SURFACE TRANSPORTATION BOARD

Agreed-Upon Standard Procedures for R-1 2012 Ex Parte 460 Certification of Railroad Annual Report R-1 by Independent Accountant

Office of Economics
January 31, 2013

SCHEDULE 200 - Liabilities

Objective: To determine whether specific liability accounts are classified in accordance with the USOA and reconciled to the general ledger and the audited financial statements.

Procedures

1. Agree the components and total dollar amount of current and noncurrent liabilities in Schedule 200 to the general ledger and the audited financial statements.

2. Compare liability disclosures reflected in Schedule 200 to liability disclosures in the audited financial statements and note any disclosures that appear inconsistent in substance or amounts.

3. Agree Schedule 200 debt classifications (lines 30, 39, and 41 through 46) to Schedule 510 (lines 1 through 8).

4. Inquire of and discuss with railroad management disclosure of debt and interest in default, as defined by USOA Accounts 768 and 781, respectively (Schedule 200 lines 44 and 47). Compare to disclosures in the audited financial statements. Note any evidence that proper amounts are not included in the USOA accounts.

5. Obtain and retain in the working papers, the railroad's policies and procedures for determining disclosure of government transfers, as defined by USOA Accounts 783 and 503 (Schedule 200 line 48 and Schedule 210 line 12, respectively). Examine and compare to USOA Instruction 1-15 [ref. 49 CFR Part 1201], noting any inconsistencies. Obtain and retain in the working papers, the schedules and worksheets supporting the determination of the amounts includable the USOA accounts.

6. Report all exceptions, individually or in the aggregate, exceeding 10% of the specific liability accounts and obtain management's statement of position for each exception reported. If any debt misclassifications are noted, which equal or exceed 10% of the debt classification, obtain management statement of position for each exception and report as an exception applicable to Schedule 200, Schedule 510, or both schedules.

SCHEDULE 210 - Results of Operations

Objective: To determine whether income and expenses are classified in accordance with the USOA and reconciled to the general ledger and audited financial statements.

Procedures

1. Agree the components (lines - column b) of the following line items of income and expense to the general ledger and the total dollar amounts to the audited financial statements.
   - Total Railway Operating Revenues (Column (b) Line 13)
   - Total Railway Operating Expenses (Column (b) Line 14)
   - Total Other Income (Column (b) Line 27)
   - Total Fixed Charges (Column (b) Line 42)

2. Agree line 14, column (b) to Schedule 410, line 620 column (h). Schedule 210 Instruction No. 2 requires that any disparities between amounts shown on line 14, column (b) in Schedule 210 and amounts reported in Schedule 410 be explained in "Notes and Remarks for Schedules 210 and 220." Note whether disparities, if any, have been explained in "Notes and Remarks for Schedules 210 and 220."

3. Recalculate line 15 Column (b) and agree the amount to line 62 Column (b).

4. Agree the amounts in lines 63 and 64 to the general ledger and audited financial statements. Agree the sum of lines 63 and 64 to line 51.

5. Agree the amounts in lines 65 and 66 to the general ledger (or other supporting records) and audited financial statements.

6. Recalculate NROI, line 67.

7. Report failure to make required disclosures, as provided by the instructions to Schedule 210, and all other exceptions, individually or in the aggregate, which equal or exceed 10% of the line balance being agreed. Obtain management's statement of position for each exception reported.

SCHEDULE 245 - Working Capital

Objective: To determine whether all components of working capital are reconciled to the audited financial statements and to determine whether the schedule has been prepared in accordance with applicable instructions for returns to be made in Schedule 245.

Procedures

1. Trace and agree current operating assets (lines 1 and 2) to Schedule 200. Reconcile line 3 and the components of current operating liabilities (lines 12 through 14) to the audited financial statements. Trace and agree line 11 to Schedule 200, Line 31.

2. Recalculate all applicable lines according to the "Source" Column. Retain evidence of the recalculation in the working papers.

