

## CONTENTS

### CHAPTER I

#### DEPARTMENTAL REGULATIONS

**Organisation.**—Functions of the Accounts Department, [101](#). Gazetted Officers of the Accounts Department, [102](#). Chief Cashier, [103](#). Divisional and Workshop Organisation, [104](#). Non-Gazetted Establishment, [105](#). Accounts Officers and Executive, [107](#). Difference of Opinion between the Accounts and Executive, [108](#). Financial Adviser and Chief Accounts Officer and Director (Accounts) Railway Board, [112](#). Statutory Audit. [113](#). Object of Statutory Audit, [116](#).

**Office Procedure.**—Main Divisions of Work. [117](#). Office Manuals. [118](#). Calendar of Returns, [119](#). Inspection of Registers of the Accounts Office, [120](#). Restriction of Records, [121](#). Supply of Books of Reference, [122](#). Monthly Progress Report, [124](#). Half Yearly Arrear Report, [125](#). Register of Valuable and Secret Documents, [126](#). Transfer of Charges. [127](#). Handing over Notes, [128](#). Important Items of Work, [129](#). Periodical Demi-Official Letters to Financial Commissioner, [130](#)

CHAPTER I  
DEPARTMENTAL REGULATIONS  
A. ORGANISATION

**101 Functions of the Accounts Department.** - The Accounts Department of a Railway Administration is mainly responsible for :-

- (a) Keeping the accounts of the railway in accordance with the prescribed rules;
- (b) The check with reference to rules or orders (Known as “Internal Check”) of transactions affecting the receipts and expenditure of railway ;
- (c) Prompt settlement of proper claims against the railway ;
- (d) Tendering, as part of its important functions, advice to the administration whenever required or necessary in all matters involving railway finance;
- (e) Compilation of budgets in consultation with other departments and monitoring the budgetary control procedures as may be laid down in the relevant orders and Code rules from time to time ;
- (f) Generally discharging other management accounting functions such as providing financial data for management reporting, assisting inventory management, participation in purchase/contracting decisions and surveys for major schemes in accordance with the relevant rules and orders; and
- (g) Seeing that there are no financial irregularities in the transactions of the railway.

**102. Gazetted Officers of the Accounts Department :-** The head of the Accounts Department of a Railway Administration is known as the Financial Adviser & Chief Accounts Officer. Below him are the Additional Financial Adviser and Chief Accounts Officer, the Deputy Chief Account Officers, Senior Accounts Officers, Junior Accounts Officers, and Assistant Accounts Officers, located in the Headquarters Office or attached to the Divisions, Workshops, Stores Depots and Construction Projects of the railway. The size of the organisation may vary depending on the nature and volume of work in the Accounts Department of each Railway Administration. For the sake of brevity, all Accounts Officers of a railway, including the head of the Accounts Department, are referred to hereafter as “Accounts Officer(s)”. Where, however, it is necessary to refer particularly to the head of the Accounts Department of a railway the term “Financial Adviser and Chief Accounts Officer” has been used. The term “Accounts” has, in some places, been used to denote the Accounts Department.

103. For the management of cash receipts and disbursements, the Financial Adviser and Chief Accounts Officer is assisted by the Chief Cashier, and the Assistant Chief Cashier commonly referred to as "Cashier".

104. The Divisional/Senior Divisional Accounts Officer in a Division, the Workshop Accounts Officer in a Workshop and the Stores Accounts Officer attached to the Stores Depot will function as Financial Advisers to their respective Executive Officers under the overall guidance of the Financial Adviser and Chief Accounts Officer.

**105. Non-Gazetted Establishment of the Accounts Department :-** The subordinate accounts establishment of a railway consists of both indoor and outdoor staff. The indoor or office staff is divided into two main classes viz, Section Officers (Accounts)/Sub Heads and Clerks. Section

Officers (Accounts) are employed as Superintendents in various branches of the Accounts Offices. Some minor charges of sections and sub-sections are supervised by Sub-Heads. The clerks are generally divided into two classes, a lower class (grade II) and a higher class (grade I) the latter being employed on more important work. The outdoor staff comprises Inspectors of Station Accounts, Inspectors of Stores Accounts and Stock-verifiers. There are, in addition, Finger Print Inspectors who examine the finger prints on paid pay bills for comparison with those on Service Registers.

106. For cash receipts and disbursements, the subordinate staff dealing with the work are the Divisional Cashiers, the Assistant Cashiers, Senior Cashiers, Junior Cashiers, Shroffs and clerical establishments. In addition, there are Inspectors of Cashiers whose job it is to inspect the accounts of the Cashiers.

