ECOWAS ASSET MANAGEMENT POLICY

Contents

PREAMBLE

Except to the extent to which the context may otherwise require, this Policy shall be construed in accordance with the following provisions:

i. This policy shall apply to fixed assets acquired with funding originating from any source including (but not restricted to) ECOWAS, Development Partners or other External Sources and by Donations/gifts.
ii. Any word or expression denoting any gender shall include both genders.
iii. Words denoting the singular only may also include the plural, and vice versa, where the context requires.
iv. This policy shall apply only in respect of management of the ECOWAS' fixed assets specifically land, buildings, plant and machinery, equipment, furniture, software, goodwill and other assets of an enduring nature which are owned and controlled by the ECOWAS.
v. Where the term assets is used in this policy, it refers to fixed assets whose economic benefit to ECOWAS exceeds one year.

GLOSSARY

For purposes of this Policy, unless otherwise stated, the following definitions apply:

i. **"Acquisition cost"** of a fixed asset means its purchasing price and all directly attributable costs of bringing the fixed asset to working condition. These may include the cost of site preparation; initial delivery and handling costs including freight and insurance fees; installation costs; professional fees such as for architects and engineers;

ii. **"Asset focal point"** means the individual to whom authority for the maintenance of complete and accurate records of assets received and/or held under the control of the ECOWAS Institution or Specialised Agency has been delegated.

iii. **"Assets Management Committees"** means the two types of committees provided for in the ECOWAS Financial Regulations for purposes of proper management of all assets of the ECOWAS namely the Strategic Assets Management Committee and the Technical Assets Management Committees.

iv. **"Auditor General"** means an independent officer responsible to the Council for providing assurance that the approved budgets of the ECOWAS Institutions and Specialised Agencies are being used for the purpose for which they have been allocated by the Council and in conformity with the Financial Regulations in force;

v. **"Chief Executive Officer"** means the officer responsible to the Council of Ministers and the Authority of Heads of State and Government, appointed in accordance with article 18 of the Revised Treaty for the overall management, custody, safety and integrity of ECOWAS Community funds and resources and other special funds; to replicate financial report definition

vi. **"Chief Financial Officer"** means the officer in charge of finance in an ECOWAS Institution or Specialised Agency, as appointed by the Council, accountable and reporting to the Chief Executive Officer, and in charge, by delegation of the Chief Executive Officer, of ensuring an efficient and effective management and reporting on the collection, custody and utilisation of Community funds and resources (same as 5)

vii. **“Control”** means that the ECOWAS Institution or Specialised Agency can use or otherwise benefit from the fixed asset in pursuit of its objectives and can exclude or otherwise regulate access of others to that benefit. Fixed assets acquired for and transferred to an implementing partner are not controlled by ECOWAS and therefore must not be recorded in the Assets Register.

viii. **“Cost”** means the amount of consideration given up to acquire, construct, develop, or improve an asset (including a composite asset) and all normal and reasonable expenditures necessary to make the asset operational. Cost also includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset;

ix. **“Council”** means the Council of Ministers of the ECOWAS Community as established under Article 10 of the revised ECOWAS Treaty.

x. **“Disposal Committee’** for the purpose of recommending the best practice or method of disposing of unserviceable, obsolete or surplus assets.

xi. **“Donor funds”** means any aid, gifts or donations in the form of financial or technical assistance granted to the ECOWAS Community under a cooperation or financing agreement between the ECOWAS Community and a third country or other reputable international organisation;

xii. **“Development Partner”** means any donor institution, governmental or quasi-governmental organization and non-governmental organisation contributing financial or technical resources for development of areas covered by the ECOWAS mandate or objectives;

xiii. **“ECOWAS** means the Economic Community of West African States (ECOWAS) in accordance with article 2 of the revised ECOWAS Treaty.

xiv. **ECOWAS Staff Member** means national of a member state, who occupies a fixed post on the approved organogram and who serves in one of the ECOWAS Institutions or Specialised Agencies in accordance with the ECOWAS Staff Regulation. With the exception of a consultant, any person who holds a fixed term contract, is considered as a Staff Member.

xv. “**Fair value”** means the amount of consideration that a knowledgeable, willing buyer would pay for an item in an arm’s length transaction; refer to ipsas 45

xvi. **“Fixed asset”** (also known as property, plant, and equipment) means any property, leasehold improvement or equipment purchased or donated to ECOWAS and which is under the control of an ECOWAS Institution or Specialised Agency. Intangible assets such as software are considered fixed assets under this policy.

   a. The value is above 3 000 UA (Units of Account); and
   b. Can last more than a year in the organisation.

xvii. **“Financial Regulations”** means the ECOWAS Financial Regulation and its amendments;

xviii. **“In kind”** means non cash assistance received by an ECOWAS Institutions, agencies or offices from third parties;

xix. **“Inspection and Receiving Committee’** means a committee responsible for inspection and receiving Assets and other items established under the Procurement code and Manual.

