

4.8 Asset disposal

When closing down an office/operation/programme, all assets should be allocated a disposal option in an **asset disposal plan** that forms part of an overall exit plan of action. The selection of options through the asset disposal plan is the responsibility of the budget holder (programme manager or country manager), implementation of the disposal plan is delegated to Logistics.

In order of preference, assets that need to be disposed of should be:

1. Donated to the HNS
2. Donated to another RC Movement partner
3. Donated to a partner
4. Donated to another humanitarian organisation
5. Sold
6. Destroyed

Separate to these options, the option to export the asset back to the UK for further use should always be considered, based on the type of item, value and relevance in the local context. Consult the Logistics Coordinators to enquire about the relevance of returning an asset to the UK.

The budget holder must select the best option from the above list when creating the asset disposal plan.

The asset manager is responsible for managing the asset disposal process following the Disposal of assets RACI matrix. However, accountability for the process lies with the budget holder who must initiate the process, make the relevant decisions about each asset's disposal and ensure all steps are followed properly through to sign-off of the disposal plan.

	Task	Method
Designing the disposal plan	Confirm and compile list of