**J M Baxi**

Standard Operating Policy and Procedures

Fixed Asset and Capex

**Introduction**

A standard operating policy & procedure (SOPP) is a set of step-by-step activities compiled by an organization to help workers carry out complex as well as standard routine operations. SOPPs help to achieve efficiency, quality output and uniformity of performance while contributing to efforts that lead to process excellence.

This SOPP aims to achieve the following objectives:

1. Act as a guide and reference document to stakeholders at all levels of the organization

2. Clearly communicate activities and help to achieve consistency in operational procedures

3. Create accountability by assigning responsibilities at each stage of the lifecycle

4. Aid governance by documenting auditable processes and detailing control elements at each stage of the lifecycle

What is the Lifecycle and Process Tree?

Each SOPP follows the process tree hierarchy and covers a specific entire process.

- A process represents logical grouping of sub processes and provides detail at functional level

- A sub process represents grouping of similar activities

- An activity lists down specific tasks that have/are measurable, time bound, associated risks, mitigating controls and defined owners

The entire business lifecycle consists of several processes. An SOPP is tasked with the coverage of all sub process and activities applicable to a particular process.

Who are the Stakeholders for this SOPP?

This stakeholders for this SOPP shall primarily be activity owners and business units.

1. Activity owners (operating units) – Activity owners shall use this SOPP as a reference document while performing their activities daily.

2. Business units – Business units shall use the SOPP as a repository of all activities across the lifecycle. This will aid in identifying process improvement opportunities.

Who will use this SOPP?

This SOPP shall be used by stakeholders across the entire organization. Most notable shall be the following:

1. Risk and Governance units – Risk and Governance units shall reference the SOPP to review existing controls and test their **effectiveness**.  
 2. Auditors – Auditors shall use this SOPP to check adherence to defined processes and standards. The SOPP shall help them identify any deviations to defined processes and standards, ensuring that corrective actions are taken promptly to address any discrepancies and improve overall compliance with established procedures.  
  
  
How do you read the SOPP?

To read this SOPP, it is essential to understand the process lifecycle and its coverage. This SOPP is documented in a chronological order in line with the sequence of activities performed by activity owners. Therefore, it should be read as such.  
  
This SOPP also provides references to various organization level policies, checklists, systems, reports etc. These have been appropriately referenced at applicable activities and attached as Annexures to this SOPP.  
Each activity has an activity owner assigned to it. An activity also has the following references against it:

* Performer – Person who will execute the activity.
* Frequency – Each activity has defined period.
* Template – Reference to any template (If Any)
* System / Manual reference – Each activity is performed either manually or rooted through system.

Organization structure

The organization structure defined in the SOPP is the structure defined at the functional level. 'Activity owners' are defined are defined are those who are responsible for performing the activity. 'Business Owners' are defined as those who have oversight and ultimate ownership for the activities.  
  
The 'roles and responsibilities' table in the SOPP lists down the 'business owners' and provides details on key activities they are responsible for. The list of 'business owners' shall form the organization structure for the SOPP and mega process.

Rules for this SOP

* This SOPP shall be reviewed on annual basis.
* Any changes in the SOPP will be approved by xx and then updated by xx.

Document review and approval.

Revision history

| **Version** | **Created By** | **Document Approved By** | **Date Approved** | **Revision** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |

| **SOPP Number** | 1 |
| --- | --- |
| **Applicable Entities** | |  |  | | --- | --- | | **Entity Type** | **Entity Name** | | Container Terminal | * Vishaka Container Terminal – VCTPL * Kandla Container Terminal – KICT * Haldia Container Terminal – HICT * Tuticorin Container Terminal – TICT | | Non- Container Terminal | * Paradip Multipurpose Clean Cargo Terminal – PICT * Nhava Sheva Distribution Terminal – NSDT * Rozi Bulk Terminal - RICT | | ICT and CFS | * Delhi Inland Cargo Terminal – DICT * Vishaka Multipurpose Cargo Terminal – VCTCFS * Mumbai Container Freight Station - MICT | | Logistics | * Project Heavy Logistics * Cold Chain Logistics * Bulk Logistics * Rail Logistics | |
| **Process Owner** | HOD – Finance & Accounts |
| **IT Applications** | |  |  | | --- | --- | | **Entity Name** | **System** | | VCTPL; VCTCFS; PICT; HICT; NSDT; KICT; TICT; MICT; DICT | SAP Hana | | RICT | Tally ERP 9 | |
| **Guidelines / Policy reference** |  |
| **SOPP Cross References** |  |

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## Abbreviations and Definitions

|  |  |
| --- | --- |
| **Abbreviations** | **Details** |
| BD | Business Development |
| CEO | Chief Executive Officer |
| COO | Chief Operating Officer |
| CWIP | Capital Work in progress |
| DC | Delivery Challan |
| DGM/ AGM | Deputy/ Assistant General Manager |
| DOA | Delegation of Authority |
| DPR | Down Payment Receipt |
| EBITA | Earnings Before Interest, Taxes, and Amortization. |
| EC | Executive Committee |
| FA | Fixed Assets |
| FAR | Fixed Asset Register |
| F&A | Finance and Accounts |
| FY | Financial Year |
| GL | General Ledger |
| GR /IR | Goods Receipt / Invoice Receipt |
| GM | General Manager |
| GRN | Goods Receipt Note |
| HO | Head Office |
| HOD | Head of Department |
| KPI | Key Performance Indicators |
| MIS | Management Information system |
| OEM | Original Equipment Manufacturer |
| PAT | Profit after Tax |
| PO | Purchase Order |
| PR | Purchase Requisition |
| QC | Quality Check |
| SOPP | Standard operating Policy & Procedure |
| TH | Terminal Head |
| TOS | Terminal operating system |
| VP | Vice President |

## Executive Summary

The **CAPEX (Capital Expenditure)** process involves planning and spending on long-term assets, like equipment or property, that will be used by the company for more than one year. Once these assets are purchased, they are recorded as **fixed assets** in the company’s financial records. The value of these assets is then gradually reduced over time through **depreciation**. This process ensures that CAPEX spending is tracked, properly accounted for, and in line with the company’s budget and goals.

The Fixed Asset & Capex SOPP aims to:

* Ensure accurate tracking of capital expenditures and fixed assets throughout their lifecycle.
* Maintain compliance with accounting standards and financial regulations related to asset management.
* Optimize asset utilization and investment by monitoring purchases and depreciation schedules.
* Enhance financial reporting by accurately recording and valuing fixed assets and capital expenditures.

## Organization Structure

## 

**COO/COE**

## 

**Terminal Head**

**Manager - Finance & Accounts / Procurement / Store**

**Executive - Finance & Accounts / Procurement / Store**

**HOD- Finance & Accounts / Procurement / Store**

**Entity Designations:**

|  |  |  |
| --- | --- | --- |
| **Entity Actual Designations** | **Role** | **Level** |
| Executive/ Sr. Executive | Executive | L1 |
| Dy. Manager/Manager/ Sr. Manager/ GM | Manager | L2 |
| HOD | User HOD/ Procurement HOD | L3 |
| Terminal Head/ Business Head | Terminal Head/ Business Head | L4 |

**Corporate Accounts Designations:**

|  |  |  |
| --- | --- | --- |
| **Entity Actual Designations** | **Role** | **Level** |
| Sr. VP Commercial | HOD – Commercial | L5 |
| VP / Senior VP / CFO (Responsible for the respective function) | HOD -Function | L5 |
| COO / COE | Chief Operating Officer / Chief Operating Excellence | L6 |
| MD | Managing Director | L7 |