xx. **“Low value assets”** means assets valued under 3.000 UA (Units of Account);

xxi. **“Records”** means information established, recorded and kept by any means, includes all books, accounts, rolls, files, vouchers, receipts, cheques, registers, papers, documents, photographic plates, microfilms, photo static negative prints, tapes, disks, computer reels, diskettes and hard disks, perforated rolls, and any other type of written, printed, copied, magnetic tape, electronic data recorded or other information whatsoever, and all papers or other records relating to accounting operations and practices;

xxii. **“Strategic Assets Management Committee**” means the Committee provided for in the Financial Regulations for purposes of proper management of assets established by the President of the ECOWAS Commission to oversee and advise the Chief Executive Officer on all asset management processes of Institutions, Agencies and Offices. The Strategic Assets Management Committee shall comprise the Commissioner for Internal services as Chairperson; the Commissioners of Finance and Telecommunication & Information Technology as Members; and all the Chief Executive Officers of all the ECOWAS Institutions and Specialised Agencies as Members; refer to Article 134 of financial regulation

xxiii. **“Technical Assets Management Committee”** means the Committee provided for in the Financial Regulations to lead and provide regular technical support and advice to the Chief Executive Officers of the ECOWAS Institutions and Specialised Agencies. It is appointed by the Chief Executive Officer of an ECOWAS Institution or Specialised Agency and shall include representatives of the Directorates in charge of administration, finance and telecommunications and information technology in accordance with existing institutional setup as stipulated in Article 134 of financial regulation.

xxiv. **“Units of Account”** means the currency used by the ECOWAS which is equivalent to the Special Drawing Rights of the International Monetary Fund. Refer to Article 3 of financial regulation.

CHAPTER I: PURPOSE, SCOPE, AND DEFINITIONS

Article 1: Background

Following the adoption of the International Public Sector Accounting Standards (IPSAS) as well as the revision of the ECOWAS Financial Regulations (FRR), the ECOWAS Fixed Assets Management Policy had been developed to guide and align the management and accounting of all assets of the ECOWAS with the view to ensure clarity and efficiency on the accountability of its tangible and intangible assets in all its Institutions, Agencies and Offices.

The Policy draws its authority from the ECOWAS Financial Regulations and aligns with the IPSAS. All persons and entities with responsibilities that involve the management and accounting of ECOWAS assets shall comply with this Policy with the view ensuring that the Fixed Assets are well maintained, utilized, accounted for, controlled and disposed accordingly.

The Policy covers the administration, accounting and control of assets which include among other the recognition, tagging, transfer and movement, physical verifications, security and safety, risk management, repair and maintenance, write-off and disposal of property. The Policy is structured in 6 Chapters which provide a high-level guidelines for management of Fixed Assets, Accounting of Fixed Assets, and Management of Intangible Assets, Accounting for Intangible Assets and Roles and Responsibilities of all stakeholders.

All parties are encouraged to make maximum usage of this Policy in their daily operations so as to ensure positive impact on the effectiveness and efficiency on the management, accounting and utilization of the ECOWAS resources.

Article 2: Definition

2.1 Property, Plant and Equipment

i. Property, Plant and Equipment are items:
   a. Which are controlled by ECOWAS for use in the production or supply of goods or services, for leasing to third parties or for administrative purposes;
   b. Which are supposed to be used for more than one financial period.
ii. Buildings, facilities and equipment are capitalized:
   a. If it is likely that future economic benefits or service potential associated with it will accrue to ECOWAS;
   b. If ECOWAS controls them;
   c. Whether their fair value or cost can be measured reliably.

2.2 Intangible Assets

i. An intangible asset is an identifiable non-monetary asset without physical substance.

ii. An asset is identifiable if it either:

   a. Is separable, i.e., is capable of being separated or divided from ECOWAS and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether ECOWAS intends to do so; or

   b. Arises from binding arrangements (including rights from contracts or other legal rights), regardless of whether those rights are transferable or separable from ECOWAS or from other rights and obligations.

2.3 The "Control" concept*;*

i. Where ECOWAS uses or possesses the right to use the assets to achieve its objectives:

   a. Its units value must be greater than or equal to the capitalisation threshold used by the ECOWAS

   b. Where it may prevent other parties from benefiting from it or controlling the use of it.

ii. For ECOWAS to use or possess the right to use an asset to achieve its objectives and to carry capital assets in its books, it should also be under its control.

iii. The following list determines the existence of a control:

- The purchase was made by ECOWAS or at its request.
- The title of ownership is in the name of ECOWAS;
- ECOWAS is free to use the property as it sees fit;
- ECOWAS is free to sell or dispose of the property;
- If the property were to disappear or be destroyed, ECOWAS may decide to replace it;
- The use that is made of the property aims to achieve the objectives of ECOWAS.

iv. Discretion should be exercised in determining whether ECOWAS controls a property and the criteria presented above can help to reach a decision.

2.4 Low-Value Assets: Assets with a relatively low acquisition cost or replacement value, as defined by the Asset Management Committee.

Article 3: Purpose

3.1 The purpose of this Policy is to enable all the ECOWAS Community staff responsible for assets understand their responsibility in the effective management of ECOWAS Community assets.

3.2 This policy shall apply to acquisition, recording, usage, security, control, maintenance, re-evaluation and disposal of all ECOWAS Fixed assets whether purchased, leased, constructed or obtained through contribution-in-kind.

