**Furniture and Equipment: Acquisition and Maintenance**

**Scope**

1. Due to the similarity in accounting treatment, this section describes the operational policies and procedures for the following classes of assets that have been titled Furniture and Equipment:

* Furniture and fittings
* Communications and IT equipment
* Heavy machinery and other equipment
* Vehicles

1. All Furniture and Equipment that meet the five criteria for capitalization mentioned under the Property Plant and Equipment Policy (see recognition criteria) must be capitalized and recorded in the Quantum Assets Module. Complete and accurate records, from acquisition to disposal must be maintained in the Quantum Assets Module for all UNDP Furniture and Equipment.
2. The other classes of assets, including Intangibles, Finance Leases and Leasehold Improvements have different accounting treatments and are therefore described in separate POPP content sections.

\*In this POPP any reference to the capitalization threshold of US$ 5,000 for UNDP also mean $ 5,000 for U NCDF

**Management of Furniture and Equipment**

1. UNDP Financial Regulations and Rules prescribe the management and safeguarding of UNDP purchased, donated or transferred Furniture and Equipment by maintaining accurate, complete and up-to-date records of the acquisition, receipt, custody, maintenance, location, adjustment and disposal transactions. These processes must be in line with the Internal Control Framework to ensure adequate controls, authorization and approval levels as well as the segregation of financial and custodial duties. For more information on this, please see the Operational Guide of the Internal Control Framework

**Custodial items**

1. These are items that are considered attractive, and thus may be susceptible to theft or loss, they are owned, used and controlled by UNDP, and are issued to individuals for official use and valued below the capitalization threshold of US$5,000 but higher than US$500.  Such items are recorded in the Quantum asset module in the Non-Cap Book , to ensure the management and safeguarding of such custodial items.  The Non-Cap Book may be used to allocate all custodial items assigned to a staff member, or custodian of the item, and to update the asset record details when the item is returned, reassigned or disposed of. The [equipment loan](https://popp.undp.org/node/5021) form may also be used for the allocation of such items to staff for official usage.  Submission to the Headquarters as part of the biannual certification is not required.

**Furniture and Equipment Acquired by UNDP**

# **Purchased Furniture and Equipment**

1. UNDP uses a procurement catalogue to select items that are to be purchased. Furniture and Equipment items valued at US $5,000 and above must be purchased using the eProcurement Module to ensure proper capitalization of the item. It is only when a Purchase Order (PO) is raised that an item can be receipted. At the receipt stage, key asset information like “in service date”, location and serial ID (if available at that point) is transferred to the asset module awaiting finalization of the accounts payable voucher when these key data will be matched with the cost information to form the complete record of the asset. .

1. Furniture and Equipment items that are selected from the UNDP catalogue and meet the capitalization threshold of $5,000 will be automatically interfaced to the Quantum Asset Module at the time of processing the accounts payable (AP) voucher. Interfacing the asset through the AP voucher ensures that foreign exchange losses/gains or other incidental costs are also captured in the cost of the asset. Should the AP voucher be subsequently cancelled, the asset cost will be removed from the register. However, in such exceptional cases offices are required to confirm that the asset has been removed from the asset register and take necessary corrective action if required.

1. The respective focal points assigned this role in Quantum by Country Offices and HQ units should regularly review the asset module to ensure all assets are properly interfaced and recorded in the Asset Module. They should run the acquisition detail report that lists all assets acquired within a stipulated period. Should they identify any discrepancies (i.e. not see the assets that they expected to see in the Asset Module after approved AP vouchers with asset profiles are interfaced,), they should contact the General Operations, Bureau for Management Services.

1. Should the asset not be in service at the date of recording in the Asset Module, because it is Free on Board (FOB), Cost and Freight (CFR) or Cost, Insurance and Freight (CIF) or it is awaiting allocation, the CO Asset Manager (normally the Operations Manager) should go into the asset module and change the status of the asset from “in-service” to “received”. Assets with status “received” will not appear on ISR. When the asset is put in service the CO must request the Global Shared Service Centre (GSSC) through UNall to update the status to “in service” so the asset will appear in ISR.
2. It is important to note that once depreciation has been run for the first month on the asset with the default “in-service” status, the Asset Manager cannot change the status again to “not in service”. Any change in service status must therefore be processed before it is captialised.
3. All supporting documentation associated with the purchase of Furniture and Equipment needs to be maintained in the office where the Furniture and Equipment is purchased, and should be produced upon request by auditors or any other monitoring spot checks. To validate the cost of an asset an invoice from a third party (vendor) is normally considered the official supporting document to validate the cost.

1. To obtain a report on all assets acquired during a certain period, the IPSAS-Asset Acquisition Report from Quantum can be run. This report will enable an office to reconcile what has been added to Asset Management versus what it has paid for as assets.

# **Additional Costs that Require Capitalization**

1. Apart from the purchase price, the cost of an item of Furniture and Equipment is also made up of the directly attributable costs of bringing the furniture or equipment to the location and conditions necessary for its intended use. Directly attributable costs are, among others:
   1. The cost of site preparation;
   2. Initial delivery and handling costs;
   3. Installation costs;
   4. Professional fees such as engineers;
   5. Freight or transport costs;
   6. Insurance costs (when shipping the asset to its location).

1. In cases when the attributable costs are known at the requisition level, they can be entered as one line and thus capitalized as one asset to reduce any extra effort required to subsequently record the asset. However, in some cases, these costs cannot be included in the original requisition and are processed through a different purchase order and voucher (either because the vendor is different or for some other reason) contact the GSSC who will make a determination on whether attributable costs should be capitalized. If the combined costs of the original asset and these additional costs exceed the capitalization threshold of $5,000, the asset must be capitalized. If an asset is already capitalized and the additional attributable cost is over $600 or 20 percent of the cost of the asset (whichever is higher), an adjustment to the cost of the asset must be processed. For example, if procured asset has a cost of $5,000 and attributable costs are $500, then the total cost of capitalizing the asset is $5,500.
2. If an asset is $5,000 and the attributable costs are $1,050, this represents 21 percent of the total cost of the asset, these costs need to be capitalized because the 20 percent threshold has been exceeded. To add these costs to the original asset, a copy of the Invoice for the additional attributable costs, the PO and the Accounts Payable Voucher references should be sent, by the asset focal point, to the Global Shared Service Centre (GSSC, via UNall ). Otherwise, the costs will be expensed. On a monthly basis, the Operations Manager should review the freight and shipment General Ledger (GL) account (71630 and 72215) to ensure there are no costs expensed that should have been capitalized together with an asset, and if any such costs are found, the GSSC should be requested to adjust the cost of the asset by reversing the cost from the expense account.

