# FAQ ON FIXED ASSET ACCOUNTING PROCESS

Last Updated: October 23, 2020

*A fixed Asset is any tangible or intangible asset with a useful life of more than one year.* Fixed Asset Accounting procedure is mandatorily required to meet the audit/compliance requirements as per Ministry of Education (MHRD) guidelines. Please look up https://digits.iisc.ac.in/wp-content/uploads/2020/10/Fixed-Assets-Chart-of-Accounts.pdf for the classification of fixed assets as per the Ministry guidelines.

Clear guidelines to fixed asset accounting have been established through a SOP whose link is provided below. Fixed assets could be procured through the following means:

(1) purchase from cost center/departmental or internal order budgets

(2) purchase from project budget with WBS element

(3) purchase of fixed assets already made for which reimbursements are claimed without purchase order

There is no change to the existing procedure in the case of a fixed asset procurement where PR/PO is required to be created or when the procurement is from a project budget with WBS element. Also, fixed assets below or equal to the value of INR 25,000/ are not capitalized and do not go through the fixed asset accounting process.

This FAQ has been created out of the questions that were raised by the end-users during the online interaction meeting that happened on October 9, 2020.

Documents that you should go through:

Classification and Examples of Fixed Assets

https://digits.iisc.ac.in/wp-content/uploads/2020/10/Fixed-Assets-Chart-of-Accounts.pdf


SOP for Fixed Assets Accounting Process

https://digits.iisc.ac.in/wp-content/uploads/2020/10/Fixed-Asset-Accounting-SOP.pdf


User Manual for Fixed Asset Accounting Process

https://digits.iisc.ac.in/wp-content/uploads/2020/10/User-Manual-for-Fixed-Asset-Accounting-Finance-Department.pdf

For all functional queries related to fixed assets accounting, please send a mail to fixedassets.fna@iisc.ac.in with the subject line clearly indicating the issue. For technical queries, you may please email to: sapsupport@iisc.ac.in.

1. How does one obtain a Fixed Asset Number?

   You have to send an email to fixedassets.fna@iisc.ac.in indicating what you are procuring and you will get the response as early as possible. Please enclose a proforma invoice/quotation if prior to purchase order.

2. What if the asset class is not already from the existing asset classes and new class has to be created?

   Please note that Asset Class is a broad classification of assets. The list is as below. All the assets will have to be identified under one of the categories in the following list. For concrete examples, please see: Classification and Examples of Fixed Assets.

   | | |
   |---|---|
   | I001 | Computer Software |
   | I002 | E-Journals |
   | T000 | Land |
   | T001 | Building |
   | T002 | Plant & Machinery |
   | T003 | Office Equipment |
   | T004 | Laboratory & Scientific Equipment |
   | T005 | Audio Visual Equipment |
   | T006 | Furniture & Fixtures & Fittings |
   | T007 | Computers & Peripherals |
   | T008 | Vehicles |
   | T009 | Books & Scientific Journals |
   | T010 | Sports Equipment |
   | T999 | Construction Work in Progress |

3. Are we not inserting new additional steps which will result in delay payment/reimbursement?

   The additional steps are necessary to ensure proper accounting and compliance with C&AG audit requirements. Once the process is understood clearly, the additional step of creation of fixed asset number is not a time-consuming process.

4. How do we get the material number?

   The generic material number is already available in the Material Master in the SAP system. Only the fixed asset number must be obtained from F&A

5. While creating Purchase Order (PO), when and where should we be using K or A?

   While creating a PO for the procurement of an asset, use **A** in the Account Assignment tab of Purchase order. For an item procurement other than an asset, use **K** in the account assignment tab.

6. I am taking reimbursement from a project from F&A or CSSP. If so, are these steps required?

   Not required. In the case of reimbursements for purchase of assets above INR 25,000/- chargeable to projects with a WBS element, the certified copy of the invoice must be submitted to F&A. This is to be done even in the case of CSSP projects.

7. If we take a fixed asset number before the PO is processed, what happens if the PO is cancelled?

   Cancellation of a Purchase order will not impact the asset already created.

8. Will there be a problem for a post-facto PO?

   Even in the case of a post-facto PO involving an asset worth more than INR 25,000, the same process of obtaining a fixed asset number from F&A must be followed.

9. Should we obtain a fixed asset number every time we procure a fixed asset and should we send the mail to F&A every time?

   Every time a fixed asset is obtained from the cost centre, a fixed asset number must be obtained from F&A.

10. Why don't we generate the Asset Number during the Goods movement? In such a case if some POs are deleted, we can have the Asset entry also deleted.

    As the PO is the single point of entry for the data, fixed asset number must be obtained prior to creation of PO. At goods movement stage, asset number cannot be provided.

11. Can you please share the form for obtaining the Fixed Asset Number?

    There is no form for this purpose. Just send an email to fixedassets.fna@iisc.ac.in and you will get the response within one working day.

12. Where is Annexure 1 located in the SOP for fixed asset accounting? I was not able to locate on the DIGITS website.

    Please look up https://digits.iisc.ac.in/wp-content/uploads/2020/10/Fixed-Assets-Chart-of-Accounts.pdf.

13. For reimbursement, I have been parking invoice in my own name. Are you saying reimbursement does not need to follow this procedure.?

Not required. In the case of reimbursements for purchase of assets above INR 25,000/- chargeable to projects with a WBS element, the certified copy of the invoice must be submitted to F&A. This is to be done even in the case of CSSP projects.

14. How to track the payments done for reimbursement in SAP?

Payments for reimbursement cases can be tracked through "Display Vendor balances" in "Accounts Payable" tab.