3.3 Moreover, this Policy defines responsibilities that relate to its implementation and is designed to ensure that assets are:

i. Managed appropriately from the point of acquisition to the time of disposal in a way that is compliant with the ECOWAS Community's policies and regulatory obligations;
ii. Registered and inventoried within the asset management system for tracking and auditing purposes;
iii. Supported and maintained throughout the assets lifecycle so that they deliver best value for the investment; and
iv. Administrated for the identification of risk and business continuity planning.

Article 4: Scope

4.1 This policy shall cover items of FIXED ASSETs including Intangible Assets (IAs) that meet the recognition criteria, to all the ECOWAS Institutions, Agencies and Offices.

4.2 The following ECOWAS Institutions and Specialised Agencies are excluded from the scope of application of this Policy:

i. The ECOWAS Bank for Investment and Development.
ii. The West African Monetary Agency.
iii. The West African Monetary Institute,
iv. The West African Power Pool and
v. ECOWAS Brown card.

4.3 This Policy applies to the recording, use, security, control, maintenance, disposal, and theft of all ECOWAS Community owned and controlled assets, at ECOWAS Institutions and Specialised Agencies, whether purchased by the ECOWAS Institutions or Specialised Agencies or obtained through a donation in kind.

4.4 This policy applies to all assets acquired, constructed, donated-to, or otherwise owned by the ECOWAS Community.

4.5 This category of assets includes all equipment assigned to ECOWAS staff, located in the ECOWAS Institutions, Agencies and Offices.

Article 5: Rules of Interpretation

5.1 In This Policy, unless the context otherwise required, the singular shall include the plural and the masculine shall include the feminine.

5.2 For the purposes of This Policy, the terms defined herein shall prevail over any definitions in other Policies and Regulations.

5.3 Related documents to this Policy are:

i. The ECOWAS Financial Regulation and Manual of Accounting Procedures;
ii. The ECOWAS Procurement Code and Manual;
iii. The ECOWAS Grants Code and Manual;
iv. The ECOWAS Audit Charter;
v. The ECOWAS Enterprise Risk Management Framework;
vi. The ECOWAS Staff Regulation; and
vii. The ECOWAS Code of Ethics

Article 6: General Principles

6.1 Those responsible for asset management shall be guided by the following principles:

i. Ensure integrity and accuracy in financial and administrative recording of assets;
ii. Ensure that assets which are procured are needed and are "value for money";
iii. Ensure the safeguarding of all assets;
iv. Promote due care and attention to the maintenance of assets; and
v. Safeguard ECOWAS interests in the disposal of assets;

6.2 ECOWAS staff member and any person involved who has a direct or indirect interest in the purchase, disposal or transfer of goods, thereby giving rise to a conflict of interest, must sign the confidentiality and impartiality form. In addition, they must refrain from getting involved in or influencing the outcome of any such activity.

CHAPTER 2: MANAGEMENT OF TANGIBLE ASSETS

Article 7: Objectives of the Policy

7.1 The objectives of this Policy are:

i. To establish the regulatory Framework for the Accounting, Management and Control disposal of fixed assets in line with ECOWAS regulations, policies and manuals.
ii. To ensure transparency and accountability in the management, control and disposal of Fixed assets so as to realise real economic benefits
iii. To identify and address risks inherent in the management of Fixed assets systems
iv. To ensure completeness and accuracy of Fixed assets record and financial reporting systems
v. To ensure that the Accounting, Management, Control and disposal of Fixed assets complies with International Public Sector Accounting Standards (IPSAS)

Article 8: Classification

8.1 All Tangible Assets shall be categorized into the following classes:

i. Vehicles
ii. IT equipment
iii. Office Furniture and other equipment
iv. Household Furniture, plants and equipment
v. Buildings
vi. Software and License

Article 9: Acquisition

9.1 All acquisitions by ECOWAS must be carried out in accordance with the ECOWAS procurement code and manual and, the grant code and manual.

9.2 The Acquisition of ECOWAS Tangible Assets shall be through the following means:

i. Purchase
ii. Donation or contribution in kind
iii. Internal transfer between Institutions and Agencies
iv. lease
v. Self-construction
vi. Assets under construction (Work in Progress)
vii. Asset improvements
viii. Assets from technical partners

Article 10: Tagging

10.1 All Tangible Assets shall be tagged upon receipt at the assigned location. That is the assignment of each item with a unique identification number (Asset ID) for easier physical tracking.

10.2 All Tangible Assets Items of ECOWAS shall be tagged and clearly identified where practical for management and tracking purposes.

10.3 Asset ID shall be maintained for each building and land, even where the affixing of such unique tracking numbers is not practical.

Article 11: Transfer and Movement

11.1 Transfer and Movement of Tangible Assets shall involve the physical relocation of items from one location to another.

11.2 An internal transfer of Tangible Assets shall not result in a gain/loss on disposal; rather the FIXED ASSET shall be transferred from one unit in the following manner:

i. A physical transfer between Departments, Directorates, Offices and/or programme (details of the new location must be updated in the system).
ii. A physical transfer between ECOWAS Organs shall be transferred at its current carrying value.

Article 12: Physical Verification

12.1 A physical count and verification of all Tangible Assets shall be conducted in all ECOWAS offices and locations where ECOWAS Assets are assigned for use on an annual basis. This shall be to ensure accuracy, completeness and existence of fixed assets as recorded in the asset register.

12.2 Physical counts of all Tangible Assets shall also be conducted whenever there is a re-organisation of offices. I.e. office opening and closure.

