

CHAPTER 13 – SUSPENSE ACCOUNTS

13.1 INTRODUCTORY

13.1.1 The account of Minor Head “799 – Suspense” under those functional Budgeted Major Heads of Accounts where expenditure on Works is involved like “2059 – Public Works” etc., with their Subordinate Sub-Major Heads in the Consolidated Fund of India, divided into as many of the three Sub-heads named below as may be required, is kept in each Division under a single Major Head of expenditure unless Government has directed otherwise:-

(1) Stock, (2) Miscellaneous Works Advances and (3) Workshop Suspense.

The above mentioned heads are of temporary character and all the transactions recorded under them, are ultimately removed either by payment or recovery in cash or by adjustment. These transactions, therefore, consist of both debits and credits, the latter being treated as reduction of expenditure when making up the account of Major Head.

In addition to the above mentioned Suspense Heads of Accounts in the Consolidated Fund of India, the Minor Head “129 – Material Purchase Settlement Suspense Account” below the Major Head “8658 – Suspense Accounts” in the Public Account of India, is also operated to account for the settlement of dues of the Suppliers of Stores, if payment is not made in the same month in which the stores have been received. In exceptional cases where the Department does not have required expertise, it may project its indent to the Central Purchase Organisation (e.g. D.G.S.&D) with the approval of Competent Authority in terms of the provisions of Rule 140 of General Financial Rules, 2005. The indent form to be utilized for this purpose will be as per the standard forms evolved by the Central Purchase Organisation. However existing procedure for the procurement of stores through D.G.S.&D shall henceforth be followed in such exceptional cases as per the detailed procedure laid down in Appendix-7C(b) of CPWA Code.

Besides the above mentioned Suspense Head another Minor Head “107 – Cash Settlement Suspense Account” below the Major Head “8658 – Suspense Accounts” is also operated for the settlement of inter-departmental transactions with Cabinet Secretariat and Ministry of Defence (See Paragraph 22.4.10)

13.2 MATERIAL PURCHASE SETTLEMENT SUSPENSE ACCOUNT

13.2.1 When materials are received from a supplier or from another department in India or abroad (see Note below) their value should be credited to the Minor Head “129 – Material Purchase Settlement Suspense Account” under the Major Head “8658-Suspense Accounts” as under:-

(i) Immediately on their receipt, if they have been received for a specific work, so that, per contra, the cost may be included at once on 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 paragraph 10.3.6 and 10.3.11); and

(ii) On closing the account 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 Note below paragraph 7.2.29).

Note 1:- The rules for the adjustment of transactions connected with stores obtained from abroad are contained in Appendix 6.

13.2.2. The following simplified procedure has been laid down to be followed in cases in which the procedure laid down in the above paragraph, entails much work:-

(i) A single transfer entry order known as Omnibus Transfer Entry Order, Form 53A may be prepared for all purchases of stores made **for specific works** in a sub-division during a month, but it should be written up as each transaction takes place, the entry being attested at once.

(ii) As soon as materials for a work are received from a supplier, a debit entry should be made at once in the works abstract in the column concerned, viz., “Contractors – Other Transactions”, or suspense head – “Materials” or “Final Charges”, as the case may be, should be made in the Omnibus Transfer Entry referred to at (i) above, brief particulars of the transactions being noted for purposes of identification.

(iii) If any item of supply be paid for during the same month, the amount paid should be noted in the relevant column and at the end of the month, the total of all items paid for during the same month should be worked out and only the net amount credited under Material Purchase Settlement Suspense Account.

(iv) The Omnibus Transfer Entry Order should be incorporated in the transfer entry book only at the end of the month so that it may not be necessary to copy out in detail the transactions paid for during the month.

(v) For all items paid for during the month, a single entry “Purchase made and paid for in the same month” should suffice in the transfer entry book, the suspense register of Material Purchases Settlement Suspense Account and the Schedule of “Material Purchase Settlement Suspense Account”.

In order to reduce clerical work, these transfer entry orders may be prepared in triplicate or through computer so that one copy thereof may serve as an authority for the transfer entry to be sent to the Pay and Accounts Office; the second copy may be pasted in the transfer entry book in the Divisional Office, and the third may be pasted in the Suspense Register.

13.2.3 When the actual value of the materials is not known, an estimated figure should be adopted, any difference being adjusted, as soon as known, by a plus or minus credit to Minor Head “129 – Material Purchase Settlement Suspense Account”, below the Major

Head “8658 – Suspense Accounts” as the case may be. (See also note below paragraph 13.2.4)

13.2.4 When the price of the materials is paid or adjusted by transfer, the payment should be debited i.e., Minus Credit to Minor Head “129 Material Purchase Settlement Suspense Account” and the outstanding credit under “Material Purchase Settlement Suspense Account” thus cleared.

