

## **STOCK VERIFICATION**

Stock Verification means to verify that the material is as per the details, specifications and balance quantity as mentioned in the material register/record. In other words tallying the Up-to-date Book balance with the Actual physical balance of the Material is called "Stock Verification".

Stock Verification is of two types i.e. "Departmental Stock Verification" and "Accounts Stock Verification".

### **1) DEPARTMENTAL STOCK VERIFICATION :-**

As an important "Back check" on the correct receipt and issue of stores by the ward, it is necessary to have a Departmental check to see whether the Up-to-date Book balance of an Item in the ledger agrees with the actual physical stock balance. Such Departmental Verification to be arranged by the Depot Officer, will be in addition to the stock Verification arranged by the Accounts Department.

The Departmental Stock Verification need only to cover selected Items of large annual consumption having regular and frequent issues, items of heavy intrinsic value like Non-Ferrous Items, tool steel etc. and Items of pilferable nature. A list of such selective Items may be drawn up and approved by the COS. The Verification of the Physical balances should be done by an Official other than the Ward-Keeper In-Charge of the items of Stores. The Depot Officer may postpone the Verification if the balances in stock are so heavy that the Verification would involve large shifting of stock and the Verification could be carried out conveniently at a later date when stocks are at low level.

The Depot Officer may Waive Verification in following circumstances :-

- (a) Where the material have been Verified by Accounts Department within last three months.
- (b) Where the account Verification of the particular class of stores is in Progress and the item is likely to be verified within next two months.
- (c) Where the item has heavy balances and the Verification of which involves much Labour and Handling Charges.

A list of items, the Waiver of which has been waived under (c) above should be prepared by Depot Officer and forwarded to the Stores Accounts Officer through the COS.

### **Procedure for Verification :-**

The Official deputed to Verify the stock of an Item should take down the opening balance in the ledger on the Morning of the date of Verification and proceed to Verify the stock in the ward. He should note down the particulars of the Weighment etc., in a Field Book and obtain there-on the signature of the Ward-keeper concerned in the evidence of correctness of the actual balances of stock entered there-in.

### **Stock Verification Sheet :-**

If the Physical balance or stock agrees with the book balance, no Stock Verification Sheet need to be prepared. The official making the Verification will merely make an entry in the Ledger card/ Bin Card to show that the physical balances agree with the book balances. The entry should be initiated by the official making the entry and the Clerk-in-charge of the Ledger section. If there be an excess of stock or deficiency in stock, the official should prepare a Departmental Stock Verification sheet in Form 120-S and dispose it accordingly.

### **2) ACCOUNTS STOCK VERIFICATION :-**

#### **OBJECTIVE :-**

The objectives of stock verification are not merely to verify the ground balance but also to undertake value-volume analysis and comment on overall management of stores by the stock-holders. Otherwise it

would amount only the material checking and not stock verification. The four key points for sound, scientific and systematic verification of stock are as follows :-

- (a) Physical verification,
- (b) Review of Maxima and Minima with reference to average annual consumption, special/unusual spurts in consumption of stock items,
- (c) Analysis of history of over stocks, and
- (d) Review of special aspects like conditions of storage, proneness to pilferage, deterioration, obsolescence, un-necessary depot transfer and other aspect of inventory control and management.

Stock Verification is done in all Stores Depots, Workshops, Hospitals, Headquarters, Divisional and District Offices and where Dead Stock registers are maintained.

#### **Annual Verification Programme :-**

Inspector of Stores Accounts attached to Senior Accounts Officer prepares the Annual Verification Programme for the ensuing Years as per the frequency of Verification prescribed in the Stores Code and get the same approved by FA&CAO (WST). The stock Verification is done in line with the approved programme. Stock Verification is carried out with the objects of the Thorough Examination of the system of procurement, custody, issue and receipts of High Value & pilferable items in the Depots and stock holders Offices by the Verification Staff so that the short comings in the Inventory Management are promptly highlighted. On the basis of such Verification, a Certificate in the annual statement of Stores Transactions is recorded by FA&CAO to the Railway Board.