Article 13: Storage and Warehousing

13.1 The primary function of a warehouse and storage unit is to provide storage space for fixed assets which are not assigned immediately or those asset which are currently out of use. The warehouse shall be a place to store assets between the time they were purchased and the time they were distributed to the staff/users.

13.2 This shall be done in accordance with the principles of:

i. Proper organization and labelling to ensure easy identification and inventory management.
ii. Proper temperature and humidity control to preserve the quality and safety of the product.
iii. Protection from physical damage and contamination.
iv. Stores ledger shall be maintained in the Administration Department for all categories of inventory in the stores.

Article 14: Security and Safety

The responsible officers shall ensure that:

14.1 Adequate controls are in place to safeguard, by properly recording, tagging and tracking all Tangible Assets under their control;

14.2 Tangible Assets Registers are established and well maintained;

14.3 Appropriate measures must be put into place to protect assets from misuse, damage and loss

14.4 All movements of assets from one location to another are authorised by the responsible authorities.

Article 15: Risk Management

15.1 Effective risk management systems shall be established to identify and protect assets from risk of damage or loss.

15.2 A disaster recovery plan shall be put into place to cater for recovery in case of disaster.

15.3 The Director, Administration and General Services / Director of Administration and Finance /Head of Administration and Finance and other offices responsible shall ensure that all Tangible Assets (subject to 3 above) are adequately insured using appropriate insurance covers and policies from reputable insurance organisations.

15.4 Risk management measures that inform this policy include the ECOWAS risk management policy and framework.

Article 16: Repair and Maintenance

16.1 All assets shall be maintained in good working condition.

16.2 Routine and preventive maintenance for Tangible Assets shall be conducted at regular intervals.

16.3 Cannibalisation of assets shall be prohibited, except with proper authorization of management.

16.4 Dismantling of assets shall be prohibited, except with proper authorization of management

Article 17: Loss and Damage

17.1 ECOWAS staff shall handle ECOWAS property with care and protect all assets in their possession from damage, loss or theft.

17.2 In the event that an asset is lost, damaged or stolen, the responsible asset holder is obligated to immediately notify the immediate supervisor and the responsible officer promptly.

17.3 Reports on losses caused by theft or robbery shall be accompanied by a loss report from a recognized authority (either ECOWAS Security or/and Police Authority) from the respective host country/duty station, as may be appropriate.

17.4 Loss of Fixed assets shall be handled in accordance with Article 140 of the Financial Rules and Regulation (FRR).

17.5 The Office of the Auditor General shall have the responsibility of investigating losses of cash, inventory or any other ECOWAS Community asset.

17.6 Disciplinary procedures relating to losses of ECOWAS assets shall be dealt with in accordance with provisions of the Financial Regulations, the ECOWAS Staff Regulations Article 59-68 and the ECOWAS code of ethics Article 14.

Article 18: Retirement and Write-off

18.1 Accounts Officers shall inform the Director of Administrations and General Services of assets in the Fixed Asset Register (FAR) which are due for retirement and write-off.

18.2 The Officers in Charge of Fixed Assets shall physically inspect and verify the conditions of such assets and make written recommendations for its write off or otherwise to the Director of Administration and General Services (DAGS), Director of Administration and Finance (DAF) and Head of Administration and Finance (HAF).

18.3 DAGS/DAF/HAF shall base their decisions, to exercise the authority to dispose and write-off of fixed asset items, on written recommendations of the Officers in charge of fixed assets.

18.4 Requests to write-off any individual items of fixed assets, with a carrying value exceeding **UA 3,000** should be submitted to the Director/Head of Finance for review and approval.

18.5 De-recognition or retirement is the process of removing an item of fixed asset from the books of accounts or reclassified.

18.6 The carrying amount of the fixed asset shall be de-recognized on disposal or when no future economic benefits or service potential is expected from its use.

18.6 The following are different circumstances which shall lead to de-recognition:

i. Sales
ii. Donation
iii. Transfer between ECOWAS Institutions, Agencies and Offices.

Article 19: Monitoring and Tracking

19.1 Responsible departments shall conduct regular monitoring & tracking of Tangible Assets to ensure existence.

19.2 The policy will track ECOWAS assets as defined below:

i. Purchases that have a unit cost or gift value equal to or in excess of 3,000 UA and/or
ii. Items that have a useful life of more than one year,
iii. Any IT equipment below the threshold of 3,000 UA
iv. Other low value assets

CHAPTER 3: ACCOUNTING FOR TANGIBLE ASSETS

Article 20: Capitalisation

20.1 As stipulated in the Article 135 of the ECOWAS Financial Regulations, any asset with value of **UA 3,000** and above and with a life span of more than 1 (one) year shall be capitalized in the books of the Community for accounting and reporting purposes.

20.2 All other non-current assets (Fixed Assets) with values less than **UA 3,000** shall be recorded as <u>Low Value Assets (LVA).</u>

20.3 It is the responsibility of Chief Executive Officer and the Heads of Institutions to ensure that a Fixed Assets Register (FAR) is maintained for all assets. The information contained in the register shall include:

i. Asset tag number,
ii. Description of the item,
iii. Name of supplier,
iv. Make and/or Model,
v. Serial Number,
vi. Original Value,
vii. Date of Acquisition,
viii. Date of first use
ix. Useful life
x. Depreciation rate,
xi. Location, and
xii. Remark.

