

CHAPTER VI

SUSPENSE ACCOUNTS

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CHAPTER VI

SUSPENSE ACCOUNTS

601. **General.**-Under Suspense heads are recorded transactions which can not be booked to final heads of account for any reason. Accounts operated in connection with inventories, such as materials held in stock and works-in process (Workshops) etc. and sundry debtors/creditors accounts are also treated as suspense heads of account. Transactions in the suspense heads are held temporarily pending clearance by payment or recovery or adjustment to the final heads of account. By and large, the following types of transactions are booked to suspense heads on the Railways:-

- (i) inventory accounts such as Stores Suspense, Purchase, Sales, Stores in transit, and Workshop manufacture Suspense, etc.
- (ii) cash advances made to various parties in terms of relevant contracts, pending recovery/adjustment;
- (iii) materials issued to contractors in terms of relevant contracts pending adjustment through the contractor's bills;
- (iv) To accommodate a transaction temporarily when detailed particulars or allocation are not known or when final acceptance of a party to the claim is awaited;
- (v) for serving as link between Commercial and Government systems of accounting vide paras [220](#) to [222](#) for the instant account of accrued earnings and expenses till these are realised, paid or adjusted.

Unless otherwise provided for by code rules or specific orders of competent authorities, the use of suspense heads for provisional adjustment of transactions ultimately adjustable under final heads should be avoided as far as possible.

Each transaction should be recorded in the suspense Register in sufficient detail, indicating full reference to the connected vouchers etc., so that there is no difficulty in tracing the source of the item at any time, and no item becomes inefficient merely due to non-availability of detailed particulars. Section officers (Accounts) should scrutinise each item and ensure that only such items are placed in Suspense Accounts which have to be kept there unavoidably in terms of the guidelines given above, and that the items are neatly posted with all the detailed particulars.

602. **Proving of balances.**-The balance under each of the Suspense Heads should be "proved" every month as far as possible, i. e., the balance in the general books subsidiary accounts where the figures appear, and it should be seen that the total is supported by details, and that the items are current and efficient. The reconciliation of balances under the Suspense heads at the end of each financial year must be complete in all respects.

603. In order to clear the items under suspense accounts, the Accounts Officer should, (when items are placed in a Suspense account due to absence of particulars, allocation, acceptance or similar reasons) at the time of passing the bill or voucher, take prompt measures to obtain the necessary information, acceptances, etc., for the removal of the items from suspense. It is not sufficient, in such cases, to await the monthly review of the Suspense accounts as required under the preceding paragraph.

604. (1) An item of receipt should not be carried to miscellaneous Advances, except for adjustment against a debit already there; (2) likewise, an item of payment should not be booked under "Deposits", except against a credit already in that account. (3) A recovery in excess of the amount at debit in Miscellaneous advances should be credited to the head of service concerned or to Deposits, and similarly, a payment in excess of the amount at credit in Deposits, should be debited to the head of service concerned or to Miscellaneous Advances.

REVIEW OF SUSPENSE BALANCES

605. The chief points to be looked into in examining and proving the different suspense items are indicated in the paragraphs which follow.

606. **Stores.-** It should be seen that--

- (a) the computerized stores ledgers or the Transaction Statements work up to the amount at debit of Stores in the General Books of Account;
- (b) the rates at which articles are priced on computer are in accordance with para 210-S and that due allowance is made for depreciation;
- (c) there are no entries of (i) quantities without values (ii) values without quantities, (adjustments should be carried out for all small value balances without quantity arising out of rounding off of rates) and (iii) minus values or quantities or both.
- (d) That the various Exception Reports generated on the computer in respect of overstocks, inactive items etc. are regularly reviewed and remedial action taken in time to avoid overstocks.

607. **Purchases (Imported/indigenous).**-It should be seen that-

- (a) all the credit items are current, and relate to bills payable for supplies received for which payment is outstanding; and
- (b) there are no debit items, except as provided for in paragraph 2815-S.

Note.-An advance payment made under contract for Purchase of Stores,

should be carried to miscellaneous Advances where such payment is made otherwise than against shipping documents.

608. Sales.- It should be seen that--

- (a) all debit items are current and that sufficient documentary evidence is available to claim recovery;
- (b) the sales have been made under competent authority, and that the proper departmental charges have been added to the book prices, when necessary; and
- (c) there are no credit items except in the case of cash sales, auction sales or sale by tender where the value of material sold is received in advance of actual issue of stores.

609. Workshop Manufacture Suspense.-The chief points to be looked into are-

- (1) that all the items are current and have been undertaken after the issue of a proper work order, under the sanction of a competent authority.
- (2) that the details consist of nothing else except labour, material and works oncost charges expended on unfinished jobs or completed jobs awaiting adjustment;
- (3) that there are no credit items in the details of balances and if there are any such items, they are noted for immediate adjustment;
- (4) that in the case of jobs undertaken for outsiders, sufficient deposit has been obtained as may be required by rules, and on the first appearance of such a work it is seen that an estimate is on record containing the extra departmental charges required to be levied under the rules, and that the estimate has been accepted by the party ordering the work; and
- (5) that there are no inefficient balances, and that the periodical adjustments in respect of overcharges and undercharges' under the on cost, manufacture and repair work orders are carried out regularly as laid down in chapter X of the Indian railway code for the Mech. Department (workshops), and the outstandings are not allowed to accumulate.

