



Government of Kerala

Manual for Asset Management in Local Self Government Institutions of Kerala

(Prepared by KILA under KLGSDP)

Printed and Published by:



Kerala Institute of Local Administration

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January 2017



GOVERNMENT OF KERALA

Abstract

Local Self Government Department - Kerala Local Government Service Delivery Project (KLGSDP) - Manuals on Performance Audit and Asset Management in Local Self Government Institutions in Kerala - Approved - Orders issued.

LOCAL SELF GOVERNMENT (DA) DEPARTMENT

G.O.(Rt)No.166/2017/LSGD.

Dated, Thiruvananthapuram, 20 .01.2017.

Read :- (1) G.O(Rt) No.1652/15/LSGD dated 01.06.2015
(2) G.O(Rt) No.2420/16/LSGD dated 11.08.2016.
(3) Letter No. 49/2015/KLGSDP dated 17/12/2016 received from the Project Director, KLGSDP.

ORDER

As per Government Order read as 1st and 2nd paper above, a Manual Vetting Committee and a Sub Committee were constituted for vetting and quality assurance of various manuals prepared under Kerala Local Government Service Delivery Project (KLGSDP). Three sittings of the Sub Committee were held for vetting the manuals. After a detailed deliberations on Manual, the Committee decided to approve the Manual for Asset Management in Local Self Government Institutions of Kerala and Manual for Performance Audit in Local Self Government Institutions Kerala and forwarded to Government for apex approval.

2) Government have examined the matter in detail and are pleased to approve the manual prepared by Kerala Institute for Local Administration (KILA) under Kerala Local Government Service Delivery Project (KLGSDP) on Asset Management and Performance Audit in Local Self Government Institutions of Kerala.

**By Order of the Governor
A.K.MOHANA KUMAR
Joint Secretary to Government**

To

The Project Director, KLGSDP.
The Director of Panchayats, Thiruvananthapuram,
The Director, Urban Affairs Department, Thiruvananthapuram.
The Director, KILA, Thrissur.
The Director, Local Fund Audit, Thiruvananthapuram.
The State Performance Audit Officer (SPA0)
The Secretaries, All Districts Panchayats.(Through Director of Panchayats)
The Executive Director, IKM, Thiruvananthapuram,
Office Copy/Stock File

Copy to :-

Private Secretary to M(LSG&WM)
Personal Secretary to Principal Secretary, LSGD.
Personal Secretary to Special Secretary, LSGD.

Forwarded/By order,


Section Officer.

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ACRONYMS

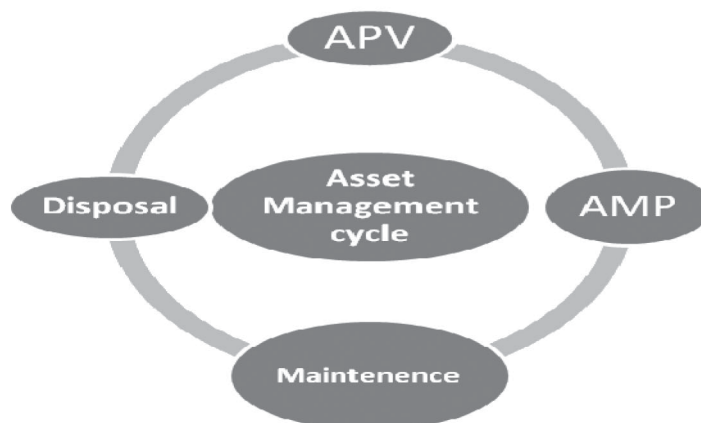
ACA	-	Asset Condition Assessment
ALC	-	Asset Life cycle
AMF	-	Asset Management Function
AMMC	-	Asset Management and Monitoring Committee
AMP	-	Asset Management Plan
AMR	-	Asset Management Register
AMS	-	Asset Management Strategy
APV	-	Annual Physical Verification
APVR	-	Annual Physical Verification Report
AR	-	Asset Register
ASAAC	-	Annual Status Assessment of Asset Condition
ASAACR	-	Annual Status Assessment of Asset Condition Report
BDC	-	Bio Diversity Committee
CA	-	Custodian of Assets
DOES	-	District Officer of Economics and Statistics
HoILG	-	Head of the Institutions of Local Government
HYR	-	Half Yearly Review
LCC	-	Life Cycle Cost
IoLG	-	Institutions of Local Government
LSGI	-	Local Self Government Institutions
PIIs	-	Physical Inventory Instructions
PIR	-	Physical Inventory Records
PPP	-	Public Private Partnership
PRR	-	Periodic Review Report
QPV	-	Quarterly Physical Verification

Introduction

1.1. Background

Asset Management is the combination of management, financial, economic, and engineering disciplines applied to assets; with the objective of providing the required level of service in the most efficient manner. Asset Management includes whole gamut of activities of the Asset's life cycle viz. planning, acquisition, operating, maintaining, repairing, modifying, replacing, rejuvenating, and disposal of various forms of assets. (See the Box 1.1).

Box 1.1 : Asset Life Cycle



1.2. Asset Management Framework (AMF)

Asset Management Framework employs structured systematic approach, driven towards service delivery of assets and envisage their management on 'Asset Life Cycle' (ALC) concept. In view of AMF:

- i. Asset Management decisions should be not in isolation. They should be part of overall local planning frame work of Local Self Government Institutions (LSGIs).
- ii. Asset Management Planning must be considered equally and concurrently with the Budgeting and Local Development Planning in achieving service delivery strategies through asset management.
- iii. The budget process involves the allocation of the funds to carry out the non-assets (Revenue/Non Plan) and asset (Capital/Plan) strategies.
- iv. All Asset Management Plans (AMP) shall invariably incorporate the timely reporting, accounting, and responsibilities along with suitable measurement criteria and performance indicators.

1.3. Asset Management Functions

The asset management functions of the LSGIs include:

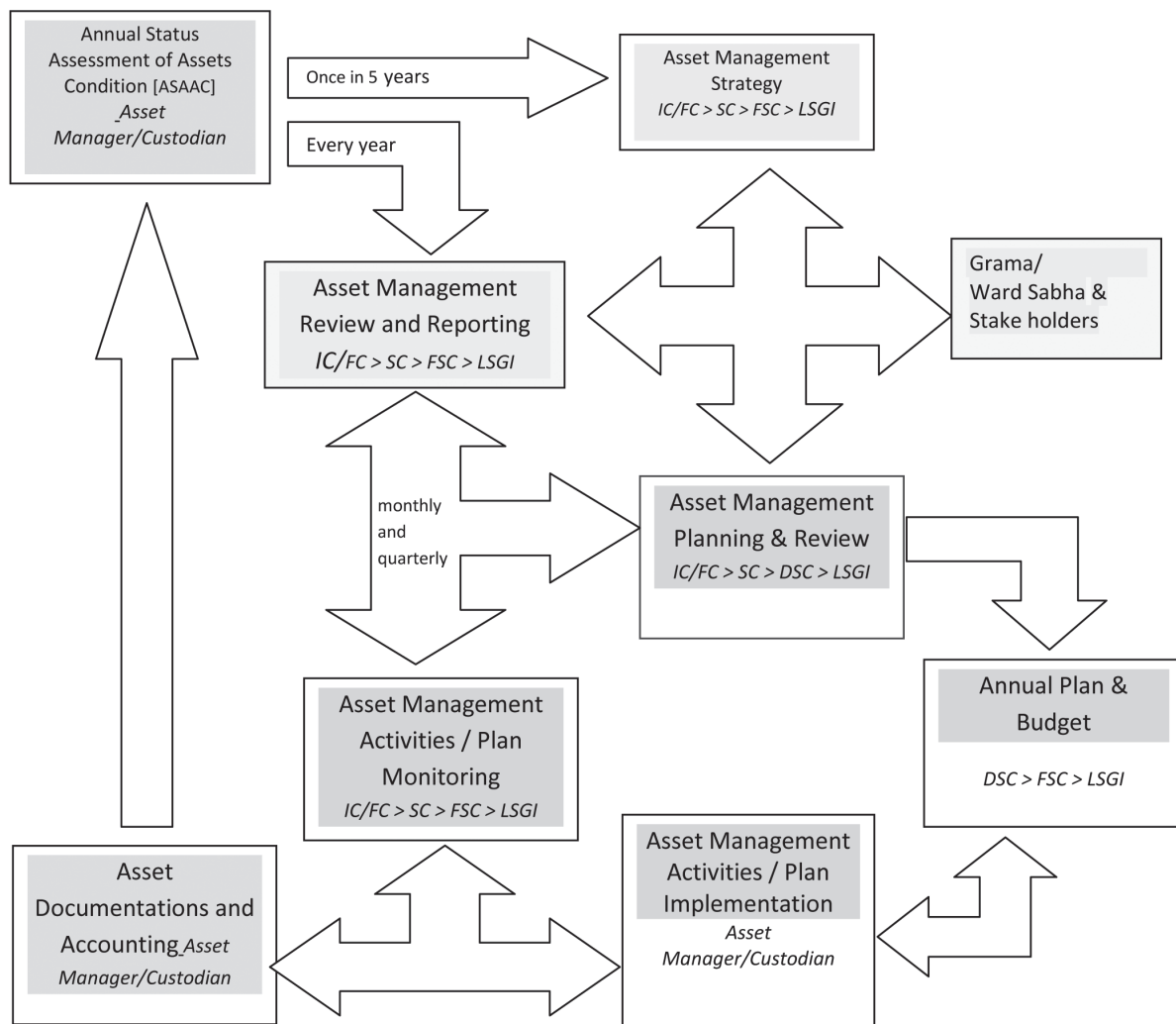
- i. Stating the required service levels of assets and the expected outcomes, in consultation with the stakeholders.
- ii. Assessing alternative methods for achieving the service levels (including lower cost assets and non-asset methods were possible) and deciding on the best solution
- iii. This includes an assessment of the life cycle costs and benefits for each of the alternatives.
- iv. Formulating AMP, depending on priorities and constraints.
- v. Incorporating the activities proposed for achieving the service level of Assets into LSGI's long-term and short term plans and budget.
- vi. Acquiring the appropriate assets and implementing the plan to meet the required service levels.
- vii. Operating and maintaining the assets to achieve required service levels and minimising life-cycle costs.
- viii. Reviewing and reporting assets' performance and the outcomes.
- ix. Updating the ongoing AMP, according to the review of results.
- x. Renewing or refurbishing or rejuvenating the assets.
- xi. Disposing of surplus assets or assets no longer able or required to meet service delivery needs.

1.4. Asset Management Functions - Process Cycle

Asset Management Functions (AMFs) of LSGIs evolve in a continuous cycle of planning, implementing, reviewing, reporting, and upgrading, so that the quality of the asset's

outputs matches the changing service delivery demands and aspirations of its citizens. The process cycle of AMFs is given in Box 1.2.

Box 1.2: Process Cycle of AMFs



IC- Institutional Committees; FC- Functional Committees; SC- Standing Committees; FSC- Finance Standing Committee; DSC- Development Standing Committee.

1.5. Scope of the Manual

This Manual covers all the activities in managing the assets of LSGIs and Institutions of Local Governments (IoLGs) in Kerala State. [See Annexure 1]. Provided that, those matters which are exclusively prescribed by other Manuals under the Acts shall be followed as such and unto such limits, if any, prescribed in this Manual.