20.4 All Tangible Assets shall be insured against damages and losses under a community-wide negotiated insurance policy (unless not practicable).

20.5 ECOWAS shall conduct a full physical inspection once, every year-end to verify the accuracy of the Fixed Assets Register.

Article 21: Depreciation

21.1 In order to recognize wear and tear resulting from the use of assets, classification of assets for the purpose of depreciation over the economic lives using the appropriate methods including the straight-line method shall be grouped as follows:

i. Motor Vehicles: 4 years
ii. Computers: 3 years
iii. Office Furniture and other equipment: 5 years
iv. Household Furniture and equipment: 5 years
v. Buildings: 20 years
vi. Software: 3 years

21.2 Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

21.3 Depreciation of an asset ceases when the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated.

21.4 Tangible and Intangible assets shall be depreciated annually on a pro rata basis. The Officer in charge of Fixed Asset shall prepare depreciation schedules for review by the DAGS/ DAF/HAF.

21.5 The disclosure for property, plant and equipment and Intangible assets should indicate the method of measurement (historical cost or fair value) and the depreciation method used

21.6 The depreciation schedule will serve as input in the preparation of financial statements and shall provide details such as:

i. Asset cost/revalued amount;
ii. Depreciation rate;
iii. Depreciation charge for the year;
iv. Accumulated depreciation; and
v. Net Book Value.

21.7 Assets under construction and land will not be subject to depreciation. These will however be subject to review for impairment adjustments.

21.8 A specific analysis of impairment of particular assets or classes of assets will be conducted when conditions indicate a loss in value. The depreciated replacement cost approach will be applied in determining the impaired amount to be written down.

Article 22: Valuation

22.1 The valuation and revaluation of Tangible Assets is the responsibility of the DAGS/DAF/HAF.

22.2 Objectives of Assets Valuation:

i. To ascertain the current fair value of the asset for accounting purpose
ii. To enhance reconciliation between the fixed assets register and the physical inventory
iii. To ascertain how much an asset can be replaced and for insurance purpose
iv. To be able to advise on the remaining useful life of the asset from the date of the valuation

22.3 Valuation of Assets:

i. The most appropriate way to ascertain the value of an asset such as land, is to acquire the services of an independent professional value. This should be valued at current market price.
ii. When conducting valuation, all assets under the same class must be revalued.
iii. Revaluation of assets should be conducted at the end of each year, in compliance with the IPSAS provision and where relevant, revaluation of assets shall be undertaking with the assistance of experts where necessary. Impairment losses shall be recognized in the financial statement.
iv. The Fixed Assets Register should be maintained at historical cost or original cost. However, revalued asset will be adjusted in the register using the Revaluation Report as a reference document.

ARTICLE 23: Impairment

23.1 Impairment losses shall be expensed. An item of Tangible Asset shall be deemed impaired when the carrying value is higher than its recoverable amount. The recoverable amount is the higher of the fair value of a Tangible Asset item less costs to sell; and its value in use.

23.2 If impaired Tangible Assets subsequently increase in value (i.e. when the impairment is reversed), the recoverable amount of the asset shall be recalculated and the carrying amount shall be revised to the recoverable amount.

23.3 The increased carrying amount of an asset due to an impairment reversal shall not exceed the carrying amount that the asset would have been reported had no impairment loss been recognized initially.

Article 24: Disposals

24.1 Disposal of Tangible Assets involves the identification, valuation and putting in place measures for economic divestiture of ECOWAS Tangible Assets.

24.2 An item of Tangible Asset should be removed from the financial statements (derecognized) once its disposal is approved. Operationally, prior to the approved disposal event taking place and while the asset has already been identified as an item with no future economic benefit or service potential expected from its use, the asset needs to be impaired.

24.3 Where ECOWAS's asset becomes obsolete/surplus/unserviceable, it shall be disposed of in a timely manner to avoid incurring holding and maintenance costs and minimise loss of value.

24.4 The primary objective is to dispose of property no longer required for its operations by ECOWAS. This can arise where the asset's usefulness is impaired due to:

i. Deterioration or obsolescence;
ii. Where the asset has to be traded-in for new asset with similar use;
iii. Loss of the asset as a result of theft: and
iv. Expiry of useful life.

24.5 As stipulated in the Article 140 of the ECOWAS Financial Regulations, the Office of the Auditor General shall have the responsibility of investigating losses of ECOWAS assets. Any loss of Tangible Asset shall be reported at once to the Office of the Auditor General and the Office responsible for General Administration depending on the Institutional establishment in line with Article 100 of the ECOWAS Financial Regulations.

24.6 The Head of Administration and Finance upon identifying specific asset that need to be disposed of, shall recommend the disposal of those assets to the President of ECOWAS/Heads of Institutions. All disposals shall be conducted in a transparent manner and may where necessary include a specialist advice (if it is a technical equipment).

24.7 The President of ECOWAS/Heads of Institutions shall commission a team to conduct a formal inspection of the Tangible Assets that are considered no longer useful and approve of their disposal if satisfied with the report by the inspection team. The terms of reference of the team shall include determination of the indicative value of the Tangible Asset concerned and the committee should have the authority to employ the services of professional evaluator where necessary.