## Key Process Activities

## Asset Code Creation

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## Process Flow

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### Process Narrative

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| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **1.1 Request for Code Creation**  At the time of raising PR for capex, EXEC - User sends out an email with the description of asset to EXEC - Finance & Accounts for creation of CWIP asset code in SAP. | **Executive – User** | **HOD - User** | **As and when** | **System** |
| **1.2 Code Creation**  EXEC- Finance and Accounts enters asset details, including asset description, quantity, value, asset category, etc., for the creation of the CWIP code.  Once the code is created in SAP, MANAGER- Finance and Accounts approves the same as per DOA.  *Refer DOA* | **Executive - Finance & Accounts** | **Manager - Finance & Accounts** | **As and when** | **System** |
| **1.3 Sharing of Asset code**  EXEC - Finance & Accounts shares the CWIP asset code with EXEC – User & EXEC / MANAGER - Procurement over email. | **Executive - Finance & Accounts** | **Manager - Finance & Accounts** | **As and when** | **Manual** |

## Purchase Requisition

## Process Flow

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### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **2.1 Creation and Approval of PR:**  A Purchase Requisition (PR) is raised by EXEC/MANAGER - User based on need identification and routed to HOD- User & HOD- Procurement in SAP for approval as per DOA.  PR is mapped with the CWIP asset code in SAP.  *Refer DOA* | **Executive / Manager- User** | **HOD – User** | **As and when** | **System** |
| **2.2 Verification of PR**  HOD-Procurement assigns PR to concerned EXEC/MANAGER - Procurement, who verifies whether capex is budgeted / unbudgeted, item specifications, UOM, Quantity selected as per requirement. | **Exec/Manager -**  **Procurement** | **HOD – Procurement** | **As and when** | **System** |
| **2.3 Unbudgeted Capex**  If the request for capex is unbudgeted, Exec / Manager - Procurement ensures adherence of approvals as per DOA before floating of enquiries.  *Refer DOA* | **Executive / Manager - Procurement** | **HOD – User** | **As & when** | **Manual** |
| **2.4 Floating Enquiries**  EXEC/MANAGER - Procurement floats enquiries to Authorized dealers, approved/potential vendors for asset and obtain at least one quotation in case of new purchase and routes for approval in SAP.  *As per Applicable guidelines defined in DOA* | **Executive / Manager - Procurement** | **HOD – Procurement** | **As and when** | **Manual** |
| **2.5 Monitoring of open approved PR**  All open Purchase Requisitions are auto closed in SAP after 180 days of PR approval and communicated to requestor. | **Executive / Manager – Procurement** | **HOD – Procurement** | **Monthly** | **System** |

### Vendor Evaluation and Selection

### Process Flow

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### Process Narrative

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| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **3.1 Obtain Quotations**  EXEC/MANAGER - Procurement obtains quotation from vendors based on value of purchases.  *As per Applicable guidelines defined in DOA.* | **Executive/Manager - Procurement** | **HOD - Procurement** | **As and when** | **Manual** |
| **3.2 Reviewing Vendor Proposals and Initial Screening**  Procurement committee finalizes scope, specifications, and technical eligibility and handles price negotiations, vendor selection, and contract terms.  *As per Applicable guidelines defined in DOA.* | **Procurement Committee** | **Terminal Head** | **As and when** | **Manual** |
| **3.3 Floating Enquiries**  It is recommended to manage inquiries through the GEP portal, where vendors can upload details for the comparative statement, which should be prepared and approved according to the PO Approval Matrix.  *Refer DOA* | **Executive / Manager - Procurement** | **HOD - Procurement** | **As and when** | **System** |
| **3.4 Vendor negotiation and price finalization**  The Procurement committee finalizes rates, timelines, payment terms, LD, safety precautions, and vendor credit periods, along with discussions on Proforma Invoice (PI) and Down Payment Request (DPR) if any. | **Procurement Committee** | **Terminal Head** | **As and when** | **Manual** |
| **3.5 Comparative statement and Vendor Selection**  Based on quotations and discussions, a comparative statement is prepared, and the lowest (L1) vendor is selected. The final price is then negotiated as per applicable matrix.  In case of L2/L3 selection, Proper justification needs to be provided on the same and to be reviewed by the Procurement Committee.  *Refer DOA* | **Executive / Manager - Procurement** | **HOD - Procurement** | **As and when** | **System/ Manual** |
| **3.6 Vendor verification and sign off.**  EXEC/MANAGER - Procurement obtains and verifies Signed Vendor registration forms (VRF), GST Registration, cancelled cheque, Pan card, ISO & MSMED (if any), Dealer cert (if any), MSME certificate (MSME vendors) | **Executive / Manager - Procurement** | **HOD - Procurement** | **As and when** | **Manual** |

