

कार्यालय, रक्षा लेखा नियंत्रक, रिजरोड, जबलपुर (म.प्र.) 482001

OFFICE OF THE CONTROLLER OF DEFENCE ACCOUNTS, RIDGE ROAD, JABALPUR, (M.P.)

482001

No. A/II/015/GASB/17-18

DT: 14/03/2018

To,

The Officer i/c,

1) All Section in M.O.(AN/III &EDP)

2) All sub offices

3) All IFA (under Performa control).

Sub: - COMMENTS ON THE EXPOSURE DRAFT-" GUIDANCE NOTE ON  
FIXED ASSETS RECORDING AND ACCOUNTING "FORMULATED  
BY GOVERNMENT ACCOUNTING STANDARD ADVISORY  
BOARD(GASAB).

REF- HQrs. Letter bearing NO.GASAB /A/2016-17 DT: 12.03.2018.

Please Find enclosed the HQrs. letter cited under reference which is self explanatory. The required comments if any may pl. be forwarded to this section latest on 23/03/2018 to enable this section to submit the same to HQrs .office in due time.

Receipt of this communication may please be acknowledged and confirmed action taken.



(K.P.Balasubramanyam)

Sr. Accounts Officer(A/Cs)

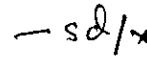
Copy to:

The Officer i/c

EDP Cell

(Local)

For information and uploading the letter.



(K.P.Balasubramanyam)

Sr. Accounts Officer(A/Cs)

Speed Post

कार्यालय रक्षा लेखा महा नियंत्रक, उलान बटार रोड़ पालम दिल्ली छावनी

Office of the C.G.D.A., Ulan Batar Road, Palam, Delhi Cantt.

सं.र.ले.म.नि./गसब/ले./2016-17

दिनांक: 12.03.2018

सेवा मे,

CDA  
Jabalpur

**विषय: COMMENTS ON THE EXPOSURE DRAFT- "GUIDANCE NOTE ON  
FIXED ASSETS RECORDING AND ACCOUNTING" FORMULATED  
BY GOVERNMENT ACCOUNTING STANDARD ADVISORY  
BOARD(GASAB).**

गसब (GASAB) सचिवालय से उपरोक्त विषय पर प्राप्त दिनांक 15.02.2018 का पत्र क्रं.175/गसब/सचि./ऐड.आन एस्सेट एंड लाइबिलिटिज/195-2017(Vol-II) की कॉपी संलग्न है, कृपया इस सम्बंध मे अपने कार्यालय के विचारों(comments) तथा की गई कार्रवाई से इस मुख्यालय कार्यालय को 28 मार्च 2018 तक अवगत करायें।

संलग्नक: उपरोक्त

  
(सुमित गजभिये)

र.ले.व.सहायक महानियंत्रक

*Pl. Offer your comments.*  
*[Signature]*  
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*CGA/A/c*

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भारत के नियंत्रक-महालेखापरीक्षक  
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सरकारी लेखाकरण मानक सलाहकार बोर्ड (गसब)

पत्र क्र.: 175/गसब/सचि./ऐड. आन एस्टेस एंड लाइबेटिज/195-2017 (Vol-II) दिनांक: 15.01.2018  
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प्रति,

सुश्री अलका शर्मा,  
संयुक्त सीजीडीए (ए एंड बी),  
उलान बेटर रोड, पालम,  
दिल्ली कैंट-110010

विषय: Comments on the Exposure Draft-"Guidance Note on Fixed Assets Recording and Accounting" Formulated by Government Accounting Standard Advisory Board (GASAB)

संदर्भ: UO.No. CGDA/GASAB/C/2016-17, Dated: 16.01.2018 — Pl. Link

उपरोक्त विषयान्तर्गत एवं संदर्भित पत्र के संबंध में पैरा अनुसार गसब सचिवालय की टिप्पणियाँ/उत्तर एनेक्सर में संलग्न पाएँ।

संलग्न: उपरोक्त।

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(आशा रानी रूंगटा)  
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रक्षा लेखा संयुक्त महानियंत्रक (ले० एवं व०)  
Jt. CGDA (Accounts & Budget)  
दिनांक: 21.02.2018 / Date: 23-2-18

Annexure

Para-wise comments from GASAB on the U.O. No.CGDA/GASAB/C/2016-17 dated 16.01.2018 of your office regarding Comments on the Exposure Draft 'Guidance Note on Fixed Assets Recording and Accounting' formulated by GASAB:

Queries/Observations	Clarifications/Comments by GASAB
<p><b>Para 2:</b> The flexibility for disclosing Assets as per extent policy of Govt. to safeguard national security has been incorporated in the Draft (Refer Para 1.4). It has further been clarified by GASAB that "Strategic Departments including Defence could take a policy decision within their organization for any exception to the Guidance Note on Fixed Assets Recording and Accounting, as per prevailing Government policy. The policy decision can be disclosed while applying the Guidance Note".</p>	<p>Yes, the para in itself self explanatory. In this regard, however, para 3 (iii) of Record Notes of 31<sup>st</sup> meeting of GASAB may also be referred.</p>
<p><b>Para 3:</b> On threshold limit of Rs. 5000/ GASAB office has already been apprised of the criterion followed in Defence for classification of expenditure being Rs. 10 Lakhs &amp; above. In this regard, this office letter No. CGDA/GASAB /A/C/2016-17 dated 01.03.2017 addressed to GASAB office may please be referred to MoD(Fin) is also requested to take a view on the aspect of thresh hold limit of Rs. 5000 and Rs. 2 lakhs for reporting at field level and at consolidating stage proposed by GASAB directed by CGA as the thresh hold limit followed in Defence for identifying Capital Expenditure is Rs. 10 lakhs &amp; above.</p>	<p>The same has been resolved during the Technical Advisor's meeting, the representative from CGDA office had already been advised to mention their extant policy and make their accounting disclosures accordingly. In this regard, however, para 3 (iii) of Record Notes of 31<sup>st</sup> meeting of GASAB may also be referred.</p>
<p><b>Para 4:</b> Further, in pursuance of MoD(Fin/Bud-I) letter dated 18.10.2017, this office has called for comments from stakeholders regarding "Guidelines for creation, updating and maintenance of Assets Register in the Ministries and Department of Central Governments and introduction of e-Register Portal".The comments of some of the stakeholders have been received. Therefore, seeking Views of the stake holders again would be duplication of efforts and may result in confusion which may be avoided.</p>	<p>No comments.</p>

<p><b>Para 5 (i):</b> As per Format Note 2 to D-4, the disclosure statement does not include the assets of Ministry of Defence, therefore, it is not clear whether the Assets Register has to be adopted by various Units/Organizations of Army.</p>	<p>This is about the note 2 below Form D-4: Asset Register of FRBM Rules, 2004. Whereby, Ministry of Defence is excluded from disclosing the asset mentioned under above mentioned Form D-4. However, Ministry of Defence is required to adopt the Asset Register. At Note 2 below 'Annexure-1: Fixed Assets Register in the field Unit', of the Guidance Note on Fixed Assets Recording &amp; Accounting, it is also clearly mentioned that 'All assets of strategic nature should be disclosed as per the prevailing government policy.'</p>
<p><b>Para 5 (ii):</b> Assets like Arms &amp; Ammunition can always be termed a sensitive and confidential. Hence it may be difficult to capture the assets defined in this category.</p>	<p style="text-align: center;">-do-</p>
<p><b>Para 5 (iii):</b> There is need to enforce the major overhauls/additions/alterations resulting in life extension as such instances are not entered in records at present.</p>	<p>For this, the 'para 6 (e)- Spare parts and stand-by/servicing equipment' of the Guidance Note on Fixed Assets Recording &amp; Accounting may be referred, along with para 9 on 'Measurement of Cost Subsequent to Initial Recognition'.</p>
<p><b>Para 5 (iv):</b> Expenditure towards AMC, Depreciation need to be incorporated in the said formats.</p>	<p>The present Guidance Note is based on cash based system of accounting and hence it <del>does</del> not possible to include Depreciation concept. AMC is a revenue expenditure on maintenance and not part of creation of /addition to assets.</p>
<p><b>Para 5 (v):</b> As there would be duplication of work initially in creation of Asset Register manually now and again feeding the whole information in the portal on development of e-Asset Register at later stage, it would be appropriate to take up the task of creation of Asset Register on materialization of e-Asset Register.</p>	<p>Ministry of Defence should immediately start gathering and collecting information and switch to e-Asset Register as soon as possible.</p>
<p><b>Para 5 (vi):</b> Threshold value of Rs. 5000/- and life of more than 12 months needs upward revision. If threshold is increased to the limit of Rs. 10 lakhs &amp; life of more than 7 years, then volume of accounting shall reduce to a greater extent.</p>	<p>The same has been resolved during the Technical Advisor's meeting. The representative from CGDA office had already been advised to mention their extant policy and made their accounting disclosures accordingly. In this regard, however, para 3 (iii) of Record Notes of 31<sup>st</sup> meeting of GASAB may also be referred.</p>

<p><b>Para 5 (vii):</b>          (a) Three Services have raised the concern of security issues.          (b) the concern would be limited to the domain of the field units and the Authorities at Armed Forces HQ/MoD. No disclosure of such details outside the MoD is envisaged.          (c) No clear cut date of Implementing the new policy has yet been indicated. In absence of clarity on this the preparatory work of sensitizing the lower formation has not been initiated by the Army.          (d) Till the issues/complexities like definitions/measurement of assets, assets held being tactical &amp; strategic importance disclosure of which may have' security ramifications, are resolved the best course would be to seek exemption for armed forces.</p>	<p>As above.           As above.           The Guidance Note has been uploaded as an Exposure Draft for comments from all stakeholders. It is in the interest of all government entities to start the process in advance rather than to wait till the notification for collating and disclosing information.</p>
<p><b>Para 6:</b>          Office of CGA vide their letter No. 3(2)/e-Assets Register/ARC/2017-18/994 dated 2009.2017 has directed for operationisation of e-asset register w.e.f. 1st April, 2018 which is already under consideration by various stake. holders. Due to issue of Draft Guidance Note on Fixed Assets Recording and Accounting being circulated by GASAB, its relevance vis-a-vis the CGA directives for e-Asset Register is not clear and needs further classification from Office of CGA/ GASAB as the formats under these two documents are also slightly different.</p>	<p>A GASAB pronouncement is above any O.M., post notifications. However, extant rule must prevail at the given time.</p>
<p><b>Para 7:</b>          It may also be brought out that while the preparation of e-Asset Register as per CGA's circular is in compliance of FRBM Act, it is understood that MoD is exempt from disclosure of the same to Ministry of Finance. However the various Services /Organisations under MOD may have to undertake this exercise for which MoD (Fin) is requested to issue clarifications on the matter for further implementation.</p>	<p>The Guidance Note is applicable to all government entities including Ministry of Defence.</p>

**Para 8:**

It may also be mentioned that the e-Asset Register is required to be prepared as per the object heads existing/proposed vide amendment in the Delegation of Financial Power Rules. The amount reflected (for the current period) would at any point of time have to be verified w.r.t. object head wise expenditure booking. Since object head wise classification is not followed in case of heads opened in CHB, therefore, MoD(Fin) may also take a view on this aspect as it will entail major restructuring of CHB and issue necessary guidelines on this matter.

In this regard, Ministry of Defence may take appropriate decision as per extant policy.

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**Record Notes of the 31<sup>st</sup> meeting of GASAB held on 22.9.2017 (Friday)**

The 31<sup>st</sup> meeting of GASAB was convened on 22<sup>nd</sup> September 2017 at the office of the CAG of India, Chaired by Smt. Anita Pattanayak, Deputy Comptroller and Auditor General-Government Accounts & Chairperson- GASAB. The following officers were present in the meeting:

**Members:-**

- i. Ms. Anita Pattanayak, DAI /GA & Chairperson /GASAB, O/o The CAG of India
- ii. Sh. B.N. Mohapatra, Financial Commissioner, Railways
- iii. Ms. Anuradha Mitra, Member (Fin), O/o The Department of Telecommunications
- iv. Sh. K. Ramakrishna, Principal Secretary to Govt. of Telangana, Finance Department
- v. Sh. Sanjay Gupta, President, The Institute of Cost Accountants of India
- vi. Ms. Divya Malhotra, DG/GA & MS/GASAB, O/o The CAG of India

