

FA&CAO's Conference

23.1.2016

RE 2015-16

(required re-adjustment due to curtailment of GBS by the MoF: higher emphasis on EBR(IF))

Important issues

- **Work-wise RE Pink Book issued on 20.1.2016:** based on ZR inputs solely. Therefore, is indicative of the absorptive capacity of the work which should be reflected in the Accounts.
- Necessary corrections to be worked out and intimated in the **FME by 22.2.16.**
- List of works under EBR(IF) & EBR(PPP) annexed.
- **EDF (RM) Directorate** to release exchequer and relevant instructions on booking of expenditure etc. for EBR(IF) works .

Continued....

- **Cost of land**, in doubling /other plan heads be booked under Capital only.
- **Market borrowings through IRFC** for 'Rolling Stock Programme' under IRFC (BOND) confined to wagons & locomotives ;coaching stock Cap (GBS).
- **Allocations for RVNL** works now in the respective Plan Heads instead of PH 63 (*list also uploaded*)
- **Allocations under PH 21'** reflecting quantum of locomotives, coaches ,wagons & transfer price and amount allocated against each railway.
- For **PU's**, allocations as per approved production plan & quantified based on type and transfer price

Continued...

- Repayment of **principal component of market borrowings** through IRFC to be booked under Railway Capital Fund.
- Outlays for works not appearing in Pink Book but where funds under different allocations were projected for **clearing final liabilities/arbitration/completion reports etc** during the year, provided as earmarked item in the 'RE 2015-16 Pink Book' as 'lumpsum provision for deleted items' under respective source/planheads

Guidelines

- **No excess** in Demand 16 plan-head-wise source-wise and item-wise.
- Credit sharply reduced over B.E. 2015-16 targets. However, Credit targets have been fixed as proposed by Zonal Railways. **Railways may ensure full realization of credits as fixed in Revised Estimates.** Any slippage in achieving the credit targets will have to be applied in the gross expenditure limit, which would be reduced commensurately.
- May ensure that **'net inventories'** as submitted are adhered to as it is a part of the dividend bearing 'Cap'

Contd.....

- **Information sought on track procurement** in open line' vis-à-vis track renewals done in the last three years. However, only two Railways (NR and SECR) have sent it.
- May kindly ensure for BE 16-17.

OWE 16-17

Issues

- Most Railways have submitted.
- While analyzing, the trends in 7th PC projections are varying.
- Appropriate calculations for the 7th PC as IR is resource stretched.
- Ensure further curtailment of OWE

IMPACT ANALYSIS – *pay & allowances*

Item	Factor over & above growth in ‘business as usual’
Salary	2.57
D.A.	would start with zero.
NPS	2.57 (factor of pay)
Tpt A	1.03
HRA	2.05 (3 slabs of 24%, 16% & 8% of new basic)
CEA	1.25
Travelling Exp.	1.45 (general increase eg. New rate Rs1000 old rate of Rs 690)
Transfer Allow.	2.73 (now 80% of new basic)

IMPACT ANALYSIS – *pay & allowances*

Item	Factor over & above growth in ‘business as usual’
Wages POH	1.168 (basic 2.57/2.19)
PLB	2.57
NDA	1.164 (earlier basic*2.2/200 and now basic*2.57/200)
OTA	1.5 (rate increased by 50%)
KMA	1.164 (2.57/2.19)
All Other Allow.	1.5 (generalised increase factored in the 7th PC report)

IMPACT ANALYSIS - *pension*

Item	Factor over & above growth in 'business as usual'
DCRG	2
Leave Encashment	2.57
Commutation	2.57
Pension (excluding settlement dues)	2.57

BREAK UP OF MISCELLANEOUS EXPENSES (Rs. in cr.)

