



## ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

L.No. OP2/758(4)/2020-MED

O/o THE VC & MD,  
RTC House, VJA-13.

CIRCULAR NO.08/2020-MED. DT.21.09.2020

SUB: **HSD OIL**- Proper accountal of HSD oil- Adjustment of Stock variation in HSD Oil in Under Ground Tanks at Depots- Re-iteration of instructions - Reg.

Ref : 1. Joint Accounts & Maintenance Circular No. 12/2009 – MED, dt.26.06.2009.  
2. Joint Accounts & Maintenance Circular No. 07/2019 – MED, dt.17.05.2019.

\*\*\*\*\*

Instructions were issued through various circulars regarding HSD Oil shortage/excess in under ground tanks at depots. Vide reference 2<sup>nd</sup> cited Dy.CMEs are advised to investigate immediately and take necessary remedial measures whenever the stock variation exceeds 0.15% over the issues in two consecutive months. Further, it was also advised to adjust the HSD shortage /excess to "ZERO" on 1<sup>st</sup> April of every year. If the stock variance is above 0.20% of the issues over the entire year, investigation committee consisting of DY.CME & Dy.CAO/AO of the region shall investigate the reasons and give report, including steps to be taken to overcome the problem. Write off sanctions for the stock shortage value have to be obtained from the competent authority. It is also advised to complete the investigation within one month and submit the factual note to RM so as to take further action for fixing up the responsibility depending up on the merits of individual cases.

Whenever the excess/shortage in HSD stock is less than 0.20% of the issues, the Regional audit staff shall verify the records from the last audit date and adjust the excess/shortage in MTD-29 returns. DMs have to take necessary action either to fix the responsibility or process for write off sanction. Further it is also advised to obtain write off sanction for the losses accrued due to shortage of HSD Oil once in a year periodically and not to accumulate over longer periods.

On review of the excess/shortages in HSD oil stock at Depots, it is noticed that adjustment in stock variation is not being done by the end of financial year. In some cases, even though adjustment is done on time, cases are not processed in time for obtaining write off sanction. Not adhering to circular instructions indicates the callous attitude of the field officers and Depot maintenance in-charges.

Further it is observed that the excess/shortages are at alarming level at certain depots as on 19.09.2020. As many as 31 Depots have registered shortage and 19 depots have registered excess of more than 0.2%.

Excess/Shortages in HSD stock usually results due to:

1. Not receiving/decanting the correct quantity of HSD oil as against the invoiced quantity, due to not following the stipulated procedure in receiving and decanting of HSD oil through tank trucks and its accounting.
2. Leakage of HSD oil from Under Ground Tanks and pipe lines connected to Dispensing Pumps leads to stock shortages due to loss of HSD oil.
3. Stock shortage also results due to excess delivery from Dispensing Pumps due to improper calibration of Dispensing Pumps and also due to defective functioning of metering units.
4. Excess delivery is really of a serious concern, since it boosts up the depot HSD KMPL and actual performance of buses and drivers cannot be assessed and also results in excess payment of monthly incentive on kmpl to drivers.

5. Similarly, reflection of excess stock in Under Ground Tanks is also an indication of improper maintenance of dispensing pumps, as it is mostly a result of short delivery from dispensing pumps and has also an adverse effect on HSD KMPL. Hence having excess stock in HSD Under Ground is also not acceptable.

As CPK on HSD is the high cost parameter governing the Operational cost and also keeping in view of the continuous rise in the prices of HSD during the past few years, there is every need to exercise strict controls on avoiding wastage of HSD oil apart from improving the performance.

In this context it is proposed to reiterate the following guidelines to the field officers and supervisors for strict adherence:

### **STOCKING & ACCOUNTING:**

1. The DC (Oils) is the custodian of HSD & other lubricants. He has to take daily dip readings of all the Oils and cross check with the book balances to arrive at the excess/shortage. The DC (Oils) shall verify the stock with the previous day issues. Any discrepancy has to be brought to the notice of the Maintenance In-charge.
2. The daily stock, receipts and issues of HSD oil have to be entered into the concerned stock register and arrive at the short/excess for that particular day. Separate folios have to be maintained for each ground tank on monthly basis.
3. HSD Oil bunk calibration shall be done every year with the help of Oil companies and Legal Metrology department. 5 Litre can shall also be calibrated at every 2 Years with the help of Legal Metrology department, it should not have any dents / damages.
4. Check for meter jump in dispensing pump during speed delivery i.e., dispense 50 to 100 litres of HSD with full speed in to a Half cut Barrel and measure the delivered product with a 5 liter can. If variation is found as compared to meter reading then there is a meter reading jump during speed delivery, even though delivery test into 5 liter can may not show any variation. Inform to the Oil company/ Legal metrology department immediately and get it corrected.
5. The Maintenance In-charge shall take the physical dip of HSD oil once in a week, cross check with the dip register and reconcile the stock.
6. The Depot Manager shall also witness the physical dips of HSD oil once in a week to know the status and endorse in the Register.

