PART VII: ASSET POLICY

Article 1 - Introduction

Purpose

1. These provisions are designed to meet the inventory management requirements inherent in the EPF Council Decision and these Rules.

2. Each authorising officer by delegation or sub delegation shall keep an inventory showing the quantity and value of all assets entrusted to him/her, and shall check that entries in the inventory correspond to the actual situation at least annually.

3. In order to do so, the Facility needs to set up a system of inventories supplying all the information required for keeping the accounts and safeguarding assets.

Scope

4. All assets purchased with funding by the Facility are subject to these provisions.

5. These provisions relate to the inventory and management of the assets of the Facility, held by the operations or at central level (hereafter: Titles). They comply with and complement the accounting rules applicable to assets.

6. An authorising officer may, in his or her field of competence and in accordance with the rules in force, supplement these provisions by Standard Operation Procedures.

7. Exceptions to and derogations from these provisions are subject to a request by the authorising officer to the Facility Committee.

Article 2 - The basic principles

Fixed asset

1. The fixed assets belonging to the different Titles of Facility (hereinafter "assets") may consist of tangible and intangible assets.

2. A fixed asset is any item or right intended for use for a period longer than one year, and from which future economic benefits are expected.

3. A fixed asset is said to be tangible if it has physical substance. It is intangible if it is without physical substance. However, for the purposes of the current policy, software shall be treated as normal tangible assets under the CIS category CIS/Software. The different categories of assets entered on Facility statement of financial position are found in ANNEX I.

Inventory

4. Asset management is ensured by keeping and monitoring two types of inventories: financial and operational.

5. The financial inventory involves maintaining a detailed list of the assets and their current book value which belong to the Title and which are therefore entered on the assets side of the balance sheet in the Titles' fixed-assets accounts.

6. An asset is entered on the assets side of the balance sheet where:

(a) its normal usable life is more than 12 months and
(b) it is not a consumable and
(c) its initial value is above € 420.

7. The operational inventory involves maintaining a list of assets for the purposes of sound operational management and user accountability, even if their purchase value is below the threshold for entry in the financial inventory.

8. The entering of assets in the operational inventory is decided on by the authorising officer within his or her field of competence, depending on the asset class and monitoring required, having consulted the administrator (when appropriate). However, the following guidelines on which assets to include shall serve as a guide:

(a) All assets in the financial inventory,
(b) No assets with an initial value below the lower threshold of € 130,
(c) Sensitive items, such as consumer electronics, above the lower threshold.

Asset Management System (AMS)

9. The system that provides the information necessary for keeping accounts and safeguarding assets is a combination of different IT tools used within the Facility, hereafter called asset management system (AMS). The AMS contributes to drawing up the financial statements and conducting periodical physical checks.

10. All assets belonging to the Titles are inventoried in the AMS, which ensures the unity of entry of the assets belonging to the Facility.

Article 3 - Roles and Responsibilities

Authorising officers

1. The authorising officers in collaboration with the accounting officer are responsible for the acquisition, inventorying and monitoring of the assets they have acquired.

2. The authorising officer is responsible for:

(a) receiving assets and entering the master data in the AMS

(b) validating and updating the assets belonging to the Titles in the financial and operational inventories,
(c) the purchase, identification and location of the assets belonging to the Titles,
(d) planning and monitoring physical checks and overall asset relocation,
(e) planning and monitoring the disposal of assets,
(f) supplying, at the request of the accounting officer for operations, the information necessary for monitoring the financial inventory.

Responsible branch

3. The authorising officers shall be assisted in the monitoring and management of their assets by the responsible branches of the general staff of the operation, namely J6 for the ICT assets, J2 for classified assets and J4 for all other assets.

(a) The responsible branches assist their authorising officer with the operational maintenance and management of assets. They are responsible for, inter alia:
(b) installation, labelling, assembly and repair of assets,
(c) physical monitoring of assets,
(d) physical inventory checks of assets.

Disposal committee

4. The authorising officer shall set up a disposal committee for the disposal of assets, which shall at least include the authorising officer, accounting officer and the head of the responsible branch concerned.

5. The disposal committee is responsible for the disposal of assets defined in Chapter 7.

Role of administrator and accounting officer for operations

6. The accounting officer for operations coordinates the keeping and management of the financial inventories of the different Titles and their consolidation.

7. The accounting officer for operations is responsible for:

(a) coordinating, checking, updating and circulating the rules on financial inventory management in force within the Facility,
(b) training, supporting and advising on the correct application of these provisions and other rules on financial inventory management in force
(c) defining and checking the structure and the asset nomenclature in the AMS inventory database,
(d) checking and monitoring the financial inventory of assets in AMS,

8. The administrator shall coordinate the keeping and management of the operational inventory of the different titles. Furthermore, he shall also manage the software and hardware required to maintain the AMS.

