

## CHAPTER-7 STORES

### 7.1 Introductory

7.1.1 The general administration of all the stores of a division is vested in the Divisional Officer, on whom primarily devolves the duty of arranging, in accordance with such rules and instructions as may have been issued by Government, for (1) the acquisition of stores, (2) their custody and distribution according to the requirements of works and (3) their disposal.

Note- For General instructions for the procurement of Goods and Services refer Chapter 6 of General Financial Rules, 2005

7.1.2 Government Officers entrusted by the Divisional Officer with the care, use or consumption of stores, are responsible for maintaining correct records and preparing correct returns in respect of the stores entrusted to them.

7.1.3 All transactions of receipts and issues should be recorded, strictly in accordance with the rules or procedure prescribed in Chapter 7 of General Financial Rules, 2005 in the order of occurrence and as soon as they take place. Fictitious stock adjustments are strictly prohibited, for example, (1) the debiting to a work of the cost of materials not required, or in excess of actual requirements, (2) the debiting to a particular work for which funds are available of the value of materials intended to be utilized on another work for which no allotment has been sanctioned, (3) the writing back of the value of materials used on a work to avoid excess outlay over appropriation, etc. Any breach of this rule constitutes a serious irregularity, which will be brought prominently to the notice of the appropriate authority concerned of the CPWD by the Divisional Accountant under intimation to the Chief Controller of Accounts.

7.1.4 (a) The accounts of stores are based on the fundamental principle that the cost of their acquisition should be debited to the particular work for which they are required, when the work is done departmentally by the contractors whose agreement is for labour only; otherwise, it should be kept in a suspense account pending clearance, as the materials are actually issued, by debit to specific heads of account or works.

(b) In accordance with the general rule the cost of the supply of all stores, required as tools and plant for the general use of the division is debited at once to the minor head machinery and equipment subordinate to the major head under which such charges of the division are classified; and special items of tools and plant, which are required not for general purpose but for a specific work, are debited to that work. See also rule 1 and 3 of Appendix 4.

(c) Similarly, all road metal required for the maintenance of a road or section of a road is debited at once to the sub-head "Maintenance and Repairs" subordinate to the relevant Minor Head under the Major Head, "3054 Roads and Bridges", (against the estimate sanctioned for the collection of it and when road metal is acquired specially for

use in the construction of a road or other work, its cost is debited to the estimate for such construction).

(d) In the case of other materials when purchases are made for the requirements of works, generally, the cost is accounted for under the suspense head "Stock", vide paragraph 143 of the Central Public Works Department Code.

7.1.5 The four classes of stores enumerated in paragraph 141 of the Central Public Works Department Code thus fall into two distinct categories as shown below:-

- (1) Stores debited to Suspense-
  - (i) Stock.
- (2) Stores debited to final heads-
  - (ii) Tools and Plant.
  - (iii) Road Metal.
  - (iv) Materials charged to works as referred to in para 7.5.1.

7.1.6 With certain exceptions (vide paragraphs 10.3.12 and 10.3.19) a numerical or quantity account of receipts, issues and balances has to be maintained for all stores, even though debited to final heads, with a view to control the balances efficiently until the stores are disposed of finally either by consumption on works or otherwise. This quantity account has further to be reconciled periodically with the value accounts except in the case of stores debited to final heads vide paragraph 7.1.5(2). The rules in this chapter are framed on the principle that, as far as possible, the initial records of all stores, as also the returns of sub-divisions should take account of quantities only, and that the value accounts should be maintained in the divisional office.

## **7.2 STOCK**

### **I. General**

7.2.1 The stock of a division is some times kept in a single godown or yard in the charge of a storekeeper or other officer, or each sub-divisional officer may have a separate stock in his charge, either at his headquarter or scattered over the sub-division in the direct custody of subordinates or other sectional officers. Again the stock, although scattered over the entire division, may be in the general charge of a single official and the sub-divisional officers may merely indent upon him, the account being kept by the former. The rules prescribed below will apply whatever be the arrangement in force in the division.

Note: The term Sectional Officers includes Junior Engineer(Civil/Electrical)/Section Officer(Horticulture).

7.2.2 Stock accounts may be maintained in a sub-divisional Office, even though the officer in charge is not authorized to keep a cash account in Form I. A separate account should be kept in the Divisional Office of any stock which is directly under the charge of the Divisional Officer or of an officer under his orders and not under the orders of a sub-divisional Officer.

## II. Priced Vocabulary of Stores

7.2.3 In order to ensure accuracy of posting of all transactions and facilitate the preparation and valuation of indents, a list of materials in stock, showing their correct description and identifying numbers (commonly known as Priced Vocabulary of Stores), should be evolved on the basis of an up-to-date classification of stores, which should be uniformly adopted throughout the Department. The Issue Rates should be filled in by the Divisions concerned who should circulate them for use by other Divisions obtaining supply of stores from them. These vocabularies should be kept up-to-date by issue of correction slips as and when necessary.

## III. Quantity Accounts

### (a). Receipts

- 7.2.4 Materials may be received on stock from the following sources:-
- (a) Suppliers in India or Abroad.
  - (b) Other sub-Divisions, Divisions or departments (including Government Workshops).
  - (c) Manufacture, and
  - (d) Works, buildings, etc.

