

UK Aid Match asset management and disposal guidebook

This guidebook provides an overview of the policy and procedures around asset management and disposal for UK Aid Match grant holders in line with the UK Foreign, Commonwealth and Development Office (FCDO) Smart Rules. It is intended as a supplement to the relevant clauses - under the sub-heading 'Assets and Inventory' - within the Accountable Grant Arrangement (AGA).

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UK Aid Match definition of assets

Any equipment and supplies purchased using FCDO funding are defined as project assets if:

1. They have a useful life of more than one year
2. The purchase price or development cost of the asset is more than £500 (or equivalent in local currency)
3. The purchase price or development cost of the group of lower value items (for example, pharmaceutical products, assistive devices, relief packs) is more than £500 or equivalent in local currency combined
4. They are considered an attractive item regardless of cost (for example, mobile phones, cameras, laptops, tablets, satellite phones, motorbikes).

The **purchase of cars** is not permitted with FCDO funds under UK Aid Match. However, where vehicles are required, grant holders may purchase motorbikes with their FCDO funding. Leasing of vehicles may also be considered with a clear justification around the need and value for money of this.

Major capital expenditure such as construction or purchasing buildings or land are generally not eligible under UK Aid Match. In some circumstances there may be justifications for capital expenditure where this is directly contributing to a sustainable improvement in people's lives with clear developmental outcomes (such as construction of latrines). This should be discussed with your PRM and the results of such capital expenditure for peoples' lives would need to be captured within the project's logframe.

Livestock purchased using FCDO funds are not regarded as project assets under UK Aid Match. However, where livestock is procured with FCDO funds, grant holders must ensure they have appropriate processes and resources in place at the time of the procurement to respect the environment and animal health and welfare. This includes responsible use of anti-microbials and ensuring food produced from livestock is sufficiently safe and healthy for human consumption. Grant holders procuring livestock must comply with the national regulatory framework in the country of operation to ensure animal welfare. At the end of the project, grant holders will be required to ensure they have sufficient processes and resources to upkeep animals and monitor their welfare past the project end date. Where this is relevant, grant holders should contact their PRM to discuss further.

The creation of **financial assets** using FCDO funds is not eligible in UK Aid Match. A financial asset is a non-physical asset which has monetary value derived from a contractual claim and includes, but is not limited to, buying shares, and providing loans/ finance/ endowments. It should be noted that within UK Aid Match, microgrants and village savings and loans associations (VSLAs) are not deemed financial assets and are therefore eligible.

Asset ownership and management

Assets procured with FCDO funds are the property of the FCDO. Grant holders only provide stewardship of these assets during the project period. FCDO will retain ownership of assets until transfer of ownership or asset disposal is otherwise approved in writing by the Fund Manager on behalf of FCDO as part of the asset transfer/disposal process towards the end of the project (see below). It should be noted that transfer of ownership is not guaranteed and will be considered on a case-by-case basis.

Assets procured using FCDO funds, may only be used in providing the services in line with project objectives, and must be safely kept and maintained. The grant holder is accountable to the FCDO for the appropriate use, control and oversight of the assets and must conduct a physical inspection of the assets at least once a year. In addition, the Fund Manager may undertake an inspection of assets as part of a regular audit or monitoring process. Personal use of assets by the grant holder, downstream partners or beneficiaries is not permitted.

If any FCDO-funded assets are lost, stolen, damaged or destroyed, the grant holder must report this to their Performance and Risk Manager as soon they are aware it has happened. The grant holder is responsible for managing the risk of assets being lost, stolen, damaged or destroyed. The grant holder must cover the cost of repairing or replacing lost, stolen, damaged or destroyed assets and should make a risk-based decision on how best to do this. If the grant holder decides to take out project-specific, commercial insurance to cover lost, stolen, damaged or destroyed assets, FCDO funds cannot be used to fund the premiums.

If assets are declared as no longer functional, evidence of this must be submitted to the Fund Manager. If a damaged asset is beyond repair, a photograph of the damage must be provided and accompanied by a signed statement from the grant holder's Director, Head of Finance or equivalent, which states the asset is beyond repair. For vehicles or larger value assets, a valuation from an approved dealer/expert must be provided, alongside a letter from the grant holder. Evidence of scrapping must also be provided following FCDO approval of the disposal.

