Table of Contents

Overview

This Job Aid details the procedure for the retirement of an asset when it has been incorrectly capitalised. For example in the following cases:

1. The wrong material number was used during the SRM process (leading to the creation of an asset master & capitalisation of an asset).
2. The item was procured on behalf of non UN Secretariat (non-Umoja) agency, i.e. UNON procures a vehicle for IFAD .
3. The item would not be considered an asset of the UN Secretariat according to IPSAS (the UN has no control over the asset).

For further guidance on the criteria for recognition of an asset please refer to http://ipsas.un.org/: UN Policy Framework for International Public Sector Accounting Standards

Or more specifically
UN IPSAS Corporate Guidance #10 Property Plant and Equipment (IPSAS 17) &
UN IPSAS Corporate Guidance #5 Funding arrangements (section 6.2 project assets).

IMPORTANT: Note that procedure does not refer to donation of an asset <u>at the end of the project</u>. This should be handled according to existing retirement & property management processes (refer to the Job Aid on Retirement of Assets).

* *

T1 – Retirement (ABAVN)

Note: it is important to use ABAVN to retire the asset rather than posting to the asset master or attempting to reverse a posting (in the case F-90 was used to manually create an asset) because it will ensure that any postings related to depreciation are corrected when depreciation is next run.

Umoja Role: FA.15 Asset Accounting User

1. Log in to Umoja ECC.

2. Execute Transaction code **ABAVN** to start retirement of the asset.

3. In the Header enter Asset Number (and Sub-Number if applicable).

4. In "Transaction data" tab:

4.1. Enter current Document and Posting Dates

4.2. Enter actual date of retirement in the Asset Value Date. IMPORTANT: this must be the capitialisation date of the asset - **PLEASE** ensure this is used (otherwise the asset will be depreciated for the period between the capitalisation and retirement dates).

4.3. Enter Description and Reference for the Retirement (for example "Incorrectly capitalised item").

5. In "Additional details" tab. Select correct Transaction Type
   5.1. TType Z27 when it relates to a current year retirement and
   5.2. TType Z22 of this affects a prior fiscal year.

6. In "Partial retirement" tab:
  - 6.1. If this asset was acquired in prior year, in "Related to" box select "Prior-year acquis."
  - 6.2. If this asset was acquired in current year, in "Related to" box select "From curr.-yr aquis."
  - 6.3. DO NOT enter anything else on this screen.
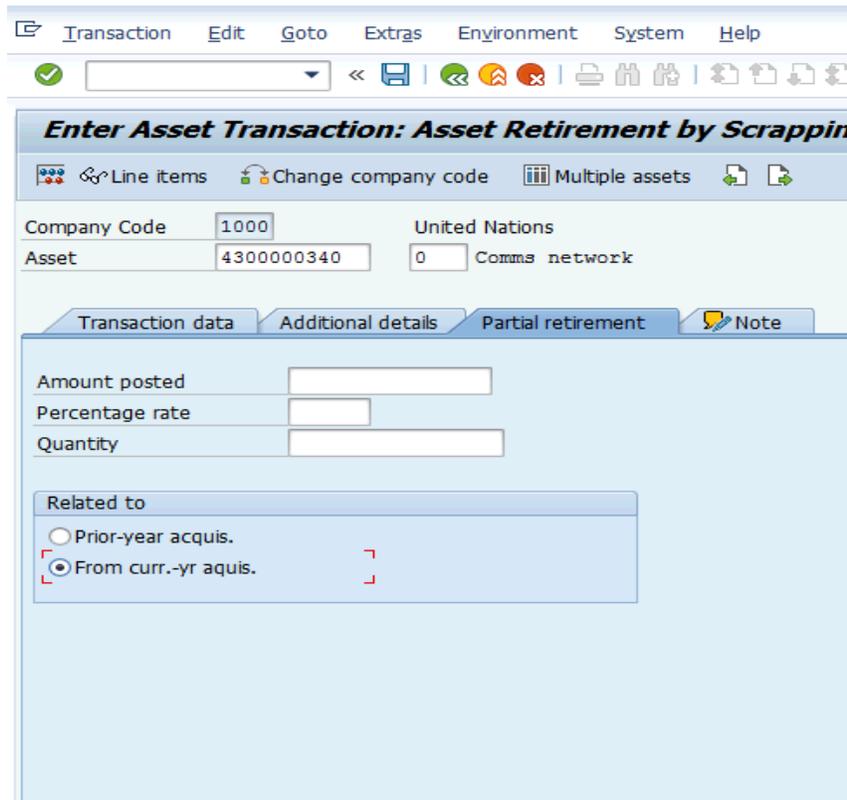
7. Click on "Simulate" button to review values for posting.
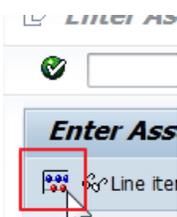
8. Review values for posting the document:

Enter Asset Transaction: Asset Retirement by Scrapping

Document Header Info

Document Date: 01.10.2015   Document Type: AA   Company Code: 1000
Posting Date: 01.10.2015   Period: 10   Fiscal Year: 2015

Line items

It..	PK	BusA	G/L Account	Short Text	Σ	Amount	Crcy
1	75	S300	27171510	004300000340 0000		10,000.00-	USD
2	40	S300	79671010	WO FixAsset ScrapFMS		10,000.00	USD
					▪	0.00	USD

9. Post (Save) Retirement and note the posted document number:

Transaction Edit Goto Settings

☑ Asset transaction posted with document no. 1000 4100000300

T2 – Post a correction for the accounting in FI (FV50)

The FA.15 users should ensure they inform the FA.16 users to perform the below action to correct the accounting for retirement. This is done within the accounts division of the respective entities using standard workflow.

When the asset was retired the system posted to the write-off account (79671010). As this is not a loss on write-off, rather it is an accounting adjustment for an incorrectly recognised asset, the accounting in FI should be corrected.

The GL accounts that should be used FV50 Doc type SA are as follows

Debit/Credit	Posting Key	GL account	GL Description
Debit	40	77299070*	Manual Capitalised/Expensed Cost of Asset
Debit	40	77299080*	Manual Capitalised/Exp Associated Cost of Asset
Credit	50	79671010	WO FixAsset ScrapFMS

*Note it is important that these accounts are used as they are statistical in nature.

ZAST materials procured and not controlled by the UN (controlled by Implementing Partner).

If an item was procured for an Implementing Partner and it is not controlled by the UN then the write off can be corrected as follows.

Please **use doc type SF** (to ensure the commitment item derived is statistical).

Debit/Credit	Posting Key	GL account	GL Description
Debit	40	79691010	Donation of Fixed Asset/Inventory to External Org
Credit	50	79671010	WO FixAsset ScrapFMS