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Date: 13 February 2017

ACO DIRECTIVE (AD) 060-080

PROPERTY ACCOUNTING AND CONTROL

REFERENCES: A. C-M(2015)0025, Review of the NATO Financial Regulations, dated 24 April 2015.
B. C-M(2016)0023, NATO Accounting Framework, dated 21 April 2016.

1. **Status.** This directive supersedes Allied Command Operations (ACO) Directive ACE 060-080 dated 08 November 1994.
2. **Purpose.** The purpose of this directive is to promulgate the policy and outline the responsibilities and procedures for property accountability and control of international assets procured through the NATO Security Investment Programme (NSIP) or the Military Budget or otherwise under the control of ACO Commands in accordance with the principles and criteria set forth by the NATO Financial Regulations (NFRs) and the NATO Accounting framework at Reference A and B, respectively.
3. **Applicability.** This directive applies to all internationally funded military headquarters and organisations of ACO, including Allied Operations and Missions (AOMs), the NATO Airborne Early Warning & Control Force Geilenkirchen (HQ NAEW&C Force GK.) as well as to the NATO Alliance Ground Surveillance Force (NAGSF) in Sigonella (ITA) in relation to the non-core assets.
4. **Publication Updates.** Updates are authorised when approved by the Director of Management (DOM), SHAPE.

NATO UNCLASSIFIED
Releasable to PfP/Resolute Support/KFOR/EUFOR

5. **Proponent.** The proponent for this directive is SHAPE J8 ACO Corporate Accounting & Control Branch.

FOR THE SUPREME ALLIED COMMANDER, EUROPE:



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CHAPTER 1 - RESPONSIBILITIES

1-1. Responsibilities

The following paragraphs describe ACO Offices and personnel that have responsibility and accountability for the management of the internationally funded equipment belonging to their respective Commands:

a. ACO Commanders

(1) The ACO Commanders have overall and ultimate responsibility to safeguard the assets funded through the common funding or otherwise controlled by their respective Commands and for their effective and efficient use in accordance with the principles set forth by the NATO Financial Regulations/Financial Rules and Procedures (NFRs/FRPs).

b. Base Support Group

(1) The Chief, Support Group is responsible for ensuring that all international property is administered and controlled in accordance with the provisions of this directive. Where the circumstances of utilisation and/or technical nature of the equipment necessitate, the Commander may transfer the responsibility for its administration to Commanders/Directors of sub-organisations within his Headquarters, or to Commanders/Directors of sub-organisations for which he has property support responsibility. The transfer will be done in writing, with a copy retained for verification purposes.

c. Technical Divisions

(1) Technical Divisions/Offices such as Logistics, Transportation, Engineering, Medical Support, Communications and Information are responsible to provide technical guidance, advise and assist staff performing asset management functions in relation to the assets that are specifically related to their functions and provide them with technical support through all stages from concept phase up to retirement of the system, to include assets requirement's technical specifications, classification of the assets, redistribution, write-off and disposal.

d. ACO Requirement Review Boards (for AOM)¹

(1) They are responsible for the decision-making process related to the re-deployment, write-off and disposal of non-CIS NATO funded assets, inventories, and stockholdings owned by ACO in accordance with the provisions set forth by the ACO Directive 080-0102.

¹ The possibility to extend the procedures issued pursuant to the AD 080-102 to other AOM other than the RS mission is prescribed at Paragraph 2-2.d) of the present Directive.

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e. Theatre Accountable Manager (for AOM)

(1) Where foreseen by the Crisis Establishment, he/she coordinates the assets' management activities of the Property Accountable Officers, including the provision to SHAPE, through the ACO Chain of Command, of any financial information on the NATO Funded Equipment/NATO Funded Infrastructure (NFE/NFI) held in stock or distributed to users to be reported into the ACO Consolidated Financial Statements (FS).

f. Property Accountable² Officer (PAO)

(1) The Property Accountable Officer (PAO) is accountable for receiving the international property delivered to his/her Command, checking it for quantity and quality, warehousing it, issuing it to users, recording assets data in the entity's asset register, maintaining records of property up-to-date, validating and reporting the assets' data to the finance staff for further financial reporting in the entity's financial statements. The aforementioned activities shall be done in accordance with the NFRs/FRPs, the NATO Accounting Framework (NAF), this directive and any other applicable ACO directives, policy and guidance on asset management.

(2) The PAO will be appointed in writing, generally by the Chief, Support Group in consultation and agreement with the FC ensuring segregation of duties, unless the individual fulfils the responsibility of PAO in accordance with the job description of his/her post foreseen in the respective Peace or Crisis Establishments. Multiple PAOs may be appointment by the Chief, Support Group in consultation and agreement with the FC, as it is deemed appropriate for the proper management and reporting of the assets. Annex A of the present Directive provides a detailed list of duties for which the PAO is responsible.

g. Property Disposal Officer (PDO)

(1) The Property Disposal Officer (PDO) is accountable to ensure the effective management of the disposal of all assets that have been written off in accordance with Article 17 of the NFRs, to account for such property and to dispose of it in compliance with all applicable national rules and regulations and the provisions of the present directive.

(2) The PDO will be appointed in writing, generally by the Chief, Support Group ensuring segregation of duties, unless the individual fulfils the responsibility of PDO in accordance with the job description of his/her post. Annex B of the present Directive provides a full list of duties for which the PDO is responsible.

² This role is currently named in the FRPs as "Property Accounting Officer". The title of Property Accountable Officer is deemed to better reflect the accountability of this role for tracking and recording the assets in the ACO asset Registers. The job title in the FRPs will likely be aligned to the definition proposed in the present Directive.

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h. Property Custodianship Holder (PCH)

(1) The Property Custodianship Holder (PCH) is accountable to the PAO and responsible for the direct custody of such property issued to him/her in accordance with this directive for further distribution to the users. PCHs and alternates will be identified based on a Property Custodianship Structure to be developed by the AO. Based on this structure, Chiefs of Divisions, Offices, Units, as appropriate, will appoint in writing the responsible PCH and his/her alternate and inform accordingly the PAO and Chief, Support Group. Annex C provides a full list of duties for which the PCH is responsible. The PAO is responsible to ensure that the PCHs are adequately trained to perform their duties.

i. Financial Controller (FC)

(1) Further to the NFRs/FRPs, the Financial Controller FC is responsible to establish and maintain comprehensive accounting records of all assets and liabilities. In order to do so, the ACO FC shall issue the necessary guidance and instruction to the PAOs through his/her Corporate Accounting & Control (CAC) Branch, on how to account for and report property held by the ACO Commands in order to ensure that there is consistency across ACO on property accounting procedures and that it complies with the applicable NATO rules.

(2) The Financial Controllers of the ACO subordinate Commands shall ensure compliance with the guidance and instruction issued by the ACO FC within their respective Commands. Moreover, further to the NFRs/FRPs, they are responsible to approve requests for write-off when the value is below the EFL level C, as specified in the chapter related to the write-off of the present directive.

j. Finance & Accounting Officer (FAO)

(1) In accordance with the NFRs/FRPs, the Finance & Accounting Officer (FAO) is responsible for the performance of periodic controls on assets data managed by the PAOs, and production of ad hoc reports, about the property asset accounting register and other financial reports in accordance with the requirements set by the NFRs/FRPs, NATO Accounting Framework (NAF) and other applicable ACO directives, rules and procedures on property accounting and control. Additional controls and responsibilities of the FAO on asset management and accounting are further illustrated in the present directive, particularly within the "Procedures" described in Chapter 3.

(2) The FAO is responsible for reviewing the property management records received from the PAO on inventories and Property Plant and Equipment (PP&E) for further financial data reporting, as well as for completing the applications for write-offs with the necessary financial information and for pursuing approval of requests for write-offs and donations through their respective FC.

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k. Property Survey Board (PSB)

(1) The Property Survey Board (PSB) reviews the requests for write-offs of property and recommends the write-off and method of disposal, including the request to establish a Board of Inquiry to ascertain individual responsibilities for the loss of or damage to the property. The PSB also reviews the list of assets in surplus for further request for redistribution. The recommendations made by the PSB are approved or rejected by the relevant authority as further specified in the present directive at paragraph 3-8 (redistribution) and 3-9 (write-off procedure).

(2) The PSB is nominated at the beginning of each calendar year by the Chief, Support Group and will consist, as a minimum, of a Chair, the FAO of the concerned HQs and a member. A technical member proficient in the type of property to be reviewed based on the asset categories listed in the present directive shall be part of the Board, as necessary.

l. Board of Inquiry (BOI)

(1) The Board of Inquiry (BOI) is responsible to ascertain individual responsibilities in all cases of damage to or loss of property when the outcome of the investigations made by the PSB suggests that they have been caused by a willful misconduct or gross negligence. The definitions of willful misconduct and gross negligence are provided at Paragraph 3-10 of this Directive.

(2) Responsibilities, authorities, composition and procedures related to the BOI are those issued pursuant to the ACO Directive 010-019 dated 11 June 2012 and any subsequent modification.

m. NATO Resources Committees

(1) The Budget Committee and the Investment Committee have authority to approve requests for write-off exceeding the power for write-off given to the Financial Controllers by the NFR as well as requests for donations of assets funded by the Military Budget or the NSIP, respectively. When the source of funding is unknown or it is not identifiable (e.g. for assets donated to ACO by third parties) the requests for write-off and donations will be addressed to the Budget Committee.

