

CHAPTER - 10  
VERIFICATION OF STORES

10.1           **Introduction**

DPS procures lot of consumable items as well as equipment for various Units/projects and related activities. Inventory of Stores Unit has to be checked and discrepancies reconciled every year for both consumables and capital items held in stock. Following mandatory checks are to be carried out for the inventory items held in stock. a) Annual checks b) periodical checks c) snap checks/ spot checks d) handing over/taking over checks.

Stocktaking needs to be carried out with full sincerity and utmost care.

**Snap check/spot check:-**This is undertaken by Stores Officer / Asst. Stores Officer, as a part of his periodical inspection. Few items at random are being physically checked with inventory records, and if the check reveals an unsatisfactory state of affairs, the inspecting officer may recommend to Director DPS for full stock verification by Stock Verification Team to ascertain the exact position. Snap check serves as an index of the efficiency of the stores.

10.2           **Responsibility**

10.2.1        Stock holder shall be responsible to ensure that inventory under their custody is verified by Stock Verification Team, DPS besides conducting Internal Verification.

10.2.2        DPS has a dedicated Stock Verification Team independent to Stock holders directly headed by Stores Officer or Deputy Director, HQL reporting to Director DPS. Planning and programming for conducting verification shall be organised by SO or DD HQL with approval of Director DPS. Besides organizing stock verification of all Stores Units, SO or DD HQL also visits Stores Unit periodically to ensure proper functioning and enhancing the services.

10.2.3        The approved verification schedule is intimated to Officer-In-Charge of all Stores Unit enabling them to prepare the stores ready for stock verification. This includes updating all the records and data, clearing the yard of grass/wild growth and making available of auxiliary staff to facilitate conducting verification smoothly. Accordingly the Store will be kept ready for verification by issuing material required for the day to day operational needs of the Unit well in advance during the period of verification as generally no issue will be entertained during the period of verification.

10.3           **Nature of Stocktaking of Stores Unit**

10.4           **Fixed Stocktaking**

Fixed stocktaking is carried out during a fixed period in the financial year; the commencement/completion of which are required to be published and circulated to concerned Stores Units. On completion of stocktaking, the report is to be submitted to Director.

10.5 **Continuous Stocktaking**

10.5.1 Continuous stocking is spread over the stocktaking cycle and has to be commenced and completed within the financial year. In case of continuous stocktaking, a programme is to be drawn up prior to the commencement of the stocktaking cycle so as to complete stocktaking of entire range of items held within the cycle. The stocktaking programme should be prepared by 31st December of the previous year for the stocktaking cycle, which begins on 1st April of the next year. The programme of stocktaking is to be drawn record folio number wise. This programme shall be duly approved by the Director. The approved programme shall be published and circulated. Programme once finalised is to be adhered to and deviations, if any, are to be approved by Director.

10.6. **Procedure for Stocktaking**

10.6.1 Internal Verification

- i) The stock holder and authorized staff shall personally verify minimum of 15 stock items every day.
- ii) Form No. DPS/SP/49 shall be used.
- iii) Quantity shall be physically ascertained.
- iv) Tally physical balance with stock card balance and discrepancy if any, reconciled.
- v) Defaced / Mutilated Bin Cards shall be replaced.
- vi) Faded stores label / marking on the materials shall be re-written.
- vii) Repack or strengthen the packing(s) wherever necessary.
- viii) Take preservative measures wherever necessary.
- ix) Verification shall cover all the inventory in a financial year, except Project Material and Large Quantity of Steel items.
- x) The report shall be submitted to Officer-in-Charge.
- xi) In respect of items such as steel, cable drums etc. where verification is not feasible, the stock holder shall go round the stacks to ensure that the stack has not been tampered with and sign the Location Inspection Register maintained in Form No. DPS/SP/50. Cases of doubt and unusual occurrence observed, if any, shall be recorded in the register and report to the Officer In-charge. This check shall be done on first and last working day of the week and as frequently as situation warrants.
- xii) Officer In-Charge of the Stores shall check at least ten items a week and maintain a record of such verification.
- xiii) Damage / deterioration of material noticed during the physical verification or otherwise shall be reported immediately to the Officer-in-Charge.

10.6.2 Stock Verification Team(SVT): To ensure that the verification of stock is carried out satisfactorily, an independent stocktaking team having adequate number of officers and staff is detailed by the Director.

