon and the Revenue accounts, the expenditure incurred from year to year by the railway whether is the workshops or in the line, for maintenances and repairs, cases in which the recoveries made from the Department concerned fall short of the actual expenditure incurred by the Railway should be reported. It should also be seen that all saloons reserved for other departments have been included in the proforma accounts.

**13.50 Review of Major works undertaken in workshops:**

Review of major works costing Rs. 20 lakhs as prescribed in para 64 of the Secret Memorandum of Instructions regarding the extent of audit should be undertaken by the workshop Audit section also with the expansion of the capacity in the Railway workshops the manufacture of wagons, coaches, components for locomotives, cranes and permanent-way materials has also been entrusted to some of the workshops, in addition to normal repairs and overhauling work such schemes costing over Rs. 20 lakhs each should be reviewed on the lines of review of major works.

Schemes for expansion of workshops for increasing repairs and manufacturing capacity should also be reviewed with reference to the anticipated increase in the out -turn and the out turn actually achieved, when new machinery are installed on a large efficiency has been achieved and the surplus staff reduced from the shop strength.

**13.51 Recovery of Interest charges on the capital cost of postal van.**

Rules contained in paras to govern the incidence of the cost of postal vehicles or parts of vehicles provided by the Railway to the postal department. The postal department has to pay interest on the capital cost of the complete vehicles or parts of vehicles, so long as they remain in the exclusive use of the postal department and have not been formally surrendered.

The capital cost of postal vans for the purpose of recovery of interest will be the all-in-cost as detailed in para 1448-W -1451-W. The capital cost of the postal portion of the non-postal vehicles will be worked out in proportion to the floor area of the postal portion.

The all-in-cost of special fittings provided for the exclusive use of the postal departments will be added to this.

It should be seen that the Register of Bills and other records maintained in the accounts office contain the up-to-date list of postal vehicles with their capital cost. In case of doubt, the register of Rolling stock maintained by Chief Mechanical Engineer should be referred to, to check the correction of the list of postal vehicles appearing in the workshop Accounts officer's records. It should be seen that the bills are correctly issued half-yearly on the basis of capital cost noted in the records. (Correctness of capital cost is verified during the check of completion report).

### **13.52 Review of statistics of periodical overhaul and cost of unit repairs overhauling:**

The unit cost statements are compiled by the workshop accounts officer with reference to the expenditure booked against the standing work orders for repair of various categories of rolling stock and the monthly outturn statement of locos, carriages and wagons (periodical overhaul and other repairs) prepared by the works Manager/Chief Mechanical Engineer. This should be issued on the lines indicated in para 364 of RAM.

Annexure to para 404/5.8.18

Government of India  
Ministry of Railway  
(Railway Board)  
No. 67/M(W)/964/71  
12 Bhadra 1890.

New Delhi 3.9.1968

The General Manager  
All Indian Railways

Sub: Tightening of accountal procedure in workshops.

Enclosed is an extract from the minutes of the meeting of Dist. Controller of Stores(vig) of Zonal Railways held in Boards office on 29.2.1968 and 1.3.68.

2. The Board have been already emphasised from time to time the necessary for proper accountal of non-ferrous materials. It is presumed that Foundry accounts for non-ferrous materials have already been implemented according to the Mechanical code. This may please be confirmed. In this connection, you may also please refer to the Boards letter of even No. dated 29.3.1968, dealing with Foundry Accounts.

3. In addition to the Foundry it is equally important that proper accountal procedure should be in force in all sections/shops where mechanical fitting etc. of non-ferrous component is under taken or where there are stored. In this connection you are requested to refer to Para - 3320 of the stores code. Wherever machining of non-ferrous components is under taken the accounting procedure should cater for reconciliation of the weight of rough/machined and the arising of poring.

4. You are requested to confirm that proper accountal procedures of non-ferrous materials have already brought into force in the Goundary and other section shops here non-ferrous components are machined/stored.

DA: As above

Sd/-  
(R.K.Ray)  
Jt. Director/Mech/Engg(W)/Rly.Bd.

Extracts of the minutes of the meeting of the District Controller of Stores (Vigilance) of all Zonal Railway, held in the Board's office on 29.2.1968 and 1.3.1968.

## **Chapter-XIV**

### **Books and Budget Audit**

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## **Chapter-XIV**

### **Books and Budget Audit**

#### **14.1 General**

Books and Appropriation (Headquarters) Audit section is responsible for the audit of the General Books and Accounts of this Railway including the audit of the General Books and Accounts of South Eastern Railway including the audit of Capital and Revenue Account, Finance Accounts, Debt Head Report, Appropriation Account and other connected statements. The work done in the Divisions, Survey and Construction departments, Workshops and stores and the Traffic accounts sections in respect of the concerned Accounts Offices is audited by the corresponding auditing units three Zonal Railway Offices.

#### **14.2 Duties of the Books and Appropriation Section**

The duties of the sections in the Headquarters are as follows:

a) Audit of General Books and Accounts and other items as per the programme of Audit relating to the section are given in chapter XIX of the Railway Audit Manual and in the Memorandum of instructions.

b) Audit of the Appropriation Accounts.

c) Audit of the consolidated capital and Revenue Accounts, Finance Accounts and Dept. Head Report.

d) Issue of the audit certificates on the March Accounts, Appropriation Accounts, Capital and Revenue Accounts, Finance Accounts and Debt Head Report.

e) The Books and Appropriation section in the divisional/Branch offices are also responsible for the audit of the items mentioned above in so far as the portion pertaining to their units is concerned.

f) The details of the work done in the Books and Budget section are given below. The rules laid down in relevant chapters of the Indian Railway Code for the Accounts Department and the instructions contained in Chapter XIX of the Railway Audit Manual (5th Edition) and the rules contained in the Indian Railway Financial Code (Chapter III & IV) and the relevant rules of M.S.O. (Audit) (First Edition 1991) should be specially referred to.

#### **14.3 Sanctions**

All sanctions having financial effect accorded by the President or Railway Board pertaining solely to this Railway and those accorded by the General Manager relating to the Books and Budget section will be audited by this section fully with reference to the schedule of powers and the canons of financial propriety.

#### **14.4 Check of Journal Vouchers including scrutiny of Adjustment Memo.**

Item IV(22) under Central Audit in M.O.I.

All adjustments pertaining to the railway accounts are effected through journal slips (J.S.). The journal in which all these adjustment are recorded is maintained by the Books section of the Accounts Office. The Journal slips prepared by the various sections of the Accounts office are, therefore, sent to the Books Section for posting into journal. All the journal slips received from other sections of the Accounts Offices and those prepared by the books Section itself are registered in a manuscript register maintained in the Books section in a serial order for each month. The serial number and the month to which the journal slip relates to be quoted in the journal when each journal slip is posted therein. These journal slips relating

to each month will be got bound, separately for 'Revenue and Capital'. In this connection detailed instructions laid down in para 387 of Railway Audit Manual may also be seen. Whenever amounts are adjusted between Capital and Revenue by operating the heads of 'Transfers Revenue' and 'Transfers capital'. The capital journal vouchers should be linked with the corresponding revenue journal vouchers and vice-versa. In auditing the journal vouchers relating to transfer transactions, remittance transactions, normally dealt with by the Books sections, it should be seen that-

- a) the debits raised against government department have been accepted by the departments concerned.
- b) In case of transfer transactions with other railways, necessary transfer certificates are accompanying the journal vouchers and that the supporting vouchers have been duly accepted and allocated to the corrected heads of account.

#### **14.5 Tracing the postings from Journal Vouchers into Journal :**

The particulars of journal vouchers selected for audit in a month should be advised by individual auditing section including Traffic, Workshops, and stores audit section to the Books and Budget (Head quarters) audit section. If the number of journal vouchers selected for audit does not come up to the number of journal vouchers selected for tracing into journal, a subsidiary selection should be obtained by Books and Budget, headquarters audit section to make up the deficiency and get these journal vouchers also audited by the concerned sections. Similarly the books and Budget audit sections attached to the Divisions etc. should trace the journal vouchers selected into journals maintained by the respective accounting units.

#### **14.6 Check of Monthly Account Current with Schedules and Journals (Capital & Revenue)**

(Item IX under Central Audit in M.O.I. and para 372 of RAM, 5th Edn. and P-323 to 340-AI)

During the check of monthly accounts, the posting of the journal vouchers into the journal should be verified by audit as prescribed. It should also be seen that all the journal slips so traced have been scrutinised in audit. The ledger should be checked to see that the grand totals in the journals have been correctly posted in them and that the closing entries have been correctly made. During the check of monthly accounts the totals in the journals of the amounts debited and credited to each detailed head should be checked and traced into summary at the end. In the ledgers, the total debits and credits to the main heads of accounts booked in the Capital and Revenue journals should be traced into debit and credit columns of the ledgers. The opening balance of the month in the ledgers should be verified with the closing balance of the previous month. The correctness of the closing balance should then be checked with the General cashbook. It should be seen that the heads of account shown in the ledgers, journals and Account current are correct and up-to-date. The debits and credits to the head Reserve Bank Deposits (Railways) and the various Deposit and Remittance heads connected with the same and shown in the account current should be compared with the details in the schedule of transactions under "Reserve Bank Deposit (Railways)" It should also be seen that the prescribed schedules have been correctly prepared and that their totals agree with the respective entries in the Account Current. In addition of checking the monthly Accounts Current in the abovementioned manner, the Accounts Current should be checked to see that all the connected vouchers and other documents in support thereof viz. Journal vouchers, journals part and grand summaries (representing ledgers in the divisions and will be sent to the Principal Director of Audit by the FA & CAO before despatch to the Railway Board for recording the certificate 'compared with the office copy and found to be a true copy' as prescribed in para 388 of R.A.M. along with the office copies. After comparison of the

Account Current and the accompaniments, the Certificates will be recorded in the body of the Main Account Current only and returned to the Accounts office, retaining one complete set for reference and record. The check of the Account Current should be taken up separately and completed as expeditiously as possible. One copy of the audited consolidated March Account Current should be sent to Additional Deputy Comptroller and Auditor General of India (Railways).

#### **14.7 Audit of Journal Vouchers including Adjustment Memo (Para 387 of RAM, 5th edition).**

The journal vouchers (T.Vs) and the journals compiled in the several Branch Accounts Office will be audited by the respective auditing sections to see inter alia:

- 1) that it is arithmetically correct; if the number of sub-vouchers is too many, it is enough if the main vouchers and a percentage of sub-voucher are checked;
- 2) that the details shown therein are correct by reference to the supporting vouchers as far as available or practicable;
- 3) that the classification *prima facie* is correct according to the facts stated in the vouchers and the extent rules and orders;
- 4) that in the case of rectifications of errors, the rectification is necessary and in order; the particular of the previous adjustment given in the voucher should be checked as far as possible and particularly in doubtful cases, from the previous vouchers or other documents like work or Allocation Registers;
- 5) that the adjustments do not disclose a defect in the system of accounting or any objectionable feature or indicate any financial irregularity;
- 6) that adjustments are not made solely with a view to avoid the surrender or lapse of funds;
- 7) that the adjustments are not deliberately deferred;
- 8) that the supporting vouchers are so cancelled or otherwise disposed of as to obviate the possibility of a double adjustment;
- 9) that each journal slip is signed by a Gazetted Officer in taken of its acceptance and all charges are covered by proper sanction.
- 10) that the journal voucher has been posted in the relevant journal.

The propriety of the adjustments and the correctness and reasonableness of the charges should also be scrutinised with reference to the sanctioned estimates and other relevant documents. Any tendency to make fictitious adjustments in order to evade audit objections or to conform to estimates etc. should be specially noted.

#### **14.8 Check of unpaid wages statement (Para 386 RAM-5th Edition)**

In checking the statements it should be seen that all unpaid amounts in the bills passed in favour of railway staff are noted therein and have been posted in the Register of unpaid wages. It should also be seen that there has been no undue delay on the part of the pay clerks to ledger the amounts with the cashier or the bank. Unpaid amounts of contractors bills etc. should not find place in the statement. It should also be seen that any capital items of magnitude which

should be credited to capital Account are distinguished in the Register of unpaid wages by writing "Capital" against them, that the entries of payments made in the register are initialled by a Gazetted Officer or the sub-ordinate authorised to do so and that the unpaid balance at credit of "Deposit unpaid wages" is disposed of in terms of Paragraph 1119-AI.

If the unpaid wages statement contains any amount deposited into the Bank, it should be seen that the same has been correctly accounted for in the Cashier's Cash Book on the same date.

#### **14.9 Budget Register and Orders of Appropriation and Re-appropriation.**

(Paras 397 to 400, 411 to 413 of RAM-5th Edn. and Para 457 (XVI) Financial. Code Vol. I)

It should be seen that the orders of Appropriation and Re-appropriation issued by the Railway Board or by the General Manager are in order and have been entered in the Budget Register.

It should be checked that the allotments made by the General Manager are within the amounts placed at his disposal by the Railway Board. It should be seen generally-

- i) that no re-appropriations are made from one grant to another or from "charged" heads to "voted" head or vice versa;
- ii) that no re-appropriations are made after the close of the financial year;
- iii) that no allotments are made for items falling under the category "New Service", and
- iv) that no re-appropriations are made contrary in the orders of the Parliament and the Rly. Board. The above audit will be carried out by the Books Budget Audit Section as far as possible locally. Other auditing sections should also report to the above section cases of irregularities that may come to their notice.

#### **14.10 Check of rebate statements and payments of subsidy in respect of Branch Line Companies:**

(a) The rebate statements and the subsidy or the divisible surplus; as the case be, in respect of the following Branch line Companies should be checked after the Accounts Department have checked the accounts. The Chief Accounts Office's test audit reports should also be scrutinised.

The instructions contained in paragraphs 388 & 389 of R.A.M., 5th Edition should also be refd. to

- b) Railway Reserve Fund and depreciation Reserve Fund Investment.

The Chief Accounts Officer, Eastern Railway prepares every year a statement showing the face value and the market value of the investments held on behalf of the Railway Department on 31st March. Four copies of this statement received from the Chief Accounts Officer in August each year shall be checked and one audited copy forwarded to the ADAI(R) by the 15th of September and two returned to the Chief Accounts Officer.

c) The Chief Accounts Officer sends to this Office Copies of advices to the Bank regarding interest and dividends earned on the above securities. These advices shall be checked on receipt, and properly filed. An annual statement showing interest, dividend etc. earned by these securities during a year shall be complied and sent to the ADAI(R) by the end of July.

d) Two copies of statement showing share capital, debentures and loans to the Branch lines as on 31st March are received yearly from the F.A. and C.A.O., Eastern Railway for certification. The statement should be verified with reference to the printed audited accounts of the Branch line Companies and the test audit reports of the F.A. and C.A.O. and a copy duly certified returned to the F.A. & C.A.O. The statement should not be certified before the test audit reports of the C.A.O. are made available for audit scrutiny. A certified copy of the statement should also be sent to the DAI(R) (Para 375 & 379 of RAM-5th Edition)

#### **14.11 Check of General Cash Books**

Item No. VI(b) under Central Audit in the M.O.I. para 367 of RAM – 5<sup>th</sup> Edition and Paras 303 to 306 of AI.

The general cash book records the receipts and disbursement of cash on each date. The General Cash Book maintained by the Books section of the headquarters accounts office, records the earnings of the whole Railway as also the miscellaneous receipts and expenditure relating to the transactions dealt with by head quarter's accounts office. Similar General Cash Books maintained by other dependent accounting units record miscellaneous receipts and expenditure relating to the transactions dealt with by those units.

The earnings of the Railway are received by the cash offices at Headquarters. The cash check sheets prepared by these cash offices are sent to Deputy Chief Accounts Officer (TA), but the amount of earnings as per these cash check sheets are abstracted by the cash offices in the form 'Memo of daily cash transactions' and sent to the headquarters Accounts Office, The General Cash Book maintained by the headquarters accounts office is posted as regards station remittances from the Memo of daily cash transactions and not from cash check sheets.

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

#### **14.12 Check of Cashier's Cash Book**

Item No. VI(7) under Central Audit in the M.O.I. Para 368 of RAM – 5<sup>th</sup> Edition and paras 1946, 1947, 1954 and 1955- AI. Also see cash and pay department's manual.

Two sets of cash books are maintained by the cash office, viz., one for recording receipts of cash from stations and the public and payment of the same into the treasury and other to record the receipts of cheques from the accounts office and issue of the same to pay no unusual delay in the return of the bills. It should also be seen that the total amount of unpaid wages as shown in the list of paid vouchers returned by any one pay Clerk during the particular month selected by Branch Officer agrees with the corresponding total as per list of unpaid wages and that no unpaid item in these bills is omitted to be taken in the list of unpaid wages submitted by the pay Clerk.

#### **14.13 Verification of Cash Balance with the Cash Department ( Para 369-RAM 5th Edn.)**

i) The cash balances in hand with cashier in Head Office and with the Cashiers in Divisions and workshops should be verified in accordance with the instructions contained in para 61 of the Memo of Instructions regarding the Extent of Audit (Rly. Audit) (Secret) and at the discretion of the Principal Director of Audit.

ii) The result of verification should be incorporated in Audit Notes, Part I and II and if no programmed verification is made in the course of the year, the item should be shown as in arrears in progress report for the month of March of the Official year concerned.

iii) The review of the general working of the cash and pay Department is distinct from the above verification and should be conducted as per detailed instructions in paragraph below.

#### **14.14 Audit of General Cash Abstract Book:**

This should be checked along with general cashbook. The grand totals of these two sets of cashbooks should be compared. The detailed totals given at the foot in the cash abstract book, which should also be checked, should be traced to the journal slips prepared by the Accounts Section for crediting and debiting the head of account 'cash' and posted at the foot of the journal of the month.

#### **14.15 Cash and Pay Department Procedure check of verification of cash balances.**

1. The procedure, practice and control in the cash and pay Department of the Railways should be thoroughly examined by periodical inspections to see that the arrangements in that department are quite satisfactory. If there are any important defects in procedure or efficiency, the practice and control together with the measures taken to remedy them should be reported to the ADAI(R). The following are some of the important points that have to be specially looked into.

- a) That there no short disbursements to pay clerks
- b) That an adequate check is duly exercised over the balances with the pay Master and pay Clerks.
- c) That there is a post-audit check by the General Branch on the return of the receipt bills from the cash and pay department.
- d) That there is an adequate check on the outstanding bills left with the pay Clerks;
- e) That there is no utilization by the cashiers of earnings remitted to headquarters.
- f) That there is efficient gazetted control over the cash and pay Department.

2) During inspections it should be seen whether the cash in hands of the Treasurer, Divisional Cashier and pay Clerks has been checked by an Account Officer daily when more than one holiday intervenes as per Rly. Board's letter No. 45ACII/342 of Feb' 47 and C.A.O.s No. C855/A dt. 17.10.47 to the extent prescribed below:

The cash balances in hand should be test checked by not less than 10 per cent by actual count, the notes of Rs. 100 being checked cent per cent. It should be seen whether the above order is carried out and whether there is any deliberate accumulation of traffic and other miscellaneous receipts.

3. The inspection of Treasurer's office and Divisional and Workshop Cash Offices will be done by the respective sections as per programme.

4. While audit should see that the Accounts Department have verified the cash balances on the last day of the year in accordance with para 910-A-I, it is not necessary that audit should associate itself with such verifications and be a party to a joint cash balance report, or undertake a physical verification of cash with the cashier. The cash in hand with the pay Clerks, the unpaid bills outstanding and the amount of unpaid wages may be ascertained to see that no unauthorised use is being made of such money.

5. In general, it should be seen that there is a systematic internal check over the accounts of money passing through the hands of the Cashier and other officials concerned and

that there is a continuous review of the arrangements for the expeditious disbursement of money, for the custody thereof and for the correct and prompt disposal of un disbursed balances and of sums otherwise payable into the treasury and that there is an adequate reconciliation, preferably without previous notice, of the cash balance with the amount outstanding against the custodian of the balances.

6. In verifying cash balances, it is important to remember that verification serves no purpose unless it takes into account simultaneously, on the one hand all the different categories of cash in the custody of the official or group of officials concerned and on the other, all examined accounts for such cash. (para 359 & 360 of Railway Audit Manual-4th Edn).

#### **14.16 Adjustments with other Government Departments.**

Para 371 of RAM and paras 223 (b), 432, 444 and 445 AI.

It should be seen that reconciliation (para 441 and 442 AI) has been done and that at the end of the year no balance is existing under the head 'Account with States' and 'Reserve Bank Suspense' and if there is any outstanding balance, action has been taken to investigate and adjust the same in the earliest possible month of the next year.

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

A general review of the reconciliation of the amounts booked under 'Reserve Bank Deposits', 'Remittance into Banks' and 'Cheques and Bills' should be conducted yearly with reference to paras 441 to 445 of the Indian Railway Code for the Accounts department. The reconciliation for one month in the year should be checked in detail, with the figures advised by the Reserve Bank. Audit of 'Transfers within the same Railway' and 'Transfers between Railways'

The general instructions for audit of 'Transfers inter-Railways' contained in par 363 of Railway Audit Manual and paras 404 to 416 AI may be seen.

It should be generally seen that the transfer transactions are adjusted expeditiously to final heads of accounts and there is no outstanding at the close of the year under the head 'Transfer divisional' and that if there is any unadjusted balance, it is not adjusted to any suspense head merely to effect nil balance under the transfer head and such unadjusted balance are reported to the FA & CAO with reasons for remaining outstanding.

#### **14.17 Audit of reconciliation of Accounts Registers with General Books:**

The general books of the Railway, that is:

- (i) The General Cash Book.
- (ii) The General Cash Abstract Book.
- (iii) The Journal, and
- (iv) Ledger.

do not record the transactions by sub detailed heads of accounts. In order therefore, to have the detailed classification of the transactions as appearing in the General Books, separate subsidiary records are maintained. These are as under:

1. Register of Works.
2. Register of capital, DRF, DF and OLWR (Revenue) expenditure.
3. Revenue Allocation Register.
4. Register of Earnings.
5. Suspense Register.

each year a report in the details showing the result of the above reviews and should also furnish the following additional information in order to enable that section to finalise the general comments and Note on control over expenditure appended to the Appropriation Accounts for submission to the ADAI(Rlys.)

- a) Important instances of failure in the exercise of control should comments duly accepted by Accounts Sections concerned,
- b) A comparative statement showing the re-appropriation under each of the Capital and Revenue grants made month after month.

#### **14.18 Introductory paragraph presenting any special feature:**

CAG desires that in the Audit Reports on the Appropriation Accounts there should be an introductory paragraph presenting any special feature or on important event which have material repercussions on the budget and appropriations for the year concerned. The paragraph is expected to specify the items affected and the expenditure directly attributable to such extra ordinary factors. Any information which will be useful to the ADAI (Rlys) in drafting this paragraph may be furnished along with the report on "the control over expenditure". The selection and treatment of such topics is left to the discretion of the Head of offices concerned but the acceptance of the Administration should be obtained to the information proposed for inclusion in the reports. (DRA's No. R1-3/45 dt. 8.10.45).

#### **14.19 Closing and submission of Annual Accounts & Returns:**

With a view to avoid correction in the Annual Accounts involving heavy amounts that were generally advised by the Railways even after the despatch of the accounts to the Railway Board, the CAG has decided to extent the date of closing and submission of annual accounts of the Railway Department as a whole by one month. Accordingly, the Railway Board have decided that only one consolidated accounts for March (Separately for capital and Revenue) supported by the prescribed schedules need be submitted so as to reach the Railway Board's office by the 31st of July, subject to the restrictions given below.

To enable the Board to determine as to how the preliminary actual as booked upto the 30th of June compare with the final estimates and Grant/Appropriation, schedule of Gross Traffic Receipts and Revenue expenditure (separately for open line and New constructions) in the usual form should be despatched so as to reach the Boards office by 10th of July. The gross expenditure and recoveries/credits should be shown separately. The figures may be shown in thousands only.

Audit should see that the target dates fixed for submission of various accounts and returns are rigidly followed and other instructions regarding closing of the accounts are strictly compiled to by the Accounts office. (RB's letter No. 58 AC1/2/15 dt. 17.5.57 received under ADAI(R)'s endorsement No. RAII/1-6/56 dt. 21.6.57.

#### **14.20 Introduction of new Accounts Classification:**

The new accounts classification system has been introduced with effect from 1.4.1979 on the Railways with the following main objects

- i) To evolve a fully developed system of responsibility accounting and to re-orient accounting classifications so as to bring in eventual break down of costs after eliminating all superfluous classifications which were out of date or irrelevant.

ii) To set up an effective system of management accountancy with a view to defining clearly management objectives, strategies and plans to achieve these objectives. The revised structure of the Demands for Grants Is based on function oriented analysis of working expenses and plan head wise analysis of works expenditure. Accordingly, accounting classification has been revised to facilitate the introduction of performance Budgeting. As against the existing 22 Demands the restructured Demands for Grants are only 16 in number as shown in Para 11.27.8.

The revised classification has been given in the book 'Revised classification of Accounts of Expenditure and Earnings' published in August 1978.

#### **14.21 Changes in form and classification (Para 408 of RAM, 5th Edition).**

The comptroller and Auditor General of India has ordered that any important changes in Forms and Classification should be mentioned either in the explanatory notes below the sub-heads of the grants or in the important comments appended to the Appropriation Accounts concerned. It has been accepted that the existing procedure in the Railway Department, under which important changes are mentioned in a separate section and less important changes listed in an Annexure to the Review on the Appropriation Accounts Prepared by the Railway Board and their substantial effect on the grant is explained in the body of the review under the respective grants fulfils the above requirements. Audited copies of the list of such changes furnished by the Administration to the Railway Board should be sent to the ADAI (Rlys.) Care should be taken to ensure that the important effects of such changes are explained under the relevant Grants in the Appropriation Accounts of the Rly. Administration.

All orders received in the office regarding changes in form and classification should be dealt with in the Books section, which will circulate the orders to the various auditing sections. If any section receives an order on the subject otherwise than through the Books section such order should immediately be transferred to Books section in original. The orders will be reordered In a Register separately for each year under the initials of the Branch office the paras given below.

The other auditing sections should likewise maintain similar Register for recording therein all charges in forms and classification affecting their section on the basis of orders recd. from books section. All auditing sections should intimate to books section the changes in forms and classification that have actually been given effect to during the year to Books audit sec. to enable the latter to check the memorandum showing the changes in forms and classification prepared by the F.A. & C.A.O. for submission to the Rly. Bd. A copy of the F.A. & CAO's memorandum prepared in this connection after being audited carefully should be furnished by Books section to the ADAI (Rlys.) by the date fixed for each year according to the programme.

Register of changes in forms & classification.

SI.	Ref. to auditing	Brief particulars of cheques in forms and classification and date of its effect.	Board's No. vehicles
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#### **14.22 Audit Certificate on March Accounts:**

Each auditing section under the principal Director of Audit, should send its audit certificate on March Accounts to the Books Audit Section so as to reach there by the 14th of Sept. each year. The Books Audit section on the basis of the certificates received from the auditing sections will compile the consolidated audit certificate Office as a whole and send the same to the A.D.A.I. (Rlys) by the 1st of October each year.

It is essential that all audit and review work relating to the accounts of the financial year should be completed before the audit certificate on March Accounts is submitted to the Books Audit Section or ADAI(R). In case, any item of work cannot be finished the reasons for the delay should be reported sufficiently in advance by the Branch Officer to the Principal Director of Audit who will take steps to ensure that the work is promptly finished. Note below Para 8 of R.A.M. 4th Edition may also be seen before giving the certificate.

#### **14.23 Certificate of comparison to be recorded on March Accounts before their submission to Rly. Board (Accounts).**

(Vide Para 8(h) and 388 of R.A.M.-5th Edn.)

The certificate viz. "Compared with the office copy and found to be a true copy" will be recorded on the original accounts for the month of March as well as on all schedules accompanying the accounts before their submission to the Rly. Board by the Chief Accounts officer.

#### **14.24 Audit of Debt Head Report (Para 383 of RAM, 5<sup>th</sup> Edition and Paras 748 to 752 AI.)**

The debt head report will be compiled by the Accounts Officers attached to constructions, Workshops etc. in respect of Debt Heads operated by them and sent to the headquarters Books sections of the FA and CAO's Office, simultaneously endorsing copies thereof to the concerned Audit Officers for verification. The respective audit sections will verify the reports with reference to the previous year's audited statements and laws maintained in the accounts offices. In auditing the Debt Head Report, it should be seen whether the general instructions issued by the Railway Board for the compilation of the report have been complied with.

A copy of the audited Debt Head Report together with comments which could not be settled at the unit level will be forwarded by the auditing section to Books and Budget (Headquarter) audit section. Based on the Debt Head Reports received from the various Accounts Officers. the headquarters books section of FA & CAO's office will prepare a consolidated Debt Head Report for the unit and forward the same to the Railway Board and the Books and Budget (Headquarters) audit section. The latter will check the report and will return the audited copy of the Debt Head Report to the FA & CAO incorporating the audit certificate prescribed in para 8 of Railway Audit Manual. A copy of the audited Debt Head Report should be sent to ADAI (Railways) by the due date.

#### **14.25 Audit of Capital and Revenue Accounts**

Item VI 11(10) under Central Audit the M.O.I., para 374 of RAM.

The various statements of accounts included in the Capital and Revenue Accounts, the forms in which the statements are prepared and the certificates appended to the Capital and Revenue Accounts are given in paragraphs 702 to 727 AI. These accounts are given in section II of the annual report of the Railway. The Capital and Revenue Accounts are prepared for the financial year. The auditing sections will verify the information furnished by the Accounts Officers at Headquarters and Divisions for compilation of Capital and Revenue Accounts and intimate results thereof to Books and Budget (Headquarters) audit section. The Financial Adviser and Chief Accounts Officer will compile the Capital and Revenue Accounts of the railway and forward them to the Railway Board furnishing simultaneously copies thereof to the Books and Budget (Headquarters) audit section for verification. These accounts should be checked completely as regards statistical statements prepared by the Railway. The statement numbers II to IV and VII not prepared by the Railway which are having no worked lines forming part of this railway system. Irregularities noticed should be pointed out to the FA & CAO for rectification.

Advance copies of the Capital and Revenue Accounts together with the audit certificate prescribed in para 8 of Railway Audit Manual vide para 422 of Railway Audit Manual should invariably be sent to the Comptroller and Auditor General of India as soon as the audit is

completed. When the printed copy of the accounts is received, it should also be sent to the Comptroller and Auditor General of India. (GAG's letter No. 2611/4-11/61 dated 19.7.1961).

#### **14.26 Profit and Loss Accounts, Capital statement, Block Accounts and Balance Sheet.**

After check of the above, the certificate of audit with comments, if any, will be sent to the Chief Accounts Officer in duplicate as soon as these accounts have been checked in audit by Books and Budget Audit section. The certificate will be recorded in the balance sheet to be printed with Appropriation Accounts and will be in the form prescribed in Para 8 of the RAM-4th Edition.

Two copies of the capital statement, balance sheet and profit and loss accounts with audit certificate thereon should be submitted to the ADAI(Rlys.) so as to reach his office before the 30th of November each year.

#### **14.27 Finance Accounts:-**

The Finance Accounts as prepared by the Railway should be checked with reference to Capital and Revenue Accounts and March Accounts. In cases of new constructions the total outlay to date of each line should be checked. These accounts should be checked in detail from the capital and Revenue Accounts for March for the year concerned and the Finance Accounts of the previous year for purpose of check of cumulative figures to the end of year shown in various schedules. The instruction contained in C&AG's letter No. 2621-RA/II/4-11/61 dt. 19.7.61 are also applicable in the check of Finance Accounts. The definition of Finance Account, its scope the description of various schedules, and the appendices forming part of those accounts, the forms in which they are to be prepared and the certificate to be appended thereto are given in paragraph 728 to 747AI. If there is any delay in the printing of the Finance Accounts, typed copies of the Accounts duly audited may be sent to the ADAI(Rlys.) in advance to avoid accumulation of arrears. After the check is over, audit certificate is to be recorded (para 747-AI).

Three audited copies of the Finance Accounts with audit certificate thereon should be submitted to the ADAI(Rlys.) so as to reach his office by the 20th of September each year.

#### **14.28 Statement showing transfers without financial adjustment:**

The unit Accounts Officers will compile this statement and send it to the FA & CAO furnishing copies thereof simultaneously to the respective Audit Officers for verification. The audit Officers, after verification of the statement will advise the results to the Books and Budget (Headquarter) audit section. The BB Audit Section (Headquarter) will audit the statement compiled by the FA & CAO for the entire railway P.Us. based on the advices received from the unit Audit Officers. Copies of the audited statement will be furnished to the ADAI(Railways). In checking this statement, it should be seen that in respect of inter railway adjustments, the acceptance of the foreign railways to the inclusion of the amounts 'per-contra' in the statements relating to them have been obtained and kept on record. Generally copies of the statements relating to other railways will also be received in the accounts office if any items having per-contra adjustments with this railway are included therein. Such statements should also be consulted to see that inter-railway adjustments shown in the statements pertaining to this railways have been correctly reflected by other railways.

Items of adjustment within the Railway (intra-Railway) should be verified with reference to audited details received from the various units and the authority for such adjustments. It should also be seen that in respect of adjustments relating to the loans and Advances by the Central Government and Indian Railways Deposits details of the amount pertaining to each of minor heads/ classified heads there under are furnished separately and not in one lump.

#### **14.29 Statement showing calculation of dividend payable to General Revenue:**

The statement prepared in the prescribed proforma indicates capital at charge upto the end of the previous year and that during the current year. As the rate of dividend payable prior to 1.4.1980 and from 1.4.1980 capital at charge is different, the statement also indicates total capital at charge at the end of the year distinguishing that pertaining to pre-1.4.1980 and from 1.4.1980 and post 1980 capital as on 1st April of current year should be verified with reference to the respective audited figures of the capital at charge on 31st March of previous year and the respective figures of transfers without financial adjustment of current year. The outlay during the current year should be verified with reference to the schedules appended to the March Capital Account Current. The deductible entries for the following items.

- (i) Residential Buildings.
  - (ii) Outlay on new lines other than those taken up on other than financial considerations, and
  - (iii) Outlay on P & T line wires for both Pre-1980 post-1980 and current year are verified with reference to audited statement of previous year as also the compiled data for the current year. Thereafter the net capital outlay incurred during the year (and half thereof) will be verified.
2. According to Railway Convention Committee 1980, further continued by the Railway Convention Committee 1985 and accepted by the Government, the rates of dividend for the two quinquennium periods of 1980-81 to 1984-85 and 1985-86 to 1989-90, the rate of dividend payable to General Revenue are as under
- (i) The capital invested up to 6% (inclusive of 15% on capital invested 31.3.1980 upto 31.3.1964 for payment to states in lieu of passenger fare tax etc)
  - (ii) On the capital invested 65%
  - (iii) Capital cost of residential buildings. Concessional dividend of 3.5%. The correctness of the dividend payable at different rates as mentioned above should be checked. The correctness of the amount of deferred dividend payable in respect of any new line which has completed the moratorium period should then be verified with reference to the statement of deferred dividend. The total amount of deferred for the year proposed to be paid will then be verified.

#### **14.30 Statement of deferred dividend:**

According to Railway Convention Committee Report, 1980 and 1985, and accepted by the Government in respect of the capital invested on new lines excluding the notified lines taken up on or after 1.4.1955 on other than financial considerations, the dividend payable is to be calculated at the average borrowing rate for each year but deferred during the period of construction and the first five years after opening of the lines for traffic. The deferred liability is to be paid out of the future surplus of the lines after payment of current dividend. The account of un liquidated deferred dividend liability on new lines is to be closed after a period of 20 years from the date of their opening extinguishing any liability not liquidated within that period.

The deferred dividend statement which is prepared along with the dividend statement should be checked on the line mentioned above.

The statement showing the capital outlay in respect of each new line and deferred dividend etc. should be submitted as an enclosure to the Dividend statement.

#### **14.31 Statement of Subsidy from General Revenue:**

Statement of subsidy to be claimed from General Revenues is prepared along with the dividend statement. Capital invested in the following case. qualifies for subsidy from the General Revenue to the extent of the dividend calculated at the rules specified for them :

- (a) Strategic lines.
- (b) New lines taken up or after 1.4.1955 on other than financial-considerations.
- (c) Un remunerative branch lines.
- (d) Ore lines.
- (e) Ferries and welfare buildings.
- (f) 50 percent of the capital invested on all works in the current year and in the two previous years excluding capital invested in strategic lines.

The statement should be checked on the above lines. This statement is also sent as an enclosure to dividend statement.

#### **14.32 Review of Register of:**

- (i) Serious irregularities
- (ii) Losses
- (iii) Objectionable items.

(Paras 853 and 861 AI and para 492 of 5<sup>th</sup> Edition of Railway Audit Manual)

These registers maintained in the Accounts Offices should be reviewed by the Books and Budget audit section at headquarters and in branch offices. While reviewing the registers the relevant files of accounts office should also be reviewed to see whether.

- (i) the case could be considered for comment in the Audit Report.
- (ii) Action taken by the Administration is adequate and
- (iii) safeguards exist to avoid recurrence of such irregularities.

#### **14.33 Review of Miscellaneous Advances and Deposit Register:** (Paras 320 and 321-AI).

In reviewing the registers it should be seen whether the instructions contained in para 322-AI are being observed. The outstanding at the end of the month account selected for audit should be traced back to the month of origin in addition to a general review. The instructions contained in Paras 1217 and 321-AI and para 381 of Railway Audit Manual should also be borne in mind.

#### **14.34 Review of demand payable Register** (Para 1021-A1)

It should be seen that the balances as per the register are reconciled monthly with those appearing in the general books (Para 322-A1). While reviewing the register, the instructions contained in para 1612-A1 should be borne in mind.

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## Chapter XV

### Section III

#### Appropriation Audit.

##### **15.1 Procedure for dealing with the Appropriation Accounts:**

The consolidated Appropriation Accounts of the Railways and the Statements and Annexure thereto will be received in this office for check from the FA & CAO(Budget) according to the time schedule drawn up by every year by the Ministry of Railways (Railway Board) after consultation with the ADAI (Rlys.). These will be completely checked in Appropriation Audit Section with reference to the extant rules & orders in relation thereto and individual reports received from each Audit Section. The Financial Adviser & Chief Accounts Officer (Budget) compiles the consolidated Appropriation Accounts from the appropriation Accounts received from the Divisional and Workshop Accounts Offices and other Sections at his office, such as, Expenditure, Establishment Section etc. These offices and Sections are required to submit the Appropriation Accounts, Statements and Annexure thereto to the FA & CAO (Budget) and to the local Audit Officers well within target dates fixed for the purpose. Immediately on receipt of the same from the local Accounts Officer each Audit Section should complete the necessary check and furnish certificates of check together with their comments, if any, to the local Accounts Officer under advice to Appropriation Audit Section for appropriate action. All outstanding points in connection with these accounts should be finalised as expeditiously as possible by personal discussion with the Accounts and Executive Officers, if necessary.

The due dates for submission of the comments and audit certificates on the appropriation Accounts etc. should be strictly adhered to by all audit Sections as great importance is attached to the observance of the prescribed dates both by the ADAI (Rlys) and the Railway Board.

##### **15.2 Check of Appropriation Accounts:**

1) Extent of Check—See item no. VIII(7) under 'Central Audit' in the M. O. I. regarding extent of audit (Railway Audit) 2nd Edition.

2) The consolidated Appropriation Accounts will be checked with reference to the comments furnished by the Auditing Sections and generally according to the instructions contained in Chapter IV of Financial Code, Volume I & in Chapter XX and Appendix 5 of Railway Audit Manual (4th Edition). Besides these, rules contained in Chapter XV-E, Chapter XXXI-S, Chapter XV-W and instructions issued by the Railway Board in this connection from time to time should also be studied. It should particularly be seen that (i) the consolidation made in the Chief Accounts Officer's Office is in order, (ii) the accounts of the various grants and annexure have been prepared in the same forms and details as laid down in Chapter IV of the Indian Railway Financial Code Vol-I and that other orders received from time to time have been observed.

##### **15.3 Check of Figures:**

The figures of original grant or appropriation should be checked with the figures as voted by the Parliament and shown in the 'Demands for grants' for that year. Any change in the grant made by the General Manager at the beginning or during the course of year or in the expenditure orders of the Railway Board, should not be taken into consideration for the purpose of the figures of original grant or appropriation.

The figures of final grant or appropriation as modified by supplementary provision, surrender, with-drawal and re-appropriation should be checked with the latest modifications in the grants received from the Rly. Board and the distribution of the final grants, so modified, as made by the General Manager Towards the close of the year. It should be particularly seen that no such distribution is made by the General Manager after the 1st 31st March of the year, as re-appropriations are not permissible after the close of the financial year.

The figures of actual expenditure should be verified from the figures shown in the audited accounts of March, the statements of expenditure and Revenue Abstracts prepared by the Accounts Office.

