ICAEW Accredited Products Scheme

[Fixed Asset Evaluation]

[Company Name]

[Product Name Version number]

[Company /Product logo]

Evaluation carried out by: [Name of Evaluator]

Date completed:

Signed:

Contents

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The Prologue – section 1- 4 should follow.

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5.1   Security and Continuity of Processing

1.   i) Are different levels
        of passwords provided
        to control access?

        ii) Is each user required
        to have a personal
        password?

        iii) Can a report be
        produced detailing all
        current users and their
        authority levels?

2.   Do the security features
        cover:

        i)   System Access?
        ii) Company access?
        iii) Menu access
        (ledgers)?
        iv) Sub menu access
        (ledger facility)?
        v) Field access?

3.   Does security allow for
        read and read/write
        access to be specified
        separately?

4.   Can the menus be
        tailored so that an
        individual user can only
        access those functions
        that they are authorised
        to access?

5.   Does the system provide
        specific levels of
        password control to
        authorise master file

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amendments?

6. Are there specific security procedures (by passwords or warnings) over the:

> i)   Update of ledgers?

> ii) Closing of accounting periods?

> iii) Deletion or archiving of transactions?

7. Does the system facilitate back up of data?

> How is this provided:
> i)Within the software application?

> ii) Within the operating system?

> iii) Are any of these procedures automatic?

> iv) Is the user forced or prompted to back-up at certain intervals?

> v) Can the intervals be customised.

8. Does the system facilitate recovery procedures in the event of system failure? (e.g. Roll back to the last completed transaction).

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9. If system failure occurs part way through a batch or transaction, will the operator have to re-input only the batch or transaction being input at the time of the failure?		
10. Are there any features provided with the software to help track down processing problems?		
11. Are system messages clear and are user responses properly structured to ensure that erroneous key strikes do not lead to inappropriate actions?		
12. Is there a system log which details: i) User activity? ii) Error messages? iii) Security violations?		
13. What approach will the supplier take towards handling the EURO. Consider requirements: i) transaction period i.e. dual currency in the UK ii) post the transition period.		

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5.2   Input of transactions

The following sections on Input of transactions, File maintenance, Processing and Reports are aimed at a fixed asset ledger. Where the transactions which impact this ledger are input in other modules, (such as purchases) the questions need to be related to the originating input.

1.   Is data input controlled
        by self-explanatory
        menu options (and are
        these menus
        application-specific)?

2.   Does the system provide
        input validation checks
        such as account code
        validation,
        reasonableness (limits,
        VAT or discount
        checking) and validity
        checks?

3.   Does the system allow
        for batch control totals?
        If so:

        i) Are batches
        automatically
        numbered?

        ii) Are batches forced to
        balance before ledger
        update?

iii)   Does the system allow
        the temporary halting of
        input of a batch to allow
        for queries or other
        activities to take priority
        (e.g. set up a new
        account)?

        iv) Is the user forced to
        confirm batch totals?

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4. Is attempted entry of unbalanced journals rejected?		
5. Are input errors highlighted? Are they:		
i) Rejected and reported on screen?		
ii) Rejected and error reports generated?		
iii) Accepted and posted to suspense?		
6. Is a detailed audit trail of all input data generated?		
i) Are transactions allocated a unique reference number by the system? ii) Is this trail adequately protected from deletion?		
7. Where the system is integrated with the GL, is it impossible to allocate input values directly to ledger control accounts?		
8. Where the system is integrated with the GL, does it check that the total balance on the ledger agrees with the respective control accounts?		
9. Does the system permit multi debit/credit		

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journals?

10.   Are all transactions adequately identified on screen as to type and as to debit or credit?

11.   Can separate asset type codes be input for each invoice line?

12.   Can VAT be input separately for each invoice line? (This applies to motor vehicles only).

13.   Is there control over the creation of new asset categories?

14.   Does the system accept input files from other computer packages?

15.   Does the system provide a "trial-post" facility that does not post transactions to the actual books, but allows reports and on-line enquiries to be generated as if the transactions entries had been posted?

16.   i) How many categories of tangible fixed assets are available?

ii) How many types of tangible fixed asset movements are available?

17.   Can the following

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information be recorded for each tangible fixed asset:		
i) Historic cost		
ii) Accumulated depreciation based on historic cost		
iii) Date of revaluation		
iv) Revalued cost		
v) Accumulated depreciation based on revalued cost		
vi) Group cost		
vii) Accumulated depreciation based on group cost		
viii) Name of valuers (in the case of revalued assets) and year of valuation		
ix) Comparative figures		
x) Value (if significantly different from net book value)		
xi) Asset description (how long)		
xii) Date of acquisition		
xiii) A field showing where purchase price or production cost is for the first time determined as being the value ascribed		

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	to it by the earliest available record of the company.		
18.	How easily can non-standard tangible fixed asset adjustments be processed (such as the write down of a particular asset)?		

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5.3   File maintenance

1.   Is the creation or amendment of standing data (e.g. asset type depreciation rates) controlled by menu options and are these menus application-specific?

2.   Does the system provide input validation checks? (e.g. asset type validation by displaying the underlying information relating to the asset type such as the description, completeness checks and format checks, i.e. checking that the information has been keyed in correctly).

3.   Are input errors highlighted? Are they:

i) Rejected and reported on screen?

ii) Rejected and error reports generated?

iii) Accepted and posted to suspense?

4.   Does the system prevent an asset type from being deleted while it is still active? Are there other constraints over the deletion of accounts? (e.g. movement during the year, associated asset sub-types).

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5. How many asset types can be created? Is it adequate to permit sufficient depth of analysis?		
6. i) Are reports of all master file changes automatically generated? ii) Can reports be invoked which identify the fields which have been modified? iii) Would it be possible to show that these reports provide a complete record of all such changes? iv) Do the reports show how the fields have been modified? (e.g. before and after).		
7. i) Does the system allow selective archiving of old data on a user-defined basis? ii) Can this data still be used by the report generator?		

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5.4   Processing

1.   Does the system ensure that menu options or programs are executed in the correct sequence? (e.g. Run depreciation posting prior to month end routines).

2.   Is there an audit trail of all changes to transactions which have updated the ledger?

3.   Does the system provide automatic recalculation, where appropriate, of data input? (e.g. VAT on certain vehicle asset types).

4.   Does the system warn the user when the system is out of balance? Is this check done on switching on or on ledger update?

5.   Does the system include routines for recovery from abnormal termination (e.g. power cuts)?
      i) Are these automated?

      ii) Do they rollback to the last completed transaction?

6.   i) Is there an option to calculate depreciation by

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month or by year or by any other interval? ii) Can residual or scrap value be used to reduce depreciable amount?		
7. Does the package prohibit or warn of a depreciation charge, which would increase accumulated depreciation to a value exceeding cost?		

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5.5   Reports

1.   Are all reports adequately titled and dated? (e.g. report name, company name, date, period, batch, last entry number, period end, page numbers etc).

2.   Do the reports provide totals where applicable?

3.   Is it clear when the report has ended? (totals or end markers).

4.   Can reports be temporarily retained on computer files to optimise machine time usage? Are such files adequately protected from deletion or amendment?

5.   Is a report generator provided as part of the software or as an option associated with it?

6.   Can screen layouts, reports and transaction formats be easily adapted to users' requirements?

7.   Can the report generating facility make use of user-defined fields (including external

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fields)?		

8. Can a hard copy be produced of all screen enquiries?

9. Are transaction files for all previous periods of the year retained in the system to permit enquiries and reports?

10. Are full records of all input, processing and output routines generated? Are these sufficient to trace all transactions fully through the system?

11. Are reports of all master file changes automatically generated or stored for later printing?

12. Can all reports be reproduced after the period end?

13. Can full lists of master file information be produced?

14. Are all transactions on all reports identified? Do the reports show whether items are debit or credit and do they give sufficient narrative and coding to enable cross referencing?

15. Do standard reporting options give sufficient

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flexibility to tailor individual reports? Do these reporting facilities permit multiple key-sorting, variable report intervals and optional selection parameters?

16. Are standard reports always produced, even when they are nil returns

17. Do the budget reports provide sufficient analysis of variances? Do such reports provide exception reporting, percentage analysis and comparatives?

18. Are all movements during each accounting period shown on ledger detail reports? Do these reports show how all asset transfers have been treated?