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### Vendor Master creation and maintenance

### Process Flow

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### Process Narrative

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| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **4.1 MDM Management and Code creation**  EXEC/MANAGER - Procurement submits vendor details via email, along with required documents, to EXEC – MDM for vendor code creation. The centralized MDM team manages vendor creation and ensures data integrity, which is subsequently approved according to the DOA.  *Refer DOA* | **Executive - MDM** | **HOD – Finance & Accounts** | **As and when** | **System** |
| **4.2 Extension of Vendor code**  If the Vendor is already registered in SAP for other entity, Executive - MDM uses existing vendor codes to avoid duplicates, ensure consistency and extends the code if not, creates the new code and shares the same with the EXEC / MANAGER – Procurement. | **Executive - MDM** | **HOD – Finance & Accounts** | **As and when** | **System** |
| **4.3 Up-dation / Blocking of Vendor Master**  Vendor master up-dation rights are restricted, and any updates are initiated by EXEC-Procurement and approved as per the DOA.  *Refer DOA* | **Executive - Procurement** | **HOD – Finance & Accounts** | **As and when** | **System** |
| **4.4 Review of Vendor Master**  EXEC – Finance & Accounts reviews the Vendor Master and all the vendors that are not active for more than 24 months are deactivated.  *In case of any re-activation, Initiator follows same roue as new creation.* | **Executive - Finance & Accounts** | **HOD – Finance & Accounts** | **As and when** | **System** |

### Purchase Order Management

### Process Flow

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### Process Narrative

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| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **5.1 Creation and approval of PO**  EXEC/MANAGER - Procurement creates the PO with details such as the vendor code, quotations, price comparison, and completed terms and conditions, including freight, taxes, warranty, and insurance, before being routed to the workflow.  Once the PO is created, it is reviewed by the HOD - Procurement and routed for approval in accordance with the DOA.  *Refer DOA* | **Executive / Manager- Procurement** | **HOD -Procurement** | **As and when** | **System** |
| **5.2 Vendor Communication**  EXEC / MANAGER - Procurement mails approved POs to vendors as PDFs, with no formal acknowledgment required. | **Executive / Manager- Procurement** | **HOD -Procurement** | **As and when** | **Manual** |
| **5.3 Monitoring of Open PO**  All open Purchase Orders are auto closed in SAP after 180 days from expiry date and communicated to requestor. | **Executive / Manager- Procurement** | **HOD -Procurement** | **Monthly** | **System** |

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## Fixed Asset Delivery and Inspection

## Process Flow

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### Process Narrative

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| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **6.1 Delivery Coordination**  EXEC / MANAGER - Procurement coordinates with the respective Vendor for the delivery of assets. | **Executive / Manager- Procurement** | **HOD - Procurement** | **As and when** | **Manual** |
| **6.2 Inspection and Testing**  Once the assets are received, EXEC / MANAGER - User Department performs testing and Inspection. | **Executive / Manager- User** | **HOD - User** | **As and when** | **Manual** |
| **6.3 Goods Receipt Note**  Post inspection and receipt of documents such as Invoice, PO, Delivery challan, GRN is raised in SAP by EXEC - User. Once the GRN is raised it is routed for approval as per the DOA.  *Refer DOA* | **Executive - User** | **HOD - User** | **As and when** | **System** |

