

Stock Verification

The objective of stock verification is to ensure that:

- The material in stock tally with the description and specification shown in numerical ledgers.
- Actual balance of such stocks agrees with the balance appearing in the books.
- Excess or deficiencies, if any, notice during such verifications are properly investigated and accounted for.

Stock Verification (स्टॉक सत्यापन):

- Stock verification means tallying the ground balance with book (ledger) balance periodically.
- If this was not done the discrepancies will remain unexplained and this could even result in frauds.
- By conducting stock verification, the stockholder is asked to explain discrepancies if any.
- Once explained, the book balance is corrected accordingly.
- If the discrepancy is not properly explained it could even call for a panel action against the stock holder.
- **The staff who do the stock verification is called Stock Verifier.** He works under the direction and guidance of a Senior Inspector of Stores Account.
- Stock verifier also doing the scrutiny of the different stores transaction.

As per Stores code Frequency of Stock Verification:

S.No.	Nature of items	frequency
1	Materials-at-site –works (Charged off Stores)	Ordinarily verified once a year.
2	Stores with Imprest holders	Once in 2 years.
3	All tools and plant	Once in 3 years.
4	All materials in a Depot as under :	
(i)	'A' value items	once in 6 months.
(ii)	'B' value items	Once in a year.
(iii)	'C' value items	Once in 2 year.
(iv)	'D' value items – all items that had no issue for 12 months and over.	once in a year
(v)	Miscellaneous items Stores under the custody of Inspectors entrusted with tools, instruments, etc.	Once in 3 years.
(vi)	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.
(vii)	Machinery and plants.	Once in 3 years.

Types of verification:

- Accounts Stock Verification
- Departmental Stock Verification.

Annual verification programme :

- As per stores code para 3001-S, PFA has to submit the annual statement of Transaction to the Railway Board before 1st November of the succeeding year.
- ISA prepares the annual verification programme for the ensuing year as per the frequency of verification and get same approved by FA&CAO(WST).
- The stock verification is done in line with the approved programme.
- Stock verification is carried out through examination of the system of procurement, custody, issue and receipt of high value and pilferable item and stock holder office.
- Stock verification is done in all Stores depot, Workshops, Hospitals, Headquarters, Divisional office where dead stock registers are maintained.

Duties of Inspector of Stores Account:

- He carries out the qualitative checks.
- He carries out periodical test checks of Stock verifier under his control.
- Disposal of stock verification sheets.
- Surprise checks or inspection.
- Inspection of lots proposed for Auction sale and submit the report.
- Witnessing of Auction sale.

Duties of ISA at HQ level:

- Compilation of Verification programme and collecting the data from all stores depot.
- Distribution of Verification programme to all ISAs/SVs.
- Compilation of monthly performance report of the verification.
- Compilation of monthly sale report from all units and putting to PFA through SAO.
- Scrutiny of weekly diaries of verification staff.
- Maintenance of verification register, Field book register. Issue of new field books to verification staff. Register of Cheque passes and issues of passes if required, any other duty assigned by SAO/WAO.

Duties and function of Stock Verifier:

- Physical verification of Stores.
- Surprise verification of Stores.
- Witnessing the deliveries of Stores sold.
- Survey of depots and yards for unaccounted of Stores.
- Overhauling of the Stock holder's account.
- Any other duties assigned by ISA/SAO/WAO.

Procedure for verification:

- Verification should be done in accordance with the programmed as approved by PFA.
- One day's prior notice in writing should be given to the custodian of the stores as per verification programme.
- The selected item should be entered in the field book (name of depot, PL No., Card No., Description, date of verification etc).
- The verification of the stock should be conducted strictly.
- Complete details of the verification, i.e. count, weight, measurement should be recorded.
- At no stage the stock verification should be conducted without the representative of Stores department.

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- The signature of ward keeper or Stores representative should be taken at the conclusion of physical verification on same day.
- Stock verifier should also sign on the field book with date.
- Stock verifiers are personally responsible for the accuracy in the physical verification.
- Posting of verification results in card/numerical ledger duly initiated and dated with abbreviated designation.
- The stock verifier should prepare stock sheet(S-1260) in triplicate.
- Stock sheet should be signed by the Stock verifier and the incharge of stock holder.

