

Fixed Asset Management Policy

Financial Policies and Procedures Manual, Section 14

Fixed Asset Management Policy

Scope

BIM is responsible for safeguarding its assets which include all durable physical commodities and intellectual property, whether obtained by development, construction, or acquisition.

This policy applies to all property for which BIM is accountable, and to all staff and contractors/third-parties involved in managing, recording, and monitoring of BIM's fixed assets.

Objectives

The objectives of this policy are:

- To provide an organised and accountable method of managing, recording, and monitoring the acquisition, custody, and disposal of BIM's fixed assets.
- To protect BIM from any conflict of interest which may arise in the acquisition or disposal of fixed assets.
- To ensure value for money in acquiring fixed assets and to maximise residual value in the disposal of fixed assets, where applicable.

Policy

For the purpose of this policy and in accordance with Financial Reporting Standard (FRS) 102, Fixed Assets are *“assets of an entity which are intended for use on a continuing basis in the entity's activities.”* This means that BIM's fixed assets are intended for continuing use, rather than a short-term, temporary use such as stocks.

Capitalisation

In accordance with Circular 02/04, assets with a value more than €1,000 (ex. VAT) and a useful life of more than 1 year, will be held as fixed assets. Assets with a value less than €1,000 (ex. VAT) will be expensed in full to the income and expenditure account in the year of acquisition, unless deemed a fixed asset by the Finance Manager.

For items purchased in bulk with a collective total value of more than €1,000 (ex. VAT), the Finance Team shall decide whether the invoice value is to be capitalised or not. In case the invoice value is capitalised, each item will be recognised individually on the fixed asset register with its own unique asset tag number.

The value of €1,000 referred to above shall include the following:

- Cost of the asset (ex. VAT).

- All costs directly attributable to bringing the asset into operation, to include delivery costs, installation costs and professional fees.

Upgrade/maintenance costs shall be capitalised where the performance of the asset has been improved beyond its original performance.

Computer applications/software shall be capitalised subject to the capitalisation limit set out above when determined as appropriate. Annual licences are expensed to the income and expenditure account. FRS 102 does not specify whether capitalised software costs should be presented as tangible or intangible assets. The decision is likely to be based on commercial reality – if software is primarily used to enable an item of IT hardware be used for its intended purpose, it is likely to be considered as a tangible asset. On the other hand, if the software constitutes an asset in its own right, it is likely to be treated as an intangible asset.

Where BIM deems it necessary to revalue a fixed asset, all assets in that class shall be revalued in accordance with FRS 102.

Acquisition

All acquisition of BIM fixed assets shall be carried out in strict compliance with BIM's policy on same as outlined in Section 7 – Purchasing and Procurement Policy on this document. The principles of openness, transparency, and value for money shall be applied by way of seeking quotations and tenders as appropriate in accordance with the said policy. The Fixed Asset Purchase Form can be found on OneBIM.

Circulars and Guidelines: In addition to any specific guidelines which apply to BIM, all acquisitions, disposals or proposals to share property should be conducted in accordance with current DPER circulars and guidelines as follows:

- 11/2015 – Protocols for the Transfer and Sharing of State Property Assets¹;
- 17/2016 – Policy for Property Acquisition and for Disposal of Surplus Property²; and
- 02/2016 – Arrangements for Digital and ICT-related Expenditure in the Civil and Public Service³.

DPER 02/2016 must be complied with by BIM considering expenditure on IT and telecommunications projects, systems and infrastructures.

The following guidelines from the 2016 Code should be followed in relation to Fixed Assets:

¹ [chrome-extension://efaidnbmnnnibpcajpcgiclfefindmkaj/https://circulars.gov.ie/pdf/circular/per/2015/11.pdf](https://circulars.gov.ie/pdf/circular/per/2015/11.pdf)

² [chrome-extension://efaidnbmnnnibpcajpcgiclfefindmkaj/https://circulars.gov.ie/pdf/circular/per/2016/17.pdf](https://circulars.gov.ie/pdf/circular/per/2016/17.pdf)

³ [chrome-extension://efaidnbmnnnibpcajpcgiclfefindmkaj/https://circulars.gov.ie/pdf/circular/per/2016/02.pdf](https://circulars.gov.ie/pdf/circular/per/2016/02.pdf)

Acquisition of Land, Buildings, or other Material Assets

In addition to the requirements set out in DPER circulars, as amended from time to time, the following should apply:

