

CHAPTER XVI

SUSPENSE ACCOUNTS

A—INTRODUCTORY

567. The account of the minor head "Suspense," sub-divided 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: (1) Purchases, (2) Stock, (3) Miscellaneous P. W. advances, (4) London stores, and (5) Workshop 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.

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B—PURCHASES

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

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(i) immediately on their receipt, if they have been received for a specific work, so that ~~the~~ ^{per contra,} the cost may be included at once in the accounts 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 469 and 474); and

(ii) on closing the 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 211).

569. 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

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plus or a *minus* credit to purchases, as the case may be. See also rule under paragraph 570.

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570. 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.

If the amount admitted in payment exceeds the amount credited to purchases, the difference should be charged direct to stock or to the work concerned.

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571. Unclaimed balances in the purchases account should be dealt with in accordance with the procedure prescribed for deposit balances in paragraph 622. Paragraph 623 regarding the repayment of lapsed deposits applies *mutatis mutandis* to repayments of lapsed balances of purchases.

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572. The account of this head be kept in form no. 67, 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

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573. The head "Stock" is opened in all divisions in which stocks of materials are maintained for general purposes, *vide* paragraphs 183 and 184. In divisions in which no stocks are maintained, this account should be opened only when any manufacture operations are undertaken.

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574. The money limit for the stock reserve of a division, prescribed by the Local Government, *vide* paragraph 184 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.

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575. The account head "Stock" is charged with all expenditure connected with the acquisition of stock materials and with all manufacture operations. It is credited with the value of materials 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.

576. The sub-heads of the stock account are Small stores, (2) Building materials, (3) Timber, (4) Metals, (5) Fuel, (6) Painters' stores, (7) House fittings, (8) Miscellaneous stores, (9) Land, kilns, etc., and (10) Manufacture.

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577. (a) The general account of the receipts, issues and balances of the suspense head "Stock" should be maintained in the suspense register, form no. 67. 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.

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The clearance of balances under "Transfer within division" should receive special attention.

(b) The subsidiary accounts of stock are described in Chapters VIII and XV.

D—MISCELLANEOUS P. W. ADVANCES

578. Transactions recorder under the head "Miscellaneous P. W. advances" are divided into four classes :

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- (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 made from bills cashed direct at the treasury, do not appear in the accounts of divisional offices. Advances made to contractors appear in the accounts of works.

579. When stores of any kind are sold on credit their value (*plus*, if recoverable, the percentage charges referred to in paragraph 187) should be debited to Miscellaneous P. W. advances under the sub-head "Sales on credit" so that (1) the accounts of stocks or works from

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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.

“In each case there must be authority for the sale on credit”

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580. 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 is chargeable to “Miscellaneous P. W. advances” pending recovery, to effect which action should at once be taken. See paragraph 585.

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581. 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.

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582. 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 under paragraph 504 and paragraph 518).

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583. No charges may be debited to “Miscellaneous P. W. advances” on the ground of absence or insufficiency of sanction or appropriation, except as provided for in paragraph 580.

The share of municipal taxes paid by the Government on behalf of tenants of government buildings under the provisions of paragraph 284, note 1 clause (c) should be debited to this head pending recovery.

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584. Items in the “Miscellaneous P. W. 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.

585. The detailed accounts of this head should be kept in form no. 67, 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 no. 65. 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.

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E—LONDON STORES

586. The head "London stores" is the suspense head through which are passed all transactions connected with stores obtained through the India 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.

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587. 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 Principal Auditor) for the month in which the payment was made in England.

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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 advice of payment.

NOTE—In order to avoid discrepancies in accounts, the sterling transactions should be converted into Indian Currency to the nearest pie and should not be rounded off even to the nearest anna.

588. On receipt of monthly statements of receipts disbursements of the Province from the Accounts Officer in England, the Accountant General will convert the sterling accounts in rupees at the average rate of exchange of the month and issue a memorandum of adjustment to the Executive Engineer concerned. On receipt

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of the adjustment memorandum the rupee value of the stores as advised by the Accountant General should be credited to the head 'S—Remittances—Cash Remittances, etc.—Public Works Remittances—III Other Remittances—Items adjustable by the Public Works Department, and debited to the head 'London Stores (charges in England)."

NOTE—No adjustment will be made on account of 'Loss or gain by [Exchange'.

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589. 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 587.

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590. 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 India 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 and 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 charge should be made in India for stores imported from England for the Central Government but eventually transferred to provincial governments, etc. In such cases the amount of the surcharge should be credited in the central section of the accounts under XLVI—Miscellaneous—Percentage chargeable on European stores for provincial governments, etc.

4. 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 of 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.

591. 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 Principal Auditor in respect of each item of the former class.

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592. 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.

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593. The transactions under this head should be recorded in detail in a monthly schedule, form no. 71, Schedule of London Stores.

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594. Indents on the Indian Stores Department, London, should indicate, the detailed classification of the charge, which in the case of the Public Works Department, is always the head "Charges in England—Stores (voted)" subordinate to the major head under which the suspense head "London stores" of the division is classified: *See* paragraph 118. In each case it should be added whether the cost is debitable to the revenues of the Province or those of the Central Government.

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(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 Buildings 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 and deposit works, will be classified as shown below:

50—Civil Works—Charges in England.

Stores for India.

Provincial—United Provinces.

Voted.

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F—WORKSHOP SUSPENSE

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595. When a workshop has been established, the accounts of which are kept in accordance with the rules in Chapter XVII, 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 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.

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596. The recorded expenditure on a job is removed from the suspense account only when, and to the extent, an adjustment is effected against the deposit received or against the service or other head concerned, *vide* paragraph 607. 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.

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597. 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 P. W. advances" pending settlement.

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598. The detailed account of this head should be kept in a suitable form prescribed in accordance with the rule in paragraph 600, the object being to maintain an account showing the cost of each job or operation and its adjustment from time to time.