

Management of the Fixed Assets of ECHA

1. Purpose

This document outlines the provisions to manage the Agency's fixed assets system that includes

- the fixed asset accounting system for the recording and reporting monetary amounts associated with fixed asset transactions,
- the fixed asset management system for the acquisition, use, control, protection, maintenance, and disposal of fixed assets.

The provisions shall ensure that the Agency's fixed assets are managed, controlled, recorded, utilised and safeguarded in line with best practice.

2. Scope

This procedure describes the management of fixed assets from the delivery of fixed assets after acquisition through to the decommissioning or re-classification of the fixed assets.

3. Description

3.1. Identification of fixed assets to be inventoried

3.1.1. Fixed Asset types

The inventory of fixed assets covers two asset types, tangible (moveable) fixed assets and intangible fixed assets.

a) Tangible (moveable) fixed assets fall under the following Classes:

- Furniture;
- Technical equipment purchased by ECHA (computer, telecommunication, audio-visual equipment and the like);
- Technical installation purchased by ECHA (kitchen equipment, mobile air-conditioners, electric generators and the like);
- Vehicles (if applicable)
- Other fixtures and fittings which can be removed easily and are not an inherent part of the structure of the building.

b) Intangible fixed assets fall under the following Classes:

- Single software;
- Software covered by a major user or site license;

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- Internally developed IT assets (the final product only);
- Intellectual property rights related assets (patents, trademarks etc.);
- Capital - finance leases.

The following items are not recorded in the inventory database:

-Fixtures and fittings (non movable assets) as these are inherent in the structure of the building and removal would cause damage to the landlords premises;

- Technical equipment not purchased by ECHA but belonging to Varma;
- Consumables;
- Spare parts;
- Service and maintenance costs;
- Annual subscriptions;
- Operational leases;
- Financial assets.

3.1.2. Asset identification

All fixed asset items should be recorded in the Inventory Database and uniquely identified.

The Fixed Asset Manager and IT-Asset Manager ensure that the identification number is affixed to the tangible fixed assets, clearly visible and protected against damage. Each office, room or other location that can be physically identified as separate has a barcode identifier/number placed at its entrance. For common areas such as corridors, lobbies and multifunctional areas, sufficient barcode identifiers are placed in all entry points. The Fixed Asset Manager keeps the Building Map.

The IT-Asset Manager shall keep a register of intangible fixed assets (e.g. software) upon which an identification number cannot be affixed due to the inherent nature of the asset.

A comprehensive listing of all fixed assets located outside the premises or outside the physical possession of the Agency should be maintained and reviewed on a regular basis, by the Asset Managers, to ensure that they are properly maintained and physically exist.

3.2. Management of assets

3.2.1. Asset Managers

The responsible Authorising Officer, by delegation, shall nominate one or more staff members as Fixed/IT Asset Managers to be in charge of the Agency's property. The Asset Managers may be nominated responsible for the whole or part of the inventory.

3.2.2. Asset Retirement Committee

The Executive Director may forward to a Fixed Asset Retirement Committee proposals for the retirement of fixed assets to be investigated and decided upon. The role of this Committee is further detailed in Section 3.3.5 of this document.

3.2.3. Physical Inventories

Physical inventories checks shall be carried out at the instigation of the Executive Director, which shall determine schedules and procedures for the operations (general inventory by category of assets, by unit, etc.).

A general physical inventory shall be carried out at least once a year for both IT and non-IT assets. PRO-0043 Asset and Inventory Management describes the inventory check for non-IT related assets carried out by the Corporate Services.

Physical inventories shall be used to check the physical existence in situ of the identified fixed assets, including the fixed assets condition, conforms to the information on the inventory database and in turn, the accounting records of the Agency.

Tangible fixed assets, which have been "non tracked" for more than two consecutive years in a row, should be identified and highlighted. An investigation including a report, on these assets, should be prepared by the Asset Manager and relevant Directors and forwarded to the Executive Director so that he/she may approve the removal of these assets or request a further investigation.

3.2.4. Intellectual property

The Legal Affairs Unit is in charge of managing the Agency's intellectual property rights. The management of ECHA's intellectual property is described in the Intellectual Property Guidelines.

The Legal Affairs Unit maintains ECHA's IPR Inventory.

3.3. Life cycle of Fixed assets

3.3.1. Acquisitions

The date of acquisition or date of entry correspond to the date on which the risks of ownership of the fixed asset is transferred to the Agency, which in general corresponds to the delivery date of the fixed asset and receipt of the invoice. For fixed assets requiring installation, the date of acquisition shall be the date upon which the fixed asset enters into service. In case of any discrepancies between invoice date, delivery date and transfer of ownership, the Accounting Officer decides on the date of acquisition.

The acquisition price is calculated by adding any incidental expenses and acquisition expenses to the purchase price. Details of IT related and non-IT related assets are specified in the ABAC Assets database.

Internally Developed IT assets will be recognised as Fixed Assets at the date upon which the fixed asset has been fully prepared for its intended use and is in working condition (Accounting Rule 6). The cost of these fixed assets include the costs of the materials and services used, any professional fees and the costs of directly attributable employee benefits (see Commission Accounting Rule 12) arising directly from bringing the IT fixed asset to its working condition. Expenditure on research should not be included in the cost of Internally Developed IT fixed assets.

3.3.2. Receiving inspection

An ECHA staff member checks all fixed assets upon delivery and records their condition, quantity and quality of the fixed asset against the specifications. By receiving the fixed asset, the person confirms that the correct fixed asset is delivered, undamaged and fit for purpose. The delivery note is attached to the invoice as part of the payment approval process.

3.3.3. Replacement of an asset

The Fixed and IT Asset Manager records the replacement of identified assets or their temporary or permanent removal from their location. The Asset Manager updates the Inventory Database records every time an asset is replaced.

Wherever a fixed asset is to be replaced by another in connection with a contractual guarantee or maintenance operation the old asset will be treated, as having been disposed in the ABAC Assets database and the new asset shall be entered as an addition. The Asset Managers will notify the Accounting Officer of all replacements in a timely manner. The Accounting Officer will ensure that the accounts of the Agency are amended to reflect such replacements.

3.3.4. Loss or disappearance of an asset

The realisation of a theft, loss or destruction of a fixed asset must be notified by any staff member, who identifies same, to the Fixed Asset Manager immediately. In respect to ICT assets the ICT helpdesk shall be informed as per the guidance in HAN-0011. This handbook should also be followed in cases of temporary or permanent loss of items used to access the ECHA premises. The declaration shall include a description of the item and the circumstances of its disappearance.

If ICT equipment is lost the procedures noted in HAN-0011 shall be followed. In other cases, the Security Manager initiates a procedure for an enquiry.

The Executive Director on the proposal of the Security Manager decides on the actions to be taken in the event of loss or disappearance of a fixed asset, especially such assets that contain business sensitive information. The Security Manager informs the Asset Manager of the decision accordingly.

On receipt of the documented provisional closure decision of the Executive Director, the Fixed/IT Asset Manager initiates the retirement of the fixed asset as soon as possible. The provisional closure document shall be transmitted by the Executive Director to the relevant Asset Manager within six months following the declaration of the asset's disappearance.

3.3.5. Fixed Asset retirement

Fixed assets, other than items under leasing, long term rentals and property held under a long term lease not conferring a right of ownership, may not be withdrawn from service, unless the fixed asset retirement procedure has been completed.

The final withdrawal from service requires the approval of the Executive Director following a favourable opinion of

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- a) The Director of Resources/Director of Information Technology where the original cost is below 5,000 EUR;
- b) The Asset Retirement Committee, based on an asset retirement request where the original cost exceeds the above-agreed value or the asset is deemed to be of a sensitive nature such as iPhones, Ipads or laptops.

Leasing, long-term rentals and property held under a long-term lease conferring a right of ownership to the agency may be automatically deleted from the inventory database upon confirmation that the contractual relations between the lessor/licensor and the lessee/licensee have terminated. The Asset Managers receives the conformation from the relevant Directorate as applicable.

The Fixed/IT Asset Managers ensure that fixed assets are written off and the Inventory Database is updated. They forward details of the fixed assets retired to the Accounting Officer.

The Fixed/IT Asset Manager will archive the record of decisions involving the deletion of an item from the active inventory of the agency.

3.3.6. Disposal of fixed asset items

The Fixed/IT Asset manager concerned shall be responsible for the disposal of the retired fixed assets in the most economical and environmentally friendly way.

- a) Sold;
- b) Traded in;
- c) Scrapped;
- d) Donated;
- e) Destroyed;
- f) Dismantled to retrieve parts.