In this connection the instructions contained in Para 404 of the Railway Audit Manual (5th Edition) should be kept in view.

The figures of differences between the final grants and expenditure should be checked. Any discrepancy found in the check of those figures should be promptly brought to the notice of the Chief Accounts Officer (Budget) and agreement thereof arrived at as expeditiously as possible by personal discussions, if necessary.

The figures under "Credits" will similarly be checked with the figures shown in the book of demands and further advices received from the Railway Board. The actual will be verified with the statement showing the total for each item in respect of each of the Grant prepared by the Chief Accounts Officer and with reference to the Schedules to the Account Current for March.

As regards the Civil Grant-Loans and Advances by the Central Govt. the actual expenditure will be compared with the totals of the expenditure relating to the various units as well as with the figures shown in the Account Current for March. In respect of the Civil Grant-Interest an 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.

#### **15.4 Other Checks:**

The general review of accounts should be directed to see that there has been no misclassification or mis-compilation and that no transaction remains unadjusted. The adjustments made in the accounts for February and March should be particularly examined as to their correctness and propriety. In case any transaction remains unadjusted during the year, the reasons therefore should be examined and commented upon suitably.

Re-appropriations should be examined in accordance with the instructions contained in para 400 of RAM (5th Edition).

Inaccurate budgeting and overestimating should be specially commented upon; omissions to include charges or receipts which could have been possible to anticipate as well as excesses caused by expenditure incurred on objects not provided for in the budget estimate, should be investigated. In the latter case it should be seen how far the Accounts Office has failed to challenge the expenditure for want of appropriation or being beyond the powers of sanction of the authority concerned or in the case of expenditure on a new service, as requiring a supplementary vote of the Parliament or an additional allotment from the Government of India, as the case may be.

### **15.5 Scrutiny of explanation of variation:**

Detailed examination of the Explanations for variation between the original grant and final grant, between final grant and actual expenditure and between original grant and actuals, wherever necessary, should next be taken in hand.

The explanation of variations should be scrutinised with a view to see that:

- a) the explanations given under one grant are not inconsistent with those given under another grant;
- b) they are not inconsistent with such explanations, if any, as may have been given at an earlier stage;
- c) they are not open to any prime facie objection; and
- d) they have been prepared in consultation with the authorities responsible for controlling the expenditure under the grant or head concerned and are acceptable to audit.

While scrutinising the explanations under the suspense heads "Stores" and "Manufactures" under Capital the instructions contained in para 402 of RAM (5th Edition) should be followed.

### **15.6 Comments on Appropriation Accounts:**

As soon as the check of the accounts of an individual grant is completed, audit comments thereon should be framed and sent to the Chief Accounts Officer for early remarks.

Separate comments on each individual grant and annexure to the Appropriation Accounts should be sent in separate letters and in no case should the comments on more than one grant or annexure be mixed up.

The comments will generally be on the following points:

1) Discrepancies between the grants as per verified entries in the Budget register maintained by the Chief Accounts Officer and as shown in the Appropriation Accounts in the event of the discrepancies not having been rectified.

2) All important cases of misclassification, irregular or fictitious adjustments and delay in the adjustment of transactions should be specially mentioned.

3) Cases in respect of which it is doubtful whether an expenditure should be considered to have been incurred on a new service and cases where there is difference of opinion in this matter between the Audit and Accounts authorities should be mentioned in detail.

4) It is the duty of the Public Accounts Committee to see:

- a) that the money voted by the Parliament has been spent within the scope of the demand;
- b) that no re-appropriation is made from one grant to another;
- c) that no re-appropriation is made within a grant which is not made in accordance with such rules as may be prescribed by the Rly. Board.

Cases of non-compliance with the above restrictions by the Railway Administration should, therefore, be brought to notice for inclusion in the Audit Report.

5) Cases of expenditure incurred against the declared wishes of the Parliament or against the recommendations of the Estimates Committee should be brought to notice.

6) Cases of infringement of the powers of the General Manager with regard to re-appropriations or of the Divisional Railway Managers & C. to whom there powers have been delegated should be specially brought to notice.

### **15.7 Comments on Stores Accounts to be included in the Appropriation Accounts:**

(Para 402 of the Railway Audit Manual, 5th Edition & Paras 648 to 650 of Indian Railway General Code, Vol-I)

The object of presenting the Stores Accounts to the Public Accounts Committee through the respective Appropriation Accounts will not be secured if these accounts merely reproduce the stores accounts without any comments from the Audit. The Audit Office may assist the Public Accounts Committee in their investigation into the Stores transactions in the Appropriation Accounts. Comments may, for example, deal with the following points:

- i) Whether the closing balances as disclosed in the stores Accounts appear to have been excessive;
- ii) Whether the amounts written off by way of depreciation, shortages, & C. during the year appear to be abnormally high;
- iii) Whether the stock verification and revaluation, if any has been made by proper authorities; and
- iv) The Audit Officer may also comment in cases where surplus stores appear to be abnormal and after enquiry from the departmental officers he may also be in a position to say whether adequate measures are being taken to dispose of the surpluses.

The foregoing list is not exhaustive and what is desired is that all Audit Officers should realise that they are expected not merely to reproduce stores accounts, but in audit them with reference inter alia to the points mentioned above. No comments need, however, be made in the Appropriation Accounts unless there is anything special to be said. Remarks such as "the closing balances appear to be suitable" or other equally colourless remarks do not help anyone and may even be misleading and dangerous as they may lead the Public Accounts Committee to refrain from investigation in case where a correct appreciation of the position can be formed only after exam of the departmental witness.

## Chapter XVI

### Traffic Audit.

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## **Chapter XVI**

### **Traffic Audit.**

#### **16. General:**

The audit of receipts of the railways is required to be conducted in accordance with the regulations laid down in Chapter 4 of Section II of M.S.O. (Audit), Final Edition 1991. The receipts of railways are mostly on account of earnings from the transport of passenger and merchandise traffic. The other receipts like amounts realised by disposal of lost property or by telegraph traffic are comparatively of little magnitude, Stations are the main agency through which traffic earnings are realised. The other agencies are:

- i) Tourist agents who are authorised under the terms of their agreements with the Railways.
- ii) Out agencies,
- iii) Lost property offices. The accounts of earnings are rendered by these agencies to the accounts office through various returns, balance sheet statements etc. The collected tickets, passes (parcel way bills, invoices, credit notes, warrants telegraph vouchers} cashed station pay orders etc. are also submitted to the accounts office. All these returns, vouchers etc. are checked by the accounts office and brought to account in a consolidated record for the whole railway called traffics Book (Para 3201- A-II} in which the earnings are recorded duly classified into coaching, goods, sundries etc. and the progress of realisation of earnings is watched. Recovery of dues in lieu of vouchers (notes, official requisitions etc.) is watched through accounts office balance sheet.

The checking of earning, relating to local traffic is done by the traffic accounts office. The accounting of earnings relating to local traffic is done by the traffic accounts.

Besides checking and accounting of traffic returns the traffic accounts office is also responsible for checking accounting and watching recoveries.

The central audit of earnings includes:

- a) Scrutiny of larges contracts and tenders and review of completed contracts in the office of the CCM.
- b) Review of Commercial Office, & Files as necessary. The audit objections raised by this office are included in the statistics of Dy. CAO (TA). The particulars of items of audit relating to local traffic required to be dealt with by the traffic audit office, and the extent of check to be exercised in respect of each item are given in the Appendix to M.O.I under the Caption Local traffic Audit (Coaching} and Railway Audit Manual.

The checks exercised by the accounts office on the various station returns, handling bills and other documents both centrally and during local inspection of station accounts, the procedure of maintenance of traffic books etc. have detailed out in the IRCA Code for the Accounts Department, Part II, Traffic Accounts. The audit should generally be conducted on same lines. The procedure laid down for the maintenance of various station books and preparation of station returns and their forms in relevant paragraph of IRCM. Vol. I & II and the Manual of station accounts the rules in the conference regulation, the coaching tariff and

the various pamphlets like rate circulars etc. and the sectional manuals of the accounts office should be studied carefully and referred to in conducting the audit of earnings.

### **16.1 Duties and responsibilities:**

The Traffic Audit section is responsible for the audit of transactions relating to local and through traffic which are dealt with in the Traffic Accounts branch of the FA & CAO's office.

The essential duty of audit in regard to the railways earnings is to see that:

1) the person to whom the service is rendered pays the proper amount.

2) the assessment of railway charges is correct according to the rules prescribed by the various authorities.

3) the railway servants receiving the charges account for them correctly. The work relating to audit of earnings may be broadly divided into (1) Central audit of Goods and coaching Accounts and (2) local audit/inspection of the accounts of the stations, out-agencies, city/ town booking offices, travel agents, sidings, Lost property office and Chief Commercial Superintendent's Office. The check of earnings should be carried out with references to (i) the orders, rules and regulations issued by the president or the Railway Board, (ii) the Indian Railways Act, 1990 and rules made there under (iii) the conference regulations framed by the Indian Railway conference Association, (iv) the tariffs, rate circulars etc., issued either by the Indian Railway conference Association or by the Railway Admn. (v) Indian Railway Commercial Manual Vol. I & II, (vi) the relevant contracts between the main and the worked lines and (vii) Accounts code Vol. II.

The tariffs should be kept up-to-date. It should be ensured that all correction slips and rate circulars have been received.

In respect of irregularities already noticed in internal check by Accounts office in the documents coming up for audit, it should be seen whether suitable action has been taken to rectify them.

For selection of station accounts for audit, all stations, out agencies etc. are to be classified as under:-

- (i) Very Big Station – Annual earnings Rs.5 crores and above.
- (ii) Big Station - Annual earnings Rs. 2 crores and above but less than Rs. 5 crores.
- (iii) Major Station - Annual earnings Rs.50 lakhs and above but less than Rs. 2 crores.
- (iv) Minor Station - Annual earnings below Rs. 50 lakhs.

On the basis of the check prescribed all the major and minor stations should be grouped division wise separately for each category and from each group station should be selected every month for audit to the extent prescribed, In addition one or two stations outside the particular group should also be selected to provide the element of surprise (Para 165 of RAM also CAG's letter No. 657-590-RAI/8-11/73 dt. 5.3.74).

As a major station, may become a minor station or vice versa due to decrease/increase in traffic, an annual review is made by the Accounts Office, and corrections to the list of stations are carried out. This list should be referred to in March every year and list of stations

maintained in traffic section for selection kept up-to-date duly approved by the Principal Director of Audit.

## **16.2 General Procedure of Audit at Headquarters:**

The procedure of auditing the accounts of the fourth following month observed in respect of audit of expenditure should ordinarily be followed in respect of audit of earnings at headquarters. Exception may, however, be made in case of any specific items according to the special needs of audit vis-à-vis internal check in the matter of availability of records.

The points to be seen in the audit of earnings are detailed out in Para 163 of the Railway Audit Manual, subsidiary instructions for audit of various items listed under local traffic audit coaching in the Appendix to the M.O.I. are given in the following paragraphs :

## **16.3 Introduction of simplified system of Traffic Accounts on 'Forwarded basis':**

The system of internal check of station accounts by the Accounts Office and of the connected returns etc. prepared on "Received" basis has undergone a change consequent upon the issue of orders by the Railway Board regarding the simplification of traffic accounts procedure. After the implementation of the complete scheme the internal check system of the Accounts has switched over to "Forwarded basis". The stations are required to send the documents/returns etc. on the revised basis to the Accounts office for further compilation of other statements, returns etc. This has resulted in changes in the records and documents received and compiled by the Accounts Office necessitating a suitable revision of the audit procedure which are detailed in subsequent paras. As per the revised procedure accounts of the station selected for monthly Audit should be checked completely with reference to its balance sheet, both in respect of 'received' and 'forwarded' traffic.

It has been decided by the Comptroller and Auditor General of India that while none of the existing checks should be given up, the following additional checks should be exercised in audit on various documents produced as a result of computerisation of accountal of traffic receipt.

1) Review of monthly incorrect statements. In addition to tracing of undercharges noticed as a result of check of invoices into the incorrect statement, there statements should be reviewed with a view to verify the action taken by the Accounts office for issue of error sheets etc. to the station concerned.

In regard to through inward traffic the issue of error sheets etc. should be checked with the entries in the register showing receipt of incorrect invoices from foreign Railways. Similarly, while checking passenger classification, also, in addition to tracing the errors noticed into the incorrect list, the incorrect list as a whole for the station should be reviewed and adequacy of the action taken in the Accounts Office ensured.

2) Check of pilgrim tax statement. In addition to tracing the totals of the statement of terminal taxes into the Register of pilgrim taxes maintained by the Accounts Office, all entries in the passenger classification irrespective of whether these are selected for audit or not should be traced into Pilgrim tax statement printed by the computer. The tracing of pilgrim tax should also be done in respect of all passenger classifications of printed tickets, which are accounted manually by Accounts Office due to delay in their receipt. This would provide a test check for ensuring that all items of pilgrim tax appearing in the passenger classification have been processed by the computer. See also para 167 of the Railway Audit Manual.

### **3) Check of Continuity of Invoices:**

In addition to checking the continuity of paid invoices from the Register of paid invoice books supplied to the stations and that of 'To Pay' invoices with the commencing and closing

numbers given in the covering memo received from stations, the continuity should also be checked by comparing the first entry in the current month's paid statement (Month of accounts selected for audit) with the last entry in the previous month's paid statement both for 'paid' and to-pay invoices. The continuity of invoices within the paid statement should also be checked. (C&AG's letter No. 1901-160 RAI/8-6/71 dt. 10.6.71).

4) While all invoices selected for audit will continue to be checked in regard to class, rate, other charges etc., calculation of freight in respect of invoices where such calculation is done on the computer should be checked only to the extent prescribed in C&AG's letter No.1007-0 SD(C)/44/71 dated 30.3.72 except invoices involving wagon K.M. rates, minimum charges, infringement charges, weight exceeding 9999 quintals in which cases freight is checked manually.

5) The accuracy of the total of the paid statement both in respect of freight and weight handled by the Railway should be checked.

6) The correctness of the total of the amount shown under 'Invoiced Freight' 'To pay' in the outward Abstract should be manually checked and the inked entries in the Abstract (entries appearing in the Delivery Book of the station but not in the Machine Prepared Abstract) should be verified with the accompanying invoices.

7) To ensure that 'Inward Abstract' sent by stations along with the balance sheets, correspond to those received in the Accounts Office from the foreign Railways, the entries in the Register showing receipt of 'Machine prepared Abstracts' from foreign Railways should be scrutinised and seen that the Station returns correspond to all the sheets received from foreign Railways.

8) The credit on account of 'paid-on-charges' taken in the balance sheet should be checked with reference to the Machine prepared 'paid on charges statement' and it should be seen that the details of items relating to 'paid on charges' correspond to the entries in the 'paid on charges statement'. In order to see that debit is being forced correctly against the station to which the consignment is rebooked selection of invoices for audit should be so designed as to deliberately include some rebooking invoices within the percentage prescribed and this should be traced against the concerned destination station in the Machine prepared outward Abstract.

9) The check of invoice marked for weighment enroute should be carried out in respect of invoices issued by stations selected for audit, check of inward invoices of such stations so selected need not be carried out.

10) It should be seen that run to run totals to ensure the integrity of the processing of data are actually agreed as detailed below:

- i) total invoiced freight printed in card to tape programme with the total printed in paid statement and outward Abstract programmes.
- ii) difference of total invoiced freight and total calculated freight with the net difference of overcharges and undercharges printed in the monthly incorrect statement.
- iii) total calculated freight printed in the card to tape programme with the total printed in the 'paid statement' and outward Abstract programmes; and
- iv) total charged weight printed in the card to tape programme with the total weight in the paid statement programme. ,

11) The total number of cards as shown in the station forwarding memo for selected stations should be agreed with the number of cards in the card to tape programme and the grand total of the cards in this programme should be agreed with the total number of cards in the paid statement and the outward Abstract programmes. Run to run totals of the whole system is to be checked.

12) The action taken by the Accounts office on entries inked into the Machine prepared Abstract (corrected by the destination stations should be verified in respect of local traffic with reference to the original invoices themselves and that the withdrawal of debit was also correctly advised. As for through traffic, a list should be sent to the Principal Director of Audit of the originating railway for similar verification (including a nil return when there are no such cases).

(C&AG's letter No. 1007-OSD/(C)/44/71 dt. 30.3.72

#### **16.4 Coaching Account:**

##### **(A) Passenger traffic:**

In respect of stations selected for audit, the local and through passenger classifications for the month of audit and that for the previous month should be obtained Concession vouchers, collected tickets and non-issued tickets should also be obtained. In the case of classification relating to Blank Paper Tickets, the Accounts as well as collected foils of the Blank paper tickets should be obtained.

The passenger classification should be checked in accordance with the instructions contained in para 2109 A II. The correctness of the fare charged should also be verified in audit. In the case of tickets charged at reduced rates, the correctness thereof should be verified with reference to the supporting documents viz. P.T.O's and concession orders etc. accompanying the passenger classification though the collected P.T.O's concession orders need not be checked.

It should be seen that the tickets accounted for in the passenger classification relate to the series supplied to the station. The collected tickets may be examined to see among other points whether the blank paper tickets have been correctly accounted for by the issuing stations and the highest number of collected tickets is not higher than the closing number for the month as indicated in the passenger classification. The audit of non-issued tickets and cut pieces of tickets sold at half fares should be conducted in accordance with paras 2107- A II and 2108-AII.

The passenger classification of the selected stations relating to military warrants should also be checked both for local and through traffic, though the warrants itself need not be checked in audit. The entries in the classification should also be compared with those in the collected soldier tickets and it should be seen that the ticket numbers accounted for in the classification are in serial order and the commencing number tallies with the closing number of the previous month's classification.

The totals of the classification should be checked and traced into the General summary and the latter into the balance sheet.

The audit of passenger classification includes the scrutiny of season tickets and concession vouchers. Season tickets are accounted for and dealt with like other printed tickets or blank tickets. The audit of Season tickets should be done in the same manner as audit of printed tickets or blank paper tickets. B) Over issued tickets: Whenever tickets are over issued i.e. issued out of series, those tickets should be accounted for in the passenger classification under a separate entry against the 'station to' for such stations. These will thus be separate

entries in such cases, one for the running series and another for the 'over issued' series. A manuscript register is maintained in the Accounts Office for recording the commencing and closing numbers of over issued tickets. If any over issued ticket comes in collection but is not found to have been accounted for in this register, a report should be made to the Accounts Officer. The register of 'out of series' as maintained by the Traffic Accounts Branch should also be reviewed periodically with a view to verifying that the incidence of 'out of series' issues is not specially heavy on any particular station and that 'out of series' issues are accounted for promptly.

C) Tracing of errors noticed in the check of passenger classification into the "incorrect statements" and review incorrect statements: While checking the passenger classification (printed series) the errors noticed should be traced into the incorrect statement to verify the action taken by Accounts office. In addition, the incorrect statements as a whole of the stations selected for audit should be reviewed to see that cases marked 'No CLASS' agree with the record of outstanding passenger classifications in the Traffic Accounts and adequate action has been taken to call for the same ( Para 169 {iii} of the RAM).

D) Concession vouchers: Concession vouchers should be scrutinised in accordance with the instructions contained in para 2114-A II.

### **16.5 Returns of passengers' luggage, horses, carriages and dogs.**

The instructions contained in paragraphs 2202 to 2207-AII should be seen. The luggage, horses, carriage and dog returns should be examined to see that all necessary particulars have been recorded therein, such as the number and class of passenger tickets or free posses in support of the free allowance, description, total weight, weight allowed free, weight charged etc. The commencing numbers of tickets accounted for in the return should be checked with the closing numbers shown in the returns for previous month and all tickets between commencing and closing number have been duly accounted for. The register maintained to facilitate this in the Accounts office should also be consulted.

The amounts charged should be checked with reference to the particulars mentioned in the returns. It should also be seen.

- i) that numbers of passenger tickets of each class quoted in support of the free allowance are accounted for in the passenger classification returns, particular case being taken to ensure that no free allowance is allowed on non-issued or cancelled tickets.
- ii) that the numbers of passengers of the posses quoted in support of "free allowance" are traceable in the Returns of passes rendered by the issuing officers and that the free allowance is covered by passes.
- iii) that the 'free allowance' granted is in accordance with the Tariff rules.
- iv) that the weight for luggage charges has been correctly arrived at by deducting the 'weight allowed free' from the total weight.
- v) that free allowance is not granted more than once on the same ticket.
- vi) that offensive and other excepted articles are not booked as luggage. vii) that in the case of horses etc. the distinguishing numbers of the horse-boxed, carriages or trucks in which they are carried, are given and that the charges are calculated on the basis of the numbers of animals carried.

viii) that is the case of animals and birds, required to be issued under Tariff rules, the declared value is given on the ticket, that the animals or birds are issued under sanction of competent authority and that the insurance charges have been recovered at Tariff rates.

ix) that where luggage is booked from out-Agency, city Booking Agency or is carried over the Ferry, the carting charges etc. are accounted for in addition to freight.

x) that when reduced or concession rates are charged for horses, ponies etc. the tariff conditions attaching to such rates are fulfilled.

xi) that the collected luggage, horse, carriage and doge tickets received from destination stations are traceable in the returns.

xii) that the totals of the returns are traceable in the statement of station figures in Balance sheet for verification.

xiii) that the articles which cannot be booked as luggage under the coaching tariff have not been booked as luggage to obtain the benefit of exemption from levy of supplementary charge.

#### **16.6 Left luggage, Demurrage and wharfage returns (paragraphs 2208-AII to 2212-AII, 2812)**

The charges shown in the returns should be verified in accordance with the rules laid down in the relevant tariffs and the totals checked and tallied with the amounts taken in the Balance Sheet through the medium of station figure as verified by Balance Sheet section. The continuity of the left luggage ticket should be checked with reference to the register maintained in the Accounts office and the amount charged checked with reference to the Time to deposit and withdrawals of luggage as per rates given in coaching Tariff. It should also be seen that:

i) the number of days charged for the difference between the date received and date delivered, less the number of days allowed free according to the rules in the coaching tariff or extent circulars on the subject.

ii) the amount due has been correctly arrived at by multiplying the number of days with the proper rate.

iii) the wharfage charges are shown separately from demurrage charges.

iv) where wharfage or demurrage charges have been foregone, an order of competent authority is forthcoming in support thereof .

v) if remission of wharfage and demurrage charges are allowed in a very large scale or as a matter of course or there are any other important features a report may be made to DAI (Rlys.)

vi) the charges are brought to account in the return for the month in which the consignment is delivered or otherwise disposed of .

#### **16.7 Telegraph Traffic Return:**

The returns submitted by the stations will be checked with message drafts and the correctness of the recharges collected on the latter verified as indicated in paras 2244 AII to 2251-AII. The total of the return will be traced into the balance sheet.

### **16.8 Excess fare returns:**

The excess fare tickets and other returns from the T. T. Es should be checked to the extent of prescribed percentage monthly both in respect of local and through traffic relating to the stations selected for monthly audit. While checking those returns instructions contained in paras 2150 AII and 2158 AII may be referred to. It should also be seen-

- i) that the excess fare tickets have been accounted for conservatively. The opening number of the return should be checked with closing number of the previous month's return as watched through the continuity register maintained by the Accounts office.
- ii) that complete particulars have been recorded on excess fare tickets and that the fares and penalties realised are in accordance with the rules and regulation (excess fare tickets of below Rs. 20/- need not be checked).
- iii) that in all cases of non-levy of penalty, guards certificates are forthcoming.
- iv) that the entries in the returns agree with the particulars on Excess fare tickets which should be made out using double sided carbons.
- v) that in case of luggage booked on excess fare tickets the amount thereof is transferred to the luggage returns and checked accordingly.
- vi) that in cases of cancelled excess fare tickets the reasons for cancellation are recorded and the passenger foil submitted to Accounts Office daily.
- vii) that in cases of tickets issued to a foreign Railway Station, the accountal thereof in through traffic return is verifiable with reference to the statement sent by the Dy. Chief Accounts Officer, through traffic Account.
- viii) that in cases of Excess fare tickets exchanged for warrants, the latter has been received in Accounts Office and filled for.
- ix) that the collected foils of Excess Fare tickets agree with their accounts foils. The closing number of the return should be scrutinised fully in terms of paragraphs 2104-AII and 2105-AII the percentage of missing tickets being specially commented upon.
- x) that there is no discrepancy between the series of Excess Fare tickets used and the supplies made to the stations, as verified from the advices received in the Accounts Office.
- xi) that the returns have been correctly totalled. The figures should be verified with the balance sheet.

### **16.9 A)Parcel Traffic (Paid):**

The accountal of 'paid' parcel traffic is on 'forwarded basis'. According to this procedure, the forwarding stations prepare paid parcel waybills in four foils viz. record, receipt, guard and Accounts Office. The transactions thereof are accounted for in a separate cashbook in two foils, the second being written by carbon process. The original is retained by the station for record and the carbon copy of the paid parcel cash book supported by the connected accounts foils of the paid parcel way bills is submitted to the Accounts Office at the end of the month with the following certificate by the station Master/Chief Parcel Clerk

(a) that the total amounts (paid) for the month as shown in the cash book has been taken to debit in the Balance Sheet under the head 'out ward paid parcels (local) outward paid parcels (through).

(b) that the parcel way bills issued during the month fall within the machine number specified in the certificate.

The preparation of forwarded abstracts and received abstracts and summaries in respect for paid parcels by the stations and their comparison in the Accounts Office have been dispensed with. In order, however to guard against the possibility of frauds such as use of privately printed P. W. Bills forms or collection of higher freight than that shown in the Accounts Office foils of P. W. Bills and accounted for in the parcels paid cash book the following checks are exercised in the Accounts Office.

(i) A register is maintained in the Accounts Office to record the supply of machine number of paid parcel way bill books to each station as advised by the supplying office and ensure that the parcel way bills books are brought into use in consecutive order by the station and that all the foils are accounted for. In addition a master list of all parcel way bill books (local and through) supplied to all stations on the Railway is prepared by the Accounts Office and supplied to the T.I. As During their inspection, the TIAs make use of this list to check the machine number of P. W. bills for local traffic entered in the delivery books of the stations. The TIAs also verify that the books issued to the stations are correctly taken into account.

The guard foils of the P. W. Bills received from destination stations are checked to the prescribed extent by the Accounts Office with the cash book copy forwarded by the booking stations.

Out agencies/city booking agencies and worked line stations however, submit abstracts for Inward paid parcels traffic for both local and through traffic supported by Guards foils of the parcel way bills. The out agency/city booking Agency bills and share of the worked lines are checked with reference to these abstracts. The out agency/city booking agency bills and share of worked lines for traffic originating from the out agency/city booking agency or worked line stations are, however, worked out on the basis of the information available in the paid parcel cash book.

#### B) Parcel 'To-pay' Traffic.

The account of 'To PAY' parcel traffic is on received basis. The guard foils of 'Inward to-pay' waybills are received periodically from the destination stations along with a covering memo. Forwarded and Received abstracts of 'To-day' traffic are prepared by the forwarding and receiving stations respectively. The account of all 'to-pay' traffic as appearing in the forwarded abstracts is verified by the Accounts Office of the destination railway by comparison with the received abstracts.

#### C) Audit of Parcel waybills:

The following points should be seen: Local Traffic

##### (a) Forwarded 'paid'.

i) The copy of the parcel cashbook received in Accounts office from the stations is in the prescribed form and is a carbon copy.

ii) All the Accounts foils of the 'Paid' P. W. Bills mentioned in the copy of the cashbook have actually been received.

iii) The P. W. Bills accounted for are in consecutive order and are in continuation of the closing number of the parcel waybills issued in the previous month.

iv) The cancelled waybills are entered in the cash book and all the three foils other than the record foil are received along with cash book.

v) Necessary certificate has been furnished in the summary page of the cash book that the amount shown in the cash book has been taken to the debit side in the balance sheet for the month under the relevant head and no parcel way bills other than those included in the cash book have been issued during the month at the station for this traffic.

vi) The entries in the master list of paid parcel way bill books supplied to stations, maintained by the Accounts Office should be referred to in respect of stations selected for audit.

vii) The selected parcel waybills should be audited in accordance with the provisions of para 2215- AII and traced into the cashbook of the station. The total of the cash book for the month should be checked and compared with the amount shown in the balance sheet of the station for the month against the item parcels traffic outward paid (local/foreign).

The guard foils of two selected destination stations viz., one major and one minor should be compared with the cashbook entries of all the stations selected for normal monthly audit.

In the case of traffic pertaining to motorcars, carriages etc. the paid traffic will be checked on the inward basis according to para 2215-AII and traced into received abstracts and summaries.

#### D) Inward-'To-Pay'.

The inward 'To-Pay' parcel way bills (guard foils) will be checked on the lines indicated in para 2215- All and traced into the received abstracts. The 'To-day' total in the received abstracts should be checked and total of each abstract traced into the summary. The grand total of the summary should also be checked and traced into the balance sheet of the station.

During the check of the bills following points should also be seen.

i) Separate waybills have been issued for "paid" and "to-pay" parcels.

ii) Full particulars as required by the form are recorded therein.

iii) The weight charged is correct and is either the actual weight or weight by measurement of each package whichever gives the greater charges. In the case of bulky articles or furniture both the actual weight and measurement should be recorded.

iv) The amount paid on 'to-pay' has been correctly calculated on the chargeable weight of the consignment multiplied by the proper rate for the distance carried in accordance with the coaching tariff in force.

v) Consignment on which prepayment of *freight* is compulsory are not booked 'to-pay'.

- vi) When payment is made by credit notes, the number of credit notes it is recorded on the waybill. The 'credit note' is exactly for the same amount as shown by the station on the return and the charges on the credit note have been correctly noted according to the checked waybill.
- vii) Where special charges are due such as ferry charges out agency charges, are shown separately.
- viii) Excepted articles are booked under blue waybills and the declared value of the articles are recorded on them.
- ix) When excepted articles are booked and insurance charges have been paid and orders of the competent authority are obtained for the same, reference of the authority Is quoted on the way bill.
- x) When parcels are booked at less than the full parcel rate, they satisfy the conditions prescribed in the coaching tariff and the minimum charges are levied,
- xi) That the original charges are not altered and undercharges or overcharges are shown separately.
- xii) In case of alternative 'Owners risk rate' or Rly. risk rates if owner's risk rate is charged the fact that proper risk not has been executed is recorded on the way bill.
- xiii) When sample consignments are booked free the sanction of the competent authority is coming further and competency of the sanction may also be seen.
- xiv) Where empties are returned to the booking stations at reduced rates, the particulars of the original booking are given on the waybill and are correct.
- xv) Mis-declared parcels are charged at penal rate.
- xvi) Rebooking charges are separately shown.
- xvii) Reference to proper forwarding rates, risk, declared value etc. are recorded on the parcel way bill.
- xviii) audited way bills are entered in the inward abstracts and latter in the summaries.
- xix) Earnings have been correctly accounted for in the balance sheet which should be ensured with reference to the copy of station figures verified by the balance sheet section.
- xx) Instructions regarding the fixed value way bills for total leaves traffic are ahead to
- xxi) Continuity of machine numbers of paid parcel way bills should be scrutinised.

#### **16.10 Comparison of received summaries of the stations selected for audit with the forwarded summaries of the forwarding stations (To-day).**

- a) With a view to ensuring the account of all "To-pay" items by the receiving station, the inward summaries of the stations selected for audit should be compared with the outward summaries of the forwarding stations on the lines indicated in para 2221-AII. Parcel wacobtdls not accounted for in the returns by the receiving station should be traced in the Register of unaccounted parcel way bills.

- b) In the course of this check it should also be seen
  - i) that all way bills not accounted for or excess accounted for have been entered in the separate register maintained for the purpose.
  - ii) that all such cases are certified from the returns of subsequent month's return as well, prompt action is taken by Accounts to investigate and finalise them, the delay in disposal of these cases being specially commented by audit.
  - iii) that short accountal of 'to-pay' way bills in inwards abstracts and summaries are debited against the station concerned.
  - iv) that cases of frequent short accountal of 'paid' freight by a forwarding station or of 'to-pay' freight by a receiving station, are taken as suspected items of temporary misappropriation of freight by station staff and are specially got investigated by Travelling Inspector of Accounts and necessary action taken.

#### **16.11 Check of Tourist Agents (Statements) returns:**

Instructions contained in para 2141 and 2142-AII should be seen. The selected returns should be audited monthly in the same manner as passenger classification verifying interalia the correctness of the rates charged the refunds allowed in unused tickets and the commission claimed. In case a percentage of the fare is retained in arranging refund on a ticket, the percentage so retained in arranging refund on a ticket, the percentage so retained is shared in accordance with the agreement. It should also be verified that the net amount due to the Rly. has been correctly worked out and received by the Rly. Admn.

The following points should be seen:

- i) The security deposits paid by the tourist agents are adequate with reference to sales returns.
- ii) There is no delay in submission of returns and remittance by the tourist agents. The travel agents are required to render their Accounts by pay monthly and they should remit the sale proceeds and submit their sales statements within five working days after expiry of each fortnight (Rly. Bd's letter No. TC/II/2025/65 dt. 19.7.67 and 22.4.70).
- iii) There are no outstanding of sale proceeds of Railway tickets lying against the tourist agents for unduly long period.
- iv) The stock registers are maintained by the accounts office and kept up to-date and that large stock of tickets is not lying with the tourist agents for unduly long period should be seen.
- v) In respect of transactions of foreign railways the continuity of all the tickets issued should be checked with reference to the supply statements.

#### **16.12 Ticket Collectors Report and collected tickets:**

The instructions contained in paragraphs 2104 to 2107-AII may be seen.

During audit it should be seen :

- i) that the collected tickets pre received daily from the stations along with the Ticket collector's report.
- ii) that no collected ticket is of expired date or for a station short of the collecting station;

- iii) that no ticket bear duplicate numbers.
- iv) that there are no spurious tickets and they bear printed number and are issued in consecutive order;
- v) that the percentage of missing 'tickets is not high;
- vi) that instructions with regard to the issue, dating, punching etc. are observed by stations;
- vii) that the collected excess fare tickets, luggage, horse, carriage and dog tickets and the highest number of collected tickets accord with entries in their respective returns and local passenger classifications;
- viii) that the tickets have been nipped and bear that dates of issue, collected and that the same were not used more than once.
- ix) In addition, the collected tickets and ticket collector's reports of one or two stations should be completely checked for 3 days in a month so as to cover one day in each 10 day period. (See para 2104 and 2105 Accounts Code Vol. II).

#### **16.13 Postal Bills:**

- a) The Half-yearly bills in respect of postal mailbags carried under the 'Weighment system', will be checked in February before the bills are issued from the Accounts Office.
- b) The bills for Haulage charges of Postal Mail vans are also to be checked annually in April.

#### **16.14 Coaching Balance Sheet:**

- a) The audit of coaching balance sheets should be conducted with reference to the instructions in Chapter XXVII-AII.
- b) Besides above the following instructions should be borne in mind. (i) Debit side of the Balance Sheet.

This should be compared with the amounts shown in the various statement of station figures received from Accounts Office viz. Passenger classification, excess fare returns, parcels forwarded and received returns, demurrage returns of luggage horse carriage and days etc., returns statements of telegraph cash transactions and special debits if any etc.

It should be seen that all discrepancies noticed are noted against the entry concerned In the relevant statement received from the Accounts Office as well as in the balance sheet. Opening balance should be checked with the closing balance of the previous month. (ii) Credit side of the Balance Sheet.

The cash remittance should be verified with the cash and voucher registers.

- c) while auditing the balance sheets, the out-standing should be scrutinised to see : (i) that the outstanding are not heavy. (ii) that those are not very old. (iii) that admitted debits are not kept outstanding for long and that recoveries are promptly made. (iv) that cases appearing in the outstanding balance for debits repudiated by stations on grounds of non-receipt of error sheets are specifically taken up. (v) that the objected debits are promptly investigated and either they are withdrawn, if the objections are valid, or the debits are maintained and enforced

against the station. (vi) that explanations are forthcoming in the list for the steps taken to clear the old outstanding. (vii) that all admitted debits and base coins debits are paid separately.

#### **16.15 Rail travel facilities to Member of Parliament:**

(Instructions contained in para 170 of the Railway Audit Manual).

On the debit side, the opening balance as per station and as per the accounts office should be tallied with the closing balance of the last month and differences, if any, investigated. The totals of the various audited returns as per summaries as also telegraph earnings as per telegraph traffic return should be compared with the corresponding debits in the 'Balance Sheet'.

On the credit side, the cash remittance should be checked with the cash check sheets and the amount of 'station pay orders' and 'vouchers' etc. with the various vouchers received the special credits such as credit on account of re-booked parcel, parcels sent to Lost Property office, credits authorised by Accounts Office, amount of overcharge sheets etc. should be duly verified. The excess acknowledgement of cash by cashier should be brought on the debit side of the balance sheet under excess in booking and in the case of vouchers both on debit and credit sides. The station closing balance should be tallied with the list of unadjusted debits and parcels outstanding, and the totals of debits and credits sides (station & accounts) checked, It should be seen that the particulars of balance are correct *and efficient*.

In order to ensure the integrity of the processing of data under computerised system, the following checks are exercised:

- (i) It should be seen that the run-to-run totals prescribed for processing integrity are actually agreed.
- (ii) The total number of cards as shown in the station forwarding memo for the selected stations should be agreed with the number of cards in the card to tape programme and the grand total of cards in this programme should be agreed with the total number of cards in the paid statement and the outward abstract programmes.

#### **6.16 Audit of Traffic Books and Accounts Office Balance Sheets:**

Item No. VII under 'local traffic Audit Coaching/Goods' in the MOI. The accounts office balance sheets should be reviewed yearly to see that the outstanding items are current and efficient and that adjustments relate to bonafied traffic accounts transactions. Any abnormal entries of outstanding should be taken up. In the analysis of traffic book balance in part 'B' it should be seen that the resulting balances tally with the unpaid balances of account current.

#### **6.17 Audit of Traffic Suspense Accounts.**

Item No. XV under 'Local Traffic Audit Coaching' in the MOI.

After the accounts for March are closed the balance under heads Traffic Accounts (Station and AOB Sheets) Foreign Railways and should be verified with those in the general books as communicated by the Chief Accounts Officer. Any important differences between the two sets of figures should be investigated.

It should also be seen that all items are current and efficient and likely to be cleared by recoveries or adjustments.

#### **16.18 Examination of tariffs maintained in accounts office:**

With a view to seeing that the tariffs maintained by the checkers in accounts office are maintained up to-date, the tariffs of anyone clerk in anyone sub-section selected at random, by

the Section Officer would be taken for examination every half year and omissions., if any, pointed out through a T.A. Note.

#### Audit of Revenue Abstracts X and Z.

Entries in these statements will be test checked with the initial records from which they are compiled and the statements themselves will be checked in respect of accuracy of totals. Review of inspection Reports of Stations Inspections.

The last filed inspection report submitted by the Travelling inspector of Accounts by Travelling Inspector of station Accounts and Traffic Accounts Officers.

Accounts officer should be selected and reviewed every month. It should be seen that necessary action has been taken on all the irregularities pointed out by both the Travelling Inspector of Accounts and the Accounts Officer. Stations having large number of irregularities should be preferred for local inspection and if considered necessary should be taken up for local audit in addition to the quantum prescribed.

On the review of Half Yearly Progress Report of the Accounts Office it should be seen that it does not present any unusual features. Any abnormal increase in the arrears or outstanding should be commented.

#### **16.19 Scrutiny of larger contracts and tenders and review of completed contracts:..**

The traffic audit section, reviews contracts and tenders executed by the Chief Commercial Supdt. the bills in respect of which are checked and passed for payment by the Dy. CAO (TA)'s Office.

In terms of CAG's letter No. 2301-RAI/8/-7/66 dated 27-8/1966 handling contracts in respect of all transhipment points should be reviewed while other major handling contracts reviewed under item XV of central audit. While the contracts entered into by the CCS should be reviewed by the traffic audit section, the divisional audit offices should similarly review the contracts entered into by the divisional officers under the powers delegated to them.

#### **16.20 Review of missing or delayed returns.**

The position of missing or delayed returns of all the divisions should be reviewed every quarter i.e. the position of returns as on 31st March, 30th June, 30th September and 31st December should be reviewed in April, July, October and January respectively. The late or non-submission of the more important returns such as balance sheets, returns etc. should be specifically commented in the review. The T.I.A.'s reports of the stations in respect of which serious delays in the submission of returns are noticed should be reviewed to see how far appropriate action was taken by the TIAs. In such cases action taken by the accounts office should also be critically examined for the adequacy and promptness.

The headquarters audit section should bring to the notice of the inspection section cases of the, unusual delays in receipt of station returns or important missing returns selected for audit. On receipt of this information the position in respect of these returns should also be investigated by the Inspection section. The review notes should be treated as confidential and kept in the custody of the Section officer. The quarterly review notes should be put up to the Principal Director of Audit for the purpose of a possible comment in the Comptroller and Auditor General's Audit Report. (C&AG's letter No. 998- RAI/T-17. 26/5 7/KW dated 28.10.1958).