### Capitalization of Fixed Assets

## Process Flow

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### Process Narrative

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| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **7.1 Eligibility for capitalizing assets**  Asset whose individual cost is equal to, or above INR 10,000 are eligible to be capitalized.  All items less than INR 10,000 each, is expensed and charged to profit and loss account unless these items individually form part of a bulk purchase or is a component of a main asset.  *As per Applicable guidelines defined in DOA.* | **Executive - Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **Manual** |
| **7.2 Costing of Assets**    MANAGER - Finance & Accounts is responsible for compiling all associated costs and other information, related to the asset. The asset is capitalized in accordance with Ind AS 16 and Accounting Manual. | **Manager - Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **Manual** |
| **7.3 Installation / Completion / Commissioning Note**  EXEC -User Department shares Installation / Completion / Commissioning note with EXEC - Finance & Accounts clearly mentioning put to use or ready to be put to use for capitalization. | **Executive - User** | **HOD - User** | **As and when** | **Manual** |
| **7.4 Capitalization of asset**  EXEC / MANAGER - Finance & Accounts creates asset code in the asset module on the basis of Invoice, PO, put to use date and Installation / Completion / Commissioning note provided by the User department over email.  After the asset code is created, the balance from the CWIP (Capital Work-in-Progress) asset code is transferred to the main asset.  *Refer DOA* | **Executive / Manager - Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **Manual** |
| **7.5 Intangible Asset**  In case of Intangible assets acquisition / development, MANAGER - Finance & Accounts reviews whether the same qualifies the recognition criteria of Intangible asset.  MANAGER - Finance & Accounts prepares working for capitalization of Intangible asset and shares with HOD - Finance & Accounts for review. Intangible asset is capitalized after obtaining capitalization certificate from USER- Department. | **Manager- Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **Manual** |

### Transfer of Assets

## Process Flow

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### Process Narrative

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| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| * 1. **Asset Requisition**   As per the requirements, request for asset is raised by EXEC – User and is reviewed by HOD – User and Terminal Head. Post which request is raised with Function Head. | **Executive – User** | **HOD – User** | **As and when** | **Manual** |
| * 1. **Allocation of Asset**   Function head identifies the asset for transfer based on their availability across the entities. | **Function Head** |  | **As and when** | **Manual** |
| **8.3 Approval for Inter Unit Transfer**  Asset transfers occur at Book Value (BV), ensuring that the assets are reflected at their original value.  EXEC - User Department is responsible for obtaining the necessary approval for any inter-unit asset transfers as per the DOA.  *Refer DOA* | **Executive -User** | **HOD -User** | **As and when** | **Manual** |
| **8.4 Accounting of Inter Unit Transfer**  EXEC - Finance & Accounts books the entry for Inter unit transfer in SAP which is routed for approval as per DOA.  *Refer DOA* | **Executive- Finance & Accounts** | **Manager- Finance & Accounts** | **As and when** | **System** |

### Sale & Disposal of Assets

## Process Flow

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### Process Narrative

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| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **9.1 Requisition and approval of asset**  EXEC – User department raises a requisition for sale/disposal of asset on e-mail. HOD – User department reviews the requisition for disposal of asset and the same is routed for approval as per the DOA.  *Refer DOA* | **Executive - User** | **HOD- User** | **As and when** | **Manual** |
| **9.2 Request for quotations**  Based on approved Asset sale/disposal request, the MANAGER – Procurement, in consultation with the HOD – Procurement obtains at least 3 quotations for the disposal of asset.  Justification must be documented for obtaining less than 3 quotations. | **Manager- Procurement** | **HOD- Procurement** | **As and when** | **Manual** |
| **9.3 Vendor Negotiation and Price Finalization**  Based on approved Asset sale/disposal request, the MANAGER – Procurement, in consultation with the HOD – Procurement obtains at least 3 quotations for the disposal of asset.  Justification must be documented for obtaining less than 3 quotations. | **Manager- Procurement** | **HOD- Procurement** | **As and when** | **Manual** |
| **9.4 Invoicing**  EXEC - Finance & Accounts raises invoice and entry is posted in SAP. Gain /Loss is auto calculated in SAP. | **Executive- Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **System** |