Note – If the amount admitted in payment exceeds the amount credited to “M.P.S.S.A.” the difference should be charged direct to Stock or to the work concerned, and should not be shown as minus entry.

13.2.5 Unclaimed balances in the Material Purchase Settlement Suspense Account should be dealt with in accordance with the procedure prescribed for Deposit balances in paragraph 15.4.1. Paragraph 15.4.3 regarding the repayment of lapsed deposits applies mutatis mutandis to repayment of lapsed balances of Material Purchase Settlement Suspense Account. Outstanding balances lapsed to revenue and requiring adjustment on the basis of Old PAO Memos should not be equated to repayment of lapsed Deposits. The write back of such lapsed balances of “Material Purchase Settlement Suspense Account” are in the nature of corrections of erroneous adjustments and no precheck of such transaction is contemplated. Pre check by PAO would be necessary, if the amount is required to be paid to any party.

13.2.6 The account of this head should be kept in Form 67, “Suspense Register”, the details being recorded in a separate set of folios for each of two headings (1) Purchases for Stock and (2) Purchases for specific works (see also Rule 9 of Appendix 6).

13.3 STOCK

13.3.1 The head “stock” is opened in all divisions in which stock of materials is maintained for general purposes, vide paragraph 143 of the Central Public Works Department Code. In divisions in which no stocks are maintained, this account should be opened only when any manufacture operations are undertaken.

13.3.2 The money limit for the stock reserve of a division, prescribed by the Administrative Ministry/Administrator concerned, vide paragraph 143 of the Central Public Works Department Code, 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.

13.3.3 The account head “stock” is debited 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 account will represent the book value of the materials in stock plus the unadjusted charges, etc., connected with manufacture.

13.3.4 The sub-heads of the Stock account are:- (1) Small Stores, (2) Building Materials, (3) Timber, (4) Metals (5) Fuel, (6) Painters' Stores, (7) House Fittings, (8) Miscellaneous Stores, (9) Land, Kilns etc., (10) Manufacture and (11) Handling and other Incidental Charges Nos. (1) to (8) may be replaced locally by other suitable Heads, if necessary.

13.3.5 The general account of the receipts, issues and balances of the suspense head, "Stock" should be maintained in the Suspense Register, Form 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.

13.3.6 Expenditure booked under the sub-head "Handling and other incidental charges" should be brought to nil at the time of adjustment of profit and loss in the stock accounts as laid down in para 7.2.34 of this Code.

Note (a) The clearance of balances under "Transfer within Division" should receive special attention.

(b) The subsidiary accounts of stock are described in Chapter 7 and 12.

13.4 MISCELLANEOUS WORKS ADVANCES

13.4.1 Transactions recorded under Sub-head "Miscellaneous Works Advances" under the Minor Head "799 – Suspense" below the functional Major/Sub-Major Heads concerned are divided into four classes:-

- (1) Sales on credit
- (2) Expenditure incurred on Deposit Works in excess of deposits received
- (3) Losses, retrenchments, errors, etc.,
- (4) Other items

Note: No charges should be debited to this head on the ground of absence or insufficiency of sanction or appropriation except as provided in item (2).

13.4.2 When stores of any kind are sold on credit, their value (plus if recoverable, the Supervision charges referred to in paragraph 150 of the Central Public Works Department Code) should be debited to "Miscellaneous Works Advances" under the detailed head "Sales on Credit" so that (1) the accounts of Stock or Works from which the materials are issued may be kept correctly, and (2) the recovery of the value from the local body or individual concerned may be watched through the regular accounts.

Note – In each case, there must be authority for the sale on credit

13.4.3 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 annually to “Miscellaneous Works Advances” pending recovery to effect which action should be taken at once. See paragraph 13.4.7.

13.4.4 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

13.4.5 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 be determined at once;
- (2) recoverable debits not pertaining to the accounts of a work; and
- (3) recoverable outstanding appertaining to works, the accounts of which are closed vide paragraphs 10.5.19 and 10.6.8

Note – The share of municipal taxes paid by Government on behalf of licensees of Government buildings should be debited to this head, pending recovery

13.4.6 Items in the “Miscellaneous Works 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.

13.4.7 The detailed accounts of this head should be kept in Form 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 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.

13.5 WORKSHOP SUSPENSE

13.5.1 When a workshop has been established, the accounts of which are kept in accordance with the rules in Chapter 14, 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.

13.5.2 The recorded expenditure on a job is removed from the suspense head only when and to the extent that, an adjustment is effected against the deposit received or against the service or other head concerned, vide paragraph 14.2.4. 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

13.5.3 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 Works Advances" pending settlement.

13.5.4 The detailed account of the transactions under this head should be kept in a suitable form prescribed in accordance with the rule in paragraph 14.1.3. The object being to maintain an account showing the cost of each job or operation and its adjustment from time to time.