OPERATIONAL INSTRUCTION REF. OI.FG.2018.02

FIXED AND INTANGIBLE ASSET MANAGEMENT

1. Authority
1.1. This Operational Instruction (OI) is promulgated by the Chief Financial Officer, Finance Group, under Operational Directive Ref. OD.FG.2018.01: Finance and Asset Management.

2. Purpose
2.1. The purpose of this OI is to outline how UNOPS shall undertake Fixed and Intangible Asset Management (FIAM). The specific processes describing in detail how to undertake FIAM shall be included in the Processes and Quality Management System (PQMS).

3. Effective Date
3.1. This OI shall become effective immediately.

4. Consequential Changes
4.1. This OI shall supersede and replace:
   - AI/EO/2011/02 (rev. 1): Management of Property, Plant and Equipment (PPE)
   - ALEO.2010.01: Establishment, management and closure of corporate dwelling facilities
   - AI/CSPG/2013/01: Management and Use of Vehicles

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Chief Financial Officer
OPERATIONAL INSTRUCTION REF. OI. FG. 2018.02

FIXED AND INTANGIBLE ASSET MANAGEMENT

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1. Elements of Fixed and Intangible Asset Management (FIAM)

1.1. The OI on FIAM consists of four elements. The scope of each of these elements is defined in this OI. For each element a number of process maps and mandatory procedures, consistent with the scope definition and boundaries provided herein, shall be included in the Process and Quality Management System (PQMS).

1.2. Where matters arise that do not fall under one of these elements, the Director, FG, may provide authoritative interpretations or grant exceptions, as required. The Director, FG, may develop and update appropriate processes and mandatory procedures in the PQMS where in their opinion general additional guidance is required, and may update this OI, accordingly. Ad-hoc guidance shall be logged for regular evaluation in order to ensure that the processes and mandatory procedures in the PQMS continue to serve the purpose of the organization.

2. Understanding scope and glossary

2.1. The instructions under this OI shall apply to all fixed and intangible assets deemed to be recognised as an asset under IPSAS 17, IPSAS 31 or IPSAS 12 and under the control of UNOPS.

3. Management of the Asset Life Cycle

Acquisitions and developments

3.1. Records of assets shall be maintained as per Rule 121.01.

3.2. UNOPS may acquire assets through purchase, donation, self-construction or exchange.

3.3. The capitalization threshold for fixed and non-internally developed intangible assets deemed to be under the control of UNOPS as defined in IPSAS 17, shall be USD 2,500.

3.4. The capitalization threshold for internally developed software which meets the conditions for recognition as described under IPSAS 31 shall be USD 100,000.

3.5. The capitalization threshold for leasehold improvements shall be USD 10,000.

3.6. Items with a value between USD 300 and USD 2,499 must be expensed and recorded as Registered Assets.

3.7. Inventories as defined under the UNOPS FRR must be expensed and recorded.

3.8. Capitalized and Registered Assets must be recorded at cost which is the amount of cash or cash equivalents paid and the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. Depreciation of the asset may begin when its placed in-service (An asset is considered to be placed in-service when it is in the location and condition or state of readiness necessary for it to be capable of operating in the manner intended by management.) An asset should be depreciated over its useful life, regardless of any increase in its fair value or recoverable amount.

3.9. Useful life is the period over which an asset is expected to be available for use by an entity. UNOPS should use its best estimate in determining the useful life of the asset in accordance with the expected utility of the asset. Therefore the useful life of an asset may be shorter than its economic life, which represents the number of years that the asset can be used by one or more subsequent users.
3.10. The useful life of the asset and its depreciation method are reviewed periodically, and any resulting changes are made against the depreciation charge for the current and future periods.

3.11. Capitalized and registered assets must be tagged with a numeric character and records must be kept noting their location.

**Asset management during the life of an asset**

3.12. A local Asset Focal Point (AFP) shall be appointed by the Head of Office and the AFP must ensure that regular counts of the asset records are carried out, including impairment testing and that the records maintained are up to date.

3.13. When subsequent expenses above USD 2,500 to upgrade or enhance an asset are incurred, these must be recognized as part of the asset and a cost adjustment must be made.

3.14. In general all assets may only be used for official purposes, however specific guidelines and exceptions are in place for the use and management of vehicles. The process maps and mandatory procedures for this are stipulated in the PQMS.

**Disposals and movements**

3.15. An asset should be removed from the UNOPS asset records when it is permanently withdrawn from use and no future economic benefits or service potential is expected from the asset.

3.16. Disposal of an asset from the project under which it is recorded should be initiated prior to the closure date of the project and may be done through one of the following methods:
   
   a. Disposal through sale
   b. Disposal through donation
   c. Disposal through transfer to another UNOPS project (GLA adjustment)
   d. Disposal through handing the assets back to the client
   e. Disposal through discard
   f. Disposal in error

3.17. In case an asset is stolen, lost or damaged beyond repair, it is important to document the circumstances in a way that allows the respective authority to evaluate the case with regards to any possible negligence. In cases where there is a serious suspicion that loss, damage or theft of assets is the result of misconduct, an investigation may be warranted.

3.18. All disposals must be reviewed by the appropriate level of authority and approval should be obtained prior to the disposal. In cases where multiple assets under a project are disposed at the same time, the amount determining the level of review is the cumulative netbook value of the assets being disposed.
4. Management of oversight and monitoring

Asset Verification and Certification

4.1. Bi-annual asset verification and certification for capitalized assets should be performed in order to identify any missing, damaged or obsolete assets contained in the fixed asset register.

4.2. The responsibility for the annual physical verification and certification exercises for capitalized assets in locations other than Headquarters has been delegated to the respective Regional Director. Regional Directors may delegate the authority for the annual physical verification exercises to any other UNOPS personnel in his/her area of responsibility. To comply with the principle of separation of duties, the AFP must not perform the annual physical verification exercise. Head of Business Units in the relevant structure has the responsibility of nominating the physical verification team.

4.3. An annual verification and certification of registered assets must take place at the level of the business unit, this is mandatory.

4.4. An annual certification of the stock balances should be performed and reported to FG.

Categories and useful life of assets

4.5. The categories and useful life of assets are listed in PQMS.

5. Manage special considerations for assets outside the control of UNOPS

5.1. Assets on loan and assets deemed not to be under the control of UNOPS as defined in IPSAS 32 shall not be capitalized in UNOPS’ books regardless of values.