24.8 Disposal shall be done through competitive bidding and in all cases, management shall give staff of ECOWAS the first option to purchase the asset being disposed of. Boarded (scrapped) Tangible Assets shall be disposed of by other means upon approval of the President of ECOWAS/Heads of Institutions.

24.9 The responsible Officer shall update the Fixed Asset Register (FAR) to reflect the disposals. The items that have been disposed of must be deleted from the Fixed Assets.

24.10 Gains or losses arising from the de-recognition of an item of property, plant and equipment should be determined as the difference between the actual net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss should be included in the statement of financial performance as an item of revenue or expense, as appropriate.

Article 25: Recognition Criteria

25.1 To meet the Recognition criteria, the assets must be controlled by ECOWAS because of past events, such as a purchase, construction or donated and the future economic benefits and service potential must be acquired to this one.

25.2 Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

25.3 In the absence of information at the date of recognition, it is possible to substitute the fair value of the market value of an identical or similar asset. It is the most probable price reasonably obtainable in the market at the date of valuation (for example, we must consider an active market to evaluate its value, that is, a market where there is supply and demand). We can also find if the asset is marketed on some specific e-commerce websites with its condition (new or used) and have an idea accordingly on its value. A request for quotation from some suppliers should be a solution. An average price can be calculated thereafter.

25.4 Fair value can also be determined by a recognized expert on the subject. For example, experts on valuation have to be engaged to update the values of lands and buildings (if any) in ECOWAS. The determination of the fair value of the landed assets will be performed by using Market based methods as first hierarchy of values (Direct Sales Comparison, Investment Method, and Depreciated Replacement Method).

25.5 All other non-current assets with values less than 3.000 UA shall be recorded as low value assets.

25.6 In addition to fixed assets that must be tracked in accordance with this policy, the policy will track ECOWAS assets as defined below:

i. Purchases that have a unit cost or gift value equal to or in excess of and/or
ii. Items that have a useful life of more than one year or all items, including equipment, hardware, and software that connect to ECOWAS.

Article 26: Disposal of Tangible Assets in use by a retiring staff

26.1. A retiring staff to whom asset(s) was initially assigned and now retiring will enjoy the right of first refusal (ROFR).

26.2 ROFR is an arrangement that grants a retiring staff to whom asset(s) was initially assigned, the first opportunity to buy an asset before it is disposed of, through the approved disposal processes.

26.3 The ROFR will be conducted in line with the relevant articles of the ECOWAS Assets management Manual.

26.4 The defining aspects of the ROFR shall be:

i. A qualifying asset to be disposed of through the ROFR arrangement should fulfil the definitions in **article 24.4** of this policy document.
ii. Where the asset(s) does not qualify under the article 24 of this policy, the trade-in provisions of this policy shall apply.
iii. The retiring staff must have expressed interest in accordance with the article 25 of the ECOWAS Assets Manual.
iv. Expression of Interest (EOI): The retiring staff expresses interest to buy the asset(s) in his/her possession, in writing to the DAGS through the head of assets management unit.
v. Upon receipt of the EOI, the head of the assets management unit takes steps to verify the existence of the assets, confirms the details and the eligibility of the requester.
vi. If in order, the head of the assets management unit forwards the verified EOI to the DAGS.
vii. The DAGS approves and recommends same approval to the Technical Assets Management Committee.
viii. The President of the ECOWAS Commission, or the person delegated by him, shall approve or reject the recommendations
ix. If the recommended EOI is not approved by President of the ECOWAS Commission, or the person delegated by him, then the directorate in charge of assets management will notify the requester the denial and why.
x. If approved, then the requester will be advised, and the directorate in charge of assets management is considered equipped with approval to conclude with the requester in line with the relevant articles of the ECOWAS Assets policy.

Article 27: Trade-In of Tangible Assets in use by a retiring staff

27.1. Trade-in is an arrangement created to manage the disposal of tangible assets to a retiring ECOWAS Staff, where the asset(s) does not qualify under article 24 of this policy.

27.2 A typical instance of such situation is where the asset(s) is still at the early years of its useful life as at the retiring date of the staff.

27.2. The value of the trade-in on such asset(s) shall be referred to as **“trade-in allowance”.**

27.3 For the purpose of this policy, **the trade-in allowance** shall mean the net book value of the asset(s).

27.4 The book value for the purpose of applying this trade-in policy shall be advised by the officer in charge of fixed assets register, and In line with article 21 of this policy and the relevant provisions of the ECOWAS Financial Regulations.

27.5 In the case of LVA, the trade-in allowance shall be 5% of the net book value, for LVA below 3 years.

27.6 The retiring staff who has expressed interest in exercising the ROFR and agreed to the terms shall pay in full the **trade-in allowance**.

CHAPTER 4: MANAGEMENT OF INTANGIBLE ASSETS

Article 28: Acquisition

28.1 Intangible Assets may be acquired by ECOWAS in one or more of the following ways:

i. Procured by the institution in line with their applicable procurement laws and regulations, including the procurement provisions set out in the ECOWAS Procurement Code and Manual;

ii. Procured by a third party on behalf of the institution (i.e. by a procurement agent);

iii. Procured by one institution on behalf of another;

iv. Through direct procurement by the ECOWAS Commission on behalf of the institutions through the Pooled Procurement Mechanism.

v. Transferred to an institution from one or more other institutions.

vi. Donation of Intangible Assets to the institution at country level by one or more other stakeholders

Article 29: Intangible Assets Verification

29.1 Annual verification and confirmation exercise shall be conducted to ensure that the Intangible assets still exist and have not suffered an impairment loss.

