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A STUDY ON PHYSICAL TRAINING ON INVENTORIES AUDIT FOR FIXED ASSETS IN DELL PVT LTD., WITH SPECIAL REFERENCE TO KANCHIPPURAM'S SIPCOT

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ABSTRACT

The Finance or Business Manager of the unit is in charge of guaranteeing the yearly physical preparing is legitimately performed, stock records think about genuine amounts hand, stock valuation techniques are fitting, and modifications are entered in the University's bookkeeping framework on an opportune premise. Also, the Finance or Business Manager is in charge of guaranteeing that isolation of obligations is kept up all through the stock procedure to advance the defending of the benefits, security of representatives, and target announcing of stock. In particular, nobody individual ought to have the capacity to approve an exchange (e.g., a buy or deal), record the exchange, have guardianship of the stock, and play out the related compromise.

KEYWORDS: Business Manager, physical training, inventory valuation

INTRODUCTION

PHYSICAL TRAINING:

Physical preparing on stock is the numbering of all stock or hardware available. Physical preparing on stock is a procedure where a business physically tallies its whole stock. A physical preparing on stock might be ordered by budgetary bookkeeping rules or the assessment controls to put a precise incentive on the stock, or the business may need to check stock so segment parts or crude materials can be restocked. Organizations may utilize a few unique strategies to limit the interruption caused by physical stock.

- Inventory administrations give work and robotization to rapidly check stock and limit shutdown time.
- Inventory control framework programming can speed the physical training process.
- A unending stock framework tracks the receipt and utilization of stock, and figures the amount close by.

- Cycle numbering, a contrasting option to physical stock, might be less problematic.

FIXED ASSETS:

Fixed Assets, otherwise called a non-current asset or as property, plant, and hardware (PP&E) are a term utilized as a part of representing resources and property which can't without much of a stretch be changed over into money. This can be contrasted and current resources, for example, money or financial balances, which are portrayed as fluid resources. As a rule, just substantial resources are alluded to as settled. Business goal is to appropriately represent Dell's resources for the duration of their life cycle utilizing the most productive means conceivable by.

- Monitoring consistence with residential settled bookkeeping and resource administration approaches and method.
- Providing brought together administration and handling of the household settled resource bookkeeping framework.

□ Calculating office and give answering to meet the settled resource and operation costs administration needs to household business.

PHYSICAL INVENTORY POLICY OF DELL:

Annually CCG (Corporate Capital Group) coordinates the PI for domestic CQ, IT run automatic network search (“ping”) for all computer equipment’s and provides a global list of computer equipment found in network to CCG.

The CCG formats and matches the global list with a domestic oracle fixed assets Active Assets list for computer equipment. The CCG then send out to each business segments their relevant AAL for PC (notebook, desktop, and workstation) and Non Pc (server, storage, printer, other CE) each AAL for Pc and Non-Pc are further broken down into 3 parts:

- Active Assets that were pinged with recommendation to keep
- Active assets that was not pinged and older than 5 year and 6 year for Pc and Non-Pc respectively with recommendation to automatically write off.
- Active Assets to inventory. The inventory is to verify the existence of computer equipment that was not detected by the network ping.

Based on business confirmation the CCG retries Computer equipment that is no longer used for could not be found through the inventory process, Every 2 years CCG coordinates the PI for domestic other in AAL (land& Buildings’, machinery, equipment’s, furniture and fixture)

The CCG send out to each business segments their relevant AAL for other Fixed asset for inventory. The inventory to verify the existence of the other fixed assets. In addition the business segment report to the existence of their assets under the internal controls section in quarterly management representation letters.

ABOUT SIPCOT:

This review is at last pointed on guaranteeing the physical accessibility of settled resources with the end goal of SIPCOT review.

This venture is done to know how much speculation have been made for settled resource for the FY-2014 for submitting them to the SIPCOT evaluators by experiencing inner review in the association

SIPCOT:

The State Industries Promotion Corporation of Tamil Nadu (SIPCOT), Limited is an establishment possessed by the legislature of Tamil Nadu and is planned as an impetus for the improvement of little, medium and huge scale enterprises in Tamil Nadu. It was built up in 1972.

WHY SIPCOT AUDIT IS NEEDED?

- They need to know whether the organization is keeping up appropriate records demonstrating full particulars, including quantitative subtle elements and circumstance of settled resources and whether these settled resources have been physically checked by the Management at sensible interims.
- SIPCOT inspectors have been educated that no material inconsistencies ought to be seen on such confirmation.
- The organization ought not arrange any significant piece of settled resources amid the year.
- Physical confirmation of stock has been led at sensible interims by the Management
- The strategies of physical confirmation of stock taken after by the Management are sensible and sufficient in connection to the measure of the organization and the way of its business

NEED OF THE STUDY:

□ To set up a yearly settled resource physical preparing check goal cure to guarantee the precision of the settled resource enlist and the physical presence of the advantages.

□ To survey the advantages which can be physically accessible or not with the end goal of SIPCOT AUDIT-FY14.