### Depreciation & Impairment

## Process Flow

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### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **10.1 Depreciation Accounting**  Once the capitalization for the month is completed, EXEC - Finance & Accounts calculate and posts the depreciation entry in SAP using T-Code "AFAB" | **Executive- Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **System** |
| **10.2 Impairment Accounting**  On a yearly basis, EXEC / MANAGER – Finance & Accounts identifies whether there is any indication that an asset may be impaired. If any such indication exists, EXEC – Finance & Accounts estimates the recoverable amount of the asset. Impairment. Further, the impairment working is reviewed by HOD – Finance & Accounts and entry is posted in SAP. | **Executive / Manager - Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **System** |

### Tagging & Physical verification of Fixed Assets

## Process Flow

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### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **11.1 Sharing of Asset code**  EXEC - Finance & Accounts shares the asset code with the User department once the asset is capitalized over email. | **Executive- Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **Manual** |
| **11.2 Tagging of Assets**  After the asset code is created in SAP, EXEC - Finance & Accounts prints the asset code and the same is shared with EXEC - User for tagging. All the assets should be tagged in the month of capitalization. The tagged asset is then reviewed by HOD - User. | **EXEC - User** | **HOD - User** | **As and when** | **Manual** |
| **11.3 Physical Verification**  EXEC – User department annually verifies the fixed assets Physical verification report is reviewed and signed by Terminal Head as per DOA. All the assets should be physically verified over a period of 3 Years.  *Refer DOA.* | **Executive- User** | **HOD - User** | **As and when** | **Manual** |
| **11.4 Variances**  EXEC - Finance & Accounts is responsible for adjusting in the books to reconcile any variances identified in the Physical Verification report. | **Executive- Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **System** |

### Vendor Performance Evaluation

### Process Flow

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### Process Narrative

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| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **12.1 Supplier Evaluation** Supplier evaluations are conducted through various KPI's set by Procurement committee of the respective entities such as:  - Number of Complaints received  - Safety Violence Instances  - Conformity to SLA's  -Cost Competitiveness  -ESG  Based on this supplier is notified to take corrective action. Continued failure to improve may lead to the supplier being marked as inactive in the database. | **Exec/Manager-**  **Procurement** | **HOD -**  **Procurement** | **Annually** | **System** |

### Advance Payment

### Process Flow

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### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **13.1 Advance Payment - Approval** All the advance payments are approved on email as per the authority matrix based on the PO terms.  *Refer DOA* | **Executive/Manager- Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **Manual** |
| **13.2 Advance Payment - Creation**  Once Proforma Invoice (PI) is shared by Vendor, EXEC/MANAGER - Procurement DPR is created against the invoice to the vendor for the payment. | **Executive/Manager- Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **System** |
| **13.3 Advance Payment - Settlement**  DPR pop up comes into EXEC/MANAGER- Finance & Accounts personnel and based on which the accounting entry is passed for advance payment and is reviewed by MANAGER - Procurement. Post the authorization the same is routed for payment.  The advance is netted off in SAP once the original invoice is received from the procurement/Stores department on receipt of Goods/Services. Exec – Procurement Books the Invoice against the Advance. | **Executive/Manager- Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **System** |