1. Administration and other general overhead costs are not components of the cost of Furniture and Equipment.

1. To obtain a report on all adjustments processed during the year the IPSAS-AM Adjustment Report from Quantum may be run and this will list all adjustments made to existing assets.

**Furniture and Equipment Purchased for the United Nations Department of Safety and Security (UNDSS) through Funding Code 68100.**

1. Furniture and Equipment purchased through funding code 68100 are UN Department of Safety and Security (UNDSS) assets, but are managed by UNDP. (Kindly refer to the [Service Level Agreement between UNDP and UNDSS](https://popp.undp.org/node/3441).) As these assets are controlled by UNDP, all assets purchased for UNDSS that must be processed in line with the item catalogue.. Subsequently after processing the vouchers, UNDSS items will interface to Asset Module (AM) in the UNDP NON-CAP Book profile. The main equipment purchased for UNDSS are vehicles. The only exceptions are those items purchased and shipped to the CO by UNDSS. These items must be added to the Asset Module through GSSC via the basic add request within UNall . The Asset Focal Point should upload copies of the supporting documents associated with such UNDSS asset (e.g. the invoice) in UNall and file all original documents at the CO, together with the other relevant asset documents.

# **Transfers of Furniture and Equipment**

1. In view of the complexity of the accounting treatment, the Asset Focal Point in each Country Office or HQ unit will initiate all transfers in UNall and GSSC will handle them. Copies of the approved transfer in and transfer out forms or transfer to implementing partner forms will be uploaded by the Asset Focal Point in UNall. The original transfer documents must be properly filed by the Country Office or HQ Unit.

1. Please note the difference in treatment between Furniture and Equipment items that are transferred between UNDP projects and those that are transferred to Governments or UN Agencies.

1. **Transfers between two UNDP projects** will be at the Net Book Value (NBV) (i.e. the acquisition cost of the asset less the accumulated depreciation) with the receiving project transferring resources/budget equal to the NBV. GMS will subsequently be calculated by the recipient project as the asset continues to be depreciated.

1. However, where a unit is transferring the asset and for valid exceptional reasons requires no resource transfer (e.g. when budget is issued to a central office/unit to purchase assets that are sent to other units or Country Offices that use and control these assets, both purchasing and receiving projects are management projects), the [transfer with no resource allocation](https://popp.undp.org/node/4716) [form](https://popp.undp.org/UNDP_POPP_DOCUMENT_LIBRARY/Admin%20Service_Asset%20Management_COs_Template_for_recording_assets_outside_Atlas.docx)must be used. The use of this form ensures that the transfer is made but no budget reallocation occurs as in such cases the original budget was made to a central unit in order to purchase the items on behalf of the other business units or HQ operating units.

1. **Transfers to a government or UN agency:** The transferring business unit will make the transfer at zero value and absorb the remaining depreciation as a transfer loss (this does not impact budget availability ); or donate the asset and absorb the remaining depreciation as a transfer loss.

1. In summary, Furniture and Equipment may be transferred:
2. To Governments - at the end of the project or at any time during its lifetime, if the asset has been in use and control of UNDP; transfers to government or beneficiaries require no CAP/ACP approval as these are already stipulated in the project document and normally approved by the steering committee.
3. Between UN Agencies
4. Between UNDP Business Units
5. Between Projects (C.O.A change)
6. Between Operating Units (HQ)
7. Between Locations (no financial implications)

1. Internal Transfers within UNDP will be at the NBV. This means the remaining un-depreciated value will be charged to the receiving project with a transfer of resources commensurate to this amount. In summary:
2. Internal transfers between UNDP projects can be either at NBV = 0 or NBV > 0.
3. If an asset is fully depreciated and has a NBV = zero, then there will be no change to the resources of either party.
4. If an asset is transferred with a NBV > 0, then there will be a change to the available resources of the parties involved, i.e. the donating party will have its available resources increased by the amount of the NBV and the receiving party will have its available resources reduced by the same amount.
5. To obtain a list of all transfers made during the year the IPSAS - Asset Transfer Report from Quantum should be run and it will list all transfers made within a specific timeframe.

# **Recording of Transferred Furniture and Equipment**

1. Furniture and Equipment transferred within UNDP will be depreciated to the penultimate (second to last) month prior to transfer at net book value. The transfer will be recorded in the Quantum Asset Module by the GSSC and supported [by transfer in and transfer out](https://popp.undp.org/node/4421) [form](https://popp.undp.org/node/5016)  (where transfers are within UNDP) or [transfer to government form](https://popp.undp.org/UNDP_POPP_DOCUMENT_LIBRARY/Admin%20Service_Asset%20Management_COs_Template_for_recording_assets_outside_Atlas.docx)(where the transfer is to a government) submitted by the office via UNall .

# **Recording of Donated Furniture and Equipment**

1. Donations of assets from one UNDP project to another can only happen if the asset has been fully depreciated, i.e. with zero Net Book Value. There will be no disposal loss to the donating party as all donated assets will have been fully depreciated. For project assets, the office must ensure that the donor is in agreement with such an arrangement should it want to donate an item that still has a NBV.
2. In cases where assets are donated to UNDP by a third party, a request should be sent to the GSSC using the basic add form in UNall . The donation letter or any correspondence associated with the donation should be attached as a supporting document and a valid chart of accounts for the project (irrespective management or development project) that will be using the donated item should be given in the basic add form. GSSC will record the asset in the Quantum Asset Module through the basic add process. All donated items under IPSAS must be recorded at fair market value. Normally donating entities provide the values of donated items but in cases where this is unavailable, expert valuation or use of benchmark values can be carried out to estimate fair market values. This assessment process is important as the donation has to be recorded as an asset under PP&E as well as a contribution in kind at the fair market value (fair market value is what any rational willing buyer would pay a rational willing seller for that item in a competitive market environment)

# **Recording of Furniture and Equipment acquired through Common Services (CSA) budget**

1. When purchasing common premises assets that are cost shared with other agencies assets should initially be EXPENSED. The office will then request the GSSC through UNall to manually record ONLY THE UNDP portion of the asset in AM. For example, if UNDP contributes 50 percent to the cost of a vehicle costing $40,000, it will request the GSSC to record US$20,000.

