

W/O 5 (30)

Annexure 'I'

KARNATAKA STATE ROAD TRANSPORT CORPORATION
CENTRAL OFFICES: BANGALORE - 560 027.

KST/CO/ACC/CADT/75/2002-03

May 17, 2002

CIRCULAR No.5

**Sub: Procedure to be followed while passing the Bills of
HSD / LUBRICANTS - reg. -**

1. Detailed instructions are contained in Chapter IX of Accounts Manual regarding payment of Bills and contingencies in the Corporation. Various certificates are prescribed in AM 90 at Page No.219 of the said manual. Certificate No.21, mentioned in the Accounts Manual under the chapter, deals with its insistence for arranging payment.
2. Like-wise detailed instructions have also been issued from the Stores & Purchase Department from time to time in the past regarding receipt and accountal of this precious item of Stores.
3. According to these circulars and the guidelines covered in the Accounts Manual, the HSD Bills preferred by the Oil Companies have to be accounted in the Register at the Depot and Divisional Stores with due attestation of the Depot Manager and Divisional Stores Officer respectively and should be certified about the genuineness of the claim by recording a certificate on the delivery challan-cum-invoice copies sent by them.
4. However, it has come to the notice of this office that this procedure was not scrupulously followed at the Depot and Divisional Stores of Mangalore Division in sending the bills raised by IOC for audit and payment. Instead, it is reported that the Divisional Accounts Section has passed the bills directly received from the fuel supplier, without corresponding verification from the Stores Officer. This direct processing has led to passing of bills on the basis of the "forged" signature of the Depot Manager, thereby resulting in irregular payments.

This was noticed by the Accounts Section later at the time of reconciliation of ground balance of H.S.D. held in the depot with the ledger balance as on 31-3-2002.

5. The non-adherence of the procedure laid-down in the Accounts Manual as also various circulars issued by the Purchase Department has led to such irregular payments. Hence, the procedure to be followed in audit of fuel bills is again reiterated in the following instructions;

- a. The Depot Manager should ensure proper receipt of diesel with reference to the delivery challan issued by the Oil Companies in response to the indents placed by him and certify the receipt with regard to the quantity duly accounting the same in the stock Register maintained for the purpose.
- b. The Depot Manager should send two certified copies of the invoice (original and duplicate) to the Divisional Stores for further action.
- c. The Stores Officer, on receipt of acknowledged copies of invoices, should ensure about proper account of stock in the Divisional Stock register and send original copy of the invoice duly certified to the Accounts Department for passing of bills.
- d. The Accounts Department on receipt of certified invoices from the Stores Department should check the correctness of the claim and pass only the invoices which are certified by the Stores Officer with reference to the consolidated bill raised by the oil company.

6. Further, as a matter of abundant precaution, the following guidelines should also be kept in mind;

- i. The specimen signature of the Depot Manager, the Divisional Stores Officer or their authorized nominees who are permitted to certify such bills in their absence should be kept in the Accounts Department for cross verification at the time of passing of bills.
- ii. There shall be a check on the quantity received in a given month with reference to the norms which are being fixed separately by the Mechanical Engineering Department.

32

- 3 -

- iii. The certificate recorded by the Depot Manager and the Stores Officer should contain the Registration Number of the Truck and this should be crossed checked with the one mentioned by IOC in their Invoice.
 - iv. The certificate to be recorded by the Depot Manager and the Divisional Stores Officer should be cross checked by the inspecting officers who visit the depots to ensure proper accounting has been done.
 - v. Monthly reconciliation of stock should be conducted by the Stores Officer with reference to the Ledger figures and such reconciliation should be certified by the Stores Officer, Divisional Mechanical Engineer, Accounts Officer and the Divisional Controller jointly.
7. The Divisional Controller, the Stores Officer, Divisional Mechanical Engineer, Accounts Officer and the Depot Manager will be jointly held responsible for any lapse or deviation observed in following the above procedures.
8. Receipt of the circular be acknowledged and compliance reported.


VICE-CHAIRMAN & MANAGING DIRECTOR

To
All Divisional Controllers, KSRTC, for information and necessary action.

