

Key for the 70% Selection to Group-B Exam held on 09.01.2020

Q1. (A) What are the incentives offered for working in Rajbhasha on Indian Railways? What are the documents covered by Section 3(3) of the Official Language Act, in so far as the Accounts Department is concerned.

Ans: The incentive schemes for progressive of Rajbhasha are:

1. Rajiv Gandhi Rastriya Gnan Vigyan Award for writing original book in hindi.
1st prize: 2,00,000, 2nd, 3rd and consolation prizes.
2. Indira Gandhi Award for writing original book in hindi.
1st prize: 40,000, 2nd, 3rd and consolation prizes
3. Lal Bahadur Sastry Award for writing original Technical book in hindi.
1st prize: 15,000, 2nd and 3rd prizes
4. Premchand Award for writing original stories/novels in hindi.
1st prize: 15,000, 2nd and 3rd prizes
5. Maithilisarangupta Award for writing original poetry/poems in hindi.
1st prize: 15,000, 2nd and 3rd prizes
6. Rail Yatra Vrutant Writing Competition.
1st prize: 5,000, 2nd, 3rd and consolation prizes
7. Awards for Hindi Essay, Elocution & Noting and Drafting Competitions
at Zonal Level
1st prize: 1,200, 2nd, 3rd and consolation prizes
at Board Level
1st prize: 3,000, 2nd, 3rd and consolation prizes
8. Individual Cash award of Railway Board for doing maximum commendable work
in Hindi Officers and staf are awarded with Cash of Rs. 1500 and a Certificate of
Merit for doing commendable work in Hindi during the year.
9. Incentive allowance of Typists & Stenographers:



A special allowance of Rs. 80/- & Rs. 120/- per month will be granted to the typist and stenographers respectively for doing official work to be prescribed quantum in Hindi in addition to English.

10. Rail Mantri Rajbhasha Shield: Rail Mantri Rajbhasha Shield is being awarded to Railways and also to Division/Office/Station for doing maximum originating work in Hindi. A cash prize of Rs. 7000/- is also being given to those adjudged best division/office/station regarding implementation of Rajbhasha.

The specified documents coming under Section 3(3) of OL Act are as follows:

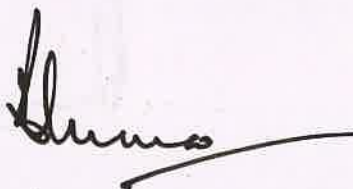
- (i) General orders, including circulars, reservation charts, notices, Memorandas, etc.
- (ii) Notifications
- (iii) Resolutions
- (iv) Rules
- (v) Press Communiqué
- (vi) Administrative and other reports to be laid before either House of Parliament
- (vii) Administrative and other reports to be issued from any Central Government office
- (viii) Official papers to be laid before either House of Parliament
- (ix) Contracts
- (x) Agreements
- (xi) Licenses
- (xii) Permits
- (xiii) Tender forms
- (xiv) Tender notice

Q1. (B) Short notes:

(i) **Exchequer control:** Exchequer control is a mechanism for concurrent regulation of cash outgo by each disbursing officer against the cash content of the budget allotment. Railway expenditure falls into 2 categories viz. cash and adjustments. The former covers all transactions completed through cash payments or issue of Cheques and broadly comprises disbursements to staff and contractors as also settlement of bills/claims for supplies and services.

Adjustments represents inter or intra accounting unit book-keeping transactions which entails no cash outgo. The object of exchequer control is to establish a system for correct estimation of cash outgo and to monitor disbursements. It is thus an important tool of budgetary control.

In the exercise of exchequer control, the total allotments for the year are divided between cash and adjustments. Success of exchequer control greatly depends upon



this distribution. Board have laid down broad guidelines for making a realistic estimate of cash and adjustment portion of expenditure falling within the sanctioned budget.

Thereafter the cash outgo is further distributed amongst the 4 quarters of the year. Railway Board issues quarterly cash allotments. The actual cash disbursement during the quarter is reported while asking for the cash allotment for the next quarter. The report is scrutinized in the Board's office to see the progress of cash expenditure vis-a-vis the authorization for the quarter.

Exchequer control mechanism is necessarily limited in scope to the control of cash outgo which on an average forms about 70% of the total expenditure of a railway. Exchequer control has thus the merit of providing an effective means of monitoring a substantial part of expenditure on a day to day basis.

(ii) **Cash in Transit:** Stations take credit in their Balance Sheets for cash realized by them in the month irrespective of whether it is remitted to and acknowledged by the Cashier in that month or in the subsequent month. Such station cash for which credit has been allowed to the Stations in one month but, which has been received in the Cash Office after the third of the following month and consequently included in the General Books in the following month, is called Cash in Transit.

(iii) **Abstract Estimate:**

A rough estimate with sketches/ rough plans, prepared for the purpose of obtaining the administrative approval of Competent Authority.

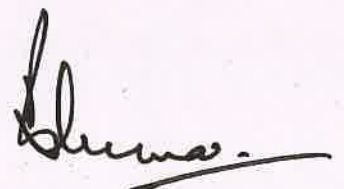
The Abstract Estimates are processed through IRPSM.

No work can be taken up based on the Abstract Estimates unless the Detailed estimate is prepared and sanctioned.