1. Assets inherited from other agencies at the point of establishing common premises should be recorded manually in Quantum through basic add by the GSSC at the fair market value or assessment value at the time of the inheritance. The CO should provide supporting documentation, such as a donation letter and copies of the assets’ invoices, verifying the donation, value and age of the assets to the GSSC. The recording of such assets in Quantum should be done as soon as possible after acquisition and no later than one month from taking custody.

1. The CO or HQ unit should maintain original supporting documents for all donated assets.

# **Accounting Treatment for the Various Classes of Furniture and Equipment**

1. It is important that the correct COA is used when purchasing an asset right from the beginning as this is the COA against which future depreciation and transfer accounting entries will run. The use of temporary COA for purchasing an asset should always be avoided as the asset history would retain these COAs in the asset module, and corrections in all the modules and asset history would be required.

1. In line with UNDP’s record retention policies, all accounting documents should be properly filed in the office where the transaction is carried out. All transaction documents relating to acquisition of furniture and equipment should be filed in accordance with those policies.

# **Information Technology and Communication Equipment (ITC)**

1. This class includes items such as laptops, desktops, fax machines, printers, photocopiers, networking equipment and servers. All ICT equipment used and controlled by UNDP within a UNDP location with a purchase price of $5,000 and above will be capitalized. This should occur automatically when selecting for purchase the asset item in the UNDP procurement catalogue. For ITC below $5,000 but costing $500 and above, local offices will be required to track them offline as such items are attractive and susceptible to loss (see section on custodial items)

# **Heavy Machinery and Other Equipment**

1. This includes capital items used for specific projects which are not captured under ITC. These include such items as generators, bulldozers, power transformers and caterpillars. All heavy machinery and equipment used and controlled by UNDP within a UNDP location and with a purchase price of $5,000 and above, will be capitalized. This should occur automatically when the asset item is selected for purchase in the UNDP procurement catalogue.

# **Vehicles**

1. This class includes cars, trucks, monitoring vehicles, motorcycles, buses, ambulances and armored vehicles amongst other types of vehicles. A large volume of vehicles is purchased by UNDP or with UNDP resources. Not all of these purchases will be capitalized by UNDP. Only those vehicles that have a purchase price of $5,000 or more; and that UNDP uses and controls in the provision of its administrative and development work shall be capitalized. Thus, vehicles purchased under full NIM projects and those that are purchased by UNDP solely for distribution to a Government will not be capitalized. Transfer of title documents should be filled out and filed in the office initiating the transfer for vehicles handed over to implementing partners, except for NGO execution, to ensure that the management of insurance and other risks are synchronized with the ownership and control of the vehicles.
2. All vehicles registered in UNDP’s name but used and controlled by the Agencies will not be capitalized in UNDP’s books (excluding UN DSS Vehicles), since the vehicles are used and controlled by another Agency. This situation may arise in instances where Agencies are not registered independently and use UNDP to purchase all their vehicles, therefore UNDP’s name is in the title documents but the vehicles are fully used and controlled by other Agencies.
3. Similar to the UN Agency vehicles registered under UNDP name, UNDP will not recognize as assets vehicles handed over to the Government counterparts even if such vehicles still have UNDP registration. However, such a practice is not recommended and must be documented and approved by the Resident Representative. In normal circumstances UNDP’s registration should be removed from the vehicles before handing over to the Government.
4. Under the principal of “insurable interest”, only the title holder for an asset has an insurable interest to insure such an asset against risk. Occasionally, UNDP holds title to vehicles that are under use and control by other agencies (that may or may not have a presence in country) or other implementing partners (for various reasons). In such a case even though UNDP may be required to pay insurance and recover the cost from the agencies or implementing partners, such an act does not mean that UNDP has “use” of the asset and should thus NOT record the vehicle in its books. Should a CO want to hold an implementing partner accountable for the use of vehicles, an agreement on the use of project resources for official project purposes should be signed with implementing partner. Such an agreement, which should be cleared by the Legal Office, Bureau for Management Services, ensures accountability for the proper use of vehicles handed over to an implementing partner for whom UNDP retains responsibility through title and registration. Such an agreement must be filed in the office together with title and registration documents.

# **Furniture and Fittings (F&F)**

1. This class includes desks, tables, workstations and removable partitions. All F&F used and controlled by UNDP within a UNDP location with a purchase price of $5,000 and above will be capitalized. This should occur automatically when selecting for purchase the asset item in the UNDP procurement catalogue.

# **Furniture and Equipment to be Delivered to Implementing Partners**

1. Development Project Furniture and Equipment are items purchased using Programme Funds. The treatment of Development Project assets will depend upon the extent to which the asset is used and controlled by UNDP (refer to subsection on recording of assets). The following table depicts the various execution modalities and the general associations of use and control.

| IMPLEMENTATION  ARRANGEMENTS & TYPES OF  PROGRAMMES & FUNDING | CUSTODY/ CONTROL/OWNERSHIP OF ASSETS | INTERNAL  CONTROL  SYSTEM | ASSET TYPE |
| --- | --- | --- | --- |
| 1. DIM & Country Office support to NIM | UNDP\*\* | UNDP | A |
| 2. NIM | Implementing Partner – Government | Government | B |
| 3. NGO | Custody Implementing Partner – NGO Ownership –UNDP/NGO | NGO | A/B |
| 4. UN Agency | Implementing Partner – UN Agency | UN Agency | B |
| 5. Regional/Global  Projects | UN Agency | UNDP  UN Agency | A B |
| 6. Inter Governmental  Organization (IGO) | IGO | IGO | B |
| 7. Joint Programme  Pooled Funding | If UNDP is lead Agency - UNDP  If UNDP not lead Agency – Other UN Agency | UNDP  Other UN  Agency | A B |
| 8. Joint Programme Parallel Funding | UNDP Portion-UNDP | UNDP | A |
| 9. Joint Programme - Pass Through | Implementing Agencies | Other UN Agencies | B |
| 10. Global Fund against Tuberculosis and Malaria (GFATM) (Global Fund) | Can be NGO, NIM, or DIM whereby any of the above mentioned processes would apply | Depends on  whether it is  NGO, NIM or DIM refer to above | NIM-B  DIM-A  NGO-A |

\* **Assets purchased for NGO's can be retained as UNDP assets or transferred at any time to the NGO in which case they will not be classed as UNDP assets so can be classified as UNDP assets or non-UNDP assets (A or B).**

\*\* This does not refer to Furniture and Equipment delivered to 3rd party.

