



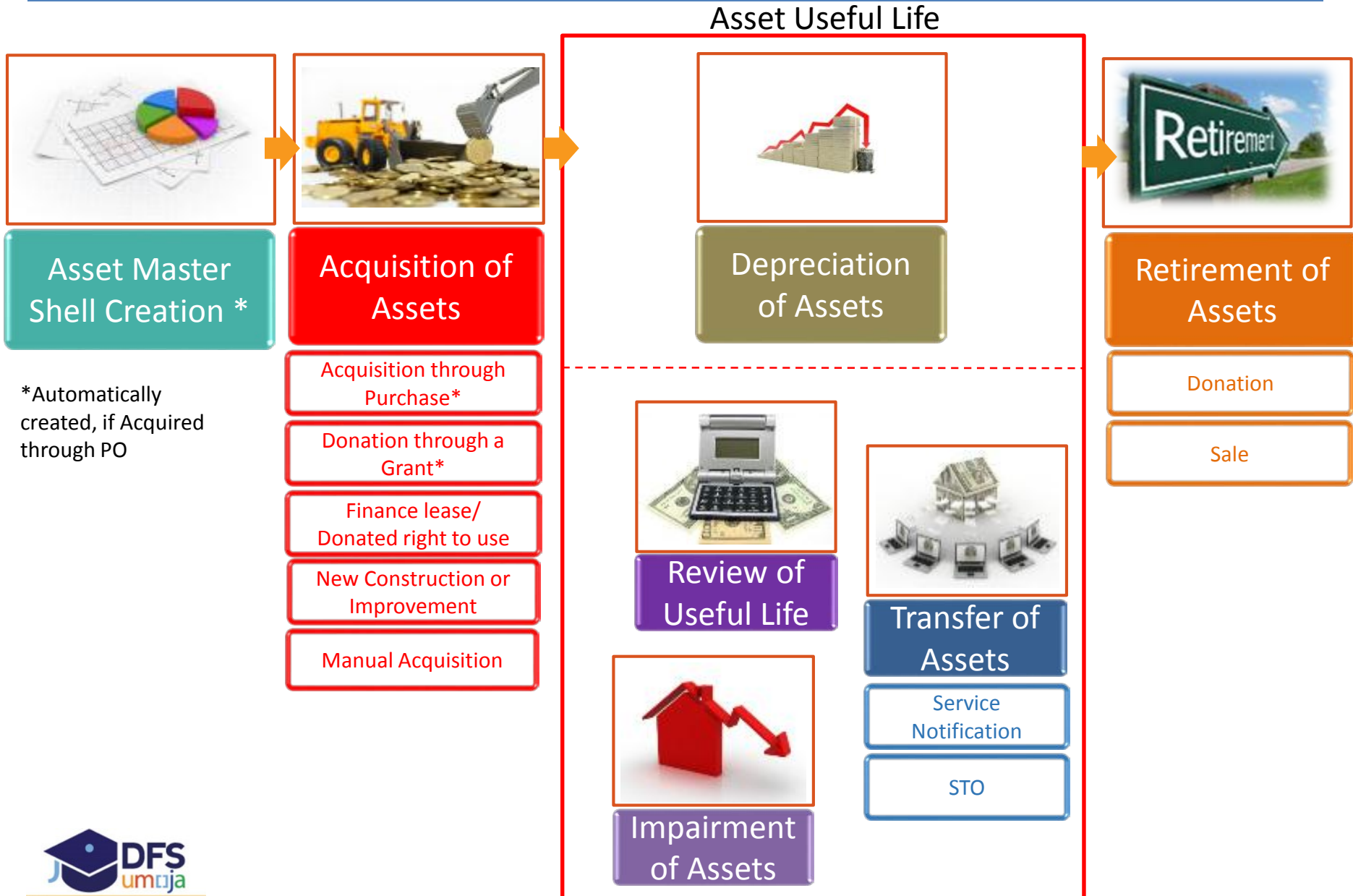
MASTER DATA  
SOURCE TO ACQUIRE  
LOGISTICS EXECUTION  
FACILITIES & FIXED ASSETS  
FUNDS MANAGEMENT  
GRANTS & PROJECTS  
FINANCIAL ACCOUNTING  
TREASURY & CASH  
PAYROLL & BENEFITS  
HUMAN RESOURCES  
TRAVEL MANAGEMENT  
SERVICES DELIVERY  
BUSINESS INTELLIGENCE

# Fixed Asset overview

June 2018



# Asset Accounting: Life Cycle – End-to-End



\*Automatically created, if Acquired through PO

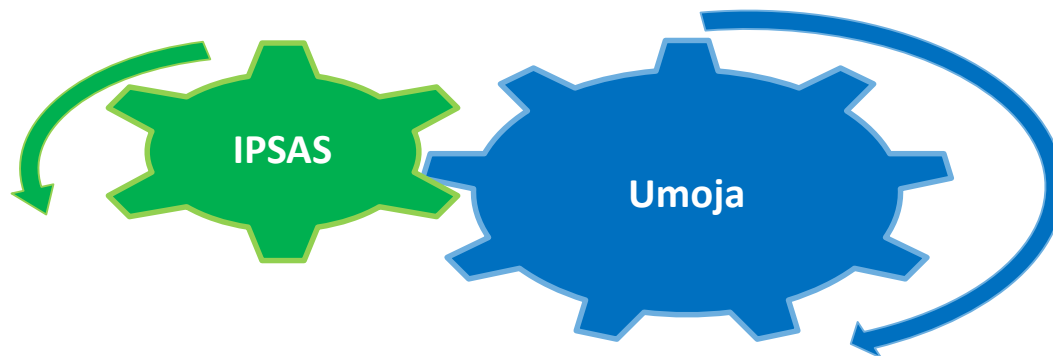
# Umoja Solution supporting UN IPSAS

IPSAS for the preparation and presentation of the organization's financial statements.

