

Government of India  
Ministry of Railways  
Railway Board.

RB Accounts 62 /2005

No. 2005/AC-II/28/3

Dated : 05-10-2005.

**FA&CAO**  
**All Zonal Railways / PUs etc**

**Sub: Internal Audit Report of East Coast Railway published during 2004-05.**


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Please refer to Board's letter no. 2004/AC-II/28/1 dated 27-01-2004 on the on the above subject . Internal Audit Cell/East Coast Railway-Bhubaneswar has conducted study reports on the following subjects:-

1. Procurement and Utilisation of Walkie –Talkies/ VHF sets.
2. Procurement and Utilisation of Small Track Machines – WAT Division.
3. Internal Audit Report on Parcel Traffic -- Khurda Road Division.
4. Analysis of Unit Cost of POH in Carriage Repair Workshop, Mancheswar.
5. Incurrence of huge amount of Overtime Allowance –Khurda Road Division
6. Implementation of Group Incentive Scheme in Carriage Repair Workshop, Mancheswar .
7. Special Study Report on separate detailed head of allocation for booking of expenditure, incurred towards repair works and manufacturing works in Railway Workshops.
8. Special Study Report on Incidence & Allocation of Labour in Carriage Repair Workshop, Mancheswar.

The salient features of the study reports are enclosed for information and necessary action. . It is requested that the reports of Internal Audit Cell of your Railway may also be sent for Board's information along-with follow up action thereon at the earliest.

DA: As above

  
(J. Srinivas)  
Director Finance/CCA  
Railway Board

**Salient features of Internal Audit Study Reports conducted by Internal Audit Cell- ECOR/ Bhubaneswar**

<b><u>Subjects selected</u></b>	<b><u>Important findings</u></b>	<b><u>Suggestions</u></b>
<p>(1) Procurement and Utilisation of Walkie –Talkies/ VHF sets.</p>	<ol style="list-style-type: none"> <li>1. Procuring of sets through various departments independently without proper estimation.</li> <li>2. Ineligible procurements by violating Railway Board's extant orders.</li> <li>3. -Non-uniformity in procurement of Walkie –Talkies/VHF sets.</li> <li>4. No system exists for monitoring defective and un-satisfactory performance.</li> <li>5. Non-maintenance of register of proper account of sets.</li> <li>6. Non-assigning division wise unique number for proper identification &amp; history of a particular set.</li> </ol>	<ol style="list-style-type: none"> <li>1. All future indents for Walkie –Talkie /VHF sets will be processed through S&amp;T department.</li> <li>2. Individual department will give their requirement to CSTE /Sr-DSTE along with fund certification and procurement will be done through COS.</li> <li>3. Uniformity in procurement should be strictly followed.</li> <li>4. S&amp;T department will arrange to provide unique identification number to each set along with Indian Railways' logo.</li> <li>5. A register to be opened by S&amp;T Department duly earmarking separate pages to each department for proper accountal and also to monitor overall position of sets.</li> <li>6. Departments using these sets will hand over the defective sets to S&amp;T Department.</li> <li>7. Issue of user guideline and imparting of training to supervisors by the S&amp;T Department.</li> <li>8. In house training by the supervisors to departmental staff for proper handling and optimum use.</li> </ol>

<u>Subjects selected</u>	<u>Important findings</u>	<u>Suggestions</u>
<p>(2) Procurement and Utilisation of Small Track Machines - WAT Division.</p>	<ol style="list-style-type: none"> <li>1. More than 50% STMs are not in use. STMs procured at a cost of Rs 1.37 Crores are lying idle.</li> <li>2. The present utility of STMs in the field units is low or nil due to 3-tier maintenance of track.</li> <li>3. STMs worth Rs 6.61480/- are kept in stock under OS (Track Depot)/WAT since 2001-02.</li> <li>4. SAW type Rail Cutting Machines, Rail Drilling Machines; Concrets Drilling Machines etc. are lying idle for years with SSE/P.Ways.</li> <li>5. Placing indents in excess to the stipulated yard sticks resulting in a huge and wasteful expenditure due to lack of co-ordination between Divisional office &amp; Field units.</li> <li>6. Difficulties in practical usage change in track structure lack of protective gear to the staff resulting in non-utilisation of STMs.</li> <li>7. 9 nos. portable Drilling Machines are lying in excess of yardstick, 10 nos Toe Load Measuring Devices are lying un-used since 1996 &amp; 9 nos. Rail Tensor Track Machines are out of order since 2001 under PWI/WAT &amp; SSE(P.WAY) WAT respectively.</li> </ol>	<ol style="list-style-type: none"> <li>1. Early disposal of idle machines by transfer to other Railways before they become obsolete.</li> <li>2. A review should be conducted time to time between Divisional office &amp; Field units before placing indent for Small Track Machines.</li> <li>3. A training curriculum for imparting training to the trackmen in using the small track machines should be undertaken in a phased manner on priority basis.</li> <li>4. Provisions for undertaking repairs and maintenance of the STMs through local powers duly obtaining sanction of the competent authority by the PWIs.</li> <li>5. Minimum one staff having adequate technical knowledge in small track machines should be ensured under each PWI.</li> <li>6. The feasibility of hiring STMs to P. Way zonal agencies by specifically including the provision in the tender schedule may be explored.</li> </ol>