- i) Verification shall always be made in the presence of the officer, responsible for the custody of the inventory being verified.
- ii) A certificate of verification along with the findings shall be recorded in the stock register.
- iii) Discrepancies, including shortages, damages and unserviceable goods, if any, identified during verification, shall immediately be brought to the notice of the Director DPS for taking appropriate action in accordance with provision given in Rule 33 to 38 of GFRs .
- iv) In the case of large and important stores, it shall be, as far as possible, entrusted to a responsible officer who is independent of the subordinate authority in charge of the stores.
- v) Verification consumables shall be once in three years, and capital/ furniture/fixtures once in five years.
- vi) Precious material shall be verified once every year by an officer specifically authorized by Director, DPS.
- vii) Stock holder shall submit a certificate to the verifier for having shown and covered all the items in form DPS/SP/51.
- viii) Verification Report shall be submitted to Director, DPS with a copy endorsed to the officer in charge of the store.

10.6.2 **Reconciliation of Stock Verification Report**

- i) Discrepancies, if any, shall be settled by the stock holder on a time bound manner, however, within 12 months of the date of the verification report.
- ii) The discrepancies remaining unsettled at the end of 12 months shall be placed before Director, DPS with reason thereof for suitable settlement including write-off action.
- iii) No separate sanction is necessary for write-off where stores are physically available and declared as surplus, obsolete and unserviceable by the competent authority.

10.6.3 **Preparation of Stock taking Sheet:** Index of stock items held in stores is to be raised in duplicate by Stores without mentioning the quantity on charge of the record. Each sheet is to be numbered consecutively. The stock sheets so prepared are to be handed over to in-charge of SVT under a covering letter that in turn will pass on the stock sheets to the stockholder only for annotation of location of the items.

10.6.4 Personnel employed for stocktaking duties are not to obtain any information from the record until the completion of stock check. All the transactions are required to be stopped for the range of items for which stocktaking is in progress. Urgent issues if any are to be carried out in the presence of the stock taker and vouchers marked “After stocktaking” or “Before stocktaking” as the case may be. The SVT is to then proceed to verify the items physically.

- 10.6.5 Actual counting, weighing, measuring, etc., should be limited to loose items. Cartons and pre-packed containers are not to be opened unless there is a sign of damage or tampering.
- 10.6.6 Stocktaking team is to ensure that any item recently received and not brought on charge (BOC) has not been counted in the stocktaking.
- 10.6.7 Items, which cannot be identified, shall be submitted to specialist officer for identification and categorization.
- 10.6.8 All outstanding vouchers should be posted and record ruled across in red ink leaving sufficient space for posting of adjusting vouchers. In the case of computerised records balances are to be accordingly frozen.
- 10.6.9 Sheets shall be serially numbered in respect of each warehouse and each sheet is to indicate the total number of sheets used for that particular warehouse. Each set of sheets is to be allotted an RV number prefixed by letters SS (representing 'Stock Sheet') in red ink from voucher control register separately maintained by SVT.
- 10.6.10 In case, no stock is found in respect of any item for which a record exists, the balance should be certified as NIL in the stock record.
- 10.6.11 Total quantities in stock as per stock sheets are to be posted on the record below the record lines.
- 10.6.12 In case the physical stock agrees with the record balance the record is to be stamped as "physical balance agrees with record balance and stock correct".
- 10.6.13 A certificate of verification of stores with its results shall be recorded in the list inventory, or account, as the case may be, where such verification is carried out.
- 10.7 **Settlement of Discrepancies**
- 10.7.1 Before final adjustment action is taken the In-Charge of Stores shall verify by further check, if the discrepancies are correct and the recording in the stock ledger is true.
- 10.7.2 Surpluses may be set off against the deficiencies of item under the same generic heading by preparing transfer voucher.
- 10.7.3 Deficiencies of the item a) may be settled by pointing out the posting error, b) tracing misplaced item, c) also by carrying out adjustments on the basis of tolerance, margins (if one exists) or sanctioned by the competent authority for shrinkage, evaporations, etc.
- 10.8 **Submission of Report**
- 10.8.1 The In-Charge, SVT is required to submit a report to the Director regarding completion of stocktaking together with details of deficiencies and surpluses, besides any other shortcomings observed during the verification.