1-2. Transfer of PAO and PCH Accountability

a. Upon a change of PAO, the incoming PAO shall satisfy him/herself that the property accounts are correct by a verification of records vis-à-vis the physical assets. This verification should normally consist of a 100% physical count. If this cannot be done and, due to lack of time and/or a significant volume of assets, it is not possible to conduct a complete 100% physical inventory check, the incoming PAO will perform a verification of records and holdings by test checks on assets taken at random for each category/sub-category, using a sample size of not less than 1% of the total quantity of the related asset category/sub-category. A hand-over/take-over certificate will be prepared and signed by both the out-going and incoming PAO. Adjustments to property records will be

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processed in accordance with write-off procedures. A copy of this certificate will be filed with the property accounts and the original will be submitted to the Chief, Support Group or the responsible Commander/Director. This certificate will include statements on the condition of the property accounts and stock holdings being verified and handed/taken over, including the way the verification was made i.e. 100% physical count or random check.

b. Upon change of PCH, the incoming PCH shall satisfy him/herself that the property account is correct by a verification of records and holdings in accordance with procedures set forth by the responsible PAO. The completion of the hand-over/take-over between PCHs shall be reflected in the out-processing sheet to be signed off by the outgoing PCH before his/her departure from the Command.

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CHAPTER 2 - POLICIES

In accordance with the responsibilities established in Chapter 1, the following policies are applicable:

2-1. Scope of the Directive

- a. This directive applies to assets belonging to all internationally funded military headquarters and organisations of ACO including the NATO Airborne Early Warning & Control Force Geilenkirchen (HQ NAEW&C Force GK.) as well as to the NATO Alliance Ground Surveillance Force (NAGSF) in Sigonella (ITA) but limited to the non-core assets³. The ACO property consists of various assets such as supplies, equipment, vehicles, buildings, land etc. belonging to or under the control of ACO in accordance with the NFRs/FRPs. The terms “property”, “assets”, “equipment”, “goods” and “infrastructure” are used interchangeably in this Directive.
- b. This Directive covers asset management and asset accounting activities related to non-CIS assets only. The CIS assets are owned and controlled by the NCI Organization and accounted for by the NCI Agency in accordance with its property accounting procedures. Where due to exceptional circumstance an ACO Command owns or controls CIS equipment, the present directive will apply also to those CIS assets.
- c. Assets funded through the non-appropriated funds generated by the Morale and Welfare Activities (MWA) is governed by the ACO Directive 005-001; therefore, it is not covered by this Directive, except for the provisions related to the write-off, as further specified in the present directive.
- d. Third parties' roles and responsibilities for the management, write-off, disposal and reporting of assets held on behalf of ACO are to be defined in ad-hoc agreements signed between ACO and that third party (e.g. Logistic Service Agreements) and comply with the provisions of this Directive. These agreements also include the responsibilities of NATO-led or Framework Nations in AOMs for the use of NFE/NFI.
- e. The definitions related to property, such as expandable and non-expandable property, attracted items etc. as provided in the ACO Directive 060-001 are no longer applicable to the ACO international property and they are considered superseded by the definitions provided in the present Directive, in the NAF and NFRs/FRPs, as relevant.

2-2. General Principles

- a. International property is to be used only for ACO's authorised tasks and activities needed to accomplish its mission and the achievement of the ACO's strategic goals and objectives. To meet exceptional circumstances or an emergency, Headquarters commanders or their designated representatives may authorise the temporary use of international property for other official purposes.

³ AGS core assets are all equipment part of the AGS Core System including the Common Support Equipment (CSE) and Common Support Assets used to support the AGS Core System maintenance tasks.

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- b. Commanders are to ensure that property will be accounted for during its entire lifecycle until it is expensed (for inventories only) or disposed of and that all transactions on property are duly recorded through manual or automated system (if available) in order to satisfy the requirements of the NFRs/FRPs, NAF and other applicable ACO directives, rules and procedures on property accounting and control, and financial data reporting on assets.
- c. Accounting for the ACO motor transport fleet, including write-off, cannibalisation and disposal procedures, is prescribed in the ACO Directive 055-001 and related Transport Management Instructions (TMI). However, all policies and procedures shall comply with the provisions of this directive and any discrepancy between the AD 060-080 and the AD 055-001 in relation to property accounting and control will be resolved in favour of the present Directive.
- d. The provisions of the present Directive are applicable to AOMs. However, for the Resolute Support mission the procedures for the redeployment, redistribution, write-off and disposal of non-CIS NATO funded assets, inventories, and stockholdings owned by ACO in Resolute Support are prescribed by the ACO Directive 080-102. These procedures have been agreed upon by the NATO Finance Committees (Budget Committee and Investment Committee) for the ISAF Mission and further extended to the Resolute Support mission. The request to apply these procedures to other AOM other than the Resolute Support mission must be coordinated with SHAPE and agreed upon by the same NATO Finance Committees.

2-3. Categories of ACO Assets

- a. The ACO assets shall be classified in accordance with the NAF, the ACO accounting policy on PP&E, Inventories and Intangible assets as normally reflected and updated on a yearly basis in the ACO End Of Year (EOY) Guidance for the closure of the ACO accounting book and the preparation of the ACO consolidated FS issued by SHAPE J8 ACO CAC Branch.
- b. In accordance with the NAF, the ACO PP&E categories are listed in the Tables A and B below. The ACO Commands are entitled to establish further sub-categories of PP&E, for example to account for a different useful life of the assets within the same asset category. However, the establishment of sub-categories shall be part of a property accounting policy to be applied constantly across ACO through the guidance and instruction provided by the ACO FC through the SHAPE J8 ACO CAC Branch. The ACO sub-categories that are currently in force across ACO are also shown in the Table A below.

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TABLE-A

NATO Asset Category	ACO Sub-Category
Land	n/a
Buildings	n/a
Other infrastructure	Road networks Parking areas Fences Helipad Runway Other (to clarify with CAC)
Installed equipment	Elevators HVAC Generators/UPS Access Control and Surveillance Systems
Machinery	n/a
Vehicles	n/a
Aircraft (& Spare parts)	n/a
Vessels	n/a
Mission equipment	n/a
Furniture	n/a
Communications	n/a
Automated Information Systems	n/a

c. In accordance with the NAF, the ACO inventories are grouped in the NATO asset categories listed in the Table B below.

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TABLE-B

Inventory Categories	ACO Sub-Category
Consumable	n/a
Spare parts	n/a
Ammunition	n/a

d. Assets of PP&E acquired after 01 January 2013 are recognized in the ACO FS at cost and depreciated over their useful life. In accordance with the NAF, assets acquired prior to 01 January 2013 are considered to be fully expensed. Inventories acquired after 01 January 2013 and held in stock are measured based on the Weighted Average Cost (WAC) method.

e. The EOY guidance issued annually by SHAPE J8 ACO CAC Branch will provide for each of the above mentioned asset categories and sub-categories a list of examples of assets which fall within those categories/sub-categories and the related assets' useful life.

2-4. Classification and Recording of the Assets

a. All ACO assets shall be categorized based on the groups and classes identified by the US Federal Supply Classification which classifies items of supply within the Federal Cataloguing Programme. This approach shall be applied ACO-wide with the exception of NAEW&C Force GK HQ where the primary criterion is related to the serialisation of the item.

b. To ensure that the categorisation of the assets is made in accordance with the ACO accounting policies for PP&E and Inventories and based on the above mentioned US Catalogue, the ACO Commands will make use of the 'ACO mapping file' which provides a link between the group/class number, the description of the assets, the way they qualify being either PP&E or Inventory, the related financial account and asset category/sub-category. This file is normally part of the EOY guidance distributed on an annual basis to the ACO Commands by the SHAPE J8 ACO CAC Branch.

c. Regardless of the type of automated accounting system used by the Property Accountable Officers for property records and transactions, all property shall be recorded in the ACO Asset Registers for both PP&E and inventories. The required assets data to populate the ACO PP&E Asset Register and Inventory Register have been summarized at Annexes D and E, respectively. The templates of both the above mentioned Registers to be used for the reporting of PP&E and inventories will be distributed separately, in electronic format, to all the ACO Commands.

d. The PAO shall ensure that the following minimum set of information on assets is properly recorded in the above mentioned ACO registers for the property held by his/her respective Command. Some data listed below are relevant only for PP&E or Inventories

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and vice versa. The correct imputation to one or the other category is reflected in the respective Asset Registers and in the asset data information listed at Annexes D and E:

- (1) Asset information:
 - (a) Asset category as defined in the NAF.
 - (b) Sub-category as NAF.
 - (c) Asset number/ tag number.
 - (d) Useful life (plus technical info if useful life different than the NAF); contract reference (e.g. supplier info, contractor, etc.).
 - (e) Project reference (if NSIP), budget/year reference.
 - (f) Description of all the assets provided.
- (2) Cost information:
 - (a) Original Currency.
 - (b) Acquisition value i.e. amount of acquisition costs (not replacement costs or WAC),
 - (c) Related costs eligible for capitalization (to be coordinated with the FAO),
 - (d) Related costs not eligible for capitalisation but part of the overall project authorisation (for reconciliation purpose); (to be coordinated with the FAO).
- (3) Dates:
 - (a) Date of acquisition.
 - (b) Delivery date.
 - (c) Date of disposal(if needed).
 - (d) Date of service (if needed).
- (4) Quantity information:
 - (a) Unit of measurement.
 - (b) Units.
 - (c) Split of the assets into material components of the PP&E (if component approach is used).

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- (5) Link with other assets (asset category as defined in the NAF, asset number/tag number).
- (6) Location.
- (7) For service provider:
 - (a) The customer that receives the asset management services.
- e. The FAO will further complete the Registers with any other relevant financial data related to the asset which is available.

2-5. Reporting on Assets

- a. The PAO shall report on a quarterly basis to the FAO the complete list of assets delivered to and taken over by the ACO Command concerned. The FAO shall verify the correctness of the data reported by the PAO for both legacy and new assets in accordance with the NFRs/FRPs, NAF, this Directive and any other ACO accounting policy on assets. If applicable, the data of the assets shall be verified by the FAO based on the financial data recorded in the Asset Module of the ACO Financial System in use vis-à-vis the data provided by the PAO in the asset register. Any discrepancy shall be investigated and corrected accordingly.

2-6. Control Criteria

- a. All assets delivered to an ACO entity shall be recorded in the asset register regardless whether they have been procured in-house or by a third party, are legally owned or made available to ACO by third parties. However, the assets to be reported in the ACO Consolidated Financial Statements are only those owned and/or controlled by ACO. Where ACO is not the legal owner of the assets, it shall be determined whether it has control over the assets in accordance with the definition of control and the control criteria laid down in the NAF.

- b. To facilitate the judgmental assessment of control, the following 10 indicators shall be assessed:

- (1) ACO purchased the asset or directed another party in purchasing the asset.
- (2) The legal title of the asset is in the name of ACO.
- (3) The asset is physically located on the premises or locations used by ACO (vs. located in a theatre of operations).
- (4) The asset is physically used by staff employed by ACO or staff working under ACO's instructions.
- (5) ACO can decide on an alternative use of the asset.
- (6) ACO can decide to sell or dispose of the asset.

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- (7) ACO can decide to replace the asset if it has to remove or destroy the asset.
 - (8) A representative of ACO regularly inspects the asset to monitor its current condition.
 - (9) The asset is used in achieving the objective of ACO.
 - (10) The asset will be retained by ACO at the end of the activity.
- c. If the majority (i.e. at least 6 out of the 10) of the above mentioned indicators are met, the asset is considered to be controlled by ACO.
- d. The FAO of the concerned ACO Command is responsible to make the assessment of the control criteria based on the information to be provided upon request by the PAO, logistics staff, technical division and requirement holders, as necessary. The final outcome of the assessment made on the control criteria shall be coordinated with the SHAPE J8 ACO CAC Branch.

2-7. The Property Management Cycle

- a. The management of ACO property takes place within a life cycle over the following phases, which are further disclosed in the procedures described in Chapter 3:
 - (1) Procurement and initial provision of property.
 - (2) Receiving and recording of the property.
 - (3) Use, warehousing, tracking and checking of property.
 - (4) Redistribution of property.
 - (5) Write-off of property.
 - (6) Disposal of property.

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CHAPTER 3 - PROCEDURES

The following principles and procedures are to be observed by ACO local HQs in the management and accounting of ACO property.

3-1. Procurement and Initial Provision of Property

a. Tendering and contract award procedures to purchase property for ACO use by ACO are not part of this Directive as they are dealt by in other ACO or BI-SC Directives on procurement. The procurement of ACO property by third parties is also not part of the present directive as it is part of the policies and procedures established by the NATO Security Investment Programme (NSIP) or other logistics agreements.

3-2. Receiving and Recording of the Property

a. Commanders shall ensure that all ACO property is received, validated and taken over regardless of how it has been procured, whether by the Military Budget or the NSIP, by the ACO P&C Offices or external procurement agencies. The Property Accountable Officer receives the goods from the supplier and shall coordinate, either with the requirement holders (technical divisions) or the relevant Program/project Managers, the acceptance of the goods in accordance with the statement of works and terms and condition of the contracts/purchase orders.

b. The property is not considered to be owned and controlled by ACO until it has been officially handed-over to ACO and ACO has inspected and accepted the property (take-over). In certain cases, ownership of assets can be transferred from the contractor to ACO depending on the terms and conditions used in the contractual arrangement with the contractor. ACO can also acquire assets through inter-NATO transfers and through free transfers (donations) from governments or third parties subject to relevant approval.

c. Assets may also, where facilities are available, be fabricated "in-house" and made available for use as well as transferred to ACO ex gratia by third parties. These assets will also be managed and accounted for in accordance with this directive.

d. The Handover/Takeover (HO/TO) of property must be constantly monitored by the ACO Commands to ensure the availability of the necessary financial information on the assets delivered to ACO. This information can be captured in the delivery notes or in other type of certificates. The ACO HO/TO certificate is attached at Annex F as a sample which can be used to validate the transfer of ownership/control of the assets from the vendor/supplier or procurement agency to ACO as well as to provide the basis for the reporting of the assets data in the related asset Register. The Joint Formal Acceptance Inspection (JFAI) foreseen by the NSIP procedures does not replace the HO/TO certificate even when it coincides with the actual physical hand-over of the assets to the ACO users.

3-3. Use, Warehousing and Tracking of Assets

a. Property accepted by the ACO entity is assigned to the PAO for proper management and warehousing. For all the property accepted, the PAO is responsible for

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conducting day-to-day functions. Items that cannot be issued to any individual end-user and considered multi-user or belonging to infrastructure such as the installed equipment (e.g. air conditioners, generators) must be signed for by the PAO. Assets of PP&E or tracked inventories distributed to users are signed off by the respective PCHs. The list of all PCHs that are allowed to receive property shall be held by the PAO and constantly updated to cater for staff rotation.

b. Tracking inventories. The guiding principle of inventories is that once items are issued from the warehouse they are considered expensed, therefore they are normally not included in the list of assets handed-over to the PCHs. However, the Chief, Support Group in coordination with the PAO can identify items of inventories that for their nature and scope are susceptible to be also tracked and reported after they have been issued to users through the PCH. Examples of tracked inventory includes tools, calculators, automobile accessories, etc.

c. For tracking purposes, each asset of PP&E or of 'tracked inventory' distributed to users must be assigned to a specific location within the office premises and listed in a 'Property Custodianship List' (PCL) to be signed for by the responsible PCH. Staff/personnel must not move or relocate any assets assigned to a specific location without prior written authorisation given by the PAO. Once an asset is moved, the PAO is responsible for updating the Asset Register accordingly and the PCL assigned to the responsible PCH.

d. All assets must be tagged according to the procedures issued by the Chief, Support Group. If a tag falls off from an asset it must be replaced. The replacement tag must contain the same information as the original tag.

e. Use of the property as well as regular maintenance and safeguarding of the property is an end-user's responsibility. The transfer of property from the PCH to an end-user is annotated by the PCH in his/her Balance List and a receipt for the item is signed for by the end user. It is the end user's responsibility to return all property assigned to him or her before leaving the Command as part of the check-out procedures. The PCH has the primary responsibility to ensure that all assets are returned, while the PAO will conduct the final verification.

f. It should be noted that matters related to the issue from stock, maintenance, return to stock, etc. and related documentation are not considered in this directive and are to be covered by guidelines and instructions defining warehousing and maintenance procedures, to be issued separately by the Chief, Support Groups or Logistcs Divisions within each ACO Command.

3-4. Checking of Assets (Quantity)

a. A full physical counting of all assets held in stock in a warehouse (hereinafter referred to as "stock-taking") shall be conducted by the PAO at least once during each calendar year. The annual stock-taking shall cover 100% of the assets held and be completed as of the end of the fiscal year (31 December).

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- b. Whenever the 100% annual stocktaking cannot be achieved due to the considerable volume of the assets held by the entity, the full physical counting may be spread up to a 3-year period, with the approval of SHAPE J8. However, in providing its approval, SHAPE J8 can instruct the requesting ACO Command to accomplish a 100% stocktaking of all the critical assets, regardless of their acquisition cost, such as the strategic assets or other specialist military equipment.
- c. The Chief, Support Group, in coordination with the Technical Divisions (Engineers, Logistics, transportation, medical, etc.) is responsible to identify which equipment shall be considered 'critical' in relation to operational requirements for the purpose of performing the 100% annual physical counting of these assets. The list of critical assets will be further coordinated with SHAPE J8 ACO CAC Branch to ensure consistency across ACO.
- d. For all PP&E in use, including infrastructures, and tracked inventories issued to users, the PAO shall ensure, in coordination with the accountable PCHs, that a full 100% physical counting of the assets is completed at least every 3 years. Should the concerned ACO Command hold a significant number of assets, the 100% full physical counting of the assets in use may be spread up to a 5-year period, with the approval of SHAPE J8.
- e. The Chief, Support Group can always establish other periodic checks on property to be conducted by other staff, ensuring segregation of duties, to guarantee the continued maintenance of accurate data as well as to verify the validity of records and holdings of the PAO.
- f. If an asset that has been physically counted is not found in the records of the assets, it must be added in the asset register of the entity as of the date it has been discovered. Likewise, if an asset is in the records of the entity but is not physically verified, it must be proposed for write-off.

3-5. Checking of Assets (Quality)

- a. The physical check shall also ensure that each asset is in useable condition and required for the conduct of ACO's business and that the expected remaining useful life of the assets reflects the actual consumption of the assets and their current status⁴. The expected useful life of each asset is a matter of judgement, and in some situations it may be necessary to reassess an asset's useful life. This will have an impact on the depreciation charge in future periods. Technical divisions and the PSB will support the PAO in the assessment of the remaining useful life of the assets.
- b. Assets which are no longer useable for the conduct of ACO's business must be reported for write-off. Assets which are still usable but otherwise not required for the conduct of ACO's business can be reported for redistribution or identified as slow moving stock. For all remaining assets, the physical count shall verify whether there are any

⁴ The GANA (Geographical Area of NSIP Activity) Inspectors do routine inspections of facilities to assess their operational capacity and state of maintenance iaw Bi-SC 85-1. Whenever the physical check of assets affects fixed infrastructure, the appropriate GANA has to be informed of the result.

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indicators of impairment / impairment reversal.

c. The most common indicators of impairment include:

- (1) Physical damage.
- (2) Evidence that the service performance of an asset is or will be significantly worse than expected.
- (3) Technological obsolescence.
- (4) Internal decisions which negatively affect the use and/or useful life of an asset.
- (5) Legal changes that negatively affect the ability of ACO to use or dispose of an asset.
- (6) Decline in usage of an asset.

b. If such indicators are present, this must be communicated to the Chief, Support Group and to the FAO. Other documents may also be requested such as:

- (1) Damage or inspection report.
- (2) Valuation report from an external party showing the fair market value of the fixed asset.
- (3) External quotes for repair works needed to bring the fixed asset to pre-impaired condition.
- (4) Copy of new legislation affecting use or disposal of fixed asset.

3-6. Reconciliation and Certification

a. At the end of the count, the asset register report must reconcile with the physical count. A reconciliation sheet, showing the differences between the physical count and the records of the asset register, as well as the corrective actions taken to reconcile differences must be kept on file. Evidence of the physical count and the subsequent reconciliation must be dated, signed by the Chief, Support Group, the PAO and staff members who conducted the count. Documentation related to the count must be retained on file in accordance with NATO Archives Management requirements for review by internal and/or external auditors, if requested.

b. Upon completion of the stocktaking and the physical counting described at para 3.4a and 3.4b respectively, of the assets in use the Chief, Support Group must submit an 'asset certification letter' using the template attached at Annex G to the FC with copy to the FAO certifying that the physical count for the Headquarters has taken place, that assets exist, are properly recorded in the entity's asset registers, are in operation and managed in accordance with this directive and other applicable policies and procedures. The letter must confirm that the entity's asset register is accurate and complete as per

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reconciliation with the results of the physical count. The letter must be submitted by 15 January certifying the actions performed by 31 December of the preceding year.

3-7. Slow Moving Items

a. Stock turnover represents the time it will take for current stock to be issued to users and it can be measured to properly appraise an entity's ability to manage stock efficiently. Slow moving stock could indicate that holdings exceed those required. This could reflect a change in requirements since items were originally purchased. In general terms, with a high level of slow moving stock, there is scope for rationalisation in order to reduce the risk of potential over-stocking, particularly if the slow moving items are consumables that are readily available from industry.

b. Nonetheless, there could be strategic justifications for holding stock, irrespective of its turnover. These include the need to hold operational and strategic reserves of complex stock which cannot easily be replaced by Commercial-Of-The-Shelves (COTS) items or to cater for market decisions to close production lines of key inventory items. In such cases Commanders may deem necessary to maintain an adequate stock of strategic items, despite the low turnover, should this be deemed necessary to maintain a high level Command's operational readiness and sustainment.

c. The Chief, Support Group should report to the FC by the 15 January the value of all the stock items qualified as 'strategic' held by the Command as of 31 December of the preceding year, that can be measured at the historical cost. The measurement method will be further specified in the instructions provided in the End of Year (EOY) Guidance issued by the SHAPE J8 ACO CAC Branch. Reporting shall include a description of the stocks and the indication of the assets or services to which they relate (e.g. strategic spare parts of military aircrafts).

d. It is possible to qualify as 'Strategic' only slow moving items, whereas obsolete or unserviceable items shall be written off and disposed of. Slow moving stock held by the entity as of 31 December - which has not been qualified as 'strategic' - shall be written down to the net realisable value⁵ in accordance with the NAF and if the following conditions are met:

- (1) The total value of non strategic slow moving items to be written down exceeds the materiality threshold of 50,000 Euro;
- (2) The items have been identified as 'slow moving' over the last 3 (three) reporting periods.

e. Should the local Command deem necessary to retain a certain level of critical and strategic stock items, the PAO should provide the local FC with an assessment on the appropriateness of the quantity of stocks to be held in the warehouse, including an impact statement describing the operational consequences of not holding such items on stock.

⁵ The net realisable value is the estimated selling price in the ordinary course of operations less estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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f. Financial Controllers will liaise with external agencies in charge of storing and maintaining strategic stock items on behalf of the local Command to assure that a similar approach and policy is applied.

3-8. Redistribution of Serviceable Assets in Surplus

a. The following paragraphs provide instructions on the redistribution within NATO organizations of international property which has become surplus due to major events such as reduction of staff, PE review, change of regulations, organizational reforms, replacement programs, etc. which have generated a certain quantity of surplus of international property in one or more ACO Commands. In those events, the redistribution shall be attempted in accordance with the procedure described in the present Directive.

b. Other than in the above mentioned events, Commanders have discretionary authority to report assets in surplus to SHAPE, through the respective chain of command, taking into account the number of the assets in surplus, their status and nature, unless otherwise prescribed by other ACO, BI-SC Directives or other NATO official documents, such as the ACO Directive 055-001 for the reporting of vehicles in surplus; or the Bi-SC 085-001 and the NSIP Manual for the reporting of assets funded by the NSIP.

c. The object of the redistribution of excess property is to achieve the most efficient and economical use of available resources and it is based on the following principles:

(1) Redistribution is defined as the transfer at residual value of the ACO serviceable excess property that moves within larger NATO organizations, i.e. ACO, ACT, IMS, NATO Agencies.

(2) The redistribution is managed centrally under the leadership of SHAPE DCOS RES, which has the authority to approve the transfers of assets in surplus between the NATO entities as further specified below (Para 3-8, letter i), in coordination with the relevant SHAPE technical divisions such as JENG, MED, etc.

(3) The PAO is responsible for identifying, in coordination with the PCHs and the technical divisions, all serviceable material resources, above operational requirements, to be declared as surplus by the concerned Command and made available for redistribution in accordance with the provisions of the present directive.

(4) Requirements holders within the Technical Divisions shall ensure that, whenever possible, items advertised on excess reports are requested for utilization in lieu of requesting the purchase of new, similar items planned for future procurement and approved in the Consolidated NATO Military Authorities Impact Statement (CNIS) requirements list.

(5) Whilst the declaring entities shall ensure the most accurate reporting of assets in surplus to reflect their current status, the requesting entities, by

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submitting the application for redistribution, accept the liability to take over the asset "as is" without the possibility to refuse the asset and return it to the sending entity. It is the responsibility of the requesting entity to arrange a site survey to check the status of the assets and whether they are fit for purpose, if they deem it necessary, before submitting a request for excess property.

(6) The sending PAO shall provide the receiving PAO with all the necessary information to allow the recognition of the assets in the asset Register of the receiving entity.

(7) The assets will be recognized in the asset Register by the receiving PAO to reflect the current status of the assets at the time of the transfer in terms of their residual value and remaining useful life.

d. Property in surplus not reported for redistribution in accordance with the discretionary authority mentioned above (Para 3-8, letter b) as well as property reported as surplus but not redistributed will be proposed for write-off in accordance with Paragraph 3-9 of this Directive. The request for write-off will have to be justified, accordingly, either due to the unsuccessful attempt of redistributing the assets or due to the decision taken of not reporting the assets in surplus based on the volume of the assets, their status and nature.

e. Excess international property suitable to be declared as surplus is that property which meets all of the following conditions:

- (1) Is in usable or economically repairable condition.
- (2) Can no longer be used nor needed by the declaring headquarters.
- (3) Is not of a standby or utility nature nor required to be on-hand as spares, in case of an emergency.

f. For the identification of the assets in surplus, the PAO receives the inputs from the PCHs for property in distribution to users. The lists of excess international property shall be reviewed by the Property Survey Board (PSB) in coordination with the technical divisions (e.g. J4, JENG, Medical Division, etc.) in order to assess whether the assets meet the conditions for the declaration of surplus as specified above.

g. Excess property will be reported to SHAPE through the respective chain of command either upon the occurrence of a major event which has generated the surplus, or once a year, using the Template attached at Annex H of the present directive.

h. All reports of excess international property will contain the following information:

- (1) Identification of the reporting command and PAO.
- (2) Item number (for easy reference, items reported will be consecutively numbered on each report).
- (3) Asset number or part number.

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- (4) Nomenclature, with sufficient description of the assets to ease identification.
 - (5) Status: The following codes will be used:
 - (a) Code 1 - new, requires no repair.
 - (b) Code 2 - used serviceable, requires no repair.
 - (c) Code 3 - economically repairable. Whenever this code is used, a description of the defect and estimated repair cost must be provided in the report.
 - (6) Quantity.
 - (7) Unit of measure.
 - (8) Acquisition value.
 - (9) Date of acquisition, and for PP&E acquired after 01 January 2013 the date of put in service.
 - (10) Residual value to be validated by the FAO.
 - (11) Remaining useful life.
 - (12) Remarks, to include any data which may be used for item identification, such as manufacture, model or type, source of procurement, technical description, availability of appropriate handbooks, pictures etc.
- i. After reviewing the reports received, SHAPE DCOS RES will prepare consolidated reports of excess property and distribute them across ACO, ACT, IMS, NATO Agencies. Requests for reported items must be submitted to DCOS RES, with a copy to the Command concerned within a minimum of 30 days from the date the relevant consolidated report has been made available.
- j. Where two or more entities bid for the same property, the priority order to deconflict multiple requests is as follows:
- (1) ACO NCS entities.
 - (2) ACT NCS entities.
 - (3) International Military Staff.
 - (4) NATO Agencies.
- k. As soon as possible after the deadline given for advertising the excess reports, SHAPE DCOS RES will approve the redistribution plan and issue instructions to the

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command(s) concerned for initiating the transfer of the assets or undertake the write-off action of those assets not requested for redistribution.