<u>Subjects selected</u>	<u>Important findings</u>	<u>Suggestions</u>
<p>(3) Internal Audit Report on Parcel Traffic – Khurda Road Division.</p>	<ol style="list-style-type: none"> <li>1. No commensurate increase in the parcel earnings, because of the implementation of the new rationalized rate structure wef 01.04.2003.</li> <li>2. Disproportionate share of perishable than the hard parcel traffic resulting to a mismatch between the volume of traffic and the consequential earning to a greater extent.</li> <li>3. Railways mismanagement in indiscriminate overloading of perishable goods results higher rates of incidence of claims.</li> <li>4. Substantial loss in freight &amp; incurrence of extra handling charges mainly due to overcarrying of parcels consignment.</li> <li>5. Market access is restrained due to limited stoppage time in important trains, which do not get the roadside parcel traffic.</li> <li>6. Due to inadequate space in SLRs attached to some of the important trains, parcels loading get restricted below the level of demand in some important stations.</li> </ol>	<ol style="list-style-type: none"> <li>1. Diverting the customers, who prefer roadways for dispatching perishable goods, a attractive marketing strategy should be implemented by Commercial Department for capturing the perishable traffic.</li> <li>2. Inside latches of doors of brake vans should be removed.</li> <li>3. The size of inside handles of the brake van door should be minimized so that it will not cause any jamming at the time of opening on station platforms.</li> <li>4. The loading should be done uniformly by following geographic order.</li> <li>5. Specially trained and physically fit license porters should be engaged for loading and unloading of parcels.</li> <li>6. Utility of SLR quota should be reviewed at periodical intervals in order to make a match of demand and supply at stations.</li> <li>7. To avail optimum benefit in terms of volume and earning all long distance Express/ Mail trains and running with half empty or near empty SLRs should be offered on leasing to transport service agents through open tender.</li> </ol>

<u>Subjects selected</u>	<u>Important findings</u>	<u>Suggestions</u>
<p>(4) Analysis of Unit Cost of POH in Carriage Repair Workshop, Mancheswar.</p>	<ol style="list-style-type: none"> <li>1. The irregular booking in WMS for expenditure incurred on departmental vehicles results in a higher unit cost of repair of POH.</li> <li>2. Due to unusual delay of sending the accepted Adjustment Memos by divisions, the costs are not debited to the divisions regularly as a result of which the cost are charged to regular work orders inflating the unit cost of POH.</li> <li>3. 50% amount of total Adjustment Memos have lying unaccepted by divisions and same is charged to the regular work orders and consequently the unit cost of POH is increased.</li> <li>4. Stocking of high value stores in shop floor also enhances the unit cost of POH.</li> <li>5. Irregular booking of labour costs under DRF work orders and rest amounts are booked to regular revenue work orders inflating the unit cost of POH.</li> </ol>	<ol style="list-style-type: none"> <li>1. The expenditure incurred on departmental vehicles should be directly booked to their respective heads as per allocation</li> <li>2. Workshops Accounts Office will raise debit directly to the respective Accounting Units on the basis of Monthly Deficiency Statements received from CWM/MCS to adjust the amount of non-acceptance of Adjustment Memos by Divisions.</li> <li>3. Stocking of materials in shop floor may be kept as low as possible &amp; efforts to be made not to draw high value stores in excess.</li> <li>4. Utmost care need to be taken in booking the correct costs under the appropriate DRF work orders.</li> <li>5. Completion Reports may be drawn promptly to set right any irregular or less booking under the DRF work orders.</li> </ol>

