

A presentation on Internal
Audit procedure in
Indian Railways by

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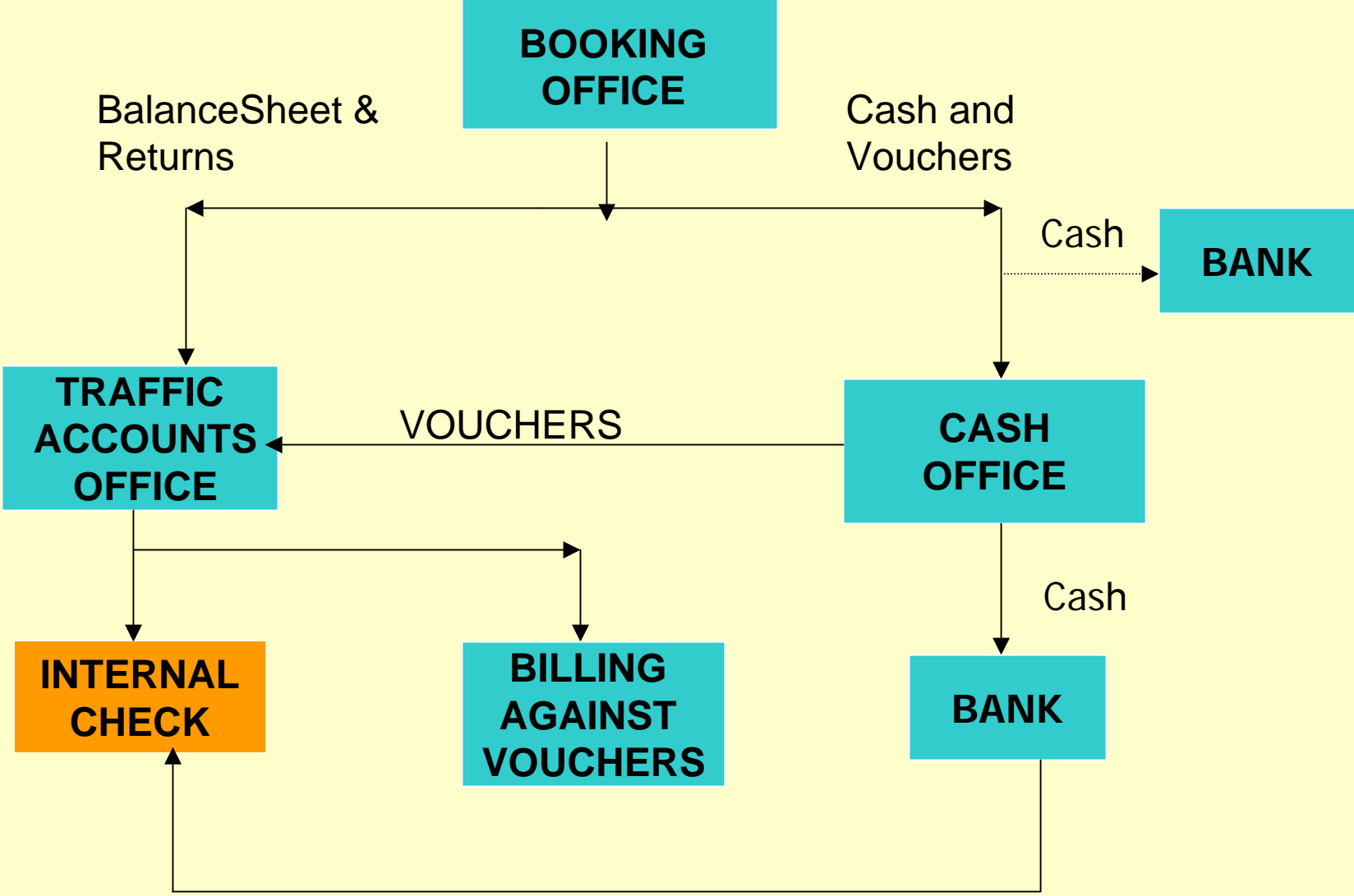
Railway Board.

