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CIRCULAR

Physical verification of Assets of MSEDCL

MSEDCL has voluminous amount of Fixed Assets situated all over Maharashtra. Under section 143 of Companies Act, the Auditor has to state whether the fixed assets of company have been physically verified by the management at reasonable intervals, whether any material discrepancies are noticed on such verification and if so, whether the same have been properly dealt with in the books of accounts.

In MSEDCL, the Assets Register is maintained in SAP but the physical verification of Fixed Assets has not been carried out in MSEDCL, except for General Asset i.e. Computers, Office furniture etc. The physical verification of Assets is the prime responsibility of the management and as such physical verification of Assets is required to be carried out periodically. It is therefore necessary to formulate policy for physical verification of Fixed Assets so as to ensure proper accounting and control over Fixed Assets.

The following policy will be henceforth implemented for physical verification of Fixed Assets -

- i. The Asset items as per SAP shall be verified physically and discrepancy, if any, noticed during verification shall be reported and rectified by passing necessary entry.
- ii. The general assets such as office furniture, stationery, computers, consumables etc shall be excluded from the verification.
- iii. The physical verification of Fixed Assets shall be carried out once in three years from FY 2017-18.
- iv. The activity of physical verification of assets shall be carried out in a phased manner at the same time all across Maharashtra. The physical verification of assets shall be conducted from 1st Aug to December once in every three years. In Financial year 2017-18, the physical verification activity will commence from 1st Feb/ Mar 2018 for fixed assets of category "A" as mentioned in annexure "A".
- v. The activity of physical verification shall be personally be monitored by Executive Engineer (Admin) of Circle Office. Preparation for physical verification of Assets shall be carried out early & names of committee members be nominated well in advance so as to carry out verification in a time bound manner.
- vi. Considering the huge quantum of assets & area scattered, the verification of all asset items may be practically difficult and hence high value asset (i.e. above 10 lakhs) shall be verified and other items to be verified on % sampling basis. The % sampling of assets for verification shall be carried out on quantity & value basis.
- vii. Physical verification of inventories related to fixed assets shall also be done.

- viii. ABC Analysis for all assets of company shall be carried out i.e Assets in Category "A" will be necessarily verified, so as to make exercise of physical verification more effective. The category of assets is enclosed in Annexure "A".
- ix. A committee comprising of a team of Technical & Finance representatives and an Independent Auditor shall be formed at appropriate levels as given in table 1 below for carrying out the activity of physical verification of Assets.
- x. The independent Auditor shall be Internal Auditors or any other audit firm, appointed by Internal Audit Section, Corporate office.
- xi. The physical verification of assets shall be carried out as per procedure within stipulated time and report in this regard shall be prepared and signed by committee members appointed for verification of assets including team auditors. The format for physical verification report is enclosed as per Annexure "B".
- xii. The report shall be consolidated and submitted to Head Office to Director (Finance) and Director (Operations).
- xiii. The same procedure is to be followed for assets required to be verified yearly.

Table- 1: Physical verification of assets & inventory:

Sr. No.	Assets & Inventory	Verification Procedure	Remark	% of Verification
1)	Civil assets Land & Building	CE Civil to get verified from his field staff.	Verification is to be done once in a year	100%
2)	Plant & Machinery Power transformer, switchgear, Distribution transformer, Line & cable (both existing assets & inventory)	Team of two Executive Engineers (Dist) from different Circles within Zone & Sr. Manager (F & A) shall verify these assets. For each Circle there should be different team, CE shall decide team members and allocation of Circles for assets verification to the teams.	Assets shall be verified once in 3 year & inventory verified yearly.	Power Transformer 100% Other Assets: 10% on sampling basis of total and 10% subdivision to be verified for 100%.
3)	T & P & line material like meters, cable, conductor, hardware etc.	Team of two Additional Executive Engineers & one Jr. Manager (F & A) to be formed division wise & shall be deployed for checking of adjacent division by S.E.	Verification is to be done yearly	Sampling basis 5% of total assets and 5% subdivision to be verified for 100% assets.
4)	Vehicle, furniture, office equipment & other assets.	Team of one Additional Executive Engineer, one Manager (HR) & one Manager (F & A) shall be formed for verification of these assets. Team of one division shall verify assets of another adjacent division.	Verification to be done yearly	Vehicle: 100% Other Asset: 25 % of total assets and 10% divisions to be verified for 100% assets.

Note: 1) All quantities except Sr. No. 1 above are available in ERP. It is to be verified either with physical asset or inventory in the field / store.

2) % sampling of assets for verification shall be carried out on quantity basis.

In Assets Register, location of assets is not mentioned. Hence, physical verification needs to be carried out in coordination with Network Map, diagram, etc available with O&M Section.

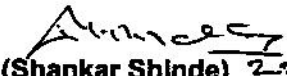
The assets prior to 5.6.2005 are revalued under Financial Restructure Plan (FRP) Scheme. This revaluation amount needs to be ignored and original Gross/Net Value of such assets shall be considered. Any major variation in the value as well as quantity is to be reported to Head Office with proper justification and on approval from Head Office, the appropriate action for accounting such difference will be taken.

The assets used in Wire Business and supply business are to be identified, so as to enable us to comply with MYT regulations, 2015.

This circular shall come into force with immediate effect.

This circular is also available on R-APDRP portal

Encl: Annexure "A" & "B"


(Shankar Shinde) 22/11/18
Executive Director (Distribution-II)

Copy s.w.rs to:

- 1) The Chairman & Managing Director, MSEDCL, Corporate Office, Prakashgad, Mumbai.
- 2) The Director (Operations), MSEDCL, Corporate Office, Prakashgad, Mumbai.
- 3) The Director (Projects), MSEDCL, Corporate Office, Prakashgad, Mumbai.
- 4) The Director (Finance), MSEDCL, Corporate Office, Prakashgad, Mumbai.

Copy f.w.cs.to:

- 1) The Regional Directors, MSEDCL Regions Pune/Nagpur/Konkan/Aurangabad.
- 2) The Executive Director (Infra/ Projects), MSEDCL, Corporate Office, Prakashgad, Mumbai.

Copy to:

All as per mailing list.

ANNEXURE "A"

Category A

Power Transformers	RMU	Line Insulators
Circuit Breakers	HT lines	HT Conductor
Distribution Transformers.	CT & PT	Underground cable
Battery	Switchgears	Isolators at substation
Capacitor Bank at substation	Underground cable Testing van	

Category B:

Testing bench	Feeder pillar	Distribution Box
Poles	LT lines conductor	Kit kats
DTC meters	Isolators outside substation	Line capacitor
Lighting arrester	Meters	Cable fault finding equipment/Van

Category C

T & P	Rest all equipment's	