### **16.21 Collection and delivery service procedure for payment to contractors:**

In the course of audit of these bills the following points should be seen:

- i) That (weight) particulars in the contractors bills tally with those in (Parcel Way Bills, invoices or abstracts) etc. cleaning stores, ticket check staff.
- ii) That the rates charged are in accordance with those provided in the agreement and
- iii) That the arithmetical calculations are correct. (CAG's letter No. 3406-RAI/T. 17-5/66 dated 19-8- 1968)

### **16.22 Review of Accounts Office Work:**

Para 9.36 of this Manual and Chapter V of M.O.I.

### **16.23 Salient features of computerised procedure of preparation of passenger accounts.**

Para 166-171 - RAM.

At the end of every month each station prepares a return called Passenger Classification. The 'Passenger Classification' accounts for the transactions relating to passenger traffic in the following manner.

Part I (a) Printed Card Passenger tickets. (b) Printed coupon tickets.

Part II (a) Blank paper tickets. (b) Blank coupon Tickets. (c) Other Misc. Tickets.

Audit of classification of passengers. The commencing number, series, class of all printed tickets should be compared with the closing numbers as recorded in the previous month's classification. (Para 2110-AII).

The account of non-issued-tickets should be checked with the original non-issue tickets received with the station returns which should be checked into the relevant column in the passenger classification. The entries of blank paper tickets should be verified with the collected blank paper tickets and with the junction returns. The commencing number of blank paper, special and party tickets/blank coupon tickets should be compared with the closing numbers of previous months returns. The Entries relating to blank paper tickets should be verified with the collected tickets to see that the tickets are actually issued for the stations for which accounted for and that the fares shown on the tickets have been correctly calculated. Issue of BPTs in serial order may be verified and their account should be traced in passenger classification with reference to the cancelled BPTs received. It should be seen that the tickets not accounted for there-in have been duly accounted for in the respective returns.

(Paragraph 2111 to 2113 A.II). It should be seen that the fares of tickets issued (both printed and blank paper) are correctly charged and calculated at the rates given in Tariff that the concessions of deductions in fares are duly authorised, that the minimum charges for each compartment are not infringed, that all certificates, letters of concession, are duly filled in and correctly issued by competent authority and that they are in themselves valid.

(Paras 2114 to 2116 and 2124 A II). A test check over Indents for the passenger tickets is necessary in view of the checks prescribed for passenger classification and the checks over tickets stock books and indents at local inspection.

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

In addition to above, following checks may be exercised in connection with the audit of passenger accounts:

(i) A listing of passenger fares tape should be taken for checking that the rates of fares are in accordance with the rates notified by the Railway Board. The statement 'Checking Passenger Fares' should be examined to see that

(a) corrections 'PALL CARDS TAPE' (Passenger all cards Tape) are made without delay, and (b) there has been no leakage of revenue owing to under-charges having remained undetected because of incorrect fare rates of 'PALL CARDS TAPE'.

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

(ii) The regular monthly audit of passenger classification may be supplemented with reference to the instructions contained in para 169 RAM.

#### **16.24 Computerisation of Passenger ticket System:**

Under this system, passenger classification is not prepared as there are no opening and closing number of tickets between pair of stations. The fares are fed in the computer after these have been checked by accounts. The computer prepares a monthly statement indicating the details of the amount to be incorporated from computerised system in the consolidated balance sheet of the station and the entries in the station balance sheet should be checked with reference to this statement. When tickets are non-issued, a 'Cancellation ticket' is prepared and both the original ticket and the cancelled ticket period have been correctly received and in respect of cancelled invoice, all foils except the record foil have been received. This is done by examining the continuity of the printed Railway receipt numbers on the invoices. In the case of paid invoices, in addition to check of continuity of printed numbers, the numbers are verified by Accounts office with reference to the particulars of paid invoice books supplied to the stations. The cancelled invoices are detached from the bundles and kept separately.

ii) The invoices are checked in Accounts office to the extent prescribed in regard to the correctness of the route, rate and and classification and coded. The freight is checked manually only in the case of live stock, traffic in wagon loads, minimum charges, wagon kilometre rates etc. and traffic to non- government Rlys.

iii) The bundle of Accounts foils of the invoices are thereafter handed over the statistical branch with the covering memo where the calculation of the freight charges is checked by the machines. A card is punched for each invoice and machine onward abstracts are prepared detailing the invoices booked to each station from all the stations on the home railway and foreign railways separately in three copies for local traffic and four copies for through traffic. Simultaneously, a statement showing the under and overcharges found as a result of check of invoices is prepared by the machines and under charges over Rs. 50/- are advised to the destination stations immediately for collection before delivery. From the cards punched for the invoices a paid statement in respect of traffic booked from each station to various stations is also prepared by the machines separately for local/through traffic. The statement is utilised to verify the correctness of the debit taken against 'outward paid traffic (local through) in the balance sheet of the station. Copies of the machine outward abstracts are sent to the destination stations in duplicate. In the case of through traffic, two copies are sent to the Divisional offices and one copy to the receiving Railway Accounts Office there are converted by the destination stations as their inward abstracts after linking the entries appearing in their delivery books with the machine prepared abstracts. The undercharges or overcharges discovered as a result of check of invoices at the destinations are noted in both the copies of the abstracts. In the case of undercharges due to error in description and weight, a copy of the relevant invoice with particulars of undercharges is sent to the

Accounts Office with the machine abstracts. The total of the 'To-pay' items in the abstracts are cast and this forms the basis of the debit to be taken against the item 'Goods inward To-pay (local)' in the debit side of the balance sheet. In the case of through traffic, a summary is prepared by the destination station bringing forward the corrected totals to 'To-pay' items in the machine abstracts received from all the Railways and this forms the basis of the debit to be taken by the station against the item 'Goods Inward To-pay (foreign)' in the balance sheet.

iv) Copies of the converted abstracts (local and through) are submitted along with the balance sheet of the station for the month. The converted abstracts received from the stations are checked in the Accounts Office, with reference to the copies of the machine onward/abstracts available with them and the correctness of the debit taken in the balance sheet against 'Inward to-pay traffic (local through)' is verified.

v) The monthly incorrect statements which are received from the machine section forms the basis for raising debits against the stations. In the cases of through traffic the monthly incorrect statements for undercharges debit able against the destination stations as also for over charges on 'To-pay' invoices are sent by the forwarding Railway Accounts Office to the receiving railway accounts office duly supported by the original invoices. Receiving Railway Accounts Office checks all items of overcharges before sending the advice to the commercial Departments for arranging refunds. As regards under- charges the verification in the first instance is done by the receiving Railway Accounts office with reference to the Machine prepared abstracts received back from the stations recording therein under-charges as per Inward Delivery Book. For items were undercharges have not been accounted for by the stations necessary debits are raised after recheck of charges.

#### **16.25 Check of Invoices. (Para 173 of the R.A.M. and paras 2306-2320-AII)**

The audit of invoices is done on forwarded basis i.e. the accounts foils submitted by the forwarding stations to the Accounts Office are checked in respect of stations selected for audit to the extent prescribed. The selection of invoices for audit is made from the paid statement of the selected stations which show details of invoices in respect of both 'paid' and 'to-pay' traffic. In regard to the selected invoices (through) which have been included in the statement of incorrect invoices and sent by the Accounts Office to the Accounts Offices of the receiving Railways a list should be prepared and sent to the Principal Directors of Audit of the receiving railway concerned for audit. Other selected invoices 'paid and to pay' relating to both local and through traffic available in the Accounts office should be checked in all respects including class rate, freight etc. as indicated in para 2203-AII.

(a) The audited invoices should be traced into the machine prepared abstract. During such tracing it should be seen that invoices marked for weighment en route have been properly identified by an asterisk in the machine prepared Abstracts or alternatively have been included in the statement of invoices marked for weighment enroute,

#### **16.26 Comparison of Outward and Inward returns and review of unaccounted for invoices (Non-Govt. Rlys.).**

The inward division sheets of the non-Government Railway selected for audit of invoices should be compared with the forwarded abstracts of the stations of this Railway selected for audit.

### **16.27 Wharfage and demurrage returns (Goods).**

The wharfage and demurrage returns of the stations selected for audit should be checked on the lines indicated in para 2208-AII and the total of the returns checked and traced into the balance sheets.

### **16.28 Handling and transhipment bills.**

Handling and transhipment bills, if any, in respect of the stations selected for audit should be completely audited. Handling bill is prepared separately for coaching and Goods Traffic. The correctness of the weight handled by the contractor in regard to local and through traffic is indicated in the handling bill is verified by the local and through traffic audit sections. The instructions contained in Chapter XXX-AII and in Chapter XXIII of the IRC Manual should be borne in mind while auditing these bills.

In the case of forwarded 'paid' traffic, the weight handled should be compared with the weight recorded in the paid parcel cashbook. As abstracts and summaries are not received from the receiving station for the paid parcel traffic, the weight handled by the contractor do in the handling work at the station will not be available with the accounts office for check of weight shown by the contractors in their handling bills for inward paid parcels traffic received at the station. In these cases the Accounts office arranges payment provisionally to the extent of 90% on the basis of the weights certified by commercial authorities. The balance amount of 10% is paid only after the weight lifted is checked by the T.I.A. with reference to the entries in the delivery book for inward paid parcel. In respect of bills for the balance 10% passed in the month under audit in respect of stations selected, it should also be seen that the weight shown by the contractors in the bills is certified by the T.I.A.

The Traffic Inspection section should ensure the correctness of the T.I. As certificate by verifications of the particulars of handling bills, (to be obtained from Accounts Office) locally during inspection.

The weight shown in the handling bill in the case of parcel traffic outward 'To-pay' and 'inward to-pay' should be checked with the outward and inward summaries of 'To-pay' parcels. As regards handling bill, relating to goods traffic, the weight shown in the handling bills should be checked with reference to machine prepared paid statements for forwarded traffic and congested machine abstracts for received traffic.

The rates at which the claim is preferred should be checked with reference to the agreement. Opportunity may be taken to review the rates paid to the station Master and outsiders from time to time to find out whether the rates allowed for the same kind of work at the same station or at stations in the same vicinity do not vary from each other to any considerable extent. The connected pay orders for payment of the handling and transhipment bills should also be called for. It should be seen that the amount of the pay order agrees with the amount finally passed by Accounts Office.

In respect of transhipment points; handling bills should be reviewed by sending local audit party at such points, besides the check exercised in central audit. Some stations which transhipment stations should be selected for local audit every year.

Transhipment sheds located away from the stations, should be included in the list of stations for the purpose of selection for audit inspection.

## **16.29 Goods Balance Sheets.**

Instructions contained in chapter XXVIII-AII should be seen. The accounts of a station selected for monthly audit should be checked completely with reference to its balance sheet both in respect of received and forwarded traffic.

a) 'Paid outward local and through': The correctness of the debits should be checked with reference to the debits should be checked with reference to the machine abstracts (also called 'paid statements compiled by the Accounts Office).

b) "To-pay inward'-local and foreign': The correctness of the debits taken in the balance sheet of the stations selected for monthly audit should be checked with reference to the machine abstracts converted by the stations into their inward abstracts and submitted to the Accounts Office along with the station balance sheets.

c) Other items accounted for in the balance sheet should be checked with reference to the connected returns.

## **16.30 Compensation for goods lost or damaged (Para 177 of the Railway Audit Manual).**

During the review of claims cases the provisions contained in the Indian Railways Act, 1890 as amended from time to time and instructions contained in paras 2413 & 2414-AII should also be borne in mind. The following points should also be seen:

(i) The claim for compensation has been made by the proper person and prepared within the prescribed time limit.

(ii) the claim is supported by original documents as required under the rules.

(iii) Amount of compensation paid has been determined properly with reference to high rate, market rate and party's books wherever necessary.

(iv) complete enquires have been made to establish Railways liability for loss or damages.

(v) In the case of damages full details of assessment of damages made by the authorised officials, the quantum of damages etc. have been given and that such assessments have been properly made. (vi) "To-pay" freight charges and wharfage/demurrage charges wherever due have properly been deducted before settling the claim.

(vii) the original railway receipt has been surrendered by the party and it has been cancelled to present double payment.

(viii) The claim has been sanctioned by the competent authority.

(ix) In cases where railway has been held liable disciplinary action wherever called for has been taken against the staff at fault. For this the "staff responsibility" Register maintained by commercial Department should be reviewed.

(x) remedial measures if necessary under the circumstances have been taken/introduced to prevent recurrence.

(xi) In the case of other than local traffic the Incidence of claim as between railways has been determined and allocated as per conference rules.

(xii) the payment of claims is traced to the relevant Pay-Orders to see that the amount has been paid to the right party and there is a proper acquaintance for the amount so paid.

While reviewing the court cases the following additional points should be seen:

- i) Delay if any in the conduct of litigation.
- ii) Delay in taking other steps in the course of a case e.g. filling of the affidavit or document production of evidence dealing with references from Railway Advocates etc.
- iii) Inability to prove good cases.
- iv) Stockless on the part of the claims branch.
- v) Non-availability or non-production of relevant records.
- vi} Fault of the Railway Staff.
- vii) Delay in not satisfying court decrees resulting in delay in executions and consequent extra expenditure.

### **16.31 Remission and refund of wharfage and Demurrage:**

General Manager and lower authorities have been delegated powers for waiver of wharfage and demurrage charges. Instructions contained in 2211-AII, 2343(5)(6)-AII and 1102-T, 1103-T and para 176 of the Railway Audit Manual should be seen.

The programme of audit prescribes a monthly review of the important cases of remissions and refund of wharfage and demurrage charges. Selection of such cases should be done by Branch officers concerned. Divl. Audit Officers should also select the cases of sanction for remission and refund accorded by the D.R.M. The review includes cases of remission granted both by officers at H.Q. and those at the Divisional level. Further a special investigation based on overall review will also be carried out by the T.A. section once a year. It should be seen that:

- i) the amount of wharfage/demurrage charges has been accounted for by the station in the concerned return.
- ii) the arithmetical calculation of the amount refunded is correct.
- iii) the claim has been preferred in time and
- iv) the refund is made under the sanction of the competent authority with the concurrence of the competent authority wherever necessary. It should also be seen that remission is not granted as a matter of course.

### **16.32 Siding charges:**

[Chapter XVIII of Indian Railway code for the Traffic Department (Commercial) 1961-edition and paras 2232-34 AII]

A list of all sidings on this railway together with rates of siding charges, fixed from time to time and the dates from which these are effective is maintained in Traffic audit section. The required number of sidings the accounts of which are to be audited is selected from this list. This list should be kept up-to-date with reference to the rate circulars. In March every year the Divisional Audit Officers should furnish a list of sidings pertaining to their Division to Traffic Audit section for comparison with the list maintained by that section.

The following points should be seen in the audit of siding statements:

- i) An agreement exists for each siding.
- ii) The charges have been calculated correctly according to the agreement and the rules in force.

- iii) In the case of detention to wagons beyond the free time, charges have been levied.
- iv) As and when a siding is used under the proper sanction by a department, firm or Merchant other than the one for whom it was originally constructed remuneration charges are recovered at the agreed rates and paid to the owner of the sidings after deducting the commission.
- v) The checked statement should be traced into the Register of siding charges maintained in the Accounts Office and the amount shown in the siding statement has been correctly taken to debit in the balance sheet, wherever siding charges are paid by credit notes the bills should be checked with reference to the Register of siding charges.
- vi) The siding charges are revised correctly once in three years as per Railway Board's orders contained in their letter no. 4694-TCVII of 10.10.1958 and action for the revision is initiated to fix The siding charges at least six months before the revision becomes due.

#### **16.33 Rebate of freight:**

The audit is done yearly to the extent of one month's accounts selected for this purpose. The rebate statements should be checked to see:

- 1) the claim has been preferred within six months of the original booking.
- 2) the statements have been certified by the commercial Inspector and countersigned by the D.C.S.
- 3) The original invoice has been accounted for.
- 4} The rebooked weight is not more than the weight originally booked.
- 5) The rate charged and the rate should be are correct.

#### **16.34 Refund list and over charge sheets:**

(Para 2403-2412-AII and para 179 of the Railway Audit Manual): On receipt of the balance sheets of the stations selected for audit, the connected refund lists including voluntary refunds and over charge sheets should be obtained and checked. Special attention should be paid to the refunds made in respect of traffic originating from out-agencies it should be seen that whenever a refund is allowed, reduction is also made in the commission etc. paid to the out-agency. Besides it should be seen that a large number of overcharges or undercharges have not resulted in respect of traffic originating from a particular out-agency.

It must be seen that entries in regard to refunds are made in the abstracts or other suitable procedure exists in order to prevent the certification of duplicate claim.

#### **16.35 Cashier's Station Cashbook:**

Cash receipts from all stations (station remittance notes) for the month selected for audit should be verified with cash (Traffic) sheets received from the chief cashier to the extent prescribed. Payments into the Treasury/Bank should be verified with the receipts the received from the Treasury office/Bank in token thereof. It should be examined whether there has been any delay on the part of the stations in remitting cash collections, whether the cash remitted by the stations have been duly acknowledged by the cashier and correctly accounted for in the check sheets. The action taken regarding shortages in the stations remittances, if any should also be looked into. Total of the individual sheets are proved and checked with the summary sheet which is then checked with the cash book maintained by Asstt. Chief Cashier.

### **16.36 Register of Miscellaneous Cash Receipts:**

A register is maintained in the Accounts office for watching the prompt receipt of returns of miscellaneous cash in the prescribed from all departmental officials who are authorised to collect and remit cash. The returns submitted by two officers are selected every month. It should be seen that:

1) The commencing number of Miscellaneous Receipt Transit Note in the return of a month received from the Departments is continuation of the closing number of the previous month and is accounted for in consecutive order. If there are any missing numbers the matter should be taken up with the Accounts office.

2) The amount shown in the third foil of the miscellaneous receipt transit note agrees with the figure shown in the return.

3) the amount shown in the third foil of the miscellaneous receipt note received from the Department should be checked with the amount indicated, in the corresponding second foil received from the station along with the miscellaneous cash Remittance Return as well as in the Miscellaneous Cash Remittance Return itself to ensure that the amount shown in the second and third foil of each M.R. Note agree and that the amount remitted to stations by the departments have been correctly accounted for by the stations in their balance sheets.

The correct classification of the receipts should also be checked. The register mentioned above should also be reviewed yearly to see that it is complete in all respects, that the check over the receipt of returns is properly carried out and adequate action is taken by the Accounts Office in case of delay in receipt of returns.

### **16.37 Procedure of Selection of stations for audit of station accounts at Head Quarters.**

This list of stations maintained in a manuscript register should be put up to the branch officer by the 18th of the previous month for selection of stations, the accounts of which are to be audited during the next month.

Stations inspected in the preceding months should be included in the selection of station for central audit as per prescribed extent. In addition to stations selected for monthly audit, one or two stations should also be selected for check to serve as an element of surprise.

The particulars of selection made by Audit Officer (TA) for check of local traffic, checks in respect of local traffic. After completion of audit, the audited figures should be traced for checking the same with the figures as appearing in the Station Balance Sheet audited.

### **16.38 Rate circulars and Tariff charges.**

(Para 180 of the Railway Audit Manual 5th edition) A suitable percentage is checked to see that the maximum and minimum rates laid down by the Government of India are not infringed.

### **16.39 Audit of rate circulars and tariff charges:**

Item No. XVI under 'Local Traffic Audit Coaching' in the M.O.I. The rate circulars should be put up monthly to the AUO (TA) for selection of necessary items. The items selected for audit should be checked to see that the maxima and minima rates laid down by the Government of India are not infringed. The Audit Officer ITA) charged but not notified through rate circular.

#### **16.40 Review of Inspection Reports of station Inspections by T.I.A. and Accounts Officers:**

All the reports of the T.I.As and Accounts Officers closed in a month should be reviewed in the following month to examine whether there is any important lacuna in the system and whether the system is working with reasonable efficiency. It should also be seen that necessary action is taken on the points noticed by inspecting officers and T.I.As.

The results of the review should be submitted to the Branch Officer. Details of the cases reviewed should be kept in the selection Register.

Stations having large number of irregularities should be preferred for local inspection and if considered necessary, should be taken up for local audit in addition to the quantum prescribed. For this purpose, irregularities reported by the T.I.As and Accounts Officers, which require examination locally should be entered in a register maintained for the purpose.

#### **16.41 Traffic Book and Accounts Office Balance Sheet.** (Para 178 of the Railway Audit Manual 5<sup>th</sup> edition and provisions contained in paras 2923 to 2931-AII and Chapter XXXII of A-II).

Traffic book for anyone month selected is checked yearly to see that the postings are correct and complete. It should be verified that the balances under the heads 'Traffic Accounts' 'Foreign Railways' and 'Deposit Private companies' have been reconciled with the balances appearing in the General Books.

Any old outstanding noticed under heads 'Foreign Railways' and 'Deposit Private Companies' should be pointed out. In the analysis of Traffic Books balances in Part-'B' it should be seen that resulting balance tally with the unpaid balances of Account Current. The Accounts office balance sheet should be reviewed yearly to the extent of one months accounts to see that the outstanding items are current and efficient and that adjustment relates to Bonafied traffic accounts transactions. Outstanding remaining uncleared for over six months should be taken up. It should also be seen (i) whether a reconciliation has been made between the total amounts of the vouchers received by the sections concerned and the total amounts of the vouchers received as a whole from stations.

#### **16.42 Warrants and Credit Notes.**

(a) The instructions contained in para 169 of the Railway Audit Manual and paragraphs 2904 to 2917-AII may be seen. Regarding the extent of check, note 2 in paragraph 10 of the M.O.I. and item no. (i) under through Traffic Audit-Coaching/Goods in the M.O.I. may be seen. These vouchers are required to be checked concurrently with the Accounts office as the connected vouchers which are sent away in support of the debit are not received back.

(b) In the audit of these vouchers it should be seen.

i) that these vouchers show correct charges which are recoverable and are in accordance with the rules and orders mentioned above.

ii) that the warrants and credit notes have been billed for as per checked figures and commission charges have been correctly calculated and included in the bill.

iii) that these vouchers are linked up with the relevant entries in the return and remarks made therein.

#### **16.43 Pilgrim and Terminal taxes:**

The statements relating to pilgrim/terminal/poll taxes are to be checked to the extent prescribed in the M.O.I. while checking the statements the provisions contained in para 2138 of All and para 181 of the Railway Audit Manual and these prescribed in the C & AG's secret

letter Nos. 6237-RAI/T/17- 74/69 dated 22/24.12.69, No. 288-RAIII/T/17-35/80 dated 27.5.80 should be kept in view. While certifying the annual certificate of pilgrim tax it should be seen that it has been prepared in the specimen form enclosed with C&AG's letter No. 582-RAII/T/17-11/78 dated 14.8.80.

(b) Apportionment if any, for pilgrim tax an the passenger classification of the station selected for audit should be checked and traced in the extracting statements and traced into the register maintained by the Accounts Office annually to the extent prescribed.

(c) A review should be made annually to see whether the cost of staff employed in traffic for this work is fully covered by commission received.

(d) Regarding terminal tax C&AG's circular letter No. 829-RAI/T-17-15/67 dated 19.3.69 may be seen.

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## **Chapter-XVII** **Station Inspection**

### **17. Scope of Audit:**

Para 423 of Railway Audit Manual. Para 66 and item XI-Local Traffic Audit-Coaching/M.O.I.

All the Station inspections are carried out by the traffic audit office at Kolkata.

### **17.1 List of Stations:**

A complete list of very big, major and minor stations including L.P.Os, tourist agency and city booking agency/office Indicating the month and year in which they were last Inspected, earnings, and no. of days for audit inspection should be maintained by the traffic audit sections as well as co-ordination section and same should be updated from time to time changing the classification of stations based on changed figures of earnings, as and when found necessary.

### **17.2 Programme of Inspections:**

The detailed stations inspection programme should be prepared annually and submitted to co-ordination section in the month of January for the annual programme of subsequent year for obtaining the approval of the Principal Director of Audit. Accordingly Annual Audit Plan is framed. The inspection programme of stations should be kept strictly confidential so as to ensure the element of surprise verification essential for such Inspections.

### **17.3 Items to be seen during Inspection:**

Details of items of work to be done during station inspections have been standardised under CAG's letter inspections have been standardised under CAG's letter No. 470/RAIII/8-7/86 dated 4.8.1987 and a list of these items with suitable modifications approved by Principal Director of Audit is maintained in the section. In the case of marshalling yards, transhipment points etc., the items to be checked are listed in Deputy Comptroller and Auditor General of India (Rlys) letter No. 1269-A-590/ RAI/B-11-73 dated 22.5.1974 (Annexure 'A & B' has been enclosed).

### **17.4 Computerised ticket system passenger operated machine (P.O.M & T.O.M.):**

In respect of stations having computerised system, guidelines for checks to be exercised by Travelling Inspector of Accounts. These guidelines may be adopted in audit also to the extent they meet the audit requirement of conducting an effective check on the computerised ticket system.

### **17.5 General procedure of Audit during local Inspection:**

**17.5.1** During local inspection of station accounts, the procedure of check in respect of items of audit falling under 'Central Audit' in the Appendix to the MOI will be the same as prescribed for other auditing sections. The documents, returns and records to be taken from head office should be ascertained, listed and collected by the staff before the staff leave headquarter. The relevant codes and manuals along with the register of points to be seen specially during local inspections should also be taken and points mentioned therein examined.

### **17.5.2 Verification of cash:**

On arrival at the station, the total cash in hand including imprest money, all coupons, pay orders, police requisitions and other cash vouchers must be counted in the presence of the station master or the head booking/head parcel/or head goods clerk, as the case may be. It should be seen whether any of the coins produced bear marks of having been rejected by the cash office, if so the matter should be noted. The stamped indemnity bonds should be counted and the actual number and value in stock should be recorded in the cash books in words and figures below the entry 'Cash in Hand'. It should be seen that cash realised for the identity cards, time tables and tariffs has been duly remitted. The cash of each branch should be counted separately and the amount written in words and figure in the respective cashbooks and signed by the station master or clerk in charge. Care should be taken to see that the cash of one branch is not utilised to make good temporarily the deficiencies of the other. The guard's signature book for cash bags should be seen to ascertain up to what date the cash has actually been remitted.

### **17.5.3 Closing of books of account and preparation of balance sheet:**

The following books and documents should be called for and the counterfoil of the last voucher issued should be initialised with dated, before starting the check thereof:

The excess fare ticket, and blank and other paper tickets and vouchers, etc. etc. The last entry in each book should be ruled off and balanced. Subsequent entries should be recorded below the line.

### **17.5.4 Daily trains cash cum summary book:**

(a) The inspecting staff should request the booking clerk to close his daily trains cash-cum-summary book and when he has done so, verify the number of tickets in the tubes and in subsidiary paper ticket books, with the closing numbers in the daily train cash-cum-summary book. The non-issued tickets vouchers, coupon certificates, concession and privilege tickets orders in hand should be checked with the cash-cum-summary book in order to ascertain the accuracy of the day's posting. After detailed check of the day's entries grand total should be compared with the cash and vouchers in hand. Thereafter, the daily trains cash-cum-summary book should be checked in detail checking each day's transactions in lump and checking the numbers of tickets with those actually in hand from closing numbers recorded in the summary of train cash book for the last closed period. Credit taken by the Station for non-issued tickets should be checked by comparing the numbers shown in the daily trains cash-cum-summary book with that given in the record copies of the statement sent to accounts for which signature of guard is required to be taken in guard's signature book. It should also be seen that non-issued tickets and cancelled passenger foils of all paper tickets have been sent to accounts office on the next day, and that the clerk age charge, where due have been recovered and accounted for under the head 'clerkage' and reasons for non-issue are recorded. It should also be seen that 'Money-Receipts' are invariably issued to passengers surrendering unused tickets and to whom fares have been refunded after deducing clerkage charges. The closed accounts should then be test audited in the summary of the trains cash books in the manner described in the beginning of this para for the dates selected. What is intended by this 'test audit' is that the entries in the final 'amount column' should be cast and balance with the cash remitted. Having thus ascertained that the cash has been remitted to cover the details exhibited in the account, as number of items should be checked for the entire period to prove further the accuracy of the account as a whole.

b) Finally, the daily trains cash-cum-summary book should be examined generally from the date of last inspection of travelling-inspector of accounts to the date of the current inspection to see that non corrections, erasures or other irregularities occur and that all corrections are properly authenticated.

c) The following are the usual frauds committed in connection with passenger tickets which the are laid down:

- (i) Tickets issued but no account for.
- (ii) Tickets issued and numbers accounted for but not the value.
- (iii) Cash temporarily or permanently misappropriate by under casting the total of the daily trains cash- cum-summary book.
- (iv) Wrong numbers shown in the cashbook and classification So as to make the value agree with cash remitted.

#### **17.6 Blank paper tickets, excess fare, telephone :**

These should be checked in detail in the daily trains cash book. In the case of luggage tickets, the passenger tickets quoted for free allowance should be checked in a few cases with the daily trains cashbook to see that the tickets were actually issued. It should also be seen that the counterfoils of the tickets checked have been correctly filled in.

#### **17.7 Sundry Earnings:**

All miscellaneous receipts, on account of stall rent, sale of etc. are remitted through the cash transmit notes of miscellaneous receipts. The counter foils of this should be checked with the summary to see that all amounts received have been correctly remitted.

#### **17.8 Collection of Tickets:**

The collected tickets should be scrutinised to see that they are stamped with the date of collection and cancelled immediately after collection before they are sent to Accounts office and that station and accounts returns are posted upto-date. It should also be examined that the number of missing tickets is not large and that charges in respect of irregular tickets are collected and that printed and paper tickets are not of expired date or for a station short of the collecting station and the numbers for each class and each station run consecutively. It is not the duty of audit to undertake the work of collecting tickets at the gate and no attempt should be made to do this. Audit is concerned merely with seeing and watching that proper arrangements exist for the collection of tickets and if any defects are noticed, they should be reported to the Railway-Admn. (DRA's-No. R. 1-55 dated the 16th July, 1937).

#### **17.9 Ticket dating machine:**

The dating machines should be examined to see that clear impressions are obtainable from them. This will guard against improper use of passenger ticket after date of expiry.

#### **17.10 Ticket Stock Books and Indents:**

It should be seen that the stock of tickets is in order and is kept in safe custody under lock and key. The indents should be compared with the ticket stock book to see that they agree. In addition, the entries in the ticket advices, filed at stations should be compared with ticket stock books and indents to see that the entries in these books are correct. Blank paper tickets, blank season tickets should be counted to ascertain (a) that there are no duplicates tickets on hand (b) that no tickets are missing and (c) that tickets have not been issued out of series.

The ticket stock register should be checked to see that the books supplied have been entered and are brought into use in the serial order of their entry in the register. It should also be seen that dates of completion are entered and unused stock of each kind of book is actually on hand.

**17.11 Cash remittance notes:**

These should be checked with the grand totals of coaching and earnings as per cash books for the period from the last balance sheet submitted by the station upto the time of inspection.

**17.12 Advice of Internal Check: See Para 2754 A.II.**

It should be seen that these advices are properly filed and that the last advice has been correctly dealt with by the station. A balance sheet of error advices should be prepared in Form 5 and outstanding over 3 months detailed.

**17.13 Check of closed months' balance sheet (Coaching):**

The closed month's balance sheets (Coaching) should be checked with initial records to see that these have been correctly prepared, the amount has been accounted for under proper heads that full details have been given for special debits and particulars are correctly shown and balanced.

**17.14 Register of Advertisements:**

All entries of posters, plates, hoardings etc. in the register of advertisement should be checked with the lists furnished by the Commercial Publicity Officer.

An inventory of posters exhibited should be taken and compared with the register to see that time expired posters are duly removed.

**17.15 Register of stall keepers and vendors:**

It should be seen that licence fees, cess, water and electricity charges have been regularly recovered and remitted and that valid agreements have been executed with all of them.

**17.16 Finalisation of Inspection reports:** The officer in charge of the inspection must discuss the rough audit notes with the station master and obtain hi remarks against each para of the draft report before leaving the station. The report should be arranged into two parts:

(i) Part I and special letter points containing important objections on which replies are considered necessary.

(ii) Part II containing objection for action at the level of Accounts Officer. The issue and distribution of inspection reports has been described in detail in Paras 18.8 and 18.9 in the chapter on inspections.

**17.17 Station Inspections-Categorisation & Frequency:**

The criterion for classification of stations as under which is now based on earnings vide para 16.1.

- a)Very Big Station (Annual earnings Rs. 5 crores & above)- Once in two years.
- b)Big station (Annual earnings Rs. 2 crores & above but less than Rs. 5 crores) – Once in three years.
- c)Major stations (Annual earnings Rs. 50 lakhs and above but less than Rs. 2 crores) – Once in 4 years.
- d)Minor stations (Annual earnings below Rs. 50 lakhs) – 15 to 20 stations in a year.

The programme of Inspections should be approved by the Principal Director of Audit.

### **17.18 Instructions to be observed in drawing up the programme:**

The following instructions should also be observed in drawing up the programme:-

(1) Offices which were due for inspection in the previous financial year but which could not be inspected during that year, as well those offices which are normally due for inspection during the year should be included in the programme.

(i) If after making necessary provision for item

(ii) above sometime is still available, provision should be made for inspection of offices which are not due for inspection during the year but which, on account of their intrinsic importance or irregularities revealed at previous inspection by audit or accounts, should in the opinion of the Section be inspected before due dates. In such cases the special reasons for inclusion of such offices should be given.

(iii) To avoid inspection at close intervals by Audit of an office already inspected by Accounts there should be an interval of about six months between the two inspections.

(iv) All offices under the Gazetted officers and other important offices should be supervised by the Branch officer.

#### **17.18.1 Inspection of Engineering offices:**

Inspection of Engineering offices should not be taken up in the month of March.

#### **17.18.2 Inspection of new Offices**

Proposals for inspection of new offices which are opened after the finalisation of the annual inspection programme should be submitted to the Pr. Director of Audit for approval with the following information:

- (1) Name of Office proposed for inspection during the month of
- (2) Date of opening of new office
- (3) Justification for opening the office
- (4) Number of gazetted and non-gazetted staff in that office
- (5) The duration for which the new office is likely to continue
- (6) In case of work charged establishment, the following further information may be given:

- (i) Name/Names of work/works for which the office is opened.
- (ii) Total sanctioned/estimated cost of work/works
- (iii) Establishment Charges provided in the sanctioned estimates
- (iv) Number of Gazetted and non-Gazetted Staff posted in the office and name and place of Accounts Office maintaining the accounts
- (v) Likely *duration* of the *office*
- (vi) Budget provision made as per works programme for 2/3 years.
- (vii) Budget up-to-date expenditure booked in the month on which the proposal for inspection is submitted
- (viii) Any other important/special feature noticed by Unit Audit Officer.

#### **17.18.3. Instructions for preparation of Inspection Programme:**

The sectional programme should be scrutinised by the Co-ordination section to see that none of the offices due for inspection has been left out of the programme. The following instructions should be observed in the preparation of the consolidated programme -

(i) The more important offices along with their sub-offices should be picked up from the sectional programmes for intensive audit.

(ii) The inspection work should be distributed amongst the gazetted officers in such a way that important inspections such as those of heads of departments, major works and yards, etc. are conducted, as far as possible. by Senior IA&AS officers and Audit Officers and those at others by Junior IA&AS Officers or Audit Officers. The gazetted officer in charge of the inspection should himself carry out some of the important items of work. Principal Director of Audit should occasionally supervise the inspections personally whenever conveniently possible.

(iii) After listing out the offices for inspection as above the consolidated programme of inspection in the prescribed proforma should be submitted by the Co-ordination Section to the Principal Director of Audit for approval by the end of February every year

A copy of the approved programme should be sent to the Financial Adviser & Chief Accounts Officer concerned by the 1st week of March each year and auditing sections or offices concerned in duplicate. The auditing sections or offices concerned will thereafter send one copy of the extracts to the respective accounts offices under their audit control.

The frequency and periodicity of inspection should be judiciously prepared on the basis of risk assessment, revised audit norms etc.

#### **17.19 Inspection of local bodies and institutions receiving grants in aid.**

The local bodies and institutions receiving recurring grants-in-aid exceeding Rs. 1 lakh a year or a non-recurring grant exceeding Rs. 5 lakhs should be inspected. In the case of those receiving a recurring grant of less than 1 lakh a year each or a non-recurring grant of less than Rs. 5 lakhs each, the local body or the institution which gets the highest amount of grant in the Division, workshops etc. should be inspected by the auditing section concerned.

A report on the results of the inspection should be submitted by all auditing sections to Central Report Section.

#### **17.20 Advice of inspection.**

Advice of inspection should be sent to the head of the office to be inspected in the form as per sample given in Annexure I (Copy being endorsed to the Accounts Officer and head of the department concerned) who should be requested to make it convenient to be present at headquarters in order that the points raised in the inspection may be duly discussed and settled on the spot as far as possible.

Inspection advices may be signed and issued by the Branch Officers concerned. Inspections of stations are conducted without any notice and no advice head issued in advance.

##### **17.20.1 Periodicity, Duration, Party composition & B.O.'s Supervision:**

Periodicity, Duration, Party composition and Extent of B.O.'s supervision for inspecting different executive offices is given in the Annexure II ABC and the same may not be exceeded without obtaining the orders of the Principal Director of Audit. Vide para 18.5.2

(Authority: POO: 346 dt. 04.9.89)

##### **17.20.2 Periodicity of Inspection**

The local inspections of accounts of different railway offices, stores depots, workshops, etc are conducted by the respective auditing sections responsible for the test audit of their

accounts. However, the inspection of the accounts of the branches having headquarters office at Calcutta are conducted by Inspection section at headquarters.

The frequency of inspection of various offices has been fixed as under. Annual

(i) Inspection of all important executive offices and H.O.Ds of all branches, such as Electrical, Mechanical and Civil Engineering, Signal and Telecommunication, Ways and Works branch, Commercial, Operating Security, Medical, etc.

(ii) Receipt and despatch section of section stores depots and D.S. -8 years.

(iii) Executive offices of construction organisation

(iv) Works manager's Office

(v) Base depot of catering

(vi) All hospitals under administrative control of J.A. grade officer and above.

(vii) Surprise verification of each one of the cashiers.

#### Biennial

- (i) Personnel Branch with one handicraft centre
- (ii) General Branch with one primary school
- (iii) Divisional Pay master/Cashier's Office
- (iv) Compilation office
- (v) Superintendent Railway Telegraph office
- (vi) ACOs Offices.

#### Once in 3 years

- (i) Railway Power House
- (ii) Superintendent Government Railway Police with one subordinate (Pass accounts)
- (iii) Shops in Workshops
- (iv) Hospitals under the Administrative control of Sr. Scale Officer.

#### Once in 4 years

- (i) Every Gazetted officer in independent charge outside divisional office
- (ii) Every Railway Training School, subsidised Hostel Every Railway Education School, (other than primary or middle schools), technical training school.

### **17.20.3 Supervision of inspections by Branch Officers**

The extent of supervision by the Branch Officer has been prescribed as under:

<b><u>Category</u></b>	<b><u>Composition of party</u></b>	<b><u>Extent of BOs Supervision</u></b>
Offices of HODs	AAO - 2/Sr. Ar./Ar 1	100%
Very Big/Big Stations	AAO-2/Ar.Sr.Ar.1	100%
Major Stations	AAO-1 Sr.Ar/Ar.1	75%
Minor stations	AAO - 1/Sr.Ar/Ar.- I	NIL

Group Officers are required to supervise the field offices not less than 7 year days minimum per month vide C&AG's Office Circular No. 15- TA 1/1983 dated 16-02-83. (Authority: C&AG Office D.O. No. 353 -Audit MOM/236 -95 dated 17-07-95).

A return containing no. of days on which field parties were supervised by each of Group Officer in charge of inspection should be sent to C&AG Office each quarter so that it can reach Head Quarters by 15th of the following month to the quarter to which the return pertains in prescribed proforma. Reasons should be furnished in cases of inspection of short duration than 7 days minimum so that condonation of deficiency can be taken by DAI(Rlys.).

### **17.21 Procedure for taking up of inspection:-**

#### **17.21.1 Initiating the inspection proposal:-**

**The detailed proposals of inspection of offices**, showing inter-alia the office/offices to be inspected date of inspection, the members of the Inspection Party should be submitted by the concerned A.A.O. to the Branch Manager in the second week of the month preceding the month of inspection to permit timely advices being issued to the concerned offices.