PWP/FWP/Pink book/Survey estimates/LSWP/OOT/Umbrella works are the examples of Abstract estimates

These are the pre investment decision proposals. Based on justification, availability of funds position and FA&CAO's comments, Railway Board takes a decision. If approved by competent authority, the work gets included in the Budget/Pink Book as an itemised work with specific budget outlay for the year.

(iv) **Re-appropriation:** The transfer of funds, originally assigned for expenditure on a specific object to supplement the funds sanctioned for another object" is called Re-Appropriation.



Re-appropriations which are under Zonal Railway powers:

(A) Revenue Demands: Between and within Primary Units (PU) 27 (Drawal from Stores), 28 (Direct Purchase of Stores), & 32 (Contractual Payments). These relaxations vary from year to year and are communicated through Spending Limit orders.

(B) Capital or Works Demand: Within same Plan Head and Source of fund from one work to another subject to residual grant being not less than Rs.1 lakh.

Re-appropriation which require Board's approval:

- Inter-plan head re-appropriations.
- To deleted items of current year's pink book.
- From Priority work to non-Priority works.
- Under EBR, EBR-Deposit etc.
- Works executed by RVNL.

NO POWERS EVEN TO RAILWAY BOARD FOR REAPPROPRIATION AMONG DIFFERENT SOURCES OF FUNDS VIZ., CAPITAL, DRF, DF, RRSK etc

The whole object is to ensure that, as far as possible, funds which are not required are withdrawn from disbursing officers as soon as it is definitely known that they are not required, and incidentally to provide that any really unavoidable expenditure is met from such savings.

Q1. (C): Discuss briefly the significance of any three of the important statistical indices for assessing utilization of locomotives and wagons?

This statistics may broadly be divided into two heads

(a) Total Output (i.e. work done) – Example of this statistics :- No. Of trains run/Train Kms./Shunting Kms./Wagon Kms./Vehicle Kms./Engine Kms./ Fuel and Energy consumed/ Tonne Kms.

(b) Efficiency statistics are Punctuality and speed of Passenger Trains, Speed and Load of Goods trains, Wagon Usage and Engine Usage.

Wagon Usage Statistics :-



- (1) Avg. wagon load during the run:- It includes No. of wagons loaded on the system (+) No. of loaded wagons received from other systems. It is to be arrived at by dividing the N.T. Kms. by Loaded Wagon Kms.
- (2) Avg. starting wagon load :- It is the load of a wagon at originating station. It is to be arrived at by dividing the No. of wagons loaded by Total Tonnes loaded in it.
- (3) Wagon Kms. per wagon day :- It arrives at by dividing the Wagon Kilometers by Wagon days. Wagon Kms. are both, loaded and empty. Wagon days are worked out by multiplying the No. of wagons by No. of days in a month.
- (4) N.T. Kms per wagon day :- This is worked out by dividing N.T. Kms. by Wagon days.
- (5) Wagon Turn Round :- It means the avg. time taken by wagon in between two successive loadings. Formula for working out Wagon Turn Round is :- Wagons owned modified by Daily avg. Wagon balance divided by the avg. daily loading including loaded receipts.

Engine Usage Statistics

Avg. authorized stock :- It shows the total No. of engines allotted to the system by the Railway Board. It includes engines ordered for but not handed over. Engines replaced but still running on line are not to be accounted.

Avg. total No. of engines on line :- This is the total No. of engines on line including those replaced but still running on line.

(i) Engine kms. per day per engine in use :- This is arrived at by dividing Total Engine kms. run during the month by Avg. no. Of engines used multiplied by the days of the month.

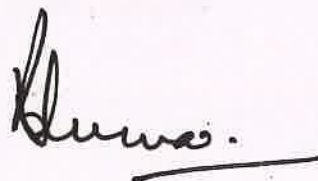
(ii) Engine Failures :- An engine is considered to have failed when it is unable to work its booked train within the prescribed load from start to destination or arrived at destination by 30 minutes late in Passenger trains and 60 minutes and more in Goods Trains.

(iii) Engine Kms. per engine failure :- It is worked out by dividing Engine Kms. of the month by No. of engine failure.

Q2. What are the Appropriation Accounts. What is the purpose of their preparation and how are they prepared. What are the important Annexure to Appropriation Accounts.

Ans. Appropriations Accounts are Comparison of actual expenditure with Amounts of Grants voted by Parliament and Appropriations sanctioned by the President.

Prepared for presentation to Parliament (Public Accounts committee).



Detail the accounts related to expenditure of IR for a particular year as compared to the appropriations for different purposes as specified in the schedules appended to the Appropriation Act passed by Parliament.

Signed personally by CRB and FC Railways and transmitted to the C&AG for audit to ascertain whether the expenditure actually incurred under various grants/heads is within the authorization under the Appropriation Act and also whether the expenditure so incurred is in conformity with the law, the relevant rules, the regulations and the instructions.

Details given :

- Original budget allocation,
- Supplementary grants,
- Surrenders and re-appropriations distinctly and
- Actual Capital and Revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act separately in respect of both charged and voted items of budget.

Important Annexure to Appropriation Accounts:

Annexure A	Expenditure held under objection
Annexure B	Under charges detected
Annexure C	Remissions/ abandonment of claims
Annexure D	Expenditure on OL works& new const.
Annexure E	Rev. & Cap. Exp. of strategic lines
Annexure F	Estimated & actual Cr./ Recoveries
Annexure G	Block A/C, B/Sheet, P&L Acct.
Annexure H	Losses
Annexure I	Irregular Re-appropriations
Annexure J	Misclassifications & mistakes detected
Annexure B (Part 1) Review	Defects in Budget estimation & COE

Q. 3: What is Statutory Audit. What are the ways in which results of Statutory Audit are communicated? Briefly discuss how each of these communications are dealt with to dispose/clear them.



