

ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

No.SA(HO-08)/HSD/2010-AW,
O/o Managing Director: Audit Wing,
Musheerabad: Hyderabad -20
Dated: 23-03-2010

ACCOUNTS CIRCULAR NO. 03/2010, Dated: 23-03-2010

Sub: HSD Oil - Accountal of Shortage/Excess of HSD Oil as on 31st March 2010 in March Accounts to reflect actual physical balance as on 31st March of the year - Instructions issued - Reg.

Ref. 1) Accounts Circular NO.25/2008-MED, Dated: 11-12-2008.
2) Accounts Circular No.14/1995-MED. Dated:21-07-1995.
3) Accounts Circular No.32/1998-MED, Dated:14-12-1998.

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It is observed that the shortages/Excess of HSD Oil at depots is not being adjusted once in a year as per the existing norms. There is a long gap between one adjustment to another adjustment resulting in improper disclosure in the Statements of Accounts which is commented by AG.

The existing procedure as laid down through the circulars referred above is -

1. If the shortage is below 0.25% of the issues, during the two audit periods, the Audit Inspector should adjust the book balance with that of the physical balance of HSD Oil at depot in the MTD-29/R. Write off sanction has to be obtained from the competent authority after accountal of shortage.
2. If the shortage is more than 0.25% of the issues, a committee consisting of Dy. CAO/AO. Dy. CME and Depot Manager has to investigate and give the report. Based on the report, write off sanction has to be obtained by the Depot from the competent authority for adjustment of shortage. After obtaining the write off sanction the shortage is to be adjusted in MTD 29/R of the depot and necessary accountal is done at Head Office in AO/Stores based on 29/R and debit/credit advice sent to concerned region

P.T.O

Due to the above system huge shortages of HSD Oil are continuing unadjusted in the books of Account. While verifying annual accounts the AG observed that the physical HSD Oil stock is not correctly reflected in the books of Accounts due to unadjusted HSD Oil variations as on 31st March of the year. In order to ensure proper account of physical inventory balance of HSD Oil, it is proposed to account the shortages/excess of HSD Oil as on 31-3-2010 by passing JEs as detailed below in the Accounts of the depots based on the latest invoice rate.

1. JE for Accountal of shortage of HSD Oil.

Debit. 2821 Inventory Shortage-HSD Oil (New AH)
Credit 2101 INV-HSD Oil

2. JE for Accountal of excess of HSD Oil: -

Debit 2101 . INV-HSD Oil
Credit 2822 Inventory Excess-HSD Oil (New AH).

The above entries are only meant to incorporate into the books of Accounts at depots for the variance in physical balance with that of book balance as per MTD 29/R. The balances in MTD 29/R also shall not be altered due to above JEs; The existing procedure of adjusting the HSD Oil shortage shall continue.

The Regional Dy.CAO/AO shall ensure the incorporation of JEs in the March 2010 accounts without fail.


CHIEF ACCOUNTS OFFICER

To
All DMs/AOs.
All Dy. CMEs/Dy. CAOs
All EDs/FA
All RMs/HODs/CFM/CA
Copy to CM/HRD for inclusion in monthly index.
Copy to RAO RTC for information

ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

O/o VC&MD: Accounts Wing,
Mushirabad: Hyderabad,
Dated: 16.04.2005.

No. MAI/4(I)/2003-04 -AD

To
The Dy.CAOs / AOs
Zonal / Regional Offices.
A P S R T Corporation.

Sub: **ANNUAL ACCOUNTS** - Draft Audit Report on Annual Accounts
for 2003-04 - Communication of Replies submitted to A.G - Reg.

A copy of the Replies submitted to the Accountant General on the comments in Draft Audit Report on the Annual Accounts for the F Y 2003-04 is forwarded herewith for your reference and record.

It *can*. be observed from the Draft Audit Report that some Accounting Units are erring in making provision even, for usual, transactions. In this connection, it is very much regretted to note that these Accounting Units have committed emissions / errors inspite of clear instructions and reiteration of guidelines many a time. You shall, therefore, go through the same with a view to take effective steps for preventing recurrence of irregularities observed by the A.G.

Some of the omissions / commissions in making provisions that are observed by the AC repeatedly are furnished hereunder together with guidelines for preventing recurrence of the same.

1. Making Provision for stitching charges without supply of Uniform:

- a) Before making provision for stitching charges, it shall be ascertained from the stores department whether the uniform cloth is supplied or not.
- b) Provision shall be made in case of supply only and no provision shall be made if the uniform cloth is not supplied.
- c) Provision shall not be made on assumption that the uniform cloth will be supplied at a later date.

2. Making Provision for Hired Vehicles expenditure:

- a) Provision towards payment of Hire Charges for the *Second* fortnight of *March* together with enhancement of rates, if any, shall be made duly obtaining clear details of operation and penalties levied from the Traffic Department.
- b) Provision shall not be made on assumption basis.