#### **17.21.2 Selection for Inspection:-**

**Month of accounts to be checked in details should got selected** for by the Branch Office in addition one more month should be got selected for tracing of direct delivery bills into ledgers. Selection of items of work for Original Audit by the Supervising Officer and AAO during the inspection will be done by the Supervising Officer concerned. The AAO in charge of the inspection should mark the list of items to be done during inspection by the auditors nominated for the inspection. The items so marked should noted by each member of the party. In the matter of distribution of items it should be borne in mind that more important items are done by the Supervising Officer and the AAO. The Supervising Officers are advised to take the responsibility of seeing more important items by themselves so that no important irregularities escape from the audit scrutiny.

#### **17.21.3 The main duties to be performed in connection with the conducting of Local Inspection are as under:**

- i) Preparation of annual inspection programme of general offices (Stores, Workshops, Stations etc.);
- ii) Collection of Vouchers after obtaining necessary selections and their ultimate return after the inspection is over;
- iii) Maintenance of an up-to-date and complete list of offices and sub-offices to be inspected.
- iv) Issue of Inspection Advices to officers concerned.
- v) Determining the Personnel of each party under Audit Officers Orders.
- vi) Selection of items for Original Audit by Audit Officer and for Section Officer/Asst. Audit Officer by the Audit Officer and for various Auditors by Section Officers/Assistant Audit Officers.
- vii) Comparison & issue of inspection Reports.
- viii) Disposal of Part-1 & Review of Part-11 Inspection Reports.

### **17.22 Documents and records for Inspection**

1. The Inspection party should take all the relevant vouchers like pay bills, TA bills, contractors bills etc. for the month selected for their detailed scrutiny with reference to the basic records. The Vouchers/records which cannot be taken from Headquarters may be referred to in the executive offices themselves. One of the auditors should be made responsible for safe custody of the records during inspection and their ultimate return to the concerned office. It is not advisable to send audited vouchers by Railway Free Service waybills.

2. The staff associated with inspection should maintain a diary of references of important orders, circulars etc, with their number date and summary of contents and should invariably take it to the site of inspection to serve as a ready reference in drafting of objections.

### **17.23 Points to be seen during inspection.**

Paras 431 to 452 of the Railway Audit Manual contain the important points to be seen during the inspection of various offices.

Detailed lists of items to be seen during the inspection of various offices given in Annexure-V to this section. Any other points coming to notice during inspection should also be examined in detail. Besides this any special point selected by the Principal Director of Audit, Dy. Director of Audit or other gazetted officers should also be noted in the register of points to be seen during inspection and such points should also be looked into and action taken thereon.

### **17.24. Register of points to be seen during the Inspection.**

A register of points to be seen during inspection should be maintained for noting the points noted during central audit or as a result of review of certain case or as observed from paras of audit activities etc, which can only be verified during local inspection. This register should be submitted at the end of each inspection to the Supervising Officer/Branch Officer with remarks on each point relevant to the office inspected.

**1.** It should be ensured that all papers and documents required by the inspection party are made available by the Executive / Accounts. If for any special reason any document is not available for scrutiny, the fact may be specifically mentioned in the Part I Inspection Report. This is of great importance as any laxity in this may lead to defalcation or loss to the Railway. The previous audit and accounts inspection party and in respect of important items if adequate action has not been taken or the irregularity brought out in the current inspection report in an emphatic manner.

### **17.25 Distribution of work during inspection**

A list of works and documents to be inspected should be prepared before the Audit inspection party leaves headquarters. When the Inspecting officer leads the party the items to be checked by each member of the inspection party should be selected by him personally on the spot.

In cases where Audit Officer supervises the inspection partially, the selection should be made by the Audit Officer before the party leaves for inspection.

The items to be checked by each member of the inspection party other than the Asst. Audit Officer/Section Officer, if necessary may be left to be made Asst. Audit Officer/Section Officer to be put up to the inspecting Audit Officer for his approval. In the matter of distribution of items/points to be looked into during inspection as detailed in Annexure V to this chapter the following important items of works are normally to be entrusted to the Asst. Audit Officer/Section Officer and the rest items/points are to be distributed among the Asst. Audit Officer/Section Officer, Sr. Auditor/Auditor.

- i) Bills and Bill Register
- ii) Adjustment memo.
- iii) Write off statement.
- iv) Cash remittances.
- v) Register of losses.
- vi) Cash value Book.
- vii) Review of Agreement, Tenders/Contractors.
- viii) Review of inspection notes of General Managers.
- ix) Review of previous inspection reports.

Items like imprest account Miscellaneous Pay advance sores Account(pricing of Issue notes), Stamp Account, Tools & Plant Account etc. will be reviewed by Sr. Ars./Ars.

(Authority : Para 3 of C&AG's secret L/No. 95-RAI/17-69/83 dt. 6.3.84).

The Gazetted Officer in charge of the inspection should himself carryout some of the important items of work. (Para 429 of the RAM)

In terms of P.O.O. no. 295 dated. 23.10.76 each auditing section including 1.1. Section will maintain a register showing distribution of the items amongst the members of the inspection party with a view to ensure that these items are duly checked by the concerned staff, the Asst. Audit Officer, Audit Officer, Dy. Director of Audit supervising the inspection shall test check some of the items in addition to his original audit of the items so selected and record the same in the register. At the time of submitting the progress Register of inspection to the Principal Director of Audit each month a certificate should be recorded that the inspection parties were furnished with the lists of items to be looked into during inspections and that each member of the party has checked the items so allotted to him and initialled against the concerned items in token of his verification and completion of the work.

#### **17.26 Register of items audited during inspection**

The AAO concerned should ensure that all the items marked to the members of the inspection party have completed in all respect before the inspection party returns to Headquarters and the inspection is closed. A register should be maintained in each section for indicating the dated initials of the members of the party against each Item marked to the person concerned in token of completing work. Such register shall be seen by the internal audit party during their visit. A record should also be kept of all vouchers, service sheets, leave accounts etc; audited during a particular inspection with the initials of the persons who audited them. (Para 431 RAM)

#### **17.27 Procedure for inspection**

Before leaving the Head Quarters the inspection party should study the last Audit and Accounts inspection report to see whether adequate action has been taken by the Executive on the objection raised therein and whether any of those is still outstanding.

The accounts of one selected month should be audited in detail and the accounts of other months generally scrutinised. The month's account to be checked in detail should be selected by the Inspecting officer before the Audit party leaves Head Quarter Detailed list of staff (including staff to retire within next two years) whose leave accounts, service Books, Service verification was checked tracing particulars of accountal, C.G.I. scheme etc. should be kept with the office copy of the Inspection report. The paid Vouchers and other documents to be seen during the inspection should be obtained by placing requisitions on Accounts Officer and taken to the Office concerned for scrutiny with reference to initial records maintained by them. Important cases should be selected from the list of files maintained by the Executive and requisitions for such files and other relevant documents etc. should be placed with the executive in charge promptly.

#### **17.28 Station Inspection**

The inspection of the very Big Station/Big Station, 'Major' stations and 'Minor' stations will be done by the TA Section. Categorisation of stations is made on obsolete terms. Stations with annual earnings of more than five crores will be classified as 'Very Big' stations. Stations with annual earnings between Rs. 5 crores and Rs. 2 crores will be classified as Big stations. Stations with annual earnings between Rs. 2 crores and Rs.50 lakhs will be classified as Major stations. All other stations will be grouped under 'Minor' station. The traffic Audit Section will send their proposed annual programmes above to 'D' stations, whereupon the latter with the approval of P.D.A. will fix the total no. of stations to be inspected during the year.

Since the programme of Traffic Audit Section is confidential the detailed programme showing Names of Stations and each category should be drawn monthly by the TA Section with the approval of P.D.A. (Hd. Qrs letter No. 397-RA III/T/17-81/87 dt. 23.7.87 at page 51C/DA's confidential/87).

An inspection should take with them the following returns and documents in addition to the relevant codes & Manuals.

1. Copies of the checked balance sheet and latest advice of Accounts internal check.
2. Copies of indent for supply of Numbered Books.
3. Reports of Travelling Inspectors of Accounts.
4. Office copies of handling bills.
5. Collected tickets and T.C. Returns of nearby stations.

The register of points to be seen specially during local inspections should be taken and points mentioned therein examined. After completion of the inspection, this register should be put up to the Branch Officer indicating therein the result of examination of various points.

Branch officers will supervise the inspection of only 'Very Big' and "Major" stations, Minor stations being supervised by the AAO. The detailed instructions issued by the FA&CAO to the T.I. As may be taken as guidance for the conduct of these inspections. To check the correctness of accountal of various transactions by the station to main emphasis is given on the Inspection of Station Accounts. The extent of Audit is broadly the detail check of the broken period and one complete period in respect of accountal.

#### **17.29.1 Review of outstanding audit objections during inspection.**

(i) The details of the paras outstanding in pending inspection report of an office should be exhibited in the current inspection report of that office as an item at the end of current inspection report. The paragraphs may, however, be pursued through the earlier reports and should not be treated as closed merely because they have been mentioned in the current report. (P.O.O. No. 337 dt. 18.9.87 ii) (a) Each inspecting officer should also review the outstanding objections raised in central audit through audit notes and special letters with a view to securing their speedy settlement. (b) In the case of intensified Inspection section the Central audit Sections should supply them with the details of all outstanding points in Audit Notes.

Special letters etc. with a brief indication of the points relating to objections that may be considered helpful for discussion. For this purpose the intensified Inspection section will furnish the central audit sections with a copy of their inspection programme (Excluding station inspection) so that the sections may be in a position to furnish the necessary details well in time. As regards station inspection the Branch Officer attached to special investigation cell may consult the Branch Officer In charge of Traffic Audit before undertaking station inspection to ascertain whether there are any outstanding points relating to the ac- counts of the station to be inspected. The result of the discussion of outstanding points with the executive should be intimated to the Accounts Officer concerned.

#### **17.29.2 Duties and responsibility of Inspecting officer (Para 429 of the RAM).**

It is not necessary that the Branch Officer should be present throughout the period of inspection but should be present at a stretch the specified time involved in the inspection of office.

The elementary and primary responsibility of the inspecting officers is that the should acquaint himself with the systems of financing and accounting of any Branch / Department in accounts of which he is inspecting what makes up its receipts/allotments etc. and expenditure, what registers are necessary for internal check purposes and how for the existing systems

confirms to this standard. An inspecting officer should make it his duty to verify with reference to all the accounts documents that all money due is received and all money received is brought to account.

### **17.30 Framing drafting, and issuing of Inspection Report:**

The notes on audit objections as and when coming to notice as a result of local inspection of the initial records and documents of the executive and administrative offices should in the first instance be written out in duplicate by the member of inspection party in the form vide Annexure-111 and submitted to the Assistant Audit Officer for a scrutiny of the objections. After due scrutiny these objections known as "Enquiry memo" will be handed over to the concerned sections or the Executive Offices for return of one copy with remarks on the same day or on the next day without waiting for the arrival of the Inspecting Audit Officer except when the AAO themselves feel it necessary, to consult the Inspecting Audit Officer.

The enquiry memo should be prepared in a self-contained form clearly indicating.

i) facts of the case as noticed by Audit

ii) Action taken by the Executive as mentioned by Audit and the action that should have been taken by the Executive, reference to the corresponding Manual, Code, rule or orders should be cited in the memo.

iii) Conclusions drawn by Audit regarding (a) the defect in practice or lacuna in the procedure or ruffle or order which prevented the same being detected by the departmental authorities (if the same had remained undetected till Audit pointed it out) and (c) the failure to take remedial action after detection by the departmental authorities or if it had been pointed out earlier in Audit.

iv) Expectation of audit regarding (a) elucidation or examination 'called for from the Executive (b) Suggestions for action to regularise, to effect recovery or to set right the procedure for practice or to amend the ruffle, order etc. It should be noted that there should be specific in nature.

v) In writing out the preliminary objections, it is desirable that the statements and figures in relation to any defect or irregularity discovered should be based on clear documentary evidence. It is desirable that in all cases the details of documents/records etc. from which the objection is taken is clearly recorded in the para itself. Copies of all relevant papers quoted in the report or which may substantiate the objection should be obtained and kept with the office copy of the Draft Inspection reports. These papers must be duly attested by the Inspecting Asstt. Audit Officer/Section Officer. It may not be sufficient to quote the ruffle or the order violated; the actual and possible effect of such duration on the financial interest of the Govt. should explained clearly.

vi) The language used should be polite and courteous. In connection with the points taken up in the "Enquiry memo" the examination of the documents should be as thorough as possible and complete information gathered and recorded. Whatever further information is required should be called for in a formal manner and the failure to furnish the same should be recorded in the Draft Inspection report.

The draft inspection report should be shown to the officer-in-charge of the office inspected and discussed with him. The inspecting officer should record the fact of his having discussed the report with the officer-in-charge or the office in the inspection report itself. During discussions the Inspecting Officer should try to get all the facts and explanations and to

settle the objections as far as possible on the spot. If no discussion can be held the draft inspection report should be put up for approval to the concerned Audit Officer. In that case, the fact that the report could not be discussed should also form a para of the report. After discussions of the report the following procedure should be observed:-

- (i) The points which have been satisfactorily explained and settled on the spot should be separated.
- (ii) The points relating to accounts procedure should be detected from the report and taken up with the Accounts officers concerned separately;
- (iii) From the remaining points after taking into consideration the remarks of the Head of the Office inspected the final draft inspection report should be classified as special letter, Part I and Part II reports in accordance with the instructions contained in paras 469-471 of RAM. Part I inspection report should contain points of primary importance of irregularity/losses, recoveries, infractuous expenditure etc. of serious nature, inadequacy of Rules and procedures should be issued by the Branch Officers from their level (vide POO 1/2007 dt. 11.01.2007) while copy of the part I report need also be endorsed to the Director and one copy to the Pr. Director of Audit through the AO/Report Part II of the report should contain points of less importance and procedural irregularities not leading to serious nature of objection. Part I cases may be entered into the Provisional Draft para Register to be maintained by Report Section may be closed only with the approval of the PDA. The Part' Paras which develop into Draft para can be closed by Branch Officers statistically only when those are printed in audit Report or closed by PDA (Vide P.O.O1/2007 dt. 11.01.2007)

The part I Inspection Reports and Audit Notes after approval by the Dy. Director (Admn) should be issued by the Branch Officer to the associated Accounts Officer and Executive Officer in the proforma vide Annexure III. Copy of such objections should also be forwarded to the FA&CAO and Head of the Department in the proforma vide Annexure IV and the cases pursued accordingly. Inspection reports should be issued within a month after the completion of the inspection. Any delay in issuing the inspection beyond 1 month after the completion of the inspection should be computed in terms of man-days and reflected in the monthly quarterly arrear report.

The important objections prima facie fit for processing Draft Para angles should be issued by the Dy. Director/Director as Special letters under their signature after getting approval of the PDA (Vide P.O.O. No. 1/2007 dt. 11.01.2007)

Before issue of special letter all relevant data needed for establishing/supporting the audit points should as far as possible be collected from the Administration records. All special letters should be issued in the form of Draft letter from the Branch Officer to the FA & CAO with a copy to the respective HODs/DRM/CWM and Sr. AO/Report if no reply is received within one month the case should be pursued vigorously through DO reminders at the level of Branch Officers/Dy. Director /Principal Director of Audit or where possible taken up for preparation of draft Paragraphs without waiting indefinitely for a reply.

The Branch Officers are required to watch progress of disposal of the cases closely through reminder, review, Audit Committee meeting etc.

One receipt of Railway Administration remarks, the special letters should be scrutinised promptly & the case should be put up to the P.D.A. for his perusal within a fortnight.

The closure advice of the special letters should be issued after the approval of the Principal Director of Audit under the signature of Branch Officer. (P.O.O. No. 1/2007 dt. 11.01.2007)

### **17.31 Distribution of Inspection Reports:**

The Inspection Reports should be dealt with as under:

#### **1.(A) Unit Offices**

##### **Inspection Reports Part I**

These will be prepared in five copies and will be dealt with as shown below:

- (i) Two copies will be sent direct to the office inspected who will retain one copy and return the other one to the *AO* with his remarks for transmission to Audit Office.
- (ii) One copy will be sent to the *A.O.* concerned.
- (iii) One copy will be retained as office copy and another sent to the Audit Officer /Co-ord for record.

##### **Inspection Report Part II**

These will be prepared in quadruplicate and disposed of as under:

- (i) Two copies will be sent to the office inspected who will retain one copy and return the other copy to the *A.O.* with replies.
- (ii) One copy will be sent to *A.O.* concerned and
- (iii) One copy will be retained as office copy and will be reviewed periodically with the disposals made in the Accounts Office.

#### **(B) Non-Divisionalised Offices**

##### **Inspection Reports Part I and II**

The procedure indicated above for Part I and II will also apply mutatis mutandis in case of inspection reports of the offices which have not been divisionalised. These reports will be dealt with by the concerned Accounts Officer.

#### **(C) Station Inspections**

Five copies of Part I and II will be prepared and disposed of as under:

- (a) Two copies, incorporating therein the remarks of the Station Masters concerned will be sent direct to the *D.C.M.* concerned with the request that one copy may be returned with the replies through *Dy.C.A.O.(TA)*.
- (b) One copy will be sent to the *Dy. CAO (TA)*, and
- (c) One copy will be retained as office copy and another sent to Director of Audit for perusal.

**2.** In respect of inspections of sub-offices which are inspected independently of the main office.

Inspection Reports should be issued to the officer in charge of Sub-Office incorporating therein the remarks of the subordinate office inspected. The number of copies of the Inspection Report would be as indicated in A and B above according as the Inspection Reports are part II or I.

**3.** Each fair copy of the Inspection Report should bear the signature and designation of the Inspecting Officer who conducted the inspection or any officer locally available, after the last para of the report, and in addition, the forwarding endorsement also should like-wise be signed. The forwarding endorsement should be in the following form:

The Inspection Report has been prepared on the basis of information furnished and made available by ..... Office/S.E.Railway. The Principal Director of Audit disclaims any responsibility for any information and/or non-information on the part of auditee.

The Inspection Report Part I/Part II on the Account of \_\_\_\_\_ is forwarded herewith along with \_\_\_\_\_ spare copy copies of the Report for information and return of one copy with remarks to the

- (i) FA & CAO(AJ),
- (ii) Dy. CAO(TA),
- (iii) Concerned Accounts Office for transmission to the
- (1) Pr. Director of Audit Rly. Calcutta
- (2) Audit Officer (TA),
- (3) Sr. Audit Offices, Audit Officer for disposal by Accounts offices concerned.

### **17.32 Subsidiary Instructions for Audit**

#### **17.32.1 Review of Inspection Reports:**

It should be seen that when an office, the inspection report for which is outstanding at the time of its next inspection is being inspected, the report should be carefully reviewed at that time and all important points should be included in the latest report and the old report should be made in the subsequent report and the fact also be brought to the notice of the Director of Audit for special action at higher levels.

#### **17.32.2. Leave Accounts and Service Sheets:**

During local inspections, the leave accounts of all the employees due to retire prior to the end of the year in which the next inspection is due, and the service sheets, if available should be checked completely. If the total number thus checked does not work out to the required percentage of the total number of employees in that office, a further selection to make up the required number should be made.

#### **17.32.3 The cash Imprest and Postage account:**

The cash Imprest and Postage account be checked at the start of the inspection by closing the account and physical verification of the cash and postage stamp balance.

#### **17.32.4 Verification of initial records:**

The verification of initial records e.g. Muster Rolls, Attendance Registers, Leave Accounts, Work Orders, Measurement books, etc. on the basis of which the various returns and accounts are submitted to the Accounts Offices for payment, should be done carefully and systematically. A general review with particular reference to the selected months' transactions in respect of registers of Miscellaneous cash receipts and remittances; Measurement Books Level Books, Numbered Books. Lease sidings, Tees., Rest Houses, Occupation Register, Material at site account, Motor vehicle log books, Services rendered to outsiders etc. should be made. These are important records and should on no account be overlooked on the ground that they involve routine checks only.

### **17.33 Production of records of inspection in court cases.**

If at any stage it becomes necessary to produce in court cases the Audit Office records in connection with any-inspection carried out by Audit the finally approved office copy of the Inspection Report should only be produced and not any other records.

### **17.34 Inspection of Major Works:**

In terms of item VII of appendix to programme of the Secret Memorandum of Instructions (Railway Audit), Major Works costing more than Rs. 50 lakhs each should be treated as separate units for inspection when the construction has advanced to an appropriate stage. All such works may be inspected every alternative year, the first inspection being taken up when the expenditure actually incurred exceeds Rs. 5 lakhs or 10% of the estimated cost which ever is higher. Track renewal works costing over Rs. 1 crore only need by reviewed, the first review being taken up, was the expenditure incurred on the works exceeds 20 lakhs. In addition, one or two completed works selected by the Principal Director of Audit should also be reviewed every year these reviews are treated as inspections and included in the Inspection programme.

As the Administrations records like the financial review can progress report will not generally show a work as 100% completed until all minor and ancillary works are completed, works which have been practically completed and brought into the such as new lines doublings, bridges, yards etc. opened for traffic may be taken as completed works for the purpose of the review.

List of items to be checked during the review of major works is given in Annexure V.

### **17.35 Verification of cash in hand with the Chief Cashier, Pay Master and Pay Clerks at surprise visits (Para 369 of RAM)**

In accordance with the instructions contained in Para-61 of Secret Memorandum of Instructions regarding extent of audit, the cash in hand with the Chief Cashier/Pay Master and pay clerks may at surprise visits be reconciled with the cash book at the discretion of the Principal Director of Audit, preferably once a year. The procedure detailed below should be followed for the verification of the cash.

The physical verification of cash with the Chief Cashier, E.Rly/ Fairlie Place need not be conducted. It should, however" be ensured during the periodical inspection of the Chief Cashier's Office, that the results of such check have been taken on record. The imprest cash with the Chief Cashier may be verified during the periodical inspections.

The surprise verification of cash with the Divisional Pay Masters and the Pay clerks at outstations should be carried out once every year. Whenever verification of cash is done, the cash should be counted by the Railway Official who is in charge of the cash and not by the Audit staff. The result of the verification should however, be recorded in the cash book by the Audit Officer or the Asst. Audit Officer supervising the verification and the same should be got attested by the departmental official concerned.

### **17.36 Check of Imprest Account during inspection:**

The imprest cash account should be checked with reference to the paid vouchers and the cash balance in hand. It should also be seen that the custody of large sums of cash is not given to low paid subordinate. In order to ensure that none of the imprest vouchers escape audit scrutiny. The Inspection parties should obtain the original paid voucher from the Accounts office and carry them to the office inspected for check with the Imprest cash Account and paid vouchers not sent to the Accounts office but maintained in Executive Offices.

### **17.37 Progress Report in the issue of Inspection Reports:**

The inspection reports should be issued within one month after the completion of the inspection.

### **17.38 Register of Inspection:**

Each auditing section/Office should maintain a Progress Register of Inspections in the form laid down in para 426 of Railway Audit Manual. This register should be put to the Branch Officer on the 5th and to the Principal Director of Audit on the 10th of each month through Central Section. Number of inspection report outstanding for over 1 year old, six months old and three months old should be shown in the remarks column of the inspection sheet when putting up the register on the dates mentioned above.

This register should also record on a separate page a progress report or the inspections showing the numbers of office due for inspections, the number inspected upto the end of previous month, the inspection carried out during the month and the balance remaining to be carried out. Reasons should also be given for arrears in inspections.

#### A N N E X U R E - I (Sample form of Advice of Inspection) (Reference to para 18.4)

No:

Dated :

From :-

Principal Director of Audit  
Eastern Railway,  
Calcutta.

To

The \_\_\_\_\_

\_\_\_\_\_

Sub: Inspection.

The inspection of the initial accounts and records of your office will be taken up by Sri \_\_\_\_\_ (designation) \_\_\_\_\_ and the inspecting staff will commence their work on or about the \_\_\_\_\_. Necessary arrangements may please be made to keep the record ready and make available to the Inspecting Staff.

Instructions may also please be issued to your office to offer remarks on the audit points day-to-day to facilitate settlement of the same on the spot and to facilitate them from the final report as far as possible.

#### LIST OF ITEMS TO BE CHECKED

##### **PASSENGER TRAFFIC.**

1. Count of Cash: Cash on hand Including imprest cash and ABR. Cash) to be counted and agreed with the sale of tickets etc ) upto the time of inspections as per DTBC and verification of vouchers, P TOs" Jail requisition military vouchers forms Cash with S.M/ASM should also be checked
2. Verification of lowest numbers in the tube and paper ticket books with the closing numbers in the DTBC
3. Marking of last tickets issued from paper ticket, luggage books, receipt books etc.
4. Inventory of luggage and left luggage on hand (as for parcels)
5. Check of ticket requisition (indent book) to see that tickets supplied have been correctly entered in the ticket stock register and that tickets are not issued Taken in the tube for

issue) out of consecutive order. Arrangements for safe custody of tickets and their periodical verification by the Administration should be scrutinised

6 Check of entries in the ticket stock book with these in the DTCB and also to see that all stock of tickets supplied has been entered in the summary DTCB (ie Passenger Classification) irrespective of the fact whether there is sale of tickets or not Regarding tickets issued out of series noticed by Audit, the "left cut" series of tickets should be physically verified and a certificate recorded Also to so that there is no surplus stock of tickets While checking the recalled indents under which the surplus/obsolete tickets are returned to Traffic Accounts Office, the accountal of the last ticket sold which be mentioned in the relevant column of the 'form' should be test checked

7. Check of tickets sold during the broken period of the inspection. In addition, check of totals of 3 dates (to be selected) in the three periods of different months. Advance Booking refunds should be checked with reference to the sale of tickets in the DTCB Reservation charts and the correctness of cancellation charges, to see whether it has been included as a voucher.

8. Check of credit voucher books for non-issued tickets (local and foreign). Credits for refunds in the DTCB should be checked with the non-issued statement. To see this acknowledgement for non-issued tickets sent have been received from Accounts office promptly.

9. Check of DTCB and summary with reference to respective books checking of totals for the broken period of the inspection, and verifying the accountal of money receipts issued to TTEs.

10. Printed card tickets on hand ie. in Tubes and in stock are to be counted In detail for about 5 destinations of ail Classes/Categories

11. Check of fares over ticket tubes, and to see that correct fares in force are also exhibited near the booking office for the information of the public Check of fares on Halt Tickets may also be made.

12. To see that manuscript alterations on printed ticket are made wherever fares are kept in the tube and issued to the public.

13. Dating press: To see, if it is in order and gives clear impression of dates and that it has been tested regularly by the Inspector.

14. Checked of luggage, N.C Dogs, Cloak room, Motor tickets, into cash book and cash book into DTCB 10 percent check of passenger tickets shown in luggage tickets with DTCB.

15. Check and accountal of:

1. Blank paper Tickets.

2 Soldier ticket books

3 Return journey vouchers

4 Excess fare ticket books.

5 Telegraph receipts Should be checked with reference to draft messages).

6 Bandages and Vendors' tickets

16. Check and accountal of season ticket traffic

17. Check of time tables, guides and tariffs, RSC Application forms to see that the account of these publication received and sold is correct.

18 Scrutiny of sundry receipts:- See that moneys due from stall, fruit stall and platform vendors, Licensed Porters, Car/Audit Cycle Rickshaw/Cycle stand etc. Contractors are collected and remitted on due dates as per advices received from time to time.

19. Halt Agent:- The tickets sold to the Halt Agent and the commission deducted should be verified. The balance of cash to be traced in the Cash Book. The balance of cash to be traced in the Cash Book. The Book. The stock of Halt tickets, the issues to the Contractors and the balance stock to be verified with the Ticket stock Book. A test check of halt tickets for a few destination stations should be made.

20. Check of Ticket Collectors/TTEs' Cash Book: To see that all the Excess Fare ticket amounts collected by the TCs are checked and accounted for in the Cash Book and the acknowledgement of the Cash handed over to the Booking Office to be verified. Also see that there is no delay in the accountal of cash collected by the TCs. When the TTE's Headquarters are fixed at the station, their EFTs are also to be checked for accuracy and accountal.

21. Check of summary Cash Book: To see that all cash See that proper arrangements exist for the collection of tickets from the passengers and that suitable record of surprise checks conducted is kept at the station.

22. Test check some items of work done by the Inspection of station accounts, by taking his latest report received in the Accounts Office.

Refunds allowed on partially used tickets should be specially looked into. Refunds of fares on the same day of purchase should be viewed with suspicion and investigated thoroughly to see whether the tickets are issued and cancelled during the same shift without actual exchange of cash.

#### LIST OF ITEMS TO BE CHECKED PARCELS TRAFFIC

1. Count of Cash of parcels, luggage etc., on hand at the time of inspection.
2. closing of all books in use by the date of inspection and carrying the Cash on hand with books.
3. Marketing of outstanding items in the Delivery Book.
4. Taking inventory of all parcels on hand and connecting them with the outstanding in the Delivery Book and reporting cases parcels lying on hand unconnected and unclaimed.

##### 5.Examine:

1. Register of mis declaration of parcels, 2. Register of reweighments and 3. Register of unclaimed and excess articles lying at the station.

6. Check of "paid" outward waybills in detail in parcels Cash Book and DTCBs for the period from the last Balance-sheet Submitted by the station upto the time of inspection. In addition test check some items for the last closed period.

7. A few "To pay" and "paid" Way Bills should be checked to see that they have been correctly prepared, risk notes held and weights as per forwarding note have been correctly entered on the parcel Way Bills. Verify totals of inward "to-pay" traffic and under changes in

the Delivery Books. While doing so, pick up the items outstanding in a lump after verification with the list of parcels on hand.

8. Special credits such as "paid-on", overcharge sheets and credit advices etc., should be verified.

9. Check of Delivery Book with Cash Book all Items during the period of compilation of test Balance-sheet; In addition check D.B. with C.B. for not less than 4 days during the periods for which balance sheets have been submitted by the station.

10. Check some collected receipts with Delivery Book and Cash Book in order to verify the amount, dates of delivery and remittance.

11. Test Balance-sheet:

Prepare Test Balance-sheet for inward parcels and Error-sheet account from the last Balance sheet submitted by the station upto the time of inspection. Examine the Cash Book generally for erasures, alternations etc. Totals to be checked at random for 3 days.

12. Cash Remittance Notes:

i) Check remittances from the last Balance-sheet submitted by the station upto the time of inspection.

ii) Check remittances for anyone previous complete month other than the "closed month" with reference to Balance-sheet.

iii) See that acknowledgements from the Cashier have been reference to remittance into Bank/Guard's signature book.

13. Cash Book:-

Compare totals of parcels Cash Book with DTCB for the period from the last Balance-sheet submitted by the station.

14. General Money Receipts:

The amounts for which receipts have been issued should be compared with amounts accounted for In the Cash Book to ensure proper accountal of the amounts for which the receipts have been issued for the selected periods.

15. Advices of Accounts -see if these are promptly received from the Accounts Office and that error sheets issued are taken to account by the station.

16. Check of closed month's balance sheet with reference to initial records at the station.

17. Loading Books:

Check not less than items with pay Bills to see that packages have been promptly and correctly des- patched.

18. Unloading Books: Check not less than 20 items with the Delivery Book to see that dates of unloading have been correctly shown in the Delivery Book.

19. Wharfage:\_check accuracy and accountal of wharfage collected from the last Balance-sheet submitted by the station upto the time of inspection and also for any 2 previous months with Cash Book/Wharfage Return.

20. Test weightment of 5 outward and 5 inward parcels on hand; excess weight noticed, if any, should be got recorded in the Delivery Book. In the case of regular under weighments by particular stations, the action taken should be reviewed.

21. Check of outstanding items:

- (a) Freight outstanding. (b) Admitted Debits outstanding.
  - (c) Not Admitted Debits outstanding. (d) Any other outstanding.
- See that outstanding are genuine and prompt has been taken for their clearance. Report cases outstanding over six months for necessary action by the Administration.

22. Scrutiny of claims settled by SMS with reference to initial records of the station and also see whether Railway Receipts are stamped and endorsed with reference to pay orders issued and connected entries in the Delivery Book are referenced off. Regarding claims settled at Headquarters it should be seen that suitable entries are made in the Delivery Book to avoid duplicate claims.

23. Scrutiny of Damage and Deficiency Report, Partial Delivery Certificate, Shortage Certificates; to see that there is no delay in assessing the damages of consignments so that excess payment of compensation due to further deterioration is avoided.

24. Auction Sale Account.

25. Unaccounted for Way Bills (A list of unaccounted for Way Bills obtained from Accounts Office should be compared with Delivery Book).

26. Handling Bills:- The weight lifted for which payment has been made should be completely checked with reference to initial records. The justification for the strength of Parcel Porters engaged should be examined.

27. Test check of machine numbers of "paid" Parcel Books received from other Stations and account for in the local Delivery Books with the list of Books supplied to those stations.

28. Check of machine numbered books in use and in stock with reference to parcels Traffic.

29. Routing of Parcels by a dearer route: When alternate routes are available, whether freight charges are being collected by the carried route.

30. Check of parcel Van Traffic:-

- (1) Placement and release of parcel vans and proper utilisation of parcel Vans.
- (2) Whether any seasonal traffic is lost due to non-availability of parcel vendor non-supply of wagons.

31. Check of perishable traffic, if any,

1. See that weighing machines give correct weights and that scales are tested by the inspecting officials periodically.

32. Check of Gate pass Books and Gate pass Register:- To see that the packages delivered are correctly removed on the date of delivery. The date of removal as shown on the gate pass should be verified with the date of removal as shown in the Delivery Book.

33. In the case out-agencies and City/Town Booking Offices-parcels received at serving station should be checked with reference to entries in the Handing over and Taking over Registers to see that wharfage charges have been recovered in the case of delayed removal beyond the free time. It should also be seen that parcels received from out agencies or City/Town Booking Offices are not detailed at the serving station. A test check of loading and unloading Book for at least 20 entries be made.

34 Working of street delivery arrangement, if any

35 Accountal of Tools and Plant, Stationery Kerosene Oil etc. The Registers should be reviewed to see whether stock verification has been done as required.

36 Muster Rolls and Attendance Register. These should be generally reviewed.

37 Check of Passes and PTOs issued by Station Master. The Passes and PTOs should be generally reviewed with reference to Pass Rules.

38 Free Service way bills: To be seen that nothing other than required are despatched free.

#### LIST OF ITEMS TO BE CHECKED

##### **GOODS TRAFFIC**

1. Counting of cash on hand at the time of opening of the inspection. The cash on hand should be checked with reference to deliveries effected as per delivery books, outward goods booked as per the paid Invoice Books and Cash Books for other miscellaneous earnings.

2. An inventory of all goods on hand should be prepared including wagons awaiting to be loaded / unloaded. The consignments should be linked with Delivery Books, Gate pass, Unloading Tally Books and Vehicle Registers. The outward consignments should be tallied with forwarding notes/invoices. The outstanding items should be marked in the delivery book. Report cases of goods lying on hand unconnected and unclaimed.

3. Comparison of "Outward-paid amounts from record portions sheet submitted by the station upto the time of invoices into cash books, for the period from the last balance sheet submitted by the station upto the time of inspection and any selected four days in the previous periods.

4. Check of Railway Receipts for 4 dates into D.B./C.B.

5. Check of wagon Demand Registration Fee, Receipts and Refunds and Review of Priority Register.

6. The correctness towards S.D.R. fees for the period mentioned in item 3 above should be traced in Cash Book. The amounts refunded during the said period should be checked.

7. Auction sale statements: The amounts realised in Auction sales should be traced into the Cash Book.

8. Register of lease of plots: To see whether demarcation of plots has been properly made and the amounts towards licence fees are promptly collected and accounted for. Arrears

in payment of licence fees etc., and other irregularities noticed should be reported to the Divl. Audit Officers concerned for taking up the matter with the Divl. Authorities.

9. Cash Remittance Notes.

- i) Check remittances from the last balance sheet submitted by the station upto the time of inspection.
- ii) Check remittances for anyone previous complete month other than the "closed month with reference to Balance-sheet.
- iii) See that acknowledgements from the Cashier have been received and pasted to counter foils.
- iv) Delay in remittance into Bank/Guard's signature book.

10. Check of outstanding of closed months and comments on items outstanding over six months.

11. Prepare test balance sheet for goods inward transactions and Error sheets from the last Balance sheet submitted by the station upto the time of inspection.

12. Scrutiny of money receipts with reference to amounts accounted for in Cash Book for the selected periods.

13. See that advices of account are regularly reported and that Error sheets issued have been taken to account by the station.

14. Check of closed month's Balance-sheet with reference to the initial record~ at the station.

15. Check of old out standings, "to-pay freight", debits admitted and not admitted with a view to see they are genuine and that action has been taken to clear them.

16. Invoice books and consignments notes:

To see that actual weights as shown on consignments note, reflected on invoices; To examine at least some percentage to see that invoices are correctly prepared, promptly issued (i.e. before despatch of the consignments), references, risk notes held, etc., are given. To see also that there is no violation of restrictions imposed from time to time.

17. Check of loading books and guard's signature books for transhipped packages with record invoices.

18. Check of loading book with wagon exchange book and guard's signature book for consignments/wagons despatched.

19. Check of unloading and wagon exchange books with delivery books to see that dates of unloading are correctly recorded in the Delivery Book.

20. Check of Gate Pass Book and Gate Pass Register:

To see that packages delivered are correctly removed on the date of delivery. The date of removal as shown on the gate pass should be verified with the date of removal as shown in the Delivery Book.

21. Scrutiny of following registers:

- a) Index Register
- b) Register of weekly inventory

- c) Register of vendor's weight accepted
- d) Register of weighments
- e) Register of excess and unclaimed goods
- f) Register of mis declared consignments

22. Scrutiny of quick-turn-round register with a view to see that wagons are not detained in Goods shed and in the yard unnecessarily. It should also be seen that the wagons are not unduly detained at the station yard from the TI's of arrival to the time of despatch with reference to vehicle registers.

23. Scrutiny of weighing machines and weighbridges so that they give correct weights and that scales are tested by the inspectors periodically. To see whether the weighbridges are fully utilised.

24. Check of machine numbered books (money value books) with a view to see that they are entered in the register as per indents complied with, they are signed for when issued, dates of completed books are marked and that the books so to be on hand are correct. Also test check machine number of paid invoice books received from other stations and accounted for in the local Delivery Books with the list of Book supplied to these stations.

25. Scrutiny of claims settled by Station Masters to be reviewed with the initial records there and to see whether railway receipts are stamped and endorsed with reference to pay orders issued and connected entries in the D. are references off as to payments made for shortage, damage or loss of entire consignments. Regarding claims settled at Headquarters it should be seen that suitable entries are made in the delivery book to avoid duplicate claims.

26. Handling Bills: The weight lifted for which payment has been made should be completely checked with reference to initial records. The payments made should be checked with reference to the terms of agreement.

27. Review of Engagement of Goods Porters with reference to Yardstick prescribed: The justification for the strength of Goods porters engaged should be examined.

28. Sheets and ropes register.

29. Scrutiny of traffic on live stock, over dimension consignments etc.

30. Scrutiny of Railway Material consignment Traffic.

31. See that machine-**prepared** Abstracts have been taken into account promptly and correctly.

32. Freight Forwarding Scheme.

33. Working of container System.

34. Recovery of Quick Transit service charges and Refunds, if any, to be verified.

35. Routing of traffic with reference to Rationalisation Orders.

36. Damages and Deficiencies: To see whether the pending conditions are fulfilled. Scrutiny of Damage and Deficiency Reports, Partical Delivery Certificate, Shortage Certificates. To see that there is no delay in assessing the damages of consignments so that the excess payment of compensation due to further deterioration is avoided.

37. Trend of Traffic: To see whether the traffic offered is related to the raw material carried to the station.

**Chapter - XVIII**  
**CATERING AUDIT**  
**Contents**

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<b>18.2</b>	<b>Profit &amp; Loss Accounts</b>
<b>18.3</b>	<b>Cash Memo</b>
<b>18.4</b>	<b>Daily Abstract of Cash Sales</b>
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<b>18.7</b>	<b>Daily Transaction Statement</b>
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<b>18.9</b>	<b>Statement of receipt and expenditure of Table Account</b>
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<b>18.12</b>	<b>Price List</b>
<b>18.13</b>	<b>Account of Left Over or spoiled materials etc.</b>
<b>18.14</b>	<b>Catering functions taken over by IRCTC</b>

## Chapter – XVIII CATERING AUDIT

XXVIII of the Indian Railway Commercial Manual.

### **18.1 Chapter XIV of R.A.M. and paragraph 38 of M.O.I.** may also be seen in this context.

All inspections of catering units of Hd. Ors., Divisions etc. are done in a centralised way by the Senior Audit Officer/Catering under the guidance of Principal Director of Audit. (Para 188 of the Railway Audit Manual and Appendix to D.A.I. (R)'s Secret D.O. No. 2301-RAI/87/ 86 dt. 27.8.66)

### **18.2 Profit and Loss Accounts.**

An annual profit and loss accounts is prepared by the Railway Administration on the lines given in Railway Boards letters No. 59- TC-111/617/28 dt. 20.10.59 and 09/12/59 received under ADAI(R)'s endorsements no. 3172 -RAI/1-4/59 dated 29th. October 1959 and no. 3861-RAI/1-4/59 dt. 2nd. January 1960 respectively.

