

CHAPTER XII SUSPENSE ACCOUNTS.

H.—INTRODUCTORY.

408. The account of the minor head "Suspense" subdivided into as many of the five heads named below as may be required, is kept in each division under a single major head of expenditure, viz., "50. Civil Works" :—(1) Purchase, (2) Stocks, (3) Miscellaneous Public Works Advances, (4) London Stores and (5) Workshops Suspense. These heads are of a temporary character and all transactions recorded under them are ultimately removed either by payment, or recovery, in cash, or by adjustment. The transactions, therefore, consist of both debits and credits, the latter being treated as reduction of expenditure when making up the account of the major head.

B.—PURCHASES.

409. When materials are received from a supplier or from another division or department, their value should be credited to purchases—

(i) immediately on their receipt, if they have been received for a specific work, so that *per contra* the cost may be included at once in the account of the work and those accounts, as well as the connected subsidiary accounts, may take cognizance of the receipt of materials at the earliest opportunity (see paragraphs 325 and 330); and

(ii) on closing accounts of the month, if they have been received for stock and payment has not been made for them during the month so as to secure agreement between the quantity and value accounts (see paragraph 193).

410. When the actual value of the materials is not known, it will suffice if an estimated figure is adopted, any difference being adjusted, as soon as known, by a plus or a minus credit to Purchases, as the case may be. See also rule 1 to paragraph 411.

411. When the price of the materials is paid or adjusted in transfer, the payment should be debited to Purchases, and the outstanding credit thus cleared.

1. If the amount admitted in payment exceeds the amount credited to Purchase, the difference should be charged direct to Stock or to the work concerned.

412. Unclaimed balances, in the purchases account should be dealt with in accordance with the procedure prescribed for deposit balances in paragraph 463. Paragraph 464 regarding the repayment of lapsed deposits applied *mutatis mutandis* to repayments of lapsed balances of purchases.

413. The account of this head should be kept in Form 67 (P.W.D. VI-20), Suspense Register, the details being recorded in a separate set of folios for each of the two headings (1) Purchases for Stock and (2) Purchases for Specific Works.

C.—STOCK.

414. The head "Stock" is opened in all divisions in which stocks of materials are maintained for general purposes—vide paragraph 324 of the Madras Public Works Department Code. In divisions in which no stocks are maintained, this account should be opened only when any manufacture operations are undertaken.

415. The money limit for the Stock reserve of a division, prescribed in paragraph 324 of the Madras Public Works Department Code, is meant to be applied to the value of materials acquired or manufactured for stock purposes only. Excesses over this limit are, therefore, permissible only when caused by unadjusted expenditure on manufacture operations connected with specific sanctioned works.

416. The accounts head "Stock" is charged with all expenditure connected with acquisition of stock materials and with all manufacture operations and with the expenditure incurred on storage. It is credited with the value of material issued to works, or sold, transferred or otherwise disposed of, and the balance of the account represents the book value of the materials in Stock *plus* the unadjusted charges, etc., connected with manufacture *plus* the unadjusted expenditure on storage.

417. The sub-heads of the Stock accounts are : (1) Small Stores, (2) Building Materials, (3) Timber, (4) Metals, (5) Fuel, (6) Painters' Stores, (7) House Fittings, (8) Miscellaneous Stores, (9) Land, Kilns, etc., (10) Manufacture and (11) Storage.

418. (a) The general account of the receipts, issues and balances of the suspense head "Stock" should be maintained in the Suspense Register Form 67 (P.W.D. VI-20). A separate account should be kept in respect of each sub-head, the transactions of the several

sub-divisions being detailed therein as separate items and the totals of all sub-divisions as another. Transfers within the division should be accounted for against a single item "Deduct—Transfers within Division", before the total for the entire head "Stock" is struck.

1. The clearance of balances under "Transfers within Division" should receive special attention.

(b) The subsidiary accounts of Stock are described in Chapters VII and XI.

418-A. The balance under the sub-head "Storage" at the end of each year should be finally adjusted—vide paragraph 214—on closing the accounts of that year as a "surplus" or "deficit", i.e., as profit or loss on stock according as it is a minus or plus balance and should not be carried forward to the following year.