I. All transfers of excess property within entities will be between PAOs by means of a lateral transfer (LT) in accordance with the Template attached at Annex I. The LT will include all the data of the assets and related financial information necessary for the receiving entity to recognise the assets in its asset register. The asset data and financial data will be certified in the LT by the PAO and the FAO, respectively. Likewise, the LT will be signed off by the PAO and FAO of the receiving entity, respectively, for receipt and acceptance of the assets as well as verification and acknowledgment of the related financial information. A copy of the LT duly signed off shall be afterwards returned to the PAO of the sending organization.

m. Financial implications. Financial adjustments will be in accordance with the following principles:

(1) Transfers within ACO entities:

(a) Expenses for packing, crating and transporting will be borne initially by the sending headquarters and recovered from the receiving headquarters by means of existing ACO procedures.

(b) Receiving headquarters will give due consideration to costs involved in the transfer, as opposed to ordinary procurement, in order to ensure that the transfer will be economically sound.

(2) Transfers between ACO Headquarters and other NATO entities:

(a) NATO entities other than ACO HQs shall pay to the ACO sending HQs the residual value of the assets, plus all costs related to packing, crating and transportation.

(b) The residual value of the assets will be validated by the SHAPE J8 ACO CAC Branch; all amounts related to shipping the items will be assessed by the ACO FC, SHAPE.

3-9. Write-off of International Property

a. Assets shall constantly be monitored to ensure they fit for purpose and meet ACO's objectives and be in usable or economically repairable condition. International property will be written-off and disposed of whenever it has become unserviceable, discovered missing or physically damaged beyond economic repair, or surplus under the conditions described at Paragraph 3-8 d.) of the present directive. Annex J provides a summary of the steps of the business process necessary to approve a request for write-off as further described in the following paragraphs.

b. An asset may become unserviceable due to obsolescence. There are two types of obsolescence:

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- (1) Technical obsolescence. The asset has been superseded by a newer product or technology, thus becoming more cost effective and efficient to utilize the new technology in place of the old.
- (2) Functional obsolescence. The asset does no longer fit for purpose due to natural wear and tear, or due to some other intervening factors (e.g. damages).
- c. With the exception of lands and buildings, an asset of PP&E is considered to be economically repairable when its estimated repair costs do not exceed cumulatively over its useful life a total of 60% of its acquisition value. If the related costs exceed this 60% limit, judgement shall be applied in order to determine whether the repair is still cost effective or whether the asset has to be taken into consideration for write-off and disposal. On the other hand, a lower percentage than the aforementioned 60% indicator can also be taken into account if justified by the technical and operational condition of the asset, for example due to aging.
- d. For vehicles, the procedures contained in the Transport Management Instruction (TMI) n. 1 issued pursuant to ACO Directive 055-001 concerning the Repair Expenditure Limit apply. However, the procedures contained in the Transport Management Instruction (TMI) n. 14 on vehicles write-off and disposal are complemented or replaced, as relevant, by the write-off procedure issued pursuant to the present directive.
- e. For all discrepancies that require reconciliations due to missing property while conducting the annual stock-taking or physical counting of assets in use as described at Paragraph 3-4 above, the PCH and/or PAO shall prepare the necessary justification for the discrepancy and the related supporting documentation to initiate the request for write-off. PAO shall provide guidance and instructions to the PCHs on how to request a write-off, such as by means of loss/damage reports, discrepancy reports and reconciliations after assets counting, etc. and making use of applicable ACO official templates, if available.
- f. Requests for write-offs are submitted as soon as possible after the occurrence of the event which justifies the request. However, PAOs are encouraged to collect requests for write-off and pursue their approval through the PSB on an iterative basis, for instance monthly or on a quarterly basis.
- g. An application for write-off is made by means of a Report of Survey (ROS) for all categories of assets as listed above. The PAO and PCH, as relevant, will complete the application for write-off with all the necessary asset data, justifying why the equipment is no longer required, or detailing the circumstances concerning the loss, deterioration, destruction, or the unserviceable status of the assets. The PCH is responsible for requesting the PAO to initiate a ROS, for assembling the supporting documentation and explaining the circumstances of the request for write-off in relation to the assets received for distribution to users. The PAO is ultimately responsible for the processing and timely submission for approval through the PSB of the applications for write-off.
- h. The ROS provides the basis for the Property Survey Board (PSB) to investigate the facts and reasons of write-off, including the identification and assessment of elements which may lead to ascertain individual responsibilities by a Board of Inquiry

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(BOI) for cases of loss, damage or destruction of the international property as further specified at Paragraph 3-10 below. The PSB shall also verify the need for replacement of unserviceable property beyond economical repair (BER) and/or technically condemned.

i. The PAO is responsible to ensure that the assets proposed for write-off remain recorded in the asset register until the approval of the write-off and are identifiable for auditing purposes, pending the approval of the request for write-off. The date of approval of the write-off granted by the relevant authority will be reflected by a corresponding entry in the entity's asset register in order to update the records of the related assets.

j. A ROS shall contain the following information and be submitted in accordance with the template attached at Annex K:

- (1) PART 1 - Asset Management Information and Reason of the Application
 - (a) Headquarters and report of survey number.
 - (b) Serial number / tag number.
 - (c) Description of the asset.
 - (d) Asset category/sub-category.
 - (e) Unit of measure.
 - (f) Total Units of items proposed for write-off.
 - (g) Acquisition value (to specify currency).
 - (h) Total acquisition value (to specify currency). When the purchase price cannot be ascertained, an estimated price based on the fair value⁶ of the asset will be determined by the PAO.
 - (i) Source of funding (i.e. Military Budget (MB) or NSIP. If unknown, the asset will be considered as it was funded by the MB)).
 - (j) The date of purchase or the year of manufacture.
 - (k) The location of the asset.
 - (l) The grand total value based on the acquisition cost.
 - (m) The explanation on the reason why the items are proposed for write-off to be provided by the PAO. A summary of the reasons for the application will be supplied by the PAO; including all details which may help consideration. Copies of all supporting documentation will be attached.

⁶ Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction (i.e. market price).

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(n) The specification whether the replacement of the assets proposed for write-off by purchase of new assets of the same type is required, plus an estimate of the replacement costs based on the fair value.

(o) The signature of the ROS by the PAO for all assets data and information provided above from 1 to 14.

(2) PART 2 - Review, Recommendation and Approval of the Application

(a) The findings and recommendations made by the PSB and signature, including the assessment of elements of possible individual responsibilities due to willful act or gross negligence for cases of loss or damage of the property.

(b) The signature of the Chief, Support Group to approve the application for write-off in light of the recommendation and finding of the PSB.

(c) The recommendation and signature of the SHAPE J4 AMCC MTM Cell for requests of write-offs of green fleet vehicles.

(3) PART 3 - Assets Financial Information, Recommendation/Approval of the Write-off

(1) The asset number provided by the PAO in the above block n. 2.

(2) The description of the asset provided by the PAO in the above block n. 3.

(3) The category and sub/category of the asset as verified by the PAO.

(4) The total units with the related unit of measure.

(5) The net book value of the asset per unit (or expensed value for legacy assets acquired prior to 01 January 2013).

(6) The total net book value per total units of assets of PP&E (unit net book value per total line item quantity); or the Weighted Average Cost (WAC)⁷ for inventories.

(7) The grand total net book value. It should be noted that the 'grand' total of the ROS determines the appropriate level of write-off authorization. The value of the assets proposed for write-off is not based on the acquisition cost (historical costs) but on the expensed value or the net book value for the assets acquired, respectively, prior or after 01 January 2013 in accordance with the NAF.

(8) Signature of the FAO for review of the asset management

⁷ The WAC calculates an average cost of purchase which is calculated either on a periodic basis or after each delivery has been received and values inventory at that average cost.

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information provided in Part 1 of the ROS and related financial data added to Part 3 of the ROS from block 19 to 26.

(9) Signature for approval by the FC or recommendation to seek approval from the BC/IC when the grand total net book value exceeds his/her delegated power for write-off or when the authority to approve the write-off is retained by the relevant Finance Committee (e.g. for assets of fixed infrastructure), regardless of the value.

k. Grouping of the assets. In the following circumstances, assets proposed for write-off shall be grouped in one single ROS and will not be split to avoid the financial limits prescribed by the Financial Rules and Procedures approved by the BC for the write-offs:

(1) Related system components: e.g. homogeneous equipment with multiple components replaced in one action or by one programme.

