



All fixed asset inventory indicators at a glance

Fixed assets and inventories are essentially characterized by indicators for checking master data and depreciation. However, one or the other outlier analysis can also be found here.

Do you have any questions?

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Basics

What are indicators?

An indicator addresses a specific question that is of interest to an auditor or to the special department.

Examples are:

- Lost discounts
- Possible duplicate payments
- Poorly maintained terms of payment in invoices
- Postings by super users
- Unusual offsetting accounts in accounting documents

How do indicators work?

An indicator is structured in such a way that criteria can be used by an algorithm to decide whether a document is affected by the indicator or not. In this respect, an indicator paints the world black and white. A question represented by an indicator must therefore always be formulated in such a way that a document can be marked with the indicator or not. An indicator is always business oriented.

What is the connection between indicators and the internal control system?

Because indicators always evaluate individual business transactions, zap Audit is a tool for auditing the internal control system, as it is predominantly focused on the implementation of processes and business transactions.

If an indicator hits at a document, it is an indication of a mistake in the process or business transaction being audited. Indicators therefore do not confirm the functioning of internal controls ("positive" view) but are rather an indication of deficiencies in the internal control system ("negative" view).

What are the results based on?

Indicators evaluate the original data in your SAP system that were previously loaded into a local database. The results are therefore based directly on empirical facts of the documents and processes. No ABAP source code must be installed in your SAP system, because zap Audit is executed independently of SAP.

How is the relationship between indicators and processes?

In addition to the evaluation of the indicators, the financial process mining is carried out. Financial Process Mining is our algorithm, which groups documents into a sequence in a related process flow. Thus, it is clear for each document in which sequence it belongs. If indicators are applied to a document, the procedural context is also known, which helps the user to clarify the displayed deficiencies and enables a deeper understanding of the facts. Accounting documents (SAP FI), purchasing documents (SAP MM), sales documents (SAP SD) and change documents are taken into account by the Financial Process Mining Algorithm. Changes to the master data used in the documents (for example, vendors, customers) are also included.

Are indicators synonymous with findings?

As the name suggests, these are "merely" indications for defects. The auditors' professional judgement is still needed in order to substantiate an indication for a finding.

What are the indicators?

We distinguish between the purchase-to-pay, order-to-cash, fixed assets and inventories as well as cross-process processes.

Process Area: Asset Acquisition

Fixed asset acquisition without an invoice

Objective: Compliance and correctness

Risk: There is the risk that incorrect amounts will be shown on the balance sheet if the posted values are not based on an invoice.

Description: The document has been marked because it contains an asset acquisition (BSEG-ANBWA=100) but an incoming invoice is missing (credit position related to a vendor BSEG-KOART=K). Transfer postings from assets under construction are not included in the analysis.

Process Area: Process Plausibility

Temporary deactivation of fixed assets

Objective: Compliance and correctness

Risk: Deactivation could be used to circumvent depreciation.

Description: Marked document referencing an active fixed asset that has been historically deactivated at least once (Table ANLZ-XSTIL).

Rare fixed asset transactions

Objective: Compliance and correctness

Risk: There is the risk of inappropriate account assignments.

Description: Marked document posting a fixed asset transaction item on debit / credit side in less than 3% of all cases of that fixed asset transaction type. Fixed asset transaction types are e.g. "asset acquisition" or "asset sale".

Process Area: Asset Retirement

Fixed asset procured and sold/retired within one year

Objective: Process standardization

Risk: The value of an asset that is procured and sold/retired within one year could be manipulated to adjust profits and losses.

Description: Marked document because a referenced fixed asset has been procured (activation date) and sold/retired (processing date of marked document) within one year (365 days).

Fixed asset retirement with only small profit

Objective: Saving opportunities

Risk: There is the risk that fixed assets were sold for a price below value.

Description: Marked document due to a fixed asset retirement with a profit, but the profit is below 5 percent of the acquisition cost of the fixed asset.

P&L loss at retirement or sale of asset

Objective: Saving opportunities

Risk: There is a risk that asset retirement or sale to company stakeholders below actual value.

Description: Marked document because a P&L loss is accounted for at time of sale or retirement of a fixed asset.

Process Area: Depreciation

Fixed asset appreciation

Objective: Compliance and correctness

Risk: There is a risk that fixed assets were appreciated to high.

Description: Marked document due to appreciation of a fixed asset.

Ordinary depreciation potentially missing

Objective: Compliance and correctness

Risk: There is the risk that fixed assets have been not depreciated without any reason.

Description: Marked document referencing a fixed asset that should have been defined to be ordinarily depreciated, but depreciation was not found.

Fixed asset with a negative book value

Objective: Compliance and correctness

Risk: There is the risk of incorrect depreciation calculation.

Description: Marked document referencing a fixed asset with a negative book value in present or in its history. The cumulative depreciation (prior years + current year) is calculated and compared to the cumulative acquisition costs.

Ordinary depreciation without reason

Objective: Compliance and correctness

Risk: There is the risk that fixed assets were depreciated without reason.

Description: Marked document referencing a fixed asset that was defined as not to be ordinarily depreciated, but depreciation was found (Table ANLB, Field Depreciation key AFASL=0000).

Fixed asset depreciation more than 50% of activation value

Objective: Compliance and correctness

Risk: Inappropriate depreciation leads to improper P&L effects.