107. **Accounts Officers and the Executive** - The head of a railway administration, referred to hereafter as the General Manager, and the various executive officers subordinate to him, are responsible for the construction, maintenance and operation of the railway. In the proper and the legitimate discharge of their responsibilities the executive officers are authorized to incur expenditure within the limits of their financial powers. All claims against the railway arising out of such authorization of expenditure are checked (in accordance with the prescribed rules) on behalf of the Railway Administration by the Accounts Officer who arranges to settle the claims which are found to be in order. In so functioning and in giving financial advice to the executive, the Accounts Officer acts solely in the interest of the executive officers with whom he jointly participates in the process of railway management. Similarly the executive officers on their part should give due consideration to the financial advice tendered by the Accounts Officer.

108. In cases where an Accounts Officer is unable to accept as proper any orders of an executive authority or any claims arising therefrom, he should bring to the notice of such executive authority the nature of the impropriety or irregularity and suggest the proper and regular course of action under the extant rules and orders. In the event of a disagreement between the Accounts Officer and the executive, the following procedure should be followed:-

(a) If the disagreement is between an executive officer other than the General Manager and an Accounts Officer other than the financial Adviser and chief Accounts Officers, the Accounts Officer should furnish a short note of his objection to the executive officer and ask him to obtain the decision of the General Manager. He should at the same time furnish a copy of his note to the Financial Adviser and Chief Accounts Officer.

(b) If the matter is settled to the satisfaction of the Financial Adviser and Chief Accounts Officer, he will issue the necessary orders to the subordinate Accounts Officer. If, however, the General Manager and the Financial Adviser and Chief Accounts Officer are unable to come to an agreement, the former should consider himself under an obligation to make a reference to the Railway Board when so requested by the Financial Adviser and Chief Accounts Officer. While doing so the General Manager should incorporate fairly and fully the comments and views of the Financial Adviser and Chief Accounts Officer. The orders of the Railway Board on such a reference when received by the General Manager shall be furnished by him to the Financial Adviser and Chief Accounts Officer ([vide paragraph 804](#)).

(c) The above procedure will apply *mutatis mutandis* in cases where the Financial Adviser and Chief Accounts Officer himself (without intervention of his subordinate officers) considers any order of an executive officer or any claims arising there from irregular or improper in internal check.

109 In matters of interpretation of rules and of obtaining sanction of the Railway Board or higher authorities, the duty of the Accounts Officer is to address the executive officer concerned and request him to obtain the orders of the Railway Board. In such cases, the opinion of the Accounts officer should be furnished to the executive Officer in the form of a short note. Which should be

included verbatim in the report made by the General Manager to the Railway Board for orders. When the matter is really very urgent, as for instance, when delay in the issue of orders by the Railway Board may involve a serious financial loss to the Railway or dislocation of business or when a financial irregularity or defect in the working of a department of the railway has to be promptly brought to the notice of the Railway Board, the Financial Adviser and Chief Accounts Officer may, after addressing the General Manager, send a copy of his note to the Railway Board for information with an explanation of the urgency of the case and a request for the issue of early orders. In all such cases, the Financial Adviser and Chief Accounts Officer should await the orders of the Railway Board.

110. In making proposals for economy or improvement affecting other departments of the railway, the Account Officers should always consult the Executive Officers of the Department, and such proposals should, as rule, be sent to the competent executive authority through the departmental officers. But the Financial Adviser and Chief Accounts Officer is empowered, if he thinks it necessary, to make such references direct to the head of the railway.

111. In addition to the returns and accounts required to be furnished to the Departments by the Accounts Officer, in accordance with the rules in the Railway Codes and other orders of the Railway Board, the Accounts Officer should furnish the Executive Officers of the Railway with such other accounts and returns as may be called for by them. Any statistical or other information required by the executive officers which can be obtained from the records of the account office should also be promptly supplied.

**112. Financial Advisers and Chief Accounts Officers and Director Accounts, Railway Board:** - The Railway Board is responsible for the proper maintenance of the accounts of all the Indian Railways and for compilation of the whole of the accounts relating to receipts and expenditure under the various railway and non-railway heads of accounts prescribed in [Appendix IV](#) to this Code. The Director Accounts is the professional agent of the Railway Board in Accounts matters. In this capacity, he organizes trains and controls, from the professional point of view, the Railway Accounts Establishment as a whole, and is responsible to its professional efficiency as also for the correctness of accounts and accounts procedure. In the discharge of these responsibilities he will issue instructions to the Financial Advisers and Chief Accounts Officers relating to the preparation and submission of the accounts and the returns required by the Railway Board and on all other accounting matters including those which might have an administrative aspect and besides carry out inspections of their offices. These instructions will be communicated to the General Managers and it is the duty of the Financial Advisers & Chief Accounts officers to give effect to them. The Director Accounts is, however, at liberty to correspond freely with the Financial Advisers & Chief Accounts Officers and the latter with him in all accounts matters, including those which might have an administrative aspect. The Financial Adviser & Chief Accounts Officer must, however, keep the General Managers in touch with such correspondence if it is of importance to the administration of the railway. The Financial Advisers and Chief Accounts Officers will exercise such powers as may be delegated to them by their respective General Managers.