3. Making provision towards payment of Monetary Benefit:

- a) Provision shall be made only for the Monetary Benefit claims received during the financial year 2004-05 and pending for disposal as on 31st *March* 2005 at the rates prevailing as on 31st *March* 2005.
- b) The procedure of accountal of provision made in the last financial year has been reviewed. There is no need of reversing the provision J E made in March Accounts of the last year.
- c) Provision shall not be made in any case on assumption basis with out receipt of a claim
- d) While assessing the provision for the current year it shall be ensured that the cases for which the provision was already made in previous years are not included in the provision for the *current* year.
- e) Reversing the provision already made does not, normally, arise excepting in *cases where the* provision was erroneously made last year without receiving the claim or in *cases* where the Claimant has subsequently *revised his / her decision* and withdrawn the claim.
- f) The provision shall be made duly debiting AH 6061 and crediting AH 1132. Reversal of provision shall be made by debiting AH 1132 and crediting AH 6091 - Prior Period Expenditure.
- g) The criterion for making provision is receipt and pendency of claim as on 31st *March* of the year. Hence such of those claims, which are rejected or withdrawn on or before 31st *March*, should be deleted from the list for the purpose of making provision for outstanding expenses.

- h) List out *names* of the employees died in *harness* during the current FY and preceding two FYs for which Monetary Benefit Claims are not *received on or before 31st March* and work out the amount of expenditure involved at the rates prevailing as on 31st March and include the amount in the List of Contingent Liabilities.
- i) Amount relating to *cases for* which provision for Outstanding Expenses has already been *created* and death cases in which family members have applied for employment should not be included in the List of Contingent Liabilities

Making provision towards payment of MACT Claims:

- a) Provision has to be made (Dr.AH 6901 and Cr.AH 1141) for the awarded amount, if (i) Award or Judgment is pronounced on or before 31st March (ii) Decision is taken to accept the *Award* or Judgment, and (iii) Payment could not be made on or before 31st *March for want of communication of order or sanction etc.*
- b) Provision has to be made for all other Pending *Accident cases occurred on or before 31st March*, at Rs 50000/- for each death case and Rs 25000/- for each permanent disability case *irrespective of the Claims received or not.*
- c) The Provision JE has **TO** be just *reversed* in March accounts or the ensuing year. Thus in March accounts of all Regional Offices, two JEs have to be *passed*, one for reversing the Provision JE in March accounts of Previous Year and making fresh Provision for Outstanding Expenses as on 31st *March of Current Year.*
- d) No provision need be made in respect of the *cases where the* required amounts are deposited in courts. The so deposited amounts shall not be charged to AH 6901 unless and until the case is decided by the Hon'ble Court. However, if the Court permits for drawal of the amount to some extent, the amount so permitted and drawn shall be charged to AH 6904.
- e) No provision need be made in respect of the injury cases. However, the claims in this regard have to be shown as Contingent Liability.

- f) Provision shall not be made merely taking-the number of accidents occurred but shall be made on the number of persons involved therein.
- g) The details of accidents *occurred* and number of *persons* involved as certified by the Depots shall be cross-verified with the Accident Record and the Compensation Claims *Record* maintained at Regional level and then only provision to be made shall be assessed.
- h) Thus it shall be ensured that there should not be any difference between the details that formed basis *for* making provision and that of furnished to the inspecting authorities like *AG Audit Parties* etc..
- i) Provision shall be made in all the *cases of* Accidents made by the vehicles of the Region irrespective of the place of accident whether it falls within the" Region or out side the Region. No provision need be made in case of *Accidents* made by vehicles of Other Regions even though the accidents are *occurred* in the jurisdiction of this Region and payments of compensation ere *arranged* by this Region on behalf of the Other - Region.
- j) For the above purpose, the details of *accidents made by* vehicles of the Region in places out side the Region shall invariably be obtained and taken into *account* while making provision. Similarly, the details of accidents made by the vehicles of other Regions shall be communicated on priority TO the *corresponding* Regions enabling them to make necessary provision.
- k) No Provision need be made in cases where other vehicles involved which are also *covered* by Third Party Insurance.
- l) The excess of Claim amount over and above the amount already charged off to expenditure (AH 6901 *or* 6904) (i) after payment or (ii) making provision has to be shown as Contingent Liability.

5. Incorrect valuation of Closing Stock of Stores and Spares

- a) Before accounting the closing stock of stores and *spares*, the *correctness of* the quantities shall first be verified.
- b) It shall be checked if the valuation of closing stock has been made with the latest weighted average rates.

- c) In case the valuation is made with the Issue Note rates, valuation with the latest weighted *average rates* shall be insisted from the Stores Department and then only the closing *stock* is taken into Accounts.
- d) In case the latest weighted average rates are not available with the Depot Supervisors, the same may be called for from the Zonal Stores and the valuation of closing stock may be made at Regional Level.

You shall, therefore, note the above and see that the Audit Observations are not recurred since any failure in this *regard* will give scope for avoidable comments from A.G.

If the same *paras are* repeated in the Annual Accounts 2004-05, it will be viewed seriously and the concerned Dy CAO / AO will be held responsible. The Dy CAOs/AOs shall, therefore, pay utmost attention and see that they are not repeated again.



CHIEF ACCOUNTS OFFICER

Encl: As above: