

THE FOOD CORPORATION OF INDIA
HEAD QUARTERS : NEW DELHI

CIRCULAR NO. 676/ACCTS

Ref No. Accts/2(2)/92-94

DT: 2.3.1995

Sub.: Physical verification of cash balances, foodgrains, fertilisers, sugar, other commodities dead stock articles, Moveable and immovable assets of the Food Corporation of India as on 31st March, 1995.

You are already aware that Corporation is required to ensure that the cash and stock balances of the Corporation are physically verified at the close of the business on 31st March. The detailed instructions for conducting physical verification of cash balances, foodgrains, fertilisers, sugar, other commodities, dead stock articles, movable and immovable assets of the Corporation already exist. In this regard Circular No. S&S/SA/37/1(18)/93-94 dated 4.2.94 and SLS/SA/37/1(19)/94-95 dt. 9.2.95, Circular No. PID/Comp/PV/92-93 dated 16.3.94 and PID/Comp/PV/94-95 dated 27.1.95 issued by Stock and Sales Division and Chief PID be referred to.

2. The following guidelines may please be noted for strict compliance so as to ensure that all the assets of the Corporation as on 31.3.95 are physically verified.:-

- (A) CASH BALANCES : The general policy of the Corporation as laid down in Chapter-II of Accounts Manual contemplates that all the cash balances in hand with all the persons handling cash (i.e. Cashiers/Depot Officers and other disbursing officers etc.) are deposited in the bank well in time and in any case before the close of the banking hours as on 31st March so as to ensure that the cash balance as on 31.3.95 is NIL. In exceptional cases, the cash balance left out at the close of business should, however be verified by actual count and the requisite certificates/schedules furnished in accordance with the detailed instructions contained in Chapter-II ibid.
- (B) Closing stocks of sound, sub-standard and damaged foodgrains /fertilisers /sugar / other commodities / stores and spares etc. including Engineering materials.
- (i) Para 8 of the significant accounting policies contemplate that physical verification of stocks (including sub-standard and damaged) of foodgrains, sugar and other commodities is required to be made at the end of the year on the basis of peripheral count and no weighment is conducted in all the depots including CWC/SWC godowns except for selected stacks in

specified depots and for baby stacks. A stack will be reckoned as baby stack if the number of bags are less than 20% of the total number of bags received right from the creation of stack. It may please be ensured that the physical verification of all the closing stocks is done in the manner prescribed and in accordance with the detailed instructions on the subject issued by stocks & Sales Division as well as Engineering Division of PID office from time to time.

- (ii) Certificates duly signed by the godowns superintendent / custodian of stocks should be obtained and counter-signed by the Competent authority. Though Physical verification of stocks stored in CWC/SWC godowns is not conducted by the physical verification squads of the Corporation, certification of physical balances duly signed by them should be obtained.

(C) STOCKS HELD ON BEHALF OF OTHER AGENCIES :

Physical verification of stocks held by the District as on 31st March which are not the property of the Food Corporation India is also required to be done. A separate physical balance statement in form XIII/7 of Accounts Manual should be drawn for such stocks as these stocks do not constitute the closing stocks of the FCI.

(D) STOCKS GIVEN ON LOAN TO OTHER ORGANISATIONS :

Physical balance certificates clearly indicating the quantity held by other organizations as loan as on 31st March should invariably be obtained in Form XIII/6 of Accounts Manual. These stocks are however, accounted for as per book balances and discrepancies reconciled.

(E) DEAD STOCK ARTICLES – MOVEABLE & IMMOVABLE PROPERTIES :

All the dead stock articles moveable and immovable properties of the Corporation physically available as on 31st March should also be verified and fully reconciled with book balances.

3. IA&PV parties may also be associated with the work of verification on the eve of the close of financial year. The particulars of the staff associated for the purpose viz., name, designation etc. should be clearly indicated while countersigning the certificates. Complete record of physical verification should be maintained so that it can be produced to auditor(s) as and when required. Wherever the Statutory Auditors feel the necessity to associate themselves with such P.V. they should be allowed to do so & full cooperation extended.
4. A comprehensive programme for physical verification of all balances may be drawn, so that annual PV commences on or about 15th of March, 1995 in order to ensure completion before the close of the financial year. In this connection para 1 of S&S Division letter No. S&S/SA/37/1(19)/94-95 dt. 9.2.95 may also be referred to.

5. A copy of the programme of physical verification of different assets at all locations may be supplied to Statutory Auditors so that they can co-opt themselves with physical verification to the extent they consider necessary.

These instructions may please be brought to the notice of all concerned for strict compliance.

Sd/-
(MAHESH CHANDRA)
JT. MANAGER (ACCTS.)