**Representative of Members:-**

- i. Sh. M. P. Vijay Kumar, Council Member, The Institute of Chartered Accountants of India
- ii. Sh. Partha Choudhuri, General Manager, Reserve Bank of India
- iii. Sh. Upendra Shah, Addl. CGDA, O/o The Controller General of Defence Accounts
- iv. Dr. Anil Kumar Sharma, Sr. Fellow and Secretary Head Operations, National Council of Applied Economic Research
- v. Sh. T. Uthaya Kumar, Additional Budget Officer, Ministry of Finance, Gol

**Observers:-**

- i. Sh. John K. Sellate, Pr. AG, A&E, Arunachal Pradesh (*representative of AG, Tripura*)
- ii. Ms. S. Snehalatha, Pr.A G, A&E, Telangana
- iii. Sh. Ashok Sinha, A G, A&E, Uttarakhand
- iv. Ms. Saumya Parihar, Sr. DAG, O/o The PAG, A&E, *Jharkhand (representative of Pr.AG, A&E, Jharkhand)*

**Technical Advisors :-**

- i. Sh. V. Kurian, DG (Comml.), O/o The CAG of India
- ii. Ms. Soma Roy Burman, Joint CGA, O/o The CGA
- iii. Sh. Dilip Padhye, Sr. DDG (PAF), O/o The Department of Posts
- iv. Dr. Ajai Kumar Pradyot, Joint CGDA (A&B), O/o The CGDA
- v. Sh. Sanjeev Sharma, Director Accounting Reforms, Ministry of Railways
- vi. Sh. Satendra Singh, Secretary to Govt. of Jharkhand
- vii. Sh. Akinchan Sarkar, Jt. Secretary to Govt. of Tripura
- viii. Ch. V. Sai Parsad, Jt. Secretary to Govt. of Telangana
- ix. Sh. Jiwan Chandra Joshi, Jt. Secretary to Govt. of Uttarakhand
- x. Sh. Vidhyadhar Kulkarni, Technical Consultant, The Institute of Chartered Accountants of India
- xi. Sh. Rabi Panda, Head Fin. (Acting), National Council of Applied Economic Research

**Other Officers:-**

- i. Sh. Naresh Salecha, Pr. ED/Finance, Ministry of Railways
- ii. Sh. J.K. Budhi Raja, Sr. Dir.(T) & Secy, Cost Accounting Standards Board, The Institute of Cost Accountants of India
- iii. Gp. Capt. Anil Kumar Gupta, Director Accounts, Deptt. of Posts
- iv. Sh. M. K. Bhat, Sr. A. O., O/o The CGDA



- v. Sh. Rajat Mehra, Audit Officer, Govt. of Uttarakhand

**Secretariat of GASAB:-**

- i. Ms. Naina Agrawal Kumar, DG/ GASAB, O/o The CAG of India
- ii. Ms. Suparna Deb, DG/ GASAB, O/o The CAG of India
- iii. Ms. N. Sumati, PD/ GASAB, O/o The CAG of India
- iv. Ms. Asha Rani Rungta, PD/ GASAB, O/o The CAG of India
- v. Dr. Avinash Chandra, Consultant to Secretariat of GASAB

The Chairperson (GASAB) Smt. Anita Pattanayak welcomed all Members, representatives, Technical Advisors (TAs), and Other Participants to the 31st Board meeting of GASAB. In her opening remarks, the Chairperson flagged the enhanced importance and **relevance of GASAB** in a milieu of changed priorities and the need for greater transparency in the accounts of Government. She also emphasized on the need of greater participation of the Accounting Services of the Union Government by not only ensuring **posting of** officers with required expertise to GASAB but also urged all stakeholders to support GASAB with their increased involvement in the Working Groups.