Ans. The comptroller and Auditor General of India is the final audit authority in India. His functions and powers are derived in the main from articles 149 to 151 the Constitution of India. The Comptroller and Auditor General is responsible for the audit of the accounts of the Indian Railways but has no responsibility for the compilation of these accounts. The form in which the accounts of the Indian Railways should be kept and changes in accounts classification affecting the recording of expenditure in the Finance and Revenue accounts of the Government of India are, however, subject to his approval. He may also require such compiled accounts to be submitted to him as are required to enable him to carry out his statutory obligations.

Object of Statutory Audit. - The Statutory Audit by the Comptroller and Auditor General of India has a three-fold purpose.

Firstly, it is an accountancy audit, i. e. to check the accuracy of arithmetical calculations and to see that all payments are supported by receipted vouchers. In this respect it is some what akin to the audit by company auditors whose objectives are detection of fraud, detection of technical errors and the detection of errors in principle. It assesses the adequacy of the accounting system and the system of internal check in the organisation.

Secondly, statutory audit is an appropriation audit, i. e. to check the classification of expenditure to ensure that expenditure and receipts have been charged to the proper heads of account and further that the voted appropriations under these heads have not been exceeded. Appropriation audit is applied as a measure of parliamentary control. Consequently it has to be full and complete.

Thirdly, statutory audit is also an administrative audit i. e. audit of sanctions to check that expenditure has been incurred according to prescribed rules and regulations or where not so covered it has been sanctioned by a competent authority. These objects are generally secured by a percentage check to be applied to the vouchers and connected accounts records of the Accounts Office and by inspection, on the spot, of initial records and documents in the offices in which the transaction originate. Accounts Officers should afford all facilities to Audit Officers in the discharge of their audit duties.

Communications from Audit - Ordinarily, the results of statutory audit are communicated through-

- (1) Specific reports of the more important and serious irregularities discovered in the course of audit of accounts and departmental offices and station records.
- (2) Audit notes detailing minor irregularities discovered in the course of audit of accounts office records.



(3) Inspection reports showing the results of audit of the initial records of executive offices and stations.

Note.- A record of petty objections not formally raised is also maintained by Chief Auditors and sent periodically, as may be arranged, to the Financial Adviser and Chief Accounts Officers for scrutiny and review.

Disposal of Audit Objections - All audit objections and notes should be promptly attended to by the Accounts Officer. Audit objections may either relate to matters which can be disposed of by the Accounts Officer himself without reference to the executive or to matters which can be elucidated only by the executive. In the former case, no reference should ordinarily be made by the Accounts Officer to the executive except to advise disallowances, if any, arising out of the audit objections. For the latter, the Accounts Officer should arrange to elicit necessary information for disposal of the audit objection: and, if in his opinion, the audit objection should be upheld, he should arrange to see that suitable action is taken. The Accounts Officer should generally take the same action on defects and irregularities brought to notice by the Chief Auditor as he would take if they had been discovered in the course of Internal check exercised in his own organisation.

Audit Notes and Inspections Reports.-An inspection report consists of two parts, Part I dealing with the more important matters and Part II dealing with the rest, containing minor routine matters. Audit notes detailing the results of monthly test-audit similarly consists of two parts and should be dealt with by the departments and accounts officers without delay. -

The final disposal of Part II of the audit notes and inspection reports, whether on the accounts or executive offices, rests with the Accounts Officer, and no formal reply to the Chief Auditor is necessary. The disposal of such audit notes and inspection reports should, however, be made available to the Chief Auditor.

Replies to Part I of inspection reports and audit notes and specific reports on the more important irregularities should be sent to the Chief Auditor as soon as possible showing clearly the action taken thereon.

A record of the specific reports, audit notes Parts I and II and inspection reports, Parts I and II received from audit and dealt with or outstanding should be kept and reviewed periodically to ensure their prompt disposal. The connected records on which objections have been raised should not be destroyed till the objections are settled.

Q 4. Describe salient features of reconciliation of cheques and bills and remittance into banks. What are the implications of arrears in such reconciliation.



Cheques and Bills: This is a suspense Head operated under Major Head 'L-Suspense and Miscellaneous Suspense Accounts. When Cheques are issued the head 'Cheques and Bills' is credited with the amount of cheques issued and the appropriate Revenue Service head is debited. At the end of the month when the total amount of the Cheques paid (i.e. cashed at the Banks) are available from the Reserve Bank and reconciled, the head 'Cheques and Bills' is debited and 'Reserve Bank Deposit (Railways)' is credited.

Therefore, the balance under this head represents mainly total value of uncashed cheques. The balances under this Suspense Head should always be a 'Credit Balance'

Remittances into Bank (RIB): • This is a Suspense Head operated to record the remittance of earnings into the Banks. This Suspense head is debited with amount of all Remittance Notes by crediting the Appropriate Revenue Service head. Each Bank with which the railway has transactions sends daily statement (known as Credit Scrolls) showing the amounts deposited by the various departmental officers on behalf of Railways.