In addition to above, the surprise checks are also planned by SAO (Stores) / and concerned WAO and conducted in order to safeguard against fraudulent practices. In such cases the advance intimation of proposed check is not given to Stock Holders and no request for postponement is entertained. Surprise check will be confined to pilferable, costly and common domestic user items. While conducting surprise check it should be seen that :-

1. reasonableness of the issues with reference to the consumption shown on the various work orders.
2. the stores available with store holder is according to the prescribed schedule and heavy accumulations should be reported.
3. the numerical cards are maintained correctly and upto-date.
4. costly pilferable and market items are selected.
5. relevant numerical cards, bin cards are examined thoroughly referring in Issue notes and Gate passes.
6. materials leaving stores premises through main gate of Depot are checked.
7. Intelligent check is made for delivery through Stores Van.

#### **Frequency of Verification :-**

- |   |   |                     |
|---|---|---------------------|
| 1. Material at Site   | - | Once a Year         |
| 2. 'A' Value Items  | - | Once in Six Months  |
| 3. 'B' Value Items  | - | Once in a Year      |
| 4. 'C' Value Items  | - | Once in Two Years   |
| 5. 'D' Value Items having no Issues for 12 months and Over                  | - | Once in a Year      |
| 6. Stores with Imprest Holders  | - | Once in Two Years   |
| 7. All Tools and Plants   | - | Once in Three Years |
| 8. Machinery and Plants   | - | Once in Three Years |
| 9. Inventory in each Workshop/ PU in respect of Costly and pilferable Items | - | Once in Three Years |

Stock Verification is conducted by the Stock Verifier for their respective units under the Supervision of concerned Inspector of Stores who is responsible for the efficiency and scrutiny of Accounts and Disposal of Stock Verification Sheets of his depot or Jurisdiction.

**Duties and Functions of Inspector of Stores Accounts :-**

The duties and Functions of ISA are as under :-

1. He carries out the Qualitative checks.
2. He carries out periodical test checks of Stock Verifiers under his control.
3. Attends to the disposal of stock Verification sheet and narrative reports allotted to him and investigate into heavy discrepancies revealed either in stock Verification or as a result of review or overhauling of Stock Holder.
4. To Carry out surprise checks or Inspections when ordered by SAO/ WAO concerned.
5. Inspections of lots proposed for Auction Sale and submit the report thereof, including witnessing of auction sales.

**Duties and Functions of Stock Verifiers :-**

1. The routine physical verification of Stores such as Stores in Custody of Stores department, material-at-site of work, charged off materials in Workshops, sheds, with subordinate fuel, coal and HSD oil with Locos, Timber in C & W, Engg. Reserve plants, type in printing press, tool & plants in custody of subordinates and other officers and Imprest or Surplus Accounts.
2. Supervise verification of Stores.
3. Witnessing the Deliveries of stores sold.
4. Survey of Depots and Yards for unaccounted stores.
5. Overhauling of the stock holders' account.
6. Any other duty specially assigned by ISA/ SAO/ WAO concerned.

**Procedore for Verification :-**

Verification should be done in accordance with the programme as approved by FA&CAO and before start of Verification a notice in writing shall be served to Depot Store Keeper or Executive concerned proposed to be taken up for Verification. The Verification should be conducted in order of Group.

The selected Items should be entered in the Field Book duly furnishing the details of such as the name of Depot, Nomenclature, P.L. Number, card Number, date of Verification etc. The book balance on no account be entered in the Field Book unless and until all the stores for the Day's Verification have been actually verified. Complete details of the Verification, i.e. count, weight or measurement should be recorded in the field book duly indicating the quantities verified in each bin or rack, or stack and on each occasion day/days and also the location. The Verification Staff on no account indicate the total quantity in the Field Book without details of Verification. At no stage the stock Verification should be conducted without the representative of the Stores Department. The signature of the Ward Keeper or the Stores representative should be obtained at the conclusion of the Physical Verification on the same Day. Stock Verifier should also sign on the Field Book with date.

It should be ensured that the material produced for Verification should confirm to the description shown on the Bin Card/Tally Card. Any case of differences, doubts or disputes, incorrect identification of the material etc. should be resolved by verifying with the specification, drawings etc. or by obtaining the services of Technical Staff of concerned Department. Stock Verifier should not themselves classify any material since they are not competent technically. The Physical Verification should be done either by count, weight or measurement as the case may be, according to the unit of accountal of the Item concerned. Stock Verifiers are personally responsible for the accuracy in the Physical Verification.