**1. Agenda Item 31.1-Confirmation of Record Notes of the 30<sup>th</sup> meeting of GASAB**

The Member Secretary (MS) requested the members to confirm the Record Notes of the 30<sup>th</sup> GASAB meeting held on 7<sup>th</sup> May 2014, while affirming that the issues raised in the 30<sup>th</sup> Board meeting on the IGAS 4 on General Purpose Financial Statements, were being duly accounted for and the proposed document was being revamped. The Record Notes were then confirmed along with the ATNs.

**2. The MS- GASAB then proposed that the two main agenda items for the 31<sup>st</sup> meeting, be taken for consideration and approval. These were:**

- i. Draft Guidance Note on Fixed Assets Recording and Accounting- this was a long pending demand of the Government, especially Ministry of Finance and other stakeholders.
- ii. Draft Strategic Document Plan 2017-20- This document has been designated to indicate the priority areas for GASAB for the next three years.

**3. Agenda Item 31.2 Draft Guidance Note on Fixed Assets Recording and Accounting**

Ms. Asha Rani Rungta, Pr. Director, GASAB made a presentation on the Agenda Item. The item was then taken up for deliberation and the following suggestions were made:

- i. The Jt CGA stated that the document must present the Administrative and Accounting Authorities as distinct identities for the purpose of this Guidance Note (GN). The e-asset Register was primarily for the Administrative Authorities, with separate folios for each Financial Year along with the cumulative balances carried

forward. The Jt. CGA also suggested that the detailed proformas presented by office of CGA during the Technical Advisors meeting requiring detailed information not only at the time of acquisition but also at the time of disposal, may be enclosed with the Guidance Note as Annexure instead of in the present proformas.

- ii. Jt CGA also stated that the concept of De-recognition was only for the Fixed Asset Register and its inclusion was presently deferred in the accounts. However, it is imperative that it is included in the accounts after due modification of rules to make the information on assets realistic. Further, the Up gradation of Heritage assets is different from other Upgradation simply because Heritage assets are inherited or mostly acquired free of cost, without the entity incurring any capital expenditure and remain outside the accounts. Rule 8 of DFPR was already in the process of revision. Attributes of the assets could be put in the Remarks column.
- iii. Addnl. CGDA expressed his concerns about disclosure of Strategic Assets, their existing Fixed Asset Registers with a threshold of 10 lakhs and life of 7 years, non-inclusion of concept of depreciation and disclosure of encroached land. It was informed to him that there was an inbuilt flexibility in the Guidance Note on assets which were strategic and wherever a Department/ Entity had a specific policy. The entity could then disclose the policy and the assets accordingly. Further, depreciation is also a concept outside the accounts and is to be taken up in the next stage. It was also mentioned that even if the land is encroached, its inclusion in the Fixed Assets Register at least brings not only the land but also its status in the Register.
- iv. Pr Secretary to Government of Telengana raised the issue of dissonance of records during bifurcation of Telengana and Andhra Pradesh, to which it was suggested that in call such cases of record mismatch or non-availability, physical verification of assets was the way out. He also expressed his concern about large projects, e.g. Irrigation projects, with long gestation periods being depicted as CWIP, despite being utilized partially. It was clarified that the Guidance Note provided for depicting part of large projects, independently ready for use, as assets and not CWIP.

- v. Pr ED, Finance, M/o Railways shared the experience of Railways during their preparation of accrual based proforma accounts in the N-W Zone, where extensive physical verification was carried out. The assets in Railways not only have many more classes but each class has several sub-classes too. He suggested that if the cost of the assets acquired for free is known, then the cost may be recorded in the Fixed Asset Register. Further, in case of leased assets taken into the Asset Register, it needed to be made clear that the lease installments paid are in the nature of an annuity (Financial Lease) and not rentals. It was also then suggested that the lease period be taken as more than 3 years, in view of longer contractual lease arrangements on hiring taking place in government now. It was mentioned that in the Proforma Accounts, Railways had accounted for assets acquired for free at the nominal value of Re 1.
- vi. Pr ED, Railways stated that they have adopted Ind AS (notified by M/o Commerce) in place of IPSAS/IGFRS and applied to the extent possible in their Proforma accounts. However DG, Commercial, C&AG clarified that adoption of Ind AS is applicable in case of commercial undertakings but not so in context of Government Departments.
- vii. The Chairperson stated that it would be a good idea to collate best practices prevailing across entities and circulate them. It would also be befitting to have GASAB hold workshops, across organizations, to disseminate information, by getting experts to deliberate on these. The DAI also proposed holding of a workshop on the implementation of the Guidance Note after its approval.
- viii. Representative from ICAI, M.P. Vijay Kumar mentioned that the exclusion of Intangible Assets developed in house is to be taken to the Scope. He said that the Heritage Assets included mostly fixed assets used for the operation of the entity. For Leased assets, it should be specified that these assets fall under Finance lease with ultimate purpose being ownership and not merely 'right to use'. He also agreed that one year was too low a period for consideration of leased assets. Under Recognition it should be clearly specified in the given example that the obsolete asset of Rs. 1 crore should be expensed. The concept of depreciation needs to be introduced in the document, to which DAI clarified that this concept would be separately taken in the Guidance Note on Assets based on accrual