In all cases there should be proper authority for the receipt, by the store keeper or the sectional officer concerned of materials to be brought on stock. Thus authority should be given in writing by the Divisional Officer or, if so authorized under local orders, by the Sub-divisional Officer.

7.2.5 All materials received should be examined so as to ensure that they conform with the quality and specification prescribed, and counted or measured, as the case may be, when delivery is taken. The record of the detailed count or measurement or weightment should be kept in the Goods Received Sheet, Form 8-A and the total of number or quantity received should be entered in the Bin Card, Form 8 immediately thereafter. Such acknowledgement as may have to be given to a supplier for stores received from him can be signed only by the Divisional or Sub-divisional Officer. Any certificate that the Store-Keeper or Sectional Officer concerned may be called upon to record in respect of the receipt of the stores should be in the following form:-

Received on \_\_\_\_\_ and duly recorded in the Bin Card. See Goods Received Sheet No. \_\_\_\_\_

Date (Signature)

Note- In case of tools and plant, the item should be brought in “ Tools and Plant Received Sheet” in Form CPWA – 13 with complete details.

7.2.6 The Goods Received Sheets will be printed in the form of booklets and will be duly machine-numbered, with the office copy intact and other perforated. These will be prepared in triplicate by carbon process in indelible ink or copying pencil, or computer generated sheets. One copy being retained by the store keeper and the other two sent to the Sub-divisional Office, out of which one copy will be passed on to the supplier and the other to the Divisional Office for posting the Priced Stores Ledger and making payments.

Note 1 - The instructions regarding the making of entries in the Measurement Books (vide paragraph 10.2.8) apply mutatis mutandis to the entries to be recorded in the Goods Received Sheets.

7.2.7 A separate Goods Received Sheet should be prepared in respect of goods purchased from one supplier. To facilitate the preparation of the Summary of Stock Receipts, separate Goods Received Sheets should be prepared in respect of items falling under each sub-head of Stock or the articles falling under each sub-head should be grouped together in the Sheets as far as possible. In filling up the Goods Received Sheets, the description and Code numbers of materials as given in the Priced Vocabulary of Stores, should be strictly adhered to.

Note - In order to comply with the requirements of the above paragraph, it should be seen that separate Supply Orders are placed for goods falling under each sub-head of Stock as far as possible.

7.2.8 Payments for all stock received are made on the basis of entries recorded in the Goods Received Sheets, vide paragraph 7.2.16 and according to the terms of payment as finalised in the Supply Order / Contract agreement. These Sheets should, therefore, be treated as very important account records. All the booklets containing the Goods Received Sheets should be numbered serially and a register of them should be maintained in Form 12 – A in the Divisional Office showing the date of issue, serial number of each booklet, the name of the Sub-division to which issued, and the date of return of the used booklets with office copies, so that its eventual return to the Divisional Office may be watched.

Note - A similar register should also be maintained in the Sub-divisional Office showing the names of subordinates to whom the booklets are issued. Those no longer in use should be withdrawn promptly even though not completely written up.

### **(b) Issues**

7.2.9 Materials may be issued from stock for the following purposes:-

- (a) for use on works either by issue to contractors or direct to works (paragraph 10.3.1)
- (b) for despatch to other sub-divisions, divisions or departments; and

- (c) for sale to contractors, employees, other persons or local bodies, vide paragraph 158(e) of the Central Public Works Department Code.

The materials should be issued only on receipt of an indent (Form 7) signed by the Divisional or the Sub-divisional officer.

Note: The term “Works” includes manufacture operations, vide Note below paragraph 7.2.29.

7.2.10 Indents will be printed in the form of booklets and will be duly machine numbered, and kept in stock by the Divisional Officer, who issues the indent books stamped with stamp of his office. Indents should be prepared in quintuplicate by carbon process or by computer generated sheet, the description of stores etc. being filled in with reference to the Priced Stores Vocabulary, referred to in paragraph 7.2.3. a record of the stores indented should be simultaneously kept in the Register of Indents Form 7-A. The fifth copy of the indent should be retained as the office copy and the other four (which should be marked “original”, “duplicate” and so on) presented to the Supplying Division.

Indents should be filled up carefully as all subsequent accounting depends upon it. In the column “Head of Account” etc. besides entering the name of the account Head to which the issue of stores is debitable, full names of divisions and offices to which stock is to be issued and of contractors, employees, other persons or local bodies to whom it is authorized to be sold, should be added in all cases in which stores are ordered to be issued otherwise than for the requirements of work within the division. The column headed “Name of Work/Job”, etc., should be filled in only when the stores are required for works within the division, and in such cases the full name of the work as given in the estimate, should be entered as well as the name of the contractor from whom the value is recoverable (vide paragraph 10.3.1). The divisional officer before signing an indent shall ensure that funds are available and provisions exists in the estimates.

In order to keep a watch on the materials issued to works, a register in Form CPWA 35 is kept to avoid excessive issues of materials to contractors and to keep a watch over the issues. In this register a record of the materials drawn for use on works done departmentally may also be kept if considered necessary by the Sub-Divisional Officer. The Divisional Officer himself should exercise a general check to examine that the issues are roughly correct. For detailed check of the quantities issued, it is the responsibility of the S.D.O. to ensure that the materials are not issued in excess of the quantities actually required.