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## CHAPTER XXXII

### STOCK VERIFICATION OF STORES DEPOTS BY THE ACCOUNTS DEPARTMENT

3201. Object of the Stock Verification. ♦ The object of verification by the Accounts Department of Stores in the custody of the Depot and other Departmental Officers and Subordinate is to ensure that the materials accord with the description and specification shown in the balances appearing in the books and that excess or deficiencies, if any, noticed on such verification are properly investigated and accounted for, vide question (b) Annexure-A to S, 3001.

3202. Frequency of Verification. ♦ The Stores, whether in a Stores Depot or with a department should be verified by Stock Verifiers of the Accounts Department. The programme of inspection should be so arranged that all materials are verified as shown below : ♦

1. Materials-at-site -works	Ordinarily verified once a year.
2. Stores with Imprest holders	Once in two years.
3. All tools and plant	Once in 3 years.
4. All materials in a Depot as under :	
4.1 A items ♦ all items having an annual usage value of Rs. 1.25 lakhs or more.	Once in 6 months.
4.2 B items ♦ all items having an annual usage value of Rs. 20000 and above but below Rs. 125 lakhs.	Once in a year.
4.3 C items ♦ all items having an annual usage value below Rs. 20000.	Once in two years.
4.4 D items ♦ all items that had no issue for 12 months and over.	Once in a year.
4.5 Miscellaneous items ♦ Stores under the custody of Inspectors entrusted with tools, instrumets, etc.	Once in 3 years.
4.6 Verification of in-proces ♦ inventory in all workshops and Production Units especially in respect of costly and pilferable items as per Board's letter No. 77/RS (TC)/165/28 of 9-01-1978.	Once in 3 years.
4.7 Machinery and plant.	Once in 3 years.

3203. The Chief Accounts Officer may, however, extend the period between verifications or curtail the items to be verified where he and the General Manager agree that:

- (i) the reduction in check will not impair efficiency;
- (ii) the reduced check will provide sufficient safeguards against loss; and
- (iii) a too rigid application of the rule in paragraph 3202 is not conducive to economy

3204. Supervision and Control. ♦ The verification should be carried out by Stock Verifiers under the general supervision of the Stores Accounts Officer and under the direction of the authorised Inspector of Stores Accounts, assisted where it is feasible and expedient, by the Inspectors of Stores Accounts; vide paragraph 3209.

3205. Duties of the Senior Inspector of Stores Accounts. ♦ The authorised Inspector of Stores Accounts is generally responsible to the Stores Accounts Officer for the proper conduct of all business relating to the verification of stores. He should prepare in duplicate provisional programme of work for each financial year before the commencement of the year and submit it to the Chief Accounts Officer for approval. The Chief Accounts Officer will retain one copy and return the other copy duly approved to the Stores Account office where it should be filed cardfull for purposes of comparison with the progress made during the year. The authorised Inspector should distribute the

work among the Stock Verifier working under him in such a way as to complete the verification of stores and tools and plant in due time, as specified in paragraph 3202. He should make surprise visits to see that the staff are actually employed on the duties on which they have been deputed. He should also himself test check the work done wherever he considers it necessary and furnish a report of the results to the Stores Accounts Officer. To ensure the element of surprise which is the essential factor contributing towards the success of such visits, previous intimation of the visit should be given only to the Stores Accounts Officer. Detailed information of his movements should, however, be given in the weekly journal of the authorised, Inspector. He should submit daily or and weekly reports to the Accounts Officer of the progress made by each Stock Verifier. The Stores Accounts Officer should periodically check the work of the Inspector of Stores Accounts and Stock Verifiers.

### **CHAPTER XXXIII**

#### **STOCK VERIFICATION OF STORES ON LINES BY THE ACCOUNTS DEPARTMENT**

3301. The Stock Verification Reports should only show those items of "charged off" stores, tools and plant, in which discrepancies are found at the time of verification. A record of all such items should be made in the field books of Verifiers, which should contain a certificate, signed by the subordinate-in-charge of the stores or tools and plant, that all stores or tools and plant in his custody have been shown to the Stock Verifiers and this certificate should be signed by the Stock Verifier also. The total number of items of 'charged off' stores or tools and plant verified by the Stock Verifier should be noted in the last sheet of the Stock Verification Reports relating to each Stockholder.