19. Can the fixed asset ledger be sufficiently analysed by cost centres, company & period?

20. Does the system check to ensure that the fixed asset summary reports cross-cast?

21. Does the output of the system facilitate proper control to ensure that decisions are not inadvertently taken on the basis of incorrect

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information? (e.g. warning that the monthly depreciation routine has not yet been run).

22.   Does the system force the production of month-end reports?

23.   Are transactions lost after month end or year end close, can the reports be rerun after a period close?

24.   Can the reporting function make use of external data files?

25.   Does the report generator have the facility to scroll up and down when output to screen?

26.   Can all reports be run without the need for period-end procedures to be initiated?

27.   To what extent can customised reports be run on fixed assets data?

28.   In respect of the same asset can the system report cost and depreciation based on:

     i)   Revalued amounts (and years of revaluation, together with the name or

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qualification of the valuer where the current year contains a revaluation)		

ii)   Historic cost amounts

iii) Prior year amounts

iv)   One more definable amount.

29.   Are the following custom reports available for fixed assets:
  i)   A standard statutory accounts format fixed assets movements summary?
  ii)   Report of additions and disposals.
  iii)   Reports showing total of depreciable assets by category.
  iv)   Report showing cumulative amount of interest included in determining the production cost of any fixed asset, indicating the balance sheet item affected.

30.   For assets held under finance lease and

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similar hire purchase contracts, can the system produce:

Either Report showing, for each major class of asset:

   a)   Gross amount

   b)   Accumulated depreciation

   c)   Depreciation allocated for the year

Or   a)   The net amount of such assets included within the overall fixed asset total.

   b)   The depreciation allocated for the year included within the overall fixed asset total.

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5.6 Performance of requisite accounting functions		

1.   Does the software
     perform the functions,
     which the user wants
     performed?

2.   Can the software be
     used by more than one
     user at the same time?

3.   i) Can the software
     support groups of
     companies/
     departments/
     branches?

     (How many such
     branches or companies
     can be supported?)

     Can they be
     consolidated?

     ii) Can the system
     consolidate entities with
     different charts of
     accounts?

4.   Is multi currency
     processing available?
     (What is the maximum
     number of currencies
     available?) Is
     conversion to sterling
     automatic?

     ii) Can these periods be
     adjusted to suit different
     user requirements?
     iii) How many
     accounting periods can
     be open at any one time.
     iv) How many years can
     be open?
     v) Can a period or year

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be re-opened after it has been closed?		
6. Are the ends of accounting periods determined by the user rather than being set by the system?		
7. i) Can data from all accounting periods be accessed at any given moment?		
ii) Can previous months be accessed for enquiries or reports?		
8. i) Does the system allow posting to more than one accounting period at a time?		
Is it possible to allocate transactions to future periods?		
or to previously closed periods? ii) If the system allows posting to previous or future accounting periods or years, does it: a) Flag to the user that this is occurring?		
b) Revise subsequent periods accordingly?		
c) Report these transactions separately.		
9. Does the system permit use of budgets and provide comparisons		

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between budgets and actuals?		
10. i) What is the maximum value of transactions and of totals, that can be handled by the system? ii) What is the maximum number of transactions that can be handled by the system?		
11. Are the control features provided by the software adequate to support effective user controls? i) Transaction sequencing? ii) Automatic dating of transactions? iii) Identification of user-id or program generating (i.e. the source) the transactions?		
12. What complementary clerical procedures (to be imposed and effectively monitored by management) are recommended by the software supplier?		

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5.7   User documentation

1.   Is the manual clearly laid out and understandable?

2.   Is the manual comprehensive and accurate?

3.   Is there an index to the manual?

4.   Is it easy to locate specific topics in the manual when required?

5.   Is it easy to follow through all procedures in the manual?

6.   i) Does the manual include:

         a) A tutorial section?
         b) A guide to basic functions?
         c) Pictures of screens?

          ii) Are completed examples included in the manual?

  7.   Are help screens available relating to the task in hand? (context sensitive help)

      i)   Do they provide on-line instructions on how to use particular features of the software?

      ii) Can they be edited or

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prepared by the user?

8.   Does the documentation clearly specify the actions to be taken by users at each important stage of processing?

9.   Will the software supplier provide regular updates of documentation in the event of modifications or revisions?

10.   Will the software supplier make the detailed program documentation (e.g. file definitions for third party links) available to the user, either directly or by deposit with a third party?