610. Miscellaneous Advances.- It should be seen that—

- (a) there are no credit items;
- (b) there are no items which can be carried to a final head of account or which can straightaway be adjusted through Transfers or settled through the Reserve Bank;
- (c) all items are current and are recoverable in cash or otherwise adjustable;
- (d) sufficient documentary* evidence exists to support recovery or adjustment;

*Note.-The documentary evidence by way of acknowledgement of debit to the Railway should be verified on the 31st march if no already done earlier.

- (e) all advances have been made under competent authority and
- (f) the entries in the accounts are confined to the following classes of items:-
 - (i) charges where the allocation are not known;
 - (ii) advances recoverable in cash or through adjustment ;
 - (iii) inter-departmental transactions awaiting acceptance by other department.

Note.- Transactions pertaining to other Government Departments should, as general rule, be adjusted directly through the head "M Remittances- 890-Accounts" with States (Railways) and not through "Miscellaneous Advances".

- (iv) expenditure incurred on other than government work in anticipation of receipt of deposits.
- (v) payments made in advance for stores to be supplied or transfer debits adjusted pending receipt of materials.
- (vi) Payments made in advance for local purchase of stores or expenditure of miscellaneous nature pending submission of accounts.

611. Demands Payable.-

- (a) the balance in this account should be proved item wise;
- (b) there should be no debit items;
- (c) outstandings under this heads should consist only of items of undischarged revenue liabilities.

612. Traffic Accounts.-the balances under Traffic Account should be proved by the balance sheets of the stations and the Accounts Office balance sheet. While scrutinising this account the items of unrealised earnings should be reviewed and steps taken towards their realisation.

613. **Other Railways.**--This account should be proved by the Traffic Book. Under the procedure laid down for adjustment of earnings the results of apportionment of through traffic transactions for a month are required to be transferred to other railway in the same months account by means of wireless messages in lieu of Transfer certificates and these are to be adjusted in accounts without waiting for formal acceptance to the advice of transfer. Normally. Therefore, there should not be any outstanding under this head at the end of the month. However, if there are should not be any outstanding these should be carefully scrutinised and adjusted in the accounts of the month in hand.

614. **Deposits (Other Deposits)-(1) Deposits-*Unpaid Wages.***--It should be seen that the balances outstanding under this head during each half year which were outstanding at the end of the preceding held-year are duly adjusted to the final head under Revenue working expenses or to the head "Miscellaneous Receipts" under works Expenditure Classification as laid down in [paragraph 319](#). The balance under this head in the General Books should be reconciled half-yearly with the aggregate of balances in the unpaid Wages Register ([A-316](#)).

(2) **Deposits-*Private Companies.***--As for "Other Railways".

(3) **Deposits-*miscellaneous.***--The balances under this head should be scrutinised to see--

(a) no items other than those indicated in paragraph 225 (3) appear under this head:

(b) there are no debit items;

(c) all the outstanding items rightly belong to this account, e. g.,-

(i) Sums received to be expended on works on behalf of agencies not belonging to the Central Government, such as individuals, States or Corporations,

(ii) Sums received as security for faithful performance of agreements,

(iii) Sums payable to contractors on closed accounts, vide paragraph 1715-E.

(d) all items are current and relate to works in progress or to agreements in course of fulfillment.

615. **Deposits of Branch Line companies.**--It should be seen that the amounts deposited by the Branch Line companies are correctly taken to account under this head, that all charges relating to works for which the deposits are made are correctly debited to this head and that there are no debit balances. It should also be seen that all items are current and relate to works in progress.

616. **F-Loans and Advances**--Loans to Government Servants and Miscellaneous Loans.-- The internal check of the balances under this head should be such as to enable the Accounts Officer to furnish the certificate required under paragraph 751 (3).

617. **Reserve Bank Suspense.**-the items outstanding in this Suspense Account should be reviewed to see that they pertain to debits (or credits) raised against the Railway by Accountants General and that no items are outstanding for which a clearance memo from the Reserve Bank has been received or for which the vouchers and schedules have been received from non-Railway accounts Officers. It should be seen that the entire balance under this head is cleared by the end of each financial year.

618. **M-Remittances.**-It should be seen that the items appearing under this Account represent transactions originating on the Railway which are adjustable with other Government Departments, and that there is no undue delay in the clearance of the items by the issue of Advice to Reserve Bank ([A. 418](#)) and the receipt of clearance memo from the Bank ([A.420](#)).

619. **Results of review.**-Items in the various Suspense Accounts which as result of review, are found to have been wrongly. Included therein, and also those which can otherwise be cleared should be noted for immediate adjustment.

620. **Half-Yearly Review of Suspense Balances.**-Half-Yearly Review of Suspense Balances outstanding in accounts for the months of may and November should be prepared in Form A. 620 by the Financial Adviser and Chief Accounts Officer and submitted to the Railway Board by 1st September and 1st March respectively.

[Form A. 620](#)