Description: Marked document due to a depreciation (Table ANLC, Fields NAFAG + AAFAG + SAFAG) of a fixed asset with an amount of >50% of the capitalization amount (Table ANLC, Field KANSW+ANSWL) in one year. Beware: the marked document is not necessarily the document that lead to the >50% depreciation or contains the complete depreciation value. Only assets with acquisition costs more than 410 are taken into consideration.

Process Area: Inventory

Goods movement after stock taking

Objective: Compliance and correctness

Risk: There is the risk that inventory is not accurate because a goods movement was posted after stock taking with a posting date prior to stock taking.

Description: The FI document has been marked because it is linked to a stock taking material document and there is another material document that has been processed after the posting date of the stock taking material document but has a posting date prior to the posting date of the stock taking material document and both, material and plant are the same.

Physical inventory documents posted by users without Tolerance Groups for Inventory Differences

Objective: Restricted access

Risk: There is the risk that inventory differences could be posted during physical inventory without any limits.

Description: The document has been marked because it is linked to a material document which is indicated to be a physical inventory document (MSEG-BWART=7xx) and the physical inventory document was posted by a user who is not assigned to a tolerance group for inventory differences (Table T043).

Stock transfer with different stock valuations

Objective: Compliance and correctness

Risk: There is the risk that the stock value in the balance sheet changes due to internal stock transfers, because different valuations are used in different plants.

Description: The FI document has been marked because it is linked to a material document which is indicated to be a stock transfer between plants. The involved plants are not assigned to the same valuation area, but the valuation areas belong to the same company code. Furthermore, the valuation class (MBEW-BKLAS), the price control indicator (MBEW-VPRSV), the standard price (MBEW-STPRS) or the moving average price (MBEW-VERPR) for the transferred material are not the same.

Lack of change documentation for physical stock taking

Objective: Compliance and correctness

Risk: There is the risk that changes to stock taking material documents are not recorded.

Description: The FI document has been marked because it is linked to a material document which is indicated to be a stock taking document (Movement type 7xx). Furthermore, the stock taking document is assigned to a plant where stock taking document changes are not in an audit trail.

Inventory differences for pilferable materials (beta)

Objective: Compliance and correctness

Risk: There is the risk that pilferable materials have been stolen and a inventory difference posting was necessary.

Description: The accounting document has been marked, because it is linked with a material document indicating an inventory difference posting. The material document references a material which is indicated to be pilferable in the material master data. The analysis can only be conducted if the indicator for pilferage is maintained (Table MARA Field PILFERABLE).

Process Area: Master Data

Fixed asset with zero acquisition costs

Objective: Compliance and correctness

Risk: There is the risk that fixed assets have not been depreciated due to missing acquisition costs.

Description: Marked document referencing a fixed asset that has zero acquisition costs (Table ANLC, Field KANSW).

Fixed asset depreciation start not plausible

Objective: Compliance and correctness

Risk: Incorrect depreciation is probable when the depreciation starting date is not nearby the activation date causing improper financial statements.

Description: Marked document referencing a fixed asset where activation date and start of depreciation differ more than 31 days.

Fixed asset depreciation master data was changed

Objective: Compliance and correctness

Risk: Potentially incorrect depreciation has direct financial statement impacts.

Description: Marked document referencing a fixed asset where depreciation master data was changed.

Incomplete fixed asset master data

Objective: Compliance and correctness

Risk: Incomplete fixed asset master data might lead to inaccurate postings.

Description: Marked document referencing to a fixed asset where the master data completeness indicator ANLA-ANEQS is not set.

Fixed asset master file dates incomplete

Objective: Compliance and correctness

Risk: Fixed asset was created, might however have been accidentally depreciated in a false manner.

Description: Marked document referencing a fixed asset where important dates (e.g. activation) are missing: asset capitalization date (AKTIV), asset value date of the first posting (ZUGDT), date on which record was created (ERDAT), asset purchase order date (BSTDT) and lease start date (LEABG).

Fixed asset not part of fixed asset standard inventory list

Objective: Compliance and correctness

Risk: Potentially incomplete fixed asset standard inventory list. Fixed assets inventory incomplete.

Description: Marked document referencing a fixed asset as not being part of the fixed asset standard inventory list (Table ANLA, Field INKEN not set).

Missing fixed asset master record

Objective: Compliance and correctness

Risk: There is the risk of insufficient traceability of business transactions.

Description: Marked document referencing a fixed asset (Table BSEG, Fields ANLN1, ANLN2) that does not exist in the fixed asset master data, tables ANLH (Main asset number), ANLA (Asset Master Record Segment) and ANLB (Depreciation terms) and is missing in one of the tables.

Asset without inventory number

Objective: Compliance and correctness

Risk: There is the risk of non-existing assets (fake assets) or untraceable assets.

Description: The accounting document has been marked because it makes reference to an asset (BSEG-ANLN1) that does not contain an inventory number (ANLA-INVNR and ANLA-SERNR).

Unusual useful lifetime

Objective: Compliance and correctness

Risk: There is the risk of wrong depreciation.

Description: The accounting document has been marked because it refers to a fixed asset that has a useful life that is very different from the average useful life in the area of asset class and depreciation. The useful life of the referenced asset is more than the average value plus 2 x the standard deviation of the useful life or less than the mean value minus 2 x the standard deviation of the useful lives.