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5.8 Efficiency

1.   Are the various functions of the system menu-driven, or otherwise easy to initiate? Is there a good response time in the initiation of functions?

2.   Is data entry easily repeated if similar to previous entry?

3.   Is there a good response time:
    i)   In processing data input?

    ii)   In producing requisite reports?

    iii)   In updating files

    iv)   In producing back-up files?

    v)   In deleting redundant information from files?

4.   Does the system prevent access to a record while it is being updated? Is the locking at file or record (e.g. asset-type) level?

5.   Does the system retain a log of file updates until the next occasion on which the relevant information is reported

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or the relevant file used in a regular control procedure?		
6. Can regular reports be easily duplicated if required?		

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5.9   Integration facilities

1.   Is the ledger updating process satisfactorily controlled by production of update reports?

2.   Does the software run under an operating system, which is a commonly accepted standard?

3.   Can more than one system function be performed concurrently?

4.   Can the software be linked to other packages e.g. word processing, graphics, financial modelling, to provide alternative display and reporting facilities?
     Can definable links to spreadsheets be created?

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5.10 Support and maintenance

1. Will the supplier or dealer provide corrections to the programs? Are bug fixes free of charge - for how long?

2. Will the supplier or dealer provide general enhancements to the programs? Will these be provided automatically? Will they be given free of charge?

3. Will the supplier or dealer provide "hot line" support to assist with immediate problem solving? If so, at what cost? At what times will this support be available?

4. Is the supplier or dealer capable of giving sufficient ongoing education and training and other support?

    Do resellers go through an accreditation process to ensure they reach a set standard for implementation and support?

5. Can the supplier, dealer or some other organisation provide all the hardware, software and maintenance

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requirements of the user?		
6. Is there nationwide support: · Telephone · Modem link · Local dealers/support		
7. Is a warranty offered in respect of specification of the system?		
8. Will the software supplier make the program source code available to the user, either directly or by deposit with a third party (Escrow)?		
9. Are there any unduly restrictive conditions in the licence for the software?		
10. Would the software house be prepared to accept the Institute of Purchasing and Supply model contract?		

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5.11 Finance Leases and similar hire purchase contracts

Unless otherwise indicated, finance leases include similar hire purchase contracts.

1.   Is the software able to determine whether a leased asset is a finance lease or an operating lease based on information input by the user?

2.   Does the program calculate the present value of the minimum lease payment at the inception of the lease based on the interest rate implicit in the lease contract?

3.   Are negative finance charges not permitted by the software, or, alternatively, is their existence flagged to the user?

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4. On what bases can rentals payable be apportioned between finance charges and outstanding capital obligations?		

      (i)   straight line
      (ii)   sum of digits
                ('Rule of 78')
      (iii)   actuarial
      (iv)   other (specify)

5. Will the software not permit a depreciation period for the asset, which is longer than the lease term (finance leases only)?

6. When apportioning payments between obligation and finance, does the system make any assumption regarding timing of payment (e.g. at start or at end of payment period)?

Either

7. Can the software report the outstanding obligations in respect of finance leases, net of future finance charges, as a separate liability, split between amounts payable.

      (i)   within 1 year
      (ii)   within 2 to 5 years
      (iii)   in more than 5 years

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8. Alternatively, can these amounts be disclosed as gross obligations, with future finance charges being separately deducted from the total? *Or*		
(b) Where the obligations are reported within other liabilities, can the software also report an equivalent analysis to (a) above.		
9. Can the software report the aggregate finance charges allocated for the period in respect of finance leases?		
10. Can the software make use of the inception date of the lease to report leases entered into before the period-end but which commence after the period-end?		

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5.12 Operating leases		

Operating leases are not included in fixed assets but expenditure on them is charged to the profit and loss account.

1. Is the software able to deal with operating leases?

2. Can the operating leases be split in the following ways for reporting purposes:
 (i) between
    (a) land and buildings

    (b)   other

    (this is needed to disclose future commitments)
 (ii) between

    (a)   plant and machinery

    (b) other

    (this is needed to disclose expenditure in the year)
    Can this figure be added to the total amount for the depreciation charge and finance charge for assets held under finance leases and reported?

3. Can the software report the annual payments made under leases and split these between those leases to which

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the company is committed for		
(a) up to one year		
(b) within the second to fifth years		
(c) in more than five years		