Copy to: All the Functional Directors, KSRTC, Central Offices, Bangalore, for information.
All Heads of Departments, KSRTC, Central Offices, Bangalore, for information.
The SR-PS. to the VC & MD, KSRTC, Central Offices, Bangalore, for information.

Circular no-27

KARNATAKA STATE ROAD TRANSPORT CORPORATION
CENTRAL OFFICES, BANGALORE.

KST/CO/P/GEN/HSD/ 2079 /2002-2003

DT. 31/5/2002

CIRCULAR NO: 27

(Issued by the Stores and Purchase Department)

**MANAGEMENT OF RECEIPTS, ACCOUNTAL
AND PAYMENT IN PROCUREMENT OF
HIGH SPEED DIESEL**

- Ref: 1) Circular No KST/CO/S/SKL/2788 Dt. 9/7/1971
2) Circular No KST/CO/CS/5092/75 Dt. 17/1/1975.
3) Circular No KST/CO/P/III/G4/10601 Dt. 27/2/1986
4) Circular No KST/CO/P/III/G4/1307 Dt. 2/6/1992
5) Circular No KST/CO/P/III/G4/4786 Dt. 9/12/1992
6) Circular No KST/CO/P/III/G4/5771 Dt. 3/2/1994
7) Circular No KST/CO/P/3/HSD/1670 Dt. 24/6/1997
8) Circular No KST/CO/ACC/CADT/75/2002-03 Dt. 17/5/2002
issued from Accounts Department

The total purchase of HSD for all the four corporations put together works out to 530 Crores per annum approximately which constitutes for 35% of the total operating cost. In view of the huge financial implication, large scale volume of transactions involved and nature of the item being critical, the management of HSD comprising **Indenting, Receipt, Inventory and Issue management, Documentation, accounting and arranging payment** assumes special significance. A small savings in HSD by proper management will contribute to considerable cost reduction. **An iota of negligence in any of the areas of HSD management will result in huge financial loss to the Corporation.**

Though circular instructions have been issued from time to time in this regard, it is observed that these instructions have not been followed in some divisions, which has given room for malpractice resulting serious lapses attributing for huge financial loss, besides tarnishing the image of the Corporation. Therefore it is necessary to reiterate the circular instructions for effective implementation of HSD Management.

The details of procedures to be followed right from indenting to payments are enumerated in the following paragraphs.

1. Indenting

In the present system, the Depot Managers draw the HSD as and when required. However, the system of procuring of HSD based on business plan target is not followed in the Depots. Thereby the exact quantity of HSD required by the Depots is not being assessed at any level. In many cases it is observed that the Indents for next supplies are being forwarded by the Depot Authorities to Oil Company either by way of writing letters or on the back of the Invoice of supplies received or over phone. This type of indenting system is leading to confusion in accounting of receipt of Diesel at Depots and give scope for misappropriation during transit.

In view of this, the following procedure has been laid down for Indenting at Depot level for procurement of HSD.

- a) The monthly requirement of HSD of each Depot shall be determined by the committee consisting of Divisional Controller, Divisional Mechanical Engineer, Accounts Officer/Asst. Accounts Officer and Stores Officer/Ast Stores Officers and Divisional Statistician in the beginning of the year as a part of annual **Business Plan**. The committee shall workout the monthly requirement of each depot taking into consideration the Gross Kilometers to be operated by the Depot and Daily off take of HSD including all type of issues i.e., home consumption, issues to DG set and Domestic vehicles, issues to vehicles of other Depot/Division /Corporations/STU's, etc..
- b) The Depot Manager shall ensure that the procurement of HSD during the month is within the quantity fixed by the committee as stated above and no excess quantity is drawn. However, in case of any additional requirement due to exigencies/extra operations, the necessary permission be obtained by the Depot Manager/Authorised official either from Divisional Controller or from Divisional Mechanical Engineer. In case the permission is obtained orally, the same shall be confirmed in writing subsequently.
- c) The Depot manager shall place the indent to Oil Company in writing in the format prescribed as per **Annexure 'A'** in quadruplicate for supply of HSD indicating the full name and signature. The Original copy of the Indent for next requirement shall be sent to Oil Company, through the tank Truck Driver in a sealed cover addressed to Oil Company specifying the date on which the load is required duly obtaining the signature of the driver on the office copy of the Indent. Retain the 2nd

copy of the Indent at Depot as office copy. 3rd and 4th copies of the Indents shall be sent to Divisional Stores on receipt of the supplies, along with the certified copies of the Invoices.