Type A assets - Project Furniture and Equipment that are used and controlled by UNDP; that should be recorded in UNDP books; and should be managed in accordance with UNDP policies and procedures.

Type B assets - Project Furniture and Equipment that should be expensed in UNDP’s books should be managed in accordance with the implementing partner’s policies and procedures.

**Recording and Tagging of Furniture and Equipment**

# **Capitalized furniture and equipment**

1. All Furniture and Equipment that cost US$5,000 and over and selected from the UNDP catalogue will be capitalized when the accounts payable voucher is processed and subsequently interfaced to AM. All the relevant item description and cost information will be transferred from the procure-to-pay documents (for example purchase orders, invoices). Subsequent expenditure after capitalization relating to an item of Furniture and Equipment that has already been recorded should be added to the cost of the asset when it is probable that future economic benefits will be realized by UNDP as a result of the subsequent expenditure (for example, an enhancement to heavy machinery that may benefit its usage in a more efficient manner). For example, if a generator is in the penultimate year of its useful life and is enhanced so that its performance is improved and its capacity to generate more electricity is increased or its useful life is increased, the additional cost of enhancing its performance should be capitalized.

1. The subsequent expenditure needs to be of a value that justifies making the adjustment (i.e. $600 or 20 percent of the asset net book value whichever is higher). If the asset cost was $100,000 and NBV $20,000 and the adjustment costs $6,000 then this is higher than 20% of the asset NBV value of $20,000 therefore an adjustment to the cost is necessary.

# **Expenditure not to be capitalized**

1. Expenditure related to repairs or maintenance of Furniture and Equipment, such as spare parts, servicing of vehicles and tire replacements that are made to restore or maintain the future economic benefits or service potential of an asset are recognized as an expense when incurred. Such expenditure should NOT be capitalized.

# **Furniture and equipment to be tagged**

1. All Furniture and Equipment that meet the capitalization requirements should be tagged immediately upon receipt of the asset to facilitate their oversight and control. Any suitable tagging convention may be used as long as it is done consistently and serves the purpose (oversight & control). Quantum generates sequential tag numbers for each business unit which may be used but the Quantum tagging convention may not meet the asset identification needs of a business unit. An example of a tagging convention is an alpha numeric tag that identifies the asset type, project and sequential number (such as the Quantum tag ID). For example, for a laptop that costs $5,000 and has the Quantum asset ID number 10014, an appropriate tag would be ICT/MGT/10014. The tags should be secured firmly to the assets. For vehicles, the license plate will act as the tag number.

1. The asset focal point and operations manager must review the ISR on a monthly basis to ensure that ALL assets have unique tag numbers and no duplicates exist as this is a key control over the tracking and identification of assets.

1. Offices may also tag custodial or attractive non-cap assets valued below $5,000 but greater than $500 in order to facilitate tracking, management and safeguarding.

# **Serial IDs**

1. The serial ID numbers MUST be entered in Quantum AM for ALL Equipment recorded in the Quantum AM. For vehicles the Chassis or VIN number will act as the serial ID. These fields are critical for physical verification, together with tag numbers, as they are the unique identifiers of each asset.

1. UNDP HQ and CO operations managers and asset focal points must run a monthly report of the assets held by their business unit (the in-service-report - ISR) to ensure all have unique serial numbers. This is to ensure that there are NO duplicate records in the assets register.

**Furniture and Equipment Records Maintenance**

# **Manual additions, adjustments, transfers and disposals**

1. The Quantum Asset Management module (AM) records for Furniture and Equipment must be updated on a timely basis, with a view to ensuring that accurate asset information is captured in AM module at all time. At least on a monthly basis the CO/HQ Unit Asset Focal Point should review AM Module transactions for acquisitions requiring manual additions, adjustments, transfers and disposal information ([)](https://popp.undp.org/UNDP_POPP_DOCUMENT_LIBRARY/Admin%20Service_Asset%20Management_HQ-Non-Asset-Disposal-Form.docx?Web=1) and ensure its completeness and accuracy. All these asset transactions will be processed by the GSSC, upon the request of the respective Asset Focal Point. The Asset Focal Point will submit request via UNall and choose the appropriate category between the basic add, asset under construction (AUC), disposal, adjustment or lease request. Copies of supporting documentation for the requested transactions must be uploaded (e.g. the invoices for the initial cost and any additional costs related to freight and installation; and the transfer forms for transfers. All transaction documentation needs to be filed at the CO or HQ office. Other information, such as the serial numbers for ICT equipment, for Heavy equipment and for vehicle chassis and/or VIN numbers (in place of serial number for vehicles) should also be included.

# **Furniture and equipment transferred between offices**

1. Furniture and Equipment transferred from one Office to another should be transferred from the asset report of the releasing Office and recorded in the asset report of the receiving Office. The transfer-out and transfer-in forms should be used to record and approve such transactions. In the case of an item’s temporary relocation, the asset report of the releasing and receiving offices should indicate “on loan to (from)" against the item. Such transfers will be at NBV and budgetary resources transferred accordingly from the receiving unit to the transferring unit. Should there be a valid requirement not to transfer budgetary resources the transfer with no resource allocation form MUST be used. This is in instances where for example a central unit like the Office of Information Management and Technology or the General Operations unit purchases items on behalf of other offices as a result of holding central funds and upon delivery need to transfer the items to the respective offices.

# **Furniture and equipment transferred to a different agency or business unit**

1. Furniture and Equipment that have been transferred to a different agency must be disposed from the asset register of UNDP.

1. For Furniture and Equipment that have been transferred to a different business unit, GSSC will record the transaction via Inter-BU transfer in Asset Management module.

