



NETAJI SUBHASH ENGINEERING COLLEGE

Techno City, Garia, Kolkata – 700 152

POLICY ON WRITE-OFF AND REMOVAL OF OBSOLESCENCE

1. Preamble

To run its activities the institute has to acquire different types of assets, which, over time, are likely to get worn out beyond economic repair or become obsolete. Such assets occupy valuable space and unnecessary liability of accounting records and financial statements. The obvious solution is to dispose of these assets. Instances of misuse and indifferent attitude in writing off and disposal of assets have been experienced. The objective of the present document is to design a transparent scheme that covers the writing off and disposal of all types of assets under different situations that might come up.

2. Classification of Stores

2.1. All items procured by the institute shall be classified into the following categories:

- (a) Major Asset
- (b) Minor Asset / Limited Life Time Asset
- (c) Consumable stores

2.2. Major Assets are those that are intended to be used over a long period before becoming unusable or obsolete. In academic institutions, major laboratory equipment and instruments, workshop machinery, mainframe computers and servers, heavy furniture, diesel-generator sets, air conditioners, refrigerators, library books, etc. fall under this category.

2.3. Minor Assets or Limited Life Time Assets are those with a life span of 4 – 5 years. These stores are liable to be non-functional or obsolete in that period. Most of the modern electronic equipment and instruments, and portable furniture like chairs, benches, personal computers, printers, computer accessories, CCTV cameras, etc. can be grouped under this category of assets.

2.4. Consumable stores are those which (a) have a short life, (b) become unserviceable due to normal wear and tear, and (c) have negligible disposal value. All electrical and electronic components like resistors, capacitors, electric bulbs, stationeries, Laboratory apparel, chemicals, medicines, fabrication materials, optical components, low-priced measuring instruments, bottles, crockeries, etc. belong to this category of stores.

2.5. The above list of assets under different categories is not exhaustive. A standing committee with the Dean, the Academic as the Chairman and all Heads of Departments as members will be responsible for classifying any new type of store procured.

2.6. Stock Registers for all types of assets and consumables should be maintained by Heads of Departments and Sections In-charges separately. The following entries will be made: (a) Classified asset type, (b) purchase order no. and date, (c) description of items, (d) manufacturer, (e) cost, (f) date of acquisition, (g) testing with satisfaction (when applicable), (h) calibration or standardization date, (i) location, (j) remarks/observations

(such as AMC, details of repair frequency/status, (k) signatures of the authorized persons like faculty, HOD/Sections-in-charges (SIC). Stock Registers are to be kept in the custody of the HOD/SIC and produced before the Audit Committee for stock verification when asked for.

- 2.7. A management-constituted committee headed by a qualified Auditor will carry out stock or asset verification of the institute every two years. The respective department or section will be associated with the team during the committee's visit. The committee will not only take stock of the assets but also examine their effective utilization and functional conditions. Stock verification of the central library will be done annually.

3. Writing off and disposal of unserviceable stores

3.1. The process can be divided into three stages

- (a) Identification or survey
- (b) Evaluation or recommendation for writing off
- (c) Implementation or disposal

3.2. Identification of the assets to be written off. The HOD / SIC will send the proposal to the Director/Principal for writing off assets (major, minor or consumables) that are irreparable and non-functional and lying idle in the department/section. The proposal will contain the following details

- Description:
- Date of procurement:
- Purchase price:
- Functional status: Obsolete / Unserviceable/irreparable/nonfunctional
- Recommendation of HOD / SIC:

3.3. For writing off general-purpose assets, proposals will have to originate from the Dean, academic office or the SIC responsible for the upkeep of the asset.

3.4. Similar proposals are to be sent for writing off assets that are untraceable or lost in theft. In the latter case necessary papers regarding reports of theft/loss, etc. made to the security office, police station, etc. are to be attached. writing off of missing assets will reduce the liability of unwanted accounting.

3.5. The institute may on its own appoint a committee to identify assets that are to be written off.

3.6. Recommendation for writing off assets. The director/Principal will forward the proposals for writing off major and minor assets to a BOG-approved technical committee (Write Off Committee) consisting of an external expert as the Chairperson,

- Dean, Academic as a member,
- a nominee of the Institute Finance Committee as a member, and
- HOD / SIC concerned as the member - Convener.

The committee will inspect the assets and shall recommend (APPENDIX A) which of the assets are unserviceable / beyond economic repair, and to be considered for writing off. The committee may exclude those items, which in its opinion, are serviceable or are not beyond economic repair. The committee may also recommend the procedure for disposal of the assets, such as (a) sale by auction, (b) sale by spot quotation, (c) sale to the institute employees, (d) disposal by donation, (e) disposal as waste.

- 3.7. For evaluation of the proposal for writing off consumable stores, an Institute committee with the Dean, Academic as the Chairperson, HOD / SIC as the Convener and a senior faculty (nominee of Director / Principal) as a member will evaluate the status of the consumables and make appropriate recommendation. Before disposal, the committee will evaluate the scrap value (such as copper in coils, brass in sanitary fittings, etc.) of the items.
- 3.8. Disposal of items recommended for writing off. Disposal Committee will be a standing committee consisting of
- Administrator as the chairperson
 - A nominee of the Finance Committee
 - A senior faculty nominated by the Director / Principal
 - A nominee of the BOG

The committee will arrange for the disposal of the assets as per the recommendation of the write-off committee. It can, with prior approval of the Director / Principal, adopt its procedure for disposal. The notification for disposal of the materials will be given by the committee with a description of materials and necessary details of the date of the event, venue, delivery from institute premises, etc. The sale proceeds will be collected by a demand draft payable in favour of NETAJI SUBHASH ENGINEERING COLLEGE, GARIA. For waste disposal institute policy will be followed.

3.9. The institute will report to the BOG about writing off of assets.

4. **Removal of Obsolescence**

- 4.1. Obsolescence of an item can be adjudged by the user if (a) the technology used in it is no longer available (ex. Valve-based instruments, magnetic amplifier, etc) or obsolete, (b) the functional capacity of the equipment does not satisfy the required standard, (c) it has inferior performance criteria, and (d) in the revised curriculum it becomes surplus.
- 4.2. Identification of obsolete items. The department/section will recommend to the Director / Principal for declaration of an item obsolete with justification along with details of the equipment/instrument, such as its description, purchase date, purchase price, utilization history, etc.
- 4.3. On receipt of the above approval, Dean, Academic will issue an internal circular to all departments and sections informing them about the availability of the equipment/instrument. In case of any positive response, the item will be transferred to the new user physically and document-wise (book transfer). In case of no response, the item will be recommended for writing off.
- 4.4 Replacement of the obsolete items will be considered by the authority depending on necessity.

NETAJI SUBHASH ENGINEERING COLLEGE, GARIA, KOLKATA

WRITE-OFF COMMITTEE REPORT

The following members of the Institute Write-off Committee

- 1.
- 2.
- 3.
- 4.

inspected the assets listed in the attached Annexure*

located in ----- on -----

* For multiple assets category wise / location wise different reports will be prepared.

The following are the recommendations of the committee

1. The listed items are found to be
 - Obsolete
 - Irreparable
 - Unserviceable
 - Damaged beyond repair
 - Surplus and unused
 - Untraceable
 - Lost in theft (accompanied by supporting papers)
2. These items may be written off and disposed of by
 - Donation
 - Sale to institute employee
 - Sale by auction
 - Sale by spot quotation
 - Waste disposal
3. In our estimate the approximate price of the materials is/ unable to estimate.

Signatures with names

Dated -----

To
Director / Principal (for approval)