Note- In order to facilitate the preparation of the summary of Indents (paragraph 7.2.30.), separate indents should be prepared for items falling under each sub-head of Stock as far as possible or the articles falling under each sub-head of stock should be grouped together in the indent.

7.2.11 When issuing materials from a stock, the Store-Keeper or Sectional Officer should examine the indent (Form 7) and sign it in the space provided for the purpose,

after entering the quantity issued in all the copies. An entry of the stores issued simultaneously be made in the Bin Card (Form 8). The signature of the officer receiving the materials should be obtained in the space provided for the purpose in the Indent. One copy of the indent should be obtained in the space provided for the purpose in the Indent. One copy of the indent should be retained by the Store-Keeper of the Supplying Division as a voucher in support of the entry in the Bin Card; the second being returned at once to the indenting office. The third and the fourth copies of the indent should be sent to the Divisional Office for further action.

Note 1 - It should be seen that the acknowledgement of materials is signed either by the person to whom they are ordered to be delivered or dispatched, or by a duly authorized agent. This precaution is specially necessary in the case of issues to contractors and private persons whose acknowledgements should set forth all the particulars mentioned in paragraph 10.3.4.

### **(c) Bin Cards**

7.2.12 A chronological record of the Receipt, Issues and the running balance of each article of stock will be kept in the Bin Card, Form 8 which will be kept at the place where the materials are stored. These cards will be posted from the Goods Received Sheets and the Stores Indents vide-paragraph 7.2.5 and 7.2.11.

As Bin Cards constitute the basic quantity record of stock transactions, adequate care should be taken for their proper maintenance and safe custody. All the Bin Cards should be serially numbered and a register of them should be maintained in Form 12 – B.

7.2.14 The Divisional Officer should arrange to have the balances as per Bin Cards verified periodically with those shown in the Priced Stores Ledger. This verification should in any case be conducted before any item is taken up for physical verification.

7.2.15 As soon as Bin Card is completed, it should be returned to the Divisional Officer after carrying over the balance to the new card. When received in the Divisional Office, the entries of the completed cards should be checked with the Priced Stores Ledger and discrepancies, if any, pointed out to the Sub-divisional Officer concerned for further action. The Bin Cards should then be recorded in the Divisional Office.

## **IV. Value Accounts**

### **(a) Payment for Stock Received**

7.2.16 The provisions contained in paragraph 10.2.1 and 10.2.10 to 10.2.18 apply mutatis mutandis to the payment of bills of suppliers for stock received with the exception that the claims are verified in the Divisional / Sub-divisional Office with reference to the connected entries in the Goods Received Sheets, vide paragraph 7.2.6.

7.2.17 The procedure for the procurement of stock and settlement of claim from other Public Works Divisions, has been laid down in Appendix 7-A of this Code.

7.2.18 Cash payment should not be made for stock received from other sources except in accordance with the directions in Chapter 4 of Govt. Accounting Rules, 1990. When under those rules payment for supplies made by any department is made in cash, the claims of such department should be dealt with in the same way as those of suppliers. In exceptional cases where the Department does not have required expertise to make its own arrangements for the procurement/inspection of Stores, it may project its indent to D.G.S.&D. In such eventuality Indenting Division would make "Advance payment" from the Budgeted Heads of Account to PAO,Supply, who will make payment upto 98% on the basis of proof of Despatch i.e, R.R. etc. to the supplier. The balance payment of 2% will be made to the Supplier by PAO, Supply on receipt of Consignee's Receipt and Inspection Note etc. of the DGS&D.

### **(b) Recoveries for Stock Issued**

#### **(i) Issue Rates**

7.2.19 An Issue Rate is assigned to each new article as it be brought on stock. This rate is fixed on the principle that the cost to be charged to works on which the materials are to be used should approximately equal the actual cost of the stores and that there may be no ultimate profit or loss in the stock accounts. It should provide, beyond the original price paid and the cost of carriage, etc., for the storage charges as defined in paragraph 2.1.1(52).

Issue rates of cement, steel or any other item in the contracts, should not be less than the market rates of these commodities irrespective of the issue rates of the Central Stores. The credit due to less issue rate of the Central Stores will automatically go to the work and may be considered for the purposes of estimating the cost of the work before accepting the tender vis-à-vis the provisions in the estimate.

In case there is substantial difference between the rates prescribed in the tenders for materials stipulated for issue by the department, and the rates for such items on which the estimated cost put to tender is based, the tender cost quoted by the contractor will be comparatively higher resulting in increased percentage under Clause 12 of the relevant agreement or contract. In order to eliminate this anomaly, estimated cost put to tender should be correspondingly increased by the amount equal to the cost of materials stipulated for issue at the difference in rates of issue and the rates adopted in the estimate, so that the tender cost does not result in higher percentage under Clause 12.

Note 1- It is not necessary that the Issue Rate for an item should be the same in all sub-divisions, but a uniform rate should ordinarily be prescribed for all localities in a sub-division.

Note 2 - The Issue Rate should be worked out to the nearest rupee, balances of below 50 paise being ignored and fractions of more than 50 paise and above taken as Rupee.

7.2.20 The Issue Rate of an article of stock should be fixed at the beginning of each year. Normally, this rate will remain constant throughout the year, but as purchases are made or contracts for supply of materials are entered into, variations in costs should be watched and if there is any material variation in the purchase rates, the Issue Rate should be revised earlier. It should, however, be seen that the issue rates are kept within the market rates.