	2012-13	2013-14	2014-15	2015-16 RE
OWE Demand No.03 to 13				
Contingent Expenses	573	589	634	597
Fuel for other than Traction	357	459	458	379
Contractual Payments	4328	4995	6241	6572
Transfer of Debits/Credits	2905	3555	3748	1560
Cost of Electrical Energy			0	874
Excise and Custom Duties	5	9	9	19
Sales Tax, Service Tax & VAT	38	39	49	70
Computers and their consumables	76	74	69	82
Other Expenses	2048	1895	2379	2758
Demand No.1 & 2				
Survey	15	14	14	31
RDSO	147	162	178	198
Misc. Establishment (Trg/Institutes)	349	457	487	346
Audit	148	161	176	176
Misc.Charges	71	58	46	112
Railway Board	225	249	267	294

Reduction in P & S is on account of re-adjustment of P & S (transfer of Dr./ Cr.) to P & S

Segment wise details of OWE

PRIMARY UNITS	2012-13	2013-14	2014-15	2015-16 BE	2015-16 RE
A. Staff Cost					
<u>Non-Controllable PUs</u>					
Salary	17149	17433	17657	18652	17782
Dearness Allowance	12205	15476	18996	22569	21382
PLB	917	908	924	987	927
Contribution for New Pension Scheme	452	659	894	1233	1201
Kilometerage Allowance	1050	1079	1308	1526	1370
Leave Encashment	109	109	134	137	139
Children Education Allowance	422	472	556	658	662
Medical Remb.	0	0	0	0	192
HRA	2040	2072	2100	2346	2174
Transport Allowance	1921	2103	2275	2487	2407
Wages on POH Home Rly	2234	2381	2560	2712	2742
Wages on POH Foreign Rly	0	0	0	0	1454
Arrears of Sal,DA&Others	1078	768	560	482	415
Other Allowance	590	643	762	794	769
Provident Fund Benefits of Demand 13	60	73	75	80	80
(A) Total- Non-Controllable PUs	40227	44176	48801	54663	53696
<u>Controllable PUs</u>					
Wages of Casual Labours	1	0	0	0	0
Over Time Allowance	700	767	912	1076	987
Night Duty Allowance	737	822	942	1023	997
Transfer Allowance	72	69	66	89	75
ATPP	3	1	1	2	2
ATD	3	3	3	5	5
ATF	0	0	1	0	1
Fees & Honorarium	30	25	23	37	31
Travelling Expenses	1167	1141	1400	1516	1464
(B) Total- Controllable PUs	2713	2828	3348	3748	3562

Segment wise details of OWE

PRIMARY UNITS	2012-13	2013-14	2014-15	2015-16 BE	2015-16 RE
<u>(B) Fuel</u>					
Electric Traction	8635	9792	10436	11218	10406
Diesel Traction	13708	19454	18532	19009	16428
Gross	22343	29246	28968	30227	26834
Credits of D10	61	58	259	276	299
Net	22282	29188	28709	29951	26535
<u>(C) Stores</u>					
Materials from stock	2358	2780	3021	3352	3192
Materials Direct Purchases	1227	1402	1469	2061	1509
Materials on POH Home Rly	1481	1565	1748	2014	1916
Materials on POH Foreign Rly			0		1285
Gross	5066	5747	6238	7427	7902
Credits	1064	1212	1228	1090	1212
Net	4002	4535	5010	6337	6690
<u>(D) Lease Charges</u>					
IRFC Lease Charges	5011	5807	7023	8500	8500
OWYs/BOLT Lease Charges	26	22	21	116	103
Total Lease Charges	5037	5829	7044	8616	8603
<u>(E) Miscellenous</u>					
Contingent Expenses	573	589	634	681	597
Fuel for other than Traction	357	459	458	555	379
Contractual Payments	4328	4995	6241	7709	6572
Transfer of Debits/Credits	2905	3555	3748	3943	1560
Cost of Electrical Energy			0		874
Excise and Custom Duties	5	9	9	14	19
Sales Tax, Service Tax & VAT	38	39	49	56	70
Computers and their consumables	76	74	69	154	82
Other Expenses	2048	1895	2379	3421	2758
Gross	10330	11615	13587	16533	12911
Credits	518	536	415	361	536
Net	9812	11079	13172	16172	12375

**REVIEW
of
INTERNAL AUDIT**

**FA&CAO's Conference
23.1.2016**

SYSTEM STUDIES IN 2015-16

- **FC's communication dt. 20.10.2015.**
 - Initiated the process of strengthening of the Internal Audit Cells.
 - Zonal Railways were advised to select two topics for conducting special studies in 2015-16 and submit report by 31.1.3016.
- **Advisory Board Meeting on Railway Finance on 8.12.2015.**
 - The meeting was also attended by Railway Board members and chaired by Hon'ble MR. One of the agenda items of the meeting was Internal Audit on Indian Railways.
 - The outcomes related to Internal Audit issues discussed in the Advisory Board Meeting were informed to the FA&CAOs by EDFC vide letter dt.6.1.2016.

