

17. FIXED ASSET MANAGEMENT



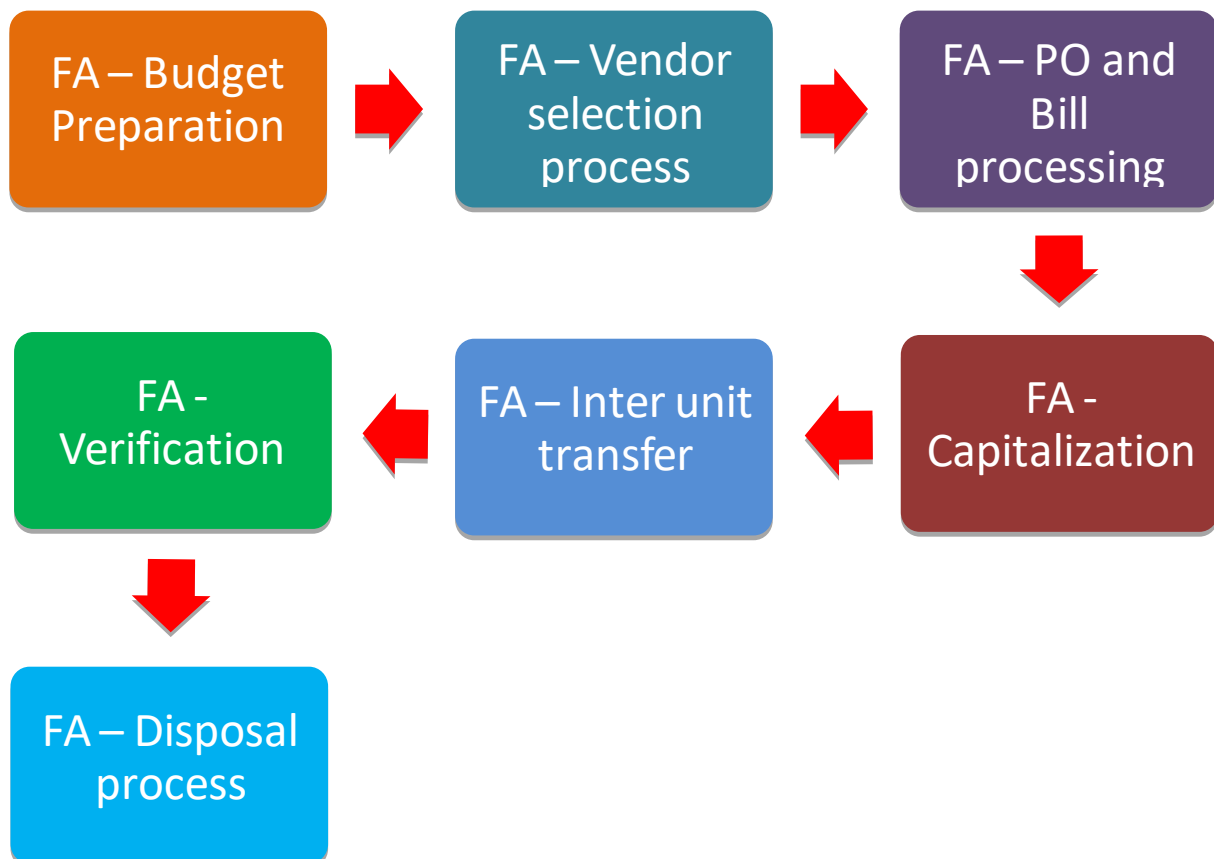
17. FIXED ASSET MANAGEMENT

PROCESS SUMMARY

Objective:

- To ensure the control over assets
- To ensure the safeguarding of assets

Process Overview:



Process beginning:

- Fixed Assets budget preparation

Process ending:

- Asset disposal and accounting

Key Inputs

Particulars	From	Document Reference
Preliminary capital budget	All departments	GEN/COM/
Asset Purchase request	All departments	FAM/COM/001
Department wise approved capital budget	All departments	FAM/COM/003
Project completion certificate	Projects	PRJ/COM/017
Installation report	Projects	PRJ/COM/016
Fixed asset transfer request	All departments	FAM/COM/008
Asset transfer note	All departments	FAM/COM/007
Fixed asset disposal form	All departments	FAM/COM/005