1.6. Definitions

Where definitions do not exist, terminology has been defined for the purposes of this Manual. Words and Expressions used and not defined in this Manual but defined in Kerala Panchayat Raj Act, 1994 or Kerala Municipality Act 1994 or in the Rules there under shall have the same meaning.

i. Acts

The word Act or Acts used in this Manual refers to the Kerala Panchayat Raj Act, 1994 and Kerala Municipality Act, 1994 and subsequent amendments.

ii. Annual Status Assessment of Asset's Condition[ASAAC]

An annual assessment of assets conducted prior to the preparation of LSGI's Annual Asset Management Plan, in order to identify the status of service delivery and gaps if any exists there in relation to the expected service level of the LSGI's assets.

iii. Asset

Assets are properties, tangible or intangible, owned by the LSGI or assigned/ transferred to the LSGI and carrying future benefits to it.

iv. Asset Classification

Assets are broadly classified under land, buildings, improvements other than buildings, trees, infrastructure, vehicles, office furniture, office equipments, plant and machinery, heritage assets and natural assets.

v. Asset code

Grouping of assets of a similar nature and use in an entity's operations.

vi. Asset Condition Assessment (ACA)

The process of Annual Status Assessment, periodic inspection, assessment, measurement, and interpretation of the resultant data to indicate the condition of the Assets for taking management decisions.

vii. Asset Life Cycle (ALC)

Asset Life Cycle is indicating the time interval that commences with the identification of the need for an asset and terminates with the disposal of the asset.

viii. Asset Management

Asset Management is a broad function and includes a structured process of planning, decision-making, and controlling over the acquisition, use, safeguarding and disposing of assets so as to maximize their service delivery potential and benefits, and to minimise their related risks and costs over their entire life.

ix. Asset Manager

Asset Manager is the official who is the Convener of a Functional Committee. She/he is responsible for the delivery of the function/service for which the asset has been acquired or created or maintained.

x. Asset Management Plan (AMP)

Asset Management Plan (AMP) is a plan developed for the management of one or more asset(s) with a view to operating, maintaining and renewing the assets in the most cost effective manner, while providing a specific level of service.

xi. Asset Management and Monitoring Committee (AMMC)

A Committee consisting of all the steering committee members, Chairman and ex officio member secretaries of all the management committees in the LSGIs. This Committee shall be responsible for the preparation of AMP and AAMP.

xii. Asset Management Strategy (AMS)

Asset Management Strategy (AMS) is a document that will include bench marks and mile stones aimed at improving the LSGIs' asset management processes and procedures with a long term perspective.

xiii. Asset Register (AR)

Asset Register (AR) is a record of information on each and every asset that supports the effective financial and technical management of the assets, and meets statutory requirements. The Asset Register also facilitates proper financial reporting.

xiv. Asset Upgradation

Enhancing of assets estimated useful life, according to its nature and taking into consideration the cost effectiveness.

xv. Custodian of Assets (CA)

Custodian of Assets (CA) is a person in any position or level in the LSGI, entrusted with the safeguarding and monitoring of a specific asset on its use as well as the condition. When the CA becomes Convener of the functional committee, s/he shall be designated as Asset Manager.

xvi. Fair Value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties, in an arm's length transaction. It is the market value of the asset, if it is sold; determined by the best judgment of the experts.

xvii. Fixed Asset

Asset held for the purpose of providing services in the long run and that is not held for resale in the normal course of functioning of the LSGI.

xviii. Functional Committee

The Committee constituted at LSGIs level as per section 163 (1) of Kerala Panchayat Raj Act, 1994 or section 35 of Kerala Municipality Act, 1994.

xix. Heads of LSGIs

President/Chairperson/Mayor of LSGI, or Administrative Head of the assets of the LSGI, as the case may be.

xx. Heritage Asset

An asset with historic, artistic, scientific, technological, geographical or environmental values that is held and maintained principally for its contribution to heritage.

xxi. Historical Cost

Historical cost is the total cost spent for acquiring the asset. It is the aggregate cost of asset less depreciation. The aggregate cost involves the procurement, major repairs, additions, and all expenses incurred to up keep the asset on working conditions.

xxii. Immovable Assets

Immovable Assets are properties that are fixed in nature for use.

xxiii. Intangible Assets

Intangible Assets are non-physical sources of value, virtual in nature; generated by innovation, discovery, or human resource practices that create future benefits. It includes good will, software, database, etc.

xxiv. Institutional Committees

Committees constituted for the management of institutions coming under the LSGI such as hospital management committee, anganwadi welfare committee, and school development committee.

xxv. Land

Land that belongs to LSGI's or IoLGs and includes land owned by them or land transferred from other institutions. The lands owned and managed by LSGIs might have acquired by way of surrender/relinquishment/gifts or direct purchase.

xxvi. Lanes

Pathways, having a width of 2.5 m or below.

xxvii. Lease

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period.

xxviii. Level of Service

The defined quality standard for a particular service, against which service performance can be measured. It usually relates to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

xxix. Life Cycle Cost (LCC)

The Life Cycle Cost (LCC) is the total cost throughout its life including planning, design, acquisition, support and any other cost directly attributable to owning or using the asset.

xxx. LSGI Engineer

LSGI Engineer is the officer who is in charge of the LSGI's public work functions.

xxxi. Local Self Government Institutions (LSGIs)

LSGIs are defined as Panchayat Raj Institutions (PRIs), consisting of District, Block and Grama Panchayats; and Urban Local Bodies (ULBs), consisting of Municipal Corporations and Municipalities of the State.

xxxii. Minor Asset

Minor Asset is an asset other than a capital asset, which is fully depreciated in the year of acquisition. Total cost of acquisition up to Rs. 5000 or tools, that is of relatively small in quantity but can be used for more than one year.

xxxiii. Movable Assets

Movable Assets are those assets that can be moved from one place to another for use.

xxxiv. Natural Assets

Natural assets of LSGIs are those assets of the natural environment (those having some environmental values associated with it) traditionally owned by it or specifically entrusted with it by the Acts or other Laws, prevailing at the time. These consist of traditional open spaces, sacred grooves (kavukal), land patches with thick natural vegetation, natural water sources, and the surrounding areas with their eco-systems.

xxxv. Rehabilitation/Enhancement of Assets

Rehabilitation/Enhancement of Assets is an improvement or augmentation of an existing asset (including separately depreciable parts), beyond its originally recognized service potential. For example, an activity undertaken for enhancing an asset's remaining useful life, capacity, quality, and functionality or any one of this.

xxxvi. Refurbishment/Maintenance

Refurbishment/Maintenance to an asset restores or maintains the originally assessed future economic benefits or service potential that an entity can expect from an asset and is necessary for the planned life of asset to be achieved.

xxxvii. Remaining Useful Life

Remaining Useful Life is the time remaining (of the total estimated useful life), until an asset ceases to provide the required service level or economic usefulness.

xxxviii. Renewal

Renewal is the work required to replace, enhance and rehabilitate an asset.

xxxix. Reproduction Cost

Reproduction Cost is the cost of reproducing the asset in its present physical form, with substantially the same materials and design.

xl. Residual Value

Residual Value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset is already of the age and in the condition expected at the end of its useful life.

xli. Rules

The Rules published under The Kerala Panchayat Raj Act 1994 and Kerala Municipality Act, 1994 and their subsequent amendments.

x1ii. Safeguarded Assets

Safeguarded assets are those assets, which though below the threshold limit are nonetheless 'capitalized' (entered in asset register) for control purpose. (See Para 4.10 of Chapter 4).

x1iii. Secretary

Secretary of LSGI

x1iv. Service Potential

Service Potential is a tangible capital asset or service capacity, normally determined by reference to attributes such as physical output capacity, quality of output, associated operating costs and its estimated useful life.

x1v. Tangible Assets

Tangible Assets include both movable and immovable properties owned by the LSGIs, those are physical in nature.

Asset Management Plan (AMP)

2.1. Preparation of Asset Management Plan

The LSGIs shall prepare Asset Management Plan (AMP) by adhering to the following steps, viz.

- a) Formation of Asset Management and Monitoring Committee (AMMC)
- b) Annual Status Assessment of Asset's Condition [ASAAC]
- c) Identification of Service Capacity Gap and preparation of Function/Institution wise AMP
- d) Standing Committee wise consolidation of AMPs and formulation of LSGI's draft AMP
- e) Approval of AMP by LSGI
- f) Preparation of Function/Institution wise Plan/Budget proposals as per the approved AMP

2.2. Formation of Asset Management and Monitoring Committee (AMMC)

- i. The Secretary shall present before the Finance Standing Committee a draft proposal for the formation of AMMC in the structure given in Table 2.1.
- ii. Finance Standing Committee shall approve the draft proposal and authorize the Chairperson to present it before the LSGI for constitution of AMMC.
- iii. LSGIs shall constitute the AMMC and authorize the Secretary to convene meeting of AMMC for the preparation of calendar of activities.

**Table 2.1:
Structure and Responsibilities of Asset Management and Monitoring Committee (AMMC)**

Sl. No.	Responsible Person	Position	Responsibility
1	President/Chairman/ Mayor	Chairman	Chair all the AMMC meeting
2	Finance Standing Committee Chairperson	Co-Chair	Presentation of draft calendar of activities and draft plan before the LSGIs
3	Secretary	Convener	Preparation of draft calendar of activities arrange and Coordinate the meeting, responsibility of preparation of consolidation of all reports and plans in connection with Asset Management, initiator of Half yearly check, ASAAC, Preparation of AMP, initiator test check with the help of AMMC in all Institutions of LSGIs.
4	LSGIs Engineer	Co- Convener	Preparation of AMP with the consultation of all HoDs/Custodians of Assets. Support the members in conducting ASAAC
5	All Standing Committee Chair persons	Members	Suggest prioritization, Help and monitor the process of preparation of AMP and AAMP
6	Ex-officio Secretaries (HoDs of all Institutions) /Custodians of Assets	Members	Manage those assets, which are entrusted with his/her office/institution. Conduct Annual Status Assessment of Asset's Condition (ASAAC). of the assets under his management.Help the convener in preparation of AMP
7	Assistant/ Deputy Secretary	Assistant Convener	Help the Convener and Co-Convener.
8	Accountant	Member	Help the Convener and Co-Convener
9	Selected Functional/ institutional Committee members by LSGIs. (Maximum 5 members of which 2 shall be women)	Member	Suggestions for fixing prioritization in AMS and AMP
Quorum: all Standing Committee chairpersons shall invariably be present in the meeting and three fourth members shall constitute quorum of meeting.			

2.2.1. Calendar of Asset Management Plan Activities

- i. The Secretary shall prepare and present draft calendar of AMP activities before AMMC. (See Table 2.2).
- ii. After finalization of calendar, submit the same for the approval of LSGI.

- iii. Secretary shall forward the copy of the calendar to all AMMC members with specific instructions if any, adopted by the LSGI in this regard.

Table 2.2: Calendar of Asset Management Plan Activities

No.	Activity	Responsibility	By When		Re- marks
			Month	Date	
1	2	3	4	5	6
Step 1:					
(i)	Standing Committee meeting with Custodians of Assets (CA).	Mayor/Chairperson/President and Secretary/ Asset Manager/ Custodians	August		
(ii)	Annual Physical Verification	Secretary/ Asset Manager/ Custodians	September		
(iii)	Presentation & Approval of ASSAC	Chairperson Functional Committee/ Bio-Diversity Committee (BDC)	October		
Step 2:					
(i)	Preparation of function/ Institution wise AMP (Draft)	Asset Manager/Custodian / Secretary	October		
(ii)	Scrutiny and approval of function/Institution wise AMP	Institutional/Functional Committee/ BDC	October		
(iii)	Consolidation & Approval of Standing Committee wise AMP	Standing Committee	October		
(iv)	Consolidation of Standing Committees AMPs and preparation LSGI's draft AMP	AMMC	November		
(v)	Approval of AMP	LSGI	November		
(vi)	Preparation of detailed proposals as per the approved AMP	CA	November		
(vii)	Integration with Annual Plan and Budget proposals	DSC and FSC	December		

Note: Date column to be filled up by the AMMC.

2.3. Annual Status Assessment of Assets' Condition (ASAAC)

- i. Secretary shall make arrangements for Standing Committees meeting with CAs to constitute required number of teams [separate lists for each CAs with name and designation of all the team members] and shall schedule the ASAAC activities under each Standing Committee as per the LSGI's AMP calendar. The Secretary shall also provide the Standing Committees with copies of functional committee wise details of all assets (asset code and description) for assigning duty to the respective teams for ASAAC.
- ii. The steering committee shall monitor the ASAAC and ensure the support of Engineer and other team members to the CAs.
- iii. For ensuring objectivity in ASAAC, the interchange of staff shall be arranged for as decided by the Steering Committee. (The officer in charge of one section/function or member of one functional/institutional committee may participate in ASAAC, of assets under the custody/management of another section/function/institution and so on).
- iv. The Secretary shall coordinate the conducting of ASAAC as per calendar.
- v. The CA with the support of the officials as decided by the steering committee shall conduct the ASAAC included in the asset register.
- vi. The CA/Secretary shall be responsible to submit ASAAC before the Functional/Institution Committee as per calendar.
- vii. The Functional/Institution Committee shall scrutinize the ASAAC, after a random physical verification.
- viii. The Secretary/HoILG/CA/Functional/Institutional Committee shall observe the guidelines given in paragraph 2.4.