IPSAS requires a full accrual accounting system. For example:

- Expenses are recognized when services or goods are received
- Fixed assets are capitalized and depreciated based on their useful life

Umoja is designated to support the proper adoption of IPSAS.



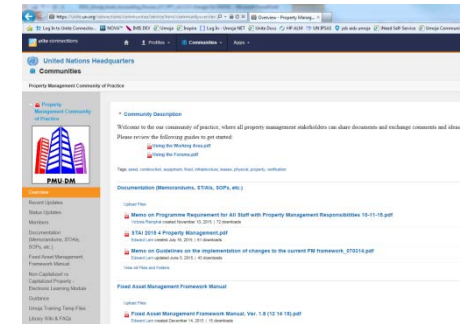
# Umoja Solution supporting UN IPSAS

Umoja Fixed Assets deals with the tracking of assets from the **financial accounting** perspective. Only assets that meet the UN IPSAS **capitalization criteria** will have a Fixed Asset record in Umoja.

In compliance with:

- OCSS & DFS Published Guidance
- Property, Plant and Equipment (**IPSAS 17**)
  - **UN IPSAS Corp guidance #10, #6, #5, #3**
- Intangible Assets (**IPSAS 31/UN IPSAS Corp guidance #12**)
- Finance Leases and Donated Rights To Use (**IPSAS 13**)


UN IPSAS Corporate Guidance <http://www.un.org/ipsas/impdocs.html>



# UN IPSAS Capitalization Criteria - Owned

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Asset is controlled by the UN as a result of purchase, construction or donation.



Future economic benefits or service potential are expected to flow to the UN.



The useful life of the Asset is longer than a year.



The asset meets the established cost threshold (details in next slide).

# UN IPSAS Capitalization Criteria - Owned

Type of Asset	Threshold
<ul style="list-style-type: none"> <li>- Plant and equipment</li> <li>- Externally acquired intangible assets</li> </ul>	<ul style="list-style-type: none"> <li>- Some entities (UNEP UN-Habitat) except Volume I &amp; II                             <ul style="list-style-type: none"> <li>• \$5,000</li> </ul> </li> <li>- Volume I &amp; II                             <ul style="list-style-type: none"> <li>• \$20,000</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Vehicles, prefabricated buildings, satellite communication systems, generators and network equipment.</li> </ul>	<p style="text-align: center;">\$5,000</p>
<ul style="list-style-type: none"> <li>- Buildings</li> <li>- Leasehold improvements</li> <li>- Infrastructure assets</li> <li>- Major upgrades to land and buildings</li> <li>- Internally developed intangible assets</li> </ul>	<p style="text-align: center;">\$100,000</p>
<p>Land</p>	<p>No threshold</p>

# Roles involved in Fixed Assets

Working in:

PMU/PCIU

Finance

Role:

*Asset Accounting  
User*

*Asset Accounting  
Senior User*

*Financial Accounting  
Closing User*



FA.15 – FA Asset  
Accounting User

FA.16 - FA Asset  
Accounting  
Senior User

FA.14: FA  
Closing User

# Roles involved in Fixed Assets

## *Fixed Assets Accounting User*



### **FA.15 - FA Asset Accounting User**

- Creates, updates and maintains the Fixed Asset Master Records,
- Parks adjustments to value of fixed assets
- Impairs and retires fixed assets (including sales)
- Runs monitoring reports
- Liaises with Property & Facilities Management, Accounting and Logistics staff to verify information related to fixed assets IPSAS accounting



# Roles involved in Fixed Assets

## *Fixed Asset Accounting Senior User*



### **FA.16 - FA Asset Accounting Senior User**

- Approves valuation changes to assets (including manual acquisition)
- Transfers assets across account assignments
- Creates and performs accounting activities for Assets under Construction (AuCs)
- Reviews accounting documents for activities undertaken by the FA.15 Asset Accounting User

# Roles involved in Fixed Assets

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## *Financial Accounting Closing User*



### **FA.14 - FA Closing User**

- Runs the fixed asset depreciation, financial accounting revaluation (IPSAS requirement), and opens/closes Asset Accounting Fiscal Years

# Roles & Responsibilities

The following tables lists which roles are responsible for each Asset Accounting process:

Action (Transaction code)	FA.15	FA.16
Asset Accounting Reports	✓	✓
Service Notification Reports	✓	✓
Manual Acquisition Create Shell (AS01)	✓	
Manual Acquisition current year asset (F-90 & FVB0)	Park	Post
Manual Acquisition prior year asset (ABNAN)	----->	✓
Asset Master Record maintenance (AS02)	✓	
Write-off without Sale (ABAVN)	✓	
Write-off with Sale (ABAON)	✓	
Impairment (ABAA)	✓	
Asset Transfer (ZAA_MASS_TFR)		✓



# Introduction to Umoja Asset Accounting

Umoja Asset Accounting deals with the accounting of fixed assets, which is a subset of non-current assets. Only assets that meet the UN IPSAS **capitalization criteria** will have a Fixed Asset record in Umoja.

Fixed Assets exist as distinct elements of financial Master Data for each PP&E or Intangible Asset. Each item of serialized equipment (***Equipment Master Record***) meeting the capitalization criteria is linked to an ***Asset Master Record***, as is each real estate asset that meets the capitalization criteria.

Umoja Asset Accounting encompasses the entire lifetime of an asset: master data maintenance, acquisition, depreciation, revision of useful life, impairment, transfer and retirement.



# Introduction to Umoja Asset Accounting

Some important points related to fixed assets are:

Fixed assets are items that can be used for ***more than one reporting period*** and are material in value

Fixed assets include ***tangible and intangible*** assets

The utilization of fixed assets is spread across various reporting periods during the useful life of the asset

The depreciated/amortized value (Net Book Value) is documented in the balance sheet under “Property, Plant and Equipment” and “Intangible Assets”



# Asset Master Data Review

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The asset master data record for each asset captures two types of data:

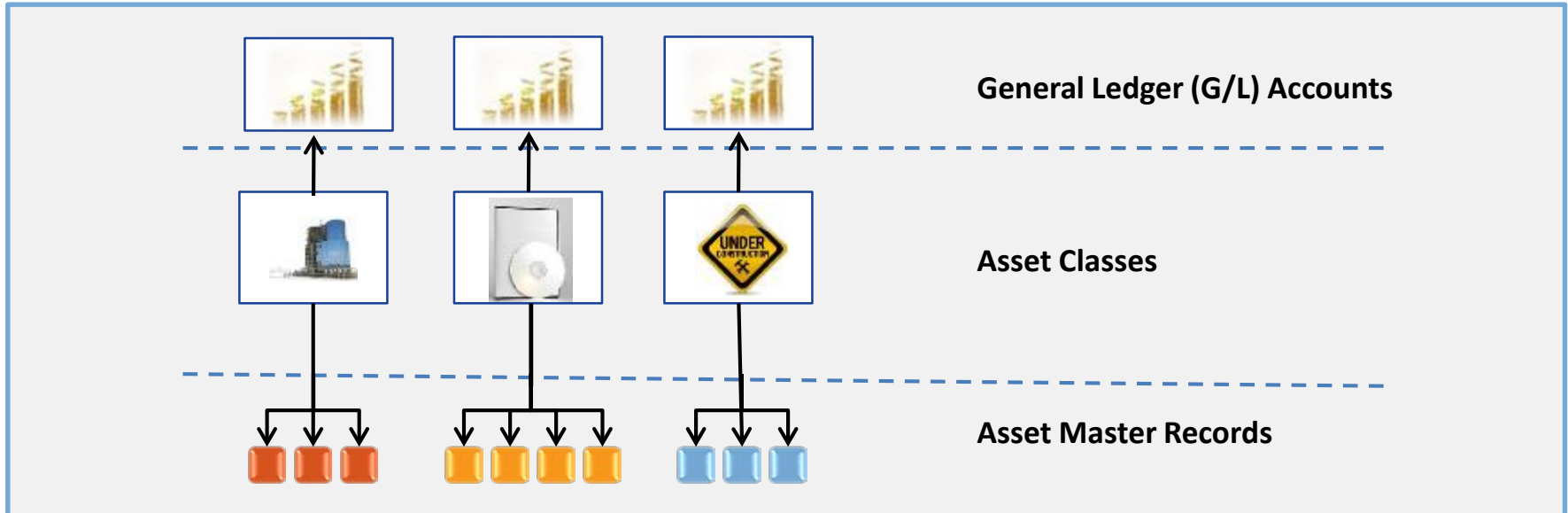
## Asset Data

Includes general information such as description, location, asset class.

## Depreciation Data

Includes depreciation-specific information such as depreciation terms, useful life.

# Integration with General Ledger



- ✓ Each Fixed Asset record is assigned to an Asset Class
- ✓ When executing a fixed asset transaction, GL accounts are automatically posted to based on the Asset Class

# Integration with General Ledger

Each Asset Class defines the GL accounts to post to, each asset class points to a:

- Asset cost account
- Accumulated depreciation & depreciation expense
- Accumulated impairment & impairment expense

## Example: Asset Class 310-Light Wheeled Vehicles

<b>27161010-</b> NCA	FA Vehicle Light Wheeled Cost
<b>27861010-</b> NCA	FA Vehicle Light Wheeled Accumulated Depreciation
<b>27461010-</b> NCA	FA Vehicle Light Wheeled Accumulated Impairment
<b>77861010-</b> EXP	Depreciation Vehicle Light Wheeled
<b>77461010-</b> EXP	Impair Vehicle Light Wheeled

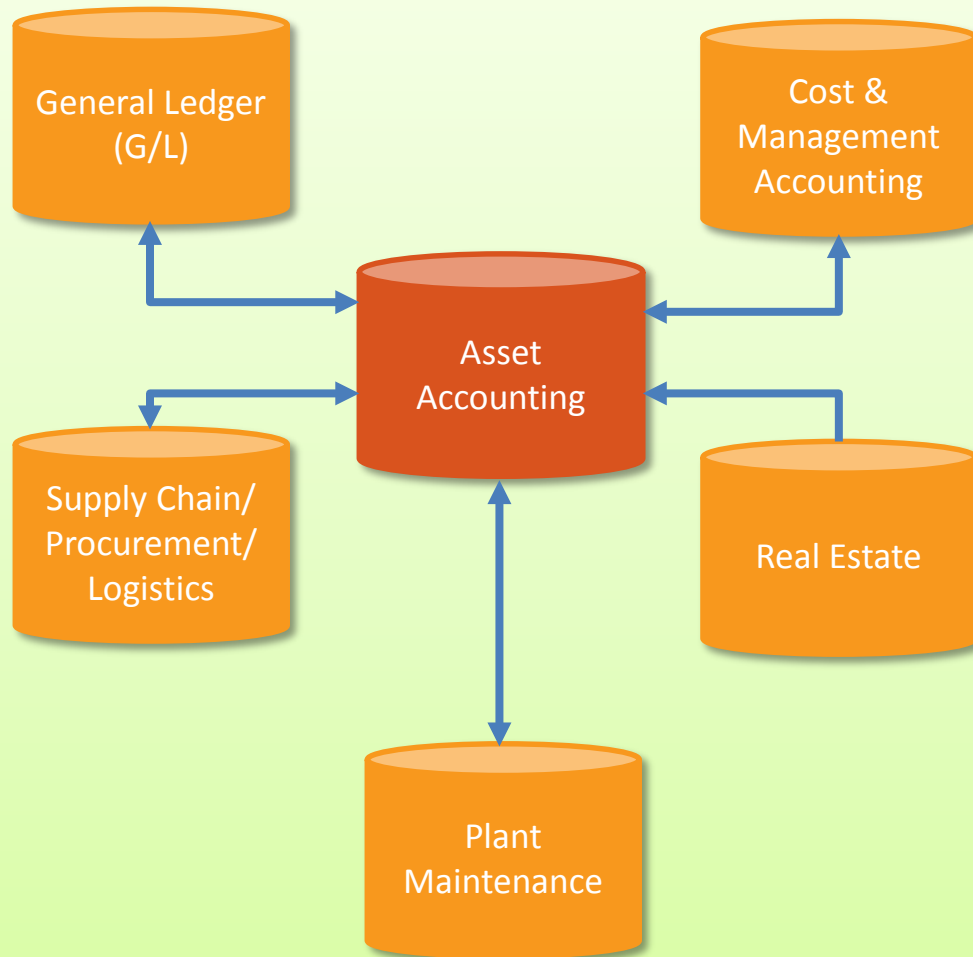
All asset class accounts post to the same account for write-off, sale, gain on sale and loss on sale

79671010- EXP	Write Off Fixed Asset Scrapping FM Stat
79901010- EXP	Loss on Sale of Fixed Asset
69101020- EXP	NSP Sale Fixed Asset
69101010- EXP	NSP Gain Sale Fixed Asset



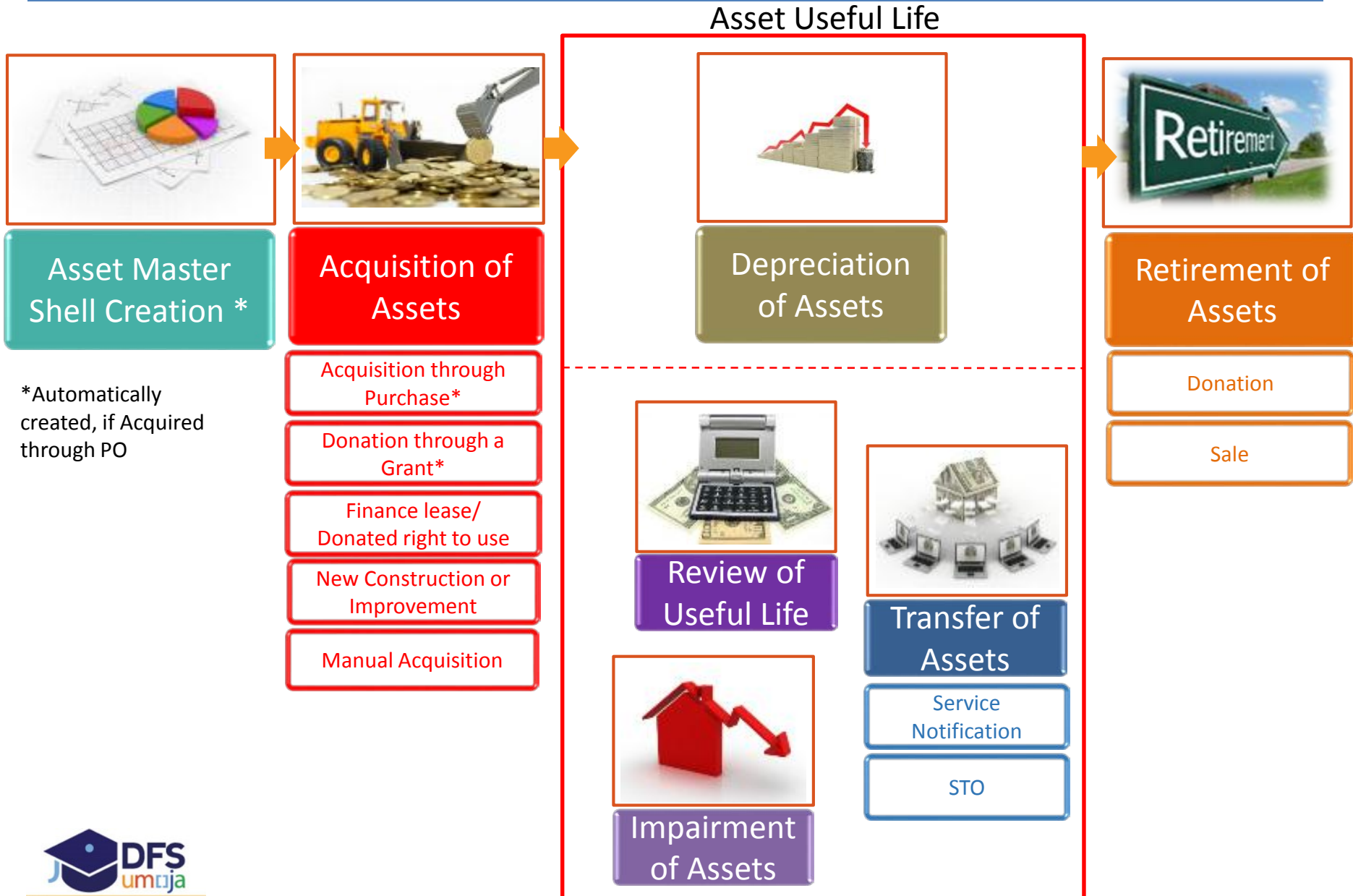
# Touch Points

The following touch points refer to the integration points across Umoja modules, processes and activities.



- The Acquisition and Production Costs (APC) are posted in the Balance Sheet accounts
- The depreciation is posted in the Profit and Loss accounts
- The cost of depreciation is posted in Cost Centers
- Lower complexity assets under construction (AuCs) are posted to Internal Orders
- Higher complexity AuCs are posted to project WBSE
- Assets, materials and services used to construct an asset can be directly posted at the time of goods and service receipts
- Real Estate, including finance leases, is accounted for within Asset Accounting

# Asset Accounting: Life Cycle – End-to-End



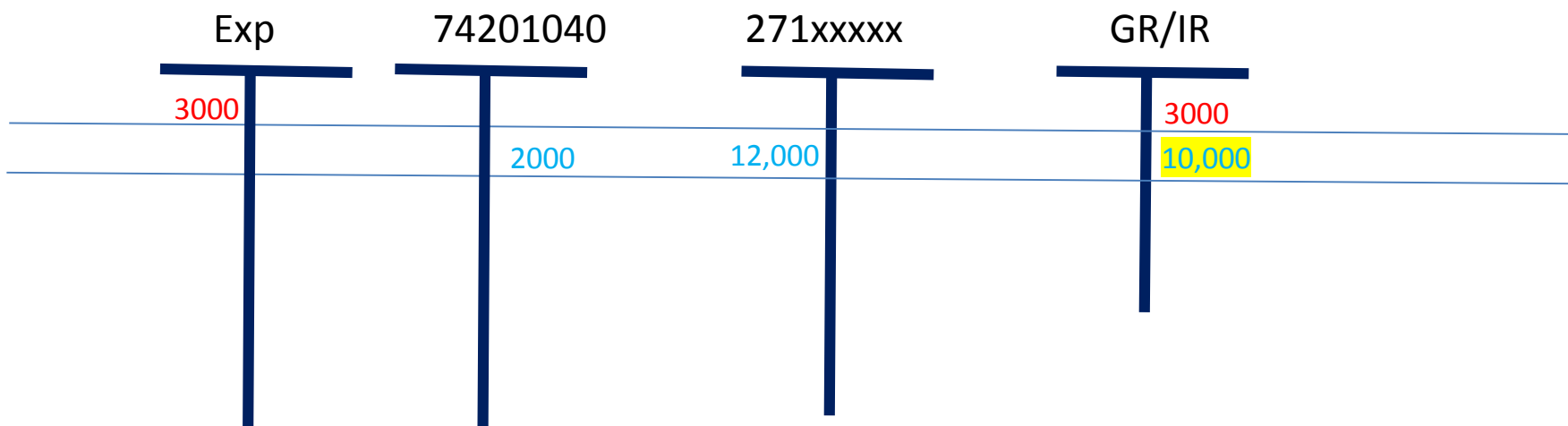
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# Acquisition through PO or Donation (Grant)

# Posting schema exercise

A Direct Procurement shopping cart and purchase order were submitted and approved to acquire 1 asset, the price of the asset is 10,000 USD (Standard Associated Cost - 20%).

1. Shopping Cart
2. Purchase Order
3. Goods Receipt
4. Service Entry Sheet (Freight) -> 3000



# Acquisition of Fixed Assets

Fixed Assets are acquired in the following ways:

## Purchase

- Assets can be procured through the SRM portal. Users in the Supply Chain Function initiate a procurement request in the form of a Shopping Cart (using a ZAST material type).

## Donation

- Assets can be donated in kind with or without a grant
- Assets can be a Donated Right to Use

## Self-Construction

- Assets can be self-constructed, internally developed intangible assets and other capital projects. These Assets are considered **Assets under Construction (AuC)**

## Finance Lease



### Standalone Assets



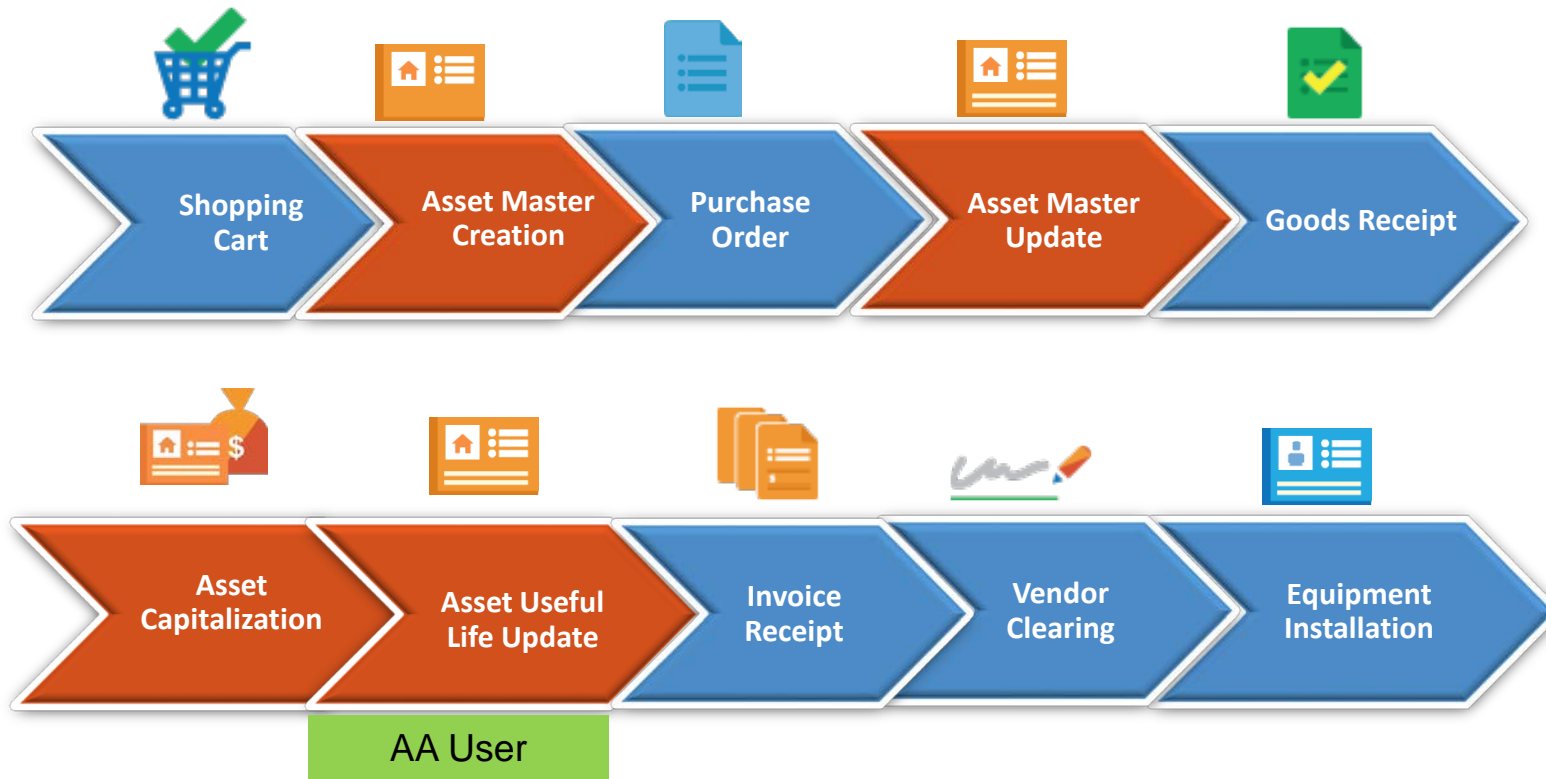
### Donated Assets



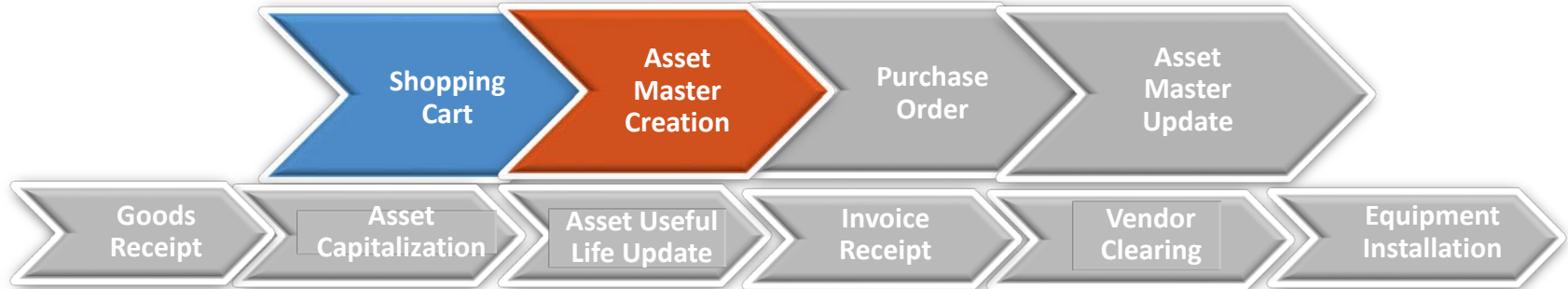
### Assets under Construction (AuC)



# Acquisition of Assets through Purchase



# Acquisition of Assets through Purchase



When the Shopping Cart is created the “shell” of the Master Data record is created and automatically populated if the material type is “ZAST” (materials that are expected to meet the \$20,000 capitalization threshold and an additional five categories of assets that have a lower threshold of \$5,000).

At this point, the asset number is generated by the system.

Create New Asset Master Record

Asset Master Class:

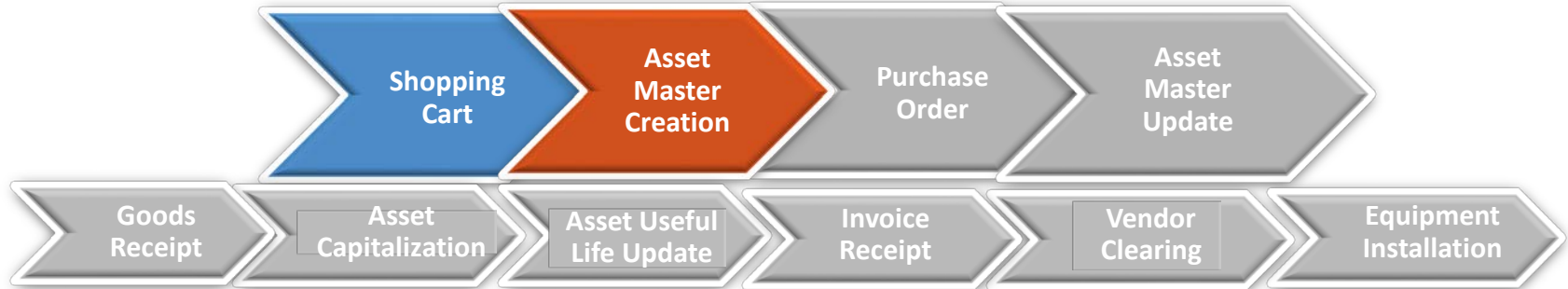
Account Assignment Description:

General Ledger Account:  FA Medical Equ Cst

Business Area:

Unfunded Accounting Line:

# Acquisition of Assets through Purchase



When the Shopping Cart is created the “shell” of the Master Data record is created and automatically populated if the material type is “ZAST” (materials that are expected to meet the \$20,000 capitalization threshold and an additional five categories of assets that have a lower threshold of \$5,000).

At this point, the asset number is generated by the system.

Create New Asset Master Record

Asset Master Class:

Account Assignment Description:

General Ledger Account:  FA Medical Equ Cst

Business Area:

Unfunded Accounting Line:



# ZAST vs Non ZAST

## ROUTER

Network service equipment



About \$10,000

Router: Network Integrated Services,  
2GE, Unified Communications System

ZAST

21xxxxxxxxx



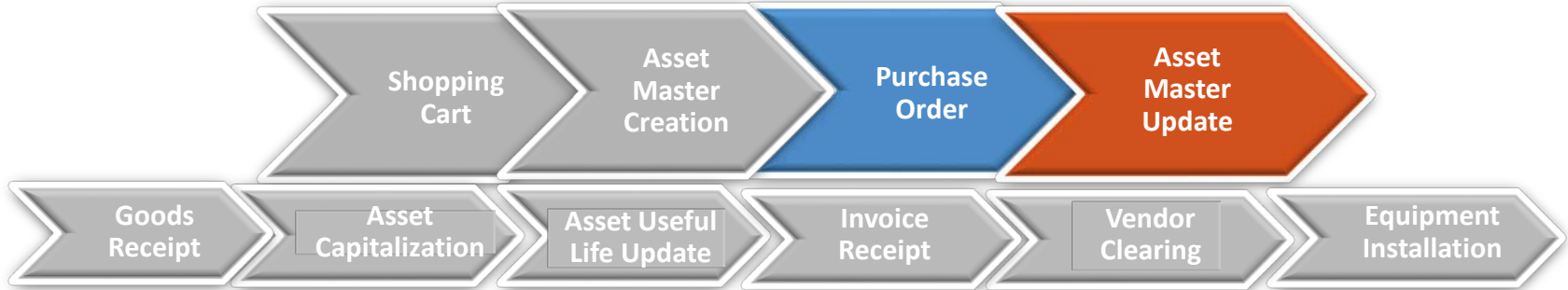
About \$300

Router:  
Network Integrated Services,  
1GE, Basic

Non ZAST

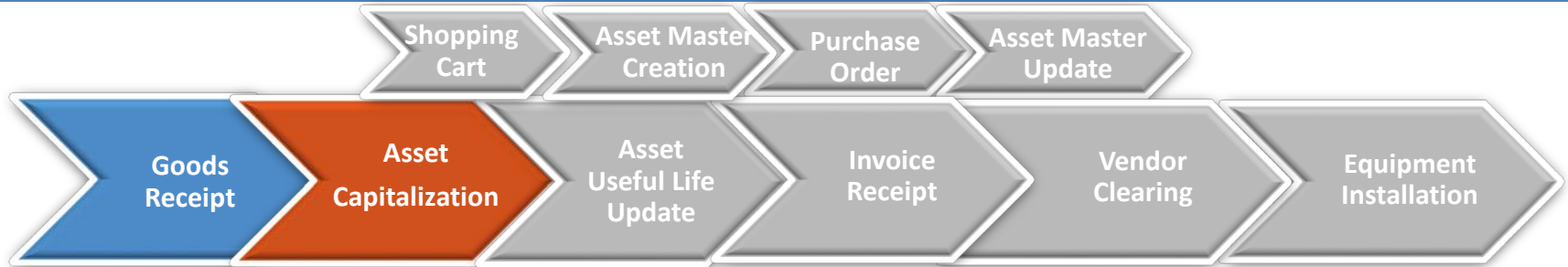
15xxxxxxxxx

# Acquisition of Assets through Purchase



After the **Purchase Order** has been approved, the **account assignment of the asset** master record is automatically populated based on the PO.

# Acquisition of Assets through Purchase



Both Tangible and Intangible Assets are capitalized automatically at the time of **Goods Receipt** or **Service Entry Sheet** where ownership is transfer to UN.

The trigger for capitalization is the point when the goods or services are received (IPSAS delivery principle):

- When Goods Receipts or Service Entry Sheets (for service receipts) are created the system automatically posts the accounting entries to debit the Asset G/L account.