3. Report all exceptions, individually or in the aggregate, equal to or exceeding 10% of the line balance being agreed/reconciled/recalculated, and obtain railroad management's statement of position for each exception reported.

SCHEDULE 250 - Consolidated Information for Revenue Adequacy Determination

Objective: To determine whether the railroad has properly consolidated affiliated railroads and rail related affiliated companies and has reported consolidated data in accordance with the provisions of Ex Parte No. 393 (Sub No.2) and 49 CFR Part 1201 Instruction 1-9 (f).

Procedures

1. Obtain or prepare a list of all companies affiliated with the railroad during the current year [ref. 49 CFR Part 1201, definition 5(a)], from a source other than the railroad's files supporting the preparation of Schedule 250. The list should include the types of activities each company is predominately engaged in and the percentage of outstanding voting stock directly or indirectly owned by the railroad.
    a. Using the list, define the reporting entity according to the requirements of Ex Parte No. 393 (Sub-No 2). Explain the basis for including or excluding each affiliated company.
    b. Compare the entity defined above (a.) with the reporting entity defined by the railroad. Obtain management's statements of position for any differences.
    c. Compare the companies included in Schedule 245 to those included in Schedule 250. Determine if any companies (within the R-1 entity) excluded from Schedule 245 are included in Schedule 250 or any companies (within the R-1 entity) included in Schedule 245 are excluded from Schedule 250. Obtain management's statements of position regarding such differences.
    d. Compare the reporting entity, defined by the railroad, to the railroad's reporting entity for the prior year, if companies were added or subtracted during the current year note whether required footnote disclosure was made in Schedule 250.

2. Examine the files and documentation maintained by the railroad in support of this schedule:
    a. Determine whether such supporting files and documentation are maintained in accordance with 49 CFR Part 1201 Instruction 1-9 (f);

        (1) Determine whether worksheets have been prepared showing revenues, expenses, earnings, investment in assets and accumulated depreciation for all affiliated railroads and rail-related affiliated companies, along with any eliminations. As applicable, agree such data to the working papers supporting financial statements of the railroad and/or its affiliates, audited by independent accountants.

        (2) Determine whether the railroad has disclosed the methodology used to support segregation of rail-related or other items as appropriate. Determine whether the methodology is reasonable.

(3) Determine whether a file is being maintained to support and agree entity sales, transfers and reclassifications as well as, taxes deducted from gains or losses (line 4).

3. Read the Instructions for Schedule 250 (Instructions). Obtain the railroad's policies and procedures for reporting each line item on Schedule 250. Compare the railroad's policies and procedures to the Instructions. Note in the working papers any inconsistencies between the railroad's policies and procedures and the Instructions for Schedule 250.

4. Obtain a list of all USOA Account 731 sales, and transfers/reclassifications to non-carrier status (e.g., USOA Account 731 to USOA Account 737), of land or property not charged to accumulated depreciation:

   a. Trace the transactions/reclassification on the list to the railroad's file 2a. (3) above. Note any transactions/reclassification that were not appropriately included in the railroad's file 2 a.(3) above and reported in Schedule 250, line 4. Both the gains/losses on sales of land or other property, not charged to accumulated depreciation, to parties outside the entity (including sales/transfers to affiliated companies which are not in the Schedule 250 entity) and any reclassification of transportation property from carrier to non-carrier status (USOA Account 731 to USOA Account 737) within the entity must be reported (including transfers/sales of transportation property between companies in the entity that result in reclassification from carrier status in the selling/transferring company to non-carrier status in the receiving company).

   b. Note any transactions/reclassification, as described in the Instructions for Schedule 250 which were not reflected (reported) at fair market value at the time of the transaction/reclassification, and/or the applicable gains or losses were not reflected net of income taxes.

   c. Randomly select 5 transactions/reclassifications from the railroad's file. If applicable, at least one selection should be made for each type of transaction (sale, transfer, and reclassification). Examine the supporting documentation and recalculate the gain or loss in accordance with the Instruction for line 4.