Note:- In the case of controlled articles as and when decided by the Government like Cement, Steel etc., the Issue Rate should be revised whenever there is a change in the controlled price.

7.2.21 If the Issue Rate of an article of stock is appreciably less than the market rate, the following precautions should be taken in addition to any restrictions on sales or on issues outside the division which the Divisional Officer may prescribe:-

- (a) Issues to contractors and sales shall be made at market rates, but see paragraph 10.3.2 and 10.3.3.
- (b) Issues to other divisions and departments may be made at a rate higher than the Issue Rate.

### **(ii) Storage Charge**

7.2.22 A storage rate is fixed annually for each Division or Sub-division on the principle that the total estimated annual expenditure (See paragraph 2.1.1.(52)) is, as far as possible, recovered from the issues likely to be made during the year. On the basis of this rate, storage charges are added on a percentage basis so as to form part of the issue rate calculated under paragraph basis 7.2.19.

The expenditure on storage charges should be debited to a distinct detailed head "Storage" under "2059 Public Works – Other expenditure / 4059 Capital Outlay on Public Works etc." as the case may be.

As the issue rate for stores fixed are inclusive of storage charges on a percentage basis, the amount of recoveries effected for the year on account of storage should be worked out from the total credits to suspense-stock and adjusted under the head "0059 - Public Works – Other Receipts"/ taken in reduction of expenditure under the sub-head "Deduct Receipt and Recoveries on Capital Account" which may be opened below the relevant minor head under "4059 Capital Outlay on Public Works etc." The amount so adjusted should be compared with the expenditure on storage as booked against the final head of account and the profit / loss on storage, if any, should be adjusted in accounts in accordance with the provisions of paragraph 7.2.33.

### **(iii) Handling and Other Incidental Charges**

7.2.23 Carriage and other incidental charges which are incurred simultaneously in connection with several articles of stock and cannot, therefore, be allocated to the various articles, should be booked under a separate sub-head under stock titled "Handling and other incidental charges." A suitable percentage based on expenditure on account of these charges of the previous year should be fixed annually on the principle enunciated in the preceding paragraph and added to issue rate.

7.2.24 (a) The Divisional Officer is responsible that the value of materials sold to municipalities, Local Fund and the public and of issues made to contractors for private use, is recovered in cash at the earliest opportunity.

Note- A sale Account in Form 19 should be prepared by Sub-division in support of every such sale for Divisional Officer to effect recovery.

(b) All adjustments of the value of stock issued except on sale should be made by the Divisional Officer as in the case of receipts vide paragraph 7.2.17 and 7.2.18. The Sub-divisional Officer is, however, responsible for the clearance from works accounts, of all outstanding against contractors on account of the recoverable value of materials issued to them by charge to works.

(c) 10 Percent supervision charges should be realized in addition to the value of stock including storage charges in all cases in which it is recoverable under paragraph 150 of the Central Public Works Department Code, but the amount recovered on this account should not be treated as receipts on account of stock, but as revenue receipts, or receipts on capital account, as the case may be.

### **(c) Valuation of Quantity Accounts**

7.2.25 When received in the Divisional Office, the Goods Received Sheets (Form 8A) will be valued on the basis of prices paid or payable as per bills or other claims. Extra charges, when paid or adjusted should be entered in Column 11 of these Forms. The Goods Received Sheets should then be posted in the Priced Stores Ledger.

Note- In the case of stores which are not paid for within the month of receipt and of which the actual value will not be known till the supplier's bill is received and paid, an estimated figure should be adopted for bringing the liabilities under the Minor Head – Material Purchase Settlement Suspense Account below the Major Head "8658 – Suspense Accounts (of paragraph 13.2.3.) and also for the completion and closing of the Priced Stores Ledger.

7.2.26 On receipt of the third and fourth copies of the indent in the Divisional Officer (paragraph 7.2.11) the issues should be valued at the Issue Rates fixed for the purposes, vide paragraph 7.2.19 to 7.2.21. The third copy of the indent will be used for posting the Priced Stores Ledger and the Division-wise Register of Transactions adjusted under the head "Cash Settlement Suspense Account" relating to Cabinet Secretariat and

Ministry of Defence and the fourth copy sent in due course to the Indenting Division in support of the claim for payment.

7.2.27 Carriage and other incidental charges should be debited to Stock only when they are incurred in connection with the general stock requirements. See paragraph 10.8.1.

7.2.28 To classify and collect, by objects of expenditure, the charges debited to stock from time to time, the same procedure should be observed as is adopted in respect of expenditure on works, that is, works abstracts and registers of works should be maintained. See also paragraph 22.4.8.

**(d) Monthly summaries of Stock Receipts and Issues.**

7.2.29 The receipt and issue transactions of the entire Division should be abstracted in the "Summary of Stock Receipts" (Form 9) and the "Summary of indents" (Form 10). These forms should be posted daily in the Divisional Office from the copies of Goods Received Sheets and the Indents, the entries being made only in respect of value. The total value of receipts and issues as brought out in these Summaries should be reconciled with the corresponding monthly total of the Priced Stores Ledger, Form 12 (Para 7.2.31).

