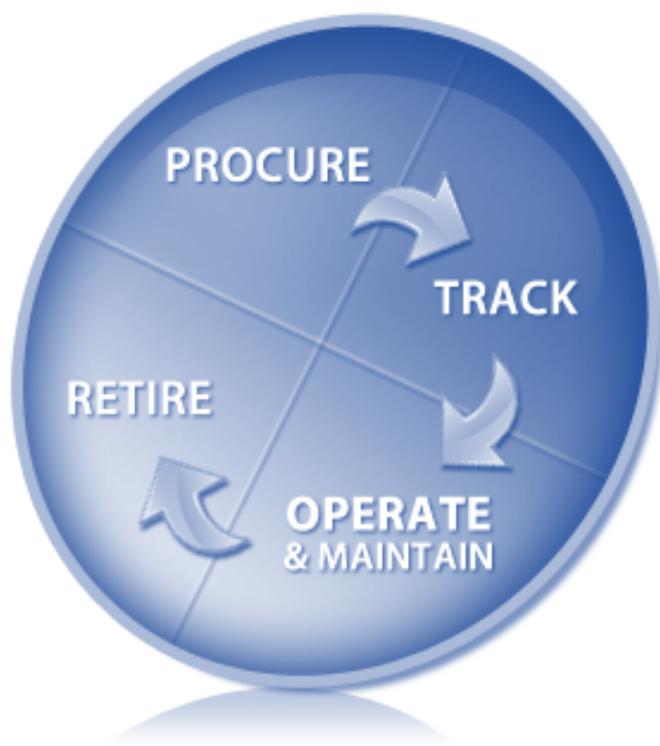


# GOVERNMENT ASSET REGISTER (GAR)



## *GUIDE TO USERS*

TREASURY  
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# **GOVERNMENT ASSET REGISTER**

## **GUIDE TO USERS**

The purpose of this guide is to set out the general framework for the recording of government assets in the Government Asset Register (GAR).

### **1. INTRODUCTION**

An asset register is generally recognised as being one of the most important tools for the efficient and effective management of assets. The GAR aims at providing government with a central database of assets acquired and controlled by Ministries and Departments. It will also form the basis for the recognition of the cost and value of non-financial assets in the accounts of the government.

For the GAR to be an effective tool, it is imperative that it is kept up to date at all times.

### **2. GOVERNMENT ASSET REGISTER**

The GAR has been developed under the Asset Module of the Oracle Financial Application (TAS) to record, and keep track of assets from acquisition to disposal. The GAR will also provide the basis for the reporting of non-financial assets in the financial statements of the Government.

### **3. DEFINITION AND RECOGNITION OF ASSETS**

#### **3.1 DEFINITION OF AN ASSET**

An asset is defined as any resource meeting all of the following criteria:-

- a) It is controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity;
- b) The cost or fair value of the item can be measured reliably;
- c) It is tangible or intangible in nature;
- d) It has a useful life that extends beyond one year; and
- e) It is not a repair part or consumable item.

Assets are categorized into current and non-current assets. Current assets are normally deemed to have an economic life not exceeding one year whilst **non-current** assets have an extended useful life greater than one year and are usually expected to be used during more than one reporting period.

### **3.2 RECOGNITION OF ASSET**

#### **3.2.1 CHART OF ACCOUNT EXPENDITURE CATEGORY**

The purpose of the asset register is to record **non-current assets**. Non-current assets refer to:-

- a) Asset items acquired under expenditure category 31 of the Estimates; and
- b) Items of equipment and furniture acquired under expenditure category 22.

#### **3.2.2 PURCHASE COST**

Assets are recorded at cost which includes the purchase price and other acquisition costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating, such as installation costs, freight charges, transportation, taxes, legal costs and duties etc.

## **4. CODIFICATION OF ASSETS**

### **4.1 ELEMENTS OF THE GAR**

The GAR revolves around three main elements, namely:-

- a) Asset Book;
- b) Asset Category; and
- c) Asset Location.

The three elements have each been assigned specific codes, which will be used in the recording of assets.

#### **4.1.1 ASSET BOOK**

Each Ministry/Department is assigned an asset book reference code, which represents an asset register for an organization. (**Refer to Annex 1 for the list of asset book reference codes**).

#### 4.1.2 ASSET CATEGORY

Asset category is used to capture accounting related information for an asset item, and is made up of a combination of three coded segments: Major, Minor 1 and Minor 2 (Refer to Annex II for the list of asset category codes).