**113. Statutory Audit.** - 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.

*Note* - This subject has been dealt with in greater detail in Chapter IX of the Indian Railway Financial

code to which reference may be made. The duties and powers of the Comptroller & Auditor General with regard to audit of accounts are given in [Appendix I](#).

114. In all matters relating to the audit of Railway Accounts, the Comptroller and Auditor General of India is assisted by the Additional Deputy Comptroller & Auditor General (Railways). Subordinate to him are the Chief Auditors who are responsible for conducting audit of the accounts of the Indian Railways. These Officers have been referred to in the rest of this Code as "Audit Officers" or "Audit". Where, however, it is necessary to refer to the head of the Statutory Audit Office, the term "Chief Auditor" has been used.

115. The responsibility of the Chief Auditors for the audit of the accounts is briefly as follows:

- (a) it extends, in respect of expenditure transactions, to all expenditure incurred in India;
- (b) in respect of receipt, it includes receipts of Indian Railways, whether under construction or open to traffic including receipt relating to accounts of manufacture and ;
- (c) it includes stores and stock accounts to the extent prescribed by the Comptroller and Auditor General of India.

116. **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.

## **B. OFFICE PROCEDURE**

117. **Main Divisions of Work:** - The work in a railway accounts office generally falls under the following main divisions :-

- (1) Administration.
- (2) Booking and compilation.
- (3) Budget.
- (4) Cash and Pay.
- (5) Compensation Claims.
- (6) Engineering Accounts including construction Accounts & Surveys.

- (7) Establishment Accounts.
- (8) Finance and planning.
- (9) Fuel Accounts.
- (10) Inspection (Executive and Accounts Offices).
- (11) Other Expenditure Accounts including Departmental Catering Accounts.
- (12) Provident Fund and Pension.
- (13) Stores Accounts and Inventory Control.
- (14) Traffic Accounts.
- (15) Traffic Costing.
- (16) Workshop Accounts.

In addition to the above, the Statistical Branch and the Electronic Data Processing Centre are under the professional control of the Financial Adviser and Chief Accounts Officer. The actual division into branches and sections and the distribution of work among the Accounts Branch Officers is left to the discretion of the Financial Adviser and Chief Accounts Officer in the absence of orders to the contrary as regards any particular charge. The details of work relating to items 1, 2, 4, 5, 7, 10 to 12 and 14 have been dealt with generally in this Code, while rules relating to other items of work have been laid down in the relevant departmental codes and/or Manuals.

**118. Office manuals.** - Detailed working instructions in conformity with and subsidiary to the rules contained in this and other Indian Railway codes should be laid down in the office manuals of each Accounts Office, issued under the authority of the Financial Adviser & Chief Accounts Officer and these should be kept up-to-date. The office manuals should also contain:-

- (a) detailed rules of procedure for the conduct of business in the Accounts Office;
- (b) orders defining the duties and responsibilities of the supervising staff; and
- (c) instructions for the periodical inspections of the registers maintained in each section for the test check of some portion of the work done by each clerk once a month ([see para 803](#)), for the submission of progress reports about the state of work in each section and for periodical reviews of all correspondence awaiting disposal.

**119. Calendar of Returns.** - Each Section of an accounts office should maintain a Calendar of Returns showing the due and actual dates of (i) despatch of reports and returns due from the section, and (ii) submission to Accounts Officers of all accounts, objection statements, registers etc. The calendar so maintained should be submitted periodically on a prescribed day, to the Accounts Officer in charge for review. The result of the review should be placed on record either in the periodical progress reports or elsewhere.

**120. Inspection of Registers of the Accounts Office.** - The intervals at which registers of the Accounts Office are required to be inspected by the Accounts Officer in charge of the section concerned are laid down in [appendix VIII](#). Registers, the entries in which are required to be checked and initialed by Accounts Officers at the time they are made, need not be subjected to a separate periodical inspection, but the detailed procedure prescribed in the office manuals ([c. f. para 118](#)) for the posting and checking of such registers should ensure continuous review thereof by the officer in charge.

**121. Destruction of Records.** - The destruction of records in an Accounts Office will be carried out under the orders of the Financial Adviser and Chief Accounts Officer. Subject to any

orders issued by the Railway Board in a particular case, the various records connected with the accounts should be preserved for a minimum period prescribed in [Appendix IX](#).

