

Jharkhand Bijli Vitran Nigam Ltd (JBVNL)

Terms of Reference

for

Development of Framework for Management of Inventory and Fixed Assets and Preparation of Fixed Assets Register

1. About JBVNL

JBVNL (Jharkhand Bijli Vitran Nigam Limited) is a distribution utility for the state of Jharkhand. Its creation took place on 06.01.2014 after unbundling of Jharkhand State Electricity Board. JBVNL came into existence as a distribution licensee to maintain the power supply through the state. It is responsible for the operation and maintenance of the electrical system covering all 33 KV, 11KV & 440/220 voltage power distribution system.

JBVNL is functioning from its Hq. at Ranchi, supported by Electric Supply Area's, Electric Supply Circle's, Electric Supply Divisions, and Electric Supply Sub-Divisions. Accounts are prepared at Hq level by consolidating the accounts prepared at the level of Area and Circle Offices. Revenue accounting is done at the level of Division and is incorporated in the Circle Accounts.

2. Overview of Fixed Assets and Inventory of JBVNL

Overview of the constituents of fixed assets and inventory including geographical spread.

1) OBJECTIVE

JBVNL is in process of transforming itself into a vibrant utility with hundred percent regulatory and statutory compliance. As part of regulatory and other statutory compliance, JBVNL has to prepare the fixed asset register (FAR). Additionally, the present system for inventory management, especially the monitoring system requires strengthening. The key objective of the engagement shall include;

1. Preparation of the Fixed Asset Register complying with the regulatory and statutory prescriptions including physical verification of assets distributed across the geographic area of operation of the company within the State of Jharkhand.
2. Devising framework for proper management of Fixed Assets in future
3. Development of inventory management framework complying with the regulatory and statutory prescriptions, including codification of materials/inventory and strengthening record keeping.

The framework for management of fixed assets and inventory developed as a part of this consultancy will be incorporated in the Financial Management Manual being developed by JBVNL under a separate consulting assignment.

2) SCOPE OF WORK

1. Preparation of the Fixed Assets register, including physical verification of fixed assets.
For this, the consultants shall:-
 - i. Set up a Project Management Office in Ranchi for the physical verification exercise
 - ii. Identify in consultation with JBVNL the significant assets to be verified and agree on the template of the Fixed Assets Register and Report on physical verification, Establish physical verification protocols, teams / and plan in consultation with JBVNL, conduct physical verification and wherever required, assist the client verification teams in the verification process.

- iii. Reconcile fixed assets as per physical verification exercise with the existing records on the agreed cut-off date both in terms of quantity and values (cost and book values), identify variances and suggest rectification entries to be passed in the books of accounts.
 - iv. Compile and consolidate physical verification outputs, and prepare the fixed asset register .Develop and document a comprehensive framework for management of fixed assets complying with the statutory and regulatory prescriptions and providing detailed procedures for identification, custody, physical verification, disposal, record maintenance, accounting etc.
2. Scheme wise determination of Assets on the basis of historical cost and its physical verification to the extent information is available. The cost determination exercise shall be carried out based on the following parameters:-
- i. For assets created before unbundling of the erstwhile JSEB in 2014, the cost determination shall be based on valuation exercise to be done by the consultants.
 - ii. For assets created after unbundling of the erstwhile JSEB in 2014, the cost determination shall be based on documentary evidence available with JBVNL and made available to the consultants.
 - iii. Documentary evidence for cost determination such as invoices, Purchase / Work Orders, BOQs, and other relevant records shall be supplied by the client based on which the consultant shall identify individual asset wise historical costs.
3. The deliverable from the consultants will incorporate the following:-
- i. Methodology followed for the physical verification exercise and report
 - ii. Physical verification findings
 - iii. Fixed asset register as per the physical verification report
 - iv. Discrepancies observed between the physical verification findings and the existing records and its reconciliation.
4. Development of inventory management framework:
- i. Develop and document a comprehensive framework for management of inventory complying with the statutory and regulatory prescriptions and providing detailed procedures for identification, receipts and issues, custody, physical verification, consumption/disposal, monitoring, record maintenance, accounting etc. Codification of existing inventory and materials
 - ii. Physical verification of inventory on sample basis in consultation with JBVNL
 - iii. Determination of value of inventory based on cost records etc.