# **Adjustments and impairments**

1. Adjustments to the value of an asset can be upwards or downwards. Upward adjustments are mainly of a cost nature, e.g. adding freight and installation costs. Impairment is an example of downward adjustments. For more information on Impairments, see the section “Impairment, Impairment Loss and Impairment Loss Reversal”.

1. All adjustments and impairments will be processed by the GSSC, via CO and HQ office requests through UNall with supporting documentation uploaded into the request form. All transaction documentation will be filed at requesting CO and HQ levels.

# **Safeguarding and control of furniture and equipment**

1. Country Offices, HQ out-posted units and Headquarters Units are required to ensure that adequate controls are in place to ensure that Furniture and Equipment are properly maintained and safeguarded. Such safeguards may include locks, gates and vehicle alarms where necessary.

1. Equipment such as computer laptops should be secured with an appropriate locking cable. When a laptop is not attached to a locking cable it should be securely placed in a locked drawer or filing cabinet when not in use, even for short periods of time.

1. When a staff member is traveling on official business, and particularly by air, the laptop should remain with the staff member and should not be placed in unaccompanied or checked-in baggage.

1. **Staff members should be conversant with the existing UNDP Security Policy to ensure safeguard of UNDP property they are entrusted with**.

# **Asset focal point**

1. Whilst the responsibility for the management of Furniture and Equipment ultimately rests with the Head of Office, the Head of each organizational unit or division has overall responsibility for all Furniture and Equipment within the unit or division and should appoint a focal person, known as the Asset Focal Point, for the management of the items. The Asset Focal Point is responsible for ensuring that the relevant Furniture and Equipment details are entered in the QUANTUM Asset Module on a timely basis, assets are tagged, the movement of assets are controlled and monitored, and that assets are safeguarded in accordance with the internal control procedures and UNDP policies and regulations. For practical reasons, units that have personnel located in several floors or buildings should designate more than one asset focal point. Asset Focal Point is responsible to submit request to GSSC via UNall.
2. Asset Focal Point can update directly in AM module the following asset’s information:

* location,
* tag ID,
* serial ID,
* custodian etc.

This access rights are assigned to “asset focal point” role in ARGUS. The office Argus security focal point can assign this Quantum role.

1. Asset Focal Point is also responsible in monitoring AM Dashboard - [LINK](http://92.241.80.168/AMDTest/Logon.asp). Offices should aim to have green rating at all times and asset focal point shall take the necessary corrective actions when rating changes to yellow or red.

# **Asset manager**

1. The Asset Manager will be responsible for changing the in service date should this be different from the receipting date. The system will automatically default the receipting date as the in service date. For items with [INCOTERMS 2020](https://home.kuehne-nagel.com/-/knowledge/incoterms) Free on Board (FOB), Cost and Freight (CFR) and (Insurance and Freight) CIF or items awaiting allocation after bulk purchases receipting date and in service date will be different. There may also be other reasons for asset not being put in service immediately. The asset manager would need to change the status of the asset to “not in service” and subsequently request the GSSC to adjust to “in service” when the asset is functional and working. The Asset Manager is an Quantum add-on role that can be issued to multiple staff within an office. The office Argus security focal point can assign this Quantum role.

# **Furniture and equipment loaned to staff**

1. It is the responsibility of the Asset Focal Point to ensure that when a staff member is allocated/loaned equipment for official or personal use, he/she signs a certificate of responsibility or [equipment loan agreement form](https://popp.undp.org/node/5026)which is cancelled only when the item is safely returned. The certificate or loan agreement form should include a statement to the effect that the staff certifies and understand that the asset is loaned to him/her and should a loss or damage occur, this should be reported immediately to the Operations Manager and that he/she may be held liable for the costs incurred as decided by the Committee for Acquisition and Procurement (CAP). Office equipment on loan to staff members should always be recorded in the equipment [log/loan records](https://popp.undp.org/node/5031)[.](https://popp.undp.org/UNDP_POPP_DOCUMENT_LIBRARY/Admin%20Service_Asset%20Management_Asset%20Adjustment%20under%20IPSAS.png?Web=1) The Asset Focal Point must ensure that the equipment is returned promptly prior to the staff member’s reassignment or departure from UNDP service, by ensuring that equipment are included in the clearance checklist that is used for staff leaving the organization. The equipment loan form should be filed at respective offices loaning the equipment.

# **Shared Furniture and Equipment**

1. UNDP is responsible and accountable for all Furniture and Equipment that are under its usage, ownership and control. For Shared furniture and equipment, UNDP should record its contributed portion of common assets as well as buildings.

# **Common Premises (Buildings)**

1. Buildings acquired for Common Premises from shared budgets should be recorded and accounted for based on the following Common Premises scenarios:

| **Scenarios** | **Type of Arrangement** | **Accounting Treatment** |
| --- | --- | --- |
| 1. Purchased or Constructed  Building | 1a. Constructed or Purchased exclusively by Lead Agency | 1a. Record Building as a Fixed Asset in the books of the Lead Agency |
| 1b. Joint Construction or  Purchase by all UN Agencies | 1b. Record Building as a Fixed Asset in each Agencies' books based on each agencies policy |
| 2. Commercial  Operating  Lease | 2a. The Lead Agency acts as Principal and bears all the risks of the Lease | 2a. Record rental expense in the books of the Lead Agency who charges cost recovery to other agencies |
| 2b. The Lead Agency acts as an  Agent on behalf of all the UN  Agencies | 2b. Record rental expense in each Agency’s books based on allocated costs and in line with each agencies policy. |
| 3. Donated  Right to Use  Building | 3a. Building donated exclusively for the Lead Agency to use | 3a. Record rental expense and in kind contribution in the books of the Lead Agency |
| 3b. Building donated to the UN System for use by several agencies. | 3b. Record rental expense and in kind contribution in each Agencies' books based on amount each agencies policy |
| 4. Donated  Premises |  | |
| 4a. Given exclusively to the Lead  Agency | 4a. Record building as a Fixed Asset, and in kind contribution at fair market value in books of UNDP |
| 4b. Given to the UN System | 4b. Record building as a Fixed Asset in each Agencies' books based on amount contributed and in kind contribution |

**Scenarios Type of Arrangement Accounting Treatment**

1. **Purchased or Constructed**

Building 1a. Constructed or Purchased exclusively by Lead Agency 1a. Record Building as a Fixed Asset in the books of the Lead Agency 1b. Joint Construction or Purchase by all UN Agencies 1b. Record Building as a Fixed Asset in each Agencies' books based on each agencies policy.