2.4. Guidelines for Annual Status Assessment of Assets' Condition

- i. ASAAC shall be conducted by the respective teams and shall prepare their reports (ASAACR) by using the format given in Annexure 2 and by following directions contained therein.
- ii. The primary purpose of this verification shall be to assess the asset's condition in relation to the expected level of service/function being achieved of the assets, in an efficient and effective manner and identify gaps, if any, exists therein.
- iii. ASAAC's secondary objective is to see that the directions for maintaining the Asset Register (AR) prescribed in this Manual are being strictly adhered to and that all the required information relating to the assets are included therein.
- iv. During the month of April/May, all the HoILG/CA shall themselves conduct an annual verification of their AR to see that the assets recorded therein and their physical existence are practically compatible. If any substantial discrepancies are found, shall go for thorough check with the original documents of the respective entries made in the AR. And thereafter shall forward a certificate "That I have personally verified the correctness of all the entries in the Asset Register maintained by me, and found that the Asset Register is complete in all respect./"(except the

following....)” to the Finance Standing Committee through Secretary of LSGI, not later than 15th June.

- v. All the teams for ASAAC shall:
 - a. Conduct ASAAC as per the schedule approved by the respective Standing Committees.
 - b. Fix identification marks on the Assets to show that the physical verification is done on such and such date by the Official.
 - c. State in the ASAAC report the identification mark given also, so that the Functional/ Institutional/ Standing Committee can go for test check, if needed.
- vi. Any discrepancy in the AR with physical existence shall be included or excluded (if disposed of) and counter signed by the Secretary/CAs prior to the finalisation of the ASAAC report. If entries are not made, the officer responsible for the monitoring of the recording (see preparation of AR in para. 4.6 of Chapter 4) shall explain the reason for deficiency in writing. For the non-appearance of assets in AR, deficiencies in the physical existence or partial loss of assets or encroachment, if any found, the custodian shall be responsible. In case of misuse, mismanagement, underutilization or unauthorized use, the custodian who is in charge of the asset according to the division of responsibilities/ office order , the official in charge/ custodian shall held responsible.
- vii. All irregularities and officials responsible for such irregularities shall be identified with their name and address in the report; and later if found otherwise the team for ASAAC with CA shall be treated as co-responsible for the irregularities and the loss due to mismanagement of assets.
- viii. The CAs shall collect the ASAACR from the team and consolidate the reports, by arranging them as groups of assets on the basis of evaluation code given by the evaluators and submit the ASAACR and consolidated report to the functional/institutional committee.
- ix. After ASAAC, the institutional/functional committee shall conduct a super check, nearly 10% of the assets through a random physical verification. (see Box 2.1).
- x. After Random Physical Verification by the Institutional/Functional Committee shall
 - a. Certify that the AR is comparable, and ASAAC covered all assets included in the register.
 - b. Discrepancies, if any noticed during the ASAAC, shall be got clarified and certified through a joint sitting of the respective Standing Committee with CAs.
 - c. Certify the report by using the check list given in Annexure 3.
- xi. The CA shall:
 - a. Certify the following in the Registers.

‘Certified that the actual existence of assets are verified by me on the date noted against each asset and found to be correct. Also certified that all entries made in AR are complete and correct’

- b. Verify whether list of surplus, obsolete, and unserviceable assets are promptly submitted to LSGIs.

Box 2.1: Sampling method for super check

Sample verification may be carried out by the following methods:

- a. Take a sample from newly acquired assets and check them with the AR.;
- b. Take a sample from assets disposed of during the year and verify the same in the AR.;
- c. Randomly select a few assets in the entity and verify their records in the AR; and
- d. Similarly, randomly select a few assets in AR and verify their physical availability in the office.
- e. Complete check of newly acquired and disposed assets as given in (a) and (b) above shall be done, so as to ensure the completeness and integrity of the AR.

2.5. Asset Management Strategy

- i. On the basis of the Annual Status Assessment of Asset's Condition (ASAAC), the joint sitting of Functional Committee/Institutional Committee, and verifiers (teams) shall analyse the status of their assets, considering:
 - a. The purpose for which the asset is acquired /owned by.
 - b. Whether it serves the purpose, if so to what extent?
 - c. Is any modification/modernization/addition/overhauling required for better quality of services at lesser cost?
 - d. Is any alternative use for it?
 - e. Whether can it be used to avoid additional acquisition of asset with minor modification?
 - f. Consider the life of asset, importance, usefulness, repair and maintenance, location, addition, modernization and disposal
- ii. The Functional Committee/ Institutional Committee shall:
 - a. discuss with CA and finalise the strategy for operation, modification/modernisation, addition, repairing, or disposal as the case may be.
 - b. segregate the assets on the basis of strategy and submit the report to the LSGIs through concerned Standing Committee.
 - c. CA shall forward the consolidated report (Annexure 4) with recommendations on the basis of gap analysis and findings to the concerned Standing Committee through the Secretary, LSGI.
- iii. The Secretary of LSGIs shall: coordinate the collection of reports from different CA/Functional Committee and submit them to the Standing Committees.

- iv. The Standing Committee shall consolidate the ASAACRs on the basis of their nature of proposals under five different heads, namely- procurement, maintenance, disposal, operational, and revenue mobilization. The Standing Committee shall prepare its Asset Management Strategy for the assets coming under each of their respective functional areas by considering the gap analysis findings of the Functional/Institutional committees in the prescribed format. (Annexure 5).
- v. The Asset Management and Monitoring Committee (AMMC) shall prepare the draft AMS by consolidating the AMS submitted by the Standing Committees and submit it to the LSGI along with the respective Consolidated ASAACR received as (iv) above.
- vi. The LSGI shall approve the draft AMS (See Annexure 5) proposal of the AMMC with specific prioritization criteria fixed therein by considering the necessary resource mobilization possibilities of the LSGI for the ensuing year realistically and direct the AMMC to prepare the AMP accordingly.

2.6. Asset Management Plan (AMP) Finalisation

- i. The AMMC shall make modifications on the strategies developed according to the directions of LSGI and entrust the CA for preparation of their AMP and monitor the preparation.
- ii. All the CAs shall review their ASAACR with the priorities proposed in the approved AMS, and prepare an AMP for the function / institution by using the format given in Annexure 6.
- iii. The respective Function/Institutional Committees shall collect AMPs of the CAs coming under them and prepare summary of AMP activities with the help of Engineer by using the format given in Annexure 7 and submit it to the AMMC through the respective Standing Committees.
- iv. The AMMC shall finalise the AMP and submit it as the summary of AMP activities to LSGI for approval through the steering committee.
- v. Steering Committee shall scrutinize the summary of AMP activities and propose further policy level changes, if any, for LSGI's approval. (See Box 2.2)
- vi. LSGI:
 - (a) shall approve the summary of AMP activities to be presented before the Grama Sabhas/Ward Sabhas/Ward Committees
 - (b) shall present the AMP before the Grama /Ward sabhas/Ward Committees and shall consolidate their opinions and suggestions - institution/ function wise-separately.
 - (c) in a meeting , along with the members of all the Institutional/ Functional Committees and BDC shall present their respective consolidated Grama Sabha/Ward Sabha/Ward Committees reports (at each Institutional/ Functional level).
 - (d) after adopting suitable policy decisions on the summary of AMP activities by considering the Grama Sabha/Ward Sabha/Ward Committees reports, LSGI

shall authorize the Asset Managers/Custodians, to include the respective items in the budget/annual plan for the ensuing year.

Box 2.2: Priorities for Asset Management Planning and Budgeting

The LSGIs should give priority to the following institutions, whenever they prepare Asset Management Plan:

- ✓ Hospitals
- ✓ Water Supply Systems and Irrigation systems
- ✓ Care Institutions
- ✓ Anganwadies/Balavadies
- ✓ Schools
- ✓ Community Sanitation Complexes
- ✓ Veterinary/Agriculture/Fisheries Institutions
- ✓ Foot Bridge and roads in Inaccessible Areas
- ✓ Public Offices frequented by poor and ordinary People.
- ✓ Heritage Assets such as historical monuments, statues.

Effective Maintenance of Assets

3.1. Effective Maintenance of Asset

- (a) The Custodian of Assets (CA) shall be responsible for their effective maintenance. In connection with the maintenance, CA shall:
- i. Ensure the proper existence of assets.
 - ii. Effective utilization of assets; especially their proper use.
 - iii. Take steps for daily cleaning, maintenance, checking and protection of assets.
 - iv. Take steps to routine repair, fueling, painting and upkeep of assets.
 - v. Check whether the records and documents are kept in safe custody.
 - vi. Report the need of staff for the effective utilization of assets to the LSGIs and do the follow up.
 - vii. Ensure the assets and surroundings are clean and safe.
 - viii. Provide support for review of assets and reporting.
 - ix. Record in Asset Register (AR) all details in connection with the procurement, addition/s; upgradation and repair (see AR in section 4.6 of Chapter 4).
 - x. Delegate the work related to effective maintenance, protection and profitable utilization.
 - xi. Conduct monthly review of records.
 - xii. Report the possibilities of alternative profitable utilization; with the permission of LSGI.

- (b) For the effective maintenance and utilization may need additional procurement, or upgradation, the same shall be reported to the AMMC through the ASAAC report or additional requisition.

3.2. Assets or part to be procured or upgraded

- i. The CA shall give projects to the concerned Standing Committee for the procurement of assets or part of the assets or for upgradation.
- ii. The concerned Standing Committee shall recommend the same to include in the Annual Plan.
- iii. The purpose of Asset creation is to fulfill the mandatory, general, and sectoral functions assigned to LSGIs, to satisfy the citizen's needs and requirements.
- iv. Assets shall be acquired by the LSGIs as per Sec.178 of Kerala Panchayat Raj Act (KPR) and The Kerala Panchayat Raj (Acquisition and Disposal of Property) Rules, 2005 or Sec 214 of Kerala Municipal Act, 1994 and the Kerala. (Municipality (Acquisition and disposal of Property) Rules, 2000 as the case may be.
- v. The LSGIs may acquire any land or building within or outside its area either by purchase or otherwise in order to introduce any public facility or for providing any service to its citizens.
- vi. Construction of asset shall be done as per the provisions of Acts, and Rules, and functions mentioned in the Annexure 1.
- vii. Asset shall be procured based on the provisions given in Acts and Rules (See Annexure 1) or provisions of 'Procurement Manual'.
- viii. The Assets shall be upgraded to enhance its estimated useful life, taking into consideration the nature and cost effectiveness as far as possible.
- ix. The upgradation of assets, if involve cost, shall follow the procedures for the procurement of assets as per Procurement Manual.
- x. The upgradation details of Assets shall be recorded in AR by the CA.

3.3. Assets - Operationalisation and/or Better Utilisation

(a) The CA shall:

- i. take necessary steps to operationalise the asset as per the AMP.
- ii. record operationalisation details in the AR as remarks.
- iii. report to the AMMC through Secretary about the status of operationalisation.
- iv. report profitability/effect of operationalisation to the AMMC along with the assets' status.

(b) The Secretary shall verify the operationalisation of assets and progress.

3.4. Implementing and Monitoring of AMP

In order to have a transparent implementation of AMP, the following facilitation arrangements shall be made.

3.4.1. Implementation

The CA shall implement the activities relating to the management of assets, as per the AMP. As part of this, s/he shall:

- i. inform the Secretary for initiating steps for ASAAC, and preparation of reports.
- ii. prepare projects for those activities which involves financial commitments.
- iii. ensure the progress of implementation of AMP on a monthly basis.
- iv. report the progress to the Standing Committee concerned through the Secretary of LSGI.
- v. report and obtain clarification, if any, from the AMMC in connection with the implementation of AMP.
- vi. ensure the timely acquisition, maintenance, upgradation, or disposal of assets as the case may be stated in AMP.
- vii. report to the AMMC and initiate for modification, if any, in the AMP needed with justification.

3.4.2. Monitoring

- a) Social Audit Team shall be constituted as per the provisions of Social Audit Manual approved as per G.O.(Rt) No. 1992/2016/LSGD dt. 25.06.2016
- b) AMMC shall review [quarterly] asset management activity report of all the CAs and recommend to the LSGI, suitable measures if any found necessary.
- c) AMP approved and included in the budget and annual plan of the LSGI shall be closely monitored by the AMMC for their successful implementation.

3.5. Preservation of Heritage Assets

When the Asset to be modified is expected to have possible heritage or cultural value, the LSGI needs to determine:

- i. Whether an Asset has heritage or cultural significance;
- ii. Which public body is suitable custodians for the Asset; and
- iii. Whether to sell, donate, or lend on a long-term basis.
- iv. The rules and norms specified in Kerala Heritage Manual - 1968 shall be followed in the case of Heritage Assets.

3.6. Maintenance of LSGI's Buildings

The Secretary/CA shall ensure that:

- i. the building is clean and attractive.
- ii. the same is useful for the purpose for which it is maintained.
- iii. no encroachment/mal-utilisation/mis-utilisation
- iv. the persons responsible for cleaning and protection are performing the duties on regular basis.