accounting. Assets ready for use, but not being used should be deemed 'idle assets' and disclosed in the remarks column. A robust software, preferably a cloud based application may be introduced capturing the information on assets automatically was needed urgently for proper implementation of the Guidance Note. Radio Frequency Identification (RFID) process which is a low cost technology may be used for physical verification of assets. It was also suggested that digitisation of records should be done for Assets verification, initially it should be recommendatory and later on be made mandatory.

- ix. D.G., Commercial, CAG cautioned against overlapping of listing of assets e.g. Machines or Furniture being listed individually as well as part of a large infrastructure project.
- x. The Chairperson clarified that while the Guidance Note did not deter any authority from making disclosure or maintaining records in a more elaborate manner than prescribed in the Note, yet consciously simpler formats had been suggested for universal adoption which would have basic details. This would make for easier implementation in view of the huge number of government offices spread across the country all of which may not have staff with requisite accounting and asset management skills.
- xi. MS/GASAB sought the approval of GASAB members stating that this Guidance Note shall then be issued as an Exposure Draft for inviting comments and inputs from the stakeholders for 90 days on the website of GASAB as well issued to all the State Governments and Departments/Ministries of Union Government, as per Rules of Business of GASAB.
- xii. The Guidance Note was approved by GASAB and it was decided to put it up as an Exposure Draft after incorporating the suggestions agreed to. The Exposure Draft may be uploaded as a 'live document' with due updations during the period of 90 days.
- xiii. Subsequently the Guidance Note will be reviewed and placed before next meeting of GASAB for final approval.

**4. Agenda Item 31.3 Draft Strategic Development Plan 2017-20**

Ms. Divya Malhotra, MS/GASAB made a presentation on the Agenda Item. The item was then taken up for deliberation and the following points were made:

- i. It was agreed to revise IGAS 2: Grants-in-Aid given by Government & IGAS-3: Loans & Advances made by Government, in the background of merger of Plan & Non-plan.
- ii. On the five IGFRSs approved by GASAB, pending notification by MoF, it was suggested that the feedback on the pilot projects for implementation of accrual accounting needs to be considered before taking up IGFRSs for review.
- iii. On the proposed new areas for developing Standards/Guidance Notes, Public deposits & Reserve Funds was widely accepted. The Principle Secretary of Telengana stated that these funds required more focus as the amount under these funds are material and many a times lack clarity and accountability. Mostly these are shown as expenditure but actually these are not expenditure.
- iv. The President, ICWAI opined that an IGFRS was required on borrowings on Foreign Currency. The members were informed that an IGAS on Foreign Currency transactions and loss or gain by Exchange Rate variations was already in the offing. He also said that the Roadmap for transition to accrual accounting should be revisited and time lines should be fixed for the same.
- v. DG, Commercial, CAG opined that the new areas for developing of Standards/Guidance Notes and their prioritisation needs to be relooked.
- vi. It was also agreed that the members would revert back to the GASAB Secretariat on the inputs and suggestions for the same.

Ms. Suparna Deb, DG/GASAB thanked the Chair and all the Members, Technical Advisors, Observers and Other Participants for their valuable guidance and suggestions during the deliberations of agenda items.