FORMATION OF INTERNAL AUDIT CELLS IN ZONAL RAILWAYS

- Zonal Railways were advised to create Internal Audit Cells.
- All the Zonal Railways have informed the creation of Internal Audit Cells in the Accounts Department.
- The Internal Audit Cells are expected to consist of Executive Officers also.
- CR, NFR, NR, SER and WR have not identified the Executive Officers who will be part of the Internal Audit Cells.

Railwaywise Review of the Studies for 2015-16

S.No.	Rly	Subjects/Areas for Special Studies	Date of Entry Conference	Date of Exit Conference	Date for Submission of the Report to RB
1	CR	1. On Board House Keeping Service on CR. 2. Analysis of fuel consumption and expenditure in RCDs of CR.	Both studies commenced without any formal conference	25.1.16 25.1.16	31.1.16 31.1.16
2	ER	1. Review of efficacy of expenditure on electrical energy (both traction and non-traction) 2. Review of system of cancellation of non-issue ticket from PRS and UTS ad internal check of Accounts thereon.	22.1.16 23.1.16	27.1.16 28.1.16	Both reports will be submitted in 1 st week of Feb.'2016
3	ECR	1. Review of consumption of HSD oil in ECR. 2. Review of cleanliness contract of class A1 station of ECR including effectiveness of OHBS in Vaishali & Sampark Kranti Express.	3.11.15 3.11.15	4 th week of Jan. 2016 4 th week of Jan. 2016	2 nd week of Feb. 2016 2 nd week of Feb. 2016

S.No.	Rly	Subjects/Areas for Special Studies	Date of Entry Conference	Date of Exit Conference	Date for Submission of the Report to RB
4	ECoR	1. Review of Station & Coach Cleanliness: Efficacy of implementation of schemes like OBHS, CTS, Pest & Rodent Control, etc.	25.1.16	8.2.16	10.2.16
		2. Study on the accountal of HSD oil in RCD Depots: Inventory Management	25.1.16	8.2.16	10.2.16
5	NR	1. Internal audit of land management of NR.	Not done.	Not given.	29.2.16
		2. Internal audit and review of top five inventory items.	Not done.	Not given.	29.2.16
6	NCR	1. Collection and Accountal of service tax in passenger and goods traffic.	29.12.15	1 st Week of Feb. 2016	15.2.16
		2. Accountal of sale value of disposed material.	29.12.15	End of Feb. 2016	15.3.16
7	NER	1. Tender-Detailed estimate & sanction.	18.1.16	To be held after completion of study	29.2.16
		2. Completion reports of Projects of all units will be prepared as per Para-3 of Railway Board's internal audit report	08.2.16		31.3.16

S.No.	Rly	Subjects/Areas for Special Studies	Date of Entry Conference	Date of Exit Conference	Date for Submission of the Report to RB
8	NFR	1. Audit of the land lease to private parties in the Divisional HQs and Maligaon.	18.11.15	20.01.16	31.01.16
		2. Audit of Food Plazas, refreshments rooms, stalls, wheel bearer sellers, (Head bearing sellers) at Railway A class ad above stations.	18.11.15	20.01.16	31.01.16
9	NWR	1. Review of position & utilization of Railway land over NWR.	27.1.16	29.2.16	15.3.16
		2. Development of performance parameter for Goods Traffic based on availability of rolling stock (locos & wagons) & their utilization & analyzing efficacy of rolling stock usage and comparing the same with financial inputs.	15.2.16	15.3.16	31.3.16
10	SR	1. Strengthening of realization, accountal and monitoring of Bills Recoverable- a case study of Chennai division.	24.11.15	05.02.16	18.02.16
		2. Strengthening of UTS Transaction Audit with reference to Mobile Transactions	24.11.15	27.01.16	31.01.16