5. As applicable, recalculate all lines in Parts A and B.

6. Report exceptions and obtain management's statement of position for each exception reported. Exceptions are defined as follows:

   a. The reporting entity used by the railroad is not in accordance with the requirements of Ex Parte No. 393 (Sub-No. 2).

   b. Required footnote disclosure in Schedule 250 has not been made for current year changes in the reporting entity.

   c. Files have not been maintained as required by Instruction 1-9(f).

   d. Reported consolidated data does not agree to the supporting files and/or the railroad has not developed and reported data in accordance with the Instructions.

e. Any deviation from the Instructions for Schedule 250 noted in the railroad's policies and procedures or in tests of transactions.

f. Reported data does not reconcile to the working papers supporting financial statements which have been audited by independent accountants.

g. Required footnote disclosure in Schedule 250 has not been made for government grants and subsidies [ref. Office of Economics Message to Accounting Officers of All Class I Railroads – Accounting for Tiger Grants dated June 21, 2010].

h. Mathematical errors.

For items 6.d., 6.f., and 6.h., an exception is defined as equal to or exceeding, individually or in the aggregate, 10% of the applicable line balances.

SCHEDULES 330, 332, 335, 342, and 352B - Property and Depreciation Accounts

Objective: To determine whether property investment and related accumulated depreciation accounts are recorded and classified in accordance with the USOA and reconciled to the general ledger and the audited financial statements.

Procedures

1. Obtain, prepare or update a flowchart or narrative description on the preparation of Schedule 330 and Schedule 335 including source records and data accumulation processes for each column within each schedule. Retain a copy of the flowchart or narrative in the working papers.

2. Obtain the railroad's policies and procedures for additions and retirements of road property and equipment. Examine and compare to USOA Instructions 2-1 through 2-20. Note any inconsistencies between the railroad's policies and procedures and the USOA instructions.

3. Agree balances in Schedule 330 columns (b) through (h), Schedule 335 columns (b) through (g) and Schedule 342 columns (b) through (g) to the railroads' general ledger, property ledger or other supporting record by primary account (i.e., by individual line item). Agree each schedule balance to the audited financial statements.

4. Trace and agree Schedule 335, line 29, column (c) to Schedule 412, line 29, column (d).

5. Agree Schedule 352B column (b) primary account (i.e., by individual line item) balances to year-end primary account balances in Schedules 330 column (h).

6. Report all exceptions where there is a variance of 10% or greater between the R-1 line balance and the property ledger and obtain railroad management's explanations for such exceptions.

7. Through inquiry of management and examination of property records ascertain if there have been any adjustments of 5% or greater made to property account values during the year. Obtain supporting records and determine whether the accounting performed is in compliance with the USOA.

8. Select line balances (primary accounts), columns (e) for acquisitions and (f) for retirements, in Schedule 330. Obtain the detail of transactions comprising the line balance. Select transactions for examination. Selections may be made randomly but should represent transactions throughout the year and in the following minimum numbers:

Column (e)	
Primary Accounts 8, 9, & 11	2 selections for each line balance
All other "Road" Primary Accounts	1 selection for each line balance
All "Equipment" Primary Accounts	2 selections (total) for the classification
Primary Accounts 76, 80 & 90	1 selection for each line balance
Column (f)	
Primary Accounts 8, 9, & 11	1 selection for each line balance
All remaining Primary Accounts	2 selections (total) for all line balances

a. Trace the transactions selected above from applicable entries in the detailed property records or subsidiary ledgers to applicable supporting source documentation (AFE, etc.). Note compliance with USOA instructions 2-1 through 2-20.

   Examine to determine:[1]

   (1) Transactions were capitalized/retired or expensed in the proper amounts, proper primary accounts, and proper accounting period.

   (2) Amounts capitalized complied with approved capitalization criteria in Instruction 2-2 or a Board letter.