### **STOCK ADJUSTMENT:**

7. Excess/Shortages in stock of HSD oil must be adjusted on 31<sup>st</sup> March of every financial year and the variation in stock shall be made "ZERO" as on 1<sup>st</sup> of April.
8. Adjustments shall be made to the extent of excess/shortage (irrespective of whether the excess /shortage is less or more than 0.20% on issues since last audit) arrived after thorough verification by the Depot Maintenance In-charge and Accountant with the approval of Depot Manager, without waiting for the Regional audit teams.
9. When the adjusted shortage is less than 0.20% over the issues since last audit, Regional audit staff during post audit shall verify the records from the last audit date for correctness. If any discrepancies noticed in the records, they shall be brought to the notice of the Respective DMs under intimation to the Regional Authorities.



10. If the stock variance is above 0.20% of the issues over the entire year, investigation committee consisting of Dy.CME & Dy.CAO/AO of the region shall investigate the reasons and give report, including steps to be taken to overcome the problem.
11. The committee shall complete the investigation within one week and submit the factual note to RM so as to take further action for fixing up the responsibility depending up on the merits of individual cases. Write off sanctions for the stock shortage value have to be obtained from the competent authority.
12. DMs have to take necessary action either to fix the responsibility or process for write off sanction based on merits of the case.
13. Cases shall be processed within 15 days of such adjustments duly conducting Post Audit and write off sanctions be obtained for the adjusted quantities.

#### **MONITORING:**

14. Maintenance in-charge shall monitor shortages daily as the % of Excess/Shortages is printed in the MTD151 copy.
15. The excess/shortage of HSD oil for each of the Ground tank to be cross checked by DM and maintenance in-charge on fortnightly basis to arrive at the percentage of shortage over the consumption to know the trend and to take corrective action.
16. A Trend register shall be maintained to record monthly Excess/Shortages resulted in HSD oil stock. This shall contain data pertaining to previous 13 months starting from current month.
17. The register shall be reviewed by DM every month and initiate immediate corrective action incase abnormal variation is observed, duly involving the Oil supply companies and Legal Metrology department.
18. Dy.CMEs shall investigate immediately and take necessary remedial measures whenever the stock variation exceeds 0.15% over the issues in two consecutive months.

#### **PREVENTIVE MEASURES:**

19. Excess or Short delivery of HSD oil from dispensing pumps can be identified by conducting delivery test with 5 litre Can.
20. The maintenance in-charge shall conduct the bunk test every week and record observations in a register.
21. Dm shall also associate himself with the bunk testing once in a fortnight and record his observations in a register.
22. The variations noticed in delivery, if any, have to be rectified with the help of Oil Company and stamping to be done by Legal Metrology Department to avoid tampering. Efforts must be made to set the delivery with variation "as close to zero" as possible.
23. Leakage of product from the pipelines connected between Ground tank and dispensing pump can be identified by wetting of the sand over the ground tank and in the channel housing the suction pipe from ground tank to dispensing pump. This has to be brought to the notice of the Oil Company and get it rectified immediately.
24. Leakage of product from the storage tank can be identified by conducting Dormant test. The Under Ground tank shall be filled to its full capacity and keep the bunk un-operated for a period of 24 hours and record the dip readings on hourly basis. If there is no variation in the Dip readings, it confirms that there is no leakage from the tank or vice versa. If the leakage confirms, the DM shall alert the Oil Company duly informing to the Dy.CME/RM and take immediate action to minimise the loss at the earliest.

25. Check the length of dip stick regularly, for wear at the bottom, by measuring with the Steel tape and compare with certified chart, given for that particular under ground tank, by Oil companies. Wear at bottom of dip stick results in showing excess stock. Get the worn-out dipsticks replaced by the oil company. Use correct calibration chart for each U/G tank separately as supplied by Oil companies.
26. Bent dip sticks will also result in showing stock variations. Hence dip sticks, when not used, must be placed in horizontal position with proper supports along the length (preferably in a pipe) to avoid sagging.
27. Decanting procedures have to be followed meticulously while receiving and decanting the oil from the tanker. If any shortages are found, the same may be endorsed on the back side of all invoice copies duly taking the signatures of the tanker driver and ensure payment is not made to that extent of quantity found short.
28. Further, verify the HSD oil tanker decanting register for the supplies received if any with this tanker during the previous months. If the same tanker repeatedly is noticed with short supplies, it should be brought to the notice of the Oil supplying company to take action on the tanker to avoid further loss to the corporation.

**REVIEW:**

29. The RMs/DyCMEs to take up the review of the cases of excess/shortage of HSD oil in their periodical review meetings with DMs and Maintenance In-charges and ensure all the cases of HSD oil shortages are investigated into and corrective actions are taken.
30. RMs and DyCMEs shall also cross check the HSD oil stocks by taking dip readings in under ground tanks and also conduct bunk delivery test during their inspection/visit to depots.
31. Executive Directors (Zone) should review the status of the HSD oil shortages at depots in their jurisdiction, during PRC meetings and ensure that immediate corrective actions are initiated.

Hence all Regional Managers are advised to review the account of HSD oil properly at all depots and take immediate action to minimize the HSD oil shortages and ensure adjustment of HSD oil variances every year periodically as per the procedure.

  
Vice Chairman & Managing Director

To

**All Depot Managers.**

Copy to: ED(E), ED(O), ED(A), FA&CAO for information.

Copy to: All ED (Zones) for information.

Copy to All Regional Managers for information

Copy to: All Dy CMEs for information and necessary action.