S.No.	Rly	Subjects/Areas for Special Studies	Date of Entry Conference	Date of Exit Conference	Date for Submission of the Report to RB
11	SCR	1. Procurement , utilization & accountal of HSD oil at RCDs & system improvement.	22.12.15	Date for both not yet decided	29.2.16
		2. Procurement , utilization & accountal of Sand by RCDs & Sheds	22.12.15		31.3.16
12	SECR	1. Revision and levy of land license fees of private sidings of SECR.	04.12.15	25.01.16	31.1.16
		2. Procurement & utilization of LEDs in open line of SECR	09.12.15	11.02.16 (Tentative)	15.2.16
13	SER	1. Mechanized Laundry system- Implementation and Impact.	21.1.16	10.2.16	29.2.16
		2. Premature condemnation of Wagons.	21.1.16	10.2.16	29.2.16
14	SWR	1. Inter link among fuel expenditure under D-10, SFC and GTKM.	28.12.15	15.2.16	29.2.16
		2. Review of requirement vis-à-vis procurement of ballast and track materials.	25.1.16	14.3.16	28.3.16

S.No.	Rly	Subjects/Areas for Special Studies	Date of Entry Conference	Date of Exit Conference	Date for Submission of the Report to RB
15	WR	1. Review of M&P utilization in Railway Workshops.	Not held.	7.12.15	* Already sent.
		2. Cadre review of Carriage & Wagon Depot in all Divisions .	Not given.	Not given.	31.3.16
16	WCR	1. Linen Procurement & Washing.	15.1.16	22.1.16	25.2.16
		2. Sidings	18.1.16	22.2.16	26.2.16
17	Metro	1. Costing of fare structure of Metro Railway Kolkata.	3.12.15	20.1.16	10.3.16
		2. Reduction in non-traction energy cost in Metro Railway Kolkata	3.12.15	20.1.16	10.3.16
18	CORE	1. Provision and utilization of Direction and General (D&G) charges in CORE.	2.11.15	29.1.16	31.1.16
		2. Review of factors causing Excess Expenditure over Sanctioned Estimated Cost in CORE.	2.11.15	11.2.16	15.2. 2016

FORMAT FOR SUBMISSION OF REPORTS

- **The Report should be limited to 2-3 page.**
 - Supporting analysis, data, details etc. may be included in the Annexure giving the reference of the same in the report.
- **The Report should be prepared in the following format:**
 1. Brief description of the study conducted.
 2. Proposed system improvement (changes in code, polices, etc.)
 3. Benefits including Financial Implications.
 4. Implementation schedule, strategy, time-period etc.
 5. Template for similar review or implementation in other Zonal Railways/PUs.
- **Items 2 & 5 will be taken up by Board for all India Review or issue of policy guidelines.**

ACTION PLAN FOR 2016-17

- **Theme for 2016-17**
 - “**Idling/Underutilisation of assets of Indian Railways**”.
- **Proposed Action Plan**
 - Each Zonal Railway is required to select two subjects conforming to the above mentioned theme.
 - These topics may be advised to RB by 19.2.2016.
 - The topics would be reviewed by Railway Board.
 - Final topics would be advised to the Zonal Railways by 18.3.2016.
 - Zonal Railways should, complete the studies and;
 - Submit 1st report by 30.06.2016
 - Submit 2nd report by 30.09.2016.

SUGGESTED TOPICS FOR INTERNAL AUDIT STUDIES IN 2016-17

Sr. No	Subject of Thematic Study
1	Utilization of manpower in railway Production Units & Workshop.
2	Redeployment of surplus staff in cash & pay office, traffic accounts and statistical branch in Accounts deptt.
3	Division wise specific electric consumption per 1000 GTKM (SEC) of electric loco (separately for EMU & MEMU sections).
4	Division wise specific diesel fuel consumption per 1000 GTKM (SFC) of diesel locos (separately for DEMU & DHMU services)
5	Division wise utilization of LHB coaches in Zonal Railways.
6	Construction projects completed in last 10 years- utilization as per ROR or it should have been for system improvement
7	Rolling stock utilization- under utilisation of assets utilised but earning not reflected
8	Impact of computerization in right sizing of manpower an improvement in efficiency.
9	Review of stock & non-stock items based on consumption pattern & depot study.

SUGGESTED TOPICS FOR INTERNAL AUDIT STUDIES IN 2016-17

10	Productivity review of high value track machines.
11	Utilisation analysis of ultrasonic/track recording cars of RDSO.
12	Review of non moving inventory especially at shop floor and depots(store & track both).
13	Machine capacity utilisation including down time analysis of M & P in workshop/PUs/Sheds/Coaching Depots.
14	Review of staff quarters - demand versus supply analysis in view of 7th CPC.
15	Review of abandoned Goods Sheds and their present utilisation
16	Review of utilization of branch lines and study to explore their utilization as alternative routes.
17	Review of closed siding and disposal of assets released.
18	Percentage ineffective of rolling stock both coaches and Wagons , cause wise analysis, also rakes waiting for power.
19	utilization of locomotive including analysis of rake links
20	Study of crew management and their utilization
21	Utilization and productivity of track machines
22	Utilization of all features of CNC machines especially where their use is standard in Workshops & PUs.

CAPACITY BUILDING FOR INTERNAL AUDIT

- **Training for Internal Auditors is being worked out. Some indicative topics are:**
 - Effective identification of risks through Internal Audit
 - Risk Vocabulary and Concepts.
 - Fraud Risk Awareness.
 - Develop checklists/internal control questionnaires .
 - Conduct engagement to assure identification of key risks and controls
 - Sampling (non-statistical [judgmental], statistical, discovery sampling, etc.
 - Use IT audit tools (data mining and extraction, continuous monitoring, automated work papers, embedded audit modules, spreadsheet analysis)
 - Use analytical review techniques (e.g., ratio estimation, variance analysis, budget vs. actual, trend analysis, other reasonableness tests)
 - Draw conclusions
- **Zonal Railways**
 - Identify organisations within their jurisdiction which have developed successful IA Systems.
 - Field visits/interactions with these organisations.
 - This data may be advised to Board 11.2.2016.

List of Productivity Test

By Railways

SNo	Zone	Section 1	Section 2	Section 3
1	CR	Pvr-Miraj GC	Punathamba -Shirdi NL	Amrawati-Aarkher NL
2	ER	SPR-CG TLBI	UDL-SNT TLBI	SBG-BGP TLBI
3	NR	Nangladam-Talwara NL	Abohar-Fazilka NL	Tarantaaran-Goindwal NL
4	NFR	Katihar-Jogbani GC (Reports Recd. But not complete)	Eklakhi-Harishchandrapur DL (Reports Recd. But not complete)	Guwahati-Dibrugarh GC (Report Recd. But not complete)
5	NER	Moradabad-Ramnagar GC	Lalkuan-Kashipur GC (Report Received)	Malhapur-Dollyganj-Lucknow GC
6	SR	Irugur-Coimbatore DL	Chengalpattu-Arakkonam Tiruchirapalli-Manamadurai GC	Tiruchirapalli-Manamadurai GC
7	SCR	Jaggayyapeta-Mellacheruvu NL	Vshnupuram-Janpahad NL	Gubtur-Tenali DL
8	SER	ADA-JOC DL	PHPH-BSPX DL	BSPX-JRLI DL
9	WR	Pratap nagar-Chhota udepur GC	Nimach-Ratlam GC	Akodia-Mohammadkhera-Shuljapur patch DL

SN o		1	2	3
10	ECR	Fathua-Islampur NL	Samastipur-Khagaria NL	Ara-Sasaram NL
11	ECOR	SBP-THLR NL (report received)	Cuttak-Paradeep DL	Koraput-Rayaguda NL
12	NCR	Agra fort-Bandikui GC	Mathura-Acchnera GC	Manikpur-Naini DL
13	NWR	Sadulpur-Ratangarh bikaner & Ratangarh Degana GC	Jaipur-Phulera GC	Ajmer-Phulera-Ringus-Rewari GC
14	SECR	Bishrampur-Ambikapur NL (Report Received)	Bijuri-Karonji line (very old project, review not possible)	NA
15	WCR	Satna-Rewa NL	Kota-Chittorgarh NL	Guna-Shivpuri NL
16	SWR	Chitradurg-Rayadurg NL	Chikjajum-Chitradurga NL	Yesvantpur-Golhali DL

THANK YOU

THANK YOU