Note- To secure agreement between the quantity and value accounts, receipts and issues, the value of which cannot be adjusted in the accounts of the month in which the actual transactions take place, should be accounted for in the Summaries under the suspense Minor head "Material Purchase Settlement Suspense Account" under the Major Head "8658 – Suspense Accounts" and sub-head "Miscellaneous Public Works Advances under the Minor head 799- Suspense below the Major Head of Account respectively. Accordingly, those receipts and issues of the month which represent transactions, the value of which is brought to account in the same month through the cash book or transfer entries should be separated from transactions not so brought to account. See also Note below paragraph 7.2.25 and paragraph 22.4.14.

7.2.30 When abstracting the transactions recorded in the Goods Received Sheets and Indents, care should be taken to observe strictly the prescribed accounts classification. It is not sufficient to enter the nomenclature of the Major Head affected, , but the minor and detailed heads should also be stated.

Note - Although "Manufacture" is a sub-head of the Stock Account, issues of stock to manufacture operations and receipts of out turn from manufacture should be accounted for in the same way as issues to or from any other distinct head of Account, and each manufacture operation should be treated as a separate work. See also paragraph 2.1.1(62).

**V. Priced Stores Ledger**

7.2.31 An Account shall be maintained in the Accounts Branch of the Divisional Office to record day to day transactions relating to each item of stock. This account should be

maintained in Form 12, Priced Stores Ledger, which will have different sections or sets of pages for different articles of stock with columns for receipts, issues and balances for both quantities and values. Separate Ledger will be maintained for articles falling under each sub-head of Stock, as far as possible.

7.2.32 All items of receipts and issues will be entered in the Ledger from the copies of Goods Received Sheets and the Indents which are received daily from the Sub-divisions, vide paragraph 7.2.6 and 7.2.11. At the end of day's postings, the balances under each article should be worked out in respect of quantities as well as values.

7.2.33 The Ledger should be closed for both quantities and values at the end of each month. A few pages should be reserved at the end of each Ledger for abstracting the transactions (value only) pertaining to each article of stock. The monthly total of receipts, issues and balances should then be worked out for each sub-head and a consolidated abstract prepared for all the sub-heads, which should agree with the Summary of Stock Receipts and the Summary of Indents, vide paragraph 7.2.29.

## **VI Adjustment of Profit & Loss on Stock**

7.2.34 At the end of each year, the amount of annual excess or short-fall representing the differences in values due to revision of rates etc., should be worked out proforma and credited to Revenue (or as a receipt on capital account) or charged off as "Losses on Stock", as the case may be. The following detailed procedure, prescribed in this behalf will be observed:-

After the relevant entries in Priced Stores Ledger, Form CPWA 12 (Revised), are posted and attested, the market rates should be ascertained by the Divisional Office, wherever necessary, and shown in Column 11 of the form. The Divisional Accountant should then examine whether the issue rates (exclusive of the element of storage charges) are more or less in conformity with the rates of materials and incidentals shown under the columns for the stores received and also that they are within the market rates (Column 11).

If as a result of the review contemplated in para 1 above, or revision of percentage for recovery of storage charges/handling and other incidental charges, it is found that the issue rates need revision, the Divisional Accountant will put up the case to the Divisional Officer, indicating the necessity for the revision of the issue rates.

On receipt of review of the Divisional Accountant, the Divisional Officer will decide whether it is necessary to revise the issue rates keeping in view the expenditure on procurement of materials anticipated in the near future and market rate. Having decided upon the necessity of revision, the Divisional Officer will issue necessary instructions for the same.

The review, contemplated above, should be done in case of all the articles in store at the end of each year.

For the purpose of working out profits and losses, the total of column of receipts and issues, [Columns 5(e) and 6(b)] respectively of the Priced Stores Ledger (CPWA 12) should be struck. The storage charges recovered on the issues made during the year, should then be deducted from the total value of issues shown in column 6(b) of the Priced Stores Ledger as the same finds place in the issue rate in accordance with para 7.2.21 of this Code. The total value of balance stock at the end of the year should then be worked out at the future issue rates fixed under the orders of the Divisional Officer as in para 3 above and the element of the Storage charges should then be deducted from the total value so arrived at.

The totals of columns of receipts and issues [Column 5(e) and 6(b) respectively] and the value of stock held at the end of the year as worked out vide para 5 above, should be carried over to the pages reserved at the end of each ledger for abstracting the transactions. The amount of the annual excess or short-fall representing the difference in the value due to revision of rates etc. should then be worked out and adjusted by credit to Revenue (or as 'receipt' on capital account) or debit to the "Minor Works" under the revenue/capital major head as the case may be, when these are written off, under the orders of the Divisional Officer. Reference to the adjustments so carried out should also be recorded there and attested by the Divisional Accountant.

Note- While under the procedure prescribed in this paragraph, it would not be necessary to allocate the differences over the works, the profits or losses should be taken into account at the time of fixation of issue rates for the next year.

## **VII. Stock Taking**

7.2.35 (a) A physical verification of all Stores shall be made at least once in every year under the rules prescribed by the "Head of Department" subject to such general directions as may be issued by the concerned departments of the Central Govt. or the Administrator, as the case may be and subject to the condition that the verification is not entrusted to a person:

- (i) Who is the custodian, ledger keeper or the Accountant of the Stores to be verified, or who is a nominee of, or is employed under the custodian, the ledger keeper or the Accountant; or
- (ii) Who is not conversant with the classification, nomenclature and technique of the particular classes of stores to be verified.