Asset plans at project set-up

The grant holder is required to establish and maintain an inventory of all FCDO-funded assets. During the grant set-up stage, prior to signature of the project's Accountable Grant Arrangement (AGA), the grant holder must confirm which assets will be purchased with FCDO funds and develop a proposed asset inventory and disposal plan. [A template for this is available on the UK Aid Match website](#) (the 'proposed asset disposal plan' tab of the excel workbook).¹ This must be submitted with the grant set-up documents and will be reviewed

¹ The proposed asset disposal plan became a requirement for new grants starting after April 2021. For grant holders whose projects started before April 2021, there is no requirement to complete this, although a final asset disposal plan will be required towards the end of the project as detailed in this guidance.

by the Performance and Management Team prior to approval of the AGA. When approved this proposed asset inventory and disposal plan constitutes an agreement in principle regarding the disposal plan for all FCDO-funded assets.

Asset procurement

For the procurement of FCDO-funded assets, grant holders should follow best practice, including avoiding single source procurement, using trusted suppliers, and securing three separate quotes for comparison. All FCDO-funded asset procurement should align with what has been approved in the initial proposed asset disposal plan from grant set-up. For grant holders whose projects started prior to April 2021, where assets are yet to be purchased, approval should be sought from the PRM and reflected in your budget.

Where there are changes to asset plans during your project, these should be discussed with your PRM and reflected in your budget.

As assets purchased with FCDO funding are owned by FCDO, assets should not be part-purchased with FCDO funding; for example, partially funded by the FCDO and partially by other funding. All FCDO-funded assets must be 100% purchased with FCDO funds.

Grant holders must record all purchased assets in the asset inventory, and it is recommended that grant holders review this template prior to asset purchase to understand the level of detail required.

Within UK Aid Match it is expected that most FCDO-funded assets will be purchased in the initial stage of project delivery. Assets should not be purchased within the last 12 months of a project due to the limited time these assets can be utilised in the project and the sustainability of their future use, raising issues of value for money in such late procurement. Where grant holders are proposing to procure assets within this final year of the project, a strong programmatic rationale and justification must be provided for this and the PRM must give approval before any such procurement takes place.

Asset depreciation

All grant holders must adopt a straight-line depreciation calculation method for assets purchased with FCDO funding. At the end of the project, grant holders will be asked to submit a fully completed asset inventory which includes a calculation of the depreciation of all relevant assets. The asset inventory template includes formula to support this, and it is

expected that grant holders use the following guidelines² to estimate the useful life of assets. Fully depreciated assets must still be included in the asset register.

Asset category	Suggested useful life	Notes
Buildings (freehold)	25 years	To include community centre, classrooms
Vehicles	5 years	To include motorbikes, ambulances etc. Cars are not eligible for FCDO funding
Furniture and fittings	5 years	To include office, community centre or classroom furniture
Office equipment	5 years	To include printers or monitors
Technical equipment	8 years	To include WASH items, irrigation systems, hospital equipment, and sewing machines
Specialist equipment	20 years	To include tractors and agriculture equipment including rice mills
Information technology	5 years	To include laptops, desktop computers and mobile phones

Asset reporting

The project asset inventory, started during grant set up, must be updated and submitted to the Fund Manager at least once a year as part of the Fund Manager's Annual Financial Review of all projects (usually conducted in June-August). This will be requested by the Fund Manager and submission of this updated asset inventory on an annual basis is mandatory. Detailed guidance is included with the [asset inventory template](#) but please note the following important points when completing the asset inventory each year:

- Only assets bought with FCDO funds should be reported
- A provisional disposal date must be added to calculate the straight-line depreciation. Please use the project end date for this
- Any capital items that are purchased that do not meet the asset definition outlined above do not need to be included
- Purchase price must be stated in British pounds sterling, not the local currency
- For any eligible vehicle assets - for example, motorbikes - the make, model, registration plate, engine size, fuel type, mileage of the vehicle and date of purchase must be recorded
- For vehicle assets, any important mechanical issues and overall condition must be provided

² Source: Foreign, Commonwealth Office (FCO) Annual report 2019, p73

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/903478/FCO1413_FCO_Annual_Report_2019_-_accessible.pdf