INTERNAL CHECK OF RAILWAY EARNINGS

CATEGORIES OF RAILWAY EARNINGS

- **PASSENGER (PRS, UTS, ARTS, PCT, EFT, BPT, MST etc)**
- **GOODS**
- **OTHER COACHING (PARCEL, LUGGAGE ETC.)**
- **SUNDRY (eg. PUBLICITY, LAND RENT, LICENCE FEE etc.)**

FLOW OF EARNINGS



**INTERNAL
CHECK**

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graph TD; A[INTERNAL CHECK] --> B[INTERNAL CHECK OF RETURNS SUBMITTED BY STATIONS IN TRAFFIC ACCOUNTS OFFICE]; A --> C[CHECK OF INITIAL RECORDS AT STATIONS BY TIAs DURING INSPECTION];
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**INTERNAL CHECK
OF RETURNS
SUBMITTED BY STATIONS
IN
TRAFFIC ACCOUNTS OFFICE**

**CHECK OF
INITIAL RECORDS
AT STATIONS
BY TIAs DURING INSPECTION**

OBJECTIVE OF INTERNAL CHECK

To check

- **CORRECTNESS OF FREIGHT/FARE COLLECTED**
- **CORRECT ACCOUNTAL OF EARNINGS**
- **CORRECT REMITTANCE**

INTERNAL CHECK OF PASSENGER EARNINGS

- THE TOTAL EARNINGS ON THE CREDIT SIDE OF BALANCE SHEET ARE TALLIED WITH THE CASH AND VOUCHERS RECEIVED FROM CASH OFFICE
- THE INDIVIDUAL ITEMS IN THE DEBIT SIDE ARE THEN CHECKED WITH THE MONTHLY STATION RETURNS MONTHLY STATION RETURNS ARE THEN CHECKED WITH THE DETAILED STATEMENTS IN CASE OF PRS,UTS AND ALSO WITH THE ACCOUNTS FOILS IN CASE OF BPT, EFT, P-WAY BILLS

INTERNAL CHECK OF PASSENGER EARNINGS

- 80% OF THE PASSENGER EARNINGS ARE COMPUTERISED THROUGH PRS, UTS, ARTS, ETC.
- THEREFORE, RATE, CLASS AND DISTANCES ARE INBUILT IN THE COMPUTER APPLICATIONS. THESE ARE HOWEVER VETTED BEFORE INTRODUCTION OF ANY NEW TRAIN
- CONTINUITY OF TICKET NOS. IS CHECKED FROM STATION RETURNS
- RELATED Non-ISSUED TICKETS, CANCELLED TICKETS AND BPT's ARE CHECKED WITH SUPPORTING DOCUMENTS FOR AMOUNT AND AUTHENTICITY.

INTERNAL CHECK OF PASSENGER EARNINGS (contd...)

- Internal check on Non-computerised ie. Printed card tickets (15% of earnings), EFTs, BPTs, related NITs and cancelled tickets
- Verification of continuity, rate, distance, class and total
- Verification done of station returns with original vouchers
- Debits raised for under charges detected
- Other checks
 - Authenticity and amount of Rail travel coupons and tourist coupons, Police & Military warrants, other concession vouchers etc
 - check of ticket indents

INTERNAL CHECK OF OCH EARNINGS

- Categories of earnings broadly includes Parcel, Luggage, TTE's earnings (Penalty charges), Postal haulage charges, Military special trains, Cancellation charges on pass. Tickets
- Accountal of earnings of each category is verified by tallying Station B/S with specific returns i.e. Parcel/luggage cash book
- Internal check of Parcel carried out on individual PWB for verification of continuity, scale, weight, distance
- For luggage continuity and total amount is verified
- Other misc. returns ie. Left luggage, demurage, wharfage, over charge sheets are also checked

INTERNAL CHECK OF GOODS EARNINGS

- Debit side of Goods B/S is checked with the station returns for 'To-pay' and 'Paid' traffic
- Verification of invoices carried out for weight, class, rate, distance, continuity (of RR) etc.
- Verification of other statements ie. siding charges, wharfage/demurrage, refunds carried out for correctness of calculation and accountal in B/S.

INTERNAL CHECK OF SUNDRY EARNINGS

- Verification restricted to tallying the misc. cash transaction statement with the category wise amounts given in the B/S.

