Circular No. 1/2019

SUBJECT: PHYSICAL VERIFICATION OF FOODGRAINS
REITERATION OF INSTRUCTIONS.

A. Reference is invited to various Instructions / Circulars / Guidelines issued by Headquarters from time to time on procedure / coverage of Physical Verification of Stocks of foodgrains by IA & PV Division.

B. Instructions on Physical Verification, in vogue, were modified due to acute shortage of Staff in IA Division vide Circular no. 04 / 2011 dated based on the resolution passed in 337th meeting of Board of Directors held on 21.07.2011. Later on outsourcing in regions for Internal Audit work, on need basis, was approved by Board of Directors in its meeting held on 20.12.2018 to overcome shortage in manpower. For further strengthening the functioning of Internal Audit & Physical Verification, revised outsourcing method has been approved by Board of Directors in their 390th meeting held on 20th December 2018. Since outsourcing is allowed to fill the gap of shortage of manpower, the detailed Physical Verification instructions already in existence are to be abided to.

C. For the convenience and ready reference of Officers deployed in IA & PV Division in Field offices; most significant instructions on the subject are reiterated hereunder:

1. As per Circular no. 4 of 2011 dated 09.08.2011, issued from file no. IA & PV / HQ / MOD / PV / COVERAGE / 2011-12 / 303, the IA & PV Division is to conduct Physical Verification of Stocks of foodgrains in Depots as detailed below:
   a) Depots having capacity of 10000 M.T & above : Atleast once in a year.
   b) Depots with lesser capacities : Atleast once in two years.

2. Refer Item no. 32 / 2002 (285th Adj.-BD) on P.V. of foodgrains of B.O.D meeting held on 26.06.2002 whereby it was resolved that:

"RESOLVED THAT physical verification method as suggested by ISI in their Report dated 23rd February, 2001 and further modified by their Report dated 11th March 2002 be and is hereby approved. The revised method should be used for quarterly / annual physical verification by the executive divisions. The revised method should also be applied for physical verification by IA & PV Division, Vigilance Division, Special PV and Chairman / MD Squads."

The method of Physical Verification by ISI Method as stated in FCI-Headquarters letter no. S&S / SA / 37 / 1 (28) / 100 % Wt. / 2003 dated 26.03.2003 and as amended from time to time is to be followed for selection of Stacks for 100% weightage / Physical Verification.

Report on result of 100% weightage on ISI Method is to be submitted in the Performa at Annexure-I, II, III & IV (a & b) to Circular dated 26.03.2003 and enclosure-A to letter dated 16.03.2018 (issued from file no. STK / 37 / 1 (32) / ISI PV / 2018). (Copy enclosed).

: Instructions vide Letter dated 26.03.2003 & 16.03.2018
Enclosed at Annexure-A
3. Peripheral counting of bags on 100% basis after entire stock stored in the Depot is to be made by the PV Team.

4. Physical Verification / weighment of baby stacks.

5. In case of significant variations noticed, in the weight of stack(s) weighed from the book weight, the PV need to be extended to the whole shed & then to the whole of depot, as the necessity may arise.

The declaration statements of the balances of commodities and other articles as prescribed at Para 10.4 of the Internal Audit Manual need to be obtained and the points indicated at Para 10.6 of the Manual need to be looked into, while conducting PV by the PV team and reported accordingly.

6. The PV Team would satisfy itself that the commodity wise book weight as indicated in the declaration statement submitted by the Depot-Incharge also tallies with the balance reflected in the IRRS, Online Depot ERP and Report, in case variation is noticed.

Any cutting or overwriting in the Depot Stock Registers (Stack, Shed and Master Stock Ledger) as long as they are maintained manually, are to be enquired into and reported by the PV Team.

7. Refer Chapter no. 10; Clause-10.2 (Last Para) of IA & PV Manual (copy enclosed at Annexure-C) wherein in addition to physical verification of stacks based on ISI Method, weighment of Stack through Auditors discretionary stack selection is mentioned.

Details regarding Auditors’ discretionary Stack selection were annexed to the proposal for revised outsourcing method placed before Board of Directors in 390th meeting held on 20th December'18, which was duly approved. Accordingly, for Stock Position up to 5000 M.T weighment of one stack through Auditor’s discretionary Stack selection to be carried out. For every additional 20000 MT stock position, weighment of one additional stack through auditors discretionary stack selection to be done.

8. For PV Report Format refer Annexure-D.

Distribution:-

1. All E.D FCI, Hqrs. / Zones-North / East / West / South / N.E.
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5. Director, IFS, FCI, Gurgaon.

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