

## STATUTORY AUDIT

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Comptroller and Auditor General of India (C & AG) is the final audit authority in India. As per article no. 149 to 151 of the Indian constitution, he is responsible for the audit of the Accounts of the Indian Railways. The main duties of the C & AG are as under: -

- a) To audit all expenditures from Consolidated fund of India with a view to ascertain whether the money shown in the Accounts as having been disbursed were legally available for and applicable to the service or purpose for which those have been applied and whether the expenditure conforms to the authority governing the same.
- b) To audit all the transactions relating to Contingency fund and Public accounts.
- c) To audit all trading, P & L A/Cs and manufacturing A/Cs and balance sheet together with the subsidiary accounts maintained by the department concerned and in each case, to report on the expenditures, transactions of all accounts so audited by him. The C & AG in connection with the performance of his duties has authority –
  - i) To inspect any office of the Accounts including Treasuries and such offices responsible for keeping the records.
  - ii) To call for any accounts, books, papers and other documents which deal with the basis of accounts and are relevant to the transactions to which his duties in respect of audit is extended. He shall appoint his authorized representatives for inspection of the documents.
  - iii) To put such questions or to make such observations as he may consider necessary to the person in-charge of the office or to call for such information, which he may require for preparation of accounts of the report.

### Railway Audit

The responsibility of the C & AG in respect of audit of the Railway Accounts is discharged through Additional C & AG (Railway wing) and Director of Audit, who conducts the audit on behalf of and the direction of C & AG. For this purpose at each Zonal Railways HQr, have been attached with the Director of Audit for discharging the duties for Auditing of a particular Railway Accounts.

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Divisional Audit Officers/Asstt. Audit Officers further assist the Directors of Audit at Divisional level. The main responsibilities of the Audit department are as under:-

1. To audit sanctions having financial effects and those pertaining to an individual Railway or Railway Accounts offices.
2. To audit sanctions regarding financial rules and general orders issued by the President which are exclusively applicable to the Railway Department.
3. To audit tenders invited and accepted by the Railway for purchase of materials.
4. Audit the accounts maintained in the Railway Board's office.
5. To ensure that the system of Accounts used by the internal check authority is correct.
6. To see that the method of check applied at every stage of the Accounts is sufficient.
7. To see that the Accounts are maintained properly and arrangements exists in the accounts office to ensure attention to the financial interest of the Railway on the part of all accounts.

The Director of Audit of a Railway is also responsible for detailed auditing of the accounts of the Railway and for conducting inspection of records of various offices of that Railway. Thus his responsibility further extends to audit all expenditure and receipt of Railway whether under construction or open line including traffic accounts, accounts of stores and manufacturing stock etc.

The cost of Railway audit is borne by the Railway Revenue and is debited to minor head "Statutory Audit" including pensionary charges which is operated under the major head '345'-Indian Railways- Policy formulation, Director Research and Miscellaneous Organization.

### **Communication from Audit: -**

Ordinarily the results of Statutory Audit are communicated to Accounts department through: -

1. Specific reports of more important and serious irregularities discovered during the course of Audit of Accounts department, Departmental Offices and station records.
2. Audit Notes detailing minor irregularities noticed during the course of Audit of Accounts Office records.
3. Inspection reports showing the results of Audit of initial records of the Executive offices and stations.

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### **Disposal of Audit objections: -**

The Accounts Officer should promptly attend to all audit objections and notes. Audit objections may either relate to matters, which can be disposed off by the Accounts Officer himself without referring to the Executive concerned, or the matters, which can be well explained by the executives concerned only. The matters where the executives are not to be consulted, the objections should be made out directly by the Accounts officer and reply will be given to the Audit department. In the other cases, the executives should be referred to for obtaining necessary information in order to give a suitable reply to the Audit department. An Accounts officer is expected to take generally the same action on the defects and irregularities brought out to his notice by the Audit department as he could have taken if he would have detected the same.

### **Audit Notes and Inspection reports: -**

An Inspection report consists of 2 parts, Part I dealing with more important matters and Part II dealing with the rest of the items containing minor routine matters of objections. Audit Notes detailing the results of monthly test Audit similarly consist of 2 parts and should be promptly attended to by the Department Concerned or the Accounts Office without any delay.

The final disposal of Part II of the Audit notes and Inspection reports, whether on accounts or executive officers rests with the Accounts Officer and no final reply to the Audit department is necessary. Disposal of such Audit notes and Inspection reports should, however being made available to the Audit department.

Replies to Part I Inspection reports and Audit notes including specific reports on the more important irregularities should be sent to the Audit officer as soon as possible showing clearly the action taken thereon.

A record of specific reports, Audit Notes Part I & II, Inspection reports Part I & II etc. received from the Audit department should be kept and reviewed periodically to ensure prompt disposal of all outstanding paras. The collected records on which objections have been raised should not be destroyed till such time the objections have been settled.

### **Replies to Inspection Reports: -**

Replies to inspection reports of Executive officers should be sent by those officers through the Accounts Officer concerned. In scrutinizing them the Accounts Officer should call for additional information if required and consult the ZONAL RAILWAY TRAINING INSTITUTE, BHUSAWAL  
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Head of the Department concerned wherever desirable before giving a reply to the Audit officer. The Accounts officer while giving replies to the Audit Department should act in close collaboration with the Administrative authorities concerned, so that the information given to Audit may be an authority to statements of facts on behalf of Railway Administration and there may be no possibility of any dispute at a later stage.

### **Audit report on Railways: -**

Additional Dy.C&AG of India (Rlys.) and the Director of Audit are responsible for preparation of a report of the C & AG (Rlys.) which also includes the comments on the appropriation accounts of the Railways compiled by the Ministry of Railways.

All important cases coming to the notice of the Audit department during the course of Inspection or regular audit which in the opinion of the Director of Audit must be included in the reports of the C & AG are ordinarily brought to the notice of the Railway Administration /Executive concerned through special letters. The Railway Administration and Executives are expected to promptly scrutinize the facts brought out therein and sent the replies to the Audit department within the time prescribed for the purpose. Since, the special letters and relevant documents etc. forms the basis of the material for the Audit report, the Executives should deal with them at sufficiently high level and bring out their point of view in a convincing manner so that the Director of Audit may have full presentation of the Railways case before he proceeds to prepare a draft para for incorporation in the Audit report.

The Director of Audit prepares a draft para and sent to the G.M endorsing copies to the FA & CAO and the head of the department concerned. On receipt of the Draft para in the Accounts office, it is the responsibility of the Accounts department to fully examine the objections brought out therein with relevant records/documents etc. already available with him. If required additional information should be obtained from the Executives concerned so that a convincing reply can be prepared and submitted to the Audit department. The time limit for submission of replies to the Audit department in respect of draft para is of 8 weeks from the date of receipts in the Accounts office.

To enable the Railway Board to approve the draft reply prepared by the Railway Administration, the following additional information should also be sent.

1. The history of case with copies of the relevant correspondence.
2. Sentence-wise comments on the Draft para.
3. A chronological summary of the case where there has been unusual delay in the case.
4. Remedial action proposed to be taken to avoid recurrence in future.

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### 5. Disciplinary aspects where individual lapses have been brought out.

The report of C & AG (Rlys.) including the Draft para is presented to the Parliament generally in the Budget session where it is taken up for consideration by the PAC which is a Parliamentary committee itself. The committee examines this report very critically and the views / recommendations are communicated to the Railway Ministry. Based on the recommendations, the Railway has to initiate action on certain points wherever acceptable.