Source: DFID Annual Accounts 19-20, p137

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902370/annual-accounts19-20.pdf

- All asset inventories must be electronically signed. Scanned copies/PDFs cannot be accepted

Asset disposal

According to the FCDO Smart Rules, at the end of a project the Fund Manager on behalf of FCDO, will consider how to maximise the value from the disposal of any existing assets. It is assumed that the best value for money is offered by retaining assets within the FCDO for use by other projects or by selling project assets. However, where this is not possible assets may be transferred to the existing grant holder, their downstream partner or other relevant project stakeholders. For example, where the cost of selling the assets or using them elsewhere exceeds the depreciated value. It should not be assumed that project assets will be transferred to the grant holder, their downstream partner or other relevant project stakeholders after completion of the grant.

Where assets are to be transferred to another FCDO project for continued development use, the grant holder will be notified of this intention and the Fund Manager will support with the coordination of asset transfer. In these instances, the recipient organisation will be liable for all reasonable costs associated with the physical transfer of assets.

Where the sale of assets is requested by FCDO, the grant holder must organise a local valuation - for motorbikes this would be from an approved dealer - as supporting documentation to verify the residual value of the asset. Any costs associated with the valuation can be deducted from the final sale price where proof of valuation costs is provided.

If the FCDO confirm that they do not have a use for the asset and it is not cost-effective to sell the asset, then the Fund Manager, in conjunction with the FCDO, will consider a proposal to transfer the asset to the grant holder, downstream partner, or other relevant project.

12 months before the project end date, the grant holder will be contacted by the Fund Manager to initiate the asset disposal process (if your project is for 12 months or less, an agreement will be made with the Performance and Risk Manager (PRM) at the grant set-up period regarding the asset disposal process). The Fund Manager will request that the grant holder fill out the final elements of the asset inventory. This includes:

- Ensuring all assets purchased with FCDO funds that meet the UK Aid Match definition of an asset are listed in the inventory
- That all details of each asset are accurate
- Columns 'M-S' are completed, covering the final disposal date, final depreciated value of the asset, final proposed recipient of the asset and a clear justification. Before agreeing to transfer ownership, the Fund Manager must be satisfied that this justification covers the following principles:

- A strong value for money proposition has been put forward by the grant holder for continued use of the asset
- The asset will be put to a good developmental purpose
- The recipient has adequate resources to maintain and operate the asset, including purchase of any consumables
- The item will not be sold or disposed of, or diverted for another purpose, within a reasonable time period
- The recipient has adequate controls in place to ensure that the assets are used as intended
- Any local requirements, regarding duties and taxes, or any other formalities, on transfer will be met
- IT equipment is disposed of responsibly and safely in line with applicable law and all personal data will be removed.
- All final asset inventories must be electronically signed. Scanned copies/PDFs cannot be accepted

Where asset transfer is proposed to another FCDO-funded project, the reference number of the project must be detailed in the justification.

Where disposal is proposed due to the asset condition, evidence of the condition must be submitted. If an asset is damaged beyond repair, photos of the damage must be provided, accompanied by a signed statement from the grant holder's Director, Head of Finance or equivalent which states the asset is beyond repair. For vehicles or larger value assets a valuation from an approved dealer must be provided, alongside a letter from the grant holder. Where approved, evidence of scrapping must be provided.

If a grant holder has not purchased any FCDO-funded assets on the project, a signed asset inventory must be still submitted outlining this. The retention payment will not be released for a closed project until a decision has been made by the FCDO regarding the assets and any necessary subsequent documentation is received by the PRM.

Once complete documentation is received, the Fund Manager will liaise with the FCDO to seek approval for the proposed asset disposal. Grant holders may be asked to provide additional information and timely responses will support an efficient disposal process. Following approval and confirmation from the FCDO regarding the disposal route for assets, grant holders will be notified in writing. It is important to note:

- Any assets transferred to the grant holder or partners may be subject to an FCDO ad-hoc inspection for a period of 12 months following the date of transfer, to ensure the assets are continuing to be used for good developmental purposes

