

## CHAPTER V STORES AND STOCK

### WORKS AND HOUSING/PUBLIC HEALTH ENGINEERING/POWER DEPARTMENTS

#### GENERAL

#### 5.1 Closing of stock registers

**5.1.1** According to the provisions of the Nagaland Public Works Department Code, the accounts are required to be closed each year on 30 September and valuation of stores done with reasonable accuracy. The valuation should be periodically reviewed and revised, where necessary, to enable the authorities to know the profit and loss in respect of different classes of materials and re-adjust the issue prices, where required. In case the valuation is not so reviewed from time to time, the accounts of stores would not reflect the true picture of the value of stores held.

**5.1.2** Information received from the Public Works Department (PWD)-Roads and Bridges ((R&B), Housing, Civil and Mechanical divisions, Public Health Engineering (PHE) and Power revealed the following position:-

**Table No.5.1**

Name of Department	No. of Division	Stock maintained (no. of divisions)	Position of stock Accounts		Remarks
PWD (R&B)	24	20	3 divisions	Upto September 1995	4 divisions do not maintain stores.
			1 division	Upto September 1996	
			4 divisions	Upto September 1997	
			3 divisions	Upto September 2000	
			9 divisions	Upto September 2001	
PWD (Housing, Civil and Mechanical divisions)	20	8	Information not furnished by the Department. However, as per records of the Sr. Deputy Accountant General (A&E), out of 20 divisions, 8 divisions maintain stores and 12 divisions do not maintain stores.		
PHE	10	10	All 10 divisions have closed accounts upto September 2001.		
Power	16	12	1 division	Upto September 1999	Information not received for 4 divisions.
			5 divisions	Upto September 2000	
			6 divisions	Upto September 2001	
<b>Total</b>	<b>70</b>	<b>50</b>			

*Source: Departmental letter and Sr.DAG(A&E) records*

**5.1.3** 20 out of 24 Public Works divisions (Roads and Bridges) had not closed their stock accounts for periods ranging between 1 and 6 years. While 16 divisions do not maintain stores, information relating to closing of stock accounts in respect of 4 Electrical divisions were not made available. In the absence of the stock accounts actual value of the stock held by the divisions could not be ascertained in audit. This will also affect the cost of the works for which materials had been issued by the divisions.

## **5.2 Physical verification of stores**

**5.2.1** The Nagaland Public Works Department Code prescribes that the Sub-divisional Officers should carry out *cent per cent* physical verification of the stores under their charge once in a year. The Divisional Officers are required to verify annually 10 *per cent* of all stores before submission of stock returns to the higher authorities and the Accountant General. Such verification is meant to enable the authorities to detect shortage and discrepancies in the stores and are applicable to all other departments, where stores accounts are maintained. It was, however, noticed in audit that:

**5.2.2** Out of 70 divisions, 10 Public Health Engineering divisions, 6 Electrical divisions and 11 Public Works divisions (Roads and Bridges, Housing, Civil and Mechanical) had conducted physical verification of stores upto September 2001, 5 Electrical divisions and 3 Public Works divisions (Roads and Bridges) upto September 2000, and 1 Electrical division upto September 1999. 4 Public Works divisions (Roads and Bridges) had conducted physical verification of stores upto September 1997, 1 upto September 1996 and 3 upto September 1995. Information relating to physical verification of stores in respect of remaining 26<sup>1</sup> divisions were awaited (February 2003).

**5.2.3** In the absence of physical verification of stock, the extent of loss caused due to pilferage, deterioration, damage, etc., of stock items could not be verified in audit.

## **5.3 Reserve stock limit**

**5.3.1** Reserve Stock Limit (RSL) had not been prescribed for 3 out of 10 Public Health Engineering divisions. Of these, the sanctioned RSL was exceeded in 4 divisions by a total amount of Rs.1557.12 lakh. The excess was due to the mismatch between the reserve stock limit and the prevailing market rate as the existing reserve stock limit was sanctioned in February 1982. 6 divisions exhibited minus balance of stores aggregating Rs.1643.56 lakh as on 31 March 2002. The minus balance was attributed by the department due to centralised procurement through indents and the value of stock materials being left unadjusted against the indenting divisions.

**5.3.2** RSL had not been prescribed for 22 out of 44 Public Works divisions (Roads and Bridges, Mechanical, Housing and Civil). 8 divisions held stores worth Rs.4162.18 lakh at the end of March 2002 in excess of the RSL. The sanctioned RSL was exceeded in 17 divisions by a total amount of Rs.563.46 lakh.

**5.3.3** RSL had not been prescribed for 4 out of 16 Electrical divisions. 8 divisions had exhibited minus balance of stores aggregating Rs.647.34 lakh as on 31 March 2002. No reasons have been furnished by the divisions for the minus balance.

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1 Electrical division (4), Public Works divisions (Roads & Bridges, Housing, Civil and Mechanical)<sub>(22)</sub>

## **5.4 Tools and Plant**

**5.4.1** According to Nagaland Public Works Department Code, the divisions should close the Tools and Plant accounts on 30 September every year and arrive at the balance of stock held. Physical verification of Tools and Plant articles should also be conducted once a year.

**5.4.2** It was noticed that all 10 Public Health Engineering divisions had closed the Tools and Plant accounts and physically verified them upto September 2001. 6 Electrical divisions and 12 Public Works divisions (Roads & Bridges, Housing, Civil and Mechanical) had closed the Tools and Plant accounts and physically verified them upto September 2001. 5 Electrical divisions and 3 Public Works division upto September 1999. 4 Public Works divisions (Roads & Bridges) divisions had closed the Tools and Plant accounts and conducted physical verification upto September 1997, 1 upto September 1996, 3 upto September 1995. Information relating to closing of Tools and Plant accounts and physical verification thereof in respect of 4 Electrical divisions and 21 Public Works divisions (Roads and Bridges, Housing, Civil and Mechanical) was not made available.

**5.4.3** Due to delay in closing of accounts and non-conducting of physical verification, shortage/surplus of Tools and Plant, if any, could not be ascertained and adjusted in accounts in time.