The Asset GL account can be viewed in the PO (as well as the Asset Master Record)

# Acquisition of Assets through Purchase

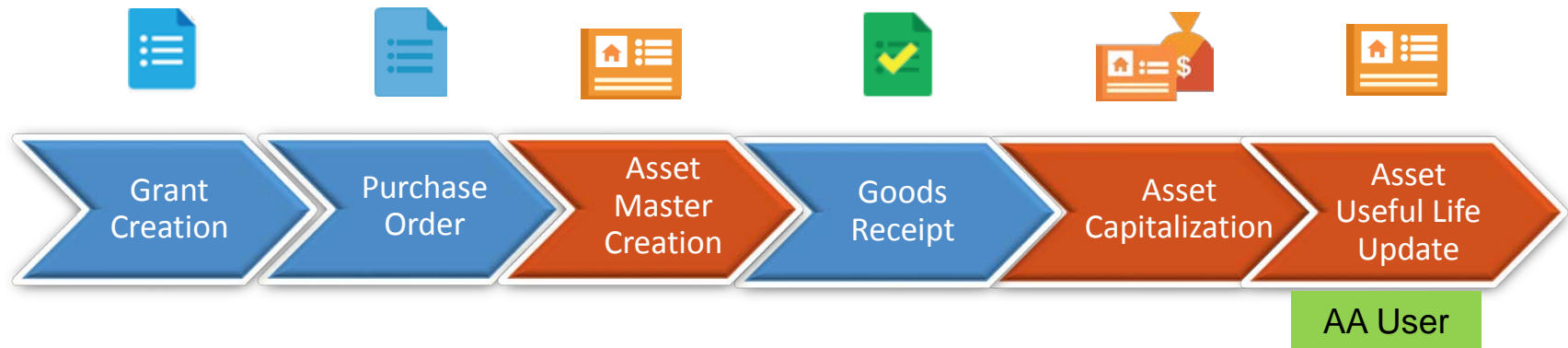


The **Asset Accounting User** should ensure (t-code **AS03**) that the asset useful life is accurate and to review, confirm, and validate postings. If modifications are needed use T-code **AS02** to modify.

If the asset useful life cannot be defaulted based on the asset class, the useful life will be 999 and it must be updated manually (i.e. Specialized vehicles, real estate and intangibles).

Follow-on activities performed by other users are: Invoice Receipt, Vendor Clearing, and Equipment Installation.

# Acquisition: Donation of Assets through a Grant



In addition to the donation of non-Grant related assets, when there is an asset donated through a Grant, the regular asset purchase process through SRM is used with the relevant Grant (the PO type is PO-GM in Kind).

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# Transfer

# Transfer of Assets: Process

The Asset Transfer process involves the or transfer of ownership of fixed assets. In the UN, transfer of assets generally involves **a transfer between business area, fund, grant, segment and cost object** (cost center, or WBSE/IO). Note that ownership should be distinguished from Stewardship (i.e. who owns it versus who maintains/uses it).

The Asset Accounting process to transfer an asset differs depending if the items are inventory managed:

- If the asset is being transferred **between plants**, the **Stock Transport Order (STO)** Process is used and the completion of the outbound delivery is needed. This process is mainly used by Peacekeeping and Special Political Missions.
- If assets are not returned to stock (not inventory managed) the transfer tasks are tracked using a Service Notification.
- The role involved in the Fixed Assets transfers in FA.16

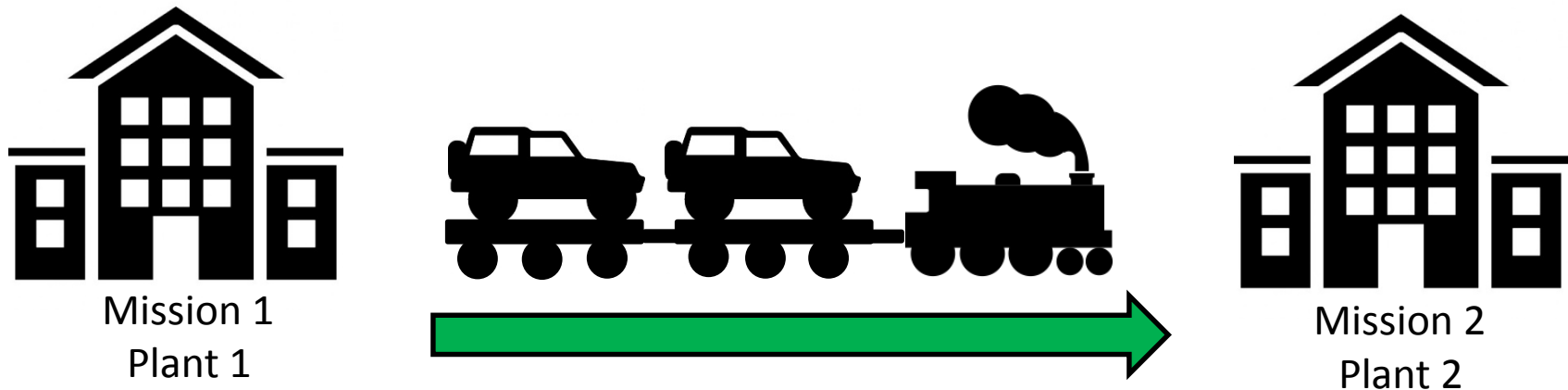


# Typical Scenario (with STO)

This procedure should be used for instances where:

- An asset is sold or transferred from plant to plant
- Using the Stock Transport Order process
- (STO types: ZSDS, ZNBD, ZBUD, ZINT).

The following process is generally only used for Peacekeeping and Special Political Missions.





# Typical Scenario (without STO)

This procedure should be used for instances where an entity needs to associate an Asset with a different Umoja coding block

- Including changes in Business Area, Fund, Grant, Cost center, WBSE/IO and the transfer **does not relate to a stock transport order**.
- The following process is generally only used for Peacekeeping and Special Political Missions.

Grant 1  
Fund 1  
Business Area 1  
Cost Center 1  
WBSE/IO 1



Grant 2  
Fund 2  
Business Area 2  
Cost Center 2  
WBSE/IO 2



 Training Services



# Thank You

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Valencia, October 2017