<u>Subjects selected</u>	<u>Important findings</u>	<u>Suggestions</u>
<p>(5) Incurrence of huge amount of Overtime Allowance - Khurda Road Division</p>	<ol style="list-style-type: none"> <li>1. Compelling the existing staff to perform extra hours of duties due to vacancy in most of the Road side stations.</li> <li>2. Non-turning of leave reserve ( LR ) as well as Rest Givers( RG) to the nominated stations.</li> <li>3. Non- provision of LR in nominated stations.</li> <li>4. Vacancy in Rest Giver or non-filling up of RG posts for a long time.</li> <li>5. Train passing staffs are being utilized as SMR , even for one day CL of regular SMR , thus artificial shortage is created and incurrence of OTA resulted.</li> <li>6. The LR nominated for different stations are being utilized a particular station for months together.</li> <li>7. Allowing the staff to avail CL instead of granting them Compensatory Rest( CR).</li> <li>8. Sanctioning of CL to the staff by the station in charge for more than 5 to 6 days at a stretch .</li> <li>9. Availing of special CL by the staff taking part in recognized Trade Union.</li> <li>10. Staff availing leave without debiting in Leave Account.</li> </ol>	<ol style="list-style-type: none"> <li>1. Filling up of regular vacancies .</li> <li>2. By posting RG &amp; LR against vacant posts.</li> <li>3. Station Clerks should be deputed for all major stations to look after the paper works related with leaves.</li> <li>4. Station-in charge should be consulted with sectional DTI before allowing CL to staff for a longer period.</li> <li>5. The staff under DTV/ planning may be deputed to the stations where required.</li> <li>6. OT awareness camp should be organized .</li> <li>7. Utilizing the junior most staff in the category of RG and LR should be followed scrupulously.</li> <li>8. Fixing ceiling limit for each staff keeping in view the average expenditure towards OTA in year.</li> </ol>

<u>Subjects selected</u>	<u>Important findings</u>	<u>Suggestions</u>
<p><b>(6) Implementation of Group Incentive Scheme in Carriage Repair Workshop, Mancheswar.</b></p>	<ol style="list-style-type: none"> <li>1. Analysing the timetables, which reveals that slack time is allowed both in General shift as well as in shifts A, B &amp; C in Group Incentive Scheme.</li> <li>2. The incidence of Proxy cardpunch is a regular feature in Group Incentive Scheme.</li> <li>3. Manual punching of attendance is also a regular feature in Group Incentive Scheme.</li> <li>4. Supervisors are fully aware to exercise their duty properly.</li> <li>5. Imposing no penalty for attendance in calculation of GIS because of GAF factor is more than 1.</li> <li>6. In September'04, October'04 &amp; November'04, 31.5%, 31.3% &amp; 27.4% of coaches were detained for rectification work for which N'TXR staff has issued Memos to the corresponding shops to get rectification effected.</li> </ol>	<ol style="list-style-type: none"> <li>1. Time keeping machines should be installed at the main entrance /exit Passage to prevent slack time, which is not applicable in GIS.</li> <li>2. By keeping strict vigil, Supervisors can prevent proxy card punching to a great extent.</li> <li>3. Biometric thumb impression is recommended for attendance.</li> <li>4. Imposing a penalty clause for initial rejection by N'TXR &amp; on Quality Linkage Factor needs to be incorporated in Group Incentive Scheme.</li> </ol>

<u>Subjects selected</u>	<u>Important findings</u>	<u>Suggestions</u>
<p>(7) Special Study Report on separate detailed head of allocation for booking of incurred expenditure, towards repair works and manufacturing works in Railway Workshops.</p>	<p>1. Manufacturing Suspense with provision of 2 Sub-heads ( P-7120 &amp; 7220) along with 10 detailed heads does not cover all activities in an integrated Railway Workshop . With the introduction of different rolling stocks to this system there is a need for further simplifying and supplementing the existing allocations.</p> <p>2. In the present system an exhaustive exercise is done on allocation table for booking of expenditure incurred on repairing activities in Railway Workshops to avoid misclassification. Segregation from the booking of manufacturing activities from repairing activities in Railway Workshops is very essential.</p>	<p>1. Since Railway Board's letter dated 16/17-3-99 has asked for further suggestions. The detailed allocation table under WMS and WRS ( Workshop repairing Suspense) linking to final heads will be useful to avoid misclassification.</p>



<u>Subjects selected</u>	<u>Important Findings</u>	<u>Suggestions</u>
<p>(8) Special Study Report on Incidence &amp; Allocation of Labour in Carriage Repair Workshop, Mancheswar</p>	<ol style="list-style-type: none"> <li>1. Non-maintenance of Chargemen Timebooks in the prescribed format.</li> <li>2. Bookings of Labour hours are not forthcoming at all for repair of Foreign Railway coaches although bookings do come occasionally for DRF works.</li> <li>3. Non-showing the columns of Average Hourly Rates and Amount in the Hour Worked Register.</li> <li>4. Non-submitting of the monthly statement of Work Orders Completed (Form No. W- 835) to Accounts Office by 10<sup>th</sup> of every month.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Chargemen Time Books to be prepared according to the format W- 502 recording actual hours booked against individual work orders instead of giving percentage distribution of man hours.</li> <li>2. All the works under DRF and Foreign Railway coaches must only be started after estimates are prepared and distinct work orders obtained.</li> <li>3. The total hours worked under various work orders should be shown under the appropriate column of the Time Sheets. The computer programme should be suitably modified to work out the amount expended on each category of labour taking into account the total hours worked and average hourly rates.</li> <li>4. To carry out the review of expenditure the statement of Work orders Completed should be submitted in the prescribed format by 10<sup>th</sup> of every month.</li> </ol>