

AUDIT PARA

The audit department is free to mention in the Audit Report any matter which it may like, in discharge of its statutory duties, to bring to the notice of Parliament.

The financial irregularities may be on account of the following cases:

- a) cases on which the audit department feels doubtful as to the adequacy of the action taken by individual railways and therefore considers action or cognizance of the Railway Board is necessary; and
- b) matters which can be adequately be dealt with only by the Railway Board, e.g. regarding routine of the through traffic and general policy.

In the cases, the railway audit officer (Director of Audit) have to forward the copies of factual statements so converted into draft para along with original correspondence with the comments of executives, to the General Manager by name endorsing copies by name to FA&CAO, concerned Principal Heads of the department and Executive Director (Accounts), Railway Board.

Immediately on the receipt of the Draft Para, the FA&CAO will address the concerned Principal Heads of Department, indicating the prescribed time table laid down for disposal of Draft Para.

The Railway Administration proposed reply is compiled in the form of sentence-wise remarks in juxta-position. The reply duly approved by the General Manager has to be sent to the Railway Board within a total period of 5 weeks. The Associated Accounts Officer should assist and involve himself in framing the replies and factually verify the contents. The final reply as approved by the Railway Board should be given within 8 weeks.

The proposed reply to the Draft Para should invariably be supplemented by the additional information as detailed below:

- a) History of the case with copies of relevant records no given in the Draft

Para.

- b) A chronological summary of delays occurred.
- c) Remedial action called for or taken to avoid similar irregularities in Future.
- d) Disciplinary aspects where individual lapses have been brought to light.

The final reply to Director of Audit and to Railway Board should be issued under the signature of General Manager. If Railway Administration find on through examination of Draft Para that some material modification are required in respect of factual portion of the proposed para, before final reply it should be settled by personal discussion at top level between AGM, FA&CAO and concerned HOD with Director of Audit in order that protracted correspondence may be avoided and the facts may be presented correctly and impartially.

The relevant papers etc. should also, be placed at the disposal of Director of Audit even at the initial stages, of the examination of Draft Para. A copy of accepted Draft Para should also be sent to Railway Board, together with such supplementary information as the Board should have in their possession to enable them to place the point of view of Railway Administration before the Public Accounts Committee.

If para deals with the question of accounts procedure of contains comments on the efficiency of the Accounts Office, a copy thereof, together with FA&CAO's view and explanation s should be sent to Railway Board.

FA&CAO should, in giving replies to the communications to the Director of Audit act in close collaboration with the Administrative Authorities concerned, so that the information given to audit may be an authoritative statement of facts on behalf of the Railway Administration, and there may be no possibility of any dispute at a later stage.

Audit in Indian Railways

- Audit is a constitutional function (Articles 149-151).
- The authority empowered to spend public money is answerable to the Parliament.
- A check is needed to ensure proper utilization of the fund to ensure that it serves the purpose. This check is known as Audit.

- Railways Audit was separated from Accts in 1929.
- Scope and extent of Audit is determined by C&AG.

Functions of Audit

- Audit of all expenditure from Consolidated Fund of India
- Audit of all Receipts into Consolidated Fund of India
- Audit of all transactions relating to Contingency Fund & Public Account
- Audit of all Trading, Manufacturing, P&L Account, Balance Sheets and other subsidiary accounts
- Audit of all accounts of Stores & stocks held
- Report on the transactions so audited

In Railways Auditing is done by two means viz. Internal and external Auditing.

Internal Audit

Internal Auditing is done by Accounts department of Railways. It is done for the purpose of giving financial advice, to consider proposals involving finance, to maintain accounts, and to formulate Railway Budget. In the process records are scrutinized, Stores and tools & Plants are verified, executive orders involving finance are verified, and traffic earnings and accounts are checked to avoid loss of revenue.

External Audit

The Controller & Auditor General of India (CAG) controls External Auditing. All expenditures incurred from consolidated fund of India are subjected to External Auditing. The Director of Railway Audit of Railway Board assisted by Chief Audit Officers, Divisional Audit Officers, are responsible for the external auditing in Railways. It is a post-audit and in the process the records and accounts are scrutinized.

Their functions are:

- Auditing sanctions involving finance.
- Auditing Rules and General orders involving finance.
- Auditing Tender documents involving finance.
- Auditing Accounts maintained by Account Department.
- Inspection of Record and Vouchers.
- Auditing estimates prepare for projects.
- Checking internal audit mechanism and to ensure the accounting system adopted is suitable and adequate for its purpose.

Methodology of Audit

- Test check of vouchers
- Inspection of offices
- Check of financial sanctions
- Check of all orders/sanctions issued by GM & other officers
- Check of all receipts and payments & accounts

- Check of tenders & Contracts
- Check of procedures and systems

Communication from Audit

- Specific Reports- related to more important and serious irregularities noticed.
- Audit Notes-on irregularities related to Account Branch in Part- I and II.
- Inspection Reports- on irregularities related to Executives and Stations in Part- I and II.
- Petty Objections.

Disposal of Audit Reports

- Audit reports should be promptly attended to and reply sent. Audit Note Part-II, Inspection Report Part-II are closed at Account level. Audit Note Part-I and Inspection report Part-I are to be replied to Audit through the Accounts office.

Special letters and Notes or Objections or Factual Statement

These relate to important cases noticed during regular audit and inspections meriting inclusion in the Audit Report to the CAG. Prompt action at higher levels is called for in these cases. Failure to do so will lead to inclusion to a Draft Para in the Audit Report to CAG. Draft Para is a serious report of Audit and reply to be sent within 8 weeks by the Executive and Accounts covering the following aspects:

- History of the case with copies of relevant records.
- Sentence-wise remarks.
- Chronological summary of the case where there is an unusual delay.
- Remedial action taken and
- Disciplinary action taken or proposed on the individual lapses referred.

The audit done by C&AG is broadly classified into

- **Regularity Audit** - Relates to provision of funds, Rules and regulations and Sanction of expenditure
- **Propriety Audit** - Propriety Audit also looks at wisdom and economy of any expenditure and brings to light cases of improper expenditure or waste of public money.
- **Performance Audit** - To ensure that Government programmes have achieved the desired objectives at lowest cost and given the intended benefits.

Conclusion

The audit report of CAG is and considered by the Public Accounts Committee and presented to the Parliament. So Audit Reports are given prompt attention.