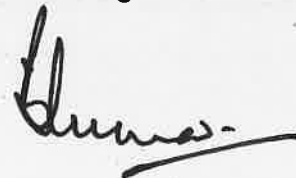
The balance under this suspense head represents the cheques deposited in banks which are yet to be credited to Railways' account.

Booking transactions to suspense head is a temporary action. Main purpose of maintenance of suspense head of accounts is to watch the payment/recovery of dues. Suspense heads are also operated when the final head of account is now known.

If reviews are not conducted periodically the amounts lying in suspense head remain uncleared for long without being booked to final heads. The delay in clearance of suspense balances also might result in loss of vouchers/details which are required for clearing suspense items to final head.

The transactions should be adjusted in the accounts of the railway in the same month as in those of the Reserve Bank, and any discrepancy noted in the course of adjustment or verification should be promptly referred to the other Accounts Officers concerned for settlement. This needs prompt and timely review.

The transactions cleared by the Reserve Bank as posted in the Registers (A429 and A-430) will only represent a part of the transactions under the head "Deposits with Reserve Bank" i. e. those passed through the monthly inward and outward accounts. To these totals should be added the net amount of the remittances acknowledged and the amount of the These should be reconciled every month with the totals of cash remittance notes which had not been included in the intimation received from the Reserve Bank the accounts received from State Accountants General and the amount of unpaid cheques as per counterfoils of cheques as recorded in the register mentioned in



paragraph This reconciliation should be made as early as possible before the accounts for the month are closed.

Q 5. On South Central Railway, there is a substantial accumulation of unsanctioned expenditure. What are the major components of this unsanctioned expenditure and what are the steps required to regularize this aberration.

The expenditure noticed during the internal check/review of works registers/other transactions of expenditure & establishment are taken under objection so that the same can be regularised post facto duly obtaining the sanction of the competent authority or adjustment as the case may be.

The unsanctioned expenditure includes items like the expenditure incurred without an appropriate estimate, expenditure in excess of the sanctioned estimates, expenditure on unsanctioned posts, misclassification of expenditure, wrong booking of expenditure, and wrong debits/credits to the Accounts of head to be transferred to the respective works/division/Railway.

The different categories of unsanctioned expenditure:

Different categories of unsanctioned expenditure on SCR

- A) Want of estimates
- B) Excess over estimates
- C) Miscellaneous items containing misclassification, wrong bookings, unsanctioned posts etc.

steps taken to regularize unsanctioned expenditure

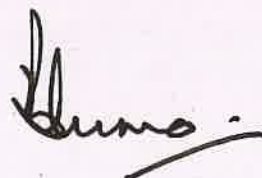
For the expenditure taken under objection for want of estimates, details will be advised to the executives so that necessary corrective action can be taken for regularising the objection.

Wherever estimates are not prepared, the executives will be advised to make detailed estimates and obtain sanction of competent authority.

Regarding excess over estimates, based on the advice from the Accounts department, through monthly statements on unsanctioned expenditure, the executive will process for revised estimates and obtain sanction of competent authority so that the excess taken under objection can be cleared.

The objections regarding unsanctioned posts can be cleared after the currency is extended or the post is created with the approval of the competent authority.

Based on the objections taken by accounts department, the executive shall take necessary corrective action for correcting the misclassification and adjusting of the amounts to the concerned works/units.



Q 6. Short notes:

(i) **Demands Recoverable:** The Suspense Head Demands Recoverable has been introduced w.e.f. 01.04.1988 and it shows the outstanding amounts recoverable from outside parties on account of rent/lease of Railway Land and building and interest and maintenance charges on siding. Demands recoverable is operated for adjusting Sundry Earnings. It includes:

1. Interest/maintenance charges
2. Licence fee on land
3. Rent on Buildings

Immediately after the issue of bill, this head will be debited and credit will be given to earnings. After receiving the cheque from the party, this head will be cleared.

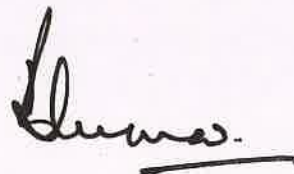
JVs are prepared for the bills raised on account of land license fee. Rent of building, interest and maintenance charges on siding and rent of commercial plots. The amount is debited to the Demand recoverable and credited to earnings. Every month the amount outstanding under Demand recoverable is reconciled with General Books.

(ii) **Proforma on cost:** It is an indirect expenditure used in workshop for costing, alongwith general on cost and shop on cost. Pro-forma on cost consists of administrative charges which include proportionate expenditure on all supervisory services, Interest and Depreciation charges and pensionary equivalents.

(iii) **Purchase suspense:** When the material is supplied to the depot by the supplier, he receives a receipt note copy which is essential for him to claim payment. While the depot accounts for the material, payment is made by Accounts office. Therefore transactions where material is received but payment is yet to be made are passed through Purchase suspense. The receipt note copy of Accounts when received in the Purchase section, the Purchase Suspense is credited. When the bill of the supplier is received for payment and passed this account is debited as the corresponding credit is already available when Stores in Stock is operated. The transaction thus would be;

Purchase Suspense A/C	Dr
To Cheques& Bills A/C	Cr

While the above reflects the payment made after receipt of material, there are cases of advance payment to Suppliers in which case the Suspense account is first debited with corresponding credit to Cheques& Bills. On receipt and accountal of material, Receipt note forms the basis for affording credit against the debit for advance payment made. While a healthy balance in Purchase suspense would be credit, at times there can be debit balance in this account representing payments made to supplier but material not received in depot and accounted for.