- d) A separate control register be maintained for Indenting in the format prescribed at **Annexure 'B'** and all the Indents placed shall have control serial number with the Depot prefix code. For example, in respect of Indents placed by Kanakapura Depot the numbering system shall be

-KKP HSD/IND/001/02-03 Dt. 1/4/2002
 -KKP HSD/IND/002/02-03 Dt. 3/4/2002
 -KKP HSD/IND/003/02-03 Dt. 6/4/2002

The Serial Numbers starts afresh every financial year. ✓

- e) In the absence of the Depot manager, the Indents shall be signed by the next incharge of the Depot i.e., /AWS/Chargemen/ATS/TI/Accounts Supervisor with full name and signature.
- f) The specimen signatures of the Authorised signatories of the Indent shall be filed with the concerned HSD supply terminal of the Oil Company, Divisional Stores and Divisional Accounts in advance for verification of the signature by the Divisional Mechanical Engineer, duly signed by him.
- g) The Oil companies are informed not to supply HSD to Depots with out the Indent in writing duly signed by the authorised signatory. Therefore it is necessary to plan the requirement of HSD well in advance.

2. Receipt/Decanting

- a) A separate register shall be maintained only for inward/outward of HSD tank trucks at the Depot gate with the following details.

Date, Depot Indent No, Truck number, time in, Invoice No., Date, Qty as per invoice, Qty actual received (acknowledged qty), time out, name and signature of the driver of the Tank truck, signature of the Security official present at the gate.

- b) A separate HSD receipt control/decanting register be maintained at Depot Fuel Section in the prescribed format as at **Annexure 'C'** with the serial control with the prefix code of the Depot. For Ex. In respect of HSD Receipt Control No. of Kanakapura Depot the RC numbering system should be

-KPP HSD/RC/001/02-03 Dt. 1/4/2002

-KPP HSD/RC/002/02-03 Dt. 3/4/2002

-KPP HSD/RC/003/02-03 Dt. 6/4/2002

Separate Receipt Control no. be allotted to each Invoice.

- c) Along with the supplies, the Oil company forward 8 Invoice Copies detailed as under.

Original Copy(buyers Copy) -1

Transporter Copy -3

Extra Copy -4

- d) Certificate shall be endorsed with respect to actual quantity received in the format prescribed as at **Annexure 'D'** on the back of **all the eight copies** of the Invoice duly signed by the Depot Manager/Authorised signatory. In case of short Delivery, the signature of the Tank Truck Driver shall also be obtained for having accepted the short Delivery as per the format at **Annexure 'E'**. Rubber stamps with the format **Annexure 'D'** and **Annexure 'E'** should be prepared and used for this purpose.
- e) After decanting, out of 8 copies of the Invoices sent by Oil Company, four transporters invoice copies shall be returned to the Oil company through the Driver of the Tank truck acknowledging the receipt of the HSD.
- f) The Original Copy of the Invoice i.e., Buyers copy along with the second copy duly certified shall be sent to Divisional Stores along with the concerned copy of the Indents for recording the receipts and onward transmission to Accounts Branch with necessary Certificate by the Stores Officer/Asst. Stores Officer.
- g) Out of remaining 2 extra copies, one certified copy of the Invoice shall be retained at Security Gate and one Copy of the Invoice at Depot Fuel issue section as office copy.

- h) The Invoice shall be sent to Divisional Stores on the very next day of the receipt under the covering letter in the prescribed format as at **Annexure 'F'**.
- i) The other procedures in respect of receipt and decanting of HSD laid down vide this office Circular No. 14 Dt. 1997-98 issued under reference No. KST/CO/P/3/HSD/1670 Dt. 24/6/1997 remains unaltered and shall be scrupulously followed. Copy of the circular enclosed at **Annexure 'G'** for reference.