D. MISCELLANEOUS PUBLIC WORKS ADVANCES.

419. Transactions recorded under the head "Miscellaneous Public Works Advances" are divided into four classes :—

- (1) Sales on credit.
- (2) Expenditure incurred on Deposit Works in excess of deposits received.
- (3) Losses, retrenchments, errors, etc.
- (4) Other items.

Note.—Personal advances drawn from the treasury, and audit retrenchments of Divisional Offices. Advances made to contractors appear in the into two parts to show (i) par value (at Rs. 13)) and (ii) Loss or Gain made from bills cashed direct at the treasury, do not appear in the accounts of works.

420. When stores of any kind are sold on credit, their value [*plus*, if recoverable, the supervision charges referred to in paragraph 331 (a) of the Madras Public Works Department Code] should be debited to Miscellaneous Public Works Advances under the sub-head "Sales on credit" so that (1) the accounts of stock or works from which the materials are issued may be kept correct, and (2) the recovery of the value from the local body or individual concerned may be watched through the regular accounts.

1. In each case there must be authority for the sale on credit.

421. Outlay on Deposit Works is required to be limited to the amounts of deposits received. Any expenditure on Deposit Works incurred in excess of the amount deposited (vide Rule 1 under paragraph 470 of this Code) is chargeable to Miscellaneous Public Works Advances pending recovery to effect which action should at once be taken. See paragraph 427.

422. Under the heading "Losses, retrenchments, errors, etc" appear the following:—

(a) Deficiencies in cash or stock.

(b) Actual losses of cash or stock.

(c) Errors in accounts awaiting adjustment.

(d) Retrenchments and losses of other kinds recoverable from Government servants.

423. Deleted.

424. The head "Other items" is meant for all debits, the allocation of which is not known or which cannot be adjusted until recovery or settlement is effected or write-off ordered. The following are cited as examples:—(1) Debits, the classification of which cannot at once be determined, (2) recoverable debits not pertaining to the accounts of a work, and (3) recoverable outstandings pertaining to works, the accounts of which are closed (vide rule 1 to paragraph 361 and paragraph 375).

425. No charges may be debited to "Miscellaneous Public Works Advances" on the ground of absence or insufficiency or sanction or appropriation, except as provided in paragraph 421.

426. Items in the "Miscellaneous Public Works Advances" account are cleared either by actual recovery or by transfer, under proper sanction or authority, to some other head of account. Items or balances which may become irrecoverable should not be so transferred until ordered to be written off.

427. The detailed accounts of this head should be kept in Form 67 (P.W.D. VI-20), Suspense Register. For items falling under the class "Expenditure incurred on Deposit Works in excess of deposits received" details are not necessary, as these are recorded in the Schedule of Deposit Works, Form 65 (P.W.D. VI-101 to 103). For each of the other three classes of items, a separate set of folios should be reserved, and all the items under each class should be detailed so that their clearance may be watched individually. An abstract should be prepared to show the totals of all the classes.

E. LONDON STORES.

428. The head "London Stores" is the suspense head through which are passed all transactions connected with Stores obtained through the Stores Department, London. The objects of this account are (i) that the stores received from England are brought on the accounts of Stock or works immediately on their receipt, without waiting for the advice of the payments made in England by the High Commissioner, (ii) that when the advice precedes the stores, the receipt of the latter is watched, and (iii) that in all cases agreement is secured between the charge to Stock or works and the payments made in England.

429. When the stores arrive, this account should be credited, and the accounts of the works concerned or Stock should be debited, with the English cost of the quantities actually received, the amount being determined by converting the invoiced sterling value into rupees at the average rate of exchange (which will be communicated by the Accountant-General for the month in which the payment was made in English).

1. If the month of payment is not known, the average rate of exchange for the month in which the stores were despatched from England should be adopted provisionally, subject to adjustment on receipt of the advance of payment.

430. When the advice of the payments for stores made in England is received from the Accountant-General the head "London Stores" should be debited and the minor head "English cost of Stores" credited (the entry taking the form of a *minus* charge), converting the sterling payments at the average rate of exchange for the month of payment.

1. The transactions under the head English cost of stores are divided into two parts to show (i) par value (at $\text{Rs. } 13 \frac{1}{4}$) and (ii) Loss or Gain by Exchange (i.e., the difference between the par value and the value at the average rate of exchange), a separate detailed head being provided for each.

