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Date }

Assets Management Circular No: 04/2018

All Secretaries to the Ministries,
Chief Secretaries to Provincial Councils,
Heads of Departments,

Non Financial Assets Management – Introducing Financial Limits for Reporting and Assessments of Assets

Basic foundation for a proper procedure to be followed in non financial assets and cost management has been laid down in the Assets Management Circular No: 01/2017 and the necessity for preparation of a centralized data system for all the non financial assets of the government has been emphasized in this Circular.

02. Accordingly, all the government institutions should submit accurate information on all the non financial assets under the purview of their institutions to the Comptroller General. The value of non financial asset of government should be calculated accurately at the time of reporting.

03. A ceiling of Rs. 5,000/= has been introduced in reporting non financial assets for the convenience of the non financial assets management of the public sector and to minimize the high cost and more period of time that has to be incurred and spent to maintain accounts for a large number of items with low financial values.

04. Accordingly, as the ceiling for reporting non financial assets of all the government institutions is Rs. 5,000/=, assets valued Rs. 5,000/= or more should be reported identifying as non financial assets.

05. Assessment methodology has been given for each category in the Circular No. 01/2017 for the assessment of below given assets categories I-V.

- I. Vehicles
- II. Lands and buildings
- III. Office equipment and furniture
- IV. Plant and machinery
- V. Structures

06. Accounting value of the assets should be obtained following the assessment methodology presented in the Annex 01 of this Circular. This assessed value should be applied for the accounting purposes only.

07. Actions should be taken to assess the assets as per the instructions in this Circular with effect from 01.01.2019.

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Sgd.: R.H.S. Samaratunga
Secretary to the Treasury

Copies:

1. Auditor General
2. Commissioner General of Motor Traffic
3. Chief Valuer
4. Director General, Department of State Accounts



Democratic Socialist Republic of Sri Lanka

Guideline for Assessing Non-Financial Assets

Issue Date : 31/12/2018

Effective Date : 01/01/2019

COMPTROLLER GENERAL'S OFFICE

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1. Assessment of vehicles

Government owned vehicles are categorized under two categories as purchased vehicle and leased vehicles and terms and conditions for assessing such vehicles has been given below,

1.1 Purchased vehicles

All the vehicles belongs to the government have been categorized under each category in relevant to the period of time that purchased or registered such vehicles and actions should be taken to asses these vehicles as per the methodology mentioned herein

Category 1 - Vehicles purchased and registered before 01.01.1996

Category 2 - Vehicles purchased and registered between the period from 01.01.1996 to 31.12.2013

Category 3 - Vehicles purchased and registered between the period from 01.01.2014 to 31.12.2018

1.1.1 Category 1

Vehicles belongs to this category should be identified under two components, that is general purpose vehicles and special purpose vehicles.

Cars, vans, cabs, motor cycles, buses etc are categorized as general purpose vehicles under this category. Since it is not practical to get assessed value for these vehicles, actions should be taken to get proper nominal value for these vehicles assessed by a committee as per the section 1.3.3 of this Circular.

The special purpose vehicles like trains, ships, military vehicles, aero planes should be assessed by a committee as per the section 1.3.5 of this Circular.

1.1.2 Category 2

The institutions which have more than 10 vehicles of the same year of manufacture, same type, and same brand, the assessed value can be obtained by assessing a sample of 05 vehicles instead of assessing all the vehicles and mean value of this assessed value can be used as the value of the vehicle. This methodology should only be used for the first assessment.

Assessment of all the general purpose vehicles belongs to this category should be carried out by a committee as per the section 1.3.3 of this Circular and the special purpose vehicles like trains, ships, military vehicles, should be assessed by a committee as mentioned in this guidelines (1.3.5).

1.1.3 Category 3

In assessing the vehicles that are purchased and registered during this period the total of the price of the vehicle and the cost incurred to make it to the running condition should be used as the assessed value of the vehicle.

1.2 Leasing

1.2.1 Operational leasing

As the vehicles obtained under the operational leasing are not owned to the government and there is no need to assess the value of these vehicles.

1.2.2 Financial leasing

As these vehicles are owed to the government and therefore the value should be assessed. In assessing this value actions should be taken to get the assessed value as mentioned in above No. 1. For a vehicle obtained under the financial leasing method within the period mentioned in above category 3, the agreed financial value (excluding financial leasing interest) should be used as the assessed value.

1.3 General matters

1.3.1 It is obligatory to obtain an assessment for every vehicle once in 05 years.

1.3.2 In disposal of vehicles, it is essential to follow the instructions in the Public Finance Circular No. 2/2015.

1.3.3 Assessment of vehicles should be performed by a committee comprised of not less than 3 members including an Executive Officer and an Examiner from the Department of Motor Traffic who are appointed by the Head of the Institute.

1.3.4 If more than Rs. 05 Lakhs has to be incurred for repairs when the vehicle met with an accident the value of this vehicle should be assessed by a committee as per the above 1.3.3 or 1.3.5 and this assessed value should be considered a the assessed value of the vehicle.

1.3.5 Assessment of vehicles should be performed by a committee comprised of not less than 3 members including an Officer with a special knowledge in relevant to the assessment of vehicles and an Executive Officer who are appointed by the Secretary to the Ministry/Chief Accounting Officer.

1.3.6 If assessment has been carried out by within a period of 5 years closer to the date 01.01.2019, this assessed value should be applied. If assessment of vehicles has been carried out within this period, next assessment should be carried out at the date which complete 5 years from the date of the first assessment.

