

CHAPTER XVII

INSPECTION OF EXECUTIVE OFFICES

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CHAPTER XVII INSPECTION OF EXECUTIVE OFFICES

1701. **Object of Inspection.** - One of the functions of the Accounts Office is to inspect on the spot the source documents maintained in the Executive Offices which are not sent to the Accounts Office for check. The internal check is exercised in an Accounts Office on the bills and returns etc. prepared in the prescribed forms by the Executive offices. Many of the original records on which these bills and returns etc. are based are retained in the office where these originate. To enable the Accounts Officer to examine the accuracy of the data on which bills and return etc. have been prepared by the executive, he is required to inspect the records retained in the executive offices. The Accounts Officer, or the staff deputed to inspect an office, should see that the bills, returns, vouchers etc, submitted to the Accounts office have been correctly prepared and accord with facts and that all such initial records n which bills, returns, vouchers etc. are based have been maintained efficiently.

In addition, the object of local inspection is to see that the financial rules and orders are being carried out, and that the executive authorities responsible for keeping the accounts exercise due care over the accuracy of the accounts.

1702. **Selection of Inspecting Staff.** - As inspection work is one of the important duties of the Accounts Office, the officers and staff deputed for inspection should be specially selected from among experienced hands.

1703. **Scope of Inspection.** - During the inspection only a percentage of the initial records of the office inspected need be scrutinised but the accounts of cash should be checked in full. The accounts of stores should be checked in full for one selected month and to the extent of one day transactions for each other month for the period intervening since last inspection.

1704. **Inspection of Stores.** - Items of stores whether in depots, or issued for consumption and lying with the consuming departments as materials-at-site, or tools and plant in the various offices, should be verified by Stock Verifiers or Inspectors of Stores Accounts, subject to the general supervision of, and occasional test check by an Accounts Officer, The inspection should be so arranged that all materials-at-site of works are ordinarily verified once a year, stores with imprest holders are verified once in two years, all tools and plant are verified once in three years and all materials in a Depot as under:

A items	all items having an annual usage value of Rs. 50,000 or more	Once in 6 months
B items	all items having an annual usage value of Rs. 10,000 and Above but below Rs. 50,000	Once in a year
C items	all items having an annual usage value below Rs. 10,000	Once in 2 year
D items	all items that have had no issues for twelve	Once in a year

months and over

Detailed rules for the verification of stores have been prescribed in the Indian Railway Code for the Stores Department.

Note. - The financial Adviser and Chief Accounts Officer, or a Deputy Chief Accounts Officer where he is the head of the Accounts Organisation, may extend the periods of verification or curtail the items to be verified in cases where he and the General Manager agree that:-

- (i) the reduction in check will not impair efficiency,
- (ii) the reduced check will provide sufficient safeguards against loss, and
- (iii) a too rigid application of the above rule is not conducive to economy or is wasteful.

1705. Inspection of Station Accounts - The initial accounts of all stations should be inspected by the Inspectors of Station Accounts, whose work will be regularly test checked by an Accounts Officer. Detailed instructions in this connection are laid down in Chapter XXXIII.

1706. Inspection of Divisions and Sub-Divisions. - The initial accounts of expenditure in the various divisional offices should be inspected by an Accounts Officer once every two years, but the initial accounts of engineering expenditure, both construction and open line should be inspected once a year. The first inspection of a construction Office should, as far as possible, be made within three months of its formation. Inspections of divisional offices should, in addition to the divisional records, embrace a complete examination of the initial records of at least one subdivisional office in the case of engineering expenditure and of at least two subordinate offices, not directly in the charge of an Officer. As far as possible, all the sub-divisional offices in a division should be inspected once within two years.

Note. - A detailed Check-list showing the items to be checked and the extent of check should be drawn out by each Railway Administration and incorporated in the Inspection Manual for the guidance of the Office and Staff.

1707. Inspection by Senior Officers. - Inspections should also be conducted by Officers of the Accounts Department at different levels, on a regular and programmed basis so as to keep themselves in touch with the position of work in Workshops, Offices, Stores Depots etc. placed under their charge. These inspections should, inter alia bring out matters which are likely to give rise to unsatisfactory situations and to suggest appropriate remedies. It is possible that some problems, particularly the recurring problems, would call for further detailed examination before appropriate solutions are found. In such cases the inspecting Officers should initiate the examinations of such

problems on their own with the help of the concerned branches of the Head quarters/Divisional Office.

1708 Functions of the Inspecting Officer. - An Inspecting Officer should not confine himself merely to the routine items of check but should take the opportunity of advising and assisting departmental officers in matters affecting accounts, budget, etc. From the information available to him locally he may offer suggestions bearing on economy in expenditure, untapped sources of revenue, recovery of railway dues etc. There are various directions in which the Inspecting Official can assist the executive officers in the course of his inspection, e.g. in reducing clerical work, delays in measurement of work done by the Contractors or preparation of bills, reduction of over-time etc. He should discuss his suggestions with the Executive Officer concerned, and important suggestions which may have significant effect should be reported to the Financial Adviser and Chief Accounts Officer.

1709 Inspection of Subordinate Offices. - In a division, the initial accounts of which have been taken over by the Divisional Accounts Officer, the subordinate offices may be inspected at such intervals, as may be considered necessary by the Financial Adviser and Chief Accounts Officers.

1710 Inspection of other offices. - The office in which the only records to be inspected are the eave accounts of subordinates, contingent expenditure, records of free passes etc., should be inspected at intervals of not less than five years.