- v. the designated LSGI Engineers shall be responsible for the upkeep and maintenance of LSGI's buildings.
- vi. Maintenance Plan need to be approved and included in the Annual Plan of LSGI and necessary fund allocated.
- vii. All maintenance and construction shall be done as prescribed by the Public Works Manual.
- viii. Other quasi-government agencies or private agencies shall not carry out any modification, minor or major works in such LSGI buildings, without prior permission of LSGI and the modification if permitted shall solely be for the benefit of LSGIs.
- ix. Maintenance of Assets include works undertaken in order to keep, restore, and improve every facility; i.e. every part of the asset, its service and surrounds to a currently acceptable standard and to sustain the utility and value of the facility. (Box 3.2).
- x. All LSGIs are authorized to arrange and carry out maintenance works of buildings under their control.

Box 3.1: Maintenance Works

Maintenance works include white washing, coloring, painting, repairs to doors, windows, roofs, sanitary & water supply fittings, structural repairs, internal roads, fencing, compound walls, etc. and additions and alterations to existing asset to augment its service delivery capacity. However, day to day cleaning, sweeping, watch & ward, gardening, payment of rent, water and electricity charges, taxes & tariffs, etc. shall be initiated and monitored by CA. The HoILG shall ensure that the maintenances are taking place as per AMP.

3.7. Protection of LSGI's Assets

All the assets under the control of the LSGIs viz. buildings, lands, parks, gardens, grounds, etc. are required to be protected from unauthorized encroachments, unauthorized construction, use, etc. by the concerned CA.

3.8. Maintenance of Roads

- i. The Secretary shall ensure that:
 - a) the roads are of usable condition.
 - b) there is no encroachment or destruction of roads.
- ii. Designated LSGI Engineers shall be responsible for upkeep and maintenance of roads of LSGI's.
- iii. Maintenance Plan need to be approved and included in the Annual Plan of LSGI and necessary fund allocated.
- iv. All maintenance and construction shall be done as prescribed by the Public Works Manual.
- v. Other quasi government agencies or private agencies shall not carry out any modi-

fication, minor or major works in such roads of LSGI, without prior permission of LSGI and the modification if permitted shall solely be for the benefit of LSGIs.

- iv. The Engineer shall implement the AMP on a time bound manner and report the progress with the AMMC.

3.9. Maintenance of Vehicles

- i. CA shall ensure that:
 - a. the proper utilization of assets, by monitoring Log Book and History of Vehicle maintained by the Driver of vehicle.
 - b. the vehicle is clean and in immediate vicinity of the LSGI or Institutions of LSG.
- ii. For the maintenance of vehicle, the Driver's report shall be considered by the CA.
- iii. The CA shall be the responsible person for the maintenance of vehicle.
- iv. The repairs and maintenance as per the AMP shall be conducted on a time bound manner by the CA.

3.10. Guidelines for Asset Management

3.10.1. Asset Creation

- i. The purpose of Asset creation is to fulfill the mandatory, general, and sectoral functions assigned to LSGIs, to satisfy the citizen's needs and requirements.
- ii. Assets shall be acquired by the LSGIs as per the provisions of Acts and Procurement Manual.
- iii. The LSGIs can acquire land or building within or outside its area either by purchase or otherwise in order to provide any public facility or any service to the citizens.
- iv. Construction of asset shall be done as per the Public Works Manual.

3.10.2. The Custodian of Assets (CA)

- i. Supervise the day to day operation of asset.
- ii. Monitor the proper use of assets.
- iii. Keep a copy of AMP.
- iv. Display the instruction to use or any direction in connection with the asset use or maintenance.
- v. Ensure arrangement for cleaning and maintain in usable condition.
- vi. Responsible for avoiding misuse/mal use of asset.
- vii. Report any under utilization, and strategies and possibilities of optimum utilization.
- viii. Upkeep the assets.
- ix. Enquire suggestions from AMMC or HoILG or Secretary for proper use of asset, if required on time to time.
- x. Ensure proper repair and maintenance on time and as per AMP.

- xi. Protect the assets from encroachment and any form of loss of asset or capacity reduction. (See Box 3.3).
- xii. Ensure that all entries are made in AR.
- xiii. The reasons for under-utilization or poor performance of Assets have to be critically examined and corrective action taken to:
 - a. remedy the situation, or
 - b. make decision to dispose of the Asset.

Box 3.2: Physical Verification (During ASAAC)

- i. In order to ensure objectivity in reporting of Assets, physical verification shall be done by personnel having no direct responsibility for custody and receipt / issue of assets.
- ii. It shall be the responsibility of Institutional/Functional Committee to ensure objectivity in physical verification.
- iii. CA is encouraged to depute and use services of personnel from others to perform physical verification.
- iv. If assets are too many, sample verification may be carried out by the following methods:
 - a. Take a sample from newly acquired assets and check them with the AR;
 - b. Take a sample from assets disposed of during the year and verify the same in the AR;
 - c. Randomly select a few assets in the entity and verify their records in the AR;
 - d. Similarly, randomly select a few assets in AR and verify their physical availability in the office; and
 - e. Complete check of newly acquired and disposed assets as given in (a) and (b) above shall be done, so as to ensure the completeness and integrity of the AR.

3.10.3. The HoILG/ Secretary

- i. Ensure that all the duties of maintain assets are duly performed by the Custodians of Assets.
- ii. The processes of maintenance are in progress according to the AMP.
- iii. Conduct a monthly check of records assuring that the AR is properly updating (all the purchase, disposal, additions, modifications during the month are incorporated correctly and properly in column specified for the purpose).
- iv. Arrange team for quarterly random physical verification. (See Box 3.4).
- v. Assure minimum a quarter of total assets are randomly selected and physically verified.
- vi. Provide the report to asset custodian and social audit team
- vii. Insist the CA for corrective action.

Box 3.3: Quarterly Random Physical Verification

The Custodian of Asset shall:

- Ensure the progress and conformity of AMP
- Arrange a team sufficient to cover physical verification of $\frac{1}{4}$ of the total of asset, with the consent of HoILG/ Secretary,
- Assure four random physical verification of assets under the custody of LSGI in a year.
- Assure the monthly checking of records are properly performing
- Assure that the one fourth of the assets is physically verified.
- Take remedial or corrective action, if any discrepancy found.
- Provide the monthly record verification report and quarterly random physical verification report to the social audit team.

Documentation and Accounting

4.1. Need for Documentation and Accounting

- i. Legal responsibilities require that the LSGIs accurately record and account assets on a regular basis.
- ii. The LSGIs shall maintain and report physical and financial status of assets to ensure:
 - a. transparency and accountability of the assets' status,
 - b. generating asset management information,
 - c. making decisions on assets viz. acquisition, transfer, disposal and use of assets,
 - d. the timely service capacity of assets.

4.2. Asset Database

- i. All Institutions/Offices of LSGIs shall maintain the information relating to the assets in an Asset Register (AR) at their respective headquarters.
- ii. All LSGIs shall ensure that the information in the AR is proper and up to date in all respects.
- iii. The Custodian of Assets shall maintain the AR updated. The extract of the updated data shall be submitted to the LSGI for preparation at LSGI level before monthly review.
- iv. The monthly review shall be in such a manner to ensure the updation of AR and CAR.

- v. For effective management of Assets, a web-based electronic AR and CAR shall be prepared. This shall enable linkages and interoperability with Plan, Works, Reporting and Accounting Systems in the LSGIs.

4.3. Codification and Database Structure

- i. A Codification System to identify each asset with a unique number is the pre-condition for effective asset management.
- ii. Codification System serves four purposes viz.
 - a. Identifying each asset with a unique number through its life cycle;
 - b. Tagging the movable assets with asset number to facilitate physical verification and discourage theft/loss;
 - c. Collecting all related data of the assets in a database;
 - d. Obtain information about an individual asset or a class of assets based on the asset code. In computerized systems, code is generally used as key field in asset database. (See Annexure 8).

4.4. Asset Database Management

- (i) The data about the Assets, whether acquired by purchased, transferred, created or through any other way, shall be included in the AR kept in the concerned office at LSGI's headquarters.
- (ii) Before any further expenditure is incurred or being sanctioned on it. (see the Finance Management Manual :1 - Revenue for the process of sanctioning of fund). A certificate in this regard shall be invariably recorded by the person responsible for the payment or for including in the agenda, as the case may be.
- (iii) The Finance Standing Committee, in their monthly audit, shall ensure that:
 - (a) all acquisitions and final disposals are posted in the concerned AR, and
 - (b) all the vouchers connected with the final payment of any work or final disposal are attached by an abstract of the concerned page of the asset register.
- (iv) Each item of tools and plants, scientific and mathematical instruments and furniture shall be duly tagged with the asset code generated digitally or manually, when they are received by the concerned section. This Asset Code shall be quoted in all transactions relating to the asset.
- (v) When an item used for replacement or repairs shall be shown as 'issued' on the AR and concerned repair estimate.
- (vi) The accessories that are kept separate shall be numbered and entered in the AR.
- (vii) The accessories fitted with the assets need not be separately entered in AR. But the descriptions of the Plants shall indicate the fact of the accessory being fitted on it.
- (viii) All movements of tools and plants, scientific instruments etc., that are given separate identification numbers shall be recorded through the Asset Movement Register (AMR).

- (ix) All movements of Tools and Plants shall be posted up-to-date and accompanied by a Transfer Note.
- (x) Assets transferred to LSGIs from other entities (Institutions of LSGI, other LSGIs, or to other government institutions) shall be entered in AR. The entry shall cover Asset history, Asset condition, Asset title deeds and all relevant information related to the Asset.
- (xi) All information in connection with acquisition, source of fund, cost including charges upto the stage of running of asset, repairs if any in the case of transferred or donated assets, shall be incorporated in Asset Register at the time of receipts.

4.5. Asset Classification

- i. Codification of assets requires the assets to be classified into some meaningful groups.
- ii. Assets are broadly classified under land, buildings, infrastructure assets, plant and machinery, vehicles, office furniture and equipment, and so on.
- iii. Every asset will be allotted a system generated unique identification number (numeric/alphabet) so as to decipher its type, location, local body etc.

4.6. Asset Register (AR)

- i. The instructions for the preparation of Asset Register (AR) is given in Annexure 9.
- ii. The LSGIs shall ensure that the AR shall be prepared: at Institution level (for each Institutions of Local Governance and LSG office).
- iii. The Finance Standing Committee shall:
 - a. Ensure that AR is properly maintained
 - b. All columns of AR are duly filled
 - c. Monitor that recordings are from the payments records or on the basis of valuation done by the LSG Engineer.
 - d. Ensure proper updation of AR
 - e. Discuss monthly report of Secretary and HoILGs on AR.
 - f. Suggestions of modifications on previous monthly report are duly accommodated.
 - g. Ensure that Secretary and HoILG are planning and conducting Quarterly Physical Verification (QPV) and Annual Physical Verification (APV).
 - h. Monitor the QPV and APV and monitor the incorporation of suggestions from LSGI in AR.
 - i. Place the report of QPV and APV with recommendations for the approval of LSGIs.
- iv. HoILG/Secretary shall be responsible for:
 - a. Maintain AR at institutional level in the prescribed format.

- b. Updation of each transaction related to the asset.
 - c. Verify that recordings are from the payments records or on the basis of valuation done by the LSG Engineer.
 - d. Monthly AR verification and prepare report on the fifth working day of a month.
 - e. Submit the AR verification report to the Finance Standing Committee meeting for discussion and verification.
 - f. Providing AR during Quarterly Physical Verification and Annual Physical Verification.
 - g. Providing AR for random check by institutional/functional committee
 - h. Make available to social audit team and public for verification
- v. The Custodian of Asset shall:
- a. Record the AR as per the directions of HoILG/Secretary
 - b. Incorporate the transactions related to asset in time
 - c. Make the updated AR for monthly verification
 - d. Help the HoILG/Secretary for providing the AR for verification to different stake holders of asset (public, committees of LSGI, and auditors).
 - e. Responsible for recording actions taken for safeguarded assets (see section 4.10 in this chapter)
 - f. Give a monthly report stating that the AR is updated by including all details as per AR format on the third working day of every month.
- vi. Internal Controls over Asset Registers
- a. The CA should ensure that the AR is accurate and complete at all times.
 - b. The Secretary shall ensure that authorized recording of transactions relating to Assets take place in the AR.
 - c. The Assistant Secretary/Deputy Secretary/Superintendent shall monitor that all entries are recorded in AR.
 - d. The Secretary shall ensure that all transactions related to Assets are recorded in the AR.
 - e. Shall conduct test check during July and December of every year to assure the completeness and accuracy of register.