### Invoice Processing

### Process Flow

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### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **14.1 Invoice booking**   Upon receiving the invoice from the MANAGER - Procurement, it is matched with the GRN and PO. After verification, EXEC/MANAGER -Finance & Accounts parks the invoice in SAP.  Any discrepancies between the invoice, PO, and GRN are resolved through discussions with the MANAGER – Procurement.  The invoice is reviewed by MANAGER/HOD – Finance & Accounts and posted in the system. | **Executive/Manager- Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **System** |

### Payment to Vendors

### Process Flow

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### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **15.1 Approval for Payment**  Based on the creditors ageing report, working for payment is prepared with details such as  - Vendor name  - Bank name  - Account number  - IFSC code  - Amount.  The same is forwarded to HOD- Finance & Accounts for approval. | **Executive/Manager- Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **Manual** |
| **15.2 Payments through Banking portal**  Preparation of bank template:  EXEC/MANAGER – Finance & Accounts will prepare the excel bank template with the details such as  - Vendor name  - Bank name  - Account number,  - IFSC code  - Amount.  Uploading of Template:  EXEC/MANAGER – Finance & Accounts will login to the banking portal and upload the template after OTP authentication on the registered number.  Approval of Template:  HOD- Finance & Accounts approves the template after OTP authentication on the registered number. | **Executive/Manager- Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **Manual** |
| **15.3 Payments through mandate**  **Preparation of Mandates:**  EXEC/MANAGER – Finance & Accounts prepares payment advice and payment mandates and sends for signature of authorized signatories as per the matrix.  **Approval of Mandates:**  Signed payment advice and mandates are sent to bank for payment via authorized email along with physical copy. | **Executive/Manager-**  **Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **Manual** |
| **15.4 Payment Processing**  Based on the Payment Mandates and Template, payment will be processed by the bank and details will be shared with the Finance team. | **Executive/Manager-**  **Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **Manual** |
| **15.5 Accounting**  Post review of the bank statement, payment entry is posted in SAP. | **Executive/Manager-**  **Finance & Accounts** | **HOD - Finance & Accounts** | **As and when** | **System** |

### Aged Payables Monitoring

### Process Flow

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### Process Narrative

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|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **16.1 Delayed Payments Monitoring**  **Generation of Ageing Report:**  EXEC – Finance & Accounts will generate regular reports to track aging invoices, categorize them (e.g., 30, 60, 90 days overdue), and identify any discrepancies and shares it with the HOD – Finance & Accounts and HOD – Procurement for review.  **Communication to Vendor:**  Any delay caused by vendor fault and are beyond the control of the company (e.g., late shipments, defective products, non-compliance with agreed terms) must be documented in writing and communicated to vendor expecting clear reason for the delay, including a revised delivery timeline or explanation for the delay.  *The vendor aging report should be reviewed monthly to identify vendors with significant overdue invoices. If an invoice remains unpaid due to a vendor fault (e.g., late delivery), this must be flagged for further investigation.* | **Executive –**  **Finance & Accounts** | **HOD –**  **Finance & Accounts** | **As and when** | **System** |
| **16.2 Aged Payables – MSME Vendors**  **MSME Vendor Tagging:**  At the time of creation of the vendor, Exec/Manager - Finance & Accounts obtains confirmation from vendor for MSME and collects details along with the MSME certificate. The same is forwarded to Exec - MDM for Vendor Master creation and they are flagged in SAP.  Subsequently, on an annual basis Exec/Manager - Finance & Accounts rolls put MSME confirmations to all the MSME vendors to re confirm their status of MSME. In absence of any response from the vendor, the same is considered as a Non MSME in the Vendor list and intimated to MDM for removal of flagging in SAP after approval from HOD - Finance & Accounts.  **Aged review & monitoring:**  On Monthly basis Exec/Manager - Finance & Accounts extracts the payments due for the month, HOD - Finance & Accounts reviews the same to ensure the payments are made as per Section 15 of MSME Act (Payment to MSME vendor shall be made within 45 days from the date of good receipt). | **Executive / Manager –**  **Finance & Accounts** | **HOD –**  **Finance & Accounts** | **As and when** | **System** |
| * 1. **Aged Payables Monitoring – GST Specific**   **Payment of GST Component:**  EXEC/MANAGER – Finance & Accounts reviews the GSTR 2A before processing the GST payment to the vendor. EXEC/MANAGER initiates the GST payment in the subsequent pay cycle after confirming Input Tax Credit (ITC) in GSTR 2A.  **Payment of Invoice:**  The EXEC/MANAGER ensures that all undisputed vendor payments are made within 180 days from the invoice date to prevent the reversal of the availed ITC. In such cases the vendor must issue a credit note or a revised invoice. | **Executive / Manager –**  **Finance & Accounts** | **HOD –**  **Finance & Accounts** | **As and when** | **System** |