1. **Commercial Operating**

Lease 2a. The Lead Agency acts as Principal and bears all the risks of the Lease 2a. Record rental expense in the books of the Lead Agency who charges cost recovery to other agencies 2b. The Lead Agency acts as an Agent on behalf of all the UN Agencies 2b. Record rental expense in each Agency’s books based on allocated costs and in line with each agencies policy.

1. **Donated Right to Use**

Building 3a. Building donated exclusively for the Lead Agency to use 3a. Record rental expense and in kind contribution in the books of the Lead Agency 3b. Building donated to the UN System for use by several agencies. 3b. Record rental expense and in kind contribution in each Agencies' books based on amount each agencies policy.

1. **Donated**

Premises 4a. Given exclusively to the Lead Agency 4a. Record building as a Fixed Asset, and in kind contribution at fair market value in books of UNDP 4B. Given to the UN System 4b. Record building as a Fixed Asset in each Agencies' books based on amount contributed and in kind contribution.

1. Under the scenarios where there is joint ownership and control of the assets, the purchase will be allocated pro-rata to the various agency contributions. Therefore, UNDP would only record its portion of the cost of the asset.

# **Mandatory Controls over the Management of Furniture and Equipment**

1. In addition to the measures indicated above, the following list sets out the mandatory controls over the management of Furniture and Equipment.

1. The functions of recording, custody, physical verification and reconciliation of physical verification should be carried out by different parties

1. The physical verification of the Furniture and Equipment is completed at least quarterly, and certified bi-annually, or annually where applicable, by the operations management team at UNDP and its projects. The finance/accounts staff should reconcile the results to the property records to verify the existing current utilization and the continued need for the asset.

1. The Head of Office through the Operations Manager and project managers at UNDP is responsible for certifying the results of the bi-annual/annual physical verification of all Furniture and Equipment in their offices/programme areas; and for submitting the certification to the General Operations/Bureau for Management Services by or before the stipulated deadlines.

1. No Furniture and Equipment shall be acquired by either UNDP or an Implementing Partner (IP), whether purchased, donated or loaned, without prior approval (in UNDP this is normally done through Quantum and supporting documents) of the project manager or the designated head of office where the project is being implemented (in line with approved table of authority for UNDP or IP). Such approvals should be documented and filed in the appropriate office.

1. All UNDP Furniture and Equipment, including computer equipment, must be used for official purposes only. For all other usage, approval must be obtained in line with the relevant guidelines covering unofficial usage. Such approvals must be documented and filed with the office records.

1. The physical safeguarding of Furniture and Equipment is the responsibility of the project manager for project assets and of the Operations Manager for management assets. They shall ensure that proper physical controls are in place to protect the fixed assets against loss, damages, theft and/or pilferage.

1. Furniture and Equipment must be adequately insured to minimize the impact of total or partial loss in the event of fire, loss or other insurable risks. Such insurable costs should be incorporated in the project budget at the planning stage. In general, UNDP self-insures all office equipment, meaning that it absorbs the cost of the loss of any equipment. For vehicles, third party insurance should be the minimum standard. However, in cases where the project is operating within a risky environment (where theft and loss of assets is common), comprehensive insurance must be taken. Please refer to the Insurance Policy for further details on UNDPs insurance requirements. All vehicle insurance policy documents must be filed with the operations managers.

# **Furniture and Equipment Physical Verification Exercise**

1. A physical count of Furniture and Equipment must be conducted at least quarterly to ensure that the data included in the Quantum fixed asset data corresponds to the items physically present at the HQ, Out-Posted HQ Unit or CO; and thus ensure that the financial records are complete to enable the production of donor reports and Financial Statements. Bi-annually (i.e. twice a year), or annually where applicable, each HQ, Out-Posted HQ Unit or CO must submit the results of the physical verification exercise, certified by the Resident Representative or Head of Office, to HQ.

1. **Where an Office performs its asset transactions on a timely basis, as and when they occur throughout the year, and maintains good controls on its assets, the physical verification exercise should be relatively straightforward to perform and result in few if any reconciling items.**

1. Each CO, out-posted HQ Unit, and HQ unit must assign the responsibility of coordinating the process of verifying the existence of Furniture and Equipment to the Fixed Asset Physical Verification Coordinator (PVC). This individual should be a staff member with some finance or accounting knowledge, in accordance with the ICF guidelines. The PVC is responsible for the establishment of a team (that excludes the Asset Focal Point, for purposes of segregation of functions) to carry out the physical verification exercise. The PVC reconciles the results. The Asset Focal Point is responsible for preparing the certification letter for signature by the Resident Representative or Head of Office and subsequent submission to HQ.

1. When a fixed asset count is physically taken, the process should ensure that:

1. All capital assets physically inspected, i.e. furniture, electrical equipment, heavy equipment and vehicles, with an item value of $5,000 or above, have been correctly recorded in the Assets Module during the year;
2. All relevant fields, e.g. serial number, tag number, custodian and location, are entered for each asset;
3. Submissions for disposals have been prepared using the Request for Asset Disposal (RAD) form. [For further information, please see the details under the section for Asset Disposal.] Such RAD forms should be filed in the CO or HQ unit and copies uploaded in UNall when submitting request for disposal to GSSC;
4. The disposal actions, for both CO and HQ units, are recorded in QUANTUM by GSSC upon submission of the requests from CO or HQ unit (utilizing the disposal form in UNall); of the properly approved RAD form; and of the CAP/RACP/ACP approvals (based on appropriate threshold approval limits on the NBV of the asset);
5. Verification of all non-capitalized assets/custodial items may be carried out but is to be excluded from the physical verification exercise certification; However, Offices need to confirm in the certification letter that proper record are maintained for these items to ensure the management and safeguarding of such custodial items.
6. Review of the physical condition of assets; and, where there is damage, technological obsolescence or impairment, requesting the GSSC to make the appropriate changes in value;
7. Requests for the adjustment and disposal of items that are lost, damaged or stolen are submitted to the GSSC using the relevant forms for adjustment, impairment and disposal in UNall;

1. The Fixed Assets Focal Point must maintain appropriate records for any discrepancies detected during the count of custodial (Non Cap) items between previous and current years.

