

Stock Verification

STC/NBQ/NFR

Stores in stock represent cash. As large number of stores are received, stocked and issued, possibilities of irregularities is not ruled out. To arrive at the true position of stocks both in regard to quality and quantity, stock taking (verification) or back check on the correct receipt and issue of stores by the wards is necessary. Stocktaking is the process of physical checking through counting, weighing and measuring the entire range of items in stocks, recording and analyzing the results in a systematic manner and correcting the records.

Main objects of verification is to ensure:

- the materials in stock accord with the description and specification in numerical ledger
- actual balance of such stocks agree with the balance appearing in books
 - excesses or deficiencies, if any noticed during such verifications are investigated and accounted for
 - to disclose fraud, theft or loss or even to foresee the possibility thereof
 - to minimize pilferage and deterioration
- to serve as a moral check on staff connected with storehouse operation

There are two types of stock taking:

a) Periodic stocktaking:

Here the whole stock is verified at the close of a period-usually the accounting year. As storehouse operation has to be suspended during the stock taking, it hinders with the operation/productivity activity and since discrepancies are detected only towards the end of the accounting year, no through investigation is possible and defeats the purpose.

b) Continuous stocktaking:

Here stocktaking is carried throughout the year in accordance with a predetermined and approved programme so that each item is verified as often as is laid down. In continuous or perpetual stock taking the high value (usage) items are verified more number of times in a year than items with a low annual usage value. In Railways, the specified *frequency of stocking in stores depots is as following:*

- | | |
|------------------------------------------------------------------|--------------------|
| 1.A cat items | - once in 6 months |
| 2.B cat items | - once in a year |
| 3.C cat items | - once in 2 years |
| 4.D items | - once in a year |
| all items, which have had
no issues for 12 months
and over | |
| 5.Imprest stores with
Imprest holders | - once in 2 years |
| 6.Material at site account
all charged off stores | - once in a year |

Verification or stock taking:

On being posted to the depot, stock verifier consults and announces the programme to the ward keeper of the group/item that is to be taken up for verification. After the necessary particulars are entered on the field book, and he is satisfied that the nomenclature, classification of the group and units for stock are in accordance with the published price list (he may sought assistance of the consuming department in case of doubt) he will begin to verify each particular item of stock in detail. Any wrong classification of the group of stores, or unauthorized stocks of the stores held by any officer or subordinate or any item of stores which is surplus or for which there has been no demand for over a year are noted and included in the narrative report of the verification. The stock found by count or measurement or weighment are noted in the field book and initials of the ward keeper, and also a certificate from the ward keeper that all stores pertaining to that group have been correctly presented for verification is obtained. Any large discrepancies found between the ledgers or the records and the actual count balance is investigated immediately and a detailed report submitted thereon. At the conclusion of the verification of a group of stores, the stock verifier submits a completion report (S.3251) in manuscript. After the actual figures of an item of stores have been ascertained and accepted by the ward keeper, the physical stock verified by the stock verifier is shown on the field book and a stock sheet is prepared (S.1260) in triplicate on carbon process. If there is no difference the remark Stock Verified Correct and for differences Excess or Shortage In Stock is printed on the stock sheet prepared. Stock verifier adjusts the bin card so as to tally with ground stock as per verification and one copy is sent to EDPM for adjusting the price ledger as well as printing out the stock sheets. This adjustment is debited/credited to stock adjustment. Stock verifier also particularly examines and reports if proper arrangements exist for the safe custody and proper storage of material against unnecessary deterioration from the weather or loss from any other cause. In order to ensure that any stocks on the books are not overlooked, a survey of large depots and yards is made to see that all materials lying about stacked or unstacked is properly accounted for in the books. If there is any material in stock for which no ledger card exists, it is examined and steps taken to promptly account for. The procedure in force in the Stores departments regarding the receipt, issue and accountal of stores is also examined with a view to ascertain if orders in force from time to time with regard to these matters are strictly observed. Furniture, articles of tools and plant with certain subordinates are not verified by count and only yearly balance returns are examined. In some cases stock verifier come across a stock of items on a date subsequent to their verification of that particular item. Quantities thus found are entered on a separate page of the field book, and a reference in the two pages of the field book dealing with the item is recorded and the item is verified afresh.

Stock sheets (S.1260):

The stock verifier prepares stock sheets in triplicate by carbon process and are serially numbered for each unified group of stores and in case of other verification for each account. Stock sheets for different categories and qualities are clearly marked, entries are made from one side only, entries for every article found in stock are made and all columns are filled in. The stock verifier and the custodian sign each stock sheet. As a check on the disposal of stock sheets,

the authorized inspector maintain a manuscript register in form S.3261 called Register of Stock Sheets, and a copy is sent to Depot Officer for explaining the discrepancy. On return, after explanation by the Depot officer, are scrutinized to see that every discrepancy has been explained.

Accounts notes (S.3266) will be issued for further explanation to remarks that are unsatisfactory.

Disposal of Stock Sheets: On receipt, it is handed over to the custodian, if discrepancies are above normal, for investigation into the facts, leading to the discrepancy. Stock sheets are supposed to be cleared within 3 months, as the delay in disposal affects the clearance of the Stock Adjustment Account balance every 6 months, the disposal is watched at HOD level. While explaining the discrepancies it should be ensured that

- *.remarks represent facts

- *explanations are clear, intelligible and definite

- *remarks against each discrepancy are self-contained. The explanation submitted by the custodian is scrutinized and discrepancies revealed in the stock sheets are to be accepted/recommended for acceptance by the competent authority on its merits by the depot officer, as per SOP.

- *finally it is to be accepted by Accounts Department

Cost of articles found missing due to neglect is invariably recovered from the staff responsible. Discrepancies up to Rs.5000/- (enhanced up to Rs.10000/- in respect of adjustments due to fluctuations in market rates) for each individual case are accepted by HOD and up to Rs.3000/- by JAG Officer, provided that the discrepancies are not due to gross negligence, carelessness or dishonesty of any Railway servant and are due to different methods of measurement adopted by stock verifier and stores department. In case of losses due to dishonesty, negligence or carelessness on any Railway employee and where it is not possible to effect the recovery of the stores/sums from the employees concerned, Sr/Jr scale Officer up to Rs.100/-, JAG up to Rs.500/-and SAG up to Rs.2000/- can write off such losses.