2. Assessments of Lands and Buildings

As the assessors with substantial experience and professional qualifications should be used in assessing lands and buildings, in such cases assessment reports should be obtained from the Department of Valuation, the government accepted institute.

Lands and Buildings should be assessed separately. If lands and buildings have already been assessed as one, it should be re assessed separately.

2.1 Lands

It is essential to assess all the lands belongs to the government and priority should be given to assess the lands where government offices, holiday resorts and workshops are located.

For the lands purchased from 01.01.2014 to 31.12.2018 or alienated on the value assessed by the Department of Valuation purchased or alienated value and the expenditure incurred to make it utilizable condition should be taken as the assessed value of the land. All the other lands should be assessed by the Department of Valuation.

2.2. Buildings

The following steps should be followed to all the other buildings except the buildings that are identified as historical heritages.

2.2.1. Buildings at construction stages

The total expenditure incurred up to date for the construction of buildings should be taken as the value of the building.

2.2.2. Constructed/ purchased or alienated buildings

These buildings are categorized under the following categories and actions should be taken to assess under each categories following the below given methodology.

Category 1- buildings purchased or alienated before 01.01 2014

Category 2- buildings purchased or alienated within the period from 01.01 2014 to 31.12.2018

2.2.2.1. Category 01

Actions should be taken to assess these buildings by the Department of Valuation. If valuation report has been obtained within the period of 5 years ending 01.01.2019 this assessed value can be used. However if this period has been exceeded it should be revalued as per the section 2.3 herein.

2.2.2.2. Category 02

The buildings constructed within this period do not required to assess again and all the expenses incurred to bring it to the utilizable condition should be applies as its value. For the buildings that are purchased or alienated within this period, the total of the expenditure incurred to purchase and the expenditure incurred to bring it to the present status should be taken as its value.

2.3. Common matters

Lands and Buildings should be re-assed at each 5 years. If there is any material effect that could cause reduction to the value of the land or the building within the relevant period of time, it should be reassessed at that time.

3. Office Equipment and Furniture

In assessing the value of the office equipment and furniture assessment should be carried out specially focusing on maintaining fair market value following the below given procedure.

3.1 Purchased or manufactured before 01.01.2016

In assessing the office equipment and furniture that are purchased or manufactured during this period the value given by a Committee appointed as per the 3.3.2 of this Circular should be utilized as the assessed value of it.

The Committee should consider the historical cost, effective life span, market value and other relevant matters of such equipments in assessing it.

In assessing the value of the information communication equipment, attention should be focused to it's technical outdatedness in addition to the above mentioned matters.

3.2 Purchased or manufactured within the period from 01.01.2016 – 31.12.2018

Purchased price with tax should be utilized as the value of the goods purchased within this period. If there are goods that are manufactured within the organization itself, the production cost should be its assessed value.

3.3 Common matters

3.3.1. Assessment report should be obtained for office equipment and furniture once in every 5 years. However, if there is any material effect that could cause reduction to the value of the office equipment and furniture within the relevant period of time, it should be reassessed at that time.

3.3.2. The Head of the Department should appoint a committee not less than three members including an Executive Grade Officer, for the valuation.

4. Plant and Machinery

In assessing the plant and machinery it should be identified under the following 02 categories and the assessment procedure should be decided accordingly.

- Category 01 - Ordinary use
- Category 02- Special use

4.1 Category 01

Plant and Machinery that are operated without special technical skill or training for day today purposes are included in this category (Air conditioners, Photo copy machine etc.). The procedure used to assess office equipment and furniture under above no. 03 should be followed.

4.2 Category 02

Plant and Machinery that required special technical skills and training to operate and used for day today or special purposes are included in this category.

Ex: X-Ray Machine, Metrological equipments

These equipment are identified again under 02 categories

1. Purchased or manufactured before 01.01.2016
2. Purchased or manufactured within the period from 01.01.2016 - 31.12.2018

4.2.1 Purchased or manufactured before 01.01.2016

The Chief Accounting Officer of the relevant Ministry should take actions to appoint a Committee comprised of not less than three members including an Executive Officer to assess the plants and Machinery belongs to this category and the value given by this Committee should be utilized as the correct assessed value.

4.2.2 Purchased or manufactured within the period from 01.01.2016 - 31.12.2018

Total of the purchased price with tax and the expenditure incurred to convert it to current working condition should be utilized as the value of the plant and machinery purchased within this period. If the value has been assessed within 5 years this value can be utilized.

4.3 Common matters

It is essential to assess in every 5 years. If there is any material effect that could cause reduction to the value of the machinery within the relevant period of time, it should be reassessed at that time.

5. Structures

As the assets belongs to the category of structures have very high value and quantitative value is represented by the entire non financial assets, in assessing such assets an assessment report should be obtained by the Department of Valuation.

Accordingly, the following procedure should be followed in assessing the structures.

5.1 Work in Progress

The total expenditure incurred up to date should be used as the assessed value of the construction that is work in progress.

5.2 All the constructions before 01.01.2014

An assessment report should be obtained for all the constructions belong to this period. If an assessment has already been carried out by the Department of Valuation this assessed value can be used.

5.3 Constructions carried out within the period from 01.01.2014 - 31.12.2018.

The expenditure incurred to make it utilizable condition should be taken as the assessed value of the structure.

5.4 Common matters

Actions should be taken to obtain an assessed value for a structure in every 5 years. However if there is any material effect that could cause reduction to the value of the structure within the relevant period of time, it should be reassessed at that time.