9. The administrator is responsible for:

(a) coordinating, checking, updating and circulating the rules on operational inventory in force within the Facility,
(b) training, support and advice to the authorising officers on the correct application of these provisions and other rules on operational inventory,
(c) checking and monitoring the operational inventory of assets in AMS,
(d) making available and maintaining the AMS,
(e) making available and maintaining the IT equipment necessary for inventory management.

Article 4 - Entry of Assets

1. All assets, as defined in chapter 2, belonging to the Facility shall be entered in the inventory database in AMS, whatever their nature.

2. Entry in the inventory consists in creating an identification record for the asset, to which an identification number is assigned, in order to include it in the asset master data.

3. Supporting documents relating to the entry of an asset in the inventory shall be retained by the authorising officer of each Title.

Asset master data

4. When receiving an asset, the authorising officer shall create the asset master data in AMS. The total of all asset master data constitutes the inventory database.

5. The mandatory minimum data in AMS shall contain:

(a) the inventory number
(b) the category of the asset which shall determine the rate of depreciation
(c) the description of the asset,
(d) its location,
(e) the implementation date[1] of the asset
(f) the initial value of the asset
(g) the invoice number(s) related to the acquisition of the asset in order to provide a link to the accounting system

6. The asset category shall be based on the general asset nomenclature drawn up by the accounting officer for operations, defined in ANNEX I. The authorising officer of the HQ may submit a request, stating reasons, for an asset class to be added or changed.

[1] The implementation date is the date the asset enters into use. Theoretically this is when it should start depreciating. In case it is impractical to track the implementation date the invoice date can be used, and in case the acquisition involves more than one invoice, then the date of the last invoice should be taken.

Inventory number

1. When the asset master data are first saved, the asset shall be assigned a unique inventory number based on a specific syntax "aaaabbcccc".

(a) representing the year of purchase,
(b) the title of the operation in the Facility's budget and
(c) an iterative number for the assets purchased that year.

As an example, the first item purchased by EUTM Somalia in 2014 would then have a number 2014120001.

7. The inventory number is converted into a barcode printed on a label affixed to the asset throughout its lifetime, to enable it to be identified and located.

Article 5 - Identification of Assets

1. All assets delivered are received by the responsible branch in the operation, which shall validate the physical reception of assets. Subsequently, the authorising officer shall enter the master data as described above at the moment of delivery.

2. The assets are made identifiable by affixing barcode labels. These identifiers attached to assets throughout their lifetime state its inventory number and the latter's representation in the form of a barcode.

3. Authorising officers are responsible for monitoring labelling. Two copies of the identifier are affixed to the asset. One of them shall be visible and immediately accessible. The other one, the spare one, shall be affixed on a protected spot. If a label is missing or damaged, it shall be replaced.

2. In exceptional cases where it may prove difficult or inadvisable to affix an identifier to certain assets, the authorising department shall maintain, and keep updated a register containing the asset's identifier and possibly a photograph of the asset. The assets concerned are primarily:

(a) assets in certain asset classes (e.g. land, buildings, software),
(b) assets of small size.

Article 6 - Locations of Assets

1. Authorising officers are responsible for monitoring the location of the assets under their responsibility.

2. The location of the asset indicates the general location address of the asset in alphanumeric form. It shall be composed of the country in which the asset is located followed by the capital in abbreviated form. As an example, an asset in the MFHQ of EUTM RCA, located in Bangui in Central African Republic shall thus have a location of, RCA-BGF.

3. An authorising officer shall be free to add additional locational information.

4. A location shall be attributed to an asset. This database entry makes it possible to ascertain that an asset is present in a given location, on a given date. The last address entered in the AMS corresponds to the location of the asset.

5. Any movement of an asset from one location to another shall be notified to the authorising officer and the physical location of the asset shall be updated in the AMS.

Article 7 - Disposal of Assets

3. The disposal of an asset belonging to the Facility consists of deleting it from the AMS and carrying out its physical removal.
4. The decision to dispose of an asset is taken when it is observed to fail to serve its purpose. There are numerous possible reasons for such a situation, namely:

(a) obsolescence (disuse),
(b) age (disrepair),
(c) faults (breakdown),
(d) disappearance (theft, loss, confiscation),
(e) destruction (fire),
(f) internal policy.

A. Disposal decision

5. It is up to the disposal committee of each relevant Title to decide whether an asset shall be eligible for disposal.

6. At least once a year, the authorising officer shall convene the disposal committee in order to review the inventories and act accordingly.

7. The justification for any disposal shall be recorded in the meeting minutes of the disposal committee. The administrator shall receive a copy of these meeting minutes.