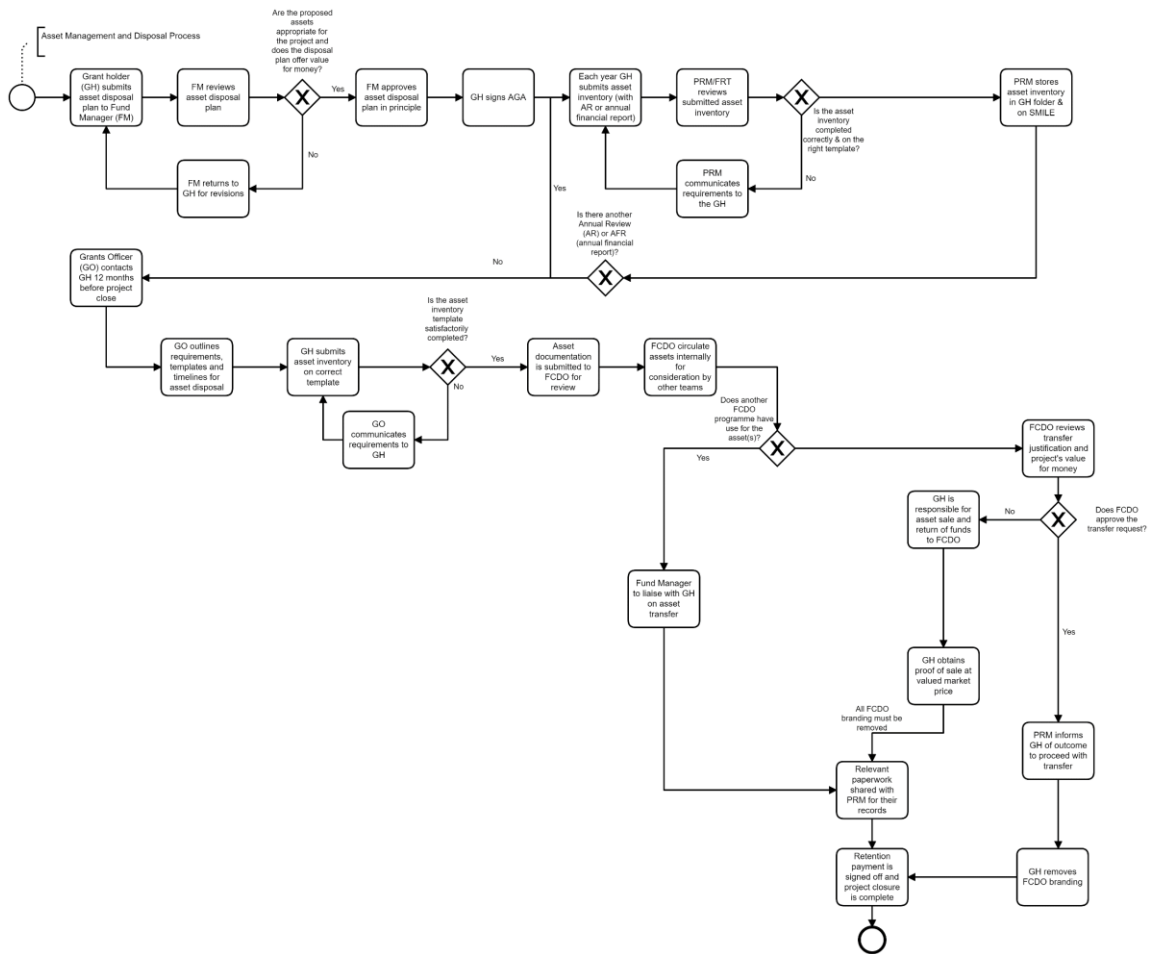
- Where asset transfer is approved to the grant holder, their downstream partner or a third party, a signed asset transfer letter(s) will be required. If the assets are proposed to be transferred to multiple recipient organisations, asset transfer letters must be completed for each of the proposed recipients. The asset transfer letter/s will be signed by the Fund Manager on behalf of FCDO and sent to the grant holder for counter-signatures. These fully signed letters must be returned to the Fund Manager to complete the disposal approval process
- All UK aid branding must be removed from assets prior to transfer or disposal
- For any assets that are sold at the end of the project, grant holders must provide proof of sale at value market price and return funds to the FCDO.

Related documents

[Asset inventory template](#)

Annex One: Asset management process map

Use the document zoom function to see process map detail.



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