431. Indian charges (e.g., balance of sea-freight and carriage and incidental charges) should be debited direct to Stock or Works concerned unless incurred prior to the arrival of the stores in the division, in which case they should be charged to London Stores and on receipt of the stores the charge should be transferred to the relevant accounts of works or Stock, when making the adjustment of English cost as laid down in paragraph 429.

Note.—Customs duty should be included in the cost of stores and debited either to "stock" or "the works concerned."

432. A surcharge at the rate fixed by the Government of India from time to time to cover departmental expenses and marine insurance is added by the High Commissioner for India to the invoiced price (including freight) of all European Stores obtained through the Indian Store Department, London, by Provincial Governments, Commercial departments, including Irrigation Works, Government Commercial undertakings, Local Funds, Indian States, private individuals, etc., in calculating the cost debitable to or recoverable from these various sources—

(1) When under special arrangements the contractor undertakes to deliver stores at an Indian port not at the Stores Office in London, the surcharge leviable will be only for departmental charges.

(2) The extra charge for marine insurance covers the risk of losses during the voyage to India and not losses between the ship's side and the shore.

(3) The adjustment of the surcharge is made by the High Commissioner for India. A similar extra should be made in India for stores imported from England for the Central Government but eventually transferred to Provincial Government, etc. In such cases the amount of surcharge should be credited in the Central Section of the accounts under "XXXV. Miscellaneous Percentage chargeable on European Stores for Provincial Government, etc."

In making recoveries from the agents of vessels on account of short delivery of stores, the surcharge should not be added to the invoiced value of the stores (including freight). Similarly in making recoveries from the agents to vessels on account of deficiencies or damage found in consignments of stores obtained from the Air Ministry or from other departments of the British Government, the departmental charges levied by these authorities should like those made by the India Store Department, London, be excluded from the value of such stores.

433. The balances at credit of this account represent the value of stores received for which no advices of payment have come to hand and debit balances indicate the advised value of stores which have not yet been received. All balances should be watched with a view to early clearance, special reference being made at once to the Accountant-General in respect of each item of the former class.

434. Balances due to short deliveries, etc., which cannot be cleared by recovery of cost are not adjustable until their write-off has been sanctioned by competent authority.

435. The transactions under this head should be recorded in detail in a monthly schedule. Form 71 (P.W.D. VI-30), Schedule of London Stores.

436. Indents on the Stores Department, London, should indicate the detailed classification of the charge, which in the case of the Public Works Department, is always the head Expenditure in England—Stores (Voted) subordinate to the major head under which the suspense head London Stores of the division is classified: see paragraph 123.

In each case the following particulars should be added :—

(1) Whether debitable to Central or Provincial revenues; If the latter, the name of the provincial Government.

(2) Whether the major head pertains to Reserved or Transferred expenditure.

Thus, in a Building and Roads division in which the London Stores account is kept under the major head "50, Civil Works", an indent for stores required partly for agency works of the Central Government and partly for provincial works (of departments dealing with Reserved as well as Transferred subjects) and Deposit Works, will be classified as shown below :—

50. Civil Works—Expenditure in England—Stores.

Provincial—Madras.

Transferred.

Voted.

Detailed instructions regarding the preparation of indents are given in Appendix IV of the Madras Public Works Department Code.

F.—WORKSHOP SUSPENSE.

437. When a workshop has been established the accounts of which are kept in accordance with the rules in Chapter XII, all direct outlay on the jobs executed and on other operations of the workshop is passed through the suspense head "Workshop Suspense", and a separate account is kept under it of each of job or operation, so that all charges relating to each may be collected and charges of a general nature may be suitably distributed over all the jobs or operations affected, before the total cost recoverable is determined.

438. The record expenditure on a job is removed from the suspense account only when, and to the extent, and adjustment is effected against the deposit received or against the service or other head concerned—vide paragraph 448. This removal is effected by a credit to the account of the job. But when any charges are transferred from one job or operation to another, the transfer should be made by *plus* and *minus* debit entries.

439. On the completion of a job, all outstanding charges on it must be debited, as soon as possible, to the head concerned, but in cases where this cannot be done, as in the case of expenditure incurred in excess of the deposit received, the unadjusted amount should be transferred to the head "Miscellaneous Public Works Advances" pending settlement.

440. The detailed account of this head should be kept in a suitable form prescribed in accordance with the rule in paragraph 443, the object being to maintain an account showing the cost of each job or operation and its adjustment from time to time.