**122. Supply of books of Reference.-** Every Accounts Officer, including Probationary Officers, should be supplied with copies of all the Indian Railway Codes in force and other general books of reference such as the constitution of India, Introduction to Government Accounts and Audit, General Financial Rules and important Central Statutes such as the Indian Railways Act and such other labour statutes as have not been incorporated in the Establishment manual issued by the Railway Board. Every Section Officer (Accounts) and Inspector should be supplied with a copy each of the Indian Railway Codes in force. Similarly, copies of the office Manuals ([c. f. Para 118](#)) should also be supplied to Accounts Officers and Section Officers (Accounts). Books so supplied will be treated as personal copies and may be carried away by the officer, Section Officer (Accounts) or Inspector, on his transfer from one office to another. They will be personally responsible for the books and for keeping them corrected up-to-date.

**123.** Permanent Sub-heads and clerks who desire the concession, may be supplied with priced Government publications together with sets of correction slips there to, at 50 per cent of the cost price, **25 per cent being met out of the contingent grant of the office and the remaining 25 per cent being** covered by the discount allowed by the publishing departments.

**124. Monthly Progress Reports:-** The position of work in each branch of the Accounts Office should be reported by the Accounts Officer in charge of the branch in a Monthly Report to the Financial Adviser and Chief Accounts Officer by a date to be prescribed by him. In this report, all items of arrears reflected in the half Yearly Arrears Report (see para 125) and other items of interest should be exhibited indicating the action taken for the clearance of the arrears. The Monthly Report should particularly highlight the items of work which are not progressing according to plan or schedule.

**125. Half-Yearly Arrears Report.** - The statements showing arrears of work on the 30 th June and 31 st December in each Railway Accounts Office should be prepared in Form A. 125 and sent to the Railway Board by the 1st August, and 1st February respectively. The report should be seen by the General Manager before it is sent to the Railway Board.

[Form A-125](#)

**STATEMENT SHOWING ARREARS IN THE RAILWAY ACCOUNTS DEPARTMENT ON  
THE 30 Th JUNE/31St DECEMBER, 20.....**

S.No.	Branch and division of the Deptt.	Nature of work In arrears	Period for Which in arrears	Cause of arrears	Steps taken for clearance & When likely to be cleared	Remarks
	2	3	4	5	6	7

It is verified that except for items of work mentioned in this report the work in the Accounts Office is current.

.....  
**Financial Adviser and Chief Accounts Officer.**

**126. Register of valuable and secret Documents,** - A manuscript register should be maintained in each Accounts Office detailing all keys and valuable and secret documents in the personal charge of the Accounts Officer. At the time of transfer, the relieved Accounts Officer should hand over to his successor all the articles detailed in the register and report to his immediate superior that he has done so. This report should be countersigned by the relieving officer, who should also sign the list in the register in token of his having received all the articles specified therein.

**127. Transfer of Charges - Handling over Notes:-** when an Accounts Officer is relieved either permanently or temporally of the charge of office, he should prepare Handling over Notes for the information and guidance of his successor. Through these Notes, he should bring to the notice of his successor any points of importance in connection with the working of the office and of any cases or items of work which are pending and likely to call for his special attention or scrutiny. The relieved officer is expected to place the results of his special knowledge and experience of the office at the disposal of his successor, in order that the latter may not be placed at a disadvantage due to ignorance of the state of the office or of such matters as require his special and personal supervision, and that as far as possible any breach of continuity in procedure or practice may be avoided in regard to cases and matters actually under settlement.

**128.** The Handling over Notes should be given to the relieving officer, who should submit a copy thereof, with the advice of his having assumed charge, to his immediate superior. It will be the duty of the relieving officer to make a preliminary examination of the state of affairs as mentioned in these Notes at the time of relief, and within a space of three months to make a report to his immediate superior of the action taken by him thereon. Any omission or incorrectness noticed in the Handling over Notes should also be reported by the relieving officer to his immediate superior within three months.

**129.** A general list of important items of work which Officers of the Accounts department are required to do on being posted to a working post or a new charge is laid down in Appendix II. All the branch Officers including Assistant Accounts Officers Class-II should carefully study the list of items of work which require their personal attention.

**130. Monthly Demi-Official letter to Financial Commissioner.** – Financial Advisers and Chief Accounts Officers should send Monthly Demi-Official Reports to Financial Commissioner, Railways by 15<sup>th</sup> of the following month. These Reports should dwell on budgetary aspects and also cover other items of importance viz. leakage of revenue, steps taken to improve earnings, economy in expenditure, inventory control, progress of works, improvement in internal check and inspection etc. The format of this report shall be as stipulated by Railway Board from time to time. The Financial Advisers and Chief Accounts Officers may also include in these D. O. letters any other matters of special importance which they consider should be brought to the notice of the Financial Commissioner. The demi-official report should be shown to the General Manager after issue.

**(Authority: Board's letter no. 2000/ACII/30/9 dated 19.07.02)**

\*\*\*\*\*