1711 The offices of the branch line companies worked by a Railway should be inspected once a year.

PROCEDURE

1712 Programme of Inspections. - A programme of inspection to be conducted during the course of a year should be drawn before the commencement of the year keeping in view, inter alia the programme of inspections to be carried out by the staff of Statutory Audit. The programme of inspection should invariably include new offices set up during the previous year; a list of such offices should be furnished to Audit.

Note. The Financial Adviser and Chief Accounts Officer (or a Deputy Chief Accounts Officer where he is the head of the Accounts Organisation) may at his discretion arrange the inspection programme in such a way that an office which is inspected by the Statutory Audit staff in one year is not inspected by the Accounts Department in the same year.

1713 Notice of Inspection - The head of the office which is proposed to be inspected should be given sufficient notice of the probable dates of inspection : so that, he may collect the necessary documents and arrange to be present at his headquarters to discuss with the Inspecting Officer the results of the inspection. The notice should not be longer than necessary for this purpose and the programme of inspection should be treated as confidential until the notice of the inspection is actually addressed.

1714 **General inspections.** - During the inspection of an executive office:-

- (i) a detailed examination should be made to see that in respect of a selected month, All the returns, bills, statements and accounts submitted to the Accounts Office agree with the books and original records kept locally ;
- (ii) a test check should be made of the original records not submitted to the Accounts Office and of the accounts, returns, vouchers, etc., which are not checked in the Accounts Office or which cannot be checked adequately except locally, since the last inspection either by Accounts or Audit ;
- (iii) a special review of the arrangements for prompt recovery of railway dues from the parties for the service rendered, proper evaluation of the service rendered, agreements, system of issuing bills, chasing of recoveries and timely intimation to Accounts Office. Items where heavy accumulations are noticed may be particularly looked into and discussed with the Executive Officer for early recovery.
- (iv) a general review for the procedure relating to the maintenance of initial accounts of receipts and expenditure of cash and stores should be made with a view to the elimination of useless returns, redundancy of any kind and wasteful methods and to assisting the departmental officers in matters affecting accounts, budget, or the financial propriety of transactions.

1715 Before proceeding to inspect an office, the Inspection Party should obtain from each of the sections of the Accounts Office a memorandum, signed by the Sectional Officer, of points requiring special attention or examination on the spot and also of cases of long delays in the clearance of any arrears of work or of any outstanding items in suspense accounts. In the course of inspection, the Party should obtain information or remarks of the executive for the disposal of those points.

In particular, outstanding Accounts and Audit Inspection Reports and Audit-Notes etc. should be examined by the Inspection Party for obtaining information and settlement, to the extent possible of the outstanding points during the course of inspection.

1716 **Discussion with Executive Officers.** - All irregularities and objections noticed during the course of inspection should be noted down methodically. The Inspecting officer should discuss all important points noted down with the head of the Office inspected, as far as practicable, on the spot. If, as a result of the discussion, the Inspecting Officer is satisfied that there has been no irregularity or objectionable feature in regard to any point, it should be dropped and should not find a place in the inspection report. If, however, the objection is not clarified and settled during discussion the

executive officer's views should, as far as possible be recorded to facilitate a final decision by the higher authority.

1717 At the conclusion of the inspection, the inspection report should be compiled embodying all irregularities and objections for which no satisfactory explanations were forthcoming. As far as possible the draft of the Inspection Report should be completed before the Inspecting Officer leaves the office inspected, and it should not be finalised until the officer in-charge of the office inspected (or any other officer acting on his behalf) has been given an opportunity of reading and discussing it. The Report should be as brief as possible and the points covered in the report should be arranged in a proper manner and serially numbered. The report should be prepared in two parts. The first part should contain points of major importance only, all other items being relegated to Part II. In the event of a particular type of irregularity being noticed in a number of offices, a special report should be made to the Divisional Officer concerned or head of the Division, according to its importance, for instituting urgent remedial measures.

1718 As a rule the Report should be couched in simple and polite terms.

1719 **Part I of the Report should be made out in triplicate.** - One copy will be retained in the Accounts Office and the other two copies should be sent to the immediate superior of the officer whose office was inspected with the request that one copy may be forwarded to the latter for early remarks through the superior officer. Before forwarding the replies, the immediate superior should satisfy himself that the remarks are correct and complete, and where necessary, should have them amended or amplified to avoid further correspondence. The remarks of the superior Executive Officer should be scrutinised and further action that may be necessary taken under the orders of the Accounts Officer. If any cases of serious irregularities come to light in the disposal of the inspection report (Part I), the details thereof should be entered in the Register of Serious Irregularities (A. 861) and the progress of their disposal carefully watched.

In the Accounts Office, Part I of the Inspection Report should ordinarily be seen by the Deputy Chief Accounts Officer. Part I of the Reports on the major construction and other offices inspected by the Deputy Chief Accounts Officer or those containing very important points should also be seen by the Financial Adviser and Chief Accounts Officer, as far as possible.

1720 **Part II of the Report.** - This should be made out in duplicate. One copy should be retained in the Accounts Office as office copy and the other sent direct to the Officer in charge of the office inspected with the request that irregularities pointed out therein may be rectified and the recurrence of such irregularities guarded against. The officer in charge of the office inspected should acknowledge receipt of the report, and give suitable remarks as to the action taken by him against each item in the report before filing it in his office, The Accounts Officer should satisfy himself during his next inspection that suitable action has actually been taken on the points raised therein.

1721 **Frauds and Losses.** - When a fraud or loss comes to notice during an inspection, the nature and extent thereof should be investigated and a report made to the Executive Officers concerned. Further action should be taken in accordance with the rules laid down in Chapter XI of the Financial Code.
