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MINISTRY OF FINANCE, PLANNING AND  
ECONOMIC DEVELOPMENT  
COLOMBO 01

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DMA/PRF/10/2025-Asset Transfer Guideline

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Your No

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திகதி  
Date

27/05/2025

All Secretaries to Ministries

Chief Secretaries of Provinces

Heads of Departments

Districts Secretaries

Heads of Government Corporations/ Statutory Bodies /State - Owned Enterprises

## Project Management Guidelines – Supplementary Guidance on Asset Transfer

This supplementary guideline is issued as a further clarification to the section No. 05 of the Project Management Guidelines DMA/02/2024, dated 24 October 2024 issued by the Ministry of Finance, Economic Development, Policy Formulation, Planning and Tourism.

2. The Department of Management Audit (DMA), through its participation in Project Audit and Management Committee (PAMC) meetings across various development projects, has observed a significant number of audit queries related to the improper recording and transfer of construction and movable assets acquired during project implementation.

3. Typically, these development projects are financed through foreign or domestic sources, and the expenditures are incurred through the respective votes of the line ministries. However, it has been noted that:

- Construction assets and movable assets are frequently not properly recorded in central government accounts before they are transferred to the respective implementing agencies or State-Owned Enterprises (SOEs).
- Movable assets, that are depreciated and accounted for as part of project costs, are often not transferred at their Net Book Value (NBV) with adequate documentation.

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4. To address these concerns and enhance transparency and accountability in public asset management, the DMA has developed an Asset Transfer Guidelines, as a supplementary document to DMA/02/2024 Project Management Guidelines.
5. This supplementary guideline aims to assist line ministries and project management units in ensuring that;
- All construction-related assets are capitalized and recorded in the books of the line ministry prior to being transferred to SOE.
  - Movable assets acquired for project implementation are transferred at NBV after depreciation, with proper documentation.
  - Transfers to SOEs are supported by formal agreements and acknowledged in both parties' asset registers.
6. Accordingly, all concerned entities are required to strictly adhere to the instructions outlined in this supplementary guideline regarding recording and transfer of construction and movable assets acquired during the implementation period of the respective projects implementing under your Ministry, Department, Provincial Council or Statutory Body.



A.P. Kurumbalapitiya  
Director General

Copies:

01. Secretary to the President
02. Secretary to the Prime Minister
03. Secretary to the Cabinet of Ministers
04. Auditor General
05. Secretary to the Finance Commission

## **Supplementary Guideline to Management Audit Circular No: DMA/02/2024**

### **Completion of the Project and Transfer of Assets – Supplementary Guidance to Article No. 05 of Project Management Guidelines DMA/02/2024**

#### **1. Introduction**

This supplementary guideline is issued as a further clarification to the section No. 05 of the Project Management Guidelines DMA/02/2024, which outlines procedures for the completion of development projects and the transfer of assets.

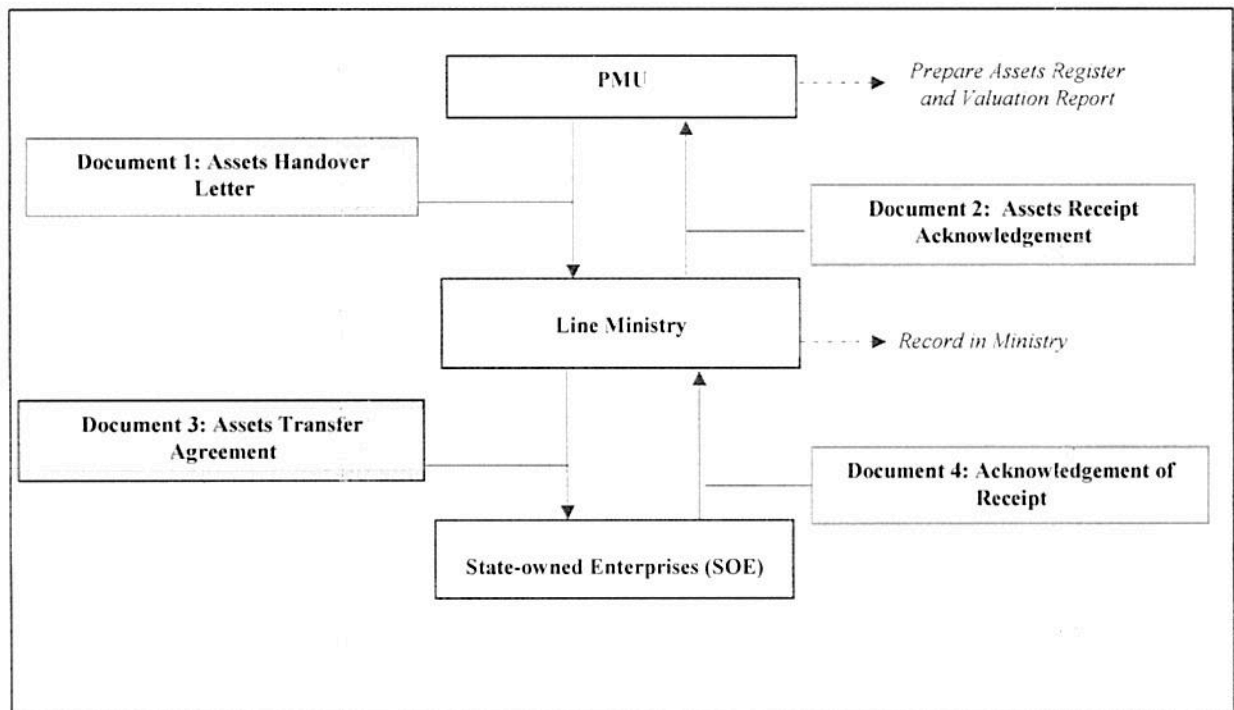
Recent reviews conducted by the Department of Management Audit (DMA), particularly during Project Audit and Management Committee (PAMC) meetings, have identified several recurring issues in recording, capitalizing and handing over construction and movable assets acquired during project implementation.