   (3) Retirement accounting complies with the USOA (refer to Instructions 2-7 through 2-19).

b. Obtain documentation supporting labor, materials and overhead allocations, including the completion date of the most recent study supporting each allocation, and retain in the working papers:

   (1) Determine whether the basis for the allocation is reasonable.

   (2) Determine if the completion date of the most recent study supporting the allocation is greater than 3 years old (using the R-1 year-end date).

9. Report exceptions, along with management's statements of position, as follows:

   a. Exceptions exceeding, individually or in the aggregate, the capitalization criteria of the defined capitalizable unit if it is a capitalized item.

[1]Document such testing of each transaction in the working papers by including either a photocopy of the applicable source document or a description of the transaction which allows for a conclusion as to the propriety of the accounting treatment.

b. Exceptions exceeding, individually or in the aggregate, 10% of the total expense if it is an expense item.

c. Any deviations from Instructions 2-1 through 2-20 noted in the railroad's policies and procedures or in testing of transactions.

d. Allocations which lacked supporting documentation were not made in a manner consistent with the prior year and/or were based on studies which were greater than 3 years old.

Objective: To determine whether depreciation expense is recorded and classified in accordance with the USOA and reconciled to the audited financial statements. Determine whether the methods and rates used to calculate depreciation expense are approved by the Board.

Procedures

1. Compare the depreciation base per Schedule 332 to reserve balances for each primary account (i.e. individual items in Column (g) Schedule 335):

   a. Report those accounts where the reserve balance exceeds the depreciation base and obtain management's explanation for the excessive reserve balance.

   b. Note those accounts where the reserve balance is greater than 75% of the depreciation base and list in the working papers.

2. For each primary account agree depreciation rates used to rates authorized by the Board, based upon the results of a depreciation study which is conducted every three years for equipment property and every six years for road property. Report exceptions and obtain railroad management's statement of position for each exception reported.

3. Select 1 monthly depreciation journal entry and recalculate the charges to the reserves for 10 randomly selected primary accounts. Report exceptions which exceed 10% of the expense charged to the reserve of the applicable primary account and obtain railroad management's statements of position for each exception.

4. Examine depreciation reserve records and note transfers or adjustments exceeding 5% of the individual primary account reserve balance. Report any data which was not properly reported in Schedule 335, columns (d) or (f).

SCHEDULE 410 - Railway Operating Expense

Objective: To determine whether railway operating expenses have been recorded and classified in accordance with the USOA and reconciled to the audited financial statements.

Procedures

1. Obtain and/or update documentation for the carrier's system for accounting and reporting of operating expenses. Update the flowchart or narrative description of the carrier's system, documenting the flow of transactions from source, through processing to final output in Schedule 410.
2. Describe and list all significant allocations of operating expenses and obtain the dates of the most recent studies supporting the allocations.
3. Examine all significant year-end reclassification of operating expenses of $1,000,000 or greater, for reasonableness and propriety of account distribution and classification.
4. Agree total carrier operating expense, line 620, column (f) (Total Freight Expense) with the audited financial statements.
    a. If applicable, determine whether the carrier has received Board approval to record special accounting in compliance with Instructions 1-2(d), 1-14 and 4-1(d), of the USOA, and that the purpose and monetary impact of the special charges is provided in footnotes to Schedule 410 and/or Schedule 210 and 220.
    b. Trace and agree totals in lines 507 through 517 column (f) to Schedule 417 column (j) lines 1 through 11.
    c. Trace and agree total net lease/rental reported in column (f) lines 118 through 123, plus lines 130 through 135, to total net lease/rental reported in Schedule 412, column (c) line 29.
    d. Trace and agree the sum of lines 136, 137, and 138 to Schedule 412, line 29, column (b).
5. Perform a comparison of the data reported in Schedule 410. Compare each expense item (cell) with the prior year amount.
    a. List all items which have changed by 15% or more and obtain management's explanation for such changes.[2] Cells which change from $0 to a monetary value or vice versa, shall also be listed and management's explanation obtained.
    b. Note line balances that are reported in reverse amounts (i.e. a credit vs. debit or vice versa) and determine the reason for such balance through inquiry of management.