□ To study and audit the IT database and to check with settled resource enlist for balanced mapping.

SCOPE OF THE STUDY:

- The study of physical training on inventory will help to know the physical availability of fixed asset and at different location in Dell ICC.
- The study may help the company to make further planning and strategy.
- The study helps the company to solve the identified issues.
- The study gives the action plan to the company.
- The study find out the root cause analysis for identified issues.

OBJECTIVE OF THE STUDY:

Primary Objective:

A study on Physical training on Inventory Audit for fixed asset -FY12 with special reference to Dell India Private Limited.

- To track fixed assets for the purpose of SIPCOT audit.
- To track fixed assets for the purpose of internal audit.

Secondary objective:

- To study the physical training on inventory audit procedure of Dell.
- To study the capitalization policy for Dell.

- To reconcile the fixed asset reconciliation for computer equipment's.
- To find out a root causes analysis for solving the identified issues.
- To perform a complete physical audit for more than 1000 items across multiple location in Dell ICC.
- To ensure physical availability of fixed assets.
- To study and review the IT database and to check with fixed asset register for one to one mapping.

RESEARCH DESIGN:

This study on “physical training on inventory audit for fixed assets” is descriptive in nature. Descriptive research is usually formal and requires the sophistication of who, what, when, where, why, and how aspects of the research.

Descriptive research studies are concerned with describing the characteristics of a particular individuals or a group. In this study descriptive research design has been applied.

LIMITATIONS:

- The major shortcoming faced by the researcher is lack of time, because of which the analysis was confounded to a limited area of study.
- The study is based on information available in the records and the information given by the finance department.
- Possibility of errors in Fixed asset information as the IT database given by IT department of the company and also there are spelling error in service tag.

ENVIRONMENT POLICY:

Dell aspires to be a company in which environmental excellence is a priority in all things we do. The following criteria provide a framework for

establishing and reviewing our environmental objectives and targets:

Deliver environmentally responsible products and services:

- Design products considering their lifecycle environmental impacts.
- Provide products and services that provide environmental benefits to our customers.

Prevent waste and pollution:

- Operate dell's facilities to conserve resources minimize harmful impacts on the environment and prevent pollution.

Demonstrate environmental responsibility

- Use sustainable practices that protect dell's employees, neighbors and the environment.

Comply with the law:

- Conduct business in full compliance with applicable environmental laws and regulations,
- Meet the commitments of the voluntary environmental programs in which dell participate.

Continually improve:

- Foster a culture of environmental responsibility and employee engagement
- Evaluate and continually improve our environmental performance.

SAFETY AND HEALTH POLICY:

- ✓ Dell aspires to provide an injury free workplace accordingly dell will promote the health and safety of our employees, contractor's visitors and the local community.

DATA ANALYSIS AND INTERPRETATION

Table No: 1
DESKTOP PHYSICAL TRAININGSTATUS AS PER IT DATABASE

S.No	Availability Status of FA	PI count	Percentage
1	Found	708	97.3%
2	Found with issue	5	1%
3	Not found	14	2%
	Total	727	100%

Source: Primary Data

INFERENCE:

From the above table it is inferred that as per Internal audit final report:

- 97.3% of desktops are found,
- 2% are not found
- 1% is found with issue.