1. Where there is any discrepancy and/or unaccounted for items, an investigation should be carried out by the Country Office, Head of out posted HQ unit and HQ unit to determine the cause. If there is an error in the serial number or any other data field, the data should be corrected in the Quantum Asset Module by the Country Office, and, when required, by the GSSC (through submission of the appropriate request via UNall). For example, a missing tag number will be recorded by the CO; and missing chart fields will be recorded by the GSSC. A note should be made stating that the asset was entered with a wrong serial number. All supporting documents, such as invoices indicating serial numbers, should become part of the investigation/record maintained by the country office or respective unit.

1. At the end of the fixed asset physical verification exercise, the Resident Representative/Head of out posted HQ unit or HQ unit head should sign the report to certify that it is accurate: and that the physical verification exercise was actually carried out. The certification of physical verification exercise report must be submitted to UNDP HQ/PFA/GO by or before the stipulated deadlines; and a copy of all the physical verification working papers and final certification report should be filed in the CO or HQ unit.

# **Vehicles**

1. Complete vehicle information (e.g. model, chassis and engine numbers, year acquired, unit value) must be entered into the Quantum Asset Module, to be reflected in AM Reports. The data will be used to insure official management vehicles under **UNDP’s Excess Third-Party Liability Vehicle Insurance** that covers any excess claims not covered by the mandatory local third party CO insurance. Based on the established recommended replacement lives, official vehicles over five (5) years old or 100,000 kilometer (or 62,000 miles) must be assessed and considered for disposal unless the vehicle is still in good usable condition (the main purpose of disposing of aged vehicles is to manage accident risk and repairs and maintenance costs). This provision, however, is not a blank approval for disposal of a vehicle based on its mileage. The office must review individual underlying factors, particularly vehicle’s condition, and disclose in the RAD disposal form full details and reasoning for vehicle disposal. It is Important to note that currently UNDP has a different recommended replacement life than the accounting useful life used for depreciation (which is 12 years). In practical terms, this means that offices which dispose of vehicles less than 12 years old will still have NBV within UNDP’s records as opposed to having NBV of zero. Records of official vehicles should thus be utilized as a tool for budget and replacement planning.

# **Mandatory Fixed Assets Certification Reports**

1. Each mid-year and end of year, all COs, Out-Posted HQ Units, and HQ Units produce the **Quantum In-Service Report** and the **Quantum Management Summary Report** reconciled to the fixed assets physical inventory verification report for their business unit; and submit these to General Operations/BMS no later than 31 July for the mid-year certification and no later than 31 January for the year-end (these deadlines may vary depending on circumstances, such changes will always be communicated to offices), together with a covering letter certifying the accuracy of the asset figures. While the custodial items (those with cost below $5,000 but more than $500) are not reported in the certification report, Offices will need to confirm in the certification letter that proper record and tracking is maintained to ensure the safeguarding and management of such items. This certification letter and Quantum In Service report are to be duly signed by the Resident Representative for COs and HQ Unit heads for HQ, as accountability for safeguarding fixed assets rests at this level. By signing the certification letter and Quantum reports, the RR or HQ unit head is confirming that all assets recorded in the Quantum Asset Module are represented by assets that have been physically verified and are in working condition (i.e. not obsolete or impaired). General Operations/BMS will review the QUANTUM reports and certification letters for each HQ Unit and CO for validation of the figures that will go into the financial statements. However, even during the review period, responsibility for taking any corrective actions identified rests with the CO or HQ unit. General Operations/BMS’s role throughout this process is one of quality assurance and validating the accuracy of the certification numbers for the final production of the fixed asset notes to the UNDP financial statements.

Not all COs and Units will have to participate in the mid-year certification process. The decision on those that will be required to participate will be based on previous certification performances and risk analysis. Those COs and Units who will take part will be notified accordingly.

# **Discrepancies between physical counts and Quantum assets records**

1. Where discrepancies between the physical count of the asset and the Quantum Assets Report still exist after action has been taken to eliminate/correct erroneous and incomplete data and after ensuring that the reports were run correctly, an **Assets Discrepancy Record** for assets in Quantum and not found on the floor and an **Assets Add On Record** for assets found on the floor and not recorded in Quantum shall be completed and shall accompany the Certification letter as well as an assessment and an indication of the action that has or will be undertaken (such as submission to the CAP or ACP for authorization of proper adjustment in the records). See Asset Disposals and Write-Off sub section.

# **Impairment, Impairment Loss and Impairment Loss Reversal**

1. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation. **Assets must be assessed for impairment during the bi-annual/or annual verification and certification exercise** by the physical verification team members, and any impairment reported to the physical verification coordinator. Examples of Impairment are the adjustment in the value of a vehicle after a major accident, heavy machinery as a result of major breakdown, the physical deterioration of an asset due to improper use or a decrease in value due to external economic factors such as a recession. As and when a CO or HQ unit is aware of an asset impairment, it should document its observations and in so far as is possible obtain a third party confirmation of the loss e.g. valuer or insurance assessor in the case of accidents. And, on a timely basis, request the GSSC to perform the transaction via UNall using the Impairment form by uploading copies off any third-party reports to validate the impairment or physical verification coordinator report. Any impairment submitted for processing should be greater than USD600 or 20 percent of the asset net book value whichever is higher. For example, if an asset has NBV of US$10,000 and its impairment is $700 and 20 percent of its NBV is $2,000 then do not adjust for the $700 as 20 percent of the NBV is the higher of the two and the $700 is lower than this amount of US$2,000.

1. An impairment loss will be recorded by the GSSC for all impairment requests submitted by CO or HQ units that qualify under the accounting policies.
2. UNDP shall assess, at each bi-annual verification and certification date, whether there is any indication that an impairment loss recognized in prior periods no longer exists or may have decreased. UNDP uses the principle of negative confirmation, and as such Units are required to indicate in the biannual certification letter only where impairment is identified. Where any such indication exists, this will be reported in the certification letter UNDP shall consider whether all or a portion of the impairment loss should be reversed.

1. The physical verification team will identify any changes in assets that were previously recognized as impaired and submit through UNall for impairment a reversal request. Impairment loss reversals should be the higher of $ 5,000 or 20 percent of the asset net book value.