In audit it would be seen that the account has been prepared according to the instructions of the Railway Board and that no avoidable loss is being incurred by the Railway in running departmental catering (Para 377 of the R.A.M.)

### **18.3 Cash Memo (CD4)**

(Para 189 of the R.A.M.)

During check in audit it should be seen that:

- i) Continuity of printed serial number of the cash memo books in use in cash unit is maintained.
- ii) The cash memo bears the stamps of the Unit Manager.
- iii) In the case of a cancelled memo both the foils are submitted with an endorsement showing the reasons for cancellation duly attested by the Unit Manager.
- iv) The rate for the menu charged are in accordance with the price list fixed by the Railway Admn. and the changes made there to from time to time.
- v) There is no error in calculation or in total, and
- vi) The sales tax on meals or stores, where leviable has been correctly realised.

### **18.4 Daily abstract of Cash Sales. (CD7) ( para 197 of R.A.M.)**

It should be seen in audit that

- i) The sale proceeds as per cash memo selected for check have been properly accounted for in the daily abstract of cash sales.
- ii) The total is arithmetically correct, and
- iii) total sale proceeds as accounted for in the daily abstract have been remitted to the Station Master through cash remittance notes after deduction of the authorised amount for meeting day to day expenses on account of bazaar purchase and the acknowledgement of the station Master obtained on the Cash Remittance notes when any portion of the sale proceeds has not been remitted to the Station Master, but shown as transferred to other catering units to meet their urgent requirements, it should be seen that such transfer of cash has been acknowledged and duly accounted for by the receiving units.

### **18.5 Daily account of cash bazaar purchases -(CD3) (See para 188 of the R.A.M.)**

This account should be checked with reference to the stock book. CD5 (Com). It should be seen in audit that:-

- i) the previous cash balance and the amount retained out of the sale proceeds of the previous day have been brought into accounts;
- ii) the rates paid are not inconsistent with the market rates;
- iii) all possible vouchers in support of the purchases made are attached with the account, and
- iv) there is no mistake in calculation.

#### **18.6 Daily account Credit Bazaar Purchases. (See para 189 of R.A.M.)**

#### **18.7 Daily Transaction Statement (CD6) (See para 190 of R.A.M.)**

In this statement are shown daily purchases of materials as well as sales under each major head showing wastages etc. and the total cash receipts. While the details of the purchases should be tallied with daily account of cash/credit/Bazaar purchases, the sales should be checked to see that -i) the total quantity of each kind of meals including those received from base kitchens and stores, sold in a day agrees with the sale proceeds as per cash memo of the corresponding date;

ii) the number of meals received from base kitchens and accounted for in the transaction statement of Pantry cars should be tallied with the daily summaries of issues prepared by the base kitchens,

iii) the rated charged are according to the price list fixed by the Railway Administration and the charges made thereto from time to time,

iv) total quantity of meals, stores and sale proceeds thereof agrees with the daily abstract of cash sales, and

v) the sales tax realised as per cash memo have been properly accounted for.

In regard to wastage it should be seen that there are not in excess of the prescribed limit.

On Eastern Rly. Cash Book CD6(Com) is maintained which represents i) Opening balance, ii) Sales. iii) detention iv) Sales tax, v) expenditure and vi) closing balance.

These should be checked centrally with reference to 'Purchase Account' -CD4 (Com) and 'Sales Account' -CD 7(Com).

#### **18.8 Daily/Trip-wise/10 days summaries of raw materials issued. (Para 191 R.A.M)**

Materials issued for preparation of articles should be compared with those required on the basis of the prescribed formulae and the actual yield. Any differences should be investigated. Issues made to refreshment rooms, stall keepers and vendors as recorded there in should be traced into their sales returns. Similarly transfer of material from one catering unit to another and supply of meals by base kitchens to the pantry cars should be traced into the transaction statement of the receiving units. Store items like drinks, sauce, cigarettes, cakes and biscuits etc. should be checked from 'Daily Abstract of item wise' -CD7 (Com) and 'Monthly summary of items'-CD9 (Com).

#### **18.9 Statement of Receipt and Expenditure of Table Account (Para 193 of R.A.M.)**

Monthly debits on account of cash bazaar purchases and value of stores issued from stock and credits on account of sale proceeds are shown in this statement along with a summary of and expenditure during the month. It should be seen during audit that:-

- i)the daily postings of the value of stores used and the cash bazaar purchases on the debit side agree with the corresponding vouchers, viz. daily issues to table/contingency account and daily account of cash bazaar purchases.

- ii) the daily sale proceeds as accounted for on the credit side agree with those shown in the daily sales abstract of cash sales;
- iii) the totals of both debits and credits are correct, and
- iv) the total expenditure is not in excess of the receipt during the month.

**18.10. Issue of table/Contingency Account. (See para 192 of R.A.M)**

It should be seen during monthly audit that:-

- i) the rates and the amount on account of stores issued daily have been properly computed and
- ii) the value of stores issued agrees with that shown in the debit side of the statement pf receipts and expenditure on table account.

During inspection it should be seen that the quantity of stores shown as issued from stock agrees with that shown in the production Analysis Register.

**18.11 Production Analysis Register.**

This is maintained by the subordinates in charge of different catering units. It should be seen during inspection that:-

- i) the stores issued from stock have been properly accounted for and agree with those shown in the table(Contingency account);
- ii) the production made out of the stores issued from stock is in accordance with receipt fixed by the Railway Administration.
- iii) there has been no excess or wastage of stores beyond the quantum actually required in production.
- iv) the production made agrees with the sale proceeds accounted for in the abstract of cash sales and the balance, if any, in stock; and
- v) the production made but not sold and subsequently thrown being out of human use has been written off under sanction of competent authority.

**18.12 Price list. (Para 198 of R.A.M.)**

It should be seen that rates have been so fixed as to make the budget of the catering Department balanced that uniform rates have been fixed over the entire area an there variations in the actual menu to suit local taste have been into account.

**18.13 Account of left over or spoiled materials etc. (Para 200 of R.A.M.)**

It should be checked during inspection that :-

- i) purchases and production of food stuffs are on the basis of minimum requirements for a day.
- ii) no loss or detoriation generally occurs specially where there is proper cold storage equipment
- iii) wastage exceeding the prescribed limits are properly investigated;

iv) consumable stores are certified by the officials as unfit for consumption due to long storage or otherwise after duly examining whether the loss could have been avoided and

v) amount of loss has been recovered from the defaulting staff or written off under the sanction of competent authority.

#### **18.14 Catering function taken over by IRCTC-**

Catering functions of static and mobile units of South Eastern Railway has been taken over by the IRCTC along with the Existing Staff, Block Stocks and Dead Stocks w.e.f. 19.01.2006 on "As is where is basis". Such of those staff who opt to revert back to the railways will be treated as surplus staff.

*[Authority: RBE 52/2003, dated 31.3.2003]*

Accordingly in the Audit side there is no current activities excepting 5 days' Annual inspection of O/o the CCM/Catg. still existing. At present there is no sanctioned strength of any category of staff and officers for catering Audit.

## **CHAPTER -(XIX)**

### **REPORT**

#### **Contents**

<b>Para No.</b>	<b>Name of paras</b>
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<b>19.2.1</b>	<b>Processing of Draft Paras</b>
<b>19.2.2</b>	<b>Processing of Review (Local &amp; Central)</b>
<b>19.2.3</b>	<b>Integrated Audit</b>
<b>19.2.4</b>	<b>Draft Paras on ‘Recoveries at the instance of audit’</b>
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<b>19.2.6</b>	<b>Monthly Report on issue of Draft Paras</b>
<b>19.2.7</b>	<b>Audit Report</b>
<b>19.2.8</b>	<b>Memorandum for Public Accounts Committee</b>
<b>19.2.9</b>	<b>Maintenance of Registers</b>

## **CHAPTER -(XIX)**

### **REPORT**

#### **19.1. Introduction :-**

The section is under the charge of Senior Audit Officer(Report). This section consists of AAOs and Sr. Auditors/Auditor. The main function of the section is processing of Draft paras for the report of the Comptroller & Auditor General of India. Chapter 23 of RAM contains detailed instructions on processing of cases for inclusion in the Audit Report.

#### **19.2 Duties of the Section:-**

The duties and the important records to be maintained by this section, etc. are detailed as below:-

- 1 .Selection of cases for processing draft para angle.
  - (i) To maintain Register of important objections taken up in different unite/sections.
  - (ii) Register of cases referred to different units/sections for investigation/Review.
  - (iii) Register of cases selected by DA/PDA for review and draft para.
2. Issues of draft paras/review.
  - (i) To maintain Register of draft paras/reviews.
  - (ii) Dealing with querries received from Head Quarter regarding draft para issued.
  - (iii) Dealing with Administration's remarks on draft para causes.
3. Draft para cases of other offices referred to this office for obtaining remark in the procedure followed.
4. PAC reports -action taken by Administration on the PAC recommendations.
5. Compendium report on the issue of draft paras to be sent to Head Quarter.

#### **19.2.1. Processing of Draft Paras:-**

Normally the suitability of a case for comment in the Audit Report is assessed by the Branch Officer after scrutiny of the administration's reply to an audit objection. Cases where complete replies are not received within a reasonable time, are also to be considered for issue of Draft paras on the basis of the facts known to audit. Branch Offices are to sent Draft paras on all such cases in duplicate along with copies of all correspondences (key documents) and chronological history of the cases in support of the facts and figures in the Draft para. Draft paras on topics selected for review/appraisal are submitted to Report Section by the Senior Audit Officer nominated by Principal Director of Audit to conduct such review/Appraisal. The issue of such D.F.S. by the target date fixed by DAR(Rlys.) is to be ensured by the section by the target touring the progress of review from time to time. Annexure and statements prepared by audit are to be signed by AAG and copies of other document are to be certified as true copies. Scrutiny of the Draft para in Report Section involved a verification of the facts and figures sentences by sentence with the hole of key document. A through check of statistics compiled by Audit is an integral part of such verification of any mistake can lead to incorrect conclusions. The cases which are found suitable after such verification are duly edited and submitted to Principal Director of Audit for approval through the D.D.A. The cases not considered fit for issue of Draft paras are returned to the concerned section pointing out the deficiencies or weak points of the case. Copies of approved Draft Cases together with a list of key documents and copies of annexure/ statements compiled by audit are sent to G.M.M., F.A & C.A.G. for obtaining Administration's remarks. Simultaneously, copies of the Draft Paras

along with all key documents are endorsed to Executive Director/Accounts, Ministry of Rlys, (Rly. Board) and DAI (Rlys), New Delhi, chronological history of the case is required to be attached with D.P. forwarded to DAI(Rlys). Draft Paras and all correspondence thereon are treated as confidential. The Railway administration has to send the reply to the Draft Paras within eight weeks. The reply of the administration on its receipt is examined and further comments are forwarded to DAI(Rlys) for inclusion in the Audit Report is sent to the Railway Board as a Provisional Para and a copy of it is also sent to Principal Director of Audit. the verification of the facts and figures in the provisional para is to be done promptly, advising the results to DAI (Rlys). Modifications in the figures, if found necessary are to be get verified by the Rly. Admn. before advising the DAI (Rlys).

#### **19.2.2. Processing of Reviews (Local and Central):-**

Both local reviews and central reviews conducted by various units are submitted to this section for examination and processing the case. Products of processing of reviews are as same as processing DPs as mentioned in previous para.

#### **19.2.3 Integrated Audit**

Presently, an event oriented narrated structure for our audit reporting is adopted. The integrated audit is a process, in which audit planning is done and audit procedures applied in such a manner that the audit reports become thematically cohesive and proved a more complete and balanced view rather than highlighting individuals infractions out of context. It is audit by objective and overcomes the barrier of compartmentalization of hierarchies. It integrates, on one hand all the stages from planning to reporting-of the audit process and uses the expertise of each historically evolved branch of audit optimally. Most importantly, it creates a single ownership of the audit process and integrates, where necessary, civil audit with commercial audit, Central Audit and Local Audit, Central Government Audit and State Government Audit. Hence, the basic premises of integrated audit are:-

- Audit, any audit, must have an objective which can be mapped to a thematic objective;
- To achieve that, we must plan the audit;
- We must apply definable, understandable and transparent audit procedures to achieve that objective;
- And, we must truthfully report the results of our audit;
- Lastly, there has to be a single point ownership of the audit process and resultantly, single point accountability.

For details:- [http://saindia.gov.in/english/home/Quick Links/AG Confrence/AG conference2010](http://saindia.gov.in/english/home/Quick%20Links/AG%20Confrence/AG%20conference2010)

**19.2.4 Draft Paras on “Recovery at the instance of Audit”** are issued by the DG/Railways to Railway Board. Necessary details to be incorporated therein are to be sent to DAI/Rlys duly verified by FA & CAO by 31<sup>st</sup> August. The Branch Officers have to send the information duly vetted by Accounts Department by 15<sup>th</sup> of July. Synopsis of individual cases is to be furnished induplicate alongwith the statement of recovery at the instance of audit.

#### **19.2.5. Circulation of Draft Paras:**

The DG (Rlys.) can circulate the Draft paras of any Railway to other Principal Directors of Audit investigation and issue of Draft paras. On completion of such investigation undertaken through Branch Officers, further action as directed by DG (Rlys) is taken.

**19.2.6. Monhly Report on issue of Draft Paras:**

A monthly report on the issue of Draft paras in the proforma shown in Annexure is sent to the DAI(Rlys) by 10th of every month.

**19.2.7. Audit Report:-**

Para 503 of RAM with action to be taken by Principal Director of Audit on Audit Report. Certain number of copies of Audit Report received in this office are sent to the Railway Administration for their reference. The remaining copies are distributed amongst the various officers of this office.

**19.2.8. Memorandum for Public Accounts Committee:-**

Action to be taken on Railway Board's memorandum for Public Accounts Committee is indicated in Para 504-RAM.

**19.2.9. Maintenance of Registers.**

1. Potential Draft Para Register:- Potential cases of Draft Paras identified from Draft para objections received from Pr. Director of Audit's approval are noted in this register to ensure their quick process.

## **C H A P T E R XX**

### **Internal Audit**

#### **Contents**

<b>Para No.</b>	<b>Name of paras</b>
<b>20.1</b>	<b>Internal Audit Procedure</b>
<b>20.2</b>	<b>Finalisation, Issue and Disposal of Internal Audit Reports</b>
<b>20.3</b>	<b>Inspection by the Director of Inspection</b>

## C H A P T E R XX

### Internal Audit

#### 20.1. Internal Audit:-

(Chapter XXV of the Railway Audit Manual, 5th Edition and Paras 563- 566 of the Manual of Standing Orders- Technical may please be seen in this context.

The Co-ordination section will conduct a test check of/the work of other sections/branches of the office of the Principal Director of Audit, South Eastern Railway with a view to find out that:

- i) procedural rules and regulations are correctly' followed
- ii) the various registers prescribed are maintained properly
- iii) the returns are submitted on the due dates, and
- iv) the sections/branches function as efficient units of the office. The internal audit of all the sections/branches of the office will be completed in a cycle of two years. Each year in the month of February, a programme may be prepared with the approval of the Principal Director of Audit and the same may be strictly adhered to. The internal audit party will examine following interalia :-
  - i) whether prescribed programme of audit is being followed by the sections and whether the process of audit applied in the sections ensure a complete scrutiny of the records under their audit contract.
  - ii) Whether the periodical arrear reports submitted by the section faithfully represent the actual position of arrears in that section.
  - iii) Delays in the disposal of correspondence, if any and whether these have been brought to the notice of the Branch Officer/Principal Director of Audit wherever necessary through registers, returns, arrear reports etc.
  - iv) whether returns shown as having been sent on the dates mentioned in the calendar of Returns were actually sent on those dates or not
  - v) whether quarries made by the Principal Director of Audit/Dy. Director of Audit/Branch Officer are being attended to expeditiously.
  - vi) whether the files and other records of the section are maintained in a neat and systematic manner.
  - vii) whether the prescribed programme of audit is itself adequate or whether any multification or addition is necessary to enable the Principal Director of Audit to record his annual certificate on the accounts of the Railway.
  - viii) whether the voucher selection registers, registers of current review and post review etc. are properly maintained indicating details of vouchers/documents audited/reviewed, date of completion of audit/review and initial of the staff concerned and submitted to the proper authority in time.

ix) whether various other reviews are properly conducted observing the time schedule, results thereof are recorded properly and submitted to proper authority in time.

x) whether inspection reports are issued within the prescribed period and if not, whether arrears in *terms of man day* on *account of* delay in issue of the inspection report is properly depicted in arrear report.

xi) whether the sectional library is maintained up-to-date by pasting correction slips and orders from time to time.

## **20.2 Finalisation, Issue and Disposal of Internal Audit Reports.**

On compilation of the internal audit of a section preferably on the last day of the inspection the internal audit inspection party would hand over the draft internal audit inspection report to the concerned Branch Officer, who in turn would offer his preliminary remarks against each para. In exceptional circumstances where Branch Officer is unable to be present during inspection, the senior most Asstt. Audit Officer would offer preliminary remarks. The reply to preliminary report must be given within three days.

For speedy settlement of internal audit reports, if the preliminary remarks of the Branch Officer are not forthcoming, finalisation of the report should not be delayed and the final report may be issued indicating the fact of non-receipt of preliminary report.

## **20.3 Inspection by the Director of Inspection.**

The Co-ordination section should act as lien between the Director of Inspection Party and other sections and Branch Offices of the office of the Principal Director of Audit, during the inspection period. The inspection report issued by the Director of Inspection should be dealt with by the Co-ordination section. The branch offices/sections might be asked to give reply to the points relating to them. The Co-ordination section should coordinates before sending any reply to Head Quarters on the D.I. Inspection report.

## CHAPTER -XXI

### CO-ORDINATION

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## **CHAPTER -XXI** **CO-ORDINATION**

### **21.1 General**

Issue of monthly Progress Report on the issue of Inspection Reports:

Information is to be collected from different units regarding the issue of inspection reports of all the audit units and the actual position is to be brought to the notice of the PDA; properly showing along with the unsatisfactory position; if any.

### **21.2. Report on the Bipartite/Tripartite Meeting (Monthly):-**

Co-ordination section is responsible to watch the overall position of outstanding audit and to collect all information and to watch and dels with all matters concerning periodical meetings of audit officers and the meeting of the head of the Departments of the Railways.

### **21.3. Quarterly Audit Bulletin:**

It is the duty of the co-ordination section to circulate all the solutions received from head Quarters to all the branch officers and units.

### **21.4. Para for the register of Important Results of Audit.**

The paras as and when approved by the Principal Director of Audit are to be posted in a Register and all the paras approved in a quarter are to be circulated to all as well as to other railways and also to the C & AG. Similarly the paras received from other units are also to be circulated to different units.

### **21.5. Reconciliation of C.O. 6 & C.O.7(Half-yearly).**

The account of the month (selected for audit) for which reconciliation is to be carried out is to be got selected from the Principal Director of Audit and to intimated to different units.

### **21.6. Deviation from Code Rules (Half- Yearly).**

The information is to be collected from different units and unusual feature if any, noticed is to be initiated to C & AG of India.

### **21.7. Stock taking of Secret Memos(Half-Yearly).**

Implementation of Instructions from Headquarters regarding revision of the extent and scope of Audit is done by Co-ordination Section and necessary instructions are communicated to all the units, if necessitates.

### **21.8. Cases of New Services not contemplated in Budget (Yearly).**

The information is to be collected from different units and C & AG is to be informed with the approval of Dy. Director/Pr. Director of Audit if there is any such cases.

### **21.9. List of completed works or nearing completion costing more than Rs. 50 lakhs.(Yearly).**

List is to be collected from different units and one or two cases of each unit is to be selected by PDA and intimated to the units for completing review.

**21.10. Programme of Inspection(Yearly).**

The inspection programme of different units as selected by PDA are to be circulated to them by the Co-ordination Section at the end of compilation of Programme of Inspection from different units and its certification & election by PDA. Proposal for minor changes, if any, are also to be got approved by DDA/DA and intimated to the units concerned.

**21.11. Selection of Cash Office for Surprise Verification of Cash(Yearly)**

Selection of the unit for surprise verification of cash by different divisions and workshops are to be got selected by PDA and intimated to the units by the Co-ordination Section. Surprise Verification of cash in respect of Head Quarters/Calcutta Cash Office and Divisional Cash and pay Offices to be conducted as per approved programme. The reports received from the units are to be put up to PDA through Books Section/Calcutta if there is any unusual features.

**21.12. Recovery at the instance of Audit.**

The information is to be collected from different auditing units and the consolidated position is to be compiled and sent to the C & AG Office.

**21.13. Programme of Audit & Misc. Matters.**

Dealing with reference from Hd. Qtrs. in connection with Programme of Audit & other miscellaneous matters, is duty of Co-ordination section.

**21.14. Dealing with references from different units in connection with programme of Audit & Inspection**

All such matters are dealt by the Co-ordination Section. -

**21.15. Dealing with miscellaneous references from other Rlys. In connection with Programme of Audit etc.**

All the references from different Railways in connection with Programme of Audit is done by co-ordination Section.

**21.16. Preparation of Performance Report.**

Collection of Performance Reports in printed form from all the units, compilation thereof, preparation of consolidated Performance Report and submission of the same to the Head Quarters after being approved by the PDA is one of the duties of the Co-ordination Section.

**21.17. Audit Plan.**

The preparation of Audit Plan, of the office of the PDA each year is also a vital work of Coordination Section. This report is early in January each year for the ensuing financial year after taking into consideration the manpower resource constraints, particularly in the cadre of A.A.Os and the relative importance of the audit to units. The plan, in the form of annual programme as approved by PDA is to be split up as per prescribed proforma.

The aim of audit plan is to ensure the completion of audit works in time and improvement of quality of Audit Reports. The statistical data are to be compiled after collecting the same from the different units. An approved copy of audit plan is forwarded to Head Quarters for intimation.

In order to make an effective Audit Plan it is necessary to have a complete database of all audited entity under the jurisdiction of S.E.Railway alongwith their names & particulars of their periodicity of inspection, when last inspected and the date of next inspection. This database should be updated every year. Moreover, for preparation of Audit Plan the priority should be determined on the basis of risk assessment with concentration on which are of prime importance in conduct of Railway's core activities.

#### **21.17.1 Risk Evaluation and selection of CCOs / DDO units**

Based on the audit capacity of the office, the number of departments and the auditable units, an audit cycle for all departments may be determined. For example, audit offices may consider it necessary to cover some departments every year in view of their materiality and risk profile and find other departments suitable for an audit cycle of 2 to 5 years. Thus it may also be possible to categorize the departments into different risk categories (A,B,C from maximum to minimum risk) and stipulate different audit cycles for each category. For this purpose, risk mapping of the various departments may be done.

#### **21.17.2. Sampling in Auditing**

Sampling is a process of selecting a subset of a population of items for the purpose of making inferences to the whole population. Accounting populations usually consists of a large number of items and a detail examination of all accounts is not possible.

A fundamental element of any audit programmes will be the selection of transactions to be tested as a sample of all available transactions. Generally, sampling in auditing is either judgemental or statistical and the professional bodies allow for either selection method.

#### **21.17.3. Judgemental Sampling**

Judgemental sampling is a selection process where the auditor decides which items should be audited. It involves a subjective selection of items for testing and a subjective evaluation of the results.

#### **21.17.4. Statistical Sampling**

Statistical sampling involves the random selection of a number of items for inspection and is endorsed by the accountancy bodies. In statistical sampling, each item has a calculable chance of being selected. It can be more accurate than an examination of every item in a large population and save time and money. Objective evaluation of test results is possible and provides a means of projecting test results within known limits of reliability. Data may be combined and evaluated, even though obtained by different users.

For details:- <http://www.auditsample.com/>

#### **21.17.5. Audit Quality Management Framework(AQMF)**

The process of managing audit quality is a means of ensuring that audit is planned efficiently, executed effectively, and that the audit product meets the benchmarks of the department and the needs of clients and stakeholders. This guide attempts to list out, in a generic manner, steps to be taken at different stages of the audit process so as to ensure quality in audit.

'Audit Quality Management Framework' governing the SAI should generally consist of the five major elements of 'leadership and direction' 'human resources management', 'audit management', 'client and stakeholder relations' and 'continuous improvement'. In public audit, quality management involves a system composed of the audit organisation, the auditors and the audit process, all working together to produce outputs that fulfil the requirements of its stakeholders and the general public. Continuous improvement in the quality of audit by focusing on the needs of clients and stakeholders is the underlying principle behind the audit quality management system or framework.

All the five broad parameters of quality management processes have been further divided into various ‘quality management elements’(QMEs). For example, in the case of parameter on ‘audit management’ the QMEs include ‘audit planning’, ‘staffing for audit’, ‘conducting of audit’, ‘evidence’, documentation’, ‘reporting’ etc.

Each quality management element’ has been linked to the ‘key instruments employed’ i.e. the reference has been made to constitution,C&AG’s (DPC) Act, Auditing Standards, Manuals, Guidelines etc.

The operationalization of AQMF will involve issue of appropriate internal instructions to various Functional Wings and, in turn, by each Functional Wing to field offices under their control to ensure appropriate customization of the AQMF with the specificities of each stream of audit viz. Civil, Commercial, Defence, Railway, Revenue,etc.

*Authority: C&AG’s Letter No. 172 – Audit(AP)/37-2008 dated: June 4, 2009*

#### **21.17.6. Development of audit themes for annual audit plan**

Railway Audit Planning- Strategy, Report Structure and Key focus areas for development of audit themes for Annual Audit Plan is prepared by C&AG’s Office. Principal Directors are expected to fine-tune their annual audit plans keeping in view the broad areas of strategy and thematic issues to be finalized for audit plan. Presently, Railway Audit Planning,in particular, the compliance and financial audit segment is mainly confined to delivering the year-end report as per risk analysis carried out by Psrincipal Directors of Audit of Zonal Railways.The railway audit report thus does not reflect a cohesive approach at an all-india level and lacks specific direction. To remove ad-hocism and uncertainly in annual audit planning of railways as a whole, it is desirable to adopt a strategic focus with a time frame of 3 to 5 years that will spell out key drivers to audit effors. Reference to key objectives and concerns of Railway five year plans, the mid-tem appraisal of the Working Group of the Ministry of Railways as well as the annual budget documents could provide major imputs for formulation of strategic direction.

The strategic Plan will, in turn, be the basis for deriving thematic issues for exploration through the Annual Audit Plans.These themes are dealt with under freight and passenger segment, with emphasis on passenger-safety related issues, capacity creation, upgradation of infrastructure and thechnology, in particular in relation to signaling, production units and workshops and resource mobilization efforts of railways through PPP mode. Given IR’s responsibility to provide a safe and reliable public transport, passenger safety related issues have to be focussed and should be dealt with in the annual audit plans.

Besides, instead of being merged in the audit report, a stand-alone report on projects of national importance may be brought out seeking to focus major audit findings for better visibility.

*Authority:- C&AG’s letter no. Rly/Coord/17-52/2009 dated 18.3.2010*

#### **21.18. Quarterly Meeting of Pr.DA with the BOs.**

Principal Director of Audit will meet Officers once in a quarter, viz. in June, September, December & March of a financial year or more frequently if the Principal Director of Audit so desires for planning, programme of audit and better quality of audit output. For this purpose the Group Officers of all units / Branch Officers should send to the Coordination

Section / Report Section the materials for Branch Officers meeting by the month in which meeting is to be held under the following categories:-

- i) A brief history of important cases being perused by the units which are of a general nature and merit, similar investigation by other units.
- ii) Position of outstanding Audit Objection raised through special letters, Part-1 Audit Notes and Part- I Inspection Reports issued upto the last date of the concluding month of the previous quarter, but not disposed of.
- iii) Position of the cases entrusted to the units for investigation/review as per discussions and order in the previous meetings or as per Coordination Section's reference.
- iv) Position of progress of local inspection and arrear in issue of Inspection Report. v) Suggestions for Special Investigation.
- vi) Arrears in Audits Office proper.
- vii) Arrears in Original Audit and Post Reviews by G.O.S.
- viii) Miscellaneous items.

The Group officers should prepare an agenda points to be discussed based on the materials collected from all units.

#### **21.18.1.Meeting with Group Officers:**

The Group Officers would in turn meet their respective Senior Audit Officers/Audit Officers/Assistant Audit Officers once in a month in order to obtain first hand information on the state of work in their respective Groups.

The actual date of meeting with Group Officers and Branch Officers and the agenda to be discussed in the meeting would be intimated to all Branch Officers by the Co-ordination Section / Report Section and

- 4. the meeting should minutised so that an authenticated record is available for reference during future meetings.
- 5. A record of the minutes of the meeting should be maintained and copies of the same should b forwarded to all units for necessary action.

#### **21.18.2.Meetings of the Heads of Departments.**

The meetings of the Heads of Department are held monthly. The intimation regarding the exact date meeting together with the agenda for discussion in the meeting is received from the Railway Administration. This and other connected papers received from the Railway Administration should be submitted t the PDA along with the briefs of various departments as and when received from the Railway Administration for information.

#### **21.19.1Charge Reports of the DAI(Rlys.)and Pr. Director of Audit.**

Necessary material for the charge report of the Principal Director of Audit shall be obtained by the Co-ordination Section from the branches or unit offices as and when there is any change in the incumbency. The charge report as prescribed under the Comptroller and Auditor General of India's letter No. 1557-I-A TAI/75, dt 14.OB.75 and E. 27B9-GEII/254-84, dt. 19.O9.85 will be prepared in 5 parts and submitted t the Principal Directors of Audit for signatures and to his successor for counter signature. Material for the charge report of DAI(Rlys.) is prepared from the information available et Head Quarters.

### **21.19.2.Charge Report of other officers:**

The charge report of other officer will be prepared by the respective sections. Copies of such charge reports shall be received by the Co-ordination section for reference and record.

### **21.20. Progress of Inspection.**

A report showing the position of inspections in arrears and the position of Issue of inspection reports the end of the previous month should be sent by the units so as to reach Co-ordination section by the 2n of every month in the proforma prescribed vide para 416 of Railway Audit Manual. The Co-ordination Section will consolidate the information and submit it to the Principal Director of Audit by 10th of each month.

### **21.21. Quarterly Confidential D. O. to the C & AG.**

The Branch Officers should send materials for quarterly D.O, on the various Issues under the following categories:

1. Fresh Suggestions, innovations, new ideas or approach as well as substantial improvement, deliberate changes in matters relating to administration, audit activities etc. should be exhibited under the following heads.

(a) Administrations, (b) Audit activities, (c) Miscellaneous.

2. Progress of Reviews.

3. Draft Paragraphs.

4. Resume of important objections.

The materials should reach Co-ordination Section from all units\Section well in advance so as to enable the Pr. DA to send the confidential D.O. to the C & AG by the 15th of the due month. In case there is no important feature to report the nil report need not be sent.

### **21.22. Tour Notes of Principal Director of Audit/Deputy Director of Audit.**

Tour notes of Principal Director of Audit/Dy. Director of Audit are received in Co-ordination section, copies of these tour notes are forwarded to the branch offices/sections concerned for sending their report tour notes should be put up to Principal Director of Audit/Dy. Director of Audit, as the case may be. The tour notes are to be submitted to DAI(Rlys.) during his visit.

### **21.23. list of cases/registers to be submitted to the DAI(Rlys.) during his Visit.**

The following register and files should be collected and kept ready for submission to DAI(Rlys.) during his visit.

1. Results of original audit by Audit Officers(all Branch Officers).
2. Results of post review by Audit Officers(all Branch Officers).
3. Register of Draft Paras for Railway Audit Report (Report Section).
4. Register of important events of Audit(Co-ordination Section).
5. Register of cases being dealt with in ECPA Section,
6. Tour notes of Principal Directors of Audit(Co-ordination Section).
7. File regarding minutes of meetings of Audit Officers (Co-ordination Section).

### **21.24.1.Procedure Office orders issued by Principal Director of Audit & Issue and upkeep of the files.**

The orders issued by the Principal Director of Audit/Dy. Director of Audit from time to time, affecting the work of the department involving change in the procedure or laying down

the procedure will be circulated to all Branch Officers/Sections in the form of P.O.O.S. Draft P.O.O.S. as and when necessary will be submitted to the Principal Director of Audit for approval through Co-ordination Section. After their approval by Principal Director of Audit, these will be allotted serial nos. by Co-ordination Section and circulated to all unit officers. One copy will be posted in the register of P.O.O.S. Procedure office order issued by the FA & CAO.

#### **21.24.2. P.O.Os issued by F.A & C.A.O :**

All P.O.O.S issued by the FA & CAO are received in the Co-ordination Section. The Co-ordination Section should distribute the P.O.O.S. issued by the FA & CAO devolves on the concerned Headquarters audit section.

#### **21.25. Reference received from the DAI(Rlys.), other Rlys., Divisional Audit Offices, FA & CAO etc.**

Important references received from the DAI(Rlys.), other Railways, Divisional Audit Offices etc., which call for collection of information from different Branch Offices/Sections and issue a consolidated reply, are marked to Co-ordination Section. On receipt of such references immediate action should be taken to address the various Branch Offices/Section concerned to collect the required information. A separate files for each subject should be maintained.

#### **21.26.1 Quarterly Report on the settlement of outstanding audit objections.**

With a view to watch over the progress of clearance of outstanding audit objection raised through Audit Notes, Special Letters and showing clearance of such objections should be prepared in the following form and submitted to the DAI(Rlys.) so as to reach his office by the 5th of April July, October and January each year.

#### **21.26.2 Proforma regarding clearance of outstanding objections**

##### **Statement showing clearance of outstanding objections for the Quarter ending.**

Particulars of Objections	No. of outstanding at the end of last Quarter	No. cleared during the quarter	No. of outstanding at the end of the quarter
AN Pt - I			
Special Letters			
IR - Pt - I			

#### **21.26.3. Preparation of the consolidated statement for submission to the DAI(Rlys):**

In order to enable the Co-ordination Section to prepare the consolidated statement for submission to the DAI(Rlys.) all auditing section should submit to the section quarterly. a statement of outstanding objections in the above form so as to reach by the 2nd of the month following the quarter ending March, June, September & December.

#### **21.26.4 Proforma for Progress Report on the issue of the Inspection Reports**

##### **Progress Report on the issue of the Inspection Reports.**

Nme of the office Inspected	Date of completion of the inspection	Date of submission of the draft report for GO's approval	Date of approval by GO	Due date of issue of the report	Date of issue of the typed copy of the report	Remarks for delay

Section I (for inspections conducted during the month of report).

Section II (for inspections conducted during the previous month but the reports for which were not issued in that month).

**Section III Summary of arrears in the issue of Inspection Report.**

No. of IRs issued at the beginning of the month	No. of IRs pertaining to Section - II due for issue this month	No. of IRs(Old) during this month	Arrears in the issue of I/Reports.	Man hours	Reasons for arrangers end the action taken to pull up the same.
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Part I/Part II:

Part I/Part II

Part I/II :

Part I/II :

**21.27. Position of outstanding Inspection Report showing thereof in the Inspection Report Register**

The money value in respect of outstanding Part I Inspection reports should be shown in three categories in the Inspection Register which are given below:- i) Upto Rs. 5 lakhs. ii) Above Rs. 5 lakhs but below 10 lakhs. iii) Rs. 10 lakhs and above.

All auditing units should comply & submit their reports regarding outstanding Inspection reports to the Co- ordination Section, So outstanding position can be found at a glance.

**21.28. Consent Audit.**

A list of Consent Audit performed in terms of para 5 of Manual of Standing Orders (Technical) Vol. I of the Comptroller and Auditor General of India together with the terms and conditions as may have been settled between CAG and the Governments Concerned or any modification there to should be furnished to the DAI(Rlys.) in triplicates at the end of April every year in the following form. In case there is no change in the list already sent, a nil return should be sent.

- i) Serial No.
- ii) Name of audit.
- iii) Periodicity of audit.
- iv) Whether audit fee is waived or recovered in case audit fee is recovered and the basis on which calculated.
- v) Authority for undertaking the audit.

The audits undertaken in respect of statutory and autonomous bodies in cases where the responsibility for audit does not specifically devolve on the Comptroller and Auditor General of India under the provision of the Act will fall in the category of 'Consent' Audit CAG's latter No. 3187-49-RAI18-3/74 dt. 6.12.74.

**21.29. Audit of Statutory and Autonomous Bodies.**

Along with the list of Consent Audit of list of statutory and autonomous bodies the audit of which is conducted by this office on statutory basis on behalf of the Comptroller and Auditor General of India under the Article No. 149 of the Constitution of the Indian Union or any modification thereto should be sent to DAI(R) in triplicate by the end of April every year in the following form. In case there is no change in the list already sent, a nil return should be sent.

**1.** To enable the Co-ordination Section to send the list to the DAI(Rlys.) the auditing section should send their list to Co-ordination Section by the first week of April every year.  
(1) Serial No. (2) Name of Audit, (3) Periodicity of Audit, (4) Authority for undertaking.

**2** A list of statutory audit will include all audits which are entrusted to the Comptroller and Auditor General Specially by an act of Parliament or where an Act Comptroller & Auditor General to conduct the audit at his discretion e.g. supplementary audit in the case of Government Company Under Section 619(3)(b) of the Indian Company Act, 1956 as amended. It will also include the efficiency -cum-proprietary audits in respect of certain commercial concerns not failing under 619(3)(b) of the Indian Companies Act, 1956. .

**3** The audits of Grants-in-aid to private institutions or local bodies under taken by the Comptroller and Auditor General under the provision of the Government of India, Mins. of Finance's O.M. No. F.S.11 (39)-E.II.A/56 dated 4.1.57 or similar instructions issued by the state Governments, though treated as the statutory responsibility of the Comptroller of & Auditor General of India are not to be included in the list of 'Statutory Audit's.  
(CAG's letter No. 1796-Admn. 1/179-58. II dt. 26.7.58 and No. 3137-49/RAI/B-3/74 dt. 6.12.74).

### **21.30 Audit of Commercial Undertaking.**

**1.**A list of Government, Commercial, Quesi-Commercial and Industrial undertaking showing their names only, in which the Governments funds are invested or loaned or where Government have under taken any contingent liability the audit of which is entrusted to this office should be sent to DAI(Rlys.) annually in triplicate so as to reach his by the 1st week of December each year. The auditing sections concerned should send their list to the Central Section by the middle of November each year to enable them to send the consolidated list to the DAI(Rlys.) in due time.

**2** The list of Commercial or Industrial Undertaking which are likely to be set up by Government in the near future would also be indicated in the forwarding letter to the DAI(Rlys.) or General Section.

**3**Any modification or if there is no change in the list already sent should also be intimated to the DAI(Rlys.) on the same date as above.

**4** The details of commercial undertakings the list of which has already been sent should be furnished to the DAI(Rlys.)in triplicate in the form laid down in Comptroller and Auditor General's letter No. 210-CA/325- 33 dt. 17.3.54 as modified under his letter No. 256-CA/225-54 dt. 2.4.55 so as to reach his office by the 15th of November each year.

**5** The General Section should send the consolidated list to the DAI(Rlys.). The concerned auditing sections should send their list to the Co-ordination Section by the end of August each year.

#### **21.31.1 Review of completed major works at Divisional Head Quarters.**

All expenditure auditing sections including Workshop Audit Section should review completely one or two completed major works as selected by the Director of Audit in January each year. For the facility of selection of major works to be reviewed by the Director of Audit, all expenditure audit sections should send a list of completed major work.

### **21.31.2 Items of losses exceeding Rs. 50,000/-:**

In respect of items of losses exceeding Rs. 50,000/- where the action on the part of the Railway Administration is considered inadequate or ineffective a general factual statement supported by instances of (i) inadequate action, (ii) delayed action, (iii) cases in which action is pending for a long time should be prepared and copies thereof sent to the DAI(Rlys.) as soon as they come to notice. [Authority: Para 9 of RAM]

The materials for draft paragraph on this account should be sent by all sections in Report Section by the 1st week of August each year.

## **Chapter XXII** **Performance Audit**

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## **Chapter XXII** **Performance Audit**

### **22.1 General :**

Performance Audit is concerned with the Audit of Economy, Efficiency and Effectiveness.

### **22.2 Characteristic of Performance Audit :**

Performance Audit is an independent assessment or examination of the extent to which an entity, programme organization operates efficiently and effectively, with due regard to economy.

### **22.3 Features of Performance Audit:**

Economy is minimizing the cost of resources used for an activity, having regard to the appropriate quality.

Efficiency is the relationship between the output in terms of goods, services or other results and the resources used to produce them.

Effectiveness is the extent to which objectives are achieved and the relationship between the intended impact and the actual impact of an activity.