If relevant, PRO-0046 Waste management applies.

If items that have been retired are not destroyed, the Fixed/IT Asset Manager concerned, in consultation with the Security Manager, shall ensure, that the items leaving the agency's premises are anonymous and information or data is deleted (in particular for ICT items).

Items withdrawn from the agency's fixed assets and donated to a third party may only be given to a registered charitable, humanitarian and non-profit organisations.

Selling of the items should be carried out only via public auction organised by the Finance Unit in cooperation with the Asset Managers.

3.4. Depreciation

All fixed assets with the exception of land and immovable objects shall be subject to depreciation. A full month's depreciation will be charged in the month of acquisition. No depreciation will be charged in the month a fixed asset is disposed.

The methods of depreciation used by the Agency will be either straight line or reducing balance basis depending on the Asset class and in compliance with Commission guidelines. The applicable depreciation rates will be detailed in the Final Annual Accounts of the Agency.

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Where the real useful life of the asset exceeds its depreciation period, the fixed asset shall remain in the inventory database at the end of the depreciation period, with depreciation corresponding to 100% of its book value.

3.5. Revaluation

Revaluation of fixed assets involves all assets held under a particular class "ie. Furniture" and cannot be restricted to individual fixed assets. The Agency will carry out revaluations as deemed necessary given the type of fixed assets held.

The Accounting Officer shall check annually whether revaluation of fixed assets should be applied, and will request the relevant Directorates and Asset Managers to perform such exercises if deemed necessary.

3.6. Responsibilities

The Executive Director has overall responsibility for the Fixed Assets of the Agency.

The Authorised Officers by delegation through their budget implementation have responsibility for the fixed assets held under their Directorate.

The Fixed and IT Asset Managers, through delegation, are responsible for making sure that the receipt, labelling, tracking, monitoring the location and recording of the fixed assets in the ABAC Assets system, are performed according to this PRO for the fixed assets under their area of responsibility.

The Legal affairs unit maintains the Agency's IPR Inventory records.

The Head of Corporate Services is responsible for the common areas and fixed assets placed therein.

The Accounting Officer is responsible for the preparation and presentation of the Accounts in accordance with Title IX and implementing the accounting rules, methods and chart of accounts in accordance with the provisions adopted by the Commission's Accounting Officer.

All staff members and places upon them the responsibility of ensuring the safeguarding of the fixed assets provided to them for the proper performance of their duties.

4. Flowchart

N/A

5. Definitions

Term or abbreviation	Definition
ABAC	Assets IT-system The Agency's Inventory Database
Asset class	Refers to the grouping of fixed assets of a similar nature and used in the Agency's operations eg Computer Equipment.
Asset type	Refers to Tangible and Intangible Fixed assets, which are acquired, developed and have a useful life of more than 1 year.
Depreciation	Recording the inevitable and generally irreversible loss of value of invested capital, which has a limited useful life due to wear and tear, age or obsolescence.
Fixed Asset	Fixed assets are resources controlled by the Agency as a result of past events and from which future economic benefits or service potential are expected to flow to the Agency. They have a useful life of more than 1 year.
Fixed asset accounting system	Provisions for the financial recording and reporting monetary amounts associated with fixed asset transactions
Fixed asset management system.	Provisions for the management of the acquisition, use, control, protection, maintenance, and disposal of assets
Fixed Asset Manager	Refers to the Asset Manager for all non-IT related Fixed Assets
Fixed asset system	system including the fixed asset accounting system and the fixed asset management system
Intangible fixed asset	Is an identifiable asset without physical form.
IT Asset Manager	Refers to the Asset Manager for all IT related assets
Revaluation	increasing or decreasing the carrying value of fixed assets in case of major changes in fair market value of an asset
Tangible fixed asset	Is an identifiable asset with physical form.

6. Records

Record name	Security level	Comments
Register of intangible assets	Internal	
Inventory Database	Internal	
IPR Inventory	Internal	

7. References

Associated document code	Document name
	General Policies Manual
	Financial Regulation
	Intellectual Property Guidelines (version 1, 2011)
	European Union Accounting Rule 6: Intangible Assets
	European Union Accounting Rule 7: Property, Plant and Equipment
	European Union Accounting Rule 8: Leases
	European Union Accounting Rule 18: Impairment of Assets
	European Union Accounting Rule 12
	International Public Services Accounting Standards

8. Annexes

N/A