3. Documentation at Divisional Stores/Accounts

- a) On receipt of the certified copies of the Invoice from the Depot, the Stores Officer/Asst Stores Officer of the Division shall certify the receipt of HSD on both the Invoice copies based on the certificate issued by the Depot Manager as per the format at **Annexure 'H'** by means of rubber stamp. The Stores Officer/Asst Stores Officer shall ensure the Actual quantity received by conducting regular verification of Depot Records every fortnight. Out of the two copies received from the Depot, one extra copy of the Invoice shall be retained at Divisional Stores for records. Original Copy (Buyers Copy) of the invoice be forwarded to the Divisional Accounts Branch for arranging payment.
- b) Depot wise HSD stock registers be maintained at Divisional Stores and Stores Accounts Department to have check on HSD opening Balance, receipts, Issues and closing balances. Invoice wise entries shall be made along with the Depot Receipt Controller number, on the basis of certificate given by the Depot manager with regard to opening balance, receipts, issues and closing balance.
- c) Monthly opening and closing balance be tallied with the total receipts and issues during the month in the register maintained both at Divisional Stores and Accounts Department and be counter checked with the Monthly quota fixed for the Depot and with the Monthly physical inventory figures
- d) Before certifying the bill for payment, both Divisional Stores officer and Accounts Officer shall ensure that,
 - i) the Invoices are controlled with serial control numbers as prescribed above and there are no omissions/duplications in serial control numbers
 - ii) the Invoices are certified by the Authorised signatory at the Depot in respect of actual quantity received.

- iii) the signatures of the authorised signatory tallies with the specimen signature available at Divisional Stores and Accounts Department.

4. Accounting and Payment

Before preferring the HSD bills for payment, the circular guidelines issued vide No. KST/CO/ACC/CADT/75/2002-03 Dt. 17/5/2002 shall be followed for ensuring proper accountal of HSD transactions. The same are reproduced below.

- a) Detailed instructions are contained in Chapter IX Accounts manual regarding payment of Bills and contingencies in the Corporation. Various certificates are prescribed in AM 90 at page No. 219 of the said manual. Certificate No. 231, mentioned in the Accounts manual under the chapter deals with its insistence for arranging payment.
- b) According to the circulars issued by the Stores and Purchase Department and the guidelines covered in the Accounts manual, the HSD Bills preferred by the Oil companies have to be accounted in the Register at the Depot and Divisional Stores with due attestation of the Depot Manger and Divisional Stores officer respectively and should be certified about the genuineness of the claim by recording a certificate on the Delivery challan-cum Invoice copies sent by them.
- c) The procedure to be followed in audit of fuel bills is again reiterated as under:
 - i) The Depot Manager should ensure proper receipt of diesel with reference to the Delivery challan issued by the Oil companies in response to the indents placed by him and certify the receipt with regard to the quantity duly accounting the same in the stock register maintained for the purpose.
 - ii) The Depot Manager should send two certified copies of the Invoices(Original and Duplicate) to the Divisional Stores for further action.
 - iii) The Stores officer, on receipt of acknowledged copies of invoices, should ensure about proper accountal of stock in the Divisional Stock register and send original copy(Buyers copy) of the invoice duly certified to the Accounts Department for passing of Bills.

iv) The Accounts Department on receipt of certified invoices from the Stores Department should check the correctness of the claim and pass only the invoices which are certified by the **Stores Officer with reference to the consolidated bill raised by the Oil company.**

d) Further, as a matter of abundant precaution, the following guidelines should also be kept in mind:

i) The specimen signature of the Depot Manager, the Divisional Stores Officer or their authorised nominees who are permitted to certify such bills in their absence should be kept in the accounts Department for cross verification at the time of passing of bills.

ii) There shall be a check on the quantity received in a given month with reference to the norms which are being fixed separately by the team of officers mentioned above.

iii) The Certification recorded by the Depot Manager and the Stores Officer should contain the Registration Number of the Truck and this should be cross checked with the one mentioned by IOC in their invoice.

iv) The certificate to be recorded by the Depot Manager and the Divisional Stores Officer should be cross checked by the inspecting officers who visit the depots to ensure proper accounting has been done.

v) Monthly reconciliation of stock should be conducted by the Stores Officer with reference to the ledger figures and such reconciliation should be certified by the Stores Officer, Divisional Mechanical Engineer, Accounts Officer and the Divisional Controller jointly.