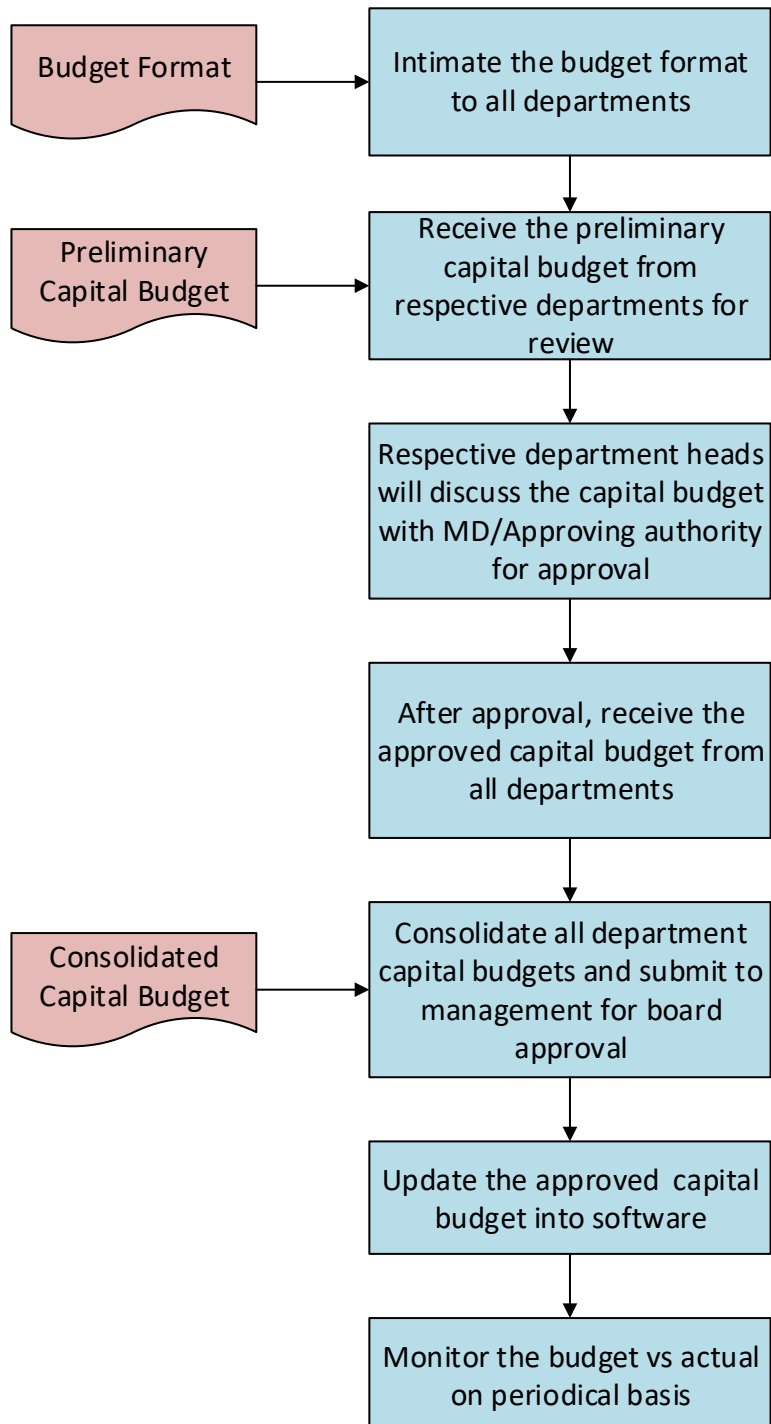
Key Outputs

Particulars	To	Document Reference
Fixed asset register details	All departments	FAM/COM/006
Fixed asset verification report	Management	FAM/COM/009

Key Documents / Register / Files

S no	Document / Register Name	Document Format	Document Reference
1	Asset purchase request	Word	FAM/COM/001
2	Asset Verification Scope and checklist	Word	FAM/COM/002
3	Capital budget format	Excel	FAM/COM/003
4	Consolidated capital budget	Excel	FAM/COM/004
5	Fixed asset disposal form	Word	FAM/COM/005
6	Fixed Asset Register	Software report	FAM/COM/006
7	Fixed Asset transfer note	Word	FAM/COM/007
8	Fixed Asset transfer request	Word	FAM/COM/008
9	Fixed asset verification report	Word	FAM/COM/009
10	Fixed Asset Verification Schedule	Excel	FAM/COM/010
11	Preliminary capital budget	Excel	FAM/COM/011
12	Non-returnable gate pass	Pre-printed form	ADM/COM/026
13	Returnable gate pass	Pre-printed form	ADM/COM/004
14	Payment requisition	Software form	GEN/COM/046
15	Vendor registration form	Word	GEN/COM/027
16	Installation report	Word	PRJ/COM/016
17	Commissioning Report	External document	-
18	Project Completion Certificate	External document	-

17.1 FIXED ASSET MANAGEMENT - BUDGET PROCESSING



Sub-process Owner:

Deputy Manager - Accounts

Departments Involved:

All departments

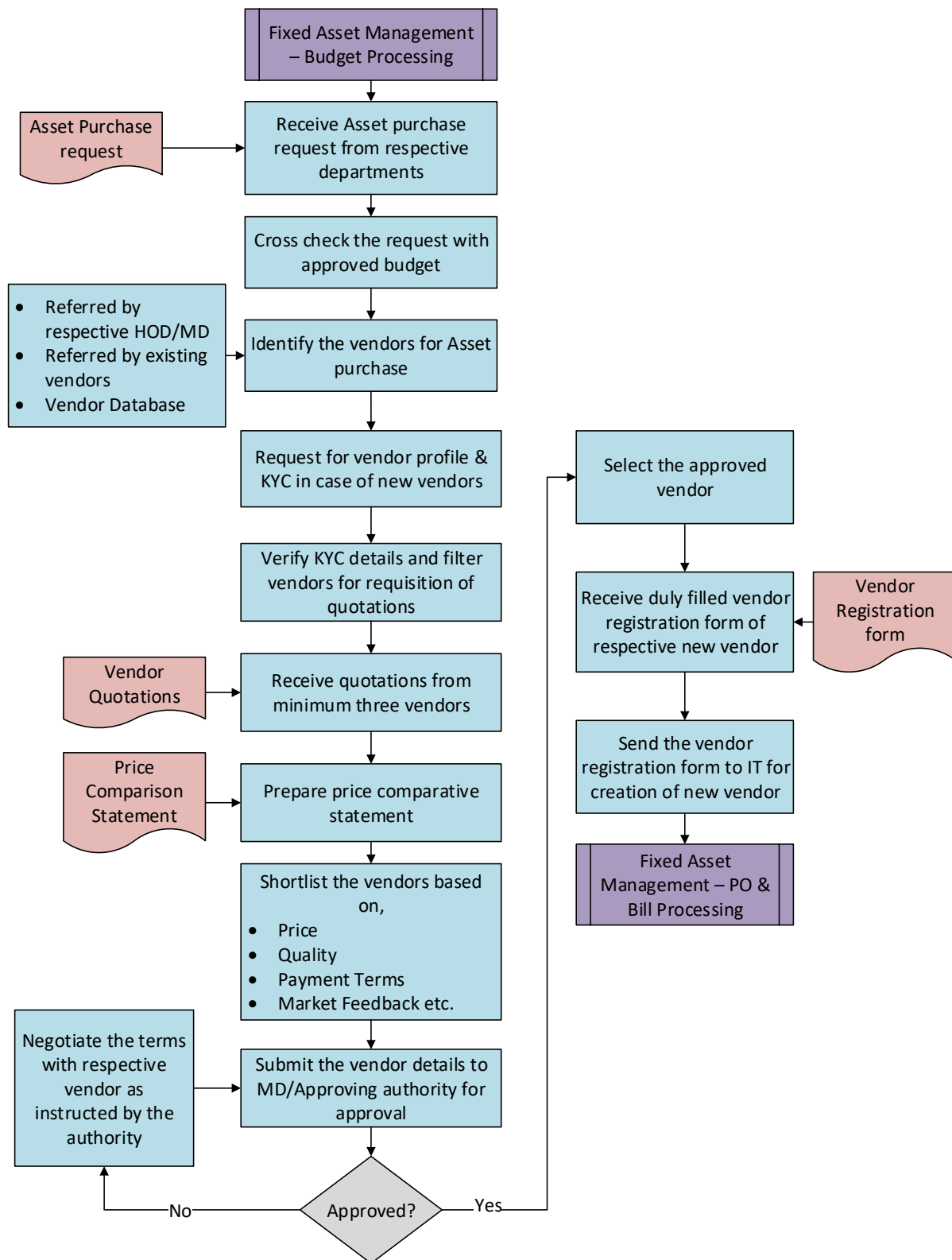
Key activities:

17.1.1 Preliminary budget

17.1.2 Consolidated budget approval

Process	Maker	Checker	Approver
17.1.1 Preliminary Budget			
1) Intimate the budget format to all departments and request to send the capital budget	Deputy Manager	Manager – Finance and Accounts	
2) Receive the preliminary capital budget from respective departments for review	Deputy Manager	Manager – Finance and Accounts	
3) Discuss the budget components with MD/Approving authority for approval	Deputy Manager	Manager – Finance and Accounts	
4) After approval receive the approved budget from all departments	Deputy Manager	Manager – Finance and Accounts	
17.1.2 Consolidated budget approval			
1) Consolidate all department capital budgets and submit to management for board approval	Deputy Manager/ Manager – Finance & Accounts	Head – Finance & Accounts	Managing Director/Approving Authority
2) Update the approved budget into software	Deputy Manager/ Manager – Finance & Accounts	Head – Finance & Accounts	
3) Monitor the budget vs actual on periodical basis	Deputy Manager/ Manager – Finance & Accounts		

17.2 A. FIXED ASSET MANAGEMENT – VENDOR SELECTION PROCESS



Sub-process Owner:

Deputy Manager/ Manager – Finance & Accounts

Departments Involved:

All Departments

Key activities:

17.2.A.1 Asset purchase request

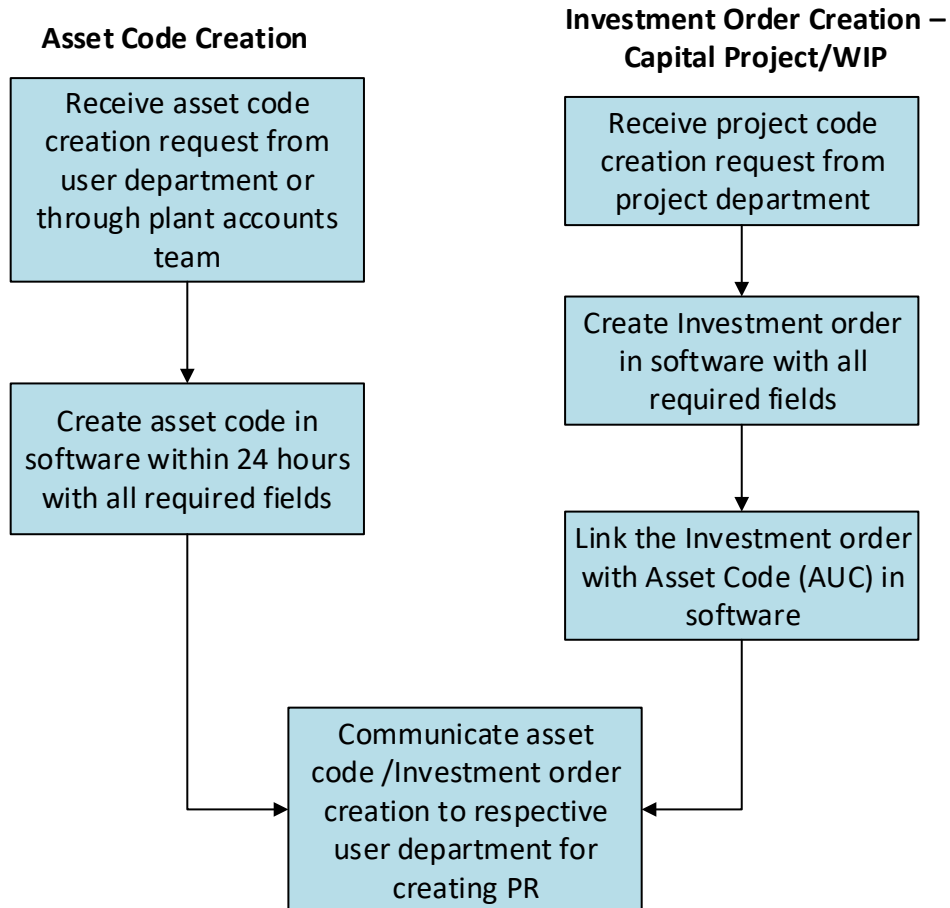
17.2.A.2 Vendor identification

17.2.A.3 Selection of Vendor

Process	Maker	Checker	Approver
17.2.A.1 Asset purchase request			
1) Receive asset purchase request from respective departments in the defined template	Deputy Manager	Manager – Finance & Accounts	
2) Cross check the request with approved budget	Deputy Manager	Manager – Finance & Accounts	
3) In case if the request is not within the budget then inform respective department to get special approval from management and revise the budget	Deputy Manager	Manager – Finance & Accounts	
4) In case the request is within the budget limit then proceed for vendor selection process	Deputy Manager	Manager – Finance & Accounts	
17.2.A.2 Vendor identification and selection process			
1) Identify the vendors for asset purchase as below, <ul style="list-style-type: none"> Reference by respective HOD/MD Reference by existing vendors Vendor database 	Deputy Manager	Manager – Finance & Accounts	
2) Request for vendor profile and KYC in case of new vendors	Deputy Manager	Manager – Finance & Accounts	
3) Verify the KYC details and filter vendors for requisition of quotations	Deputy Manager	Manager – Finance & Accounts	
17.2.A.3 Selection of Vendor			
1) Receive quotation from minimum three vendors	Deputy Manager	Manager – Finance & Accounts	
2) Consolidate the quotations and prepare a price comparative statement	Deputy Manager	Manager – Finance & Accounts	
3) Shortlist the vendors based on the following,	Deputy	Head –	