4.7. Capitalization Threshold for Asset Registration in the Asset Register

- i. All immovable properties including infrastructure assets with value (cost incurred or actual value) more than Rs. 100,000 and all movable assets (other than 'Group Assets') with value more than Rs. 10,000 or assets whose economic usage extends more than one year shall be included in the asset register (that is, capitalized).
- ii. For assets where historical cost is not available (which would be the case for a

majority of office furniture and equipment), their value at acquisition / construction may be technically estimated for the purpose of capitalization. If assets are obtained from other institution or department as donation, the capital value shall be considered as Rupee one. Any addition/maintenance to bring the asset into working condition or that improvement leads to value addition shall also be added with the capital value.

- iii. The threshold limit of Rs 10,000 on movable assets shall not apply to 'safeguarded assets'.
- iv. The threshold limits shall be applied to an aggregation, not as individual assets, in case of 'Group Assets'.
- v. A monetary (or other) threshold shall also be applied to betterments.
eg. Any modification or enhancement that increases capacity or efficiency by more than 10 percent.

4.8. Assets involved in Public Private Partnership (PPP) based on BOT

- i. The arrangements at the end of the contract term, provide guidance on whether the assets should be classified as LSGI owned asset.
- ii. At the end of PPP contract period, if the assets have significant residual value and ownership gets transferred or assumed by LSGI, they should be considered as LSGI owned assets.

4.8.1. Capital Grants/Financial Aids by LSGIs

- i. Generally, grants/financial aids provided by LSGI will not be considered in deciding if the asset should be considered as LSGI owned asset. The following criteria shall be used in determining whether the asset should be reflected in the LSGI's asset register:
 - a. The leased property is used to provide an essential service and the asset is so specialized that there is no alternative asset available.
e.g. road, utility systems, etc.
 - b. The LSGI contributes significant financial assistance towards the cost of acquiring or constructing the property that it will lease, except exclusive housing and sanitary schemes for individual beneficiaries.
e.g. land, loan, guarantees, transfers, etc.
 - c. The LSGI bears costs and risks in the leased property that would normally be associated with ownership of property.
 - d. The LSGI has significant control over the idle capacity of the leased property.
e.g. although there is a potential for third party use of the asset, the LSGI is able to restrict such use, whether or not it pays for the capacity.
 - e. The LSGI bears residual risk or benefit of asset ownership.
 - f. The LSGI is responsible for performance, availability and/ or maintenance of the property.

- g. The LSGI bears the business risk associated with the leased property.
e.g. lease payments that fluctuate with specific indices such as interest rates.
 - h. The LSGI assumes responsibility for construction risk. e.g. for pays for cost over runs or does not have use of the asset by the agreed date.
 - i. The LSGI is obliged for the output / capacity whether or not it is needed.
 - j. The LSGI is responsible for other potential risks of asset ownership, including obsolescence, environment liability, and uninsured damage or condemnation of the asset.
- ii. If the LSGI is liable for any of the risks in (i) above, is an evidence that it has leased an asset and shall be recorded in the AR.
 - iii. Wherever there is a doubt about whether the asset concerned should be reflected in the AR, the AMMC shall take a final view.

4.9. Single Asset Vs. Composite Asset

- i. It is a matter of judgment whether to treat an asset as a single asset or to record its components as individual assets in their own right.
e.g. a water works plant may be treated as one asset or its components viz. the pipelines, tunnels, reservoirs, tanks, pumps, etc. may be taken as assets in their own right.
- ii. The criteria applied were:
 - a. whether individual components have varying useful life periods and would need replacement at different intervals, in which case it would be better to track them individually;
 - b. whether the benefit from identifying and maintaining individual asset details would be commensurate with cost and effort involved. Considering these asset codes have been formulated and prescribed for capturing details at single asset basis, where ever identified as beneficial in the future.

4.10. Safeguarded Assets

Safeguarded assets are those assets which, though below the threshold limit, are nonetheless 'capitalized' (entered in asset register) for control purpose. Because they are prone to theft owing to their attractiveness, portability and usefulness outside the office. The following items shall be considered as safeguarded assets.

- a. Communications Equipment, both Audio and Video; (projectors, mobile phones)
- b. Laboratory equipment, optical devices, microscopes, etc.
- c. Cameras and Photographic Projection Equipment;
- d. Microcomputer Systems, Laptop and Notebook Computers;
- e. Other data processing Accessory Equipment and Components(Scanners, Data Displays, etc.);

- f. Office Equipment like fax machines; hand held billing machine etc.
- g. Record Players, Radios, Television Sets, Tape Recorders, VCRs, and Video Cameras.

4.11. Costs of Newly Acquired Assets

- i. All expenses incurred to bring the asset into operation should be included in the asset value.
 - a. In case of land, costs would include registration fees, stamp fees, etc.
 - b. For buildings, all expenses on construction including any fee for architects and legal advice should be included.
 - c. Cost of plant and machinery would include freight and handling charges, insurance, customs and other duties, installation and trial runs charges, any civil works such as platform or other supporting structure required to keep the machinery / equipment and so on.

4.12. Additions to Assets

- i. The Custodian of Asset is responsible for supervising the addition of an asset to the AR, upon its receipt and acceptance.
- ii. The responsibilities of CA on additions to Assets includes:
 - a. assigning responsibilities to specific individuals for tagging and ensuring that the necessary information is entered in the AR, and
 - b. the extract of additions made shall be forwarded to the LSGI.

4.13. Transfer of Assets from one Asset Manager to another Asset Manager

Whenever an asset is transferred from one office to another within the LSGI or of another LSGI, suitable note should be made in the AR and a copy of handing over / taking over of asset retained by both the receiving and transferring offices.

4.14. Transfer of Assets to a Body (Corporation / Company / Society)

- i. When assets are transferred by an LSGI to a body under its administrative control, proper record shall be maintained of such transfer in the asset register.
- ii. The assets shall be properly identified, handed over, and taken over by the department and the body.
- iii. The Asset Manager shall ensure follow up action to enforce any conditions that are Attached to transfer (such as issue of equivalent value equity shares in the company).

4.15. Layout Plans & Building Plans

- a. The Secretary shall ensure that all the survey sketch, and layout plans of exact location related with assets are under the custody of LSGI Engineer.
- b. If not available, arrange all these documents, from village, within two months.
- c. The Engineer of LSGI shall report to the Secretary, about the non availability of documents, if any.

- d. The Assistant Engineers, in-charge of the LSGIs, shall maintain correct layout plans of the area with location of roads, buildings, gardens, water supply, electric O/H lines, sewer & water supply lines etc. The detailed building plan of the individual building showing plan, elevation, and section shall also be maintained for record and reference purpose.
- e. For any new work in an existing building, as built drawings shall be furnished along with the proposal.

4.16. Custodian of Title Deeds

- i. In case LSGIs do not possess documents establishing ownership in any of its assets, include the assets in records and proceed for legal actions to establish legal title for its assets.
- ii. In respect of assets possessed by the LSGIs as per the rights and liabilities entrusted by the Act, and administered through its various offices, the HoILG shall hold the title deeds.

4.17. Physical Inventory Instructions (PIIs)

- i. Written Physical Inventory Instructions (PIIs) shall be distributed to each person participating in the inventory process.
- ii. The format of PPIs is given in Annexure 10.

4.18. Retaining Physical Inventory Records (PIRs)

- i. The certification, together with the reconciliation and the inventory listing, serves to support the inventory balance and for accounting entries, if any, and shall be retained by the LSGIs.
- ii. The CA shall retain PIRs in accordance with the approved LSGI's records.

4.19. Clarifications on Asset Management

- i. All doubts regarding asset management should be referred to AMMC for clarification.
- ii. Until AMMC clarifies the matter, LSGI shall not unilaterally take any action that would amount to modification of a given policy.
- iii. AMMC, after due consideration of points raised regarding maintenance, recording, upkeep, responsibilities and a policy matter, shall issue a clarification.
- iv. The clarification by AMMC shall be posted on website of LSGI for information to all stakeholders.

Asset Disposal

5.1. Conditions for Disposal

While considering the disposal of asset by the LSGI, the following conditions shall be kept in mind:-

- i. Any Asset which performs minimum level of basic services of LSGIs shall not be permanently disposed.
- ii. When an Asset is declined to provide the minimum level of basic services of LSGI, a transfer of ownership of the Asset must be done on a fair, equitable, transparent, competitive and consistent manner.
- iii. The transfer of an Asset to another LSGI or Government Organization of the State.
- iv. The ASAAC report, recommendation of AMMC and the AMP shall suggest for disposal of asset with reasons.
- v. If the asset belongs to the Institution of LG, prior sanction from Government for disposal is required.

5.2. Criteria for Disposal

An Asset is to be disposed of when:

- i. It becomes of no more use.
- ii. It is economically not viable to maintain.
- iii. There are better ways to provide the same or better service at less cost.

- iv. It is identified as under-performing, or no longer functionally suited for basic service-delivery needs.
- v. It shows significantly decreased remaining useful life (includes various types of obsolescence like new invention, the out date of technology/non-availability of technology for repair and the like), significantly decreased residual value, or replacement cost compared to maintenance cost is high.
- v. The LSGI no longer performs the function for which the Asset was purchased.
- vi. It is an immovable Asset no longer located close to where the service is required, and in no way the location redesigned, or the cost of making it reusable is not reasonable to the benefit expected. e.g. a bus waiting shed on a road not used.
- vii. The Asset has been replaced.
- viii. The Asset no longer performs the required level of service according to AR.
- ix. The Assets becomes no more use and attracts no heritage value or cannot have heritage value in future.

5.3. The Process for Disposal

- i. Assets for disposal shall be identified as part of a regular and systematic annual verification process.
- ii. The ASAAC report (See Annexure 2) of Asset needs to be prepared containing the following:
 - a. condition of the Asset,
 - b. the present market value,
 - c. expected receipt on disposal,
 - d. mode of disposal.
- iii. The Custodian of Assets or LSGI Engineer shall prepare and place Survey Report for further processing.

5.4. Possible Alternatives to Disposal

The following consideration shall be given to the possible alternatives to disposal.

- i. Consider whether utilization can be increased.
 - eg. adapting the Asset to another function or using it in another programme.
- ii. For Assets of large installations, consideration shall be given to the letting of surplus capacity to other entities.
 - eg. IT installations.
- iii. The possibilities of enhancement/rehabilitation/upgrade of the Assets shall be considered.
- iv. Letting to another institution.
- v. Transfer to another institution.

5.5. Methods of Disposal

Different disposal methods will be necessary for different type of Assets, depending upon its nature. Following methods are the order of preference for the disposal of Assets.

- i. Sale to another institution;
- ii. Public auction/Tender (competitive bidding)
- iii. Controlled dumping (for items that have a low value, no value, or are unhygienic).

5.6. Analysis of Disposal Methods

- i. The disposal or renewal strategy of an Asset shall be considered based on the cost-benefit of alternatives.
- ii. The analysis of disposal methods takes into consideration the potential market or other intrinsic values like;
 - a. The location and volume of Assets to be disposed off
 - b. The ability to support other government programmes
 - c. Environmental Implications.

5.7. Evaluation of Proposal on Disposal

- i. Disposal shall be undertaken only after analyzing the scope for the reuse or alternative use.
- ii. To ensure a fair, equitable, transparent, and competitive disposal, the following steps shall be taken:
 - a. The details of the Assets to be disposed off, are to be published through the website of LSGIs/Notice Board/Newspaper, depending on the book value of the Assets.
 - b. Consideration shall be given to the fair value of the Asset.
 - c. Assess the economic value to be received in exchange for the Asset.
 - d. Reasonable efforts shall be made to ensure appropriate competitive process for disposal.

5.8. Valuation for Disposal

- i. Valuation for disposal is to be done based on historical cost.
- ii. An Asset shall be valued prior to the disposal of it by the Custodian of Asset or LSGI Engineer, taking into consideration of the condition and further usefulness of the Asset being disposed to be included in the survey report.

5.9. Disposal of Equipments and Movable Assets

- i. The Custodian of Assets of LSGIs concerned shall review the equipments under his/her possession every year and sort out such items, which in their opinion may be disposed off.

- ii. In respect of machinery items, the advice of the competent Engineer of the Govt. department may also be sought.
- iii. Redundant movable asset (due to technology change, absence of technician, non availability of spare parts etc)
- iv. Assets shall be disposed off based on the APV report placed before the AMMC for further action.
- v. The unserviceable assets shall be disposed off based on the survey report prepared by custodians which shall be placed before the AMMC.
- vi. AMMC shall recommend suitable mode of disposal to LSGI.