(iv) **Two packet system of tendering:** (clause 7 A of GCC - General Conditions of Contract)

- **Main Object: To assess the tenders technically without being influenced by the financial bids**

How:

- Tenderers submit their offers/quotations in two sealed envelopes.
- 1) First cover - Technical and Commercial offer - for scrutinize the capability, possession of appropriate plant & machinery, financial strength and experience etc,
 - 2) Second ^{Cover} offer - Financial offer
- Both individual sealed packets i.e., technical and financial should be sealed in one envelope.
 - If the offers of first packet are found acceptable by the Competent Authority, the second packet shall be opened and the tenders shall be processed for finalization in the normal manner.
 - **If the first packet is not acceptable for the Tender Committee, the second packet (financial bid) of such tenderer will be returned to the party without open.**
 - However if Tender committee feels clarifications regarding designs, specification etc required based on first packet, discussions shall be held with the each tenderer separately, after obtaining approval of competent authority.

When - Two packet system is adopted

1. **Techno - economic- evaluation:** For all works contract tenders requiring Techno economic evaluation
2. **Above Rs. 10 Crores for works and Rs. 50 lakhs for Services - Mandatory** - If the works contracts tender is valued over and above Rs. 10 Crores/50 lakhs for Services (except in cases, where reasons for not following two packet system should be recorded with approval of not below of HAG level Officer and the concurrence of FA&CAO)



3. **Below Rs. 10 Crores - Optional** - Decided by the Tender Inviting authority with the concurrence of associated finance but keeping in mind of the item No.1 supra.

(v) **Model SoP:** Before 2017, each Zonal Railway used to have separate Schedule of powers. After formation of Transformation cell at Railway Board, decided to have a unified Model Schedule of Powers for all Indian Railways and introduced MSoP in 2017. In MSOP, the powers are delegated to Divisions also. Earlier SoP used to have only 6 parts viz. Works Matters, Medical Matters, Misc. Matters, Stores Matters, Commercial Matters and Establishment Matters and GM's negative powers. In MSoP, additionally 2 more parts are added. 1. Security Matters and 2. Delegations of powers to DRMs/PHODs.

Need for MSoP:

- Uniformity in implementation of decisions and simplification of procedures/work process on IR.
- Familiarity of the orders, rules and procedures for the staff and officers on transfer from one Railway to another.

Purpose of Delegation:

- Empowering frontline officials with adequate administrative financial powers.
- Autonomy
- Introduction of reforms
- Transparency in the procedures and process
- Additional delegation as per local requirement.

Corrections at Zonal Railway.

DGM(G) is the nodal officer for MSOP.

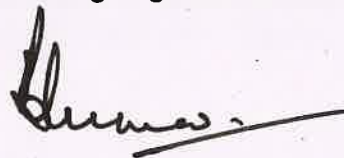
PHOD initiate the proposal for correction of MSOP and sent to DGM (G).

DGM (G) will forward the same to Finance for concurrence and vetting.

Vetted correction slip will be sent to GM for personal approval and Correction slip is issued.

Railway Board will issue Corrections slips for Indian Railways.

(vi) **Foreign Service contribution:** Railway Officers when on deputation to other Government organizations, the pension and leave salary contributions and other benefits viz. DCRG etc should be borne by the lending organization as his service to be



counted for Pensionary benefits. The benefits borne by the other government organization is called Foreign Service contribution. The service on deputation should be added for his retirement benefits.

(a) While a railway servant is in foreign service, contribution towards the cost of his pension must be paid to general revenues on his behalf.

(b) If the foreign service is in India, contributions must be paid on account of the cost of leave-salary also.

(c) Contributions due under clause (a) and (b) above shall be paid by the railway servant himself unless the foreign employer consents to pay them or as per the terms and conditions of the lending and borrowing department.

(d) By special arrangement made under Rule 2017 (b) (F.R.123(b)) contributions on account of leave-salary may be required in the case of foreign service out of India also; the contributions being paid by the foreign employer.

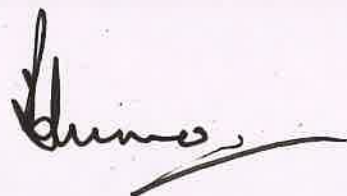
(vii) **Death cum Retirement gratuity** is a lump sum payment to the employee on his retirement or to his family in the event of his death or superannuation depending on the case. DCRG will be given on the basis of completed qualifying service upto 33 years. For this $\frac{1}{4}$ of wage for each completed 06 monthly periods, up to maximum 33 years (66 six monthly periods) service subject to ceiling of Rs. 20,00,000/-. In case of death, the amount will be enhanced as per policy fixed by Board.

(viii) Fixed Asset Register:

Fixed Asset: As per Indian Government Financial Reporting Standard-2 (IGFRS-2), "Property plant and equipments are tangible assets" assets are that:

- Are held by an entity for use in the production or supply of goods or services, for rental to others, or for administrative purpose; and
- In Indian Railways, there are various departments in Division and Workshop as per the nature of working.