CHART 1 : PHYSICAL TRAINING ON INVENTORY AUDIT STATUS OF DESKTOP

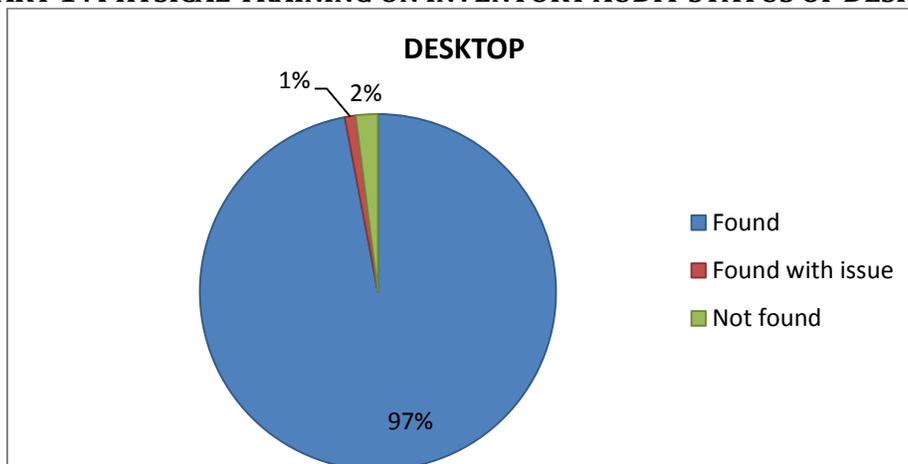


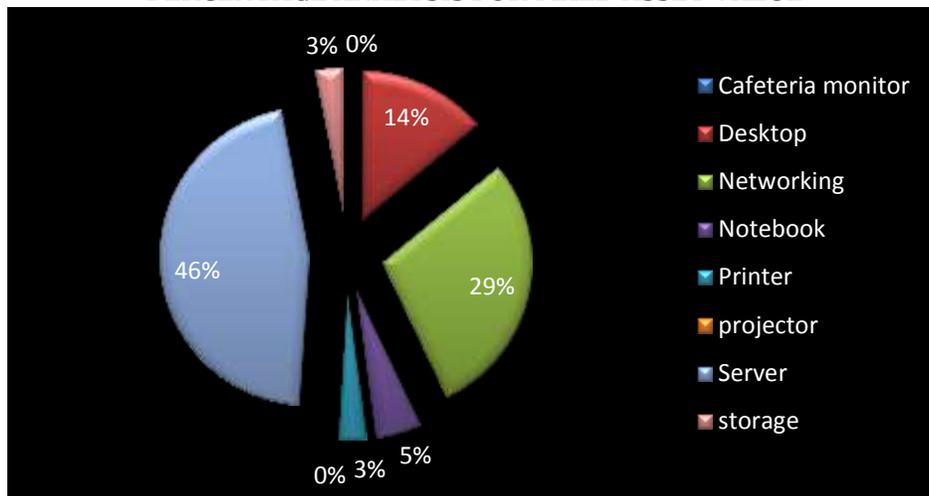
TABLE NO:2
PERCENTAGE ANALYSIS FOR FIXED ASSET VALUE:

S. No	Service tag	Value	% of value
1	Cafeteria monitor	47,480	0.0259331
2	Desktop	24,924,939	13.613774
3	Networking	52,137,571	28.477065
4	Notebook	8,579,333	4.6859534
5	Printer	5,953,824	3.2519243
6	projector	259,802	0.1419015
7	Server	84,906,476	46.375142
8	storage	6,276,755	3.4283063
		183,086,180	

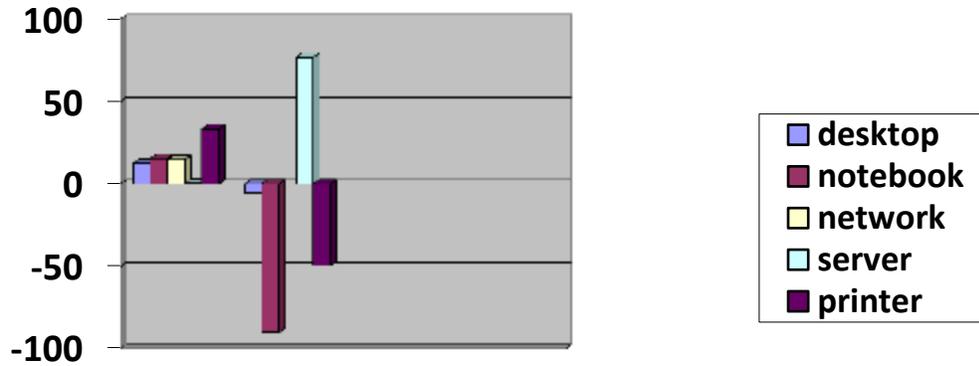
INFERENCE:

From the above table it is inferred that as per FA Register 46.3% of highly amount spends for a company as server and 28.4% amount spends for networking equipments.

Chart: 2
PERCENTAGE ANALYSIS FOR FIXED ASSET VALUE



COMPARATIVE ANALYSIS
CHART: 3
COMPARATIVE ANALYSIS FOR FY12 AND FY13 AS PER IT DATABASE



NOTE:

The increase or decrease of each item should be shown as percentage of the FY12 value. Thus the FY12 is deemed as Base year for calculation of percentage.

FINDINGS:

- From the above table it is inferred that as per Internal audit final report
- 97.3% of desktops are found, 2% are not found, 1% is found with issue.
- From the above table it is inferred that as per FA Register 46.3% of highly amount spends for a company as server and 28.4% amount spends for networking equipments.

SUGGESTION OF THE STUDY

The company should implement the following action plan:

- To replace the correct service tag.
- To paste the label for printer.
- To paste the asset tag.
- IT has to update the additional service tag.
- The facility department has to do updating the every parts movement in the production flow.
- In each line superior have to appoint the line leader for the in charge of respective line system.
- The company should have a regular physical audit of all assets in order to know which assets is to be scrap and which is to be unused.

CONCLUSION OF THE STUDY:

From the study, it is clear that “PHYSICAL TRAINING ON INVENTORY AUDIT FOR

FIXED ASSETS” in “DELL INDIA PRIVATE LIMITED.

The following conclusions are made out from the study:

- The physical training on inventory audit will help to know the physical availability of fixed asset and at different location in Dell ICC.
- The study may help the company to make further planning and strategy.
- The study helps the company to solve the identified issues.
- The study gives the action plan to the company.
- Establish an annual fixed asset physical count procedure to ensure the accuracy of the fixed asset register and the physical existence of the assets.
- The study status will help the company for SPICOT audit.

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