[2] If a criteria other than or in addition to 15% is to be used, a justification must be submitted to the Board for approval.

6. Identify and list in the working papers, input sources which comprise a minimum of 90% of the input sources providing operating expense data for Schedule No. 410.

7. Use input sources identified in 6 above, for a sample test of detail transactions. Obtain the detail transactions related to each input source. Calculate a sample size(s) using a statistical measurement technique with the transactions from each input source considered to be a separate population or, as an alternative, 20 transactions from each input source. Use any method to draw the sample and perform the following:[3]

    a. Trace transactions to entries in the expense accounts and to supporting source documentation. Examine to determine whether the proper amounts were entered into either the appropriate USOA (six-digit) account or the railroad account (or allocation pool) in the proper period. Document such testing in the working papers by including either a photocopy of each applicable source document or a description of each transaction tested to allow for a conclusion as to the propriety of the USOA accounting.

    b. If a system is used to convert operating expenses from the railroad's accounting and reporting system codes to the USOA accounts, trace the conversion for each transaction selected. Compare the definition of the railroad's expense account with the definition of the USOA expense account into which it is converted and note any inconsistencies. Document such testing in the working papers to allow for a conclusion as to the propriety of the accounting conversion.

    c. Where expenses are distributed to the railroad's accounts and/or the USOA accounts based on an allocation methodology developed by the railroad, obtain documentation supporting the allocation(s), including the completion date of the most recent study supporting the allocation, and retain in the working papers.

        (1) Determine the basis for the allocation is reasonable and complies with railroad and USOA account definitions.

        (2) Determine if the completion date of the most recent study supporting the allocation is greater than 3 years old using the R-1 year-end date.

        (3) Determine whether the allocation was made in a manner consistent with the prior year.

8. Report exceptions – including management's statements of position – exceeding, individually or in the aggregate, 10% of the amount charged to the applicable USOA expense account (six digit code), for the year, or which appear to be a failure in the operation of controls. If attribute sampling was used to calculate the sample size, report whether or not the tolerable error rate was exceeded for any of the identified attributes.

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[3] Cyclical testing of Schedule 410 input sources is acceptable provided all input sources identified in procedure 6 are subjected to testing within a 3-year period. A schedule must be submitted to the Board for approval.

SCHEDULE 415 - Supporting Schedule Equipment

Objectives: To determine whether the Company's accounting and reporting procedures for equipment repairs are in conformity with the USOA and to reconcile appropriate line items in Schedule 415 to other R-1 schedules.

Procedures

1. Obtain or prepare an updated flowchart or narrative description on the preparation of Schedule 415 including source records and data accumulation processes for each column (b-j) in the schedule, if applicable.

2. Agree amounts reported in Schedule 415 for each column in the schedule as follows:
   a. Column (b) to Schedule 410 column (f) as provided in Instruction No. 3 of general instructions concerning returns to be made in Schedule 415.
   b. Obtain management explanation for any <bracketed> amounts reported in column (b) freight car repairs.
   c. Column (c) and (d) to Schedule 410, column (f) as provided in Instruction No. 4 of general instructions concerning returns to be made in Schedule 415.
   d. Total net amortization adjustment line No. 43, column (e), to Schedule 335, line 39 column (c) as provided in Instruction No. 5 of the general instructions concerning returns to be made in Schedule 415. Note Instruction No. 5 should read "line 39, column (c) of Schedule 335".
   e. Column (f), to Schedule 410, column (f) and Schedule No. 414 as provided in Instruction No. 6 of the general instructions concerning returns to be made in Schedule 415.
   f. Equipment account totals reported in Schedule 415, columns (g) and (h) to the grand total of each equipment account in column (h) of Schedule 330 as provided in Instruction No. 7, paragraph 3 of the general instructions concerning returns to be made in Schedule 415.
   g. The grand total of each equipment reserve account in column (g) of Schedule 335 to the combined total accumulated depreciation for line items comprising the corresponding equipment accounts reported in Schedule 415, columns (i) and (j) as provided in the Instruction No. 8 of the general instructions concerning returns to be made in Schedule 415.
   h. Obtain railroad management's statements of position for balances which do not reconcile (excluding rounding) according to a. through f. above. Report differences exceeding 10% of the applicable Schedule 415 balances.