5.10. Dismantled Spares of Assets

- i. Dismantled spares of assets shall be properly recorded along with its description, quantity, and size by the LSGI Engineer/Custodian of Assets in charge who executes the work.
- ii. Serviceable dismantled materials shall be utilized for the same work or any other work.
- iii. Dismantled materials shall be physically verified and detailed survey report prepared by the LSGI Engineer/Custodian of Assets to be placed before the AMMC.
- iv. AMMC shall recommend suitable mode of disposal to LSGI.

Reporting and Review

6

The monthly, half yearly and yearly review and reporting are the base for asset management and also its continuous existence and improvements. The Secretary of LSGI shall be responsible for monitoring the progress of review.

6.1. Periodic Reviews

For ensuring optimum utilization of assets, the LSGIs shall ensure the following periodic reviews.

- i. CA shall conduct monthly review of the assets and the registers and records.
- ii. The Functional/Institutional Committee shall conduct a half yearly check at the middle of June, so as to incorporate suggestions in the budget, if required.
- iii. Annual Status Assessment of Asset Condition (ASAAC) shall be conducted to ensure the existence, protection, maintenance and disposal of assets (see section 5 .3 in Chapter 5).

6.1.1 Monthly Review

- i. As part of this a regular check of the registers and records by the custodian of assets/ Asset Manager on a monthly basis and certify that all entries relating to assets are made up-to-date.
- ii. As part of the regular monthly review the CA shall
 - a. Ensure that
 - i. all assets procured/constructed are entered in the AR
 - ii. the value of the asset are recorded correctly.

- iii. all columns of the AR are duly filled.
 - b. Check the correctness of entries with respective vouchers and records such as product catalog, and warranty card.
 - c. Record a certificate stating that “the records are verified and found that the register is complete and correct in all respect.”
- iii. Along with the certification she/he shall consider/enquire the following if relevant and report to the Management Committee.
 - a. Whether the asset is on the place?
 - b. Whether the assets and surroundings are well and clean?
 - c. Whether it is in working condition?
 - d. Whether it is being used for the purpose?
 - e. If it is not using, the possibility of using or letting out?
 - f. Is any regular repair or maintenance needed? What is the time limit? What are the arrangements made for the repair?
 - g. What is the extent of utilization?
 - h. Is there any misuse or mal use or encroachment?
 - i. Whether the additions/disposals/repairs are properly recorded in the assets register?
 - j. The suggestions/actions regarding the proper upkeep of assets are recorded?
- iv. MC shall review the report and propose suitable measures for the Standing Committee concerned.

6.1.2. Half Yearly Review

Half Yearly Review (HYR) of assets shall be made to ensure qualitative assessment of optimum utilization of assets, diversification, and further expansion for providing quality in service delivery. The following procedures shall be followed for HYR:

- i. The Institutional/Functional Committee shall give a tentative period for constituting team, conduct of HYR. The CA shall make necessary arrangements and records to the team to conduct the HYR.
- ii. The team and composition shall be fixed by the Institutional/Functional Committee, according to the number, extent and diversity of assets.
- iii. The mandate of the team should be fixed in advance by the Institutional/Functional Committee.
- iv. The existence, treatment – expected and actual, protective measures- required and taken, maintenance of assets, measures to be taken for optimum utilization of assets, possibilities of expansion, alternative utilization, monitoring mechanism, and disposal alternatives are to be included along with the LSGIs’ special requirements.

- v. The team shall submit the report (format See Box 6.1) within two weeks of starting of its constitution to the Institutional/Functional Committee for approval.
- vi. The Institutional/Functional Committee meeting shall be scheduled to the month of June/December for discussing and approving HYR.
- vii. The Institutional/Functional Committee shall give recommendations to the CA for immediate action if any, for completion of records.
- viii. The CA shall submit the HYR along with action taken report to the Secretary of LSGI , within 5 days of approval of report.
- ix. The Secretary shall consolidate all the HYRs of MCs and submit to the LSGIs within one week of receipt of all reports.
- x. The LSGIs can consider the reports and shall take steps for the optimum utilization of assets.

Box 6.1: Report of Half Year shall contain:(See Para 6.1.2.v)

- A. Comment on correctness and completeness of AR, Procurement is recorded in time, and all columns are filled or not, Value is recorded as per the voucher concerned.
- B. Comments about the physical existence of asset:
 - i. Assets are on place- , if not - details, actions to be taken
 - ii. Assets and surroundings – cleanliness is sufficient or not, actions required, working condition of asset
 - iii. Usage of assets
 - a. Extent of utilisation of assets.
 - b. If so for the purpose for which it is assigned.
 - c. If not for the purpose – actions required.
 - d. If it is not using, the possibility of using or letting out
 - e. Is there any misuse or mal use or encroachment
 - iv. Details of regular repair or maintenance arrangements made
 - a. Needed repair
 - b. What is the time limit?
 - c. What are the arrangements made for the repair?
 - v. The suggestions/actions regarding the proper upkeep of assets.

6.1.3. Yearly Review (ASAAC)

- i. The LSGIs shall make ASAAC of assets through CA
- ii. The ASAAC on current condition of each Asset of LSGI and a consolidated report of all Assets of LSGI, shall be prepared and made available to LSGIs through Standing Committees.

- iii. The AMP shall be publicised annually, including through websites of LSGIs and LSGD.
- iv. The details of AMP is given in chapter 2.

6.2. Reporting

- i. The ASAAC shall be submitted to the concerned Standing Committee after approval by the Institutional/Functional Committee, with suggestions and recommendations for next year's AMP and modification required on current AMP if any.
- ii. The Standing Committee shall consider and recommend AMP and propose suitable changes in the current AMP to the LSGI.
- iii. The finance Standing Committee shall consolidate the proposals and prepare a draft proposal for the next year's AMP and recommend modifications for the current AMP.
- iv. The Steering Committee shall review the recommendations and modifications on AMP, on the basis of the presentation made by the finance Standing Committee Chairman.
- v. Accordingly, the LSGI shall approve the revised AMP as well as next year's AMP.
- vi. Finance Standing Committee shall coordinate and supervise the reporting and review activities as per the approved calendar.

Duties and Responsibilities

The duties and responsibilities of custodians, other functionaries and agencies in respect of Asset Management in LSGIs are as follows:

7.1. Asset Management and Monitoring Committee (AMMC)

The AMMC shall:

- i. Help the LSGIs to prepare an Asset Management Policy
- ii. Prepare and submit Asset Management Plan (AMP) within six months of LSGI's Elected Representatives take charge.
- iii. Verify and prioritise Asset Maintenance Plan (AMP) proposed through the Development Seminar and prepared by the LSGI Engineer.
- iv. Place AMP before the LSGIs.
- v. Conduct quarterly meetings and observe tracking and monitoring of AMP of Assets.
- vi. Recommend for the disposal of any Assets owned by the LSGIs.
- vii. Conduct test checks on assets of LSGIs after the receipt of Half Yearly Check and ASAAC and submit report to LSGIs.

7.2. The Duties and Responsibilities of LSGIs

The LSGIs shall:

- i. Approve Annual Maintenance Plan (AMP) and prioritise maintenance requirement.
- ii. Allocate funds for maintenance.

- iii. Constitute an Asset Management and Monitoring Committee (AMMC). Issue orders specifying custodian of each Asset.
- iv. Approve Asset Renewal, Transfer and Disposal.
- v. Set up a Grievance Cell to collect suggestions and complaints from the public on defunct or damages of Assets for its timely maintenance.

7.3. Duties and Responsibilities of Secretary of LSGIs

The Secretary of LSGI shall:

- i. Consolidate AR, Half Yearly check report and APV report of all Assets of LSGI.
- ii. Get the report of the maintenance priorities on the basis of AMP from the AMMC and submit it to the LSGI's for approval.
- iii. Conduct ASAAC and estimate maintenance requirements of LSGI office.
- iv. Convene the AMMC meeting, under the chairmanship of President/Chairman/ Mayor
- v. Act as the custodian of Assets.
- vi. Ensure fund pooling
- vii. Delegate all works relating to management of assets with proper support and resources (Provide clerical as well as travel support to all officials of LSGIs, if required by the officials to whom the responsibilities of asset management is delegated).

7.4. Duties and Responsibilities of Assistant Secretary/ Deputy Secretary

- i. As per the direction of Secretary, act as the custodian of all Assets of LSGI office other than under the charge of LSGI Engineers.
- ii. Consolidate all reports from allied institutions relating to assets as per the directions of the Secretary.
- iii. Coordinate consolidation of Asset Register of LSGI office and Allied Institutions, ensure accuracy and prepare reports.
- iv. Collection of proposals for AMP with the permission of Secretary of LSGIs.
- v. Coordinate preparation, implementation and monitor of AMP.
(If there is no Assistant Secretary in position, the Junior Superintendent should undertake the above duties)

7.5. Custodians of Assets /Head of Institutions (HoIs) under LSGIs

- A. In the case of hospitals, the Superintendent of the hospital (Custodian) shall be in overall charge of all equipments. The responsibilities of Superintendent are the following:-
 - i. The equipments will be allotted to different category of doctors/officers for discharging their duties.
 - ii. It is the responsibility of the above category of doctors/officers for the up-keep of the equipment allotted to them in good working condition.
 - iii. If any repair is found necessary, the matter shall be reported to the Superintendent for early repairs/servicing.

- B. In the case of other offices /Institutions the custodians of Assets/HoIs under LSGIs shall:
- i. Maintain Asset Register.
 - ii. Provide information for the preparation of AMP.
 - iii. Generate reports on various aspects of Assets' condition and requirement, considering the Asset life cycle.
 - iv. Upkeep the Assets in good performing conditions.
 - v. Undertake immediate steps to rectify the defects and damages whenever it occurs. In matters which are not under his /her control should be reported to the Secretary of LSGIs.
 - vi. Conduct ASAAC of Assets and Report to the Secretary.
 - vii. Prepare and submit AMP as per the plan procedure.
 - viii. In case of emergency (like failure of drinking water supply, preservation of medicines, seeds and stocks, replacement of broken tiles, etc.), the custodian can incur expenditure up to Rs 5,000/- to overcome situation and upkeep the status quo of the Assets, simultaneously reporting situation to the AMMC. This expenditure shall be got ratified by the Committee/Council.

7.6. LSGI's Engineer

The LSGD's Engineer shall:

- i. Prepare and submit the AMP with the support and monitoring of AMMC. Regarding assets like machineries and others under the custody of other officers like in hospitals, detailed AMP regarding the same shall be obtained from the concerned officers. Besides administrative support for drafting and report preparation shall be made available.
- ii. Assess the current condition of Assets.
- iii. Help the secretary to consolidate ASAAC reports.
- iv. On the basis of assessment of current condition of assets and ASAAC reports, help the Secretary to prepare and submit AMP to AMMC.
- v. Keep custody of Assets under her/ his charge.
- vi. Give support and data for maintaining Asset Register.
- vii. Generate various reports on various aspects of Assets, considering the Asset life cycle.
- viii. Periodically inspect, including test check with records of Assets under his control as per norms prescribed in this manual.
- ix. Conduct ASAAC under her/his control, Prepare survey report for the disposal of the Assets and place it before AMMC.

7.7. Social Audit

Social Audits (see Box 7.1) shall be conducted on the maintenance of assets. The Social Audit team shall report the following:

- i. Whether ASAAC is done in time prescribed?
- ii. Whether the ASAAC report is available to the public?
- iii. Whether the AMP is prepared in time prescribed?
- iv. Any misuse, encroachment, or any irregularities in maintenance of assets
- v. Whether the maintenance is done in time and as per AMP?
- vi. Whether the daily/weekly upkeep of assets are being performed by the CA.
- vii. Whether the AR and CAR are monthly updated?
- viii. Whether the extracted monthly updates are submitting to LSGIs before the meeting of LSGIs.
- ix. Whether the quarterly physical verifications are performed in a time bound manner.
- x. Whether the Secretary is conducting test check during July and December of every year..
- xi. The precautionary measures/corrective measures taken or by the HoILG as per the previous reports of social audit, if any
- xii. If no measures taken, reasons of the HoILG for such non compliance.

Box 7.1: Social Audit on Asset Management(See Para 7.7)

Social Audit:

- a. Conduct Social Audit and submit quarterly reports to the institutional/functional committee
- b. The conveners of all institutional committee shall sit together after the completion of quarterly report, submit a consolidated report to the LSGIs and Grama Sabha, within a week of completion of institutional quarterly audit report.
- c. The consolidated quarterly report/annual report shall be published in July, October, January and April (annual report). (web site of LSGIs, and made available to public for reference in all institutions of LSGIs)
- d. Every report shall be signed by all members of the team and consolidated report by all Conveners of Social Audit Team.

