SURPRISE PHYSICAL VERIFICATION OF STOCKS ETC. IN THE DEPOTS.

10.1 Physical Verification by IA & PV parties quite distinct from P.V. to be done by the Executives.

Regular physical verification at quarterly intervals of stocks of food grains, fertilisers, sugar, gunnies, jute twine, insecticides, polythene/Gas proof covers, dead stock etc. held at each storage depot is arranged by the executives. The physical verification to be done by the parties of Internal Audit Division is an independent exercise. It is an additional super check and also by surprise in nature in that the depot which is proposed to be visited for P.V. is not informed in advance. These parties are under the direct control of the General Manager (IA & PV) / JM (IA & PV in each zone and under the overall control of E.D. at headquarters. Each party consists of 2 Managers.

10.2 Peripheral counting and weight of stocks and adoption of R.S.M. of I.S.I. for stocks of wheat and rice.
(For details please see Appendix 10)

The physical verification involves verification of all the stocks both by count as well as by weight. The peripheral counting is to be done 100%. The weight measurement should be done on the following basis:

A) Rice and wheat

The Random Sampling Method as recommended by the I.S.I. has to be followed, except as stated in this chapter. Peripheral counting of the bags will be done on 100% basis instead of 20% as laid down in the remarks below step 1 - Page 2.

B) Sugar, Fertilisers, Dal etc.

Since most of these commodities are in standardised bags, 10% of the bags should be weighed.

C) Non-standard bags of all commodities should be weighed cent percent.

All articles other than food grains sugar and fertilizers are to be verified by 100% count weight.
The Random Sampling Method applicable to rice/wheat requires selection of 16 bags from each of the 20/25 stacks of rice/wheat in the manner prescribed therein, for estimation of the entire stocks in a depot with a precision of +0.5%. The system of PV under this method should always be combined with selective stack weighment. The selection of the stacks is left to the discretion of the officer incharge of the party. Besides estimating the stocks of rice/wheat under the RS Method, the stocks which show abnormal losses/gains on the basis of weighment under this method should normally be taken up for 100% weighment by the P.V. Party. This will serve the dual purpose of estimation of the stocks of the depot as a whole and also of determining the position in the case of some individual stacks. In the opinion of the Manager any stocks arouse suspicion, those stacks should also be weighed 100%. Follow up action should then be initiated on the basis of these results to find out if there were any omissions or violations of procedure and irregularity on the part of the officials incharge of the depot.

10.3 Shortages/surpluses to be clearly brought out.

All shortages/gains found in foodgrains and other articles are to be clearly brought out in the PV report.

10.4 Declaration statements of balances of commodities and other articles and other forms of P.V.

Before starting physical verification, the AM incharge of the PV party will obtain from the officer incharge of the depot the statements (census lists) declaring the opening balances of foodgrains and other articles on the day of physical verification duly filled in and signed by the latter on the basis of the records maintained by him. Such declaration statements and other forms of PV are given at Appendix I. If there is any delay or non-cooperation in furnishing the census lists or in supplying labour for handling and weighment of stocks by the depot incharge, the matter should immediately be brought to the notice of the Distt. and also of the Regional Manager, if necessary, by the AM Incharge of the party. If such a situation arises, peripheral counting of stocks should at any rate not be delayed and taken up on the first day of arrival of the audit party at the depot. The results of counting should be recorded separately for comparison with the book balances. If even the certifying lists are also not provided immediately.

10.5 How counting/weighment is to be recorded.

AM Incharge of the PV party will be responsible for assigning