3. Randomly select 10 line items from columns (c) through (j) of the schedule and trace to supporting detail records and agree expense for each equipment type. At least one selection must be made from each column with reported data. Report all exceptions exceeding 10% of the line item and obtain management's statement of position for each exception.

4. Obtain and include in the working papers, the railroad's policies and procedures for assigning repair costs by equipment type. Examine and compare to USOA Instruction 2-21. Obtain the detail transactions for repairs expense and perform the following:

    a. If the railroad utilizes Level I methodology, randomly select six transactions for six different car types. Trace each transaction to the job order and supporting documentation. Examine and determine whether the appropriate car type was charged with the expense. Recalculate the expense charged. If standard costs were utilized, agree each repair charge on the supporting documentation to the railroad's standard costs list. Note any deviations from Level I methodology.

    b. If the railroad utilizes Level II methodology, randomly select two heavy, program, or project repair transactions, for two different car types, and determine whether repair costs relating to heavy, program, or project repairs for freight cars are directly assigned to the car types repaired by using actual or standard costs. Trace each transaction to supporting documentation. Examine and determine whether the appropriate car type was charged with the expense. Recalculate the expense charged. Agree each repair charge on the supporting documentation to the railroad's standard cost list. For light and running repairs perform a "walk through" of the process for assigning repair costs to car types by selecting one transaction and following the transaction through the CRIBS process to determine compliance with USOA Instruction 2-21 (c)(2). Note any deviations from Level II methodology.

    c. Report any deviations from Instruction 2-21 noted in the railroad's policies and procedures or in testing of transactions. Report exceptions exceeding 10% of the transaction, or which appear to be systemic in nature.

SCHEDULE 510 - Debtholding

Objectives:

1. To determine whether debt holdings and related accounts are classified in accordance with the USOA and reconciled to the audited financial statements.
2. To determine whether interest expense is classified in conformity with the USOA and reconciles to other R-1 Schedules, which reconcile to the general ledger and audited financial statements.
3. To determine whether interest expense accrued was reasonable and properly distributed.
4. To determine whether Schedule 510 is mathematically accurate.

Procedures:

1. Agree interest expense per Schedule 510, lines 18, 19, and 20 to R-1 Schedule 210 as stated in the "Source" column.

2. Obtain the supporting schedules for interest accrued on road property debt, equipment debt and on debt not directly related to road or equipment property debt (lines 22, 23, and 24). Select obligations whose interest accruals represent 50% of the dollar amount for each classification. Examine the calculation of interest accruals for reasonableness and USOA expense account distribution.

3. Recalculate all as applicable, for mathematical accuracy (ref. "Source Column" & "Notes").

4. Report any amounts which do not reconcile (excluding rounding), interest expense accruals which do not appear to be reasonable and errors in line calculations. Also report any misclassifications, individually or in the aggregate, exceeding 10% of Schedule 510 debt classifications noted from Schedule 200 procedures. Obtain management's statement of position for each exception reported.