- I. **Independent Valuation:** Where land or property is being considered for acquisition an independent valuation must be obtained. These valuations should be obtained before any decision is taken by the Board to purchase or sell lands. The valuations should be obtained from professional property valuation surveyors.
- II. **Listing of Parties to Transaction:** All parties to land and property transactions should be clearly reported to the Board when transactions are being considered. Any Board resolution related to the purchase of land or property should state the party or parties the asset is being purchased from.
- III. **Options by Others to Purchase:** Where a third-party developer has obtained an option to purchase land and is selling this option to BIM, any profit margin, where it can be determined, being charged by the developer should be reported to the Board.
- IV. **Board Resolutions:** Any Board resolutions regarding the purchase or sale of an asset should state the price the asset has been purchased or sold for.
- V. **Transparency:** Purchase of land or property should be conducted in as transparent a manner as possible without compromising the negotiating position of BIM.
- VI. **Due diligence:** A full due diligence report should be prepared for land or property that are being considered for acquisition.
- VII. **Nominated Staff Member:** A staff member should be nominated to have responsibility for the acquisition, management and sale of land or property. This staff member should report directly to the CEO regarding property issues.
- VIII. **Legal Matters:** When dealing with the acquisition or sale of land or property there should be an active engagement with the solicitors involved and the nominated staff member shall ensure that the commercial and technical aspects of the transaction are fully addressed.
- IX. **Title Registration:** There should be a planned follow up with the solicitors involved to ensure that the title to any land or property acquired are properly registered with the Property Registration Authority.
- X. **Legal Obligations:** There should be a planned follow up to ensure that any undertakings, obligations and other matters are completed following the acquisition or sale of land or property. State bodies should instigate periodic (depending on the size of the property portfolio) reviews with their solicitors, and any internal staff dealing with property management, to audit the current status of title registration, way leave agreements, leases, bonds, planning permissions and any other matters which affect their property portfolios.
- XI. **Recording on State Property Register:** All land and property should be recorded on the online State Property Register managed by the Office of Public Works.

The Public Spending Code

The Public Spending Code is the comprehensive set of expenditure appraisal and value for money requirements and related guidance covering all public expenditure.

The Board should ensure that robust and effective systems and procedures are in place in BIM to ensure compliance as appropriate, with the relevant principles, requirements and guidelines of the Public Spending Code. The Chairperson should confirm in the annual report that the organisation is adhering to the relevant aspects of the Public Spending Code.

Investment Appraisal

In addition, the Board should ensure that BIM should have regard to appropriate models for investment appraisal in its sectors and seek to apply the best practice financial and economic appraisal principles contained in the Public Spending Code for the appraisal and management of all investment proposals.

Donated Assets

Assets may be donated to BIM by third parties, either by gift or finance to buy the assets. A formal acceptance agreement will be put in place. These assets will be capitalised at an agreed appropriate value on receipt, or if this is not available, will be based on current market value depending on whether the asset(s) is used or new.

Fixed Assets & State Aid

A measure constituting State aid shall not be implemented before it has been approved by the EU Commission. The EU Commission Guidance Paper on State aid-compliant financing, restructuring and privatisation of State-owned enterprises sets out EU State aid rules, which must be complied with when carrying out or financing, restructuring and/or privatisation of State-owned enterprises and provides clarifications on the way the Commission applies the main State aid principles.

Lost/Damaged/Stolen Assets

All staff are responsible for notifying the Finance Team if equipment is lost, criminally/accidentally damaged, or is stolen. A fixed asset disposal form needs to be completed for all of these items after an internal investigation has been carried out.

Class of Assets

Assets will be classified under the following major categories (sub-categories of these major groupings may be developed in due course):

- Land and Premises
- Plant and Machinery
- Motor Vehicles
- Gear and Equipment

Depreciation and Impairment

Depreciation is defined as “*the measure of the cost or revalued amount of the economic benefits of the tangible fixed asset that have been consumed during the period*”. It is the allocation of the cost of an asset over its useful life.

BIM property, plant, and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant, and equipment, other than freehold land and artwork, at rates estimated to write-off the cost less the estimated residual value of each asset on a straight-line basis over their estimated useful lives, as follows:

Land and Premises

Land	Nil
Premises	
Navigational Stations – Original	2%
Navigational Stations – Additions	10%
Other Premises	10%
Plant and Machinery	
Training Equipment	16.6%
Other Plant and Machinery	10%
Technical Equipment	20%
Motor Vehicles	20%

Gear and Equipment

Fishing Gear	50%
Vessels	10%
Office Equipment	20%
Computer Equipment	33.3%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

Valuation of Assets

FRS 102 allows for the revaluation model to be applied to all items in a class of tangible assets whose fair value can be measured reliably. Where applicable, revaluations should be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value.

Impairment of Assets

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Additions to Fixed Asset Register (FAR)

The fixed asset is recognised in FAR and an asset code is generated and allocated as soon as the requisition is received by the Finance Team.

Fixed Assets Recording and Monitoring

The Finance Team has the responsibility to maintain a proper Fixed Asset Register (FAR) containing all items classified as fixed assets under BIM's accountability. The FAR should be complete and contain the following details (not exhaustive):

- Serial Number
- Model Number
- Identification Number
- Asset Name and Description
- Location (including Eircode as applicable)
- Supplier
- PO Number
- Acquisition and Capitalisation Dates
- Acquisition Value (inclusive of VAT)
- Expected Useful Life at Acquisition
- Depreciation Rate
- Depreciation Charged
- Net Book Value
- Revaluation Date (if any)
- Revaluation Amount (if any)
- Custodian
- Cost Centre

Each new fixed asset shall be tagged by the Business Unit immediately when it is already available for use with a unique tag number and shall be clearly and correctly identifiable and traceable back to the FAR. Each tag shall have a unique BIM number which shall correspond with a single asset which must in turn correspond with the fixed asset being tagged. This tagging system is used to keep track of all fixed asset records of BIM.

The FAR will be stored on the BIM FIS and monitored by the Finance Team. It is the responsibility of each Business Unit with assets under their control to conduct regular inventories and maintain appropriate records and locations of all fixed assets under their management. All assets under BIM's custody shall be reconciled

independently, at least annually, by the Finance Team. The Finance Team will conduct periodic physical inventory inspections to verify the existence and condition of all items in the FAR. Results from the fixed asset inventory inspections must be reconciled to the FAR, and for best practice inspections would be undertaken twice yearly. All records must be maintained for audit purposes.

All BIM staff have the responsibility to ensure that assets are safeguarded. Vigilance must be maintained to ensure that assets are not lost, stolen or damaged through misuse. Any loss, damage, or identified risks to fixed assets must be immediately reported to the Finance Team. No asset may be removed from its location, as recorded in FAR, without prior written approval from management. Fixed assets are to be utilised in the manner intended and in support of BIM's operations.

Grant Fixed Asset Inspections

BIM provides capital grant aid in a number of areas, including aquaculture grants and seafood processing grants.

Under the terms of BIM's grant assistance programme the grantee cannot, without the prior consent of BIM, sell, transfer, alienate, or otherwise dispose of any grant aided equipment/facilities for a period of five years from the date of the payment of the grant. It is therefore necessary for BIM to have a system of regular inspections to verify the continued presence of BIM grant aided equipment on the grantee's premises.

The grantee inspections should be selected on based on risk, the value of the grant, and the type of equipment/facility involved.

Fixed Assets Disposals

All disposals (e.g., scrap/obsolete, disposal to staff members, etc.) including any trade-in values for assets shall be approved in writing using an appropriate asset disposal form (refer to Fixed Asset Disposal Form) by the Director of Corporate Services and shall also represent the best value for money. For disposal of IT equipment, specifically laptops, PCs, and other computer hardware, BIM shall ensure all confidential data or licences have been removed or uninstalled before disposal.

BIM should periodically identify items of equipment that are no longer in use/no longer usable/surplus to requirement, and they have responsibility to ensure that maximum return is gained from the disposal of these assets.

All disposals have to be notified and approved in advance by completion of a **Fixed Asset Disposal Form** which should be submitted to the BIM Finance Team. This form will then be sent to the Director of Corporate Services for approval and assets disposed of will be included on the register of disposed assets.

Valuations for Disposals

In all cases where assets in excess of €150,000 are being disposed of, and where appropriate for disposals lower than €150,000 in value, a valuation will be undertaken by an appropriately qualified independent third party. The valuation for disposal will be based on the current net book value (NBV), revaluation value if

relevant and the current market value of the asset. Valuations where relevant are carried out by a qualified unconnected valuer. If the item is obsolete, it should be written off and physically disposed of.

A requirement for a tax clearance certificate is required from bodies to whom disposals in excess of €5,000 are made.