#### **22.4.1 Stages of Performance Audit:**

1. The 1<sup>st</sup> stage in performance auditing is strategic planning for performance audit, which requires the development and maintenance of information on the entity that will assist in identifying the potential areas for performance Audit, and once the subject is selected, performance audit is initiated by developing a plan with details for the conduct Audit.

2. A risk analysis should be carried out with reference to various parameters of the entity, programme or the subject after a careful study of all relevant documents.

3. The most important stage in the Performance Audit process is defining the audit objective as it ensures good quality of performance audit, e.g. the objectives of Performance Audit of Freight Services in Indian Railway are to assess whether:

- Infrastructure is adequate and commensurate with growth in freight traffic as envisaged in the operational and marketing strategy of Indian Railway.
- Available assets are utilised and maintained efficiently and
- Initiative for improving Indian Railways market share are adequate and effective.

#### **22.4.2 Audit Scope, Criteria & Methodology:**

The scope of performance Audit includes study and implementation of major aspects relating to the programme taken up for Performance Audit. This includes infrastructure augmentation, utilization of assets , cost benefit analysis and initiatives for improving the market share of Indian Railway.

The various policy initiatives, guidelines and instructions issued by the Railway Board, Govt. of India and Local Bodies from time to time are used as criteria for assessing the performance of Indian Railway.

The audit methodology includes examination of records at the Railway Board, Zonal Railway Headquarters & Field Locations, analysis of relevant quantitative data and its

comparison with similar best practices . The responses of the stake holders are also taken into account for strengthening audit findings. Good initiative taken up by the entity is also covered.

The Audit objectives, scope of study & methodology are discussed with the Members / Railway Board at the Headquarters level as well as with GMs / concerned Deptl Heads at Zonal Railway level by the Pr. Directors of Audit during entry conferences. The inputs provided on various aspects including the suggestions on sample selection and the co-operation extended by the Railways is to be acknowledged. The audit findings & recommendations are to be discussed with Members/Railway Board at the Headquarters level in exit conferences. Similar exit conferences are to be held by the Pr.DAs in the Zones with concerned Zonal authorities.

## **22.5 The Audit implementation Guidelines**

The audit implementation guidelines will consist of the following structure their seriatim will be determined by the HOD

## **22.6 Structure of audit implementation guidelines-**

The audit implementation guidelines will consist of the following structure and their seriatim being determined by the Head of the department.

- Title of the performance audit
- Information on the programme / subject of audit
  - Programme inputs;
  - Programme process and resource flow chart with explanatory note;
  - Execution structure or institutional design;
  - Programme outputs;
  - Expected cost-benefit / input-output as per the programme design;
  - Programme target group (beneficiaries);
  - Performance information system;
  - Performance measures if any set in the programme or later by the entity;
  - Evaluation system; and
  - Expected programme objectives and impacts.
- Scope of audit in terms of period of operations to be audited, segment or activities or entities to be audited, etc.
- Audit objectives and sub objectives, ( reasons for conducting audit) theme-wise in complete statement (question) form along with the fundamental objectives of economy, efficiency, effectiveness, issues addressed by these objectives either singly or severally, as also the equity and ethics issues limited to as far as these affect one or more of the economy, efficiency and effectiveness of the programme;
- Criteria to assess if the programme objectives fulfill the policy objectives;
- Impact analysis techniques;
- Audit criteria (one or more) against each audit objective and sub-objective;
- Basis for comparison of the intended impact with the actual impact;
- Programme evaluation techniques to be used in the performance audit;
- Impact evaluation, if possible on the basis of available evidence- i.e. whether the observed impacts are attributed to the programme or there are other reason also;
- Audit evidence, including their type {primary and secondary (corroborative) evidence under the categories of documentary, physical, oral or analytical},source (location) and

- evidence gathering techniques (direct observation, survey, photographs, interviews, etc.);
- Caution to be exercised with reference to evidence gathered – for each type of evidence – attestation of photocopies and source reference, corroboration of physical and oral evidence, etc;
- Evidence analysis techniques to be used;
- Expected value addition to the programme through performance audit;
- Assignments and responsibilities, data gathering, supervision and data analysis;
- Expert or consultancy services and outsourcing required along with the explanatory notes;
- Evaluation of internal control system – in the context of audit objectives and examination of lessons learnt and sensitivity to error signals;
- Risk analysis;
- Sampling techniques used or to be used for selection of the units and data;
- Audit test programme;
- Audit programme including the time-frame;
- Obligation of transparent testing of evidence on the criteria of relevance, competence and sufficiency;
- Recommendations development process and test of recommendations on the internal control parameters;
- Report writing procedures – field audit, discussion papers, audit observation, field audit report and draft report;
- Series of action/steps expected at each stage for entity involvement and cooperation;
- Entry and exit conferences and minutes thereof – provision for;
- Periodic reporting to the supervisory officer and the Accountant General / Pr.Director of Audit.
- Coordination structure when different teams conduct audit under the jurisdiction of the same or different Accountant General / Pr. Director of Audit.
- Time-schedule, field audit, report writing, forwarding the report to the entity and SAI headquarters, report approval, printing and presentation to the Parliament/legislature;
- Working papers and process documentation requirements;
- Mid-term reviews and workshops; and
- Report structure.

Note: the audit objectives and sub-objectives and audit examination design may preferably be presented in a matrix form.

## **22.7 Department-Centric Audit (CCO Based Audit)**

The Present DDO Centric Audit the end product of which is Audit Inspection Reports and which contain a variety of Audit observations focussing on individual cases of irregularity or non compliance and some performance related matters; some of which may in terms of materiality or impact, merit inclusion in the C & AG's Audit Reports. In parallel performance audits of specific organizations or schemes or programmes are taken up. To cater this need a Chief Controlling Officer (CCO) based audit approach has been attempted and it has been decided that in order to get optimal effectiveness of Audit there should be integrated focus on both the CCO & DDO Centric audit process.

In CCO based audit a fair number of existing auditable units in a department will be taken up for audit an integrated manner with a department wide perspective and a degree of selectivity depending upon the criticality of the unit to the outcomes expected of a demand for grants sanctioned for a department as well as the materiality of resources placed at its disposal. An audit process based on a scientific sampling plan will thus enable the auditor to draw valid audit conclusions.

The Central concept of the Department-Centric audit is that the focus of the audit should be on the department as a whole; if the department is too large, focus of audit should, at least, be on one or more Chief Controlling Officers (CCOs) within that department. Thus the planning, organizing and reporting of the audit should be department-Centric.

Based on the total number of auditable units as well as the audit capacity available, a plan should be prepared containing the number of CCO & DDO to be covered in a particular year.

In order to achieve the full advantage of department – centric audit apart from the regularity and compliance issues all important aspects of the functioning viz. financial management, planning and project management, monitoring, internal controls, human resources management will be included and examined.

*Authority: Headquarter's D.O. letter no. 199-Audit(AP)/16-2006 dated 30.6.2009*

## Chapter XXIII

### Costing

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<b>23.24</b>	<b>Manufacturing Accounts of Foundries including Balance Sheet</b>
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<b>23.26</b>	<b>Functions of various forms used</b>
<b>23.27</b>	<b>Standing Work Order for manufacture of Locomotives and Boilers Coaches etc.</b>
<b>23.28</b>	<b>Reconciliation between Financial &amp; Cost Accounts</b>
<b>23.29</b>	<b>Reconciliation of compiled accounts of Workshop Manufacture Suspense with the General Books</b>
<b>23.30</b>	<b>Reconciliation of Cost Accounts with Financial Accounts</b>

## Chapter XXIII

### Costing

#### **23.1 Aim & System of Cost Accounting**

Costing is the technique and process of ascertaining the cost which enables one to find out the cost of various jobs or processes. The costing system helps to compare the actual cost of a product with the estimated cost and thereby to assess the losses and wastages where they are occurring and also to take necessary precautions to minimise or avoid such wastages or losses.

#### **23.2 Object of Cost Accounting**

The object and scope of cost accounting are

(i) To ascertain the cost of components, assemblies, complete engines and complete locomotive, coaches and the special jobs undertaken for departments other Railways and outsiders.

(ii) to ensure an affective control over expenditure on different elements of cost viz. malarial, 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.

#### **23.3 Scope of Costing**

The system of costing described in this chapter covers manufacture of,

(i) complete locomotives of various types:

(ii) spare boilers:

(iii) standard loco duplicates:

(iv) Coaches:

and other miscellaneous jobs executed for department, other Railways and private parties etc.

While Chittaranjan Locomotive Works has been set up for the manufacture of Steam Locos (since discontinued) Electric locos and Diesel Locos, the Diesel Locomotives Works manufactures the following times:

Diesel locomotives-Broad Gauge (WCM2)

Meter Gauge (YDM4)

Shunting locos (WOS6)

Power Packs-WDM2

YDM4

DG sets

WDM 1

in integral Coach Factory, all metal light weight coaches from ordinary second class to most complicated types of coaches like AC & C.C. EMU.. A,C. Express, Rajdhani Express, Metro Coaches etc. are being manufactured.

#### **23.4 Elements of Cost**

The expenditure incurred on manufacture comprises (ii) Direct labour. (ii) incentives, (iii) Direct Stores. (iv) Direct expense. (v) Overhead or indirect expenses.

(i) Direct labour: These are the pay and allowances of all direct worker who are directly connected with the manufacture of locomotive coaches etc.

(ii) Incentives: The incentive earning" of direct workers are allocated to the Batch order concerned.

(iii) Direct Stores:- Raw material, finished component, manufactured and component, purchased, utilised and identified with production are direct stored.

(iv) Direct Expenses: The only direct expenditure is spraying of coaches & locomotive and requirements with asbestos or fibre glass under contract system. This expenditure is cited to batch concerned.

(v) Overheads or Indirect expenses: There are Indirect expenses which cannot be charged to jobs but which are included in the cost on certain equitable basis. Indirect expenses account for a large share of the total cost of production and comprises both fixed and variable charges, fixed charges does not vary significantly or at all with the volume of production, Variable expenses fluctuate in amount though not exactly in direct proportion to the volume of production but mainly so and in sympathy with it.

### **23.5 Types of overhead expenditure:**

These expenses are also called overheads. In order to ensure proper control the overhead expenditure has been broken up into groups viz.

- (i) Factory Overhead (FOH)
- (ii) Administrative Overheads (AOH)
- (iii) Township Overheads (TOH) and
- (iv) Stores Overheads (SOH)

Factory Overheads (FOH) These constitute expenditure of the shop concerned and also proportionate share of the expenditure in respect of repairs and maintenance of Civil assets. Technical Training School and Service departments inside and outside the workshops. These also include depreciation of building, plants and Machineries at shops etc. FOH charges are levied on the direct labour cost.

Administrative Overheads (AOH): These constitute expenditure of administrative offices, General department excluding stores Dept and a portion at Account Department (stores Accounts Branch), The A OH are levied on the direct labour cast.

Township Overheads (T OH):- These comprise expenditure of Civil Engineering, water supply etc. Stores

These charges are levied on the direct stores cost.

The expenditure which comprises the above overheads (F OH, A OH, T OH & S OH) are listed below:

### **23.6 Factory Overheads**

- (1) Wages, Overtime etc. of supervisory and electrical staff and indirect labour.
- (2) Leave pay and allowances excluding dearness allowance of direct and indirect labour.
- (3) Wages for paid holidays, Sundays Voluntary duty, idle time etc.
- (4) Dearnness allowance of indirect workers and supervisory staff.
- (5) Injury pay and compensation payable under Workmen's Compensation Act and other compensations.
- (6) Contribution to provident Fund.
- (7) Pay and allowances labour charges not allocable to jobs
- (8) Repair to machinery, plant, Furniture etc.
- (9) Repairs and maintenance of workshop buildings.
- (10) Repairs and workings expenses of motorcars, shunting engines cranes etc.

- (11) Operation of Machinery and power charges.
- (12) Cost of coke, coal, consumable stores etc.
- (13) Cost of small tools, jigs and fixtures, patterns, stationery, uniforms etc.
- (14) Replacements, experimental and defective work.
- (15) Fire protection.
- (16) Maintenance of canteen, meal sheds etc.
- (17) Cost of minor works not chargeable to Capital.
- (18) The Expenditure of service departments, e.g.  
 (a) Patter Shop (b) Tool Room, (c) Transport & Yard, (d) Millwright Shop. (e) Electric Branch shop. (f) Inspection. (g) Laboratory. (h) Dy. CME's Office (Works Office).
- (19) Deprecation of workshop machinery and building, Work office Building and share of the depreciation of water works.
- (20) Electricity charges apportioned to Shops.

### **23.7 Administrative Overheads**

- (1) Expenditure including pay and allowances of the Chief Mechanical Engineer's Office and Technical School.
- (2) Share of the expenditure including pay and allowances of the following departments relating to General Administration. (a) General Management including Schools.  
 (b) Security Establishment.  
 (c) Medical Department.  
 (d) Electrical Department.  
 (e) Accounts Department.  
 (f) Town Engineering Department.
- (3) Electricity supply to General administrative Office.
- (4) Depreciation on administrative Building and a share of depreciation on water works.
- (5) Relief on account of school fee receipts and diet charges recovered.

### **23.8 Township Overheads**

- (1) Expenditure on the maintenance of township including pay and allowances of the Engineering, Sanitation, Animal area, Horticulture and Water works Department.
- (2) State of the expenditure including pay and allowances of the following deptts. relating to township:-  
 (a) General Management including Schools.  
 (b) Security Establishment.  
 (c) Medical Department.  
 (d) Electrical Department.  
 (e) Accounts Department.
- (3) Electricity supply to township.
- (4) Depreciation on township.
- (5) Relief on account of house Rent, Electricity and water charges recovered.

### **23.9 Stores Overheads**

- (1) Expenditure on personnel and contingencies of the stores Department
- (2) Share of the expenditure of the following departments relation to stores Service:
  - (a) Account Department.
  - (b) Town Engineering Department.
  - (c) General Administration including departments other than Chief Mech. Engineer's Office & Technical School.
- (3) Rent on hired building in Calcutta.
- (4) Depreciation on Stores Building & equipment.
- (5) Freight and handling charges not allocable directly.

### **23.10 Work Order System**

A work order system has been introduced for the collection of costs, for the purpose of effective cost control, in addition to the classification of expenditure by the units or cost centres. This work order system has been classified as Production work order and non-production work order.

#### **23.11 Production Work Orders**

These including standing work order for different types of coaches, locos, etc. items manufactured for stock and subsequent issue to production and for spares manufactured for other Railways.

#### **23.12 Non-production work orders**

These are for the collection of indirect expenditure of shops/departments forming cost centre.

#### **23.13 Authority for Manufacture**

After the authorisation of batch order, route cards are issued which are taken as authorities for manufacture of components or assembly thereof. The route cards contain instructions to shops regarding

- (1) Operation to be carried out in the various centres in their sequences.
- (2) The materials and tools to be issued.
- (3) Time required for setting up machines and operations.

The route card bears all relevant particulars as per work order system and classification as also drawing No. of the components. Along with the route card documents like job cards, material requisitions, squad job cards, idle time cards are also sent. Almost all these documents are prepared by the computer on advice from Production Engineer.

#### **23.14 Collection of Cost**

The cost of each batch order is collected shop wise monthly through the following computer printed documents:-

- (1) Labour Sub Ledger.
- (2) Main Sub Ledger.
- (3) Miscellaneous Sub Ledger.
- (4) Workshop General Register.

In Labour Sub Ledger, the cost is booked batch order wise through the evolution of job cards based on the hours taken by the direct workers at the average rate determined quarterly for

each category of workers. The incentive paid to the workers is directly allocated to the jobs. The pre-determined overheads are distributed on the Direct Labour Cost.

In the Stores Sub-Ledger the values of the materials drawn from the depots are allocated to the batch Orders concerned at" the average rates indicated in the priced ledgers. The SOH charges are levied on the Value of direct stores at the predetermined percentage. In the Miscellaneous Sub-Ledger the charges are allocated to Batch Orders/Work Orders shop-wise relating to J.E. transactions, A.M. transactions, direct purchase of materials etc. The charges booked relating to a particular batch order/work order though Labour Sub Ledger, Stores Sub Ledger, Miscellaneous Sub Ledger are compiled in W.G.R. monthly shop wise under the element of cost like labour, Incentive, F OH, A OH, Direct Stores and S OH.

### **23.15 Adjustment of the cost**

As and when coaches, locos etc. after manufacture are despatched to various Railways as per the Boards allotment, the cost of the same at the estimated price as provided in the Budget and Rolling Stock programme is debited to the Railway Board for subsequent adjustment with the allottee Railways concerned. Any difference between the estimated cost and actual cost after the batch orders are closed is also debited to the Railway Board subsequently due making necessary provision in the Budget.

### **23.16 Finalisation of Cost Reports**

After the completion of the manufacture of a batch, completion report is prepared and sent by the Mechanical Department. The batches are closed duly taking into account the expenditure booked upto the month in which the completion report was received. in the cost reports the following proforma charges are also included:-

- (1) Dividend to General Revenues.
- (2) incidence of S.C.toP.F./Gratuity.
- (3) Share of cost of Railway Board etc.

in the completion report the approximate amount of depreciation charges included in the overheads is also included.

The total cost as per the cost reports are compared, with the previous batch cost report, estimated cost, as the case may be, after conducting necessary investigations for the variations in all elements of cost. Then the cost reports are sent to the Railway Board with brief remarks for the variations.

The cost report shows the cost per loco/coach excluding proforma charges as also including proforma charges. The cost of locos is also shown under different elements of cost. The incidence of depreciation per loco/coach is also separately indicated.

### **23.17 Items to be checked (Monthly/Periodically) in Costing Audit Section are as follows:- Monthly items**

1. Workshop Accounts including average rates of wages.
2. Sub -Ledger showing the total labour and stores.
3. On cost.
4. Work Orders.
5. Cost sheet (Current, closed &Assembly)
6. Cost cards (Cost statistics or Cost Note)
7. Estimates-chargeable wholly or partly to  
(i) Capital.

(ii) Other Govt., Public bodies, Worked lines or other bodies.

(iii) D.R. F., D:F.,OLW(R).

(iv) Revenue.

8. Completion Reports.

Quarterly items

1 .Excise duty paid on iron & Steel Products.

2. Average rate of wages.

The average rates fixed by F.A.& C.A.O. are revised and difference adjusted to overheads quarterly. The review of the average rates so fixed by the FA&CAO should be done quarterly with a view to seeing that the rate so fixed are not to bear heavy difference on account of over/under charges absorption. (Authority: C&AG's Secret letter No. 2121-162-RAI/8-8/71 dated 3.7.71)

Half- Yearly Items

1. Work orders.

2. Deposit. Miscellaneous.

3. Half-yearly Progress Report.

Yearly-items

1. Out -turn statement with reference to acceptance of debit and clearance.

2. Workshop Account Current With Schedules.

3. Reconciliation of monthly account current of stores in the sub-Ledgers.

4. Transfer statement of memo (Adj. Vouchers).

5. Advice Notes of returned stores.

6. Manufacturing Accounts of Foundries.

7. Cost of completer loco Foundries.

8. Material spared from work order.

9. Administrative reports and manuals.

10. O.M. & P.O.O. of the Accounts Office.

11. Deposit Misc. (Debt Head Report, Appr. Accounts)

12. Workshop General Register recording Capital under each Work Order.

13. Distribution of on cost among Work Orders.

14. record of Plant and Equipments.

### **23.18 Average Rate of Wages.**

The check is exercised in seeing that the rates were worked out correctly from the Labour Pay Sheets and G.A. Cards and also whether the rates so fixed (on the basis of actual for the proceeding half year) have adequately covered the actual labour charges during the subsequent half year without having any appreciable amount of under or over absorption. It is also to be seen that there exists a system for recollection of the total hours of the shop as recovered in Muster Rolls (G.A. Cards) with that appearing in the job cards. It should be seen that the hours book against the work orders are evaluated correctly and corresponds as close as possible to the actual wages and that the reconciliation of the total hours of the G.A. Cards and job Cards has been made.

### **23.19 Workshop General Register.**

As the labour and stores portion would have been checked during the audit of labour and stores sub-Ledgers these need not be checked again.

### **23.20 Calculation of On cost**

(Departmentalisation of Overheads) There are four types of overheads- (i) Factory, (ii) Administration, (iii) Township and (iv) Stores.

**23.21 Distribution of on cost among work orders**, it should be seen that (i) the rates levied are efficient. (ii) whether the actual indirect expenditure is fully absorbed by the levelled overheads.

**23.22 Transfer Statements or Memo** the adjustment affecting the work orders may arise either through journal vouchers or through adjustment memo. Journal vouchers are audited separately in accordance with the instructions contained in para 386- of RAM. Adjustment memo are prepared for effecting transfer of charges or credit from one W.O. to another for the same department or group of shops on only one side of the account (Debit and minus debit or credit and minus credit). Such adjustments do not affect general books and will not appear as journal vouchers.

### **23.23 Reconciliation of Monthly Account Current of Stores with Sub-Ledgers**

The check prescribed in para 333 of RAM are to be exercised at the time of audit of stores issued vouchers and their tracing into stores sub-Ledgers. The reconciliation of the figures in monthly account current of stores with the sub-Ledgers can also be done at the time of audit of Monthly stores Account Current when it is seen that the total issues to shops are reconciled with the statements of direct and indirect stores issued.

### **23.24 Manufacturing Accounts of Foundries Including Balance Sheets**

In the General Iron Foundry and Brass & White Metal Foundry (which are parts of the Loco Works) as well as the separately set up Steel Foundry, the system of recording of expenditure through work orders is in force. The system of booking of direct and indirect charges is the same as for the Workshop, with some minor changes and all the items of check described earlier the Workshop costing apply to the Foundry Work Orders also. The selection of vouchers/ units etc. should be made as to cover the Foundry Shop/Work Orders as well.

While the labour charges incurred in operations like moulding, core making and fitting are identifiable (Melting) as well as metal (scrap) cost are not so identifiable and are, therefore, booked initially to a standing order and then distributed on weight basis to the different castings by evolving a rate per Kg. of out turn (of melting shops).

The audit check of outturn statements should cover the scrutiny of the log sheets, imprest accounts, issue vouchers etc. to ensure that the cost to the molten metal is arrived at correctly. The standing instructions regarding valuation of the rejected casting and levy of overheads should be properly ensured. The debits from out turn statements should be traced into Workshop General Register in about 10% of the items. It should also be seen that necessary adjustment between the Melting Standing Order and imprest standing order has been carried out for the materials issued out of the imprest.

### **23.25 Route Cards (Loco Works and Steel Foundry)**

It should be seen that quantity on order and manufactured is correct with reference to the prescribed quantity per loco and the labour and material charges are properly documented. It should also be seen that the quantity finally passed is acknowledged by the stores or by the Assembly Shop concerned. The check of bookings of labour and stores to work orders are checked separately during audit of stores and labour sub-Ledgers. Hence at this stage it will be sufficient if a test check is conducted by, tracing a few P. W. Job Cards and issue notes onto the labour and stores tabulations of the relevant months.

**23.26 The functions of the various forms** used in reduction Units are explained in the following paragraphs:- (i) Process Sheet (Scroll copy): The form is compiled by the Planner who first enters the usual information in the different cages on the heading portion of the heading portion of the scroll process sheet from the cost and detail book.

The planner than details the operations required to manufacture the component or the assembly in their due sequence. Against each operation in the appropriate columns he enters the operation number, the number of the departments (shop) and section in which the operation will be performed.

The operation is briefly but precisely stated. The Scroll Process Sheet is checked by the In charge, Processing Section and initialled in token of his approval. It is thereafter forwarded to the Rate Fixing Section. The Rate Fixer fills in the necessary confirmation regarding P.A. & A. T. (preparatory allowance and allowed time) in the appropriate columns. The Scroll Process Sheet, after being initialled by the Chief Rate Fixer in token of his approval, moves to the Adrema Section (Production Control). Adrema Section embosses anrema plates from the scroll process Sheet for subsequent printing of factory forms.

Process Sheet is the basic record. On return from Adrema Section it is filed in the Planning Office Whenever a change in process is decided, it is noted on the back of the relevant Form. Each alteration initialled by the in charge, Processing Section in token of his record. All alterations to process are advised to the Rate Fixing Section and the Adrema Printing Section.

(ii) Process Sheet (Master Copy):- This copy of the Process Sheet is an replica of previously mentioned form. It is a reference copy printed on thicker paper.

(iii) Route Card (Normal Production Work):- This document is the authority for the shops to undertake of the component or assembly for which it is issued.

This is an exact replica of the Process Sheet with adequate space provided for the Inspection Staff to record the result of inspection or checking on completion of each operation. The Route Card is issued by the Production Control (through the Progress Office to the shop initiating manufacture and thereafter it accompanies the material till it is delivered to stores on completions. The Stores Dept acknowledges on the Route Card receipt of the component/assembly sent to the depot from the shops. The shop foreman thereafter passes the Route Card to the Progress Office. The Progress Office sorts out the Route Cards by batches of locomotives and boilers after scrutinising that necessary reference to material requisition and piece work cards have been entered therein and forwards them to the Costing Section of the accounts Office. Normally only one Route Card is issued to the component/assemble required for a batch but in exceptional cases more than one Route Card may be issued splitting up the batch quantities.

(iv) Route -Card (Replacement):- This document is exactly the same as stated in the previous para except that its is confined to replacement work and is of pink colour for easy identification.

This document is issued for the manufacture of components in replacement of rejections on the authority of Inspection Form issued by the inspector. As far as possible replacement orders are issued along with a normal production order for the component so that additional preparatory time otherwise required is save. (v) Job Card (Normal Production Work):- On this card is booked the time worked direct by workman (other than squads) on individual operations. Job Card are printed by the Production Control (Adrema Section) separately for each operation indicated on the Route Card and sent direct to the Shop

concerned simultaneously when the Route Card and other forms are handed over to the Stage Progress Section. When a job is taken up, the operator punches 'ON' (the time of commencement) on the job card with the aid of the time recording click installed in the Time Booth. Similarly when the Job is finished the operator punches 'Off' time on the Job Card. The particulars of ticket number, total time allowed and taken are filled in by the Time both Clerk. On completion of the operation, the job card is passed on the Shop Inspector for certifying the quantity passed on the Job Card under his dated initials and then to Rate Fixer of necessary scrutiny and dated initials in token to the scrutiny. The Job Card is then allotted a serial number by the Time Booth Clerk and passed to the Accounts Office within 48 hours of the completion of the job. In respect of Jobs which remain incomplete during the month, the time put in during the month is transcribed by the Time Booth Clerk on Proceeding Time Card and Proceeding Time Card passed on to the Accounts Office by retaining the original Job Card till it is completed.

(vi) Job Card Replacement):- This form is exactly the Same as for Job Card except that its use is confined to the 'replacement' work and is in pink colour for easy identification.

(vi) Material Requisition:- This form serves as an authority for the shop superintendent to draw raw materials as specified therein for manufacture of components. This form is printed with the aid of Adrema plates and shows all particulars as shown on the top portion of the Route Card. Necessary cages are provided on the reverse of the form for the particulars and value of the material issued. Only one copy is prepared and sent to the stores Department for reservation of material before it is passed on to the shops through Progress Office. The shop superintendent signs the materiel requisition form and the Route Card before surrendering the form to the Stores Depots posts the quantity issued, as mentioned in the form, in the numerical ledgers and further accountal.

(viii) Material Tag:- This form also is printed with the aid of the same Adrema plates with which the top portion of the Route card is printed. The form remains tagged with the material right from the time raw material is drawn till the component/assembly is delivered to the Stores Department, so as to identify the batch to which it relates. It serves as the receipt voucher and is posted in the numerical ledgers in the Stores Account Office. Where part supplies are made, hand written Material Tags are used.

(ix) Workshop Issue Slip:- These forms are issued in block pads to the shop progress and are used for drawal of finished components held in the Stores Depot under stock Suspense. The engine or boiler batch no. for which the material is required is indicated on the form. The form are filled by the Shop Progress Section and signed by the Shop Superintendent. The forms prepared in three copies--one being retained as office copy and two handed over to the Stores Depot of the two copies one is retained as Stores copy and the other forwarded to the Stores Account Office all the three copies shall be signed by DSK/ASK in token Of having issued the material and by the Shop Superintendent as token of having received the material.

(x) inspection Form: These forms are issued In block pads to the Shop Inspectors and are used as follows:-

(i) In the case of jobs requiring rectification the Inspection form in three copies. One copy is retained as Inspector's copy and one handed over to the progress as advance intimation. The third copy is passed on by the Inspector to the Shop Superintendent who after his signature and counter signature of the Works Manager makes it over to the shop progress for arranging necessary rectification order.

(ii) In the case of rejections requiring replacement the Inspector makes five copies of the Inspection Form. One copy is retained by the Inspector and one copy passed on to the Progress Office as an advance Intimation. The three copies shall be passed on to the Shop

Superintendent who after his signature and counter Signature of the Works Manager returns two copies to the Progress and retains one copy for record.

The Shop Superintendent also indicates reference to the relevant Advice Note to Returned Stores on each of the three copies.

The Shop Progress forwards one copy of the Inspection Sheet received from Shop Supdt. to the Production Control Office for the issue of a replacement Work Order and one copy to the Accounts Office. The copy retained by the Shop Superintendent is sent to the Stores Depot along with the necessary Advice Notes of Returned Stores and the rejected material. The Stores Department takes necessary action for the replacement of materials from the supplying firm in case the rejection is due to faulty material supplied by a firm.

(xi) Advice Note of Returned Stores

This form is used for return of rejected materials to Stores. It is prepared by the Shop Supdt. in triplicate of which one copy is forwarded to the Stores Depot with the material, one copy to the Accounts for the forwarding necessary credit and the third is retained for record.

(xii) Material Tag 'Replacement';- The use of the form is confined to replacement work. This is in pink colour for easy identification.

(xiii) Material Requisition 'Replacement';- The use of this form is confined to replacement. It is in pink colour for easy identification.

(xiv) Squad Summary Card;- This Card is used for booking labour on jobs for which a gang of work men is employed. The heading of this card is adrema printed and one such card is issued for each operation. This card is punched 'ON' by the leading hand at the time of starting the job and punches 'Off' by him again on its completion.

(xv) Job Card for Squad Work: This card is used for booking time spent by each to the workmen (including the leading hand) in a gang. When a gang operation is to be taken up, the Supervisor (Charge man of Mistry) fills in the particulars of ticket number, batch number, C & D number and operation number is separate job card for each man. The leading hand punches 'ON' the job card for each man along with the squad summary card and hand over the cards to the Time Booth Clerk. Similarly when the work is completed the leading hand punches 'Off' the job cards for each man in the gang along with the squad summary card.

The Completed job cards are sent to the Accounts Office within 48 hours of completion of the job. (xvi) Proceeding Time Card;- This card is used for indicating time spent on a job during a month which remains incomplete at the end of the month to enable Accounts Office to include time worked by workmen in the accounts for the month. The time booth clerk transcribes on these cards the time put in by each workman in respect of all job cards in progress on the last date of the month. All such cards are given separate serial number and sent to the Accounts Office (Machine Section) by the end of the first week of the following month. The original job cards of squad summary cards remain with the time both clerk till the jobs are completed.

(xvii) Process/Time Alteration:- On completion of investigation into the proposal made by shop foreman this for is issued by the planner or Rate Fixer wherever the alteration suggested is justified and acceptable.

(xviii) Request for investigation;- This form is used whenever the Shop Superintendent desires to have investigation carried out in respect of any process or time laid down in the

process sheet. The submits two copies of the form to the Processing / Rate Fixing Section depending upon the nature of investigation required the forms are required to be signed by the Shop Supdt., personally. Investigation, as required, IS undertaken by the Planner /Rate Fixer and the result recorded on the two copies. One of the copies are forwarded to the Shop superintendent and the other retained in the Office for record.

(xix) Duty Certificate;- In the case of a man going on official duty (and not for his personal work, such as obtaining passes and PTOs etc.) outside the Workshop, he is provided by the Shop Supdt's office with a duty certificate. On presentation of the duty certificate, the time clerk issue a gate pass. When the workman returns to the Shop along with the duty certificate, he is allowed to punch 'ON' his Gate Attendance Card. All Duty Certificates are attested by the Shop Superintendent *I* Assistant Shop Superintendent hen the workman goes out on duty and returns to Shops. The duty certificates are field (in the order of date of return from duty) with the time clerk. The time booth clerk sees that the Work Order to which the period of time covered by the duty certificate is clearly indicated by the Shop Superintendent without which no duty certificate can be entertained for issue of a Gate Pass. In cases when a worker return to the Shop in the same period in which he left for duty no punch 'IN' will be necessary.

(xx) Idle Time Slips: The idle time slips are issued in block pads to the shops whenever any operator is idle for any of the various reasons indicated on the idle time card the and Charge man concerned shall prepare the idle time slip. The operator who has to be idle for the reasons indicated by the Supervision on the idle slip delivers the slip personally to the time booth clerk. The booking of idle time is done on idle time cards. Idle time cards are issued to enable the Charge man to book idle time as and when necessary due to the reason stated on the reverse of the Card. These cards should be scrutinised and countersigned by the Shop Superintendent. The Shop chargemen/Mistries are directly responsible for (a) lack of work, and (b) a lack of tools. For idle time arising out of these two causes, proportionate deductions should be made form the piece work profits earned by the Charge man/Mistry concerned.

(xxi) Suspended Job:- This form is issued in block pads to the shops whenever a job in operation is required to be suspended for any reason. The Sectional Charge man fills In this form and gives it to the operator for presentation to the time booth clerk. On the authority of this form, the time booth clerk gives the relevant job card to the operator for punching "Off" and also permits punching 'ON' In another cark for the next operation to be taken in half as indicated by the Sectional Charge men on Suspended Job Cards.

(xxii) Resumption of Suspended Job.

This form is issued on blank pads to the shops. The sectional charge man shall prepare his form and hand it over to the operator or the head of the gang as the case may be, for presenting to the time booth clerk whenever a suspended job is to be resumed. The time booth clerk shall give the relevant suspended job cards as well as the current job card to the operator for punching 'ON' and 'Off' respectively.

(xxiii) Entrusting job in progress to another operator.

This form is issued in block pads and is prepared by the shop charge man who hands it over to and operator to whom the job is to be entrusted, for presentation to the time booth clerk. The time booth clerk notes down the ticket number of the operator on the job card of the job in progress, and bills time put in by the new operator form day to day till completion. Job in progress shall be entrusted to another operator only when the operator who had previously booked time on the job card is absent or when the job has to be transferred to some other machine for reasons of plant break down or other unavoidable contingencies. In the case of squad work, a separate" Job card for squad work is opened by the charge man and the leading

hand presents this card duly punched 'on' along with form" Entrusting job in progress to another operator" at the time booth. The time booth clerk shall attach this card to the "Squad Summary Card" concerned.

(xxiv) Gate Attendance Cards and job required for night shift.

this form is issued in block pads to the shops and is used only when there is no time booth clerk on night shift duty. The shop charge man supervising the night shift fills up this form giving details of all the jobs to be done by the night shift staff and obtains from the time booth the Gate Attendance Cards and Job Cards (normal production work) of the operators concerned.

The charge man opens Job Card (normal production work) and Job card for Squad Work" of all the operators who have to start work during night shift and after punching 'ON' by the operators shall connect relevant" Job Card for Squad Work" of all the operators have to start work during night shift and after due punching 'ON' by the operators shall connect relevant "job Card for Squad Work" to the Squad Summary Cards". The Squad summary cards and Job card (normal production work) shall be punched 'ON' only in case jobs started in the night for the first time and in the case of resumption of suspended jobs. On completion of the shift all the Squad summary cards and Job cards (normal production work) along with the Gate Attendance cards duty punched shall be put in the overtime box by the charge man. The time booth clerk shall, on the following morning post time put in job card with reference to the attendance punched on the corresponding job card. The Squad summary cards, Job cards for squad work and Job cards (normal production work) complete during the night shift shall be punched 'Off' by the leading heads / operators and the letters 'NS' will be insisted against the T.No. on the squad summary card and Job cards (normal production work) to distinguish night shift from day shift. (xxv) Essential indirect workers.

Blank cards are issued to the shops for booking of time of all essential indirect workers. The sectional charge man fills in the work order number and category of the staff etc. and authorises punching 'ON' these cards at the beginning of the month. The cards are punched 'Off' at the end of the month and reconciled by the time booth clerk with the respective G.A. cards.

(xxvi) Idle Time Cards.

**23.27 Standing Work Order for Manufacture of Locomotives & Boilers Coaches etc.**

The election of locomotives, coaches and manufacture of all wholly should manufacture components of the engine/coaches and tender are undertaken on Standing Work Order (SWO) No. suffixed by order and batch no. The assembly of boilers and manufacture of all whole shop manufactured components of boilers are undertaken Standing Work Order suffixed by order a batch no. The manufacture of all balancing items (i.e., party manufactured and party purchased) on engine tender and boiler which are borne under stores suspense is taken up on SWO suffixed by order and batch no. When the materials manufactured under SWO are deposited in stores suspense, credit is afforded to the SWO at the priced list rates. The balance left under the SWO represents under and over charges for manufacture for the batch and adjusted against the cost of the batch.

**23.28 Reconciliation between Financial and Cost Accounts (compiled Accounts of Workshop manufacture Suspense)**

In the General Books, the expenditure incurred on the manufacturing operations and other works incidental thereto is debited, and the cost of locomotive, boilers, spare parts etc. supplied to Railways and recovered made on account of work done for other Govt. Departments outsiders etc. is credited to Capital to Capital IX-9600 Workshop Suspense.

A monthly reconciliation is effected between this Suspense Account in the General Books and the monthly account current.

### **23.29 Reconciliation of compiled Accounts of Workshop Manufacture Suspense with the General Books.**

The procedure followed for the reconciliation of the compiled account of Workshop Manufacture Suspense with that of The General Books is as follows:-

(a) Transactions are included in the Workshop Manufacture Suspense Account through (i) Cash (ii) journal Slip and (iii) Adjustment Memo Transaction made through cash either payment or receipt and journal slip debit or credit are required to be included both in the compiled accounts and the General Books (except in cases where journal slip are made for adjusting discrepancies in the General Books. The transactions through adjustment memo made for adjustments between one work order and another for the same department or group of shop are only one side of the account viz. debit or credit. In other words, adjustment through adjustment memo are made between shops and within individual departments as debit and contra minus debit or credit and contra minus credit. For these reasons such adjustment do not affect the General Books and therefore, adjustment memo are not included in the General Books.

(b) The tabulations for each transaction paid voucher and cash receipt show the amount by each C.O.7 and C.R. allocated to WMS Account which have been included in the compiled accounts. The C.O.7s and C.R.s are summarised by the Books and Budget Section daily on the basis of which the journal for different accounts are posted. These two sets of figures in the tabulations and the daily summaries are reconciled separately for debit and credit side of the account and discrepancies, if any, are noted down. When reconciliation is completed for the whole month, the total transactions on the two sets of records are reconciled after taking the discrepancies into account. The vouchers when discrepancies are noticed are refd. to see as to which set of records is correct with a view to carrying out necessary adjustment either in the compiled account of the General Books.

(c) Similarly, the tabulations for journal slips show the accounts allocated to WMS account by individual journal slips which are included in the compiled Section. In the journal compiled by the Books and Budget Section, the amounts are posted by individual journal slips. These amounts as appearing in the sets of records are compared separately for debit and credit and discrepancies are noted. When the comparison is completed for the whole month the total amounts of the journal slips in the two sets in the two sets of records are reconciled after taking into accounts the discrepancies. The journal slips, when the discrepancies have been noticed, are referred to see as to which set of records in incorrect with a view to carrying out necessary adjustment either in the compiled accounts or the General Books as the case may be.

(d) The items of discrepancies noted in respect of cash and journal slip transactions are summarised in a statement, quoting references, to the vouchers, C.O.7 and cash receipts, so as to indicate the amount of discrepancies on columns (1) more on compiled accounts and (2) less in compiled accounts. Suitable remarks are given against each entry to indicate how discrepancies for the month, also shows the unadjusted discrepancies upto the previous month under the respective columns. The net amount of the two cols. is struck which represents the difference between the accounts and the General Books up to the accounts for the month under reconciliation. The closing balances as per the compiled accounts and the General Books and the difference between two are shown in the statement. The amount of difference is the same as the net total of the two columns "more on compiled accounts" and "less in compiled accounts."

(e) The discrepancy statement as also the subsidiary register showing the balances as per the compiled accounts and the General Books together with the difference between the two accounts are put up to the Accounts Officer for signature duly verified and attested by the Accountant of the Books Section.