Why: Fixed Assets, being a significant portion of the total assets of any organization, the accounting thereof involves proper classification, segregation, recording and presentation for the purpose of reflecting the financial status and determining the level of efficiency of the organization in relation to the cost incurred on the assets. The financial statements of any organization will not show true picture of financial position unless Fixed Assets are shown properly. Therefore, it is essential to record all the assets



in the books of accounts and make provision for depreciation not only in a commercial environment, but also for entities that do not operate for profit.

Who will prepare: For instance, Engineering, Signal & Telecom, Operating, Commercial, Carriage, Loco, Electrical, etc. It is advisable that each department should maintain details of all fixed assets owned by it in the prescribed format, e.g., engineering departments should maintain the details of Land, Building, and Bridges in the prescribed format FA-1, FA-2, and FA-3 respectively. However, at the end of each accounting period, accounting department or some other department as designated for preparation of Financial Statements will collect the data from all departments and compile it as a whole for Division/Workshop (as applicable). Are expected to be used during more than one reporting period.

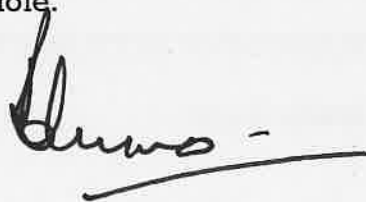
(ix) Three elements of Accounting Reforms:

○ ACCRUAL ACCOUNTING

- Provides meaningful information both for accountability and decision making
- Better assessment- Financial performance, Financial position & cash Flows
- Deeper insights for managing resources
- Better evaluation of performance in terms of service costs, efficiency & accomplishments
- Better insights into how to finance activities
- Insights for meeting financing, liabilities
- Better comparison between alternative allocation of resources.

○ PERFORMANCE COSTING

- Focus on financial/ non- financial performance in stead of activity
- Identification of lines of business/ service adding value and estimate business/ service cost accurately
- Similar to activity based costing enabling IR to find on board costs of each activity to take timely strategic decisions on cost management, outcome analysis and performance improvement of system as a whole.

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- It is proposed to make available costing data online in key performance areas- Construction, augmentation, maintenance, operation and post asset commissioning evaluation
- Capture costs online, apportion them activity wise into lines of business/ service to measure their profitability
- Activity based unit costing
- Under evolution.

○ OUTCOME BUDGETING

- Determine outcomes at Organisational, Zonal and Divisional levels- link them to budget
- Capital budget Outcomes- throughput increase, route decongestion, safety, productivity gains, asset optimisation, skill development, capacity building etc. linked to mission areas identified
- Revenue Budget Outcomes- safety, efficiency
- Nascent stage- lot of work to be done through inter disciplinary teams to determine outcomes
- Identification of Lines of Business/ Service/ Cost/ Profit/ responsibility centres- not only by Accounts

Q.7: What is Traffic Book? Explain Parts A, B, C & D of the Traffic Book.

TRAFFIC BOOK is a compilation which collects and brings to account, under prescribed heads - Coaching, Goods and Sundry Other Earnings, the whole of traffic earnings, both local and through, whether accrued at stations or otherwise.

Object of Traffic Book:

- TO BRING TO WHOLE OF TRAFFIC EARNINGS UNDER PRESCRIBED HEAD AND WATCH THE PROGRESS OF THEIR REALISATION
- APPORTIONMENT OF EARNINGS
- PROGRESS OF SETTLEMENT OF THESE BALANCES

Parts of Traffic Book:



- Part A – Station Accounts
- Part B – Adjustment with other Railways
- Part C – Home Railway Earnings
- Part D – Abstract of Earnings and Statement of Balances

Part A – Station Accounts

- MAINTAINED SEPERATELY FOR COACHING AND GOODS
- POSTED FROM STATION BALANCES SHEETS
- OB OF PREVIOUS MONTH B/F
- LOCAL & FOREIGN
- REALIZATION OF EARNINGS CASH, VOUCHERS, TRANSFERS
- APPROXIMATE BALANCE SHEET
- BALANCE IS UNREALIZED EARNINGS
- CASH, VRS AND TRANSFERS CHECKED WITH CHECKSHEET, VRS REGISTER AND JOURNAL ENTRY TOTALS
- MISTAKES RECTIFIED THROUGH ADJUSTMENT B/SHEET
- TOTALLED AND TRANSCRIBED TO PART-C

Part-B: Apportionment

- The earnings from traffic carried over two or more railways are to be shared by them while only one railway actually receives the money
- In cases of through traffic, even though the traffic is carried by more than one railway a single voucher for the traffic is issued by the station from which the traffic originates
- After the internal check of such vouchers etc. is completed in the Accounts Office, the earnings are apportioned between the railways
- The settlement of through traffic transactions as between the railways takes place monthly on the basis of net results of such apportionment.

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- The period for the completion of accounts and for the settlement, among railways, of 'through' traffic transactions, is the complete calendar month.

Part-C:

- PART- A & B TRANSCRIBED
- AOB BROUGHT TO ACCOUNT
- Adjustments
- Diversions
- TC/TDs
- CONTAINS 3 LEDGER ACCOUNTS
- TRAFFIC ACCOUNT
- OTHER RAILWAYS ACCOUNT
- DEPOSIT PRIVATE COMPANIES ACCOUNT- (NOT MAINTAINED NOW)
- SEPARATE FOR COACHING & GOODS
- GRAND TOTALS TRANSCRIBED TO PART D – BASIS FOR JOURNAL ENTRY

Part-D:

- Debit side of the Traffic Ac and other rly ac is journalised duly deducting Vr part of Part A which was twice accounted once in part-A & again on debit side of AOB.
- Credit side is service head wise
- Passenger Earnings & Other Coaching Earnings – Abstract X (90, 91)
- Goods Earnings – Abstract Y(92)
- Sundry Other Earnings – Abstract Z (93)

Q.8: What is WMS Account? How are the balances under WMS Account cleared? How are the inefficient balances identified?

