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Business Performance Sustained

Best Practice
eXensys – Asset Purchases

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Introduction:

Accounting of fixed assets is a complex task. To effectively manage this, organizations need to start streamlining the entire process right from the acquisition phase. This will provide dual benefit of adherence to statutory government requirements and cost savings.

This paper presents how eXensys – Asset Purchases can support an organization’s acquisition of assets. It includes some of the industry best practices involved in the purchase of assets. This is achieved through seamless integration of all the Procure-to-Pay phases, application of taxes and provision to capture important details such as import duties, installation and costs and various other landed costs.

Overview:

eXensys - Procurement module supports the entire Procure-to-Pay cycle for Asset purchases. Key processes include requisitioning, quote management, vendor management, order management, invoicing and payments.

Request Processing

eXensys – Purchase Requisition allows for capturing of asset requirements. A requisition can be raised from any department across the organisation. The requestor can enter a preferred vendor if any along with other important information such as delivery location and expected date. Requisition process is simplified as a Fixed Asset Requisition allows for inclusion of items of type “Fixed Asset” and Services only.

Quote Management

Quote Management process comprises of Request for Quotation, Purchase Quotation and Quotation Evaluation. Once a requisition is received, the purchaser can either raise a purchase order or float a RFQ. A single RFQ can be floated across multiple vendors through E-Mail or Fax.

On receiving quotations, the details can be entered in the system through Purchase Quotation. Provisions to record various details such as vendor details, vendor quotation no., date, etc. are supported. Quotation validity date lets the purchaser place an order within the specified time period. All the requirements are automatically populated as the quotation is created with reference to a RFQ.

Quotations can be evaluated through ‘Quotation Evaluation’ based on the other parameters like delivery lead time, brand etc. Further, a comparative report can be generated for price.

Order Management

Quotations and requisitions can be converted into purchase orders. eXensys – Purchase Order provides the facility to raise an order against quotation received from a vendor. An order can also be raised either with reference to requisitions or without any reference. Apart

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from the reference details other necessary information includes vendor details, currency, etc. If order is with reference to a quotation then it automatically displays the quotation payment terms else it is facilitated through vendor's default payment term. eXensys provides the flexibility to select a single expected date for the entire order or different expected dates for each item. The purchaser can either accept the quotation price or change the price based on any negotiations after quotation receipt. Various tax rules can be applied as per the statutory requirements through components feature. eXensys – Purchase Order also provides the facility to attach any documents received from the vendor.

The received assets' details are recorded through Goods Receipt Note (GRN). A goods receipt can be entered in inventory management by calling the purchase order for reference. Apart from the purchase price of the item the GRN also provides for capturing of various other costs linked with purchase of fixed assets such as import duties, installation charges and various other landed costs. On approval of GRN, the inventory of the item is not updated instead the asset is available for reference in 'Acquisition of Asset' in eXensys-Fixed Asset sub-module and triggers the asset maintenance cycle.

Invoicing & Payments

The invoice details as received from the supplier can be entered into the system and verified against the GRN & order using the invoice-matching. Invoice-matching happens automatically by integrating the order-GRN-invoice. The invoice price is matched with order price and invoice quantity is matched with the GRN quantity. Variances are adjustment against the vendor liability and the invoice is approved for payments. Once the payment is released against an invoice, the system controls duplicate payments by not allowing the same in the payments screen. Further, liability can be created only for what has been received. Similarly, the payments can be released against only what has been received. Further eXensys Workflow enables to implement controls for approvals at each stage in the entire asset purchase cycle.

Benefits:

1. Streamlined asset purchases
2. Significant reduction in the procurement cycle time
3. Less paper-work
4. Ensure timely payments to vendors

Conclusion:

- eXensys – Asset Purchases entirely suffices the complete asset purchase needs of an organization
- eXensys – Asset Purchases integrates all the procure-to-pay processes of requirements generation, quotation request, purchase order, goods receipt, invoice and payments enabling perfect automation
- eXensys – Asset Purchases supports centralized ordering

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- eXensys – Asset Purchases facilitates application of relevant taxes
- eXensys – Asset Purchases supports flexible, automated routing for orders, invoices and payments to workflow for approvals enforcing controls at each step
- eXensys – Asset Purchases is supported with minimum and easy data entry options to increase data accuracy and reduce errors in data entry