(2) Single event related: when the write-off is due to the result of a catastrophic loss (e.g. fire or flood which destroys a large amount of equipment), or other events such as theft or discrepancies identified during the annual physical check.

l. In order to reduce bureaucracy and the number of applications for write-off, the PAO may elect to group in one ROS also inhomogeneous assets provided they belong to the same category/sub-category and were acquired during the same fiscal year.

m. Should the total value exceed the level of the authority of the FC or when the authority lies within the Finance Committee irrespective of the value, the Command concerned shall submit the request for write-off to the relevant Finance Committee through SHAPE. In such cases, the finance Committee's Decision Sheet (DS) will constitute the approving document of the request for write-off in order for the PAO to de-recognise the assets from the asset register. A copy of the FINAL DS shall be kept by the PAO as supporting documentation to justify the write-off and de-recognition of the asset and for audit purposes.

n. Further to Article XVII of the FRPs, the amount of the write-off of property is no longer based on the acquisition cost (historical costs) but on the expensed value or the net book value for the assets acquired, respectively, prior or after 01 January 2013 in accordance with the NAF. The FAO is responsible to add the appropriate value of the assets proposed for write-off in the application for write-off.

o. Based on the above mentioned value, the FC has authority to authorise write-offs of all expensed property or with a net book value below Level C of the EFL. Write-offs of property with a net book value equal to or in excess of Level C of the EFLs shall be reported to the relevant Finance Committee (BC or IC) through SHAPE.

p. Write-off of NSIP property. Further to the FRP XVII. 4, the write-offs of NSIP funded assets shall be done in accordance with the guidance issued by the Investment Committee (IC). The IC has delegated discretionary write-off authority to the Financial Controllers for non-fixed NATO infrastructure facilities/equipment which has been lost, stolen, damaged or has become unserviceable due to wear and tear. However, the

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request for write-off of the NSIP property shall be submitted to the IC in the following two circumstances:

- (1) When the net book value of non-fixed infrastructure (i.e. equipment) proposed for write-off is equal to or exceeds level C of the EFLs;
- (2) To request the write-off of NSIP fixed infrastructure regardless of its net book/expensed value.

q. Unless differently instructed by the IC the Host Nation remains responsible to request to the IC the deletion of the NSIP project from the NATO inventories in accordance with the NSIP regulations.

r. Reporting on write-offs of property. The FAOs shall report on a quarterly basis to SHAPE J8 ACO CAC Branch per each asset category/sub-category the summary of write-offs of property that their respective Financial Controllers have approved during the past quarter split between legacy and new assets in accordance with the definitions of the NAF. The quarterly reports shall be submitted to SHAPE J8 ACO CAC Branch by the end of each month following the reported trimester. Adjustments to the timelines for the submission of the last quarterly report over the year may be provided, if necessary, in the procedures and timelines established by the EOY guidance for the closure of the FY.

3-10. Write-off of International Property due to Willful Misconduct or Gross Negligence

a. Whenever a willful act or gross negligence appears to be the cause for the loss or damage to international property, the case shall be investigated in accordance with article 17 of the NFRs and related FRPs, the following paragraphs and any applicable national regulations.

b. "Gross negligence" is defined as a serious negligence amounting to reckless disregard, without any necessary implication of consciousness of the high degree of risk or the likely consequences of the conduct on the part of the person acting or omitting to act. As such, it represents something more fundamental than a failure to exercise proper skill and care constituting ordinary negligence. It is substantially higher in magnitude than simple inadvertence or failure to exercise the normal care that the circumstances justly demand.

c. "Willful misconduct" is defined as the conduct undertaken by a person who knows that he/she is committing, and intends to commit a breach of duty. Hence, this definition means a default that is deliberate, in that the person committing the relevant act knows that it is a default.

d. In case of theft or burglary, the PAO or PCH, as appropriate, shall report the loss, damage, or destruction, in the first instance to the base Police while informing his/her supervisor and Chief, Support Group. If there is any allegation of misconduct or gross negligence which caused the loss or the damage of international property, the request must always be brought to the attention of the Chief, Support Group.

e. Based on the elements verified by the PSB and its recommendation the Chief,

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Support Group will authorize the request to establish a Board of Inquiry (BOI) in accordance with the instruction issued pursuant to ACO Directive 010-019 to ascertain individual responsibilities when the case involves lost, missing or damaged property suspected to be caused by willful act or gross negligence irrespective of value.

f. Based on the recommendations made by the BOI, when the Commander deems that there are sufficient and objective elements to consider that the damage or loss was caused by a willful act or gross negligence, reimbursement of the financial loss shall be sought from the individual(s) concerned in accordance with the ACO Directive on Collection of sums due to International Headquarters and appropriate disciplinary action shall be taken in accordance with applicable national and/or international rules.

3-11. Write-off of Non-appropriated Fund (NAF) Property

a. Write-off procedures for the NAF assets shall follow the guidelines set forth in the above Paragraph 3-9, except that:

(1) The FC or the BC/IC are the approval authorities for assets which belong to the MWA but funded through the common funding.

(2) The Chief, Support Group is the approval authority for assets which belong to the MWA and funded through the NAF.

3-12. Disposal of International Property

a. Once the request for write-off has been approved, the PAO will ensure that the assets written-off are transferred to the Property Disposal Officer or to any other third party if the disposal is undertaken by those parties in accordance with formal agreements with external service providers such as the Host Nation or other agencies.

b. With the exception of buildings and lands⁸, the following Paragraphs describe the methods for disposing of international property after it has been written-off.

c. Sale:

(1) Sale "as is, where is". The ACO P&C Office or through contract support (such as a NATO Agency or other service provider) shall obtain the best available price for the sale of any property approved for write-off where the recommended method of disposal is the sale. The sale shall be made through the most competitive means possible/available following the ACO directives in force on purchase and contracting.

(2) Sale as scrap. The ACO P&C Office or through contract support (such as a NATO Agency or other service provider) shall obtain the best available price for the sale of any property considered as scrap and as approved for the write-off.

⁸ The disposal of fixed infrastructure shall follow the NSIP policies and procedures , taking into account that the ownership of a fixed infrastructure always belong to the territorial Host Nation.

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(3) Proceeds from sale of the international property shall follow the ACO Cash Management instructions issued by the SHAPE J8 ACO CAC Branch.

d. Cannibalization and scrapping of the reminder:

(1) Where the disposal by sale is not recommended, property declared unserviceable or surplus to requirements shall be cannibalized within 60 days after the approval of the write-off if the parts can be economically used. Any unusable remainder shall be disposed of locally as scrap. The scope of the cannibalization of assets written off is the potential re-use of parts of the assets concerned. The actual re-use of the assets can also be determined at a later stage. The assets generated from the cannibalization shall be classified in accordance with the asset categories and recorded in the asset register effective from the date the assets have been made available for potential use after the cannibalization. These assets are afterwards managed in accordance with the property management cycle as described above in the present directive.

e. Donations:

(1) Donations are defined as a transfer of property to a non-NATO entity or a NATO single Nation ex gratia, free of charge.

(2) If the donation is considered to serve the interests of NATO and when the sale or the cannibalization are not recommended, any surplus or obsolete property may be disposed of by donation to an external entity. Prior approval for such donations shall be obtained from the Budget Committee or the Investment Committee, depending on the source of funding. Assets funded by other source of funding other than the BC and the NSIP or whose source of funding is unknown, shall be treated in the same way as assets funded by the Military Budget. As with all cases of disposal, all NATO markings shall be removed and the donation documentation shall include specific language exempting NATO from any possible liability. A Certificate of Handover of Donated Equipment Template is provided at Annex L.

(3) Commanders are responsible to identify beneficiaries of donations and propose the donation to SHAPE J8 to further seek the approval of the relevant finance Committee.

f. Disposal as scrap or destruction

(1) Discarding assets may be considered when the asset is completely obsolete, cannot be sold or donated, or when the required repairs are no longer cost effective.

(2) Disposal by destruction, where necessary by law or by the nature of the property, and when the sale, cannibalization or donation are not recommended shall be implemented in the most practical manner by the PDO in coordination with P&C offices and related regulations and procedures. The method of destruction shall be dictated by the item(s) involved and with due regard to all

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safety precautions, the most stringent rules for environmental protection, and ensuring that scrapped equipment/material is demilitarised in accordance with extant policy and procedures. Special precautions and procedures may be required for the destruction of specific military items.

3-13. Disposal of Non-appropriated Fund (NAF) Property

a. Disposal of the MWA assets shall follow the guidelines set forth in the above Paragraph 3-12, except that:

(1) Proceeds from property disposal sales will be credited to the applicable MWA, unless the property was funded through the international funding.

LIST OF DUTIES OF PROPERTY ACCOUNTABLE OFFICER

1. **Property Accountable Officer (PAO).** The Property Accountable Officer (PAO) is responsible for receiving, checking for quantity and quality, warehousing, issuing to users, recording and validating the data of the property within his/her Headquarters. These duties shall be accomplished in accordance with the NFRs/FRPs, the NATO Accounting Framework, this directive and any other applicable ACO directives, policy and guidance on asset management.
2. Duties and responsibilities for the PAO are as follows:
 - a. Initiating requests for assets, replenishment of stocks, coordinating the HQs supply-chain-management and monitoring the process of receipt and distribution within his/her Command.
 - b. Taking over all the international property that is delivered to his/her Command, checking it for quantity and quality prior to distributing it to the users or warehousing it.
 - c. Preparing a Property Custodianship Structure that reflects the distribution and location of the assets to users to be used for the identification of the Property Custodianship Holders (PCHs).
 - d. Providing adequate training to the PCHs nominated by the Chiefs of Divisions, Offices, Units.
 - e. Issuing the property to users through the PCH and taking custody of property not assigned to the PCHs and that stocked into the warehouse.
 - f. Populating and maintaining up-to-date the property accounts records in the entity's asset registers in accordance with the asset data requirements shown at Annexes D and E of the present Directive.
 - g. Compiling a list of property considered surplus to requirements and submitting it to the appropriate authority for further decision on re-distribution.
 - h. Scheduling the annual physical check and ensuring that the assets' inspection is performed accordingly. A copy of this schedule will be forwarded to the Finance & Accounting Officer (FAO).
 - i. Ensuring all discrepancies are thoroughly investigated documented and corrected as necessary.
 - j. Processing and submitting applications for write-off.
 - k. Upon approval of a Report of Survey, he/she is responsible for coordinating the transfer of the assets written off to the Property Disposal Officer (PDO) for disposal of the property.

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- I. Providing on a quarterly basis asset data reports to the FAO and, upon request, to external and internal auditors for audit inspections.