Workshop Manufacture Suspense is a capital suspense head of account which records the expenditure on account of all operations in a railway workshop such as labour, stores and other oncost charges.



This account is debited with the items like Cash, Labour and other charges such as freight and proforma on cost etc. which are spent on the execution of the jobs undertaken in the shops

It is credited with the actual recoveries of the amount spent.

WMS Balance represent: denotes the outlay on works in progress and completed works which are awaiting acceptance by the parties ordering them and also the amount of overcharges and undercharges in respect of oncost and manufactures and repair work orders required to be adjusted to Final heads of accounts periodically.

Review of balance under WMS Account:

- (i) That all the items are current had have undertaken after the issue of a proper work order under the sanction of the competent authority.
- (ii) That the debit consists of labour, materials and work on cost charges expended on unfinished jobs or completed jobs awaiting adjustment.
- (iii) That there are no credit items and if there are any such items, they are noted for immediate adjustment.
- (iv) That in the case of jobs undertaken for outsiders, a sufficient deposit has been made where such a deposit is required by rules 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.
- (v) That there are no inefficient balances and the periodical adjustments in respect of overcharges and undercharges under the oncost manufacture and repair work orders are carried out regularly and the outstanding are not allowed to accumulate.

Control of Workshop Manufacture Suspense:

The control of Workshop Manufacture Suspense is ensured by reviewing the closing balance every month. The results of the review should be put upto FA&CAO at least once a year. The balances should not be more than 3%.

Q.9: What is stock adjustment account? What are the various items adjusted through this account? How and under whose sanction is the balance under this head cleared. What is the impact of clearance of balance under SAA on expenses and Stores budget.

Stock Adjustment Account: This suspense account is operated for recording differences arising out of;

- 1.) Variation in stock noticed during:



- (a) Periodical Accounts Stock verification.
- (b) Departmental stock verification.

2.) Variations in price of stock due to

- (a) Change in price of products purchased from market.
- (b) Change in price of products manufactured in workshop.

3.) Difference in Book Value and actual value realized on Scrap sale.

4.) Miscellaneous:

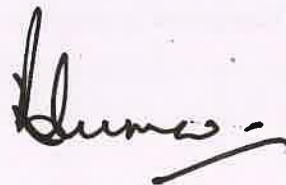
- (i) Difference due to loss, theft obsolescence etc.
- (ii) Miscellaneous
- (iii) Loss on account of classification of new material as second hand
- (iv) Rounding off
- (v) Value brought on books through depot stock sheets pending receipt of vouchers.

The debits and credits to this account are posted separately and reconciled regularly so as to ensure that balance under this suspense account is cleared every six months. All items of small value which do not serve any useful purpose by keeping in SAA serve no useful purpose should be cleared to final heads. Items remaining uncleared at the end of each quarter, unless it is established by advanced enquiry that there is a possibility of their clearance in the next month or two should be reported to G.M. for obtaining orders as to the Heads of accounts to which they be debited or credited.

Q. 10: Describe the important aspects to be looked into during checking any three of the following:

(i) Passing of Regular Salary Bills:

- As soon as the bill is received in the bill receiving section, it should be ensured that it is in the prescribed form and signed by the Drawing Officer whose specimen signature should be available in the A/Cs. office.
- The following documents are invariably attached with the bill:
 1. Memorandum of differences.
 2. Cadre statements showing details of sanctioned cadre and men on roll.
 3. Absentees statement.
 4. Increment statements (Gazetted Officers).
 5. Vouchers of TA, OT, NDA and other allowances.

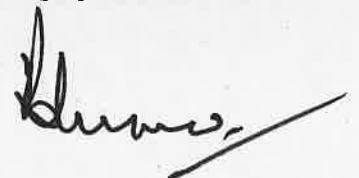


6. Statement showing the recoveries of various advances like festival advance, scooter advance, car advance, HBA etc.
7. PF recoveries statement.
8. Rent rolls statement.
9. Electrical energy charges statement.
10. Diet charges and recovery statement.
11. Statement showing recoveries towards Stores and Debit and Station Debit.
12. Deduction statement for

- i. Subscription for Railway institutes.
- ii. Amounts due to Railway co-operative societies.

13. Recovery Statement of CGEGIS
14. Recovery Statement of Professional Tax.
15. Allocation Statement.
16. Statement showing the details of cost recoverable from siding owner or state govt. / local bodies towards staff posted on siding / level crossing.
17. Due drawn card duly verified by Accounts invariably attached when arrears is claimed / drawn.
18. Certificate must be forthcoming for all adjustments required in respect of pay, allowances, deductions etc on account of assumed attendance adopted for the immediately preceding wage period have been carried out in this bill based on the actual for the same period and no items have been left over unadjusted.

