

# **Standard Operating Procedure (SOP) for Fixed Asset Accounting in IISc**

1 Table of Contents

1.1 Preamble to Standard Operating Procedure ..... 3

1.2 Purpose..... 3

1.3 Procedure ..... 3

    1.3.1 Fixed Asset Procurement where Purchase Requisition/Order is required to be created.  
    (In Case of purchase from Department (Cost Center) Budget) ..... 3

    1.3.2 Fixed Asset Procurement where Purchase Requisition/Order is required to be created.  
    (In case of purchase from Project Budget)..... 4

    1.3.3 Non-Purchase Order Fixed Asset Procurement (Applicable incase of Department and  
    Project budget) ..... 5

## Standard Operating Procedure (SOP) for Fixed Asset Accounting in IISc

### 1.1 Preamble to Standard Operating Procedure

General definition of fixed asset: Any tangible or intangible asset with a useful life of more than one year is classified as a fixed asset.

Classification of fixed assets as per MHRD Guidelines applicable in Indian Institute of Science is provided in [Annexure 1](#).

### 1.2 Purpose

To establish guidelines for procurement of fixed assets either through purchase or other means. All Department staff, faculty and admin staff are responsible for following this SOP.

### 1.3 Procedure

#### 1.3.1 Fixed Asset Procurement where Purchase Requisition/Order is required to be created in case of purchase from Cost Center / Department or Internal Order Budgets/

##### 1.3.1.1 Definitions (Role & Responsibility)

Role	Responsibilities
<b>Department staff, Faculty and Admin staff</b>	Initiation of Request for Asset Master Creation
<b>Finance and Accounts (F&amp;A)</b>	Create Fixed Asset Master Share Fixed Asset number to the initiator
<b>Department staff, Faculty and Admin staff</b>	Create Purchase Requisition/Order Goods Receipt Park Vendor Invoice
<b>Finance and Accounts (F&amp;A)</b>	Verify & Post Vendor Invoice Vendor Payment Periodic Asset Capitalization

##### 1.3.1.2 Process Steps

- All Department staff, Faculty and Admin staff should send an internal email to be sent to [fixedassets.fna@iisc.ac.in](mailto:fixedassets.fna@iisc.ac.in) with the following information.
  - Asset Class : e.g. Building, Computer & Hardware, Software etc. as listed in annexure 1.
  - Description : Description of Asset (Up to 40 Characters)
  - Manufacturer : Manufacturer Name (Up to 40 Characters)
  - Department : Department Name

- Cost Centre/ Internal Order : Please specify Cost centre/Internal Order Number
2. Fixed Asset Accounting team in F&A will create the Fixed Asset Master in the SAP system and after successful creation of the asset, a Fixed Asset Master Number will be generated.
    - Asset Class : e.g. Building, Computer & Hardware, Software etc. as listed in annexure 1.
    - Company Code : 1000-IISc
    - Description : Description of Asset (Up to 40 Characters)
    - Qty/Unit : 1/EA
    - Manufacturer : Manufacturer Name (Up to 40 Characters)
    - Department : Department Name
    - Business Area : Z001/Z002
    - Cost centre/~~Internal Order~~ : Where you want to book the cost (Depreciation)
  3. This Fixed Asset Master Number will be communicated to the Indenter (Department staff, Faculty and Admin staff) by Fixed Asset Accounting team in F&A through external email.
  4. Upon receipt of Asset Master Number from F&A, the Indenter (Department staff, Faculty and Admin staff) will create the Purchase order with Account Assignment category as "A" where Fixed Asset Number will be mandatory, and will input the Fixed Asset Master number received from Fixed Asset Accounting team of F&A Department. In case of internal order budget, the indenter has to feed the internal order number provided by F&A into the system.
  5. The SAP system will automatically check for budget available in Internal order Or Department/Plant and process the PR/PO for approval based on the IISc Procurement Policy.
  6. Goods Receipt will be performed by the Department staff, Faculty, or Admin staff as applicable.
  7. Invoice verification & parking will be done by the department staff, Faculty and Admin staff.
  8. Finance user (Bills section) will verify the parked invoice document and post it in case it is complete in all aspects which will directly debit the Fixed Asset and capitalization will be completed.
  9. Depreciation will be calculated based on prescribed percentage for each class of asset. Depreciation key is maintained in Asset Master on Monthly / Yearly basis.

## **1.3.2 Fixed Asset Procurement where Purchase Requisition/Order is required to be created in case of purchase from Project Budget with WBS element**

### *1.3.2.1 Process Steps*

1. There is no change in the existing PO Process.
2. To simplify the process on a periodic basis (Preferably monthly), the expenses should be analysed to determine the assets to be capitalized. Asset master data would be created and the WBS Element would be settled against such asset numbers. This will be done by the F&A Section.

### 1.3.3 Fixed Asset Procurement without purchase order from Budgets pertaining to cost center/internal order/projects with WBS elements (For example: Reimbursement to individuals for fixed assets already procured).

#### 1.3.3.1 Definitions (Role & Responsibility)

Role	Responsibilities
<b>Department staff, Faculty and Admin staff</b>	Submit the certified copy of the vendor invoice along with the claim for reimbursement to F&A only, even if chargeable to CSSP Projects.
<b>Finance and Accounts (F&amp;A)</b>	<p>Create Fixed Asset Master</p> <p>Capitalize asset through f-90</p> <p>Vendor Payment by F&amp;A or CSSP as the case may be.</p> <p>Periodic Asset Capitalization.</p>

#### 1.3.3.2 Process Steps

1. All Department staff, Faculty and Admin staff should submit the certified copy of the invoice along with the **claim for reimbursement to F&A even in the case of CSSP Projects**.
2. Fixed Asset accounting Team in F&A will identify the nature of asset and create the fixed asset master accordingly.
3. The concerned case worker in F&A or CSSP as the case may be, who is entrusted with the responsibility of settling the claim, will capitalise the asset through the tile "Asset Acquisition with Vendor", debiting the asset and crediting the vendor (Payee) along with inputting WBS Element or Internal Order Number as applicable to check the budget.

The case worker at Sl. No. 3 above will then submit the capitalization document number to Cash Section for initiating the payment to the Payee.