### CWIP / Goods Receipt / Invoice Receipt & Vendor Advance

## Process Flow

## 

### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System / Manual** |
| **8.1 Capital work in Progress (CWIP)**  All the Fixed Assets are routed through CWIP. MANAGER - Finance & Accounts reviews CWIP status and movement on a monthly basis.  CWIP Report is shared with HOD - Finance & Accounts for review.  CWIP item pending for more than 3 months is specifically discussed with User department to expedite installations. | **Executive- Finance & Accounts** | **HOD - Finance & Accounts** | **Monthly** | **System** |
| **8.2 Goods Receipt / Invoice Receipt (GR/IR)**  On a monthly basis, EXEC - Finance & Accounts extracts GR / IR report from SAP and shares with HOD - Finance & Accounts for review.  For any transactions that are not cleared for more than 30 days, justification is obtained from the Procurement team and shared with Terminal Head. | **Executive- Finance & Accounts** | **HOD - Finance & Accounts** | **Monthly** | **System** |
| **8.3 Unadjusted Advance to Vendor**   On a monthly basis, EXEC - Finance & Accounts extracts the list of Advance to Vendors and shares with HOD - Finance & Accounts for review.  In case any advance remains unadjusted for more than 30 days, EXEC - Finance & Accounts shares the list with Procurement team for follow up. | **Executive - Finance & Accounts** | **HOD - Finance & Accounts** | **Monthly** | **System** |

### Key Performance Indicators (KPI’s)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Attribute** | **Objective** | **Base Line** | **Target** | **Action Plan** |
| Asset Code Duplication Rate | Measures the effectiveness of the process in preventing errors or duplicates in the asset code system. | XX | XX | XX |
| Purchase Requisition (PR) to Purchase Order (PO) Cycle | Measures the time taken from requisition approval to PO issuance | XX | XX | XX |
| PR Processing Time | Ensure timely processing to avoid delays in procurement | XX | XX | XX |
| On Time delivery | Assess the vendor's reliability and adherence to deadlines. | XX | XX | XX |
| Lowest Quotation | Ensure cost efficiency | XX | XX | XX |
| Vendor Master Creation Time | Ensure quick onboarding of new vendors without delays in procurement operations. | XX | XX | XX |
| Data Accuracy Rate | Minimize errors in vendor data to avoid transaction issues. | XX | XX | XX |
| PO Approval Time | Streamline the approval workflow to prevent delays | XX | XX | XX |
| Invoice Accuracy Rate | Ensure that invoices are accurate to avoid delays, disputes, and overpayments. | XX | XX | XX |
| Payment Error Rate | Reduce errors to avoid disputes and maintain financial accuracy. | XX | XX | XX |

## 

## Symbols/ legends used in flowcharts.

|  |  |
| --- | --- |
|  | Start/End |
|  | Manual process activity |
|  | Decision/possibility/alternative |
|  | Alternate process |
|  | Process connecting in same page |
|  | Process connecting in other page |
|  | Output document |
|  | Flow direction |