- C06 No. is then allotted to the bill and the bill is passed on to the bill passing clerk by the Programmer Clerk.
- The No. of posts in each category charged in the bills are checked with the sanctioned strength of the Pay Bill Units as noted in the scale check register.
- In the case of employees whose name appears for the first time in the establishment bill but is not a case of first appointment, audited LPC is checked.
- It is checked that the pay roll of each unit contain a statement showing sanctioned strength and the actual strength of the unit.
- A statement (MOD) showing the reasons of the variation between gross salary charged in the bill and the reasons for variations are explained is attached with the bill.
- Scale check register is posted from the salary bill to ascertain actual operation of posts as against sanctioned strength.
- In case of promotions / demotions / pay fixations / removal / dismissals / suspension / increment and any new claim, it is seen that the sanction of competent authority has been obtained.
- The amount of all allowances like DA, CCA, HRA, etc. charged in the bill has been checked with reference to the rate prescribed from time to time.
- Other Miscellaneous payments like Washing allowance, Honorarium are paid only to eligible staff having fulfilled the condition for drawal of such allowance and sanction of competent authority is there for making such payments.



- Any additional payments to employees like special pay, personal pay, family planning allowance, travelling allowance are also included after proper check and sanction by competent authority.

(ii) Check of debit scrolls received from banks for pension disbursed

- Exception reports are being received from Western Railway, which are verified by this Railway with reference to initial records, to take suitable action for regularization of all such over/under payments. The overpayments are mainly due to continuation of Enhanced Family Pension.
- In addition to the exception reports, internal check is being done by this railway duly reconciling the pension debit scrolls with that of master data through oracle data base. In certain cases, additional quantum is being paid in family pension cases considering the date of birth of pensioner instead of date of birth of family pensioner.
- Further, dearness relief at old rates as per 6th CPC is being paid, where pension is being paid as per 7th CPC with multiplication factor of 2.57, leading to overpayments. Suitable action is being taken.

(iii) Witnessing delivery of scrap against sale order.

PCMM will nominate the Depot Officer or any other Officer to supervise the auction and will intimate Accounts Officer to nominate ISA or ASV as Accounts representative to witness the auction sale. Accounts Officer (Stores) will depute one ISA or ASV for the same.

From the catalogue and the Survey Sheets prepared for the auction, the Stock verifier/ISA witnessing the sales should post a manuscript register containing the following particulars :

- (1) Date of auction
- (2) "LOT" Number
- (3) P.L. Number
- (4) Description of the material
- (5) Approximate quantity
- (6) Book rate
- (7) Book value
- (8) Sanction ref. of the Survey Sheet
- (9) Name & address of the purchaser ' Wt[
- (10) Auction Bid rate
- (11) Delivery Order No. & date
- (12) Quantity delivered



- (13) Value
- (14) Loss or gain on sale.
- (15) Issue Note No. & date
- (16) Gate Pass Number & date
- (17) Wagon Number
- (18) Railway Receipts No. & date
- (19) Loading charges
- (20) Ground Rent recovered, if any
- (21) Remarks
- (22) Countersignature of Depot Officer

Columns (1) to (8) of the above, should be posted before the sale. As lots are sold, columns (9) & (10) will be written up by the Stock-Verifier and at the end of the day the entries in his register will be compared with those in the auctioneer's (or Yard Foreman's) statements. The rest of the columns in the Register should be filled up by the Stock Verifier from his Field Book (S. 2428 which will be his initial record in which the deliveries of such materials as they are affected will be noted.

Material should not be sold at rates per lot but bids should be registered by a number or weight unit so that a complete check on the quantity delivered can be exercised, at any time.

The Stock Verifier should see that the Conditions of Sale are being observed and that stores are not being sold at obviously low prices. If he thinks that any irregularity is taking place or proper prices are not being obtained, he should bring the matter immediately to the notice of the Officer in charge of the sale and report the case in writing to the Accounts Officer, Stores.

(iv) Examining a proposal for inviting single tender

Powers regarding inviting single tender are very restrictive and these tenders are required to resorted to only in case of extreme emergencies such as restoration of track, communication etc.

Single tenders are also invited for OEMs for maintenance of plant and machinery purchased by Railways.

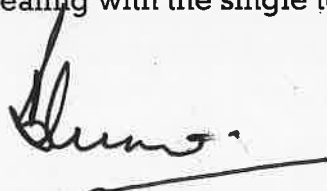
The powers of Single tenders for works are categorized under:

Emergency

Specialised nature of work

Other situations

The following points to be kept in view while dealing with the single tender:

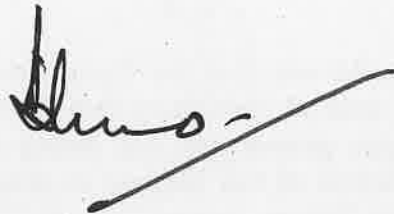


- Urgency & Justification
- Why other type of tenders cant be resorted
- Competency of sanction
- Availability of funds & Estimate/urgency certificate

(✓) Passing of final bill against a Works contract

The following points need to be kept in mind while passing a final bill:

- ❖ Certification of completion of work in all respects from the executive
- ❖ Certification regarding closure of all the audit/vigilance objections.
- ❖ Availability of funds and estimate provision
- ❖ Test check/certification done as prescribed.
- ❖ That there are no dues from the contractor to be recovered.
- ❖ No claims certificate from the contractor.
- ❖ Recovery of mobilization advances and other dues like water charges, electricity charges etc.,
- ❖ Recovery of statutory dues/taxes etc.

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