Process	Maker	Checker	Approver
<ul style="list-style-type: none"> Price Quality Payment terms Market feedback etc. 	Manager/Manager – Finance & Accounts	Finance & Accounts	
4) Submit the price comparative statement along with other terms to MD/Approving authority for approval	Head Finance & Accounts	MD/Approving authority	MD/Approving authority
5) In case of negotiation required, then negotiate the terms with respective vendor as instructed by the authority and re submit for approval	Deputy Manager/Manager – Finance & Accounts		
6) In case the vendor is approved by management then receive the duly filled vendor registration form from the new vendor (Not applicable for existing vendor)	Deputy Manager	Manager – Finance & Accounts	
7) Send the vendor registration form to IT for creation of new vendor master	Deputy Manager	Manager – Finance & Accounts	

17.2.B ASSET CODE & INVESTMENT ORDER CREATION



Sub-process Owner:

Deputy Manager/ Manager – Finance & Accounts

Departments Involved:

All Departments

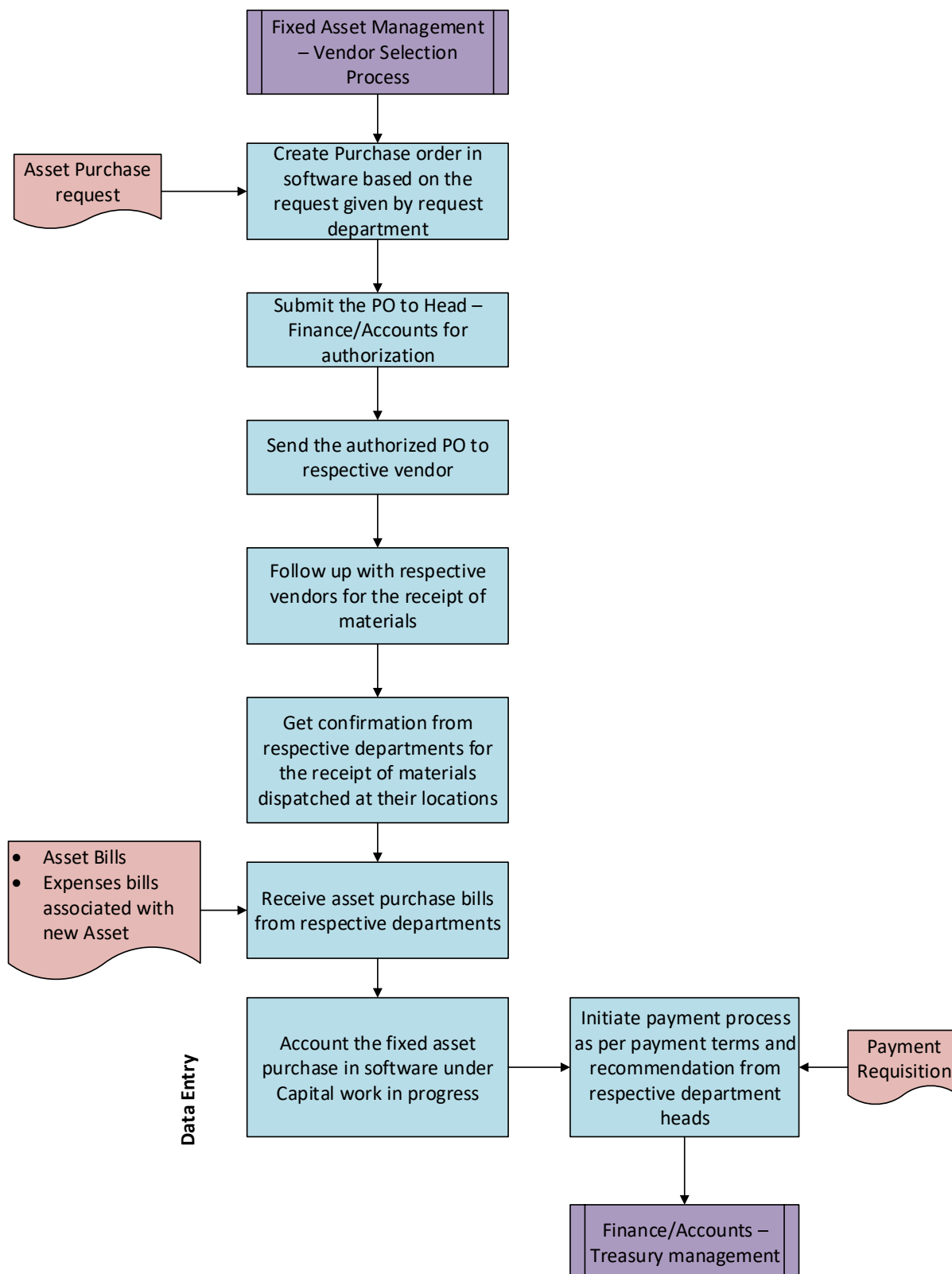
Key activities:

17.2.B.1 Asset code creation

17.2.B.2 Investment order creation

Process	Maker	Checker	Approver
17.2.B.1 Asset Code Creation			
1) Receive Asset Code Creation Request (along with MD approval mail in case of Plant) from User Dept or through Plant Accounts	Asst/Deputy Manager / Manager - GL		
2) Create Asset Code in SAP (with maximum lead time of 24 Hours) <ul style="list-style-type: none"> • Enter Block Key (Asset Class) • Cost Centre (Profit Centre) • Useful Life • R & D or Non - R & D • Depreciation as per Companies Act • Location 	Asst/Deputy Manager / Manager - GL	Senior Manager – Finance & Accounts	
3) After creation, Communicate Asset Code details to user department (Requestor) for the purpose of creating PR	Asst/Deputy Manager / Manager - GL		
17.2.B.2 Investment Order Creation (Capital Project/WIP)			
1) Receive Project Code Creation Request (along with MD approval mail in case of Plant)	Manager – Finance & Accounts (Plant) Manager – Projects		
2) Creation of Investment Order in SAP	Asst/Deputy Manager / Manager - GL	Senior Manager – Finance & Accounts	
3) Link the Investment order with Asset Code (AUC - Asset under Construction) in SAP	Asst/Deputy Manager / Manager - GL	Senior Manager – Finance & Accounts	
4) After creation, Communicate Project Code (investment order) details to user department for the purpose of creating PR	Asst/Deputy Manager / Manager - GL		