#### Major

Major segment refers to main asset classification as defined and provided in the table below:-

<b>Major</b>		
<b>Code</b>	<b>Description of Asset</b>	<b>Definition of asset classification</b>
111	Buildings- Dwellings	Dwellings are buildings, or designated parts of buildings, that are used entirely or primarily as residences.
112	Buildings- Other than Dwellings	Buildings other than dwellings include whole buildings or parts of buildings not designated as dwellings.
113	Other Structures	Other structures consist of all structures other than buildings.
121	Transport Equipment	Transport equipment consists of equipment for moving people and objects, including motor Vehicles, trailers and semitrailers, ships, aircraft, motorcycles, and bicycles.
122	Other Machinery & Equipment	This category consists of all machinery and equipment other than transport equipment.
131	Cultivated Assets	Cultivated biological resources cover animal resources yielding repeat products and tree, whose natural growth and regeneration are under the direct control, responsibility, and management of institutional units.
132	Intangible Fixed Assets	An intangible asset is an identifiable non-monetary asset without physical substance, for example software.
133	Furniture, Fixtures & Fittings	Furniture is the movable items that are used to make a room or building suitable for living or working. Fixtures is understood to be any item that is bolted to the floor or walls, and a fittings to be any item that is free standing or hung by a nail or hook.
410	Non Produced Assets - Land	Land consists of the ground, including the soil covering and any associated surface waters, over which ownership rights are enforced and from which economic benefits can be derived by their owners by holding or using them.

### Minor 1

Minor1 provides a further sub-category dependent on the major asset segment, for e.g. Major being Other Machinery & Equipment and Minor 1 being Office Equipment.

### Minor 2

Minor 2 is a further break down of Minor 1, for e.g. Major being Other Machinery & Equipment, Minor 1 being Office Equipment and Minor 2 being Printers.

Examples of the asset category for Major-Minor 1-Minor 2 is shown below:-

Major		Minor 1		Minor 2	
122	Other Machinery & Equipment	13	IT	E13013	PCs
122	Other Machinery & Equipment	13	IT	E13006	Laptops
122	Other Machinery & Equipment	27	Office	E27014	Printers
121	Transport Equipment	01	Aircrafts	D01002	Helicopters
121	Transport Equipment	02	Land Vehicles	D02001	Ambulances

#### 4.1.3 ASSET LOCATION

The asset location element is used for identifying the location of an asset and is assigned to every asset listed in the Asset Book. It consists of 6 segments namely:

a. Ministry/Department

The name of the Ministry/Department owning the asset.

b. Locality

The geographical location where the asset is located.

c. Building

The name of the building in which the asset is located.

d. Floor

The floor of the building at which the asset is located; it also includes the compound or parking lot of the building for assets located outdoor.

e. Section

The section represents the functional unit of the Ministry/Department, for e.g. Finance section.

f. Room/Office/Ward

The Room/Office/Ward represents the office within the Ministry/Department section and hospital wards.

## 5. ASSETS NOT TO BE RECORDED IN THE GAR

### 5.1 LOOSE TOOLS

Loose tools, such as saws, spades, hammers etc. **are normally not considered as non-current assets** even though they are often used over more than one year.

### 5.2 CONSUMABLES

Consumable items such as stationery, maintenance materials, and spare parts (this list is not exhaustive) **are not qualified as non-current assets**, and therefore must not be recorded in the GAR.

## 6. DEPRECIATION AND RESIDUAL VALUE

All depreciable assets will be depreciated using the straight-line method. Land is not depreciated. Depreciation will be calculated on a monthly basis based upon the estimated useful lives of the assets outlined in the list of asset category.

Where a depreciable asset remains in use at the end of its stated useful life, a residual value will be given to that asset. "Residual Value" represents the net amount (i.e. proceeds less cost of disposal) that is estimated to be recovered from the disposal of the asset. Residual values are normally reviewed on a regular basis to account for changing physical conditions of assets and change in market values.

The following table provides the useful lives, depreciation rates and residual values that will be applicable to assets held by Ministries/Departments:-

Description of Asset	Useful life (years)	Depreciation % Rate	Residual Value (% of Acquisition Cost)*
Buildings- Dwellings	50	2	10
Buildings- Other than Dwellings	50	2	10
Other Structures	10-50	2-10	10
Transport Equipment	8-25	4-12.5	15
Other Machinery & Equipment	4-20	5-25	5-10
Cultivated Assets**	Refer to note below	Refer to note below	Refer to note below
Intangible Fixed Assets	8	12.5	10
Furniture, Fixtures & Fittings	10	10	10
Non Produced Assets - Land	Not applicable	Not applicable	Not applicable

\* The residual value will be subject to any revaluation of the asset.

\*\* For Cultivated Assets depreciation rate will be determined whenever an asset falling under Cultivated Asset major category is identified.