The verifications shall never be left to low paid subordinates and in the case of large and important stores, it shall be, as far as possible, be entrusted to a responsible officer who is independent of the subordinate authority in charge of the stores.

(b) The result of all verifications of stock (vide paragraph 154) of Central Public Works Department Code should be reported to the Divisional Officer for orders, but as soon as a discrepancy is noticed, the book balance must be set right by the Verifying Officer, treating a surplus as a receipt and a deficit as an Issue, with a suitable remark.

7.2.36(a) The value of stores found surplus should be credited at once as a revenue receipt or a receipt on capital account, as the case may be.

(b) The value of a deficit should however not be debited to final heads, but kept under "Miscellaneous Works Advances" pending recovery or adjustment under orders of competent authority. When the loss is declared to be irrecoverable and its write off ordered, a transfer entry should be prepared clearing the head "Miscellaneous P.W. Advances" by debit to the detailed head "Minor Work" under revenue/Capital major head concerned.

7.2.37 In the case of special depots or divisions or of construction divisions where there may be large concentration of stores, their physical verification should be the duty of the executive authorities, and should be performed by such agency and in such detail as may be decided by the Administrative Ministry/Administration concerned in consultation with the Chief Controller of Accounts.

## **VII. Rectification of Accounts**

7.2.38 Clerical errors in value accounts of stock should be dealt with generally under paragraph 6.6.4. Corrections of errors discovered after the accounts of the month are closed, should, when permissible, be made (i) by making entries of values (without quantities) in the Stock accounts of the current month when no change is to be made in the head of account affected, and (ii) by preparing transfer entries in other cases.

7.2.39 Other corrections in Stock account may be necessary in the following cases:-

(i) When quantities are found surplus or short, either as the result of stock-taking or otherwise, vide paragraph 153 and 154 of the Central Public Works Department Code.

(ii) When issue Rates have to be raised or lowered, vide paragraph 7.2.20.

(iii) When stores of any description become unserviceable (vide paragraph 152 of the Central Public Works Department Code) and have, therefore, to be removed from stock.

7.2.40 These corrections should be effected in the following manner:-

Both in quantity and value accounts, all additions to quantities should be treated as receipt and reductions therein as Issues, a suitable remark being made in the entries in Form 8 and 12. See also paragraphs 7.2.35 and 7.2.36. These entries must be made as soon as differences in quantities come to notice, but in the case of materials to be

declared unserviceable, no adjustment should be made until receipt of orders of competent authority, which should be obtained on a Survey Report in Form 18.

7.2.41 No correction will be made in the accounts in respect of stores declared to be in excess of requirements, vide paragraph 149 of the Central Public Works Department Code. Such stores will continue to be borne on the Stock account until transferred elsewhere or otherwise disposed of in the ordinary course.

### **7.3 TOOLS AND PLANT**

#### **1. General**

7.3.1 The tools and plant of a division are of two kinds:-

- (a) General or ordinary tools and plant, i.e., those required for the general use of the division.
- (b) Special Machinery and Equipment i.e., those required not for general purposes but for a specific work.

The cost of the supply, repairs, and carriage or articles of class (a) is charged to the minor head "Tools and Plant" whereas similar charges of class (b) are borne by the work concerned. In both cases, the cost is charged in the accounts against sanctioned estimates, in the same way as expenditure on works, though for purposes of sanction it is treated as expenditure on tools and plant.

7.3.2 Numerical accounts of articles of both classes should be kept in each sub-division in accordance with the following rules.

Note – The rules relating to numerical account of Tools and Plant apply also to imperishable articles, e.g., typewriters, furniture of rest houses etc, whether acquired by charge to heads of account other than "Tools and Plant", or received free of cost

7.3.3 The accounts of Tools and plant issued for use by subordinates of the sub-division, or temporarily lent to contractors, as well as those of articles lent to local bodies and others under competent authority, should be specially reviewed periodically, and it should be seen that the articles are returned without unnecessary delay and in good condition.

Note – This paragraph also applied to tools and plant sent out for repairs.

## **II. Numerical Accounts**

### **(a) Receipts**

7.3.4 All articles received should be examined and counted when delivery is taken. The record of detailed count should be kept in the Tools and Plant Received Sheet, Form 13 which should be prepared in triplicate by carbon process in indelible ink or copying pencil or computer generated Sheets, one copy being retained by the Store keeper or Junior Engineer or Sectional officer and the other two sent to the Sub-divisional Officer,

who will retain one copy for posting the Tools and Plant Ledger (Paragraph 7.3.7) and pass on the other to the Divisional Officer for making necessary payment or adjustment of values, if required. (See also paragraph 7.2.6). Such acknowledgement, as may have to be given to the person from whom the articles are received, can be signed only by the Divisional or Sub-divisional Officer. An acknowledgement should invariably be given when articles lent are received back.

Note 1 The entries in Form 13 in respect of the receipt back of articles lent or sent out (vide paragraph 7.3.3) should be distinguished from others by a suitable remark with a reference to the original entries in the Tools and Plant Received Sheets.