15. Will payments to vendors get delayed after this process?

The additional steps are necessary to ensure proper accounting and compliance with C&AG audit requirements. Once the process is understood clearly, the additional step of creation of fixed asset number is not a time-consuming process.

16. Do we use Asset number only for departmental purchase order?

Asset numbers are required to be obtained from F&A only in the case of Fixed Asset Procurement where Purchase Requisition/Order is required to be created in case of purchase from Cost Centre / Department or Internal Order Budgets

There is no change to the existing procedure in case of a fixed asset procurement where PR/PO is required to be created and the procurement is from project budget with WBS element. Fixed assets below or equal to the value INR 25,000/ are not capitalized and do not go through the fixed asset accounting process.

17. For all the funds from F & A, should we use A instead of K

While creating a PO for the procurement of an asset, use **A** in the Account Assignment tab of Purchase order. For an item procurement other than an asset, use **K** in the account assignment tab.

18. Suppose PO is cancelled, do we have to inform to cancel the asset number?

Cancellation of a Purchase order will not impact the asset already created.

19. Does the procedure remain the same for any purchase that is under a project of a Faculty, and not a cost centre as such?

Asset numbers are required to be obtained from F&A only in the case of Fixed Asset Procurement where Purchase Requisition/Order is required to be created in case of purchase from Cost Centre / Department or Internal Order Budgets

There is no change to the existing procedure in case of a fixed asset procurement where PR/PO is required to be created and the procurement is from project budget with WBS element. Fixed assets below or equal to the value INR 25,000/ are not capitalized and do not go through the fixed asset accounting process.

20. How long it will take to generate the asset number?

The process of creation of Asset number is a one step process. Every effort will be made to send the asset number within a single working day.

21. With the fluctuations in the currency rate, will this process affect the Foreign orders

No. This Fixed Asset Accounting process will not affect Foreign POs

22. Can we apply for the asset number while we are Parking invoice?

As the PO is the single point of entry for the data, fixed asset number must be obtained prior to creation of PO.

23. In case of reimbursements for purchase of fixed assets, is there a need to park the vendor invoice and submit related documents? If a faculty member uses the department budget for purchase of an asset, which is less than INR. 25000/- do we need to do park invoice too?

No, for reimbursement of fixed asset purchase, above INR 25,000/- in value, the physical submission of the certified invoice to F&A will be sufficient, even in CSSP project purchases.

24. Can an Asset number be reused to quicken the vendor payment?

No, the number should not be reused.

25. When we request for fixed asset no. should we upload any documents

Along with a mail to fixedassets.fna@iisc.ac.in a proforma invoice/quotation if prior to purchase order would be sufficient

26. Why don't we follow existing procedure? - after the receipt of the material we can take asset number at the time of certification of Invoice for payment to vendor

    As the PO is the single point of entry for the data, fixed asset number must be obtained prior to creation of PO. At goods movement stage, asset number cannot be provided.

27. Is it possible to request for the asset number through SAP instead of sending an email to fixedassets.fna@iisc.ac.in?

    No, Please send a direct email to fixedassets.fna@iisc.ac.in

28. What if the purchase is below INR 25,000/-? That is for example, sports equipment like carrom board which requires only Park vendor to be created for payment

    Not required. Assets below or equal to 25,000/ is not capitalised.

29. If we get any doubt regarding this process, whom should we contact, please mention name and extension number.

    Send an email to sapsupport@iisc.ac.in for technical issues and for functional issues send an email to fixedassets.fna@iisc.ac.in.

30. What happens once the equipment is obsolete? Will writing-off the same be intimated to departments?

    Write-off is a different process that departments should follow. After the asset is written off, the departments should inform this to F&A, who will in turn perform the accounting requirement of writing off the assets.

31. If we want to buy anything from the project budget will there be any changes in the procedure?

    There is no change in the existing process of purchase from a project budget with WBS element.

32. Is it correct that fixed asset number should be taken only for assets procured out of department funds and not from project funds?

    Fixed asset number is required to be taken in cases where the expenditure is charged to cost centre/department or internal order budgets.

33. In cases where we settle some equipment bills like monitors, computer peripherals, furniture etc, in the cash advance settlement, Is this procedure applicable?

Asset purchase should not happen under cash advances. The fixed Asset Accounting process in SAP refers to accounting of assets of value above INR 25,000/.

34. If a single PO has multiple components of different types, will there be multiple fixed asset numbers?

If it falls under different Asset classes, then different asset numbers are needed. One PO allows multiple Asset numbers. If it falls under same Asset class, then one asset number will suffice.

35. If the Asset Purchasing is by WBS – will an Asset Number be required?

No.

36. Will just a quotation be enough for creation of Asset?

Yes. Quotation or the proforma invoice will be sufficient.

37. When we do project building, that will ask next available number – similarly can SAP provide fixed asset number?

No. We need to follow the defined process.

38. When will this procedure become effective?

This procedure is already in effect.

39. In case if an equipment is transferred from one department to another department, what is the procedure?

Only a mail indicating the transfer details to fixedassets.fna@iisc.ac.in will be sufficient.

40. For POs from projects you mentioned asset numbers are not mandatory. But for reimbursements from projects asset numbers are mandatory.? Can you please clarify?

The procedure mentioned is for budgets pertaining to cost centre/internal order and in cases involving reimbursements without PO and for purchase of assets valued more than INR 25,000/.

41. If I already have many PO's released for procurement of Lab Equipment and AV equipment but I have not taken fixed asset number, how can I get the asset number, especially if these are all from project funds?

If the POs are already raised, and fixed asset number not taken, send a mail to fixedassets.fna@iisc.ac.in with the details, in case of procurement against cost centre/internal order budgets.