#### **Key Observations:**

- i. Construction assets are recorded as Work in Progress (WIP) during the implementation period. However, upon project completion the finalized assets are often not transferred or recorded in the books of the respective line ministry.
- ii. Movable assets (e.g., vehicles, laptops, office furniture), through depreciated under project costs, are often not transferred with appropriate documentation and Net Book Value (NBV).
- iii. Transfers assets to State-Owned Enterprises (SOEs) frequently lack formal agreements and adequate recording in the recipient entity's asset registers.

To strengthen transparency and financial accountability all relevant entities are directed to adhere to the following practices upon project closure:

## 2. Flowchart: Asset Transfer Process from Line Ministry to SOE



## 2. Standard Procedures for Asset Transfer

### 2.1 Construction Assets (Works in Progress – Capital Assets)

- All Capital Work in Progress (CWIP) should be maintained by the Project Management Unit (PMU) during project implementation period.
- Upon completion, CWIP should be capitalized in the Line Ministry's books.
- A formal valuation report should be used for capitalization and accounting.
- If assets transferred to SOEs;
  - Ensure complete **transfer documentation** is maintained.
  - SOE must acknowledge** receipt in their asset register.

## 2.2 Movable Assets (Depreciated under Project Cost)

Movable assets (vehicles, laptops, furniture etc.) used during the project:

- i. Depreciation should be properly charged to project cost
- ii. Assets should be listed separately at project closure
- iii. Transfer to the line ministry at NBV, with complete documentation and asset registers.
- iv. Line Ministry should record them at NBV in its register
- v. If assets transferred to SOEs;
  - Ensure a formal transfer agreement.
  - Obtain written acknowledgment from SOEs.
  - Update both parties' asset registers accordingly.

## 2.3 Documentation Standards

The following Asset Transfer and Receipt Documents should be used by the PMUs, Line Ministries and SOEs for proper documentation in standardizing asset transfer processes:

- Document 1: Asset Handover Letter (Project to Line Ministry)
- Document 2: Asset Receipt Acknowledgement (Line Ministry)
- Document 3: Asset Transfer Agreement (Line Ministry to SOE)
- Document 4: Acknowledgement of Receipt (SOE)

## 3. Integrated Responsibilities for Assets Transfer (Construction and Movable Assets)

Step	Action	Responsible Party
1	Prepare Asset Register for CWIP and Movable Assets (with depreciation)	PMU
2	Conduct valuation (CWIP) and calculate NBV (movable assets)	PMU / Valuation Dept.
3	Handover Construction Assets and Depreciated Assets to Line Ministry	PMU
4	Capitalization and recording in books	Line Ministry
5	Transfer to SOEs with agreements (if applicable)	Line Ministry
6	Update Asset Register	Line Ministry/ SOE

#### **4. Additional Notes on Compliance Requirements:**

- i. All asset transfers should comply with Financial Regulations 770–771 for disposal and transfers of assets.
- ii. Depreciation methods should align with Public Sector Accounting Standards/Treasury guidelines or donor-specific agreements.
- iii. The final **project audit** must verify assets;
  - a. Properly accounted.
  - b. No double-depreciation .
  - c. Net book value are properly recorded.
  - d. Validity of legal documentation for SOE transfers.