29.2 For software licenses and custom developed software, the exercise shall also confirm the validity of the license and the continued benefit of ECOWAS.

Article 30: Impairment

30.1 Impairment assessments shall be performed periodically, at least annually by the Division responsible for the Asset. However, if evidence is obtained of impairment during the year, the impairment shall be recognized immediately and reported.

30.2 When there is an indication of impairment, impairment tests shall be conducted to assess whether the recoverable amount is less than it carrying value.

30.3 Impairment tests shall be applied on an asset-by-asset basis. Existence of impairment indicators shall also be assessed e.g., technological obsolescence for IT software.

CHAPTER 5: ACCOUNTING FOR INTANGIBLE ASSETS

Article 31: Recognition

31.1 An intangible asset shall be recognized if, and only if:

a. It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the institution/agency; and
b. The cost or fair value of the asset can be measured reliably.

31.2 ECOWAS Institutions, Agencies and Offices shall assess the probability of expected future economic benefits or service potential using reasonable and supportable assumptions s that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

31.3 An intangible asset shall be measured initially at cost:

a. Its purchase price, including import duties and non-refundable purchase taxes,
b. after deducting trade discounts and rebates; and

31.4 Any directly attributable cost of preparing the asset for its intended use. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, shall be measured at its fair value as at that date. Expenditure on an intangible item that was initially recognized as an expense under IPSAS 31 shall not be recognized as part of the cost of an intangible asset at a later date. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortization and any accumulated impairment losses. Treatment of other intangible assets such as research and development expenditure shall be accounted for in full compliance with IPSAS 31 and other relevant standards.

Article 32: Classification

32.1 Intangible Assets of a similar nature or function shall be, upon initial acquisition, classified in the Asset Management system as follows:

i. ***Separately Acquired -*** Software acquired separately (e.g. Microsoft Office, Integrated Information systems, etc.) Other Licenses and Rights (e.g. Licenses)
ii. ***Internally Developed-*** Internally developed Software Copyrights (e.g. published material, commercials, PSAs)
iii. ***Intangible Assets under Development***

Article 33: Separately Acquired Intangible Assets

33.1 The cost of a separately acquired intangible asset comprises:

i. Purchase price (including import duties and non-refundable purchase taxes after deducting trade discounts and rebates); and
ii. Directly attributable costs of preparing the asset for intended use, which may include:
   a. Employee costs arising directly from bringing the asset to its working condition;
   b. Professional fees arising directly from bringing the asset to its working condition;
   c. Costs of testing whether the asset is functioning properly;
   d. Costs to copy right or register a separately acquired intangible.

33.2 The following costs shall not be included as part of an intangible asset:

i. Costs of advertising and promotional activities.
ii. Training costs.
iii. Administrative and other general overhead expenditures.
iv. Relocation and reorganization costs; and
v. Operating losses and start-up costs

Article 34: Internally Developed Intangibles

34.1 The process for creating an internally generated asset shall be two phases:

i. Research Phase- the initial and planned investigations undertaken with prospects of gaining new scientific or technical knowledge and understanding.
ii. Development phase - the application of research findings or other knowledge to design for a new product or substantially improve on materials, devices, products, processes or systems before the start of production or use of the asset.

34.2 Costs incurred in the research phase, with respect to internally developed intangibles, shall be expensed, as future economic benefits cannot be demonstrated at this stage.

34.3 Costs in the development phase will be recognized as an asset subject to capitalization requirements being fulfilled.

34.4 Only directly costs attributable to a development shall be capitalized.

34.5 Costs identified in the development phase shall be recognized even if individually they do not meet the capitalization threshold.

34.6 The total sum shall be evaluated against the capitalization threshold and future amortization at the time the intangible asset is ready for use. If the threshold criteria are not met, the accumulated costs shall be expensed.

34.7 Until the development stage has commenced, all costs shall be expensed and shall not be capitalized in retrospect.

Article 35: Capitalization

35.1 Intangible Assets shall be measured at cost; except in the case of separately acquired Intangible Assets which are obtained free of charge or for a nominal amount. These must be measured at their fair value which will be guided by the relevant ECOWAS regulations, policies and manuals. .

35.2 Improvement expenditures incurred that expand the intangible asset's future benefit (e.g. Life, capacity, quality of output) must be capitalized and amortized over the remaining useful life of the original asset.

35.3 Costs incurred to bring an intangible asset back to an earlier condition or to keep the asset operating at its present condition must be expensed when incurred e.g. maintenance fees, software license or subscription fees.

Article 36: Amortization

36.1 Intangible Assets must be amortized using the straight-line method based on the Intangible Assets useful life.

36.2 Amortization commences when an asset is available for use and ceases at the earlier of the date the asset is classified as held for sale, derecognized, or fully impaired.

36.3 Intangible Assets are amortized on a monthly basis. A full month of amortization will be calculated in the month of purchase and amortization will be calculated up to the date of disposal.