Disposal of Stock verification Sheet:

- it is watched at HQ under SAO(Stores).
- Stock sheet in duplicate is handed over to Stores Depot/Executive, for investigating the facts. Re-submit of one copy with remarks against the discrepancy duly countersigned by CA to ISA(HQ) for scrutiny and disposal.
- On receipt of the stock sheets in the depot, remarks of the custodian are called for and investigated by the depot store keeper-in-charge.
- Stock sheet to be cleared within 03 months.
- Adjustment Account balance in every six months.

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- After the verification of each group of stores has been completed, the Stock verifier shall obtain a certificate from the Ward-Keeper concerned that all stores pertaining to that group have been truly and correctly presented for verification and duly verified.
- Scrutiny of explanation of discrepancies in stock sheet is carefully scrutinised by the authorized Inspector.
- If the staff is held responsible for the discrepancy, disciplinary action is taken against him and in case of shortages; the amount of loss is recovered from the salary.
- Review of Stock Verification: A general review of stock verification work shall be submitted to the GM when the aggregate effect of the adjustment is reported to him half-yearly for the purpose of adjustment of balances lying in the stock Adjustment Accounts.

Departmental Stock verification:

- Departmental verification can be done on surprise by vigilance or any depot or HQ officer.
- The departmental verification covers selected items only such as having large Annual Consumption, Non ferrous items, tool steel and pilferable items.
- List of 25 % of total stock items should be drawn up and approved by PCMM.
- The verification of physical balance should be done by an official other than a custodian.
- The depot officer may waive verification: verified by the Account in last 3 months, verification is in progress, likely to be verified within next two months, items having heavy balance.
- A list of items verified by department should be sent to SAO through PCMM every year.

Difference between Stock verification by Account and Departmental verification:

Accounts Stock Verification	Departmental Stock Verification
It is programmed and carried by Accounts Department.	No such programme like Accounts Verification. Verification is done by the department itself.
It is carried out by the designated staff termed as stock verifier under the supervision of ISA.	It is carried out by departmental staff that should be Head Clerk or equivalent and above nominated by the departmental officer.
This verification is carried out for each and every item as per frequency of verification of the item as shown in Stores Code. Time table is laid down, except for the items which are exempted by GM.	Only the items as approved by are verified or when required as per discretion of Depot officer.
Stock Verification Sheet is prepared in S- 1260, CC-41 for each and every item verified.	During departmental verification also same Form No. S-1260, CC-41 is used. But is prepared only for the items where any discrepancy is found.
A copy of Stock Sheet is sent to the Stores Accounts officer by the stock verifier.	During DSV only a report is submitted to the controlling officer to the effect.
It is to ascertain the stock.	It is just a back check of receipt and issues.
It is independent stock verification nothing to do with DSV.	It need not be carried out if the same item is being verified by accounts in recent past or is due shortly, which may be waived by the departmental officer but approval should be taken from HQ.

- As per Railway Board's letter No. 2024/RS(IC)/166/1 dated 04.04.2024 after 01.06.2024 Stock verification of consignee depots should be done based on e-ledgers in UDM. Stock verification in Stores depot will continue as being done presently.

Question

Q1. When any discrepancy arises from ground balance and book balance quantity in depot, adjustment to be carried out as

- A. Stock suspense
- B. Purchase suspense
- C. WMS
- D. Stock adjustment account

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Q2. Indicate the correct ones:

The object of stock verification is to ensure that

- a. The material in stock tally with the description and specification shown in the Bin Cards
- b. Actual balance of such stock agrees with the balance appearing in the books.
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- d. All materials are issued to the parties in right time.

- A. a & b
- B. a, b & c
- C. b, c & d
- D. c & d

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Q3. Frequency of Stock verification for all T & P items :

- A. once in 12 months
- B. once in 24 months
- C. once in 36 months
- D. once in 48 months

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Q4. If an item in a Stores depot is found with no relevant connecting documents, then it can be accounted in the stock of the depot through ----- .

- A. Receipt Note
- B. DS8 voucher
- C. Stock sheet
- D. Unconnected accountal form

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Thank