IMPORTANT CHECKS AT STATIONS

- Verification of station records to confirm correct accountal of earnings

Passenger -

- this is mainly for card tickets to ensure correct accountal of daily sales with Passenger Classification and B/S. For computerised tickets check restricted to cancelled tickets
- fraudulent sale of tickets
- ticket stock, utilisation/over stock

IMPORTANT CHECKS AT STATIONS

- Verification of station records to confirm correct accountal of earnings

Goods -

- this is mainly to ensure correct accountal of outward paid and inward to-pay as per MPAs in station Goods B/S
- verification carried out with reference to delivery book and Operating records ie. placement memo etc.
- verification covers checks on inward invoices for rate, dist, class, weight etc.
- verification of wharfage/demurrage with related records
- verification of inventory

IMPORTANT CHECKS AT STATIONS

- Verification of station records to confirm correct accountal of earnings

Other Coaching -

- verification of inventory and station records for correctness of station returns
- verification of wharfage/demurrage with related records

IMPORTANT CHECKS AT STATIONS

- Verification of correct and timely remittance of station earnings
 - 100% check on Cash remittance Notes and Bank challans, acknowledgement from Cash office

CORRECT REMITTANCE

- CASH AND INSTRUMENTS SHOULD BE REMITTED INTO BANK
- VOUCHERS
 - For Military and Postal vouchers Railways accounts should be correctly credited by RBI
 - For vouchers of Central Government Deptts. and State Governments, cheques/DDs should be for the correct amount
 - For vouchers for Intra/inter Railway transactions, book adjustments should be correct

RESULT OF INTERNAL CHECK

- The mistakes detected during internal checks by TA office, are advised to the booking points through 'Advice of Internal check' and response is monitored strictly.
- When a mistake involving apparent financial loss to Railway Administration is noticed, the amount short collected, undercharged or unaccounted for, should be debited in full to the station responsible, by means of Error Sheet and amount recovered from defaulting staff.
- Over charges detected during internal check are refunded, if claimed by the party.

INTERNAL AUDIT OF RAILWAY EXPENDITURE

CATEGORIES OF RAILWAY EXPENDITURE

- PAYMENT TO RAILWAY EMPLOYEES
- PAYMENT TO NON RAILWAY ORGANISATION/UNIT/FIRMS/INDIVIDUALS

PAYMENTS TO RAILWAY EMPLOYEES

- SALARY/WAGE PAYMENTS
- PAYMENT OF ADVANCES LIKE HOUSE BUILDING, CAR, TWO WHEELER, CYCLE ETC
- PAYMENT AT THE TIME OF SUPERANNUATION OF EMPLOYEE i.e PROVIDENT FUND, PENSION, GRATUITY, LEAVE SALARY, GROUP INSURANCE

PAYMENT TO NON RAILWAY ORGANISATION/UNITS/FRIMS/ INDIVIDUALS

- CONTRACTUAL PAYMENTS FOR PROJECTS/WORKS
- PAYMENTS FOR MATERIAL PROCUREMENTS
- OTHER MISCELLANEOUS PAYMENTS NOT IN THE CATEGORY OF WORK OR STORES PAYMENTS

INTERNAL CHECK OF SALARY/WAGE PAYMENTS TO RAILWAY EMPLOYEES

- REGARDING OFFICERS, INTERNAL AUDIT CARRIED OUT WITH REFERENCE TO SALARY REGISTERS, CADRE REGISTER, SERVICE CARD AND LEAVE ACCOUNT
- REGARDING STAFF, INTERNAL AUDIT CARRIED OUT WITH REFERENCE TO MUSTER ROLL, SCALE CHECK REGISTER AND LEAVE ACCOUNTS
- REGARDING EMPLOYEES WORKING ON LINE AND INCASE OF ILLITERATE STAFF, TEST CHECKS ARE CARRIED OUT IN BILL UNITS BY FINGER PRINT EXAMINERS IN THE FIELD
- ALL PAY ROLL APPLICATIONS OF BILL UNITS OF ALL OFFICERS AND STAFF ARE COMPUTERISED

INTERNAL CHECK OF OTHER PAYMENTS TO RAILWAY EMPLOYEES

- HOUSE BUILDING ADVANCE – INTERNAL AUDIT WITH REFERENCE TO SANCTION ORDER, BUDGET ORDER, RECOVERY ORDER

- BEFORE ENTERING INTO, PAYMENT IN CASE OF A CONTRACT OR PLACING THE ORDER FOLLOWING CHECKS ARE EXERCISED.

- Compliance to contractual provisions
- Availability of Budget
- Records of executions of works
- Finance opinion

- IR have developed a computerised software for doing the quantitative internal audit and this software is being extended to all zonal railways and railway units in a phased manner.

Thank you.