### **23.30 Reconciliation of Cost Accounts with the Financial Accounts:**

The procedure for the reconciliation of the compiled accounts of the Workshop Manufacture Suspense with that of the General Books is as follows. Separate folios are maintained for each work order in the Workshop General Registers in which monthly charges are posted and progressive totals are struck. This Workshop General Register, therefore, represents ipso facto, the cost account which are reconciled monthly with the financial accounts. Charges incurred for a batch are tabulated by groups and assemblies separately from punched cards and that the totals of groups and assemblies are reconciled with batch totals. The charges for the batch are posted in the Workshop General Register and those for the groups and assemblies in separate cost sheets, under different elements of costs and direct man-hours.

The monthly figures posted for groups and assemblies for batch under different elements of costs and direct man hours as also the total cost are reconciled with the corresponding figures available by batches in the Workshop General Registers and discrepancies, if any are set right.

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## Chapter -XXIV

### Information System Audit

#### **24.1 Introduction:-**

To cope with the increasing need and growing use of computer in various fields of Railways for both types of job, adminisative and technical, the approach methodology, technique and system of audit are required to be modified in such a way that all the special features and factors causing radical difference between the 'manual' and 'computerised' system can be audited in the most competent way, keeping the basic concepts, principles and characteristics of audit unaltered. Thus why EDP Audit has been introduced.

The main factors necessitating the change are the following difference in the essential features of a computerised system from those of a manual systems.

Natural System Computerised System i) Organisation's systems are directly

#### **24.2 Control:-**

Control of computer system is a very important factor. Use of computer facilities has brought about radically different way of processing, recording and controlling information as well as had combined many previously separated functions and at the same time the potential for material system error has thereby greatly increased causing great costs to organisations e.g. the highly repetitive nature of many computer applications means that small error may lead to large losses. An error in calculation of Annual General Provident Fund interest to be paid by employees in a manual system will not occur in each case but once an error is introduced in a computerised system, it will affect each case. Thus why it is imperative for the auditor to test the irrisible process, and the controls embodies in them within the computer.

Besides being economical, computer systems are efficient and achieve results accurately and at great speed if they work the way they are designed to. The systems have controls provided to ensure that but the controls have to be effective. The most important work of an auditor is to see that not only adequate controls exist, which are of great value of a computerised system, but they also work efficiently to ensure results. It should be kept in mind that controls should be commensurate with the environment in which the systems operate striking a balance between control and efficiency, risk and cost. Significance of controls in a computerised system is for several reasons notable among them being-

- i) wrong selection of computer hardware/software etc. and inefficient development process may result in very expensive and time consuming process to make it work effectively; .
- ii) data loss due to file damages, data corruption or manipulation, fire, burglary, power failure or fluctuations, vergers etc. can put the organisation in tight spot;
- iii) error in software can cause manifold damages as one transaction in a computer system may affect data everywhere; ,
- iv) computer abuses like fraud, vengeance, negligent use etc. is a great potential danger and
- v) absence of audit trails etc. make it difficult for an auditor to ensure efficient and affective functioning of a computerised systems.

The objectives of controls do not change with many of the financial controls being computerised and new technical computer controls added to achieve the control objectives, Typical control objectives within a Govt. Data Processing (DP) function may be to ensure:-

- a) provision of effective organisation control over functions;
- b) effective management control over development of Data Processing (OP) resources in accordance with organisational objectives ;
- c) practices related to D.P. activities in accordance with statutory requirements and laid down administrative procedures ;
- d) formulation of an adherence to policies standards and procedures for all functions related to DP and e) efficiency and effectiveness of the DP system towards achievement of its desired objectives.

#### **24.2.1. Classification of Control:**

Controls keeping in mind the purpose that the control serve may be as follows:- (A) Authorisation Controls -the controls which help to verify the identity and authority of the person authorised to use the computer facilities. Some of the examples are password, signatures, plastic cards, cryptographic, system etc. These controls ensure that only an authorised person has access to the facilities and their use to enter or alter transactions and to take information from the systems. There are methods by which the person may be authorised for access to some files or information and denial to others. Levels of authorisation from person to person will vary.

(B) Accuracy Controls -These Controls help to ensure correctness of data and accuracy of processing and operations in the systems. The accuracy controls for data input may be in the form of in built checks of acceptance or otherwise of some types of figures, provision of control totals, verification of type or alphabetic data etc., which may be achieved through data code controls, style and design, batch controls, data entry evaluation etc.

(C) Completeness Controls -These controls aim at verifying that the transactions are complete. For example, the accounts software would refuse to accept the transactions without a data or an account head etc.

(D) Existence Controls -These are intended to ensure the existence of necessary resources of the system. Vis. controls are needed to ensure manual verification of the data entered, to ensure adequate and proper backing up procedures etc.

In evaluating the controls, key controls -whose absence would have a material impact on the achievement of overall control objectives are to be identified and compliance tests performed on these. At the same time, control deficiencies which are critical weakness in the system are also to be identified for substantive testing. The analysis of any compliance deviations and control deficiencies would be the next step involving :-

- i) Identification of the specific consequence of all weaknesses;
- ii) consideration of the impact of any general compensating controls; iii) determining whether of not a material error could occur and iv) description of a practical recommendation for improvement.

#### **24.3 Process of computerisation :**

The establishment and functioning of a computerised system involve the processes as detailed below:

#### **24.3.1 Acquisition –**

An organisation should plan for computerised systems according to a laid down EDP policy and a strategic plan for provision of EDP services, which should take into account organisational, environmental and technological changes likely to occur within a timeframe, say of three to five years. Highly coordinated effort is required for the process of acquiring computers and systems. Otherwise there is a danger of uncontrolled proliferation of computers and lack of user awareness of services available.

#### **24.3.2 Development-**

System analysis and design is very important, as smooth functioning of the computerised system will depend on how well this process is gone through. System has to be designed to meet the requirements efficiently and effectively. It should be well documented and flexible enough to accommodate necessary changes from time to time.

#### **24.3.3 Operation and Maintenance-**

Operation of a system means currently performing functions to meet the organisational needs while maintenance involves changes or adjustments or modification to keep the system functional and capable of delivering needed results from time to time.

#### **24.3.4 Replacement-**

Replacement involves acquisition and/or development as well as operational aspects.  
28.4 Introduction to EDP Audit:-

EDP audit is part of comprehensive audit of an organisation. EDP audit principles are the same as those which govern all other spheres of audit. The difference is only in the application of these principles. While computerisation is often viewed in the application of these principles. While computerisation is often viewed in terms of change in the way things are done, an automated system does not necessarily require any new ideas. An automated system simply applies the processing abilities of a computer to the task. By using the computer, the limitation of human processing abilities are eliminated. With proper systems design, the tasks can be performed in much the same manner but more efficiently by using the computer as a processing tool. Computer do not alter the basic concepts or objectives of system controls. However, the technique and points of controls must be adopted to the changing conditions and responsibilities of an EDP environment.

### **24.4 Auditing of EDP Systems.**

#### **24.4.1 Basic objectives of the audit of EDP systems include evaluating.**

- acquisition and installation of the computer and computer system.
- System effectiveness.
- System economy and efficiency.
- Data integrity.
- System security and
- Compliance of system related activities with laws, regulations and guidelines.

#### **24.4.2 EDP Audit Objectives:**

- to review whether computer based systems incorporate adequate procedural controls and these are not invalidated by subsequent amendments.
- to review the adequacy of controls governing development and most maintenance of computerised systems.
- to review the adequacy of administrative and organisational controls which ensures safe and expedient day to day operation of the installation.
- to review the acquisition of computer facilities and

-to review the use of resources and to appraise and report on waste and extravagance and Inefficient administration or poor value of money.

Therefore, it is necessary for an auditor to identify specifically

- a) the method of documentation;
- b) the change in procedure;
- c) the step in audit process and the detailed checks which have rendered impracticable inoperative and redundant.

#### **24.4.3 The audit objective can be covered under seven functional headings:-**

- 1) Audit review of planning and acquisition of EDP facilities and use of resources.
- 2) Audit Review of installation controls.
- 3) Audit review of systems under development.
- 4) Audit review of production systems.
- 5) Audit review of data base system.
- 6) Audit review of micro computer system/office automation.
- 7) EDP audit techniques.

The extent and scope of EDP audit under the above headings will depend upon the state of development of computer organisation and more importantly, technical experital expertise of the audit personnel. (EDP Audit Guide -New Audit Guide Series No.1)

#### **24.4.4 EDP Audit:**

The overall work of computer auditing, therefore may be divided into:

- ascertaining the system and reviewing the organizational and operational controls of the computer department
- ascertaining and reviewing application system which are under development or being run.
- carrying out audits of live data and results for systems in use
- carrying out efficiency and effectiveness audit.

While the responsibility for designing, implementing and operating accurate, reliable and ensure computer systems of all types rests with the computer management the auditor can provide the computer manager with an independent evaluation of procedures and systems. Care must be taken to ensure that auditor does not assume management responsibilities, become involved in the design stages or loss the ability to make an independent and critical review. Nevertheless, the auditor should be aware of all systems developments which are likely to have significant impact on the audit process, and should consider providing specific comments on the followings:

- internal controls in the light of weaknesses noted in the existing systems and
- audit needs such as date retention, retrieval facilities and audit trail.

The auditor is usually involved in ensuring that adequate controls are incorporated into the system for audit purposes.

Organisational and operational controls should provide a secure environment In which to develop, maintain and operate computer-based system, and should incorporate followings

- provision of a secure and orderly processing environment
- prevention of detection of unauthorised access
- ability, in the event of equipment failure, to ensure reconstruction of lost data and to provide continually of processing for critical functions application control requirements cover

documentation standards, input controls processing controls, output controls and audit requirements. Thus application controls should ensure that

- all and only valid data are authorised for input
- the input processing and output of data is complete and accurate the system files are securely held and accurately maintained there Is an adequate audit trail to facilitate the tracing of any given transaction backwards through the processing cycle, and
- the linking of computer records and output documents to associated Input During the early stages of computerisation, when batch processing was widely carried by the use of input documents and output printouts which were compared with pre-calculated results. This type of audit is termed 'audit around the computer' because it looks at the inputs and outputs of the systems without any consideration of the processing done by the computer. Various techniques have since been developed for carrying out audits of live data and the results of computerised systems 'through the computer'. These Computer Assisted Audit Techniques (CAAT) can be broadly categorised as -CAAT programmes, and -test date techniques CAAT programmes are used for substantive testing of computer processing, by providing the facility to read computer files and perform selective test through
  - statistical selection of records
  - summarisation and *for* stratification of data files
  - selection of key items
  - mathematical calculations

Test data techniques are used for basic compliance testing of the applications system through test decks, which can be destined so that each transaction test some aspect of a critical field particularly testing marginal values.

#### **24.5 Preliminary evaluation**

First set in audit should be preliminary evaluation of the computer systems covering:

- how is the computer function organised
- use of computer hardware and softwares
- applications processed by the computer and their relative significance to the organisation and
- methods and procedures laid down for implementation of new applications or revision to existing applications.

In course of preliminary evaluation auditor should ascertain the level of control awareness on the auditee organisation and existence (or non-existence) of control standards. The preliminary evaluation should identify potential key controls and any serious key control weaknesses. For each control objective the auditor should state whether or not the objective has been achieved; if not he should assess the significance of the control deficiencies and decide on any necessary consequential action.

Preliminary evaluation of all new applications and installations should be carried out during the first year that the application installation operators. In doing this the author should also examine the controls on both the testing of the new application and the transfer of data to it. There after preliminary evaluation may be carried out over 3-4 years. In the intervening years the auditor should review the situation briefly to establish whether changes have been made sufficient to warrant a fresh preliminary evaluation.

(It may be noted that application controls should not be valued in isolation as poor isolation as poor installation and development controls may undermine their installations using small mini and micro computers it strong application controls may possibly offset weak operation and maintenance controls but reverse will never be true.)

## **24.6 Audit of use of computer facilities:**

The auditor has to apprise and report upon waste extravagance, inefficient administration or poor value for money as far as use of computer facilities are concerned. While the responsibility for effective and efficient use of all resources rests with the auditee organisations it is the auditor's job to satisfy himself that the procedures laid down are adequate to make proper use of hardware, software staff and data; maximising the benefits and minimising the cost; and satisfying users by providing effective and sufficient applications. Failure to complete the projects in estimated time scale, poor jobs, inadequately defined standards, insufficient monitoring to optimistic forecast. Too little users; participation and excess costs of new system development are some of the areas requiring auditors' attention.

The following aspects should be reviewed in consultation with the computer management:

- often smaller applications are computerised without a cost justification exercise mainly because there is surplus computing power;
- increasing the productivity of the existing computer facilities by making better use of staff resources through well-defined functional distribution should be considered as an alternative to increase staffing level;
- computing resources of an organisation is not just the hardware installed commence can, therefore, be increased more effectively by improving contribution from these factors rather than acquiring more equipment.

## **24.7 Audit of acquisition:**

Generally the acquisition of computer facilities involves the following stages:-

- definition of a computer policy and strategy (evolution of organisational requirements and the ways and means of satisfying them);
- establishing need;
- a thorough examination and evaluation of the alternative course of action available;
- specifying precisely the requirements (delineation existing and future application, hardware, software, modes of operations. conditions of supply etc.);
- evaluating the alternative sources of supply and selecting the most appropriate source(s) and
- physically acquiring the facilities and the systems.

Often these stages tend to overlap or merge imperceptibly into one another. Acquisition of computer facilities may include:

- acquisition of hardware involving,
  - i) Introduction of a completely new Installation,
  - ii) enhancement of central processor.
  - iii) enhancement of peripherals.
  - iv) addition replacement of a specific equipment and
  - v) introduction of small computers.
- acquisition of software involving ,
  - i) general software associated with changes in hardware (a new operating system)
  - ii) specific purpose software and
  - iii) off the shelf application software.

### **24.7.1 Review the adequacy:**

The auditor has to review the adequacy of administrative procedures and controls used by the auditee organisation when considering and deciding upon the acquisition of computers facilities. For this purpose he has to see that:

- a sound administrative structure to produce a proper analysis of the requirement of computer facilities.

- the acquisition procedure are effective in producing a viable computing policy and strategy and
- the process of evaluation and selection ensure that the requirements of the organisation are not in the most effective and effecting way - sufficient and adequate disposal.

#### **24.7.2 Areas of attention:**

The auditor should direct his attention to the following areas

- ...EDP policy and strategies plan;
- ...administrative structure;
- ...feasibility study/project report containing proposals, costs and benefits; ...equipment selection ;
- ..justification for hardware and software
- ...installation of equipment and adequacy of testing and
- ...post implementation review and costs,

During the survey stags of feasibility study the forms lobs completed by an auditor of office of the Auditor General f Canada are shown in Appendix .'A' containing Forms A-I to A-6 on (i) EDP Facility Profile, (ii)Application System in Production, (iii) Application system in development (iv) Overall EDP & Programme costs (v) Internal Audit of EDP Questionnaire respectively, as an example.

Feasibility study report should over, points like clear, statement of objectives, existing arrangements alternative solutions, financial implementation and schedule of implementation. In case of equipment selection points are to be borne in mind

...specifications of requirements for acquisition, enhancement or replacement of computing facilities are stated concisely and precisely (as they form the basis for potential suppliers)

...both technical and commercial aspects of the proposal are valued according to slandered contracting procedures and

...procurement action is taken after ensuring that the suppliers offers meet the requirements of the specifications by taking into account inter alia (i) technology options available at the time of procurement (ii) extent of built in observance a useful life of the asset (iii) incidental cost which could eventually be of sufficient magnitude besides Hardware and Software costs and (iv) future development plan of the potential suppliers in terms of expandability upgraduality etc.

#### **24.8 Duty of development**

Since the underlying purpose of acquition and development (designing, building or modifying) is the same the audit concerns relating to acquit ion, viz., planning, requirements definition, analysis of alternative and justification for the selected approach are equally important in the review of systems development. Broadly stated the audit objective of system development controls is to ascertain that procedures are adequate to ensure that the development results in well documented computer system. Incorporating adequate controls and meeting properly defined user requirements in an efficient manner.

There is also a need to examine, the system testing and data transfer procedure as inadequate system testing before line operation of a system which may not correctly process and record transaction and

...inadequate data transfer procedures may result in the relevant records being inaccurate and incompletely transferred from the old system to the new system.

System development audit can be categorised into three general classes

...monitoring audits in which the auditor evaluates the project throughout the process to determine whether development is proceeding effectively e.g. whether milestones are being met, expenditure rates are predicted, high quality documentation is being written, software conforms to establish technical standards, test are being conducted as scheduled or evaluated as planned ;

--design review audits, in which the objective to determine whether the preliminary and detailed designs accurately reflect the functional data and systems specifications, and incorporate adequate motorman controls and

--post implementation audits, performed three to six months after ,the system because operational, serve to evaluate whether the system meets requirements, is cost-effective and generally provides benefits predicted in projected in project planning documents

Where systems development is entrusted to contractors, the contract and it management become Important audit concerns,

#### **24.9 Association of audit in systems development-**

The ultimate responsibility for incorporating internal controls and adequate trail into computer-based systems must rest with the auditee. The auditor therefore does not need to provide, as a matter of policy, and consultancy advice on developing system. None the less, audit should be aware of developments which are likely to have significant impact on his audit, At an early stage in the design process of a new system, auditor should consider providing the audit. with specific comment on:

--internal control in the light of weaknesses Identified in the existing system.

--audit need such as data retention or retrieval facilities and audit trail requirements and

--any requirement which might enable his to carry out his audit or improve its efficiency and effectiveness While the auditor should be cautious enough not to be drawn into an unproductive involvement in system development, the points that he should examine are the following:

--whether a published standard methodology is being used for designing and developing systems --whether there is a common understanding by all parties-users, system. Analysis management and auditors of the basic structure of both manual and computer processing activities as well as of the concepts and needs for control and of the applicable control techniques. This understanding must be reached first at a non -technical, user level

--Who authorises EDP applications development user or steering committee or management

--Whether the system development work was preceded by feasibility study to determine the most appropriate solutions to standard problems

--Whether there is adequate cross reference between the following stages: content and format of preliminary studies, feasibility studies,

system specifications, program coding

--Whether project management techniques are applied in system development work-that is to say, are there project decision milestones, time and cost estimates so that progress could be monitored against estimates

--Whether programming standards using modular, structured methodology are being adhered to in coding

--Whether existing in house or external available application packages were considered deciding upon new in-house application development

#### **24.10 Audit of operation and maintenance:**

The audit has to review the internal control which are essential for proper operation and maintenance. Some of the operation and maintenance controls fall In the category of environmental or general controls' relating to the whole set of computer facilities while others called 'application controls' relates to the individual application systems.

#### **24.10.1 The overall audit objective:**

The overall audit objective in reviewing the General controls is to ensure that the controls and procedures are adequate to provide secure, effective and efficient day-to-day operation of the computer facilities. The control and procedures which together from the general controls can be grouped as under:

- .Organisational control
- .Operation and file control
- .System and programme Amendment control
- .Environmental control
- .Recovery and stand by control

Organisational control ensure that (1) there is judicious operation of duties to reduce the risk of employees fraud or sabotage by limiting the scope of authority or any individual,(2) there are comprehensive written standards and (3) access to and use of computer terminals is properly authorised.

The authorisation control helps to verify the identity and authority of the person desiring a procedure or an operation. This control is exercised through use of passwords, signature plastic cards, cryptographic system etc. Operation and file control are meant to ensure safeguarding the computer and computer files from unauthorised access, loss of theft, controls relating to reception, conversion and processing of data and distribution of the final output promote the completeness and reliability of the this operation and safeguard against the unauthorised data of programmes. File controls and procedures adequately safeguard and software against lost, misuse, theft, damage, unauthorised disclosure and accidental or deliberate corruption.

As the computer provides a means of holding, assessing and amending information, it is imperative that its use is controlled. It should have a definite schedule of work that is authorised to run on it and restrictions should be placed on the number and type of staff allowed access to it. Also, computer files are records of an organisation which have to be well safeguarded.

System and programme Amendment controls are to ensure that all system and programme amendments are satisfactorily justified, authorised, documented and tested. Also, an audit trail, of changes has to be maintained. In the absence of these controls, data can be manipulated by computer and other staff. Environmental controls are to ensure that staff computer equipment and applications, data and documentation are protected against accidental or deliberate damage.

Recovery and stand by controls are for ensuring that data can be reconstituted after file loss or corruption and providing continuity of secure operating in the event of equipment failure. Disaster recovery plans have to be understood by the staff responsible for their implementation.

The following points should be covered while reviewing these controls:

--obtain a list of hardware including computer ancillary and terminal equipment in use indicating modal, performance details and check the existence of this equipment; obtain an organisational chart which is up- to-date and see how the computer fills into the overall organisation;

--obtain an up-to-date staff organisation chart of the computer department showing the relative responsibilities and authorities and note any changes on review;

--obtain job specification (rolls definition) for senior computer staff and supervision of the ancillary section and note any changes; obtained the details of standards and norms fixed for each of the functioning like data control, data preparation, system-operation and verify their implementation;

(i) Computer utilisation per shift in terms of CPU (Central Processing Unit) and peripheral use;

(ii) Key depression per shift per date entry operator and error allowance;

(iii) Document standards and controls batching balancing and sequencing;

(iv) Run to run controls maintained by system operators;

(v) whether manuals are maintained and kept up-to-date specifying the control procedures and whether they are enforced in practice -though a 'test check'.

-obtain and verify existence of the following terminal controls to protect data and system integrity;

i) physical access controls to terminal rooms;

ii) software controls through pass work protection and user directories;

iii) logging of terminal activities by all users.

-obtain details of security measures, both physical and system, for check and review of the following:

i) adequacy of protection of hardware and software against risk of the fire (fire prevention steps and fire fighting arrangement);

ii) maintenance of hardware and system software;

iii) air conditioning and protection against possible recitations, vibrations;

Iv) possible industrial action, malicious action by programmes, operators, input-output staff (discontent among computer operating staff);

v) security awareness and training provided to all employees;

vi) emergency shut-down procedures in case of power failures;

vii) safe custody of software and data files and type library;

viii) adequacy of back-up files (offsite storage included);

Ix) operator access to program files and data;

x) procedures for reconstructing files in the event of lese or disk errors/ tape errors (contingency plans);

xi) computer equipment back-up through the use of compatible equipment at other dispersed other dispersed sites;

xii) computer room should be off limits to all except systems operators, hardware engineers and

xiii) insurances of the installation to cover possible risk.

#### **24.10.2 Application controls complement the general controls:**

In making information systems achieve their objectives. These controls govern the processing of transactions and standing data within systems by ensuring that (1) all and only valid data are authorised for input; (2) the input, processing and output of data are complete are accurate and (3) the system files are securely held and accurately maintained.

Before getting on evaluating of application controls, it will be necessary for an auditor to secure a reasonable understanding of the system. For this purpose, a brief description of the application should be prepared; Indicating the major transactions;

-describing the transaction flow and main output;

-indicating the transaction flow and main output;

--indicating the major files maintained and;

-providing approximate figures for transaction volumes.

### **24.10.3 Application control requirement:**

Application Control requirement may be divided into:

- .Documentation standards
- .Input control
- . processing control
- .Output control
- .Master/Standing Date File control
- .Audit requirements.

#### **24.10.3.1 Documentation standards:**

Documentation standards ensure that adequate and up-to-date system documentation is maintained. Careful updating of documentation is also important.

(Auditor will find documentation helpful as an aid to understanding the system but he must be careful to ensure that it is up-to date- before using it). There should be standards to ensure that:

- system documentation is sufficiently comprehensive.
- documentation is updated to reflect system amendment and
- a back-up copy of the documentation is held.

Without good documentation, it will be difficult to assure that controls will operate on continuous basis and there will be greater likelihood of error.

#### **24.10.3.2. Input control's objective:**

Input Control's objective is to ensure that the procedures and controls reasonable guarantee that (1) the date received for processing are genuine, complete, not previously processed, accurate and properly authorised and (2) data are entered accurately and without duplication.

Input control is extremely important as the most important source of error or fraud computerised systems is incorrect or fraudulent input. Controls over input are vital to the integrity of the system. The controls that the auditor should like to see are :

- all prime input, including changes to standing data, is appropriately authorised.
- for on-line systems, the ability to enter data from a terminal is adequately restricted and controlled.
- there is a method to prevent and detect duplicating processing of a soured document,
- all authorised input has been submitted or, in an on-line system transmitted and
- there are procedures for ensuring correction and resubmission of rejected data.

#### **24.10.3.3 Processing Controls:**

Processing controls ensure complete and accurate processing of input and generated data. This objective is achieved by providing controls for:

- adequately validating input and generated data.
- processing correct files ( and generations) ,
- detecting and rejecting errors during processing and referring them back to the originators for re-processing.

Proper transfer of data from one processing stage to another and

-checking control totals established prior to processing) during or after processing.

It may be noted that weakness in processing may sometimes be compensated by strong controls over output.

#### **24.10.3.4 Output controls:**

- Output controls ensure that all output is;
- produced and distributed on time
- fully reconciled with pre-input control parameters.
- physically controlled at all times, depending on the confidentiality of the document and
- ensure and exceptions are properly investigated and acted upon.

A well-controlled system for input and processing is likely to be completely undersigned if output is uncontrolled. Reconciliation carried out at the end of the output stage can provide considerable assurance over the completeness and accuracy of earlier stage in the complete cycle.

#### **24.10.3.5 Master / Standing Data File Control :**

Master/ Standing Data File control are meant for integrity and accuracy of Master Files and Standing Data. These have to ensure that:

- amendments to standing data are properly authorised and controlled,
- integrity of Master and Standing Files is verified by checking control totals and periodic reconciliation with independently held records.
- special emended facilities are properly recorded in and then used controlled by management authorisation and subsequent review and
- physical and logical access to application data files are restricted and controlled. Accuracy of data on Master and Standing files is of vital importance to the auditor.

**24.10.3.6 Audit requirements:** Audit requirements have to be provided to ensure that the system can be audited in an effective and efficient manner. Audit trail has to be maintained tenable trading of an item from input through to its final resting place and break up a result into its constituent parts. (Auditors may have to use audit software or test data for the efficient execution of their audit. They have, therefore to be granted reasonable requests for access to copies of system data files, report generators and processing time.

Before considering the audit requirements for a system being developed, the auditor should have a knowledge of the currently existing system and should keep in mind:

- Weakness in the current system affecting the audit approach,
  - features in the existing system which are relied on to provide an effective audit that should be retained.
  - Additional facilities not correctly provided which would assist the audit of the new system.
- Audit of an application system which is operational involves verification of input/output controls, processing controls and audit trail. Testimonial evidence may be obtained through the following questionnaire in the course of audit to come to a reasonable conclusion regarding existence of controls and adequacy:
- Whether the data processed are genuine, complete, accurate and not provisional?
  - Whether expected output is produced and distributed on time?
  - whether application programme process data as intended and accurately?
  - whether a complete audit trail is available tracing back a transaction from the final result to the initial input?

---whether the data and changes to it are authorised by appropriate authority both in the user and computer departments

---whether schedules for receipt of input data are mentioned and what is the extent of compliance?

---Whether the application system provides for the following programmed controls :

---Check of missing duplicate transactions; e.g.

---Check for continuity of goods invoice numbers issued by a situation for missing numbers.

---The monthly treasury transactions are rejected if they do not have valid heads of account as given in the budget master. The rejected items are kept under suspense and control totals along with valid transactions tallied with the cash account and list of payments.

---Rejection of issue notes in a stores accounting system due to want of balances.

---Input validation for date purification (alphanumeric checks to conform to data types) ; e.g.'

---Personal identity number should be numeric.

--Station name field is alphabetic (depends on system requirements ).

Limit / Range Checks: e.g.

---The transaction type in a financial accounting system (expressed in terms of rupees) , should not have values less than 1 or greater than 6.

---The maximum basic pay cannot exceed Rs. 9000/- per month.(pre-revised)

---The code for treasury alone for any State should have values not exceeding two digits.

.Overflow checks; e.g.

---If the field length for withdrawal/ advances in a PF system is 5 digits and there is a valid debit transaction with 6 digits, the high order digit gets truncated, i.e. I the debit will be recorded b-V one digit less.

---In arithmetic operations like weight multiplied by rate to give freight if adequate field length is not provided for 'freight' the transaction will be incorrectly recorded as it will be confined to the field length.

.Some fields should not be blanks or zeros I mandatory fields ); e.g.,

---In a leave accounting system, the leave type cop de cannot be left blank since the entire transaction will be invalid without this.

---A treasury transaction should indicate in the relevant fields whether it is voted/charged, plan/non-plan, and not be left blank.

.Check digits; e.g.

.--In a pay roll system, the account number, which is a control field to identify an employee, has 8 built-in check digit. The programme works out the check digit on the basis of the account number input and verifies the correctness of check digit given. If the check digits do not tally, then the account number is wrongly entered (May be a transposition error).

---The station code in the freight accounting system in the Railways has a check digit to detect data entry errors this code.

---compatibility checks; e.g., if that transaction type is for official receipts in a financial accounting system, the amount cannot normally be a negative value.

.Exception condition Check; e.g. the amount column in a treasury transaction for a month has a value greater than the budget for a quarter.

.Total for 8 batch/lot; e.g. the batch total for a major head under treasury Is worked out on the computer and tallied with the total given In the schedule of payments /receipts for that batch It has to ensure complete accounting of transactions in a batch).

.Record totals and 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.

---Whether output reports are test-checked before, being distributed to the user department and the output is produced in accordance with prescribed schedule.

#### **24.10.3.7. Conducting EDP application audit- Audit Trail:**

Objective of audit trail is to obtain sufficient evidential matter regarding the reliability and integrity of the application system. To achieve this, the audit trail should contain enough information to allow management, the auditor and user.

---to recreate processing action;

---to verify summary totals and

---to trace the sources of error and abuse.

---the audit trail should include the following information :

---system information including start up time atop time, restarts, recovery etc.

--Transaction information including input items which change the date-base, control totals and rejected in terms relevant to data-base applications.)

--Communication information including terminal log-on off password use security violation, network changes and transmission statistics(relevant transaction processing (TP) Applications)  
In a computer system, the audit trail may not always be apparent as in a manual system since data are often retained in magnetic media and output is limited to a small number of total items processed with reported produced only on exception basis. The general procedure is to first investigate control totals and run totals within the whole system and then to check and substantiate the audit trail by limited checking through records and files or by taking intermediate printouts of audit interest. If the design of the computer system does not provide for adequate audit trail this should be brought out in audit review, highlighting control weaknesses or lack of controls in the system. Apart from errors that might creep in to the system, there is a possibility of frauds, which might go undetected due to control weakness.

#### **24.11 Audit Replacement:**

As replacement involves acquisition and for development as well as operation issues, the audit concerns and criteria relating to these stages of the system will apply to replacement also. Since continuity of service to the user is a primary concern, the audit review of the replacement stage will also focus on the management of the transaction from the old to the new. 25.13 Audit Approach:

After completing the preliminary evaluation of the computer systems, the audit has to decide about the appropriate audit approach, system based or direct substantive testing. In doing so, the aspects to be borne in mind are:

--results of the preliminary evaluation

--extent to which reliance can be placed on any work carried out by Internal Audit and

--nature of any constraints like lack of any audit trail and the practibility of testing.

--The Auditor has to recognise the fact that:

--Effective compliance testing of key computer controls may be difficult and --each control to be tested will require large samples

In this context Appendix 'B' may please be seen which is an extract of Audit Guide of U.S.A. of " Assessing Reliability of Computer Output" which shows methodically the audit approach to judge the reliability of the computer output and ascertaining risk factors etc. preparing summary memorandum, evaluation etc. which is covered in section I to section VI of Appendix 'B' along with to IV and self explanatory note on Audit of Computerised Inventory Accounting.

#### **24.12.1 Computer assisted audit techniques:**

At this stage, use of computer assisted audit techniques (CAATS) may also be considered.

#### **24.12.2 Direct substantive testing approach:**

If direct Substantive Testing approach is chosen, a sample of transactions should be selected and tested. Result of the preliminary evaluation will be of help particularly as it would have

--provided an overall assessment of the control environment and identified any serious weaknesses which should be raised with the auditee.

--given sufficient familiarity with system to be able to decide the point from which to select the transactions for testing and how to substantiate them efficiently and

--Provided sufficient information to determine any initial requirement for any CAATS.

#### **24.12.3 System based audit approach:**

For system Based Audit approach aspects of regularity, economy efficiency and effectiveness of the system have to be looked into besides evaluating data integrity and data security.

System effectiveness is measured by determining whether the system performs the intended functions and whether users get the needed information in the right form and in time. A system is economical and efficient if it uses the minimum number of information resources to achieve the output required by the users. The use of system resources -hardware, software, personnel and money should be optimised.

System activities would be regular if they comply with applicable laws, rules, policies, guidelines etc. Achieving data integrity implies that the internal controls must adequate to ensure that errors are not introduced when entering, communicating, processing, storing, or reporting data.

For data security system resources, like other assets, must be sufficiently protected against theft, waste, fraud, unauthorised use and natural disasters.

The key controls for ensuring the above will have to be identified, recorded, evaluated and compliance tested. The result of the preliminary evaluation would be of help particularly as they would indicate system deficiencies, major weaknesses and the areas requiring in-depth study. Identification of key controls would also depend on experience of the auditor gained course of audit of similar installations.

#### **24.12.4 Preliminary Evaluation:**

At the time of preliminary evaluation the auditor can take a view on using CAATS for compliance testing and also on the kind of CAATS.

### **24.13 Computer Assisted Audit Techniques.**

Compliance testing of controls in computer systems and programmes is difficult and complicated as their operation is automatic, invisible and not fully evidenced (only the exceptions are normally evidenced.) Detailed manual testing of these controls is rarely cost effective but a possible alternative approach is to use a CAATS for example, either test data or audit software may be used to test a control which is designed to ensure that payments exceeding a certain value should not be made.

Audit software can be used to interrogate the whole payments file to identify any payments which exceeded the certain value. If no such cases are revealed, the auditor has some assurance in that such payment was made. This is a negative assurance since it is possible that no invalid data was in fact presented to the system (and hence the control was never involved). However, if the interrogation is applied to the whole year's transactions, it achieves the main audit objective in that no excessive payments will have been made in the period.

Even when test packs or interrogation are used, the auditor should examine the procedures for dealing with exception or error report, to ensure that invalid transactions are corrected and re-input for processing.

## **24.14 Audit Techniques:**

EDP audit techniques revert to the use of computers, including software, as a tool to independently test computer data of audit interest.

Some well-established techniques are:

- Collecting and processing a set of test data that reflects all the variants of data and errors which can arise in an application system at different times;
- Using integrated test facilities, built into the system by the auditee to help the auditor in his requirements as one of the users of the system;
- Stimulating the auditor's application programme using audit software to verify the results of processing
- reviewing program listings periodically to see that there are unauthorised alterations to the programme;
- Using either commercial software or in house developed programme to interrogate and retrieve data applying selection criteria and to perform calculations and
- extending samples of data from the auditor database/ files, using sampling techniques, for past analysis and review, the nature of data and type of analysis required determine what technique is to be employed. The auditor should give the sample size and design.

### **24.14.1 Computer Audit Techniques are employed for:**

- verification of ledger balances and control totals independently;
- recalculation of critical computerised calculation to check mathematical correctness;
- range check to verify the working of computer based controls and testing for exception conditions;
- testing the validity of data which have gone into the master file
- detection date abuse/ fraud and
- substantive testing with large volumes of data which is difficult, if not impossible in a manual audit process.

The particulars computer audit technique employed depends on the type of application system under review the extent of testing required and the availability of resources in terms of computer facilities and the level of EDP skills among the audit staff (audit skills are 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. The 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 lags operational controls. As a result of audit in the first stage if the auditor feels that the adequacy of controls requires further verifications, in the second stage he can carry out compliance testing by using the test check method and integrated test facilities with resident audit programme. If the complained testing exposes some control weaknesses substantive testing may resort in the third and final stage using retrieval software and simulation techniques with audit software.

Some EDP audit technique are briefly described:

#### i) Test Deck Method

In this method, the auditor prepares both real and fictitious data to test the accuracy of the programme. In designing the test data care should be taken to include all variants to test all possible conditions. Using this techniques, audit can check whether

- the system and programme operate as specified in the documentation;
- only valid data is accepted and processed correctly;
- erroneous data is rejected as anticipated and

---exception conditions are tested by the applications are tested by the application programmes to avoid absurd results.

(ii) 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 as an integral part of the application system. For example, all the transactions which affect the master file could be written into another first for post audit and review. Similarly audit modules could be built into the system to check exception conditions like stocks below minimum levels, issues without balances and purchases of items when no issues have been recorded, in the case of an inventory control system.

(iii) Simulation Using Audit Programs

While in the test deck method the auditor's programs are tested with the auditors data, in the simulation method the auditor uses his own software to test the auditee's data and then compare the results of this independent processing with those of the auditee. This is a very time-consuming and expensive method. Moreover this calls for special programming skills on the part of the auditor. Employment of this technique 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.

(iv) Programme review and comparison

This technique requires programming skills on the part of the auditor to periodically go through the program listings and compare such listings for each application system. It is a time-consuming method. There are utilities available today for comparison of files on the computer itself. However, the examination of program listings can only be done manually. This technique is not recommended for our environment once we do not have the time or resources to do this job. Moreover the object module could be manipulated by a skilled programmer without touching the source program files; in such a situation, the examination/ comparison of program files does not serve the purpose.

(v) 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 figure with booked figures;
- perform calculations on numeric data to check the resident modules' math material correctness.;
- sort and merge data in any design sequence;
- select data from an index file on any desired criteria and
- print reports for post-audit analysis and review. There are various uses 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 report writer facilities. Unstructured queries on the data files are also possible in some advanced system. These utilities could be profitable employed for audit purpose. The auditor will be able to obtain the relevant information from the auditee's computer centre.

The advantages of retrieval packages over methods are 100 per cent review of data and accuracy of processing and effective use of the auditor's time in analysing results of interrogation. Use of retrieval software will, however, always remain a problem area primarily because of the multitude of hardware and software systems in use in various departments, necessitating expertise in serial programming.

#### **24.15 Audit of micro computers/office automatism**

In the past, any cost justification of computer facilities was relatively straight forward because savings in staff could vary easily be identified and these savings usually outweighed the cost of computerised applications. This approach is no longer practical as the advent of micro computers 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 whole reviewing microcomputer based systems.

**1** The purpose of audit is to see

Whether there is a comprehensive EDT policy for the organisation;

That there is no unplanned proliferation of computers due to lack of coordination of EDP facilities and;

that only persons with extensive specialised training are employed to use microcomputer to ensure quality and standard of date processing (when tools are introduced and used without detailed understanding, the potential for misapplication always exists).

**2** The software industry is fully of "user-friendly" packages for microcomputer system, but in many cases these programme have limited capabilities and are more suitable for the 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.

**3** Audit implications of office automation system from weakening overall controls in the office automation environment. Major control implications of office automation are listed below;

--loss of audit trail due to reduction/elimination of paper work;

--rejection of source documents/ authorisation and authentication of input -information access by more people and hence possible abuse -creation of sub-standard systems and

--inadequate back up and recovery facilities.

These control implications apply equally to any microcomputer based system in operation. Therefore, audit should verify that at least the controls, procedures and aspects that are currently available in the manual system are taken care of, if not improved upon, while designing an automated system. In addition, audit should verify that network security proper communication provision and user interface exist where auto- mated systems are installed and in use.

**4** In general, information should be automated only when these are clear benefits to be gained form doing so. For example, automation makes sense if the volume of information is information so large, requiring analysis in several different ways and / or used by various users in different ways.

#### **24.16 Priorities in and planning for Audit**

With the growing reliance being placed by government and semi-government organisation on computer-based systems, there will be less DP specialist staff in an audit office than there is work available. At the same time audit will like to make the greatest possible impact on the government sector as a whole. For this, it is necessary to:

- make an assessment of the skills available for DP audit and
- have a strategy for making an impact on the management of DP in the government sector as a whole.

**1.** While making the work plan skills available must be taken into account.

- If staff have only limited DP skills than they must start on audit taken of a low technical complexity with a work programme designed to increase their knowledge and experience.
- Such experience should preferably be gained under the supervision of an experienced DP auditor or with advice and assistance from an experienced DP specialist.
- with or without that assistance, action must be started on small audits with time to research and evaluate.

**2** To be able to decide where scarce resource should be allocated audit planners need a method of determining priorities of work increase auditee organisations, This will have to take into account information about the organisations including:

- identification of the organisations major systems and to what extent they are computerized
  - knowledge of the organisation's system development plans and
  - an assessment of how well managed is each organisation's system development progress
- The priority allocation will depend on the state of development of the auditee. For example if it is known that an organisation is new to the use of DP consideration should between to a review of DP management effectiveness at the time of the preliminary evaluation. If an organisation is developing computer based systems, then a review of the development should also be undertaken.