#### **5. Implementation**

All ministries, departments, and relevant entities are instructed to implement these supplementary measures with immediate effect to ensure efficient asset management and audit readiness upon project closure.

#### **Annexures:**

**Annexure I:** Document 1 – Asset Handover Letter (PMU to Line Ministry)

**Annexure II:** Document 2 – Asset Receipt Acknowledgement (Line Ministry)

**Annexure III:** Document 3 – Asset Transfer Agreement (Line Ministry to SOE)

**Annexure IV:** Document 4 – Acknowledgement of Receipt (SOE)

## Document 1: Asset Handover Letter (Project to Line Ministry)

### ASSET HANDOVER LETTER

Date : [DD/MM/YYYY]

Ref No: [PMU/Asset/2025/\_\_\_]

To:

[Secretary]

[Name of the Line Ministry]

[Address]

**Subject: Handover of Project Assets upon Completion of [Project Name]**

We hereby hand over the following assets acquired under the project [Project Name], implemented under Vote No. [XXXX], funded by [Donor/Fund], to the Line Ministry.

A. Construction Assets (Completed)

B. Movable Assets (Transferred at Net Book Value after Depreciation)  
(Depreciation already charged under project cost)

#### Attached:

- Annex I: Asset Register (Construction Assets)
- Annex II: Asset Register (Movable Assets with NBV)
- Annex III: Valuation/Depreciation Reports
- Copy of Vote Allocation Summary

Please confirm receipt and proceed with capitalization and/or transfer actions as required.

Sincerely,

[Name]

Project Director

[Project Name]

[Contact Info]

Copy to – Comptroller General Department

## **Document 2: Asset Receipt Acknowledgement (Line Ministry)**

### **ASSET RECEIPT ACKNOWLEDGEMENT**

Date : [DD/MM/YYYY]

Ref No : [Min/Asset/2025/\_\_\_]

To:

Project Director

[Project Name / PMU]

[Address]

**Subject: Acknowledgement of Receipt of Project Assets – [Project Name]**

This is to confirm that the Line Ministry has received the assets listed below from the [Project Name] implemented under Vote No. [XXXX].

The assets have been received as follows:

- Construction Assets: [No. of Items / Total Value]
- Movable Assets (after depreciation): [No. of Items / NBV]

The assets will be:

- Recorded in the Ministry's Fixed Asset Register
- Entered in CIGAS and Financial Statements
- Transferred to [Name of SOE] (if applicable) under proper documentation

Signed,

[Name of Ministry Officer]

Designation: [Secretary / Additional Secretary / Chief Accountant]

Ministry of [\_\_\_]

Copy to – Comptroller General Department



## Document 3: Asset Transfer Agreement (Ministry to SOE)

### ASSET TRANSFER AGREEMENT

This agreement is entered into on this \_\_\_\_ day of \_\_\_\_\_, 2025, between:

The Ministry of [\_\_\_\_\_]

(Address)

Hereinafter referred to as the "Transferor"

AND

[Name of State-Owned Enterprise]

(Address)

Hereinafter referred to as the "Recipient"

Whereas:

- The Transferor has received project assets from [Project Name]
- The Recipient is designated as the operational custodian of said assets

Now therefore, both parties agree as follows:

#### 1. Assets Transferred

As per attached Schedule I (Asset List with Description, Value, Depreciation, Location)

#### 2. Transfer Basis

Assets are transferred free of charge / on loan / under lease [select one].

#### 3. Responsibilities

The Recipient shall:

- Acknowledge receipt
- Record assets in its financial statements and asset register
- Maintain and safeguard the assets
- Report any disposals/transfers as per relevant regulations

#### 4. Effective Date

This transfer is effective from [DD/MM/YYYY].

Signed:

For the Ministry of [\_\_\_\_\_]

Name:

Designation:

Date:

For [SOE Name]

Name:

Head of the SOE:

Date:

## **Document 4: Acknowledgement of Receipt (SOE)**

### **ACKNOWLEDGEMENT OF ASSET RECEIPT**

Date: [DD/MM/YYYY]

Ref: [SOE/Assets/2025/\_\_\_\_]

To:

[Secretary / CAO]

Ministry of [\_\_\_\_\_]

We hereby acknowledge receipt of the assets listed in the attached schedule (Schedule I), as per the Asset Transfer Agreement dated [DD/MM/YYYY], from the Ministry of [\_\_\_\_\_].

We confirm these assets have been:

- Received in good condition
- Entered into the SOE's Asset Register and Accounts
- Assigned to relevant operational units

Authorized Signatory:

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[Name]

[Designation]

[SOE Name]