Note 2 A register showing the receipt, issue and return of the booklets containing Tools and Plant Received Sheets should be maintained in the Divisional and the Sub-divisional Offices on the lines prescribed in paragraph 7.2.8

### **(b) Issues**

7.3.5 The articles of Tools and Plant should be issued only on receipt of requisition known as Tools and Plant Indent, Form 14 signed by the Divisional or the Sub-divisional Officer. Except in the case of cash sales, unstamped but dated acknowledgements must be obtained in support of all issues and in the case of tools etc., lent to contractors, such acknowledgements should further set forth the valuation of all articles lent as determined by the Sub-divisional Officer (See also Note 1 below paragraph 7.2.11)

Note: Entries of articles referred to in paragraph 7.3.3 should be distinguished from others by a suitable remark in Form 14.

7.3.6 The Indent should be prepared in triplicate, two copies being presented to the Division/Sub-division indented upon and the other retained as office copy by the indenting Division/Sub-division. The supplying Sub-division shall complete this indent in respect of actual issues and pass on one copy thereof to the Divisional Office, retaining the other for posting the Tools and Plant Ledger.

### **(c) Tools and Plant Ledger**

7.3.7 A consolidated account of the receipts, issues and balances of tools and plant should be maintained in the sub-divisional office in Form 15, Tools and Plant Ledger. It should be kept in three parts:-

Part I - For articles in hand

Part II - For articles temporarily lent or sent out, vide paragraph 7.3.3

Part III - For shortage awaiting adjustment

In part I articles should be grouped under the prescribed sub-heads, which are (1) Scientific instruments and drawing materials, (2) Plant and Machinery, (3) Tools, (4) Navigation Plant, (5) Camp Equipage and (6) Live Stock. In Part II the entries should be made in a separate section for each contractor or other person to whom the articles are

lent or sent out for repairs, etc. Part III is brought into use only if any shortage comes to notice, and the instructions relating to it are given in paragraph 7.3.17

7.3.8 Part I and Part II of the Ledger should be posted from the office copies of the Tools and Plant Received Sheets and the Tools and Plant Indents as and when a transaction takes place. Each separate transaction connected with articles lent or sent out (vide paragraph 7.3.3) should further be posted in Part II in the section reserved for the contractor or person concerned, articles lent etc., being shown in the column for issues and those received back in the column for receipts.

### **III. Payment for Supplies**

7.3.9 Payment for tools and plant received from suppliers and other sources should be made generally in the manner prescribed for stock receipts in paragraph 7.2.16 to 7.2.18.

### **IV. Recoveries**

#### (a) For use of Tools and Plant

7.3.10 The procedure to be observed in charging the cost of tools and plant in the accounts of a division and in making adjustments on account of cost of tools and plant used on works executed on behalf of other divisions, departments, etc., and on certain works of the division itself, is described in Appendix 4.

7.3.11 When tools and plant are lent to local bodies, contractors or others, vide paragraph 7.3.3, the hire and other charges should be determined by local rules and should be recovered regularly.

7.3.12 The whole cost of carriage of all Government tents belonging to Executive and Revenue Officers should be debited to "Machinery and Equipment". If they are used wholly or partly for private purposes, recoveries will be made in accordance with rules framed by the Administrative Ministry/Administrator concerned in this behalf, and should be accounted for in accordance with the rules in Statement E of Appendix 2.

#### (b) For Sales and Transfers

7.3.13 The Divisional Officer is responsible that when tools and plant are disposed of by sale or otherwise, with the sanction of competent authority, the amount recoverable from the parties concerned is realized at the earliest opportunity. If the amount is not recovered within the month in which the articles are delivered, it should be charged to "Miscellaneous P.W. Advances" as a sale transaction by the issue of a transfer entry.

Note – A sale Account in Form 19 should be prepared by Sub Divisional office in support of every transaction.

7.3.14 When tools and plant are transferred to other divisions, departments or Governments, the Sub-divisional Officer should note in Form 14 in red ink, just below the entries of quantities, the value thereof if recoverable under the rules in chapter 17. The necessary monetary settlement or adjustment will be effected by the Divisional Office.

7.3.15 The foregoing rules regarding the adjustment or transfer of the cost of tools and plant apply equally to special tools and plant (paragraph 7.3.1) the cost of which was charged to a work or project provided:-

- (1) That the articles are actually disposed of by sale, or transferred on a valuation, to another department or Government.
- (2) That when the articles are transferred to another work or project in the same division or to another division, they are actually required for immediate use on a work or project which has already been sanctioned by competent authority and the transfer value has been determined by competent authority in accordance with such rules as may be prescribed.

It is not permissible to write-back the cost of special tools and plant in anticipation of the possibility of the articles being utilized on another work or project at some distant date.

Note: No articles can be removed from the numerical accounts on the plea that the accounts of the work to which the cost of the articles was debited have been closed until they are actually sold or transferred, or they having become unserviceable, their write off is sanctioned.

## **V. Verification**

7.3.16 The rule in paragraph 7.2.35 regarding verification of stock applies also to verification of tools and plant, with the exception that when any articles are found deficient, the note of the deficiency should be made in red ink in the Tools and Plant Ledger, Form 15, without making any entries in the quantity columns, so that the articles may continue to be borne on the accounts of tools and plant, until the loss is adjusted by a recovery or a sanctioned write off; see also paragraph 7.3.17.