7.8. Stakeholders

Stakeholders can help the LSGIs to upkeep the Assets. Stakeholders include the common people, experts from the Grama/Ward Sabha/Ward Committee group or individual beneficiaries of various services provided by the LSGIs like community water supply schemes, PTA, Hospital Management Committees, *Patasekhara Samiti* etc. The citizen survey shall be conducted before the finalization of AMP, for measuring the

satisfaction level of citizen about the services provided by the LSGIs. The survey shall include questions relating to the need of maintenance of assets, which will be the suitable input for the preparation and finalization of AMP. This questionnaire can be also applied among the stakeholder committees for collecting information. This also creates a feeling of ownership among the public about the assets of LSGIs.

Annexure

Annexure: 1
Functions of LSGIs
[See Para 1.5, 3.2.vi&vii]

Sl. No.	Provisions of the Act	KPR Section	KMA Section
1	Power of the Government to pass orders regarding property	4.(3)	4(4)
2	Capacity of the LSGIs of acquiring, holding and transferring property ,movable or immovable, entering into contracts, and of doing all things necessary, etc.	5	5
3	Power of LSGIs to ADMINISTER the institutions ,schemes, buildings and other properties, assets and liabilities connected with the matters referred to in the respective schedules- SUBJECT to guidelines and the LSGIs shall not have any power to sell, transfer, alienate or pledge the properties transferred to it.	166 ; 172; 173	30(3)
4	Transfer of functions, institutions or works	167	30
5	Maintenance of common dispensaries, child welfare centres, etc.	168	
6	Vesting of Public Roads [other than those classified as NH, SH and major Dist. Roads] bridges, culverts, ditches, dykes, fences on or beside the same, protective devices and all adjacent land not being private property appertaining thereto, within the area of jurisdiction of the concerned LSGIs together with all pavements, stones and other materials and things appertaining thereto may be deemed and vested absolutely in the respective area of jurisdiction.It shall not be lawful for any persons to occupy any land which is vested in a LSGI, whether a poramboke or not, without prior permission of the LSGI concerned. The erection of any wall, fence or building or the putting up of any overhanging structure or projection (whether on a temporary or permanent basis) on or over any land aforesaid shall be deemed to be occupation of such land.	169	207
7	Duty of LSGIs to maintain properly the roads vested in it and to prevent encroachment on it.	170	346
8	Vesting of community property or income in village Panchayats	171	
9	The LSGIs shall in addition to the annual and five year plans, prepare a PERSPECTIVE PLAN foreseeing a period OF FIFTEEN YEARS, with special focus on SPATIAL PLANNING FOR INFRASTRUCTURE development and considering the resources and the need for further development and such plan shall be sent to the concerned DPC	175(4)	51
10	Control of the LSGIs over the Electrical undertakings- conditions	176A	52A
11	Provision for lighting public streets	176B	316
12	ACQUISITION of any immovable property which is required by LSGI for a public purpose connected with the discharge of the functions imposed on it under the Act may be acquired under the provisions of the Land Acquisition Act,1984 and on payment of compensation awarded under that Act in respect of such property and of any other charges incurred in acquiring it , the said property shall stand transferred to and vest in the LSGI Provided that nothing contained in this section shall be deemed in this section shall be deemed to prevent any LSGI from acquiring immovable property either through PRIVATE PURCHASE or any FREE SURRENDER.	178	214 215 349

13	To upkeep register of Asset in Municipality containing the details of all the immovable properties of the Municipality and shall forward the copy of the same to the Government and shall also inform all the changes made there to.		211
14	Government has power to inspect any office or any records or other documents of the Panchayats or movable properties kept therein or any work or institution or property under the control of the Panchayat	188(1)(f)	56
15	VESTING OF WATER COURSE, SPRING, RESERVOIRS	218	208

Annexure: 2
Annual Status Assessment of Asset's Condition Report (ASAACR)
(See Para 2.4.i, 5.3.ii)

To be Filled by ASAAC Team		
	Particulars	Description
i.	Availability of ownership	
ii.	Component number if composite asset	
iii.	Physical condition (see note 1)	
iv.	Beneficiaries	
v.	Utilization (see note 2)	
vi.	Effectiveness (note 3)	
vii.	Valuation (note 4)	
viii.	Protective measures (note5)	
ix.	Expansion possibilities	
x.	Alternative use (if present use is not cost effective)	
xi.	Additions, Modernizations, repairs, needed and Estimated cost	
xii.	Other information relevant for reporting	
xiii	Identification Mark provided by the ASAAC team	

1. There shall be an Annual Status Assessment of Asset's Condition Report [ASAACR] format prepared (system generated) based on the information available (entries verified and updated by the CA on or before 31st May) in the AR as on 31st March of every year for each assets included in the AR.

2. Specific directions are indicated in the format as notes .They are given below :-

Note 1:

Assessment of condition of the asset is important for valuation purposes. When value of an asset is technically estimated, the current value should be determined taking into account depreciation over the period when the asset was in existence, and the asset's present condition. Further, an idea about asset's condition provides useful input to managers to take decision about maintenance and replacement of assets. Also it would indicate if any assets are unusable and therefore unproductive. As all assets would be physically inventoried for preparing the asset register, it would be ideal if their condition could also be assessed so that they do not require to be 'revisited' again at the time of valuation. The team conducting the enumeration of assets should briefly record the condition of the asset. A rating scale as explained below shall be used for different types of assets:

Explanation of Condition Rating codes, when used for Roads

- Excellent : No potholes. No cracks requiring filling. Complies with engineering standards.
- Good : Some potholes. Minimal crack filling required. Complies with engineering standards.
- Fair : Evidence of deterioration. Has numerous potholes and regular crack filling required.
- Poor : Pavement deteriorating. Extensive potholes and cracks. Joint failures. Needs resurfacing.
- Failing : Road bed and surface needs replacing.

Note 2: Utilization Assessment

Efficient utilization of assets is an important objective of asset register framework. Sometimes assets remain unutilized due to the asset not being commissioned after its procurement. There are instances where equipment lies in packed condition for many years after it is acquired at considerable cost. Similarly, costly equipment remains underutilized as the necessary repairs have not been carried out. Some assets may have outlived their life or utility and lying unused. Therefore, it is important that physical verification brings out this aspect so that the management can take appropriate action to utilize the asset or otherwise dispose it off. For this purpose, asset utilization shall be captured under codes as below:

- 000- fully utilizing
- 001- Asset not installed;
- 002 – Asset not brought to operational condition;
- 003 – Asset needs additions/operating facilities;
- 004 – Asset is operational but want HR support;
- 006 – Asset is operational but obsolete.
- 007 – Asset is operational but uneconomical.

Note 3:

Effective utilization of assets is also an important objective of asset register framework. Sometimes assets remain efficiently utilized but not for the services for which it is intended to utilize.

- 01. Substandard service due to technological difference. (Photostat A3 needed but A4 is using)
- 02. Installed for development of women but utilizing for general purpose
- 03. Installed for development of SC/ST but utilizing for general purpose
- 04. Installed for development of public but utilizing for office purpose
- 05. Installed for development of particular geographical area but utilizing for general purpose
- 06. Others (specify)

Note 4:

Valuation Code; Date, Reference Number and valuation these are the data explaining to how the value of an asset acquired/arrived at, whether actual cost or arrived through some physical verification and technical valuation and details about the valuation process. Valuation of assets is incidental to every updating of the asset register, here the main intent is to list (enumerate / inventory) all LSGI assets to ensure custodial and stewardship responsibilities. Valuation code will indicate whether the valuation is based on actual purchase, acquisition, or construction price / cost or is it a technical estimate. Initially, all values will be based on actual cost / price. Where such actual cost is not available, valuation based on Accounts Manual need to be followed. If valuation is being carried out on a later stage, after the updating and approval of the asset register date and LSGI decision number shall also be recorded. Valuation Codes shall be as follows-

- 01- Actual cost of acquisition / purchase
- 02- Market value (relevant for land)
- 03- Technical estimate based on date of acquisition and condition of asset
- 04- Replacement value

Note 5: Specify the protective measures if any required like compound wall, fencing, covering, painting, minor works and the like.

Annexure: 3
Check list for ASAACR Scrutiny
 [See Para 2.4.x.c]

Sl. No.	Check List for functional committee's Annual Status Assessment of Asset's Condition Reports Scrutiny	
1	Number of items in books is equal to items as per physical verification	
2	All records and accounts prescribed by this manual are maintained	
3	All records and accounts included all related information	
4	All records and accounts prescribed by this manual are updated	
5	Whether the test check of records and accounts are made frequently	
6	The depreciation is properly deducted from the cost price	
7	All related expenditure added are capital nature	
8	All major repairs and additions are included in AR	
9	Whether the previous APV report is send to the Secretary of LSGIs	
10	Whether the required level of service is being properly considered	
11	The assets is properly protected	
12	Proof of ownership/ procurement are properly filed	
13	Disposal of assets are properly incorporated.	

Annexure: 4

Consolidated Annual Status Assessment of Asset's Condition Report
(Institutional/Functional committee wise)

[See Para 2.5.ii.c]

Name of Committee _____ Name of-LSGI _____

Part I

Present status of the Assets

Name and location of asset	Code of Asset	Availability of ownership	Physical existence (Actual and expected)	State who are the beneficiaries of the assets	What is the use (present and expected) *	Current Condition of Assets*	Protective measures (Actual and required)	Expansion (possibilities)	Alternative use (for cost effectiveness)	Disposal (for effectiveness and methods)	Remarks if any
1	2	3	4	5	6	7	8	9	10	11	12
1											
2											

* provide suitable code from the codes that are prescribed for the ASAACR.

Part II

Urgent proposal if any, which require financial sanctions

Sl. No.	Name of proposed activity and asset with specific location if any	Purpose/ Objectives	Targeted beneficiaries	Expected outcome	Estimated cost	Reasons to believe that there is an Urgency
1	2	3	4	5	6	7

Note. Use additional blank sheets for further explanations if any relevant.

Dated and Signature of Chairman with name

Annexure: 5
Asset Management Strategy
 [See Para 2.5.iv & 2.5.vi]

(Standing Committee)

(LSGI)

Function/Institution.....

[AMS shall be prepared by the Standing Committees for each Function/Institution under it separately]

a) Where are we now?

Sl. No.	Name of Assets	Asset Function/nature of use	Beneficiaries (group name and number)	Physical/ Technical condition					Present level of Service			
				Excellent	Good	Average	Poor	Very poor	Satisfactory	Mediocre	below average	

- b). If the condition are not excellent, what are the physical/technical gaps?
- c) Where do we want to be in 15 years, physically/technically?
- d) What performance/service standard are we targeting from the assets_-next year, after 5 years, 10 years, and 15 years according to the AMS?
- e) How are we doing vs. the target? (Actual vs expected service levels)
- f) How are we planning to manage the assets and fill the gaps? (See the note given below)
- g) Consolidate the proposed activities under the heads below
 - i. Procurement
 - ii. Maintenance
 - iii. Disposal
 - iv. Operation
 - v. Revenue Generation
- i) Give Details of anticipated cash flow, fund sources and Financial Plan
- j) How we know/ensure that we are achieving the targets by specifying the review reporting measures with their intended frequencies.

Note. For the detailed gap analysis and finding solutions use suitable questions like the ones below and list out the possible measures and activities required to be undertaken during the ensuing financial year.

- ✓ **Functional necessity of an Asset**
Whether the specific functional objectives can be achieved without this asset?
- ✓ **Optimum output of Asset**
Whether the assets are used at its maximum capacity?
- ✓ **Suitability of the location of Asset**
Whether the asset's location is demographically suitable, ensuring the optimum out come?
- ✓ **Functional capability of Asset**
Whether asset has the functional capacities required for the purpose?
- ✓ **Functional qualities of Asset**
Are assets suitable for the delivery of optimal level of service which they are intended to support?
- ✓ **Warranting uninterrupted service by the Asset**
Whether the necessary requirements, to ensure uninterrupted service provided through an asset with its unimpaired productive potential during its life time and beyond are being fore-casted, ensured and fulfilled vigilantly? (Proactive vs. reactive and service centred vs. asset centred management).
- ✓ **Efficiency of the maintenance of Assets**
Whether the management doing the right things at the right time in terms of maintenance, rehabilitation and renewal of Assets to minimize on-going costs?