**3** Some of the criteria that influence the ranking of systems or audit coverage, and "Which should be considered when developing a *priority selection mechanism* are ,

- impact of the various statements materiality
- security and confidentiality impact
- degree of user involvement
- high development cost
- technological complexity
- specific request for system review
- parliamentary interest
- contribution to profits or operational control
- impact on customers or customer service.
- contribution to decision making
- degree to which system will make decisions and authorise actions e.g. cheque-writing, stock ordering).
- history or troublesome performance
- equality of internal audit-coverage

**4** For EDP auditing, at the apex level it is necessary to have one or two persons qualified in both disciplines like possessing both EDP and audit skills) or alternately, and EDP audit team which will consist of staff with a sound financial and audit background and computer specialists, could be formed. At the operational level a large number of trained audit staff with different levels of skills will be required The audit environment in which we work today is one where there is extensive computerisation of not only accounting systems by also financial and other management information systems There is also a dynamic situation due to continuous change and development in technology and its applications. The consequences for us are that all auditors need to be computer literate: i.e. trained in various aspects of computing

and use of computers and to be kept at least of development in computing. What then are the particular resources that the auditing profession needs ? We need first of all the fundamental skills and ability to audit computerised financial applications. At another level a significant number of auditors who can make effective use of computers and software for audit, whether it be microcomputer and menu drawn programs or main form. Computer with enquiry software, at yet another level we require a smaller group of specialists at this headquarters who are experienced in computing and who can provide technical support and advice in the field of operations. These are our basic needs

In order to have the audit resource at the desired level in number and skills we should have EDP auditors who have been periodically put through special training programmes

#### **24.17 Changes in Audit Procedure.**

The changes in audit procedures as a result of mechanisation have been discussed in previous paras of this chapter. In this context chapter VI of Indian Railway Admn & finance -- An introduction may be referred to general information in Electronic Data processing *in* Indian Railways The changes in audit procedure has been discussed in Head quarter's letter mentioned below

1) Pay rolls & PF Accounts.

(ADAI Rlys) secret letter No. 2038-161-RAT/8-6/71 dated 22.6.1971.

Recently, vide C&AG's circular no 632-Audit (Audit Bldg.)193-94-11 dt. 14.8.96 regarding audit of computerised systems in auditee organisations, it has been stated that all personnel trained in either at the level of PDA, Group officer or at Branch Officer/AAO/SO level should work exclusively for IT Audit. This is detailed in Appendix 'M'. The proforma in which a quarterly return IT Audit is required to be sent by all Audit Officers to the C&AG office so that it reaches Director, EDP by the first working day of the month following the end of the quarter is given in Appendix 'M' (P-3).

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## **Appendix – I**

The powers of Principal Director of audit are listed in M.S.O./Admn. Vol. II Dy. Director in-Charge of Admn. will exercise the administrative powers of Dy. Director as shown in the booklet referred to above . Besides, he has been declared as Head of office and certain financial powers were delegated to him.

## Appendix-II

Procedure relating to opening of cases, their numbering and maintenance and destruction of Old Records: -

All files be classified by Major and Minor Heads, a list of which is given in Annexure 'A' to this Appendix. While numbering the file each Section will indicate before the Major Head number the name of the Sections concerned as illustrated below: -

By Co-ordination Section – C/1-1/2012

By Establishment Section E/1-1/2012

By Kharagpur Division – KGP/1-1/2012

As soon as a file becomes bulky (200pages) a new file should be opened with the same numbers changing the year only in which the new file is opened. The number of the old file should be noted on the cover of the new file under column "previous file No." similarly, the number of the new file should be noted on the cover of the old file under column "subsequent file No.".

The opening of each file should be recorded in the Index Register of cases quoting the dates of opening and under the signature of Asstt. Audit Officer. Similarly, when the file is closed, the date of closing of each file should also be noted in the Index Register under the Signature of Asstt. Audit Officer. The Index Register should be put up to Branch Officer monthly.

Each Section will maintain two Registers in the following form: -

1. Index Register of cases.

Sl. No.	File No.	Subject	Date opened	Initial of A. AuO	Date Closed	Reference item No. Year of destruction as noted in the register of closed cases and etc.	Initial of A. AuO.
1	2	3	4	5	6	7	8

## Appendix-II - contd.

### 2. Register of closed cases and Records destroyed.

Sl. No.	File No.	Subject	Date of Closing	Period for which to be retained	Authority for col. 5	Year in which destruction is due	Director of Audit's sanction to the destruction	Date initial of the person in whose presence the file is destroyed.
1	2	3	4	5	6	7	8	9

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In January each year, the work of weeding out of the old records should be taken up. For instance, in January 2012 the file due for destruction in 2011 should be examined to see whether any material contained herein is worth retention any longer and a report put up to the Deputy Director for obtaining his orders whether the cases or registers in question may be finally destroyed. The orders of the Deputy Director for destruction should be taken in register itself and the actual destruction should be made under the supervision of Asstt. Audit Officer. The person in whose presence the records are "destroyed" will note against each item "destroyed" under his dated initials.

In this connection Appendix-I to Railway Audit Manual may also be seen.

### Annexure 'A' to Appendix - II

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
1	Programme of Work of Audit Office.	1-1	General instructions common to several items of programme.		Orders and circulars regarding the extent of audit check procedure of Audit and Accounts, selection of vouchers etc. of each item mentioned in the programme of Audit, should be filed in the files for individual item.
		1-2	Vacant		
		1-3	Estimats	General Audit Programme Item II	
				Workshop Audit Programme Item II	
		1-4	Completion Report	General Audit Programme Item III	
				Workshop Audit Programme Item III	
		1-5	Pay bills and subsistence allowance of gazetted and non-gazetted staff	General Audit programme Item IV, 1,3,6 and part of 19A	Only common instruction relating to several items of programme contained in a single letter will only go into the File No. 1-10. All reference from Head Office, Accounts Office and results of check of these items if taken up through a special letter will be filed in these files. General rule circulars and orders issued by Railway Deptt. will however go under major heads 15 to 22A but there is no objection to copies or original of the rule and order being received and disposed off in these files.
		1-6	T.A. bills of Gazetted and non-gazetted staff	General Audit Programme Item IV 2,4 and part of 19A	
		1-7	Sterling overseas pay	General Audit Programme Item IV,4 A	
		1-8	Overtime bills for running staff	Ditto. Item IV,5	
		1-9	Contingent Expenditure	Ditto. Item IV,7	
		1-10	Pension special contribution to P.F. and Gratuity of gazetted and non-gazetted staff.	Ditto. Item IV,8 and 11	
		1-11	Leave account of gazetted staff and leave account of subordinates.	Ditto. Item IV, 9 and 13	
		1-12	Passes of gazetted and non-gazetted staff	Ditto. Item IV, 10, 14 and 14A	
		1-13	Medical Attendance bills of gazetted officers.	Ditto. Item IV, 10A	
		1-14	Workmen's Compensation Act payments.	General Audit Programme, Item IV, 12	
		1-15	Audit of rent cases	Ditto. Item IV, 15 (a)	
		1-16	Capital and Revenue Accounts of residential buildings	Ditto. Item IV, 15(b)	
		1-17	School fee bills and contributions to schools	Ditto. Item IV,16	
		1-18	Contractor's bills petty on account and final	Ditto. Item IV,17, 18 and 19. Store Audit Programme Item IV	
		1-19	Labour Pay Sheets	General Audit Programme Item IV,20	
		1-20	Unpaid wages statements and payment orders of unpaid wages.	Ditto. Item IV,21 and 21A.	
		1-21	Miscellaneous bills.	General Audit Programme Item 1.21 B.	
		1-22	Journal Vouchers	Ditto. Item IV,22.	
		1-23	Account of subscribers to Provident Fund Gazetted and Non-Gazetted.	Ditto. Item IV, 23 and 24.	
		1-24	Withdrawals from provident fund temporary and final.	Ditto. Item IV, 25,26. 27 and 27A.	
		1-25	Bonus contribution.	Ditto. Item IV, 28.	
		1-26	Interest credit	Ditto. Item IV, 29.	
		1-27	Accounts of staff benefit fund	Ditto. Item IV, 30.	
		1-28	Annual contribution to staff benefit fund.	Ditto. Item IV, 31.	
		1-29	Original fixation of pay.	Ditto. Item IV, 32	
		1-30	Re-fixation of pay.	Ditto. Item IV, 33.	
		1-31	History of services of Railway Dept.	Ditto. Item IV, 34.	
		1-32	Passes and P.T.O's	Ditto. Item IV, 36.	
		1-33	Budget Register and Re-appropriation statement.	Ditto. Item V.	
		1-34	Register of sanction and payments of establishment (scale check) gazetted and Non-gazetted including sanction of limited currency.	Ditto. Item IV, 1(a) and (b)	
		1-35	Disallowance lists	Ditto. Item IV, 1(b).	
		1-36	Register of foreign service contribution	Ditto. Item IV, 1(c)	
		1-37	Tracing of Posting from vouchers.	Ditto. Item IV, 2 (a)	
		1-38	General review of work register (Cap and Rev.) and Revenue allocation Register and their reconciliation with general Books.	Ditto. Item IV, 2 (c), and (d) Workshop audit Programme Item VI and VII.	
		1-39	Land Registers.	Ditto. Item VI, 3.	
		1-40	Objectionable item register.	Ditto. Item VI, 4.	
		1-41	Reconciliation with General Books of Provident Fund ledgers.	Ditto. VI, 6.	

## Annexure 'A' to Appendix - II

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
1.	Programme of Work of Audit Office—Contd.	1-42	Central Cash Book and Treasurer's Cash Book.	Ditto. Item VI, 8.	
		1-43	Audit of suspense balances.	General Audit Programme item VI, 8,9,10 and 11. Workshop audit programme Item VII, 1 to 6 VIII and X. Stores Audit Programme item XIII. Traffic Audit Programme Item XV.	
		1-44	Stamp and stationery account.	Ditto. Item VI, 12.	
		1-45	Dead stock registers (Inventory of tools and plant.	Ditto. Item VI, 13.	
		1-45A	Livery Account.		
		1-46	Register of irregularities maintained in the accounts Office.	General Audit Programme Item VI, 14.	
		1-47	Register of losses and overpayments waived	Ditto. Item VI, 15 and 16.	
		1-48	Recovery of Government shares of fees received by 'railway servants.	Ditto. Item VI, 19.	
		1-49	Financial results of the working of new branch lines.	Ditto. Item VII, 19	
		1-49A	Rebate statements and statements of surplus profits, relating to worked lines.	Ditto item VII, 2	
		1-50	Verification of cash balances and imprest cash account.	Ditto. Item VII, 3, 3A-	
		1-51	Adjustment with other state Government Departments.	Ditto. Part of item VII, 4.	
		1-52	Accounts with other railway and transfer within railway.	Ditto. Part of item VII, 4.	
		1-53	Finance Accounts.	Ditto. Item VII, 6	
		1-54	Debt Head Report.	Ditto. Item VII, 6	
		1-55	Cap. and Rev. accounts review of Administration reports.	General Audit Programme item VII, 7, XIV, 1 part.	
		1-56	Check of contribution to Depreciation Fund	Ditto. Item VII, 8	
		1-57	Control over expenditure.	Ditto item VII, 8A.	
		1-58	Private and assisted siding accounts and agreements.	Ditto item VII, 11.	
		1-59	Joint station accounts and agreements	Ditto. Item VII, 12 and 13.	
		1-60	Accounts of permanent way materials and imprest stores.	Ditto item VII, 14.	
		1-61	Check of monthly accounts with schedules and Journals.	Ditto. Item VII, 1.	
		1-62	Review of the workings of accounts.	Ditto. Item XII, 1.	
		1-63	Review of audit notes and Inspection Reports, Part-II.	Ditto. Item XII, 2.	
		1-64	Review of Manual of the Administration.	Ditto. Item XIV, 1 part.	
		1-65	Office manual and procedures orders of the Accounts Office.	Ditto. Item XIV, 2.	
		1-66	Proforma accounts of works done for other Government Depts. And outside bodies.	Ditto. Ote, XV.	
		1-67	Test to judge productivity of Cap. expenditure.	Ditto. Item XVI.	
		1-68	Scrutiny of large contracts and tenders.	Ditto. Item XVI. Stores Audit Programme item XIII (I)	
		1-69	Vacant		
		1-70	Vacant		
		1-71	Vacant.		
		1-72	Receipt Returns	Stores Audit Programme item II.	
		1-73	Delivery Notes.	Ditto. Item II	
		1-74	Stores Ledgers.	Ditto. Item IV.	
		1-75	Monthly Statements of Stores Accounts Current.	Ditto. Item V, 1.	
		1-76	Printing Press Account.	Ditto. Item V, 2.	
		1-77	Locomotive Coal Account.	Ditto. Item VI, 1.	
		1-78	Stores Manufacturing Account.	Ditto. Item VI, 2.	
		1-79	Clothing Manufacturing Account.	Ditto. Item VI, 3.	
		1-80	Stock Verification Report.	Ditto. Item VIII, 1.	
		1-81	Auction Sale Account.	Ditto. Item VIII, 2	
		1-82	Yearly Statement of Stores transaction.	Ditto. Item IX, 1	
		1-83	Yearly statement of stores purchase.	Ditto. Item IX, 2.	
		1-84	Stores-in Transit Register.	Ditto. Item X.	
		1-85	Stock-adjustment Account Register.	Ditto. Item XI.	

### Annexure 'A' to Appendix - II

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
1.	Programme of Work of Audit Office—Contd.	1-86	Price lists.	Ditto. Item XV.	
		1-87	English Indents.	Ditto. Item XVI.	
		1-88	Accounts custody and disposal of scrap material.	Ditto. Item XII.	
		1-89	Bonus price work bills (W.A.)	Ditto. Item V.	
		1-90	Workshop general registers and subledgers showing labour and stores charges under each work order.	Ditto. Item IX, 2 & 3.	
		1-91	Calculation of indirect charges.	Ditto. Item IX, 4.	
		1-92	Distribution of general charges among work orders.	Ditto. Item IX, 5.	
		1-93	Outturn statements with special reference to acceptance of debits and clear outstandings.	Ditto. Item IX, 6.	
		1-94	Reconciliation of monthly Account current of stores with subledgers.	Ditto. Item IX, 8.	
		1-95	Transfer statement and memos.	Ditto. Item IX, 9.	
		1-96	Advice notes of returned Stores.	Ditto. Item IX, 10.	
		1-97	Account Numerical etc.	Ditto. Item XI,	
		1-98	Account of materials spared from work order.	Ditto. Item XII.	
		1-99	Record of rolling Stock.	Ditto. Item XV.	
		1-100	Work orders.	Ditto. Item XVII.	
		1-101	Proforma Cap. and Rev. account of saloons reserved for the exclusive use of other departments	Stores Audit Programme Item XI.	
		1-102	Cost accounts	Ditto. Item XX, 1.	
		1-103	Job costing sheets.	Ditto. Item XX, 2.	
		1-104	Statistics of periodical overhaul and cost.	Ditto. Item XXII.	
		1-105	Manufacture account of Saw Mills and foundries including Balance Sheets.	Ditto. Item X.	
		1-106	Vacant		
		1-107	Vacant		
		1-108	Vacant		
		1-108	Vacant		
		1-109	Vacant		
		1-110	Vacant		
		1-111	Station accounts	Traffic Audit Programme Item 1.	
		1-112	Apportionment of earnings between main line and branch line.	Ditto. Item II.	
		1-113	Remission of wharfage and demurrage charges.	Ditto. Item IV.	
		1-114	Handling Bills.	Ditto. Item V.	
		1-115	Compensation for goods lost.	Ditto. Item VI.	
		1-116	Traffic Books and Audit Office Balance Sheets.	Ditto. Item VIII.	
		1-117	Hire demurrage accounts.	Ditto. Item VIII.	
		1-118	Rebate of freight.	Ditto. Item IX.	
		1-119	Tools and terminal charges.	Ditto. Item X.	
		1-120	Refund lists and overcharge sheets.	Ditto. Item XII.	
		1-121	Register of Miscellaneous receipts.	Ditto. Item XIII.	
		1-122	Treasurer's Station Cash Book.	Ditto. Item XIV.	
		1-123	Rate circulars and tariff charges.	Ditto. Item XVI.	
		1-124	Terminal Tax & etc.	Ditto. Item XVII.	
		1-125	Returns submitted by T.T.Es and Crew Inspector.	Ditto. Item XVIII.	
		1-126	Returns of Tourists Agents.	Ditto. Item XIX.	
		1-127	Statement of siding charges.	Ditto. Item XX.	
		1-128	Pooling traffic agreements.	Ditto. Item XXI.	
		1-129	Collected Passes and P.T.Os.	Ditto. Item XXII.	
		1-130	Vacant.		
		1-131	Chief Mining Engineer's expert advice bills.	Colliery Audit Programme Item 1.	
		1-132	Bill for Coal Inspection.	Ditto. Item 2.	
		1-133	Coal Supply Bills.	Colliery Audit Programme Item 3.	
		1-134	Rent Royalty and Bills.	Ditto. Item 4.	
		1-135	Reconciliation of coal raised as per contractor's bills with the amount of coal dispatched as per statement of dispatch.	Ditto. Item 5.	
		1-136	Sinking Fund rate	Ditto. Item 6.	
		1-137	Vacant.		

**Annexure 'A' to Appendix II – contd.**

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
2.	Audit Inspection.	2-1	General Instructions.		
		2-2	List of offices and sub-offices to be inspected.		
		2-3	Yearly programme of Inspection.		
		2-4	Items to be looked into at the time of inspection of different offices.		
		2-5 & as on	Separate file for each Inspection Report should be opened. Each section will allot its own minor heading numbers from 2-5 onwards. Inspection Report parts I and II will issue from the same file.		
3.	Sanctions	3-1	General instructions and orders regarding audit of sanctions.		
		3-2	Sanctions of Railway Board.		
		3-3	Sanction of General Manager and Chief Mining Engineer.		
		3-4	Sanction of authorities other than above.		
4.	Budget	4-1	General instructions.		
		4-2	Yearly Budget orders, allotments and re-appropriation statements including demands for grants, Standing Finance Committee reports and price books, etc.		
		4-3	Control statements of expenditure of Director of Audit's office.		
5.	Check of appropriation accounts of the various grants.	5-1	General instructions regarding preparation, check etc. and appropriation accounts.		
		5-2	Check of appropriation accounts of grant N. 2 – Miscellaneous.		
		5-3	Check of appropriation accounts of grant No. 3 – General Superintendence & services on railways.		
		5-4	Check of appropriation accounts of grant No. 4 – Repairs & Maintenance of permanent way & works.		
		5-5	Check of appropriation accounts of grant No. 5 Repairs and maintenance of Motive Power.		
		5-6	Check of appropriation accounts of grant No. 6 Repairs & Maintenance of Carr. & Wagons.		
		5-7	Check of appropriation accounts of grant No. 7 Repairs & Maintenance of Plant & Equipment.		
		5-8	Check of appropriation accounts of grant No. 8 – Operating Expenses-Rolling Stock & Equipment.		
		5-9	Check of appropriation accounts of grant No. 9 – Operating Expenses – Traffic.		
		5-10	Check of appropriation accounts of grant No. 10 - Operating Expenses (Fuel).		
		5-11	Check of appropriation accounts of grant No. 11 – Staff-welfare and amenities.		
		5-12	Check of appropriation accounts of grant No. 12 – Misc working expenses.		
		5-13	Check of appropriation accounts of grant No. 13 – P.F., Pension & other retirement benefits.		
		5-14	Check of appropriation accounts of grant No. 14 – Appropriation to Funds.		
		5-15	Check of appropriation accounts of grant No. 15 – Dividend to General Rev. Replacement of Loans taken from General Revenues & Amortization of over capitalization.		
		5-16			
		5-17	Vacant.		
		5-18	Vacant.		
		5-19	Vacant.		
		5-20	Vacant.		
		5-21	Vacant.		
		5-22	Annexure 'A' – Statement of Unsanctioned Expenditure.		
		5-23	Annexure 'B'-Statement of		

			Undercharges detected by Accounts or Audit and recovered.		
		5-24	Annexure 'C' –Statement of Permission and abandonment of claims to revenue.		

### Annexure 'A' to Appendix II – contd.

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
5.	Check of appropriation accounts of the various grants.	5-25	Annexure 'D' Statement of Expenditure on important open Line Works and new constructions.		
		5-26	Annexure 'E' –Statement showing Expenditure on strategic lines.		
		5-27	Annexure 'I' –Statement of irregular re-appropriations.		
		5-28	Annexure 'J' –Statement of important Misclassifications and other Mistakes-detected.		
		5-29	Statement of Defects in Budgeting.		
		5-30	Statement of losses to be shown as footnote to Appropriation Accounts.		
		5-31	Statement of Credits to capital for retired assets.		
		5-32	Statement of suspense Balances.		
		5-33	Statement showing percentage of working expenses to earnings		
		5-34	Statement of Annual Expenditure showing the reconciliation of the figures as appearing in the account current with those in the Appropriation Accounts.		
		5-35	Stores Accounts and Stock Adjustment Accounts.		
		5-36	Statement of Expenditure on works met out of provision for emergencies.		
		5-37	Vacant.		
		5-38	Block Accounts, Balance Sheet and profit and Loss Accounts.		
		5-39	Statement showing particulars of the Investments in Shares of Private Companies etc.		
		5-40	Statement showing changes in Forms and Classifications.		
		5-41	Statement of Ex-gratia payment		
		5-42	Appropriation Accounts of P-loans and Advances bearing interest.		
		5-43	Appropriation Accounts of Rehabilitation Advance to refugee staffs (interest free).		
		5-44	Appropriation Accounts of interest on Debt and other Obligations.		
		5-45	Appropriation Accounts of Grant No. 64 C-Preparation Payments.		
		5-46	Appropriation Accounts of Grant No.33-Audit.		

Note: - In view of the change in the Nomenclature and operation of additional grants sanctions will change their File Nos. as above.

6.	Branch Line Companies.		_____		
7.	Capital Statement – Balance Sheet and Profit and Loss Account.	7-1	Capital Statement, Balance Sheet and Profit and Loss Accounts of S. E. Railway.		
		7-2	Capital Statement, Balance Sheet and profit and Loss Accounts of Collieries.		
8.	Voted and Non-voted Statements.	8-1	General Instructions.		
9.	Yearly Memorandum of Purchase of Railways.				
10.	Contracts and Agreements.	10-1	General Correspondence and Orders.		
		10-2	Separate file should be opened for each.		
		10-3	Agreement and Contract. Each section will allot its own and minor heading numbers so on.		
11.	Municipal Taxes.				

12.	Institutes and Clubs.			
13.	Railway Schools and Grants-in-Aid.			

### Annexure 'A' to Appendix II – contd.

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
14.	Schedule of Powers	14-1	Schedule of Power of Railway Board.		
			Schedule of A. D. A. I. (Railways)		
			Schedule of D. A.		
			Schedule of Chief Accounts Officer.		
			Schedule of General Manager.		
			Schedule of authorities other than above.		
15.	General Rules and Orders on establishment matters.	15-1	Assistance to Railway Employees towards Education of their children.		
		15-2	Anti-rabic treatment.		
		15-3	Civil Service Regulations – leave, pay etc. – other than pension.		
		15-4	Compensatory and House Rent Allowance to Gazetted Staff.		
		15-5	Compensatory and House Rent Allowance to Non-Gazetted Staff.		
		15-6	Compensation under the Workmen's Compensation Act and Hospital Leave Salary.		
		15-7	Classification Control and Appeal Rules – Railways.		
		15-8	Classification, Control and Appeal Rules, - Civil.		
		15-9	Commutation of pension – General Rules and Rates.		
		15-10	Civil Pension (Commutation) Rules.		

		15-11	Civil Court attachment of government Servant's Pay.		
		15-12	Domicile.		
		15-13	Examination – subordinate Railway Audit Service.		
		15-14	Fundamental and Supplementary Rules (General Rule, Foreign Service).		
		15-15	Auxiliary force Units and territorial Force Units-Pay Allowance, leave etc.		
		15-16	Foreign Service.		
		15-17	Recoveries made in respect of Additional Appointment falling under F.R. 127, 116, 117.		
		15-18	Gratuity.		
		15-19	Government of India Act, 1935.		
		15-20	Government Servant Conduct Rules.		
		15-21	House of Employment Regulations		
		15-22	Income Tax.		
		15-23	Leave Rules-Fundamental and Supplementary.		
		15-24	Leave Rules-State Railway		
		15-25	Leave Rules-Revised 1933.		
		15-26	Leave Rules-Old E. I. Railway.		
		15-27	Medical Treatment of Railway Staff and reimbursement of Medical Expenses incurred by them.		
		15-28	Model Programme of Training in the system of Railway Audit and Accounts Period of Training etc. of the Apprentice S. R. A. S.		
		15-29	Overtime, Good Attendance, Holiday Wages, Sunday Allowance of Railway Staff.		
		15-30	Pay-fixation of Pay of superior Service officers.		
		15-31	Pay-fixation of Pay of Subordinate Staff.		
		15-32	Pay-Fixation of Pay Old E. I. Railway Staff.		
		15-33	Pay and Allowance of Running Staff.		
		15-34	Pension-Revised Rules.		
		15-35	Pension Rules-Applicable to Railway Audit Staff.		
		15-36	Pension-General Rules and Regulations.		
		15-37	Superior Civil Service (Extraordinary		

		Pension Rules, 1936.		
	15-38	Premature Retirement Rules (1937).		
	15-39	Passage Superior Services.		
	15-40	Passage (subordinate) Rules.		
	15-41	Rent of Railway Quarters occupied by Railway Employees and recovery thereof.		

### Annexure 'A' to Appendix II – contd.

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
15.	General Rules and Orders on establishment matters.	15-42	Rent of Railway Quarters let to Government Department and Outsiders and recovery thereof.		
		15-43	Allowance to Railway Staff.		
		15-44	Travelling Allowance (General).		
		15-45	Payment of Wages Act.		
		15-46	Rules regarding War Injuries.		
		15-47	Advance of Pay, T.A., Conveyance Allowance.		
		15-48	Transfer of Control of Accounts Department under the General Managers of State Railways.		
		15-49	Reserved Posts (other services) Rules, 1938.		
		15-50	Retrenchment Concessions.		
16.	General Rules and Orders on Expenditure Matters (including construction)	16-1	Allocation of Expenditure on the Railway between Capital Depreciation and Revenue.		
		16-2	Allocation of Expenditure incurred on behalf of the Postal and other Government Departments and recovery thereof.		
		16-3	Allocation of Expenditure incurred on behalf of Outsiders and recovery thereof.		
		16-4	Catering Contracts (other than Departmental Catering) Room Contracts etc.		
		16-5	Depreciation Reserve Fund.		
		16-6	Electric Rates and Rents.		
		16-7	Preparation of Railway Projects and Rules and Orders on acquisition of Land for Railway purposes and relinquishment of Railway Lands.		
		16-8	Provision of Telephones.		
		16-9	Provision of Saloons for Railway Officers and High Officials.		
		16-10	Private and Assisted Sidings		
		16-11	Railways Rate Advisory Committee- Constitute of and allowances admissible to its members.		
		16-12	Ecclesiastical Expenditure.		
		16-13	A. R. P. Arrangements and Expenditure.		
17.	General Rules and Orders on Workshop Matters.	17-1	Engine Repairs.		
		17-2	Private Works in Railway Workshops		
		17-3	Piece-Work System.		
		17-4	Procedure of Time Keeping in Railway Workshops.		
		17-5	Proforma-on-Cost.		
		17-6	Rolling-stock Programme.		
		17-7	Shop-on-cost.		
		17-8	Wastage of Timber in Saw Mills.		
		17-9	Training of Apprentices in Railway W. S.		
		17-10	Training of Skilled Labour in connection with War efforts or Tec. Training Scheme.		
		17-11	Railway Workshops exclusively engaged on Defence Department Works.		
18.	General Rules and Orders on Stores Matters.	18-1	Sales and Custody of Stores.		
		18-2	Revaluation of Stores.		
		18-3	Tender for Purchase of Stores.		
		18-4	Reconciliation of Price Ledgers with Class Ledgers.		
		18-5	Fixation of Maxima and Minima of Stores Balances.		
		18-6	Imprest Stores.		
		18-7	Indian Freight and Miscellaneous Charges on stores from Port or Source of Supply.		
		18-8	Sleeper Pool Committee.		
		18-9	Un-economical Purchase and		

		Manufacture of Stores.		
18-10		Other Matters relating to Purchase of Stores.		

**Annexure 'A' to Appendix II – contd.**

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
18 A	General Rules and Orders on Departmental Catering.		Minor head may be allotted by the Section.		
19.	General Rules and Orders on Books and Budget (other than appropriation Account and Budget Matters for which separate major numbers exist).	19-1 19-2 19-3 19-4 19-5	Changes in the Forms and Classification Inter-Departmental Adjustments. Inauguration of Reserve Bank of India. Guarantee Bonds by Bank under Act (c) of C. A. Code, Volume I. Proforma Separation of Accounts of Railway Department.		
20.	General Rules and Orders on Provident Fund.	20-1 20-2 20-3 20-4 20-5 20-6 20-7 20-8	General Provident Fund. Indian Civil Service Family Pension Fund Rule. Indian Provident Fund Rules. Lower Paid Staff Labour Fund. Railway Services (Provident Fund) (Sterling Account) Rules, 1934. General Service (Provident Fund) (Sterling Account) Rules, 1934. State Railway Provident Fund. Defence Saving Provident Fund.		
21.	General Rules and Orders on Traffic audit.		Minor Numbers may be allotted by the Section.		
22.	General Rules and Orders on Miscellaneous Matters.		Minor Heads, Each Section will allot its own Minor heading Numbers.		
23.	Original audit by auditors and Gazetted Officers.	23-1 23-2	General Instructions. Statements containing items of Original Audit and Monthly Selections thereof.		
24.	Current Review	24-1	General Instructions and Circulars.		
25.	Post Review	25-1 25-2	General Instructions and Circulars. Post Review units and monthly selection thereof for Gazetted officer and Senior Auditor.		
26.	Audit Notes.		Only one audit note will be issued every month from each section which should be numbered by quoting the month's account audited after the Major heading No. 26 as shown below: -		
			B 16-11-39 Part I will represent Book Section – Audit Note on the accounts for 11-39 issued as Part-I. No separate Audit Note on periodic items or post review etc. should be issued but the same should be included in the Monthly Audit Notes in hand at the time. If any section is issuing separate Audit notes for different sections of the accounts Office for the sake of convenience they will add the name of Accounts section concerned while numbering the Audit Notes. The draft audit notes, Parts- I and Part –II Audit Notes relating to the each month's accounts will all be kept in one and the same file for the particular month concerned.		
27.	Results of audit	27-1	General Instructions regarding preparation of audit notes and inspection reports Part-I and Part –II		

		and draft audit notes.		
27-2		General Instructions regarding epitome of important cases taken up in audit.		
27-3		Copies of epitome of important results of audit.		
27-4		Railway audit Report and other Publications received from the A. D. A. I. (Rlys.) and Railway Board.		

**Annexure 'A' to Appendix II – contd.**

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
28.	Audit Certificates	28-1	General Instructions regarding Audit certificate on various accounts.		
		28-2	Yearly audit Certificates on March Accounts.		
		28-3	Monthly verification of statement of expenditure on the sub-establishment of Government Examiner, A. B. Railway.		
29.	Draft paragraph sent to the A.D.A.I. (Rlys.) for inclusion in Railway Audit Report.	29-1	General correspondence regarding draft paragraphs and Factual Statements.		
		29-2	Factual statements sent to A.D.A.I.(Rlys.) (for Central Section only). Other sections will deal with the factual statements in the file in which the Original objection was raised.		
30.	Calendar of Returns.	30-1	General Correspondence.		
		30-2	Employment of Staff on works other than those to which their pay is charged.		
		30-3	New service.		
		30-4	Statement of petty cases of frauds and misappropriation.		
		30-5	Rare cases of exceptional importance relating to later year for inclusion in the Railway Audit Report.		
		30-6	Progress Report – Monthly and Quarterly including certificates.		
		30-7	Lists of outstanding letters and letters to which no replies have been received.		
		30-8	Statement showing the grant of advance of Pay and T.A. (other than advance of pay and T.A. on transfer to other offices).		
		30-9	Statement showing sanctions to the grant of advances from the State Railway Provident Fund and G. P. Fund.		
		30-10	Return of passes and P. T. Os.		
		30-11	Statement of scale audit of shadow posts in the I. A. and A. S.		
		30-12	Recommendation for the grant of Indian titles.		
		30-13	Statement showing special composition and percentage of S. R. A. S. and clerical staff.		
		30-14	Life and service table of subordinate Officers.		
		30-15	Annual establishment returns.		
		30-16	Seniority list of Senior auditors.		
		30-17	History of services of Gazetted Officers.		
		30-18	List of holders of Imperial Service medals.		
		30-19	Statement showing separately the substantive pay, additional pay for officiation and other pay and allowances drawn by all Gazetted Officers of the I. A. and A. S. attached to this office.		
		30-20	Gradation list of PA's office.		
		30-21	Leave intentions of Gazetted Officers.		
		30-22	List of Ministerial Officers who will attain the age of 55 and 60 years next official year.		
		30-23	Review of establishment charges.		
		30-24	Miscellaneous other returns not included in the above list.		
		30-25	Review of Half-yearly progress reports of Accounts Office.		

		30-26	Avoidance of petty objection.		
31. Office Administration (These files are meant for general use. Any correspondence concerning individual employee will be dealt with in his personal file).	31-1	Grant of leave, T. A. Promotion and transfer of Asstt. Audit Officers.			
	31-2	Grant of leave, T. A. promotion and transfer of auditors.			
	31-3	Grant of leave, T. A. promotion and transfer of M. T. S.			
	31-4	Fixation of pay of Asstt. Audit Officers.			
	31-5	Fixation of Pay of Auditors.			
	31-6	Fixation of pay of M. T. S.			
	31-7	Recognition of Audit clerk's Association and other matters.			

### Annexure 'A' to Appendix II – contd.

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
31.	Office Administration (These files are meant for general use. Any correspondence concerning individual employee will be dealt with in his personal file).	31-8	Matters relating to the Railway Auditor's Association.		
		31-9	Office hours and holidays		
		31-10	Passes and P. T. Os.		
		31-11	Office contingent expenditure.		
		31-12	Supply of codes and manuals to sections and also the staff.		
		31-13	Supply of liveries to M. T. S.		
		31-14	Grant of washing allowance to M. T. S.		
		31-15	Grant of gharry hire and reimbursement of other actual expense to the staff.		
		31-16	Maintenance and destruction of records.		
		31-17	Stationery and forms for audit offices.		
		31-18	Inventory of dead stock of audit office.		
		31-19	Disposal objections raised by audit offices and accounting offices on pay bill etc. of audit.		
		31-20	Specimen signatures of officers.		
		31-21	General matters not falling under above.		
		31-22	Records of the Government Examiner's Office, E. Railways.		
		31-23	Confidential reports of Auditors.		
		31-24	Grant of leave etc. to Gazetted Officers.		
32.	Personal matter	32-1	Personal file of each employee, Officer.		
		32-2	(Subordinate or M. T. S.) should be opened. 250 on each section will allot its own minor heading numbers.		
33.	Recruitment	33-1	Rules regarding recruitment of member of minority communities.		
		33-2	Recruitment of S. A. S. apprentices staff		
		33-3	Recruitment of S. A. S. candidates.		
		33-4	Yearly Examination of S.A.S. candidates.		
		33-5	Other Examinations.		
		33-6	Dismissed Government servants.		
34.	Sanctioned cadre and scale of pay	34-1	Sanctioned cadre and scales of pay Gazetted Officers of the PDA's Office, S. E. Railway.		
		34-2	Sanctioned cadre and scales of pay of non-gazetted staff of the PDA's Offices		
		34-3	Sanctioned cadre and scale of pay gazetted staff of Accounts Department, S. E. Railway.		
		34-4	Sanctioned cadre and scales of pay of non-gazetted staff of Accounts Department.		
		34-5	Sanctioned cadre and scales of pay of gazetted staff of other Departments.		
		34-6	Sanctioned cadre and scales of pay of non-gazetted staff of other Departments.		
35.	Duty list of each section including man-hour statement.	35-1	Duty list of each member of the staff.		
		35-2	Man-hour statements.		
		35-3	Job analysis reports, etc.		

36.	Charges Report	36-1	Charge report (file for each post). Each section will allot its own minor heading numbers and so on.		
37.	Officers tour programme and tour note.	37-1	Tour programme and tour notes of D. A. I. (Rlys.) relating to programme of work or other matter should be brought on to the respective files under Major head.		
		37-2	Tour programme and tour notes of other officers.		
		37-3	Cases for discussion with D. A. I. (Rlys.)		
38.	Procedure Office Order.	38-1	Issue of précis of important orders.		
39.	Précis of Important orders.	39-1	Issue of précis of important orders.		

### Annexure 'A' to Appendix II – contd.

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
40.	Review and interpretations of Code rules including correction slips to code and manuals.	40-1	General correspondence.		
		40-2	Office Manual of PDA's Office, S. E. Rly.		
		40-3	Railway audit Code.		
		40-4	Railway Audit Manual.		
		40-5	Indian Railway Code for Accounts Department, Part – I.		
		40-6	Indian Railway Code for Accounts Department, Part – II.		
		40-7	Indian Railway Code for Traffic Department.		
		40-8	Indian Railway Code for Engineering Department.		
		40-9	Indian Railway Code for Stores Department.		
		40-10	Indian Railway Code for Mechanical Department.		
		40-11	Indian Railway Estt. Code, Pts. I and II.		
		40-12	Indian Railway General Code.		
		40-13	Fundamental Rules and Supplementary Rules.		
		40-14	Accounts Office Procedure Office Orders.		
		40-15	Office Manual of Chief Accounts Officer's Office, S. E.. Railway.		
		40-16	Office Manual of Estt. Section.		
		40-17	Office Manual of Expenditure Section.		
		40-18	Office Manual of Stores Section.		
		40-19	Office Manual of Electrical Section.		
		40-20	Office Manual of P.F. Section.		
		40-21	Office Manual of Construction Section.		
		40-22	Office Manual of Statistical Section.		
		40-23	Office Manual of Workshop, Lilloah.		
		40-24	Office Manual of Workshop, Jamalpur.		
		40-25	Office Manual of Workshop, Lucknow.		
		40-26	Office Manual of Workshop, Tatanagar.		
		40-27	Office Manual of Travelling inspection of Station Accounts.		
		40-28	Office Manual of Inspection Section.		
		40-29	Office Manual of Traffic Accounts.		
		40-30	Office Manual of Divisional Accounts Office.		
41.	Confidential Matters.				
42.	References from D.A.I.(R) (References connected directly with the items of programme of work should go under major heading 1).	42-1 42-2 42-3 & so on	General references of D.A.I.(Rlys.) order regarding special investigation. Separate file for each reference or investigation and each section will allot its own minor heading numbers.		

43.	Reference from other Railways.	43-1	Separate file for each reference unless the reference relates to any of the files under the major heading I viz., programme of work in which case the the reference will be dealt with in the file relating to the item concerned. Each section will allot its own minor heading numbers.		
44.	Reference from other sections.	44-1 and so on.	Same as against major heading 43. Cases in which copies of letters from D.A.I.(R) or foreign railways are sent to the sections for remarks either by Central section or any other section receiving the original reference will be dealt with under major heading 42 and 43 respectively. Only ordinary sectional reference will be dealt with under major heading 44.		
45.	Co-ordination work in audit Offices.		Each section will allot its own minor heading.		

### Annexure 'A' to Appendix II – contd.

Class No.	Major Heading	File No.	Minor Heading or subject Matter	Item	Remarks
46.	Localization of work relating to the cadre of auditors of Bengal Circle.	46-1	Rules regarding localization Asstt. Audit Officers		
		46-2	Seniority list of Auditors of Bengal Circle.		
		46-3	Seniority list of Auditors of other Circles.		
		46-4	Sanction to new posts or surrender of posts in B Circle.		
		46-5	Training of S.A.S. passed Auditors in Railway Accounts Offices.		
		46-6	Training Classes held in audit Offices.		
47.	Vacant.				
48.	Legislative Assembly question.		Each section will allot its own minor heading number.		
49.	Vacant.				
50.	Audit and accounting arrangement consequent to the partition of India.		General Instructions and Circulars.		
50A.	Railway Board's directive in connection with partition of.		General Instructions and Circulars.		
50B.	Awards of the Arbitration Trib-unal on reference to the Bengal Separation Coun-cil.		General Instructions and Circulars.		
51.	Vacant				
52.	Function of Audit in new constitu-tion.		General Instructions and Circulars.		
53.	Conference of the Accountants General.		General Correspondence.		
54.	Vacant.				
55.	Regrouping of Railways.		General Instructions and Circulars.		
56.	Commercial Audit in Govt. Department.		General Instructions and Circulars.		
57.	Separation of Accounts from Audit.		General Correspondence.		
58.	Speeches of the Comp. & Auditor General of India and higher autho-rities.		General Instructions and Circulars.		