# **Insurance of Furniture and Equipment**

1. It should be noted that General Operations/BMS in NYHQ uses the Furniture and Equipment reports data to arrange for insurance of Headquarters’ Furniture and Equipment in line with mandatory lease requirements. This insurance policy is currently not applicable to COs as each office's equipment and furniture are self-insured and UNDP replaces the items, as the need arises. Refer to Insurance POPP for more clarifications.

**Roles & Responsibilities**

# **Authority to Acquire Fixed Assets**

1. The Assistant Administrator/Chief Procurement Officer (CPO) of the Bureau for Management Services (BMS) is responsible for all fixed assets acquired, controlled and managed by UNDP. The CPO delegates the authority to acquire, control and manage assets to each Head of HQs Units, to each Resident Representative, to each Head of Out-Posted Headquarters’ Units and to the Chief of the General Operations/BMS.

1. Adherence to the Internal Control Framework is mandatory for acquiring Furniture and Equipment.

## **Responsibilities of Business Units (HQs Units, Out-posted HQ Units and COs)**

1. Acquisition via E-requisition/PO/Receipt/AP voucher
2. Updating of Tag numbers, serial IDs, custodian and in the AM module
3. Physical verification of the assets according to their locations; and comparison/reconciliation with the QUANTUM ISR reports.
4. Requesting adjustment of assets (cost)
5. Changing the ‘not in service’ status of the assets before depreciation runs
6. Requesting categorization of assets
7. Requesting impairment of asset
8. Requesting GSSC to transfer assets (in and out of the BU)
9. Changing locations of assets
10. Requesting the addition of assets through GSSC (correction of wrong catalogue, construction or leasehold improvement)
11. Identifying assets that are obsolete, non-functional and/or past their useful lives for disposal; and processing the disposals in line with policy
12. Taking action to correct errors and irregularities identified by General Operations
13. Escalating issues requiring policy clarifications or changes to General Operations/BMS) Initiating transactions in UNall
14. Physically verifying the assets and submitting bi-annual/annual certifications by stipulated deadline

**Responsibility of the Regional Bureaus and Regional Hubs**

1. Provides **oversight to the Country offices on implementation of** UNDP PP&E Policies & Procedures
2. **Coordinates** actions needed for Country Offices to timely conduct physical verification and certification
3. **Facilitates** successful resolution of the asset issues
4. Monthly **monitoring** of Assets dashboard issues and follow up with COs
5. **Escalation** to BMS complex matters that require policy interpretation
6. **Facilitate and promote** knowledge sharing and training in the asset management area

**Responsibility of the General Operations (General Operations/BMS)**

1. Strategy and policy development
2. Corporate Asset Management Advisory services
3. Business Partnering
4. Deals with level – 2 complexity advisory services that requires or related to :
   1. Provide advice to Bureau/Hub/CO on Asset management, asset reporting and certification
   2. Policy interpretation that requires clarifications in specific non-standard situation or either silent in certain matters. Complex issues would require 3-5 days for resolution
   3. Issues presenting high risks
   4. Audit questions in the area of asset management that require support on response / view of Corporate response;
   5. Identification and escalation to Bureaus/Hubs, on complex and chronic asset management issues that pose risk.
   6. Formulation / compilation of standard reports to support management information and oversight.
   7. Centralized functions as provided in the next sub-process “Depreciation, Reconciliations and Centralized Functions”

**Responsibility of the Global Shared Services Centre**

Refer to the next sub-process “Depreciation, Reconciliations and Centralized Functions”.

## **Templates and Forms**

UNDP Assets In-Service Report (in Quantum)

UNDP summary report (In Quantum)

UNDP acquisition detail report (In Quantum)

UNDP adjustment detail report (In Quantum)

UNDP Transfer detail report (In Quantum)

**Headquarters:**

* [Request for Asset Sale, Disposal Form (RAD) under USD 5000 - HQ](https://popp.undp.org/node/4716)
* [Request for Asset Sale, Disposal Form (RAD) USD 5000 & above - HQ](https://popp.undp.org/node/4701)
* [Request for Non-Asset Disposal Form - HQ](https://popp.undp.org/node/5006" \t "_blank)
* [PC Sale Form - HQ](https://popp.undp.org/node/5001" \t "_blank)
* [Request for Asset Relocation Form - HQ](https://popp.undp.org/node/4401" \t "_blank)
* [Request for Asset Transfer-In/Transfer-Out Form - HQ](https://popp.undp.org/node/5016" \t "_blank)
* [Request for Asset Adjustment Approval Form - HQ](https://popp.undp.org/node/5011" \t "_blank)
* [Request for Asset Reinstatement Form - HQ](https://popp.undp.org/node/5021" \t "_blank)
* [Equipment Log Form](https://popp.undp.org/node/5031)
* [Equipment Loan Agreement Form](https://popp.undp.org/node/5026)
* [Furniture Request Form](https://popp.undp.org/node/4421)
* [Write-Off NBV USD1000 Above Form – Country Office-HQ](https://popp.undp.org/node/4416)
* [HQ Asset Transfer-In Out Form with no resource implication](https://popp.undp.org/node/4396)

**Country Offices:**

* [Request for Asset Sale, Disposal Form (RAD) under USD 5000 - Country Office](https://popp.undp.org/node/4706)
* [Request for Asset Sale, Disposal Form (RAD) USD 5000 & above - Country Office](https://popp.undp.org/node/4711)
* [Request for Asset Transfer-In/Transfer-Out Form - Country Office](https://popp.undp.org/node/3436" \t "_blank)
* [Request for Asset Adjustment Approval Form - Country Office](https://popp.undp.org/node/5036" \t "_blank)
* [Transfer of Title of Assets from UNDP to the Government - Country Office](https://popp.undp.org/node/4726" \t "_blank)
* [Recording Asset Information Outside Quantum - Country Office](https://popp.undp.org/_Layouts/15/POPPOpenDoc.aspx?ID=POPP-11-1225" \t "_blank)
* [Write-Off-NBV USD1000 Above Form - Country Office-HQ](https://popp.undp.org/node/4416)
* [CO Asset Transfer-In Out Form with no resource allocations](https://popp.undp.org/node/3456)