Approval of Disposals

The Board should ensure that arrangements are in place such that the disposal of assets of BIM or the granting of access to property or infrastructure for commercial arrangements, e.g. joint ventures with third parties, are at a fair market-related price. Disposals or grants of access with an anticipated value at or above a threshold level of €150,000 should be by auction or competitive tendering process, other than in exceptional circumstances. The method used should be both transparent and likely to achieve a fair market-related price. The anticipated value may be determined either by a reserve price recorded in advance in BIM's records or by a formal sign-off by the Board on the advice of the BIM executive or, if delegated by the Board, sign-off by the CEO, that, in its view, the anticipated value is likely to be less or greater than €150,000. Valuations should be carried out by a qualified unconnected valuer.

Disposals in excess of €150,000 will be approved by the Board.

Compliance with use of Auction or Tendering Requirements

Board Approval - Use of Competitive Process: If an auction or competitive tendering process takes place (asset value >€5,000) and the highest bid is not the bid accepted, then specific Board approval is required before the disposal of the asset or granting of access to property or infrastructure for commercial arrangements with third parties can be completed. The Board must ensure that the provisions of the EU Commission Communication on State Aid elements in sales of land and buildings by public authorities are complied with fully. Any such approvals together with the reason why a lower bid was permitted to be accepted should be noted in the minutes of the Board.

Board Approval – Non-Use of Competitive Process: Where an auction or competitive tendering process is not used and the agreed price is €150,000 or more, then specific Board approval is required before negotiations start and also before the disposal of the asset or granting of access to property or infrastructure for commercial joint venture arrangements with third parties can be completed.

Formal Certification: No disposal of an asset or grant of access to property or infrastructure for commercial arrangements with third parties should be completed until the officer authorising the disposal or grant of access has certified formally that (i) Board approval is not necessary, with the reasons, or (ii) Board approval, where necessary, has been obtained.

Disposal of Assets to Board Members, Employees, or their Families: Disposal of assets to Board members, employees, or their families or connected persons should, as with all disposals, be at a fair market-

related price. Where the Board is considering a proposal for any such disposal, the Board member connected to the potential purchase should absent themselves from the Board deliberations on the issue. A record of all such disposals to such persons (to include details of the asset disposed of, price paid, and name of the buyer) should be noted in a register kept for this purpose (minor disposals below €5,000, may be omitted from the register). This register should be available for inspection, if requested, by the Board or by any Board member. The BIM Board specifies that any disposal above €5,000 should be formally endorsed by the Board who may impose specific restrictions with regard to any such disposal.

Disposal where Net Book Value / Valuation above €5,000 and is less than €150,000

Asset may be disposed of by either:

- Sale/auction to interested party at a market price - valuation required.
- Sale to staff/connected person at a market price - valuation required and it must be approved by the Board and recorded on register to connected persons.
- Gift to a charitable/educational organisation or other public entity – letter of request must accompany this from the giftee.
- If the net book value of an asset is greater than €5,000 then the internal audit committee must note the disposal.

Disposal where Net Book Value / Valuation is less than €5,000

- If the asset has no market value/obsolete/damaged and the NBV is less than €5,000, or is of no use, then it may be disposed of once a fixed asset disposal form and been completed and approved by Director of Corporate Service.
- It can also be disposed of to a charitable/educational organisation or other public entity in consultation with the Director of Corporate Services.
- It can be sold to staff at a fair market-related price if the valuation is less than €5,000. Disposal of items to staff with a value below €5,000 must be approved by the Director of Corporate Services.

Reporting Disposals to the Board: Details of all disposals of assets or grants of access to property or infrastructure for commercial arrangements with third parties above €5,000 and below the threshold value of €150,000 without auction or competitive tendering process should be formally reported to the Board, including the paid price and the name of the buyer, on an annual basis.

Reporting Disposals to the Minister: Details of and explanations for the disposals of assets or grants of access to property or infrastructure for commercial arrangements with third parties above the threshold of

€150,000 which have not been subject to auction or competitive tendering process should be included in the Chairperson's comprehensive report to the relevant Minister.

Compliance: The Chairperson, in the comprehensive report to the relevant Minister, should affirm that the disposal procedures, as outlined, have been complied with.