5. Inventory Management

At present the HSD inventory is being conducted once in three months. Hence forth the HSD inventory shall be conducted every month. The other procedure laid down for conducting HSD inventory remains the same which shall be followed scrupulously.

The Divisional Controller, Divisional Mechanical Engineer, Stores Officer/Asst. Stores Officer, Accounts Officer/Asst. Accounts Officers should check the above stated aspects once a month either during their inspection or routine visits to the Depots and make sure that the circular instructions are followed. They must issue a joint certificate in this regard and sent it to the Director(Tech) by 10th of every succeeding month. These officers shall clearly indicate these aspects in their monthly dairies to be submitted to their respective HODs.

The above circular instructions shall be scrupulously followed. The Divisional Controller, the Divisional Mechanical Engineer, the Stores Officer, The Accounts Officer and the Depot manager will jointly be held responsible for any lapse or deviation in the above procedure

Receipt of the Circular be acknowledged and report compliance.

SD/-

VICE CHAIRMAN & MANAGING DIRECTOR

Copy fwcs to:

- The PS to the VC&MD for kind information of the VC&MD
- The PS to the Dir(S&V) for kind information of the Dir(S&V)
- The PS to the Dir(P&E) for kind information of the Dir(P&E)
- The PS to the Managing Director, BMTC for kind information of the MD(BMTC)
- The PS to the Managing Director, NWKRTC for kind information of the MD NWKRTC
- The PS to the Managing Director, NEKRTC for kind information of the MD NEKRTC
- The PS to the Director(Technical) KSRTC, for kind information of the Dir(Tech)
- The Technical Advisor to VC&MD, KSRTC for kind information

Copy fwcs to All the HODs, KSRTC, Central Offices for information

Copy fwcs to All the Divisional Controllers KSRTC., for information and necessary action. They are requested to bring the circular instructions to the notice of the Accounts Officers/Asst. Accounts Officers, Stores Officer/Asst Stores Officers, Depot Managers of the Division and ensure that the Circular Instructions are followed.

Copy fwcs to the

COSP, NWKRTC, Hubli/COSP, NEKRTC, Gulbarga/COSP, BMTC Bangalore
For information and similar action.


DIRECTOR TECHNICAL

12

ANNEXURE- D

DEPOT MANAGER CERTIFICATE ON INVOICE

- a) This is to certify that the tank truck No..... is decanted by the team consisting of
- b) The seals of all the compartments were intact and the Dip reading of HSD in all the compartments of the Tank Truck is verified.
- c) The total quantity received isas against quantity of shown in Invoice No.....Date..... The Shortage noticed isLtrs/Nil. The signature of the Tank Truck driver is obtained in acceptance of short delivery on the back of the Invoice.
- d) The Receipt of HSD under this invoice is controlled in the HSD Receipt Control/Decanting Register of the Depot vide RC no.....Date.....

Seal and signature of the
**DEPOT MANAGER/
AUTHORISED SIGNATORY**

mw
20/5/2002

13

ANNEXURE E

Acceptance of Short Delivery by Tank Truck Driver
(to be obtained Incase of Short Delivery)

I here by accept the short delivery of Ltrs of HSD against
this invoice.

Signature of the Driver

Name..... Tank truck No.....

20/5/2002



ANNEXURE- H

STORES OFFICER CERTIFICATE ON INVOICE

Certified thatLtrs of HSD has been received and in good condition from IOC vide Bill No.....Dt..... through truck No..... and same has been taken to Stock register at Folio No.....

Seal and signature of the
STORES OFFICER/ASST STORES OFFICER

9022
20/5/2008