7.3.17 The Discrepancies in quantities and losses should be dealt with as under:-

- (a) When they are noticed, action should be taken as indicated in paragraph 7.3.16, losses being treated as deficiencies.
- (b) When writing up the Ledger, Form 15, the deficiencies should be registered in Part III and their clearance should be watched. Articles found surplus will be treated as receipts in Part I, and will therefore require no further action.
- (c) If the deficiencies are made good in kind, the receipt or recovery should be shown in the Tools and Plant Received Sheet, Form 13, without making any entry in the

quantity columns, and, when posting the transaction in the Ledger Form 15, the articles received should not be entered in Part I, but taken (with a suitable remark) direct to Part III, in clearance of the items outstanding therein.

- (d) If the deficiencies are made good by recovery of cost or their write-off is sanctioned the articles should be shown, as issued in the Tools and Plant Indent Form 14, with a suitable remark, and when this entry is transcribed into the Ledger Form 15, it should not only be entered in Part I in the ordinary way, but also entered with a suitable remark in Part III, as in the case (c), thus clearing the items outstanding therein.

Note 1:- When articles temporarily lent or sent out for repairs are lost and the cost thereof is adjusted by recovery or write off, the items should be shown as received back in the appropriate columns of Part I & II of the Tools and Plant Ledger and should also be shown as issued permanently in Part I of the Ledger.

Note 2:- The authority to write-off should be obtained on a Survey Report in Form 18.

## **7.4 ROAD METAL**

### **1. Quantity Accounts**

7.4.1 Supplies of road metal should be measured and paid for in the same way as supplies of other material for works, vide Chapter 10. But as metal is often kept in store at the road side before being laid down, a quantity account of it should be maintained in the Sub-divisional Office in Form 16, "Statement of Receipts, Issues and Balances of Road Metal", copies on loose sheets being submitted monthly to the Divisional Office within a fortnight of the submission of the monthly accounts.

Note 1:- The authority to write-off should be obtained on a Survey Report in Form 18.

Note 2:- This statement in CPWA Form 16 should show kilometer by kilometer the receipt, disposal and balance of road metal of each kind (stone, kunkar etc) The balance of metal in each kilometer should be shown, whether there are any transactions on it during the month or not.

Note 3:- Separate Statements should ordinarily be kept for metal collected for annual repairs, for renewals and for petty repairs.

7.4.2 In respect of metal required for new roads or for renewal purposes, the maintenance of this detailed account showing the receipts, issues and balances, kilometer by kilometer, may be dispensed with by the Divisional Officer, provided:-

(1) that he should maintain in his own office, a register showing separately by each road or section of a road, the quantities of metal of each description paid for month by month in connection with all estimates for collection and

(2) that, whenever any executive officer or subordinate responsible for any part of the balance of the metal is transferred, the accounts pertaining thereto should be verified.

This verification should be generally on the lines prescribed in paragraph 10.3.14, et seq., the consumption since last verification being computed on a consideration of the work of construction or renewal actually done in connection with all estimates relating to the road or section.

## **II. Rectification of Accounts**

7.4.3 Metal found surplus, as a result of check of measurement by Superintending Engineer (as contemplated in paragraph 39 of the Central Public Works Department Code) or otherwise, should at once be brought in the quantity account. Deficits should, however not be removed from the quantity account until recovery of their value or receipt of sanction to write off; but a red ink remark should be recorded at once and carried forward, from month to month, until the discrepancy is set right.

## **III. Schedule of Rates**

7.4.4 A rate-book or Schedule of Rates showing the lowest rate at which metal can be supplied to the road-side throughout the division, should be kept in the divisional office in Form 17, with such modifications as may be considered necessary to suit local conditions. The rates should be revised from time to time, as old quarries are exhausted or new ones opened, or as other circumstances affect the rates. See also paragraph 10.6.13.

## **IV. Charges for Quarries**

7.4.5 When land is acquired for extracting road metal primarily intended for:-

(i) the maintenance of an existing road, or

(ii) the construction of a new road or the raising in class of an existing road,

the following principles of accounting should be followed in adjusting the charges connected with the land and quarries:-

(a) When the charges do not exceed Rs.1000, the amount should be debited direct to "Maintenance and repairs" or to "Construction" accordingly as the quarry is intended to serve the purposes specified in clause (i) or (ii) above.

(b) When the charges exceed Rs.1000 and the road metal is required to maintain an existing road or roads for a series of years the total initial outlay should be debited to the sub-head "Land, Kilns, etc" of the Stock Account and this sub-head should be gradually relieved, by debit to the collection estimates of each year, in the manner prescribed in paragraph 12.2.2 for similar charges connected with manufacture operations.

(c) When the charges exceed Rs.1000 and the road metal is required for the purpose specified in clause (ii) above, the Divisional Officer should charge direct to the original work concerned such portion of the cost as is proper. The balance, if any, should be debited to the sub-head should eventually be cleared by debit to “Maintenance & Repairs” in the manner prescribed in paragraph 12.2.2 (b)

## **7.5 MATERIALS CHARGED TO WORKS**

7.5.1 The accounting procedure relating to materials obtained specially for a work is described in Chapter 10 Special tools and plant charged to works do not fall under the category “materials charged to works”, vide paragraph 7.3.1 and 7.3.2.