36.4 Residual Value will be presumed to be 10UA for all Intangible Assets.

36.5 All Intangible Assets with indefinite useful life shall not be amortized. They shall be reviewed at each reporting period to determine whether the events and circumstances continue to support an indefinite useful life for that asset.

36.6 The useful life shall be determined using the criteria in the table below:

Intangible Assets	
Assets Class	**Useful Life**
Software Acquired Separately	When software license acquired: shorter of license period and useful life
Other Licenses and Rights	Shorter of the license or rights period and useful life
Internally Developed Software	The business case supporting the investment to develop the software should identify the useful life.
Copyrights	Shorter of the copyright period and useful life
Intangible Assets Under Development	Not amortized, until it is in use

Article 37: Impairment

37.1 Impairment assessments shall be performed periodically, at least annually, and results reported.

37.2 The treatment of impairment for Intangible assets shall be the same described under Tangible Asset.

Article 38: Disposal

38.1 Intangible Assets shall be derecognized once approved for disposal.

38.2 The treatment of disposal of Intangible assets shall be the same described ECOWAS Manual of Accounting Procedures.

CHAPTER 6: ROLES & RESPONSIBILITIES

Article 39: Internal Control for Fixed Assets

The control objective is to ensure the safety of the community assets and that same are properly accounted for.

39.1 Head of the Institution/Agencies

i. Approves disposal of assets
ii. Forms a team to inspect assets prior to disposal.
iii. Invites specialist to value and observe disposal of specialized assets.

39.2 The Assets Disposal Committee

Disposal of Assets shall be consistent with Article 134 of the financial regulations

i. This Committee shall meet when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent or surplus stores, equipment or assets.
ii. The procedures for appointing and the functions of this Committee are provided for in the Financial Regulations.
iii. The Assets Committee shall be responsible for verification and processing of all disposal recommendations in liaison with the head of Divisions in charge of assets management.

39.3 DIRECTOR OF ADMINISTRATION

Shall be responsible for:

i. Providing guidance on the management and maintenance of fixed assets, based on ECOWAS policies, procedures and other best practices.
ii. Ensuring that assets physical counts and regular reviews are conducted as stipulated in this policy.

39.4 HEAD OF FINANCE

i. Reviews depreciation schedules to ensure accuracy and completeness
ii. Attends physical inventory counts
iii. Providing policy guidelines on accounting and financial reporting for fixed assets Maintenance and Update of Fixed Asset Register for accounting purposes.
iv. Issuance of regular accounting instructions to ensure that fixed assets are correctly valued reported and disclosed in accordance with IPSAS.

39.5 HEAD OF ADMINISTRATION

i. Allocates assets to end-users.
ii. Inspects asset and makes recommendation for disposal.
iii. Assets shall be disposed of by tender or auction. This can be done through internal or external publication based on Management decision

39.6 OFFICER IN CHARGE OF FIXED ASSETS

Officers shall be responsible for:

i. Overall management of, and accountability of, fixed assets under their jurisdictions.
ii. Safeguarding and ensuring proper use of fixed assets.
iii. Report loss or damage of Fixed Assets.

39.7 SPECIALIST

i. Observes disposal where the asset is of a specialised nature

39.8 ACCOUNTS OFFICER

i. Updates accounting records to reflect acquisition and disposal of assets.
ii. Updates assets register to reflect acquisition of asset(s).
iii. Updates assets register to reflect depreciation charges to assets at year end.
iv. Updates assets register to reflect disposal of asset(s).
v. Maintains assets register.

39.9 CASHIER

i. Receives disposal proceeds and deposits in the appropriate bank accounts

Article 40: Officials and Staff use of Fixed Assets

40.1 Fixed assets assigned to individual Officials and Staff Members

40.2 Article 59-68 Of the ECOWAS Staff Regulations and Manual, Officials and Staff Members shall have the duty and obligation to use the property and assets of ECOWAS for official purposes only and shall exercise the greatest care when utilizing such property and assets. They shall ensure:

i. Safeguarding and proper utilization of fixed asset items allocated to them;
ii. Immediately reporting of loss or damage of FIXED ASSET items;
iii. Reporting fixed asset items which are no longer in use;
iv. Following the formal transfer of the fixed assets to another official, staff member or to common space utilization.

CHAPTER 7: AMENDMENTS, REVISIONS AND ENTRY INTO FORCE

Article 41: Amendments and Revisions

41.1 Any Community Institution, Agency, Office, or Department may submit proposals through its Head, for the amendment or revision of the Assets Policy to the President of ECOWAS.

41.2 Amendment proposals shall be approved by the President of ECOWAS upon review and if deemed necessary, and whose approval shall subsequently trigger an amendment to the Policy.

41.3 The Director of Administration and General Services shall convene a meeting to consider the amendments to the Policy and subsequent recommendation to the President for approval.

41.4 This Policy shall be revised as the need arises.

41.5 Amendments and exceptions to this Policy shall be included into the revised version of the Policy to be updated and published after every two years.

Article 42: Entry into force

42.1 This ECOWAS Policy on Fixed Assets shall supersede all provisions in existing administrative circulars and guidelines and shall come into force on the day it is signed by the Management.

Article 43: Language of Publication

43.1 This Policy shall be published in English, French and Portuguese languages.