## 7. RECORDING OF ASSETS IN GAR

Ministries/Departments acquire assets through purchase, construction, development (in the case of intangible assets) or donation. Details of asset acquired are recorded in the GAR when payments are effected or, in the case of donation, at time of receipt.

Payments made for an asset up to commissioning stage are accounted as Construction-In-Process (CIP). After commissioning, the aggregate payments effected in respect of the assets as well as retention money if any, not yet paid, are capitalized i.e. they are recorded as purchase cost in the GAR.

The following section provides guidelines for recording of assets from acquisition to disposal of the assets by the officers of Finance Section and OME:-

## 7.1 RECORDING OF ACQUISITIONS

### 7.1.1 FULL AMOUNT PAID UP TO COMMISSIONING

**Finance Section** should perform the following tasks in the **Invoice Workbench** of the AP module of TAS:-

1. Select 'Fixed assets' in the 'Context' DFF and select type 'Assets'
2. Tick the 'Track as asset' box
3. Select the 'Asset Book' of the Ministry/Department

The **OME** should perform the following tasks in the **Asset Workbench** of the GAR:-

1. Generate "Create Mass Addition Report";
2. For each transaction in the "Create Mass Addition Report", obtain a copy of GF1/Other Charges/Debit Note, GF5 and any other supporting document regarding local and overseas purchases, and update the GAR accordingly.

### 7.1.2 PARTIAL PAYMENT EFFECTED UP TO COMMISSIONING (RETENTION MONEY HELD)

**Finance Section** should perform the following tasks in the **Invoice Workbench** of the AP module:-

1. Select 'Fixed assets' in the 'Context' DFF and select type 'CIP'
2. Tick the 'Track as asset' box
3. Select the 'Asset Book' of the Ministry/Department

The **OME** should perform the following tasks in the **Asset Workbench**:

1. Generate "Create Mass Addition Report";
2. For each transaction in the "Create Mass Addition Report", obtain a copy of GF1/Other Charges/Debit Note, GF5 and any other supporting document regarding local and overseas purchases;
3. Record the **outstanding retention money** using the initial asset number via the following navigation screen: Asset Workbench> Find Asset Screen> Assets Screen> Source Lines Screen; and
4. Capitalize the Asset classified as CIP.

### 7.1.3 PAYMENT OF RETENTION MONEY

When the retention money is subsequently paid for transaction which had already been capitalized in the GAR, consideration should be taken by **the Finance Section** for the following in the Invoice Workbench:

1. Select 'Fixed assets' in the 'Context' and select type 'retention money'
2. "Track as asset" is **not ticked**; and
3. **No "Asset Book" is selected.**

**No further action is required in the Asset Workbench by the OME in case the retention money has already been accounted (refer to Para. 7.1. 2 item 3).**

### 7.2 ASSETS RECEIVED AS DONATION

The asset received as donation is recorded in the asset workbench using manual addition. The donated asset value should be the estimated market value in the event the actual cost is not available.

### 7.3 TRANSFER OF ASSETS

#### 7.3.1 WITHIN THE SAME MINISTRY/DEPARTMENT

Where an asset is transferred from one section to another section within the same Ministry/Department, the transfer should be recorded in the **Asset Workbench**, and data under the following fields should be changed accordingly:

1. Change in units
2. Employee assignment
3. Location

#### 7.3.2 BETWEEN MINISTRY/ DEPARTMENT

When an asset is transferred from one Ministry/Department to another Ministry/Department, the transfer should be recorded in the **Asset Workbench** on the basis of the relevant GF5.

This procedure requires an asset retirement from the transferor's asset book and an asset addition in the transferee's asset book. Once the asset has been retired from the transferor's asset book, the following particulars of the asset should be submitted to the transferee Ministry/Department for the purpose of recording in the latter's asset book:-

1. Asset Number
2. Asset Description
3. Asset category
4. Purchase cost
5. Initial date placed in service
6. Additional details pertaining to the asset (e.g Laptops serial number, Cars chassis number, etc.)
7. Supplier information – name and code
8. Any other information available

## **8. DISPOSAL OF ASSETS**

Disposal of assets will be carried out in compliance with the requirements of the Financial Management Kit and any other relevant instructions or guidelines. All assets disposed of will be reported as retirement in the **Asset Workbench** through the following process:-

1. Identify asset to be retired
2. Retire the asset by recalling the asset number to be retired:  
Asset workbench>Find Assets Window> Retirement window
3. Record the proceeds of sale of the asset if any.

## **9. MONTHLY CLOSING OF ASSET BOOK**

The OME should complete the posting of relevant details in respect of changes that occurred in a particular month at latest by the **20<sup>th</sup>** of the following month. After posting of changes, the OME should run the depreciation function and close the asset book for the month.