3302. The duties of Stock Verifiers consist mainly in verifying stores and tools and plant as per books. Distinction should, therefore, be made between :

- (a) Such verification of stores and tools and plant of which a record is maintained or is required to be maintained by the Executive, and
- (b) Stock-taking of those stores, and tools and plant of which no such record is required.

3303. If, in the former case, the records required to be kept are not ready, the Stock Verifier should make a report, by telegram wherever necessary to the Stores Account Officer as well as to the Executive Officer concerned. He should defer the work of Stock-taking till the record are completed. It will rest with the Stores Accounts Officer to get the records completed by the Executive and then send his Stock Verifier to verify the stock.

3304. If no record is required to be kept by the rules, the Stock Verifier should not undertake the stock-taking of such stores. The duty devolves in such cases on the Executive and the Accounts Officers who control the accounts of such Officers, who should see that stock is taken periodically.

3305. Verification of Stores in Running Sheds and Train Examining Stations. ♦ The Stock Verifiers should verify the stock of stores and coal in the custody of Loco Foremen of Running Sheds and of stores with the Head Train Examiners in the same manner as prescribed in the case of verification of stores at Stores Depots.

3306. Verification of Coal. The Stock Verifiers should verify complete stock of coal only; the measurements taken by them should ordinarily agree with the measurements recorded by Loco Foremen in their records. In cases of any difference, the stacks should be measured jointly by the Stock Verifier and the Loco Foremen concerned and correct measurements noted down.

3307. To ensure accurate survey of complete stacks, their breadth and height should be taken after 3 meters and the totals of breadth and height should be divided by the number of readings to arrive at the

average height and breadth- The cubical contents of each stack should be covered at the following rates to arrive at their weights.

3308. Fuel Conversion Rates :◆

Steam Coal	Bengal and Bihar	C.L.C	Pench and Chanda	Talcher	Assam	Singarene
Selected A	1.17					.
Selected B	1.13					.
Selected		1.236				.
Grade I	1.13	1.180	1.18	1.19		.
Grade II	1.08	1.206	1.16			.
Ungladed					1.11	1.17
Hard Coke	1.713					.
Soft Coke	1.045	.	.	.	.	.

(Authority : Board's letter No. 76/Fuel/117/3 dt. 08-01-1979).

3309. The quantity of coal should be calculated at the above ratios and it is found that the quantity received as per daily abstract notes and the difference has not been suitably taken by the Foreman, the matter should be specially reported to the Accounts Officer.

3310. The Stock Verifiers should also check the accounts of two previous stacks since completely issued from the original forms filed in the shed and report any errors discovered by them to the Stores Accounts Officer. Inspector of Stores Accounts, in the Stores Accounts Office, should keep a record of all such errors and review these after the verification of coal in the shed is completed.

3311. If the difference between the book balance and that by actual measurement is found to be 2 % or under, the Stock Verifier should not adjust the book balance according to actual measurement but should only add a remark to the effect in the stock verification report. The book should be adjusted for entire discrepancies when the difference is over 2 per cent.

3312. Stock Sheets.◆The Stock Verifier should prepare the stock verification report in triplicate embodying the result of the verification of each group of stores and obtain the signature of the stores holder viz. the Foreman of the Running Shed or Head Train Examiner as the case may be, on all three copies. The original copies of the stock verification reports should be forwarded to the Stores Accounts Officer and the duplicate and triplicate copies made over to the subordinate concerned and a receipt obtained. The store holder will after recording his explanations for discrepancies on both the copies of work verification report, forward them to his Divisional Officer. The Divisional Officer will countersign and retain the triplicate copy for his office record and transmit the duplicate to the Stores Accounts Officer. The stock verification report on receipt from the Divisional Officer should be entered in a register and dealt with by the Senior Inspector in the same way as in the case of the Stock verification reports relating to stores depots.