Annexure: 6

Format for preparing Asset Management Plan (AMP)

[See Para 2.6.ii]

------(Institution/Function)------(LSGI)

Function*	Asset Code & Description	Service provided	Objectives to be reinstated of the asset by the AMP**	Activities proposed**
Anganwadi	Land	Space for the Anganwadi		
	Building	Classroom facilities for the children and other beneficiaries		
	Kitchen	Facility for nutritious feeding		
	Play ground	Child development		
	Toilet	Healthy hygienic habits		
	Toys	Recreation		
	Furniture	Facilities for the beneficiaries		
	Utensils	Cooking and Feeding		

* Here the sample details captured in the table are relating to the function/ institution of Anganwadi which is managed by the institutional committees namely Anganwadi Welfare Committee at institutional level and Anganwadi Co-ordination Committee along with the functional committee for Women and Child welfare at LSGI level, and all these committees functioning within the administrative jurisdiction of the Welfare Standing Committee. Likewise each institutional/ functional committee shall prepare AMP for each of the institution/function entrusted with.

** To be filled by the Asset Manager or Custodian of Asset.

Annexure: 7

Summary of AMP Activities

(See Para 2.6.iii)

Annual Asset Management Plan of----- (LSGI)

for the year. -----/-----

Name of Institution/Function: -----

Submitted by: Date: / /

Approved by: Date: / /

A. AMP proposals for the:

- 1) construction procurement;
- 2) goods and services procurement;
- 3) information and communications technology procurement.

Sl.No.	Activity proposed	Function/ Institution	Responsibility	Source of Fund

If significant variation is required in the scheme for different items, then separate lines may be used by indicating the item number as entered on the top.

B. AMP proposals for the Asset Maintenance

Sl.No.	Activity proposed	Function/ Institution	Responsibility	Source of Fund

C. AMP proposals for the Asset Disposal

Sl.No.	Activity proposed	Function/ Institution	Responsibility	Source of Fund

D. AMP proposals for the of Asset Operational

Sl.No.	Activity proposed	Function/ Institution	Responsibility	Source of Fund

E. AMP proposals for the of Asset Revenue Mobilization

Sl.No.	Activity proposed	Function/ Institution	Responsibility	Source of Fund

Annexure: 8
Asset Database
 [See Para 4.3.ii.d]
 PART I:

i.	Asset Code	
ii.	Asset Description	
iii.	Asset Custodian Office Name	
iv.	Title / Reg. / warranty ref no.	
v.	Asset Location	
vi.	Location /Reference Asset code	
vii.	Attributes and Characteristics	
	Units of Measurements and Measurement	
viii.	Date of acquisition/ Purchase/Commissioning/ functionalizing	
	Actual cost incurred if any at that time	
ix.	Contractor/Vendor Name Manufacturer's Name, if applicable.	
	Year and/or model(s), if applicable.	
	Contractor/Vendor/Manufacturer's serial/registration/ code number(s), if any,	
x.	Code of capital costs incurred subsequent to acquisition	
	Details/references of capital costs incurred subsequent to acquisition with date and the amount.	
	Total value of asset column (viii + x)	
	Entry after APV	
xi.	Verification Date &Reference Number	
	Value code and value	
	Salvage Value	
	Condition code and description	
	Utilization code and description	
	Service Condition	
xii.	Date of Disposal and reference number	

Signature and Name of Custodian of Asset.

Explanations regard to information included AR. Part. I.

- (i) Asset Code is the combination of following codes separated by a “-” (hyphen).
- starting with, Five digits LSG Code; of which, the first two digits denoting the revenue district’s number in which the concerned LSGI is situated starting with 01 from south towards north; and the last three digits denoting the LSGI concerned as in the following order:-
 - 100 - 599: GPs
 - 600 - 799: BPs
 - 800 - 899: MLYs:
 - 900 - 999: MLC s
 - 001 – 099: DPs
 - Followed by Four digits Asset Manager/Custodian Code; of which the first two digits representing the department to which the officer belongs and the last two digits denoting the officer’s designation.
 - Followed by Four digits Asset Classification Code.
 - Ending with three digits Serial Number of the asset in the Asset Register as entered under the same asset classification category, starting from 001.
- (ii) Asset Description: this shall be the description of Asset classification code and the description about the specific purpose for which the asset has been acquired/ procured/constructed or having been utilized for.
- (iii) Asset Custodian Office Name is the actual name of the office in which the asset is accounted.
- (iv) Title / Reg. / warranty /reference number: Details about the documents proving ownership of the asset.
- (v) Location shall be specified invariably to establish the existence of asset through physical verification. If an LSGI claims it has 20 desk top computers, it must also indicate where they are ‘located’ so that someone could physically verify them. This is relevant for all assets except vehicles and portable assets such as lap tops, PDA, mobile phones, etc. In the case of portable assets, the name of the person to whom the asset has been given should be noted in place of location.
- For asset register to be effective, it is important that LSGIs shall establish the practice of identifying buildings with LSGI’s building number and within buildings rooms, halls, hallways, etc. also by an individual numbering system. As for infrastructure assets, along with their Land Survey Number, they shall also to be identified based on ‘Global Positioning System’ and ‘Computerized Maps’ that locate places based on geometry of the Earth based on latitude and longitudes.
- (vi) Location /reference asset code is the code of the asset if any in/to which its location is being identified as prescribed above.
- (vii) Attributes and Characteristics& Units of Measurement and Measurements are the fields were the salient features, physical parameters including their measurements in the pre-

scribed/standard measurement units, relevant to each type of assets are being recorded in the Asset Register. For instance, as an asset a passenger car's power, seating capacity figures, and its other features like AC, ABS, Power Windows, Air Bag, etc. are the details of capital value, whereas for a building its carpet area, number of floors, roof type, number of rooms, lifts, etc. are the details relevant to be captured in the asset register.

In order to facilitate the capturing of relevant information and measurements, the Asset Codification Hand Book should also specify the data required to establish the essential characteristics and the relevant physical parameters of the asset. Generally, two methods are applied to facilitate identification i.e., descriptive method and reference method. For each approved asset name the Hand Book should offer description of its attributes or characteristics in order to register them in the Asset Register. The guide provides complete list of 'family' of assets for registering their attributes and characteristics. Drawings, pictures may be used, especially where description is difficult and likely to lead to confusion. Reference method is an indirect process of identification. Manufacturer's code and asset code are used to identify the asset. In both the methods the objective is to identify and describe the asset correctly. The AMC at LSGD/GOK shall maintain the Handbook by adding new codes and also furnish clarifications as and when required.

- (viii) Date of acquisition/ Purchase/Commissioning is the relevant information like date, month and year or year denoting an asset's starting point, which is an essential requirement to calculate effective life of an asset except land. Regarding past data, source of information, and if no such specific information available that also need to be recorded.
- (ix) Manufacturer's / Contractor's details Manufacturer's / Contractor's details shall be captured along with the asset to formulate a Standard Coding System for unique identification of manufacturers. Such database shall have information of names, addresses, telephone, fax, e-mail and industrial classification codes of vendors. Ideally, AMC should maintain such database which can be linked to the classified asset database in order to produce vendor wise products dealt. Additional data of prices, manufacturer's standards of asset maintenance, dealership / maintenance network of the vendor may be integrated to make preparation of capital budgeting and maintenance budgeting.
- (x) Code of capital costs incurred subsequent to acquisition

After assets are acquired and are put to use, additional costs are incurred that range from ordinary repairs to significant additions or betterments. Any expenditure that results in greater future benefits should be capitalized whereas any expenditure that simply maintains the existing service level or capacity should be expensed and need not be brought in to this part of the asset register. If the service potential of the asset is considered enhanced:

- where there is an increase in the previously assessed physical output or service capacity;
- where associated operating costs are lowered;
- the useful life of the property is extended; or
- The quality of the output is improved.

To illustrate, construction of additional rooms in the old building should be registered in

the asset register as additional rooms enhance the capacity of the building. The codes to be used in this regard are given in appendix.

- (xi). Date of Disposal and reference number is the information required to be posted at the time of Disposal

PART II:

Management Information

- i. Responsibilities:
 - Official responsible for operating/maintaining/handling the asset:
 - Official responsible for the day-to-day maintenance/ up keeping (like Cleaning, oiling, etc.) of the asset:
 - Official responsible for supervising:
 - Official responsible for the periodical review and reporting:
 - Reporting to whom and the periodicity:
 - The FC/ Standing Committee responsible for the management of the Asset, review and report.

- ii. Details of verifications conducted:

Date of verification; name & designation; report reference no. & date

Routine

Quarterly

Half yearly

Annual

- iii. Details of maintenance

Activities (code no.& description) under taken to maintain asset and the cost incurred on each occasion along with their details and document reference.
{Asset Maintenance Activity Codes are given in the appendix}

- (xi) Valuation Code; Date, Reference Number and valuation these are the data explaining to how the value of an asset acquired/arrived at, whether actual cost or arrived through some physical verification and technical valuation and details about the valuation process . Valuation of assets is incidental to every updating of the asset register, here the main intent is to list (enumerate / inventory) all LSGI assets to ensure custodial and stewardship responsibilities. Valuation code will indicate whether the valuation is based on actual purchase, acquisition, or construction price / cost or is it a technical estimate. Initially, all values will be based on actual cost / price. Where such actual cost is not available, valuation based on Accounts Manual need to be followed. If valuation is being carried out on a later stage, after the updating and approval of the asset register, date and LSGI decision number shall also be recorded. Valuation Codes shall be as follows-

- 01- Actual cost of acquisition / purchase
- 02- Market value (relevant for land)

03- Technical estimate based on date of acquisition and condition of asset

04- Replacement value

➤ Condition Assessment

Assessment of condition of the asset is important for valuation purposes. When value of an asset is technically estimated, the current value should be determined taking into account depreciation over the period when the asset was in existence, and the asset's present condition. Further, an idea about asset's condition provides useful input to managers to take decision about maintenance and replacement of assets. Also it would indicate if any assets are unusable and therefore unproductive. As all assets would be physically inventoried for preparing the asset register, it would be ideal if their condition could also be assessed so that they do not require to be 'revisited' again at the time of valuation. The team conducting the enumeration of assets should briefly record the condition of the asset. A rating scale as explained below shall be used for different types of assets:

Explanation of Condition Rating codes, when used for Roads

Excellent : No potholes. No cracks requiring filling. Complies with engineering standards.

Good : Some potholes. Minimal crack filling required. Complies with engineering standards.

Fair : Evidence of deterioration. Has numerous potholes and regular crack filling required.

Poor : Pavement deteriorating. Extensive potholes and cracks. Joint failures. Needs resurfacing.

Failing : Road bed and surface needs replacing.

➤ Utilization Assessment

Efficient utilization of assets is an important objective of asset register framework. Sometimes assets remain unutilized due to the asset not being commissioned after its procurement. There are instances where equipment lies in packed condition for many years after it is acquired at considerable cost. Similarly, costly equipment remains underutilized as the necessary repairs have not been carried out. Some assets may have outlived their life or utility and lying unused. Therefore, it is important that physical verification brings out this aspect so that the management can take appropriate action to utilize the asset or otherwise dispose it off. For this purpose, asset utilization shall be captured under codes as below:

000- fully utilizing

001- Asset not installed;

002 - Asset not brought to operational condition;

003 - Asset needs additions/operating facilities;

004 - Asset is operational but want HR support;

006 - Asset is operational but obsolete.

007 – Asset is operational but uneconomical.

Annexure: 9
Instruction for the preparation of Asset Register
[See Para 4.6.i]

Asset Register

1. One page shall be allotted to one asset
2. Allot code for each asset (see codification and data base structure at section 4.3)
3. The code shall be tagged with the asset also (if immovable)
4. Enter all details of assets as per the description given along with the format of asset register. (See Annexure 8)
5. The register shall be prepared at Custodian of Asset (CA) level.
6. All assets coming above capital threshold limit (i.e. Rs. 10000) shall have a page in the asset register
7. The small assets (i.e. below the value of Rs.10000) and safe guarded assets shall be recorded separately in separate register.
8. The consolidated amount shall be shown in balance sheet.
9. The recording of small assets and safe guarded assets are recorded after grouping the assets.
10. Monthly monitoring shall be planned and conducted for these small and safe guarded assets.

Annexure: 10
Physical Inventory Instructions (PIIs)
[See Para 4.17.ii]

- How and where to record each item,
- What information to record,
- How to seek clarification on instructions issued,
- What procedures to follow when they finish their assignments,
- What procedures to follow when equipment is located but not listed,
- The procedure by which the person counting the assets attests to the accuracy of the count, such as by signing his or her name at the bottom of each inventory page, or signing a cover page for a group of pages sorted by another method (batches, location, equipment type, etc.), and
- How to record assets not being used or in an obviously unserviceable condition. Such information is to be used to schedule repair or disposition of such assets.