17.3 FIXED ASSET MANAGEMENT – PO & BILL PROCESSING



Sub-process Owner:

Deputy Manager/ Manager – Finance & Accounts

Departments Involved:

All Departments

Key activities:

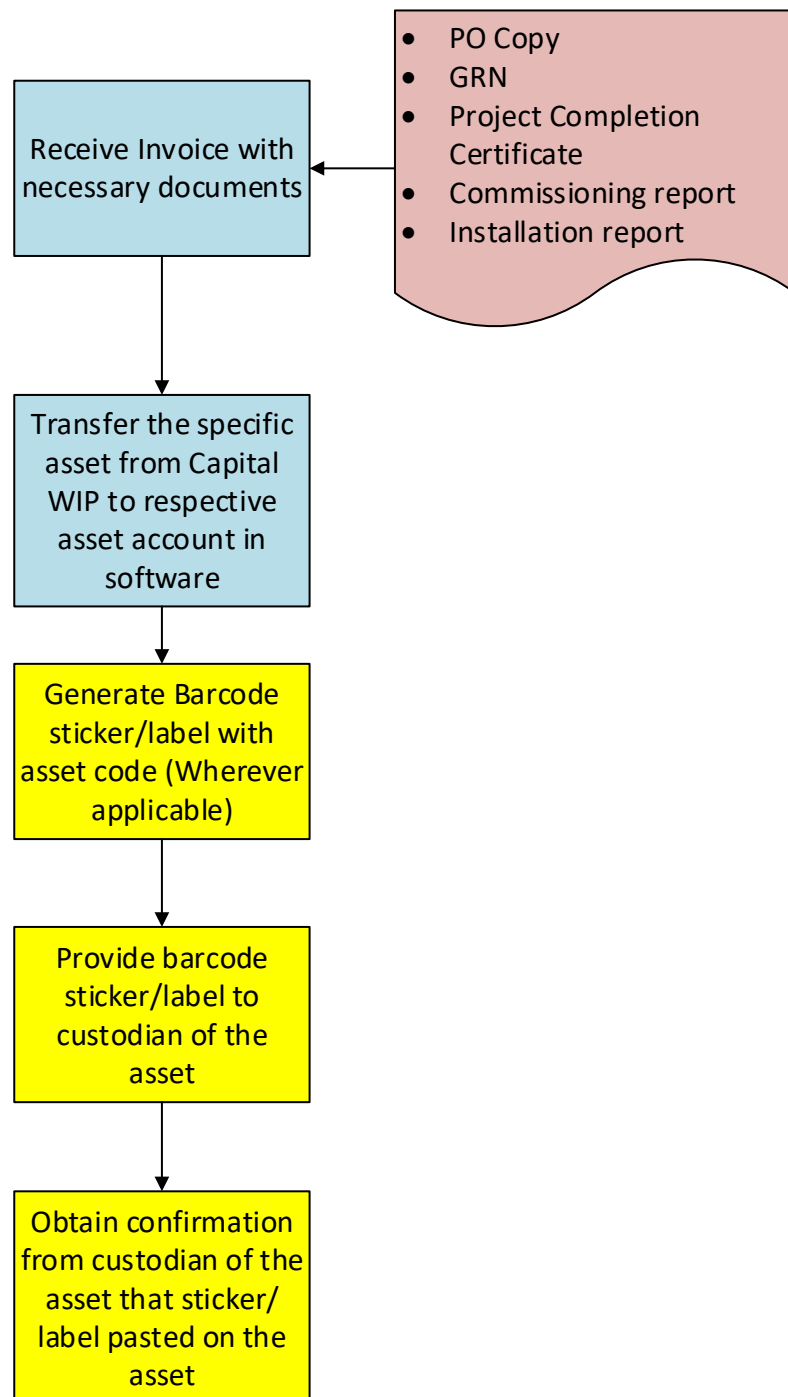
17.3.1 PO processing

17.3.2 Receipt of Assets

17.3.3 Bill processing

Process	Maker	Checker	Approver
17.3.1 PO Processing			
1) Create purchase order in software based on the request given by respective department with all applicable terms, <ul style="list-style-type: none"> Item required Quantity Delivery location Payment terms etc. 	Deputy Manager	Manager – Finance & Accounts	
2) Submit the PO to Head – Finance & Accounts for authorization	Deputy Manager	Head – Finance & Accounts	
3) Send the authorized PO to respective vendor	Deputy Manager	Manager – Finance & Accounts	
4) Follow up with respective vendors for the receipt of materials	Deputy Manager	Manager – Finance & Accounts	
17.3.2 Material Receipt			
1) Get confirmation from respective departments for the receipt of materials dispatched at their locations	Deputy Manager	Manager – Finance & Accounts	
17.3.3 Bill processing			
1) Receive the asset bill and other expenses bills such as freight, loading & unloading etc. related to such asset authorized by respective department heads	Deputy Manager	Manager – Finance & Accounts	
2) Account the fixed asset purchase in software under capital work in progress or in the Asset account based on its nature	Deputy Manager	Manager – Finance & Accounts	
3) Initiate payment requisition as per payment terms and recommendation from respective department heads and send to Treasury manager for payment processing	Deputy Manager	Manager – Finance & Accounts	

17.4 FIXED ASSET MANAGEMENT – ASSET CAPITALIZATION



Sub-process Owner:

Deputy Manager/ Manager – Finance & Accounts

Departments Involved:

Projects

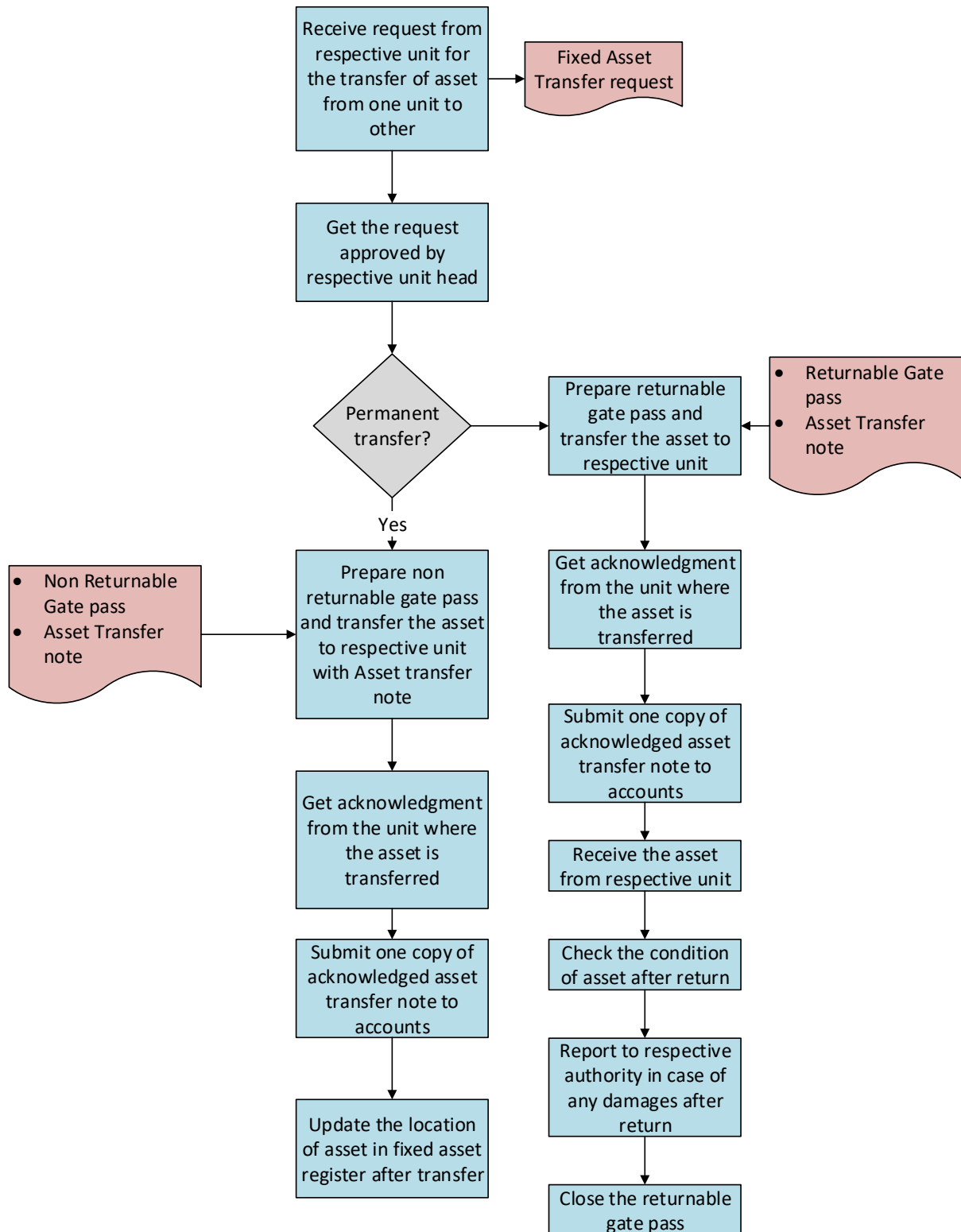
Finance/Accounts

Key activities:

17.4.1 Asset Capitalization

Process	Maker	Checker	Approver
17.4.1 Asset Capitalization			
1) Invoices along with necessary Documents like (PO copy, Good Receipt Note, Project completion Certificate, commissioning report and installation Report). Documentation or filing will be in the order of Asset Code number. In the case of land, Original Document will be with Admin/legal Department. Copy will be attached with Fixed Assets File	Asst/Deputy Manager / Manager – GL	Senior Manager – Finance & Accounts	Plant Head/Head of the department
2) Transfer the specific asset from capital WIP to respective asset account in software	Asst/Deputy Manager / Manager – GL	Senior Manager – Finance & Accounts	
3) Generate Bar Code Sticker/Label with Asset Code (Wherever applicable)	Asst/Deputy Manager / Manager – GL/Manager – IT	Senior Manager – Finance & Accounts	
4) Provide Sticker/Label to the custodian of the asset	Asst/Deputy Manager / Manager – GL	Senior Manager – Finance & Accounts	
5) Obtain confirmation from Custodian of the Asset that sticker/label placed/pasted on the asset	Asst/Deputy Manager / Manager – GL	Senior Manager – Finance & Accounts	

17.5 FIXED ASSET MANAGEMENT – INTER UNIT TRANSFER



Sub-process Owner:

Deputy Manager/ Manager – Finance & Accounts

Departments Involved:

All Departments

Key activities:

17.5.1 Asset transfer request and approval

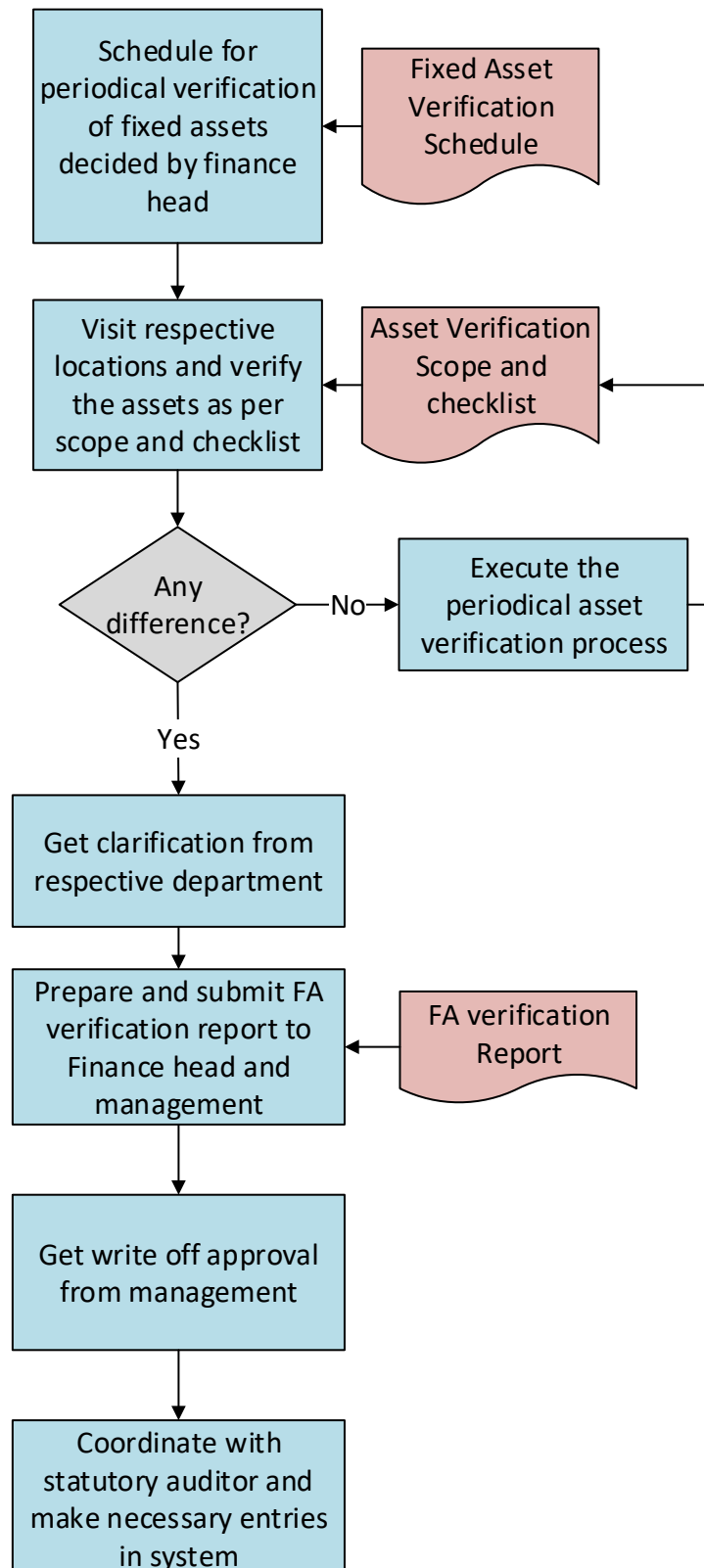
17.5.2 Temporary transfer

17.5.3 Permanent transfer

Process	Maker	Checker	Approver
17.5.1 Asset transfer request and approval			
1) Receive request from respective unit for the transfer of asset from one unit to another unit	Deputy Manager	Manager – Finance & Accounts	
2) Get the request approved by respective unit heads	Deputy Manager	Manager – Finance & Accounts	Respective Unit Heads
17.5.2 Temporary Transfer			
1) Prepare returnable gate pass and inform the logistics for transfer of asset to another unit	Deputy Manager	Manager – Finance & Accounts	
3) Get confirmation from logistics for vehicle and physically move the asset to respective unit as per approval with valid Asset transfer note	Deputy Manager	Manager – Finance & Accounts	
4) Get confirmation and acknowledgement from respective unit head where the asset is transferred	Deputy Manager	Manager – Finance & Accounts	
5) Submit one copy of the acknowledged asset transfer note to accounts	Deputy Manager	Manager – Finance & Accounts	
6) After certain period as per the transfer terms, receive back the asset from respective unit	Deputy Manager	Manager – Finance & Accounts	
7) Check the asset condition after receipt	Deputy Manager	Manager – Finance & Accounts	
8) Report to respective authority in case of any damages during the receipt	Deputy Manager	Manager – Finance & Accounts	
9) Close the returnable gate pass and inform to accounts about the receipt of asset	Deputy Manager	Manager – Finance & Accounts	
17.5.3 Permanent Transfer			
1) Prepare non-returnable gate pass for transfer of asset to other unit and inform logistics for vehicle arrangement	Deputy Manager	Manager – Finance & Accounts	

Process	Maker	Checker	Approver
		Accounts	
2) Get confirmation from logistics for vehicle and physically move the asset to respective unit as per approval with valid Asset transfer note	Deputy Manager	Manager – Finance & Accounts	
3) Get confirmation and acknowledgement from respective unit head where the asset is transferred	Deputy Manager	Manager – Finance & Accounts	
4) Submit one copy of the acknowledged asset transfer note to accounts (HO and Plant)	Deputy Manager	Manager – Finance & Accounts	
5) Get the acknowledged asset transfer note from respective department and update the location of asset in Fixed asset register	Deputy Manager	Manager – Finance & Accounts	
6) Update the location of asset in Fixed asset register based on acknowledged asset transfer note from respective department. New Asset Code is created as movement is from Plant to Plant	Manager – Finance & Accounts (GL)	Sr Manager - Finance & Accounts	
7) Communicate the asset transfer details to management	Deputy Manager	Manager – Finance & Accounts	

17.6 FIXED ASSET MANAGEMENT – FIXED ASSET VERIFICATION



Sub-process Owner:

Deputy Manager/ Manager – Finance & Accounts

Departments Involved:

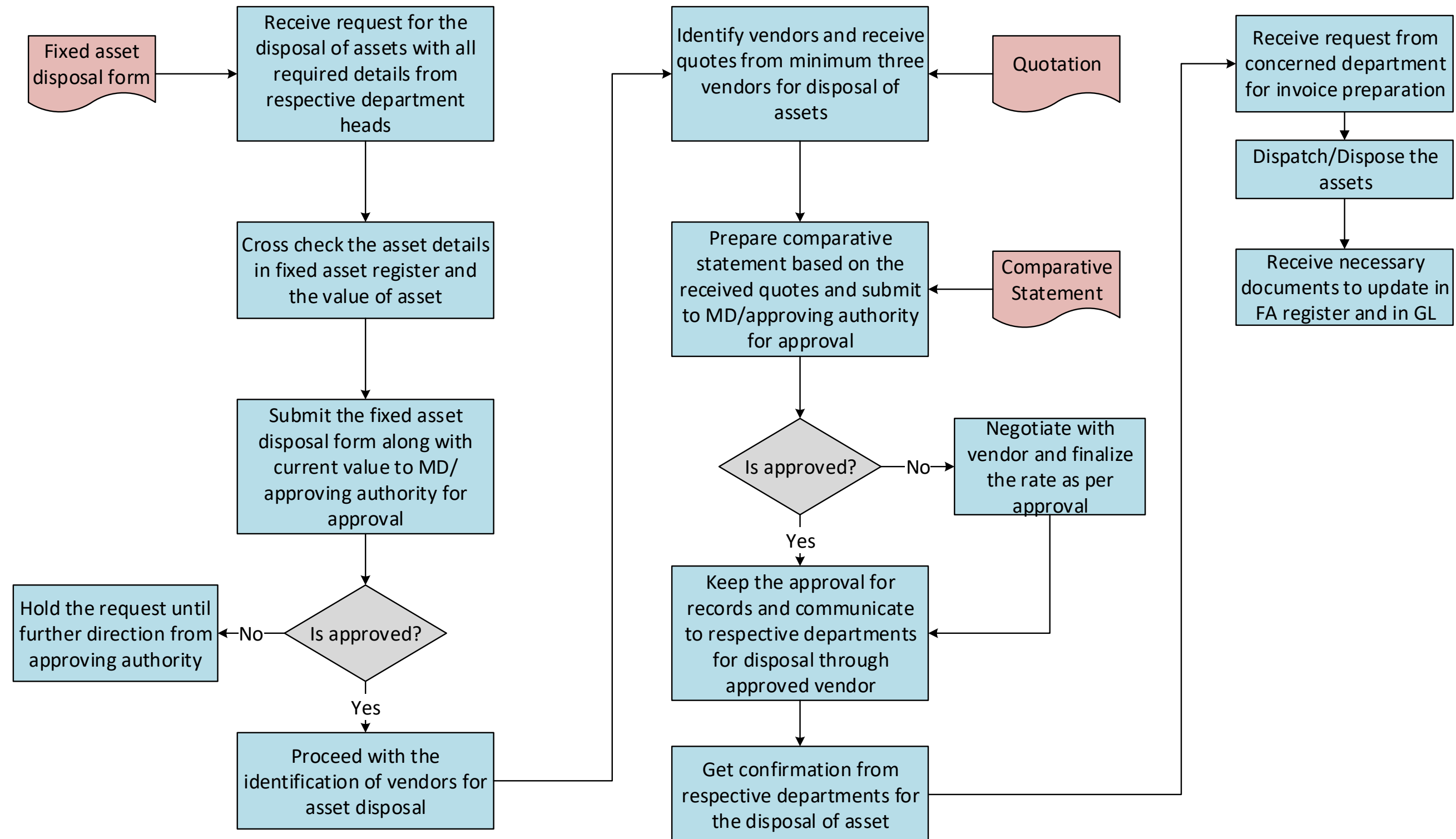
All Departments

Key activities:

17.6.1 Fixed asset verification

Process	Maker	Checker	Approver
17.6.1 Fixed Asset verification			
1) Schedule for periodical verification of fixed asset decided by finance head	Deputy/Asst Manager - Finance & Accounts / Manager - F&A	Senior Manager - Finance & Accounts	Head - Finance & Accounts
2) Visit respective locations and verify the assets as per scope and checklist and ensure there is no difference	Asset Verification team	Senior Manager - Finance & Accounts	
3) In case of deducting some differences in the asset, get clarification from respective department	Asset Verification team	Senior Manager - Finance & Accounts	
4) Provide the updated list of Fixed Assets to the respective custodian -(After finalization) and handover copy of the same to HR	Asset Verification team	Senior Manager - Finance & Accounts	
5) Prepare and submit Fixed asset verification report to finance head and management	Asset Verification team	Senior Manager - Finance & Accounts	
6) Get write off approval from management	Deputy Manager	Head - Finance & Accounts	Management
7) Coordinate with statutory auditor and make necessary entries in the system	Deputy Manager	Statutory auditor	
8) Execute the periodical verification of assets as per schedule	Deputy Manager	Manager - Finance & Accounts	

17.7 FIXED ASSET MANAGEMENT – ASSET DISPOSAL PROCESS



Sub-process Owner:

Deputy Manager/ Manager – Finance & Accounts

Departments Involved:

All Departments

Key activities:

17.7.1 Asset disposal request and approval

17.7.2 Asset disposal

17.7.3 Updation of asset disposal

Process	Maker	Checker	Approver
17.7.1 Asset disposal request and approval			
1) Receive request for the Fixed asset disposal form with all required details from respective department heads	Deputy Manager	Head – Finance & Accounts	
2) Cross check the asset details in fixed asset register and the value of asset	Deputy Manager	Head – Finance & Accounts	
3) Submit the fixed asset disposal form along with the current value to MD/approving authority for approval	Deputy Manager	Head – Finance & Accounts	MD/ Approving authority
4) In case of no approval, hold the request until further directions from approving authority	Deputy Manager	Head – Finance & Accounts	
5) Get approval and proceed with the identification of vendors for asset disposal	Deputy Manager	Head – Finance & Accounts	
17.7.2 Asset Disposal			
1) Identify vendors and receive quotation from minimum three vendors for disposal of assets	Deputy Manager	Manager – Finance & Accounts	
2) Prepare comparative statement based on the received quotation and submit to Managing Director/Approving authority for approval	Deputy Manager	Head – Finance & Accounts	MD/Approving authority
3) In case of no approval, negotiate with vendor and finalize the rate as per the approval	Deputy Manager	Head – Finance & Accounts	
4) Keep the approval for records and communicate to respective departments for disposal through approved vendor	Deputy Manager	Head – Finance & Accounts	
5) Get confirmation from respective departments for the disposal of asset	Deputy Manager	Head – Finance & Accounts	
6) Receive Request from concerned Department for Invoice preparation	Deputy Manager / Manager - Finance &	Senior Manager – Finance & Accounts	

Process	Maker	Checker	Approver
	Accounts		
7) Make dispatch/disposal of Assets	Deputy Manager / Manager – Operations		
17.7.3 Updation of Asset disposal			
1) Receive necessary document from Operations to update in FA Register & GL 1) MD Approval Mail 2) Dispatch Note / Invoice As acknowledged by buyer for receipt of asset (in case of sale) 3) In case of vehicles, transfer of RC in the name of buyer should be obtained, or any legal document assuring the transfer	Manager – Finance & Accounts	Senior Manager – Finance & Accounts	