LIST OF DUTIES OF PROPERTY DISPOSAL OFFICER

1. **The Property Disposal Officer (PDO).** The PDO is responsible to ensure the effective management of the disposal of all assets that have been written off in accordance with Article 17 of the NFRs, to account for such property and to dispose of it in compliance with all applicable national rules and regulations and the provisions of the present directive.
2. Duties and responsibilities of the PDO are as follows:
 - a. Organizing, planning and physically disposing of all written-off assets in accordance with the recommendation made by Property Survey Board (PSB) as approved in the authorization of the write-off.
 - b. Coordinating the disposal process with all the necessary stakeholders, such as the Purchase & Contracting Office for the disposal by sale or the Finance and Accounting Office for the disposal by donation, etc.
 - c. The PDO is held accountable for all property written-off until it is actually disposed of. The PDO shall inform the PAO about the actual disposal of the property to let the PAO update the relevant line item records in the asset register.
 - d. Retaining the evidence (disposal certificate) of the disposal of the assets for auditing purposes.
3. The disposal of property written off can also be performed by an external entity, service provider, or by the territorial Host Nation in accordance with formal agreements between the entities. In such a case, the agreements shall ensure compliance with the present Directive and the responsibilities and duties listed above.

LIST OF DUTIES OF PROPERTY CUSTODIANSHIP HOLDER

1. **The Property Custodianship Holder (PCH).** The PCH is accountable towards the PAO for proper management, control and reporting on assets received within his/her AOR for further distribution to users and listed in the Property Custodianship List (PCL). Responsibilities of the PCH are as follows:

- a. Requesting, receiving and returning the assets from/to the PAO and verifying that they are properly listed in the PCL; maintaining the PCL up-to-date.
- b. Ensuring property in his/her possession is maintained in a serviceable condition and coordinating with PAO for repair, replacement, exchange/turn-in of unserviceable/obsolete property.
- c. Conducting the annual 100% physical inventory check in accordance with the guidance, instructions and timelines issued by the PAO.
- d. Notifying the PAO all the identified discrepancies arising from the physical check recommending the appropriate actions.
- e. Declaring additional property that may be found during the annual assets physical check.
- f. Notifying the PAO all cases of loss of or damage to international property recorded in his/her PCL.

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ANNEX D TO
AD 060-080
DATED 13 FEB 17

ACO PROPERTY PLANT AND EQUIPMENT (PP&E) ASSET REGISTER DATA REQUIREMENTS

LOGISTIC REQUIREMENTS					
MINIMUM REQUIRED INFORMATION - MANDATORY					
ASSET INFORMATION					
NATO Asset category	ACO sub-category	Serial Number/tag number	Useful life	Project number (if NSIP), Budget & year (if MB)	Description
COST INFORMATION					
Original Currency	Original Acquisition value	Other related costs eligible for capitalisation	Other related costs NOT eligible for capitalisation		
DATES					
Date of acquisition	Delivery date (Hand-Over/Take-Over)	Date of service (for assets physically in use)	Date of write-off	Date of disposal	
QUANTITY INFORMATION			OTHER MANDATORY INFORMATION		
Unit of Measure	Total Units	Component approach: split of the assets into material components	Link to other assets, if any	Physical location	ACO entity
OTHER INFORMATION - IF AVAILABLE					
PURCHASE INFORMATION			STATUS AND REMARKS		
Invoice Number	Vendor Number - Vendor Name	Purchase Order Number	Current year status (for projects)		Remarks
FINANCIAL REQUIREMENTS					
Asset Number	Aset Type Capitalized/Expensed	Months Depreciation in First Year	Depreciate When Placed in Service (YES/NO)	Depreciation Start Date	Depreciate in Last Year (YES/NO)
Recoverable Cost (Note: greater of fair value less selling costs and value in use)	Net Book Value	Depreciation Reserve / Accumulated depreciation			Year-To-Date Depreciation

ACO INVENTORY REGISTER DATA REQUIREMENTS

MINIMUM REQUIRED INFORMATION - MANDATORY							
INVENTORY INFORMATION			COST INFORMATION				
Inventory category	Item number	Project number (if NSIP), Budget & year (if MB)	Original Currency	Original Acquisition value	Other related costs eligible for capitalisation (transport)		
DATES							
Date of acquisition	Delivery date	Date of issue	Date of write-off		Date of disposal		
QUANTITY INFORMATION			OTHER MANDATORY INFORMATION				
Unit of Measure	Total Units	WAC ¹	Physical location	ACO entity			
OTHER INFORMATION - IF AVAILABLE							
STATUS AND REMARKS							
Current year status (for projects)			Remarks				

¹ Weighted Average Cost (WAC)



SUPREME HEADQUARTERS ALLIED POWERS
EUROPE

GRAND QUARTIER GÉNÉRAL DES PUISSANCES ALLIÉES
EN EUROPE

B-7010 SHAPE, BELGIUM



CERTIFICATE OF HAND-OVER TO USERS AND ACCEPTANCE

RECORD OF HANDOVER

Project Number:	Project Title:
Project Manager:	Location:
References of the project: (IC-DS and IS-NOR Report)	
Description of the Project:	
List of the assets purchased: see attachment (attach the list of the assets grouped by the assets' categories/sub-categories, including Group/Class of the NATO stock number)	
Project authorisation value: (if NSIP, based on the IC authorisation)	
Cumulative expenditures as at the date of HO/TO:	
Break down of expenditures: see attachment (attach the breakdown of the costs based on the list of good and services purchased)	
HAND-OVER TO	
ACO Command:	
Division and Branch:	
Date:	

RECORD OF ACCEPTANCE

This Certificate of Acceptance is to certify that on the _____ (*insert date*)
the above listed assets procured under the NSIP project _____
as authorised by the IC with _____ (*insert Reference and date of*
IC-DS) have been accepted by ACO after the satisfactory completion of all
operational, mechanical, electrical and security systems controls as having
met all the technical specifications laid down in the Statement of Work
_____ (*insert Reference of SOW*).

Signed by (for Hand-Over):

[Procurement Agency Representative]

Name: _____ DATE: _____

(Authorized Signature)

Signed by (for Take-Over):

[ACO Representative]

Name: _____ DATE: _____

(Authorized Signature)

ANNEX G TO
AD 060-080
DATED 13 FEB 17

ASSET CERTIFICATION LETTER

Organization Name: _____

TO: Financial Controller

COPY TO Finance & Accounting Officer

FROM: Chief, Support Group

SUBJECT: ANNUAL STOCKTAKING / TRIENNIAL PHYSICAL COUNTING. ASSET CERTIFICATION LETTER

1. In fulfillment of the [insert "Annual Stocktaking" or "Triennial Physical counting", as appropriate], my Office has performed the following actions:

- a. We have reviewed the accuracy and completeness of the Entity's PP&E Assets and Inventory Registers.
- b. We have performed the physical count in accordance with the guidance issued pursuant to the ACO Directive 060-080 for the period of [insert period].
- c. We have updated the respective asset registers' records to correct discrepancies noted as follows:
 - (1) assets physically counted but not found in the records have been added in the asset register of the entity as of the date of the physical count;
 - (2) assets in the records of the entity but not physically verified, have been identified and they have been taken into account for the write-off procedure in accordance with Paragraph 3-9 of the AD 060-080.
- d. We have verified that all items are identified as such with proper location and condition required for the conduct of ACO's business and whether any indicators of impairment / impairment reversal exist.
- e. We have verified that the expected remaining useful life of the assets reflects the actual consumption of the assets or whether it can be extended. Any request for extension will be notified to the FAO.

2. Further to be above mentioned actions, I hereby certify that physical count of the assets belonging to [insert the name of the ACO Headquarters] has taken place, that assets exist, are properly recorded in the entity's asset registers, are in operation and managed in accordance with

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the AD 060-080 and other applicable policies and procedures, and all discrepancies have been duly reconciled.

Date Printed Name _____

Signature: _____

SAMPLE

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ANNEX H TO
AD 060-080
DATED 13 FEB 17

SURPLUS PROPERTY REPORT AS OF 31 DECEMBER 2015

PAO Name and contact details: Cdr H Smith, IVSN: 234 5678, Civil 0031 76543210, email: harry.smith@jfcnp.nato.int

Serial	Entity	Asset number	Description	Status	Qty	U/M	Acquisition value €	(a) Date of Acquisition/ (b) date place in service	Residual Value €	Remaining useful life	Remarks
				(1)							
1.	SHAPE	7110	Desk modular	1	485	EA	400	(a) 1 Jan 04	0	0	ASPA, 160x90, RAL 1013, height adjust.
2.	SHAPE	7110	Chair swivel	2	1417	EA	246	(a) 1 Jan 04	0	0	Chair with arms, dark grey, Buro International
3.	SHAPE	CHB9679	Vehicle Volvo	2	1	EA	434,500	(a) 1 Jan 10	0	0	Plate, Chassis number, maintenance costs to date, pictures, etc.
4.	SHAPE	163003	Power generation system	1	2	EA	2,997,682	(a) 1 Apr 14 (b) 1 Apr 14	2,498,068	1 year; 3 months	Purchase Order n. 2003/5H27006

NOTES:

- The status is to identify the condition of the item which is categorised as: 1 – new and requires no repair; 2 – used serviceable and requires no repair; 3 – economically repairable (must include a description of defect and an estimate of repair cost).
- Total quantity of the line item made available for redistribution.
- U/M = Unit of Measure.

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4. Acquisition cost per U/M when procured; 'N/A" if the assets were received free of charge.
5. Date of acquisition of the assets and for assets acquired after 1 January 2013 the date when the item was put in service
6. Residual value. There may be instances where the value of an item has increased since purchased and this should be reflected in the table, with a comment explaining the reason for the increase. See serial 4 as an example.
7. The remaining useful life of the assets at the time the assets is identified as surplus and proposed for redistribution (to be expressed in years/months)
8. Remarks – Any other available asset data not included above to better identify the asset, its status and location (e.g. for vehicles to include plate and chassis number).

