

BANGLADESH RURAL ELECTRIFICATION BOARD

BREB INSTRUCTION 600-18

SUBJECT: MATERIAL ACCOUNTING POLICIES

I. Purpose:

This Instruction establishes policy and responsibilities for material accounting including maintaining of documents to record receipt, issuance, return of materials and transfer of materials from one project to other and one PBS to other PBSs.

II. General BREB Policy:

A. CS&M Directorate, stores control branch will not maintain stores record cards for the purpose of pricing materials. Project Director(s) offices and Material Accounting branch & General Accounts Section of Accounts Directorate will maintain a store ledger for each project. General Accounts Section of Accounts Directorate will maintain control ledger for all stores ledgers to record totals of all materials.

Project Directors' offices will feed back to General Accounts Section of Accounts Directorate in this respect. In applicable cases, Material Accounts Section of Directorate of Accounts will maintain store ledgers and control ledger as well.

Project Directors' offices will prepare Material Schedule and Journal with material code and send them of General Accounts Section of Directorate of Accounts for necessary incorporation.

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Project Directors' offices will also prepare Debit/Credit memorandum and send to the concerned PBSs, providing copy to General Accounts Section of Directorate of Accounts.

B. Receiving Reports will be prepared by the receiving warehouses at the time of receipt.

**C. Issue Vouchers:**

1. For materials issued to PBSs or BREB for their own consumption, vouchers will be sent to Accounts Directorate/Project Director(s) on a regular basis for normal accounting processing.

2. Project Directors' offices will be responsible for pricing the materials. The weighted average price list will be prepared on the basis of the Book Cost of the Materials reflected in CPR maintained by the Directorate of Accounts. While pricing the materials, Store Expenses un-distributed and CD VAT will be added. Freight, Sales Tax and any other charge will also be considered, if applicable.

Project Directors' offices and Material Accounting Section of Accounts Directorate will periodically reconcile the prepared material List with the Warehouse.

3. **Unused Materials:** Unused materials will be reconciled with the Stock Register of the Warehouse(s), after completion of the project.

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4. For materials issued for construction work orders:

a) Issue Vouchers on work orders will be sent to Accounts Directorate/Project Director(s) regularly for accounting processing.

b) Issue Vouchers on work orders will be accumulated by work order number and controlled by the concerned XEN. On completion of the work orders, all closeout documents including issue Vouchers, and the construction inventory will be sent to the Accounts Directorate/Project Director(S) for accounting processing.

D. Pricing of imported materials will be done on the basis of the prevailing exchange rate be derived from Economic Relations Division (ERD), on the date of receipt of the materials.

E. Issue Vouchers for warehouse transfers will not be sent to the Accounts Directorate/Project Director(s) Offices.

F. All unused materials issued for any purpose is to be returned to stock. It will be priced on current price at the time of return.

### III. PROCEDURES:

#### I. General

This Instruction is concerned primarily with the procedures to be used in the Material Accounting Branch/External Bill Section/General Accounts Section of Accounts Directorate/Project Director(s) Offices in posting to ledgers, Pricing of materials and reporting. Some operations in CS&M Directorate may be touched on as they affect what is being done but the main thrust is accounting.

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## II. Transactions:

The following transactions will be used in material accounting:

1. Receiving Reports- two (2) kinds:
  - a. For goods purchased both locally and imported.
  - b. Warehouse transfers.
2. Issue Vouchers-three (3) kinds:
  - a. Sales to PBS & BREB for their own use.
  - b. Construction
  - c. Warehouse transfers.
3. Warehouse Return- two (2) kinds-
  - a. Returns by contractors from construction jobs
  - b. Returns by PBS & BREB.
4. Salvage Tickets.
5. Scrap material Ticket.

All transactions except warehouse transfers are to be posted to the Stores ledgers. The stores ledgers consist of ledger sheets bound in loose leaf form with hard covers. Each sheet provides for one store item number. The stores item number and the description are shown at the top of the page. In the body of the sheet there are provided three (3) separate areas, one for receipts, one for issues and one for the balance. As material is received, the balance increases; as issues are made, the balance decreases. In the balance area there is a column for value and for unit price. There is a separate stores ledger for each Project. The transactions will be considered in order of listing.

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### III. Instructions:

#### A. Receiving Reports:

A receiving report is originated when material is received. It is prepared in an original and four (4) copies. Two copies are sent to material accounting/Project Director(s). The Form is a pre-numbered form and all numbers must be accounted for. It shall contain information, the Issue Voucher number and the work order number or account numbers. The receiving report will not be prepared for material returns for salvage.

The invoice (s) applying to the Receiving Report are also to be shown. There is also date needed for filing damage or other claims, if necessary.

When the two copies are received in Material Accounting/concerned PD Office, they should be date stamped to show when received. The invoices are received separately and should also be stamped. The tickets are then posted to stores ledgers as follows:

1. Separate by Project.
2. Match the tickets to the invoices. On the original ticket only, Price the ticket according to the invoice or the material schedule. Show the total for each item including freight; Distribute sales tax and any other charge (if applicable) that need to be spread to all the items. On dividing the total for each item by the quantity of the item to get a unit price and show the unit price in the applicable column on the report.

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