8. The decision to dispose of an asset, validated by the disposal committee, requires the authorising and accounting officers to update the AMS and the responsible branch to proceed to physically remove the disposed asset from the premises if required.

9. In the following cases any proposal by the disposal committee to dispose of an asset shall be subject to the approval of the Facility Committee:

(a) to dispose of an asset with an initial value equal or greater than 130 000 euro.
(b) to dispose of an asset by means of voluntary free transfer, as defined in paragraph 12 of this Article.
(c) a proposal for the final destination of the assets of the operation with a view to the winding up of the operation.

B Type of disposal

10. When the disposal committee decides that an asset should be disposed of, it shall specify whether the asset is to be scrapped, transferred free of charge or sold.

Scrapping

11. Scrapping is the simple decommissioning of the asset. It applies to assets that cannot be disposed of to third parties or which are registered as having disappeared. It includes the following situations:

(a) Loss. This includes loss due to theft or destruction of an asset. Any disposal of assets as a result of loss shall be clearly recorded and validated by the disposal committee. Each loss shall be accompanies by an explanatory statement of the responsible branch of the asset. It shall be up to the disposal Committee to decide if any follow up investigations need to be done depending on the value of the asset and the circumstances of the loss.

(b) Recycling. Assets which have come to the end of their life and can serve no possible use to anyone else shall be recycled when possible in the appropriate way.

(c) Destruction. Assets of an operation that at one point contained sensitive or classified information shall be destroyed. The disposal committee shall review and approve any items proposed for destruction taking sound financial management and operational requirements into consideration.

Transfer free of charge

12. The transfer of an asset free of charge is the transfer of the asset's ownership where the outcome of that operation entails neither capital gain nor capital loss of assets for the organisation.

13. Assets may be transferred to other operations, subject to approval of the authorising officer of both operations and the administrator.

14. Voluntary free transfer, donation, of assets:

(a) Donation to charity: For certain assets the costs and effort involved in selling the asset, such as transportation, repair or determining its value, shall outweigh the potential benefits. For this reason a donation is a cost-efficient way to dispose of assets an operation no longer needs.

(b) Donation to host country: For any donation to a host country, it is important that the disposal committee clearly defines the conditions under which this shall happen and that it shall be beneficial to the operation in terms of its relations to the host nation. In making the decision, the operation shall take care not to be exposed to any future claims or costs related to their donation. A donation of assets that a host country cannot afford to maintain or use shall not be considered in this instance. The authorising officer shall seek guidance from other actors in the theatre of operations if such a donation is warranted.

Sale

15. The transfer of an asset against payment is the transfer of ownership of that asset to a third party with capital gain or loss of assets for the organisation. It may be linked to a contract of sale or purchase or to any other contractual arrangement that transfers ownership.

16. Assets shall be disposed of at market value, regardless of their accounting value. For any asset that the operation wishes to sell, a market value shall be determined. Sale may be realised through public/private auctions, direct sale to a Member State, third state or another public entity in keeping with the principles of sound financial management and avoiding any conflicts of interest.

Article 8 - Monitoring of Assets
Monitoring of financial inventory

1. The accounting officer of the HQ shall on a quarterly basis compare in AMS the assets added with the accountancy postings and correct any errors if required.

2. Depreciation and amortisation shall be calculated on a monthly basis and booked at least annually on the basis of the information provided in the AMS by the local accounting officer in collaboration with the accounting officer for operations.

3. The asset categories and their respective useful life are defined in ANNEX I. The authorising officer may submit a request to the accounting officer for operations, stating reasons, for the useful life of an asset class to be changed.

Monitoring of operational inventory

4. The AMS shall at all times be able to provide a listing of the assets which belong to the Facility and specify their locations. The authorising officers shall check that the inventory entries correspond to reality. Any discrepancy shall be corrected in the AMS.

5. At least once a year the authorising officer in collaboration with the responsible branches shall conduct a physical inventory check.

6. The aim of monitoring the physical inventory check is to verify the physical existence of each asset and its conformity with the corresponding entry in the AMS.

7. It is recommended that the physical inventory check is done before the end of September, so that searches and any corrections can be completed before the end of the year.

8. A report of the outcome shall be notified to the disposal committee for further handling if required.

ANNEX I: Categories of Assets and Related Depreciation Rates

Asset category	Useful life
Land	œ (not depreciated)
Buildings and infrastructure	10 years
Plant, machinery, tools and temporary structures in theatre	5 years
Furniture	2 years
Vehicles	3 years
CIS • Audio-visual • Miscellaneous • Network • PC • Peripheral • Software • Telecoms • Classified	2 years
Other assets	To be determined

Software that come pre-installed on hardware shall be regarded as contribution to the value of that hardware and not separately inventoried, e.g. the purchase of a computer with an operating system installed shall be regarded as a single item for the inventory under the category CIS/PC.