SAMPLE

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**ANNEX I TO
AD 060-080
DATED 13 FEB 17**

LATERAL TRANSFER OF EXCESS INTERNATIONAL PROPERTY (AD 60-80)

(1) SENDING HQ

LT No.

PART 1 (ASSET MANAGEMENT INFORMATION)

(2) Serial number / tag number	(3) Asset description	(4) Unit of measure	(5) QTY	(6) Total Purchase Cost per line item (currency)	(7) Source of funding	(8) Category/Sub Category	(9) Date of acquisition	(10) Location
(11) Grand Total								

(12) Reference to SHAPE J4 decision on the transfer

(13) Signature of the PAO of the sending entity

Signature Name & Rank/Grade Date

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(20) Review of the Finance and Accounting Officer of the sending entity

Signature Name & Rank/Grade Date

(21) RECEIVING HQ

LT No.

(22) Signature of the PAO of the sending entity for receipt and acceptance of the assets

Signature _____ Name & Rank/Grade _____ Date _____

(23) Signature of the FAO of the receiving entity for financial data verification and acknowledgement

Signature _____ Name & Rank/Grade _____ Date _____

APPROVAL OF THE APPLICATION FOR WRITE-OFF (REPORT OF SURVEY)

PART 1 (ASSET MANAGEMENT INFORMATION AND REASON OF THE APPLICATION)			
STEP	WHO	WHAT	NOTES
1.a	PCH	<ul style="list-style-type: none"> • Turn-in the non-compliant items 	<ul style="list-style-type: none"> • The PCH provides the PAO with a request to turn-in a property with a proper justification why the equipment is no longer required, or detailing the circumstances concerning the loss, deterioration, destruction, or the unserviceable status of the asset.
1.b	PAO	<ul style="list-style-type: none"> • Application for write-off • Asset data • Justifications • Supporting documentation • Replacement requirement 	<ul style="list-style-type: none"> • The PAO initiates the application for write-off (ROS) including the necessary assets' data information; the justification why the equipment is no longer required, or detailing the circumstances concerning the loss, deterioration, destruction, or the unserviceable status of the asset; the need for replacing the asset or not. • The PAO signs the application for write-off and provides a printed copy to the PSB.
PART 2 (REVIEW, RECOMMENDATION AND APPROVAL OF THE APPLICATION)			
STEP	WHO	WHAT	NOTES
2	PSB	<ul style="list-style-type: none"> • Findings and recommendation • Initial investigation and assessment on individual responsibilities for cases of damage to or loss of property 	<ul style="list-style-type: none"> • The PSB receives the application for write-off from the PAO, reviews its justifications and supporting documentation and provides its recommendation on the write-off and the method of disposal. • In all cases of damage to or loss of property the PSB will include in its recommendation an assessment whether they have been caused by a wilful misconduct or gross negligence, and recommend to establish a BOI. • The PSB returns the printed copy signed by the members of the Board to the PAO.

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3	PAO	<ul style="list-style-type: none"> Final processing of the ROS 	<ul style="list-style-type: none"> The PAO provides the printed copy of the application for write-off signed by him/her and the PSB with the supporting documentation to the Chief, Support Group for its final approval.
4	Chief, Support Group	<ul style="list-style-type: none"> Approval of the application for write-off Request to establish a BOI 	<ul style="list-style-type: none"> The Chief, Support Group based on the finding and recommendations of the PSB approve the application for write-off. Based on the outcome of the investigations made by the PSB the Chief, Support Group recommends to establish a Board of Inquiry (BOI) IAW AD 10-19 to ascertain individual responsibilities when the case involves lost, missing or damaged property suspected to be caused by wilful act or gross negligence. The Chief, Support Group transmits through the PAO the application for write-off to the Finance & Accounting Officer

PART 3 (ASSETS FINANCIAL INFORMATION, RECOMMENDATION/APPROVAL OF THE WRITE-OFF)

STEP	WHO	WHAT	NOTES
5	FAO	<ul style="list-style-type: none"> Value of the ROS 	<ul style="list-style-type: none"> The FAO reviews the assets' data information reported by the PAO in the ROS and adds the value of the assets per line item and the grad total value which determines who is the authority that can approve the write-off. The FAO submits the signed copy of the ROS to the Financial Controller.
6	FCO	<ul style="list-style-type: none"> Approval of the write-off 	<ul style="list-style-type: none"> The Financial Controller approves the request for write-off within his/her delegated authority IAW article 17 of the NFR and related FRPs. When the total value exceeds his/her power of write-off or for all cases when the authority is retained by the relevant Finance Committee he/she recommends in the ROS to seek the BC or IC approval, as appropriate, and submits the ROS to the Committee with a separate letter.

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**ANNEX K TO
AD 060-080
DATED 13 FEB 17**

REPORT OF SURVEY FOR INTERNATIONAL PROPERTY

(AD 60-80/AD 90-2/AD 55-1)

(1) HQ

Report of Survey No.

PART 1 (ASSET MANAGEMENT INFORMATION AND REASON OF THE APPLICATION)

(2) Serial number / tag number	(3) Description	(4) Category/Sub Category	(5) Unit of measure	(6) Total Units	(7) Acquisition value	(8) Total Acquisition value	(9) Source of funding	(10) Date of purchase	(11) Location
(12) Grand Total									

(13) explanation for Application by Property Accounting Officer (Attach exhibits as necessary)

(14) Replacement: Required Estimated Replacement Cost Not Required (Mark as necessary)

(15) Signature of the PAO

DATE

Signature (Print or type name)

Rank or Grade

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PART 2 (REVIEW , RECOMMENDATION AND APPROVAL OF THE APPLICATION)

(16) Findings and Recommendations by the Property Survey Board (Attach exhibits where necessary)

Mark disposal methods recommended: transfer sale as is sale as scrap cannibalisation discarding destruction donation _____

1. _____ 2. _____ 3. _____ .
Chairman FAO Technical Member

NOTES:

- ✓ multiple options of disposal methods are allowed, e.g. cannibalisation and discarding of the reminder
- ✓ Print names, Rank/Grade and positions of the Board's members.

(17) Approval by the Chief, BSG Office of the application for write-off / Recommendation to establish a BOI

Signature _____ Name & Rank/Grade _____ Date _____

(18) Recommendation/Approval of SHAPE Logistics Division, Allied Movement Coordination Centre, Motor Transport Management Cell (SHAPE J4 AMCC MTMC) -..

Signature _____ Name & Rank/Grade _____ Date _____

NOTE

- ✓ Block 18 is applicable only to the write-off of Green Fleet vehicles and trailers

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PART 3 (ASSETS FINANCIAL INFORMATION, RECOMMENDATION/APPROVAL OF THE WRITE-OFF)

(19) Asset No.	(20) Description	(21) Category/Sub Category	(22) Total Units	(23) Net Book Value/WAC	(24) Total Net Book Value/Total WAC
(25) Grand Total					

(26) Review of the Finance and Accounting Officer

Signature _____ Name & Rank/Grade _____ Date _____

(27) Recommendation / Approval by Financial Controller.

Signature _____ Name & Rank/Grade _____ Date _____

NOTE: All ACO Forms 51 submitted to SHAPE to seek approval from the BC/IC shall be accompanied by the necessary supporting documentation.
NSIP-funded property to be submitted to the IC for approval have to make reference to the documents and IC decision by which the property was authorised in scope and funding and accepted into the NATO inventory (i.e. AC/4(PP)FA – JFAI), if available.

ANNEX L TO
AD 060-080
DATED 13 FEB 17

ACO HAND-OVER CERTIFICATE OF DONATED ASSET

WHEREAS, representatives of the [include requesting organization] (hereinafter referred as "Beneficiary") has requested the donation of certain ACO assets;

WHEREAS, pursuant to the Beneficiary's request, the relevant Finance Committee of NATO has authorized Allied Command Operations (hereinafter referred as "ACO") represented by the Supreme Headquarters Allied Powers Europe (hereinafter referred as "SHAPE") to hand-over to the Beneficiary the ACO properties listed on Appendix "A" hereto (hereinafter referred to as "Property");

WHEREAS, the Beneficiary has expressed desire to receive such Property;

NOW THEREFORE, SHAPE and the Beneficiary agree as follows:

1. Upon signing this Certificate, SHAPE [insert as relevant (1) will instruct [insert the ACO Command] to hand-over the Property or (2) will hand-over the Property] to the Beneficiary and consequently, ACO will transfer its entire right and interest in and to the Property, including, if any, accessories, ancillary equipment or stocks of parts necessary for the operation of use of the Property. In this regard, ACO shall revoke any license or registration record in which ACO or NATO is the registered owner or operator and shall cancel any insurance still in force.
2. Transfer of ownership of the Property is on an "AS IS, WHERE IS" basis and SHAPE makes no representations or warranties on the condition of the Property or fitness for its purpose. If repair or servicing is required, the Government will bear, solely, the costs of such repair or servicing.
3. The Beneficiary will erase all remaining NATO/ACO Logos and identification markings on the Property.
4. With effect from the signing of this Certificate, the Beneficiary assumes full possession, control and responsibility for the Property and related facilities and shall indemnify, hold and save harmless and defend, at its own expense, ACO and their employees, from and against all suits, claims, demands and liability of any nature or kind which may arise from or in connection with use or operation of the Property and related facilities after the transfer of ownership.
5. Nothing in this Certificate shall be deemed a waiver, expressed or implied, of any privileges or immunities enjoyed by ACO.
6. This Certificate shall become effective from the date of signing.
7. IN WITNESS WHEREOF, we the duly authorized representative of the Parties, have affixed our signatures on this _____ day of _____ 201X, at _____.