Under Circular 30/03⁴, the following principles should be applied when disposing of IT equipment, regardless of age:

- Replacement of equipment should be driven by the business needs of BIM and not by the book value of the equipment. Equipment that continues to function properly should be replaced only when necessary to accommodate developments forming part of an IT strategy or development plan fully aligned with the business needs of BIM.
- Disposal of unwanted equipment should be carried out in the most financially advantageous manner possible, including minimising storage and removal costs. As IT equipment tends to lose market value rapidly, disposal should take place as soon as possible, once a decision to replace the equipment has been made.
- Equipment should be sold at market value, in accordance with the general guidelines for the disposal of State assets, regardless of the depreciated book value. This may include sale to staff. Items found to have zero market value may be given free to staff, schools, charities etc.

The Circular further outlines the following practical arrangements which should be taken by BIM in connection with disposal of equipment:

- BIM should at all times ensure that conditions of licences or copyright are complied with. In general, all software, other than Original Equipment Manufacturer (OEM) operating systems (i.e. operating systems installed on the equipment by the manufacturer under license from the software provider) should be removed from equipment/machines being disposed of.
- BIM is responsible for ensuring that data, including encrypted data, is erased from hard drives prior to disposal and that this is done in a manner which prevents recovery of the information. BIM should be aware of its obligations under the Data Protection Act to protect personal data from unauthorised access.
- It should be made clear to the purchaser that no guarantee of the machine's performance is being given.
- Where equipment is to be scrapped, rather than sold, BIM should ensure that the methods employed by removal/disposal companies are compliant with all relevant environmental protection legislation and standards. In addition, the ICT Department should be acquainted with the provisions of EU Directive 2002/96/EC on Waste Electrical and Electronic Equipment (WEEE). The policy and best practice provisions outlined in the said Directive should be followed.

⁴ [chrome-extension://efaidnbnmnibpcajpcgclclefindmkaj/https://circulars.gov.ie/pdf/circular/finance/2003/30.pdf](https://circulars.gov.ie/pdf/circular/finance/2003/30.pdf)

- The serial numbers of equipment/machines scrapped or sold should be recorded together with the identity of the purchaser or removal company. It should be reviewed by the ICT Manager.

Roles and Responsibilities

Positions	Responsibilities
Board	Has overall duty to safeguard BIM's assets, including adopting adequate policies surrounding depreciating and disposing assets.
CEO	Has the responsibility to support the Board in respect of safeguarding fixed assets.
Business Unit Heads	Has the general responsibility for the stewardship, control, and proper utilisation of assets in their control, and for the tagging and appropriate maintenance of those assets; responsible for notifying the Finance Team for any purchase, adjustment, transfer or disposal.
Finance Team	Has the responsibility for the maintenance of the Fixed Assets Register (FAR) and for coordinating the overall review and verification process.

Summary Controls

Controls	Description
Segregation of Duties	<p>Adjustments to the FAR should be reviewed and approved at an appropriate level who is not involved in the physical count of the fixed assets and maintenance of the FAR.</p> <p>Fixed asset account reconciliations should be reviewed and approved by another staff other than the preparer of the reconciliation.</p> <p>Fixed asset disposals should be made after review and authorisation at an appropriate level.</p> <p>For purchasing and procurement, refer to Procurement/Accounts Payable section.</p>
Physical Control	<p>All financial reports and documentation in respect of fixed assets (i.e., FAR) must be securely stored at all times to prevent misuse, damage, theft, etc.</p> <p>Fixed assets must be located securely within the premises agreed with BIM at all times.</p>
Accounting Control	<p>Periodic fixed assets reconciliation must be performed in accordance with this policy to ensure all financial information is accurate and complete.</p>
Management Control	<p>BIM has established control systems that are operating effectively and are being followed by all BIM staff. Appropriate information is identified, captured, and communicated in a form and timeframe that enable all BIM staff to carry out their responsibilities.</p>
Supervisory Control	<p>There are separate review functions within the financial reporting processes in respect of fixed assets to ensure that financial reporting requirements and controls are in place.</p>
Organisation Control	<p>Roles and responsibilities, policies, and procedures, reporting lines, and organisation structure are formally established and clearly communicated within BIM.</p>

<p>Authorisation and Approval</p>	<p>Business Unit Heads have the responsibility on the overall management of fixed assets within their Business Units, including proper notification to Finance Team for relevant matters surrounding fixed assets.</p> <p>Finance Team has the responsibility for the maintenance of the FAR and for coordinating the overall review and verification process, with the Finance Manager as ultimate reviewer and approver.</p>
<p>Personnel</p>	<p>BIM staff involved in the financial reporting process in respect of fixed assets must have proper training and required knowledge and skillsets.</p>