SCHEDULE 755 - Operating Statistics

Objectives:

1. To determine whether the railroad has established adequate procedures to accumulate and report the statistical data required, in conformity with prescribed definitions, instructions and interpretations of the Board as specified in the R-1 instructions for Schedule 755.
2. To obtain data which will enable the Board to determine if controls have been established which are designed to assure that the data gathering and reporting process produces the desired data accurately.
3. To obtain data which will enable the Board to determine whether an appropriate level of documentation exists relative to the railroad's procedures and system of internal controls, discussed in objectives 1 and 2 above.
4. To determine whether operating statistics in Schedule 755 are compiled in conformity with the appropriate procedures discussed in objective 1 above.

Procedures:

A. Documentation of information systems for operating statistics.

1. Examine and retain in the working papers the railroad's narratives and flowcharts describing the accumulation, compilation and reporting of operating statistics and quality control of the system(s). Determine if such documentation includes the following:
    a. All processes (both EDP and manual) which accumulate sort or modify statistical information for Schedule 755.
    b. Source documents, inputs, data files, outputs, EDP processing applications, manual operations and management reports of statistics.
    c. Retention and protection policies for data files, audit trails and management reports of operating statistics, in conformity with data retention requirements of the USOA (Title 49 CFR Part 1220).
    d. Documentation standards adequate for application maintenance, user instruction and audit review.
    e. Internal controls (application controls and general controls) which management relies upon to protect the reliability of operating statistics reported in Schedule 755.
2. Interview key individuals responsible for management of the system(s), applications development, maintenance controls and documentation. Inquire whether above documentation (1.a. through e.) is complete and up-to-date and discuss any plans to improve it and/or the system(s).

B. Testing of operating statistics in Schedule 755.

1. Perform a comparison of data reported in Schedule 755. Compare each line item for the current R-1 year with the same line item from the previous year. Note each line item which has changed by 15% or more.[4]. Obtain railroad management's explanations for such changes if the line as changed by 15% or more and the line represents at least 5% of each respective category total. The respective category totals used to calculate the 5% restriction includes some stated and implied subtotals, as well as single line categories (i.e. lines 1, 7, 11, 12+13, 30, 46, 64, 82, 83, 84, 88, 104, 107, 114, 115 [116 is included with 115] 117, 118+119, 120+121+122, 123, 124, 125, 129 and 133).

2. Select a sample of 60 source documents prepared throughout the year (in accordance with the documented procedures) and trace the relevant information to the initial and final data files in the audit trail. Where statistical data is computed, test for mathematical accuracy.

   Document processing errors, unsupported information and exceptions to defined procedures. This sample should include documents for the following populations:[5]

   a. train miles
      - unit trains
      - way trains
      - through trains

   b. locomotive unit miles
      - unit trains
      - way trains
      - through trains
      - train switching
      - yard switching

   c. freight car miles
      - RR owned and leased cars - Loaded (lines 15-29)
      - RR owned and leased cars - Empty (lines 31-45)
      - Private line cars - loaded(lines 47-63)
      - Private line cars – empty (lines 65-81)

   d. work equipment and company freight car miles

   e. no payment car - miles

   f. gross ton miles - (lines 98-103)

[4]If a criteria other than or in addition to 15% is to be used a justification specific to each Item (1 through 17) must be submitted to the Board for approval.

[5]Cyclical testing of Schedule 755 input sources is acceptable provided all input sources identified are subject to testing within a three year period. A schedule must be submitted to the Board for approval.

g. tons of freight
   - revenue
   - non-revenue

h. ton miles of freight

i. train hours
   - road service
   - train switching

j. train miles - work trains
   - locomotives
   - motorcars

k. number of loaded freight cars
   - unit trains
   - way trains
   - through trains

l. TOFC/COFC - number of revenue trailers and containers loaded and unloaded

m. multilevel cars - number of motor vehicles loaded and unloaded

n. revenue tons - marine terminals

3. Select a sample of 20 lines reported on Schedule 755 and trace to final totals in the audit trail.

4. Report as exceptions errors exceeding 10% of the line item being tested, deviations to documented procedures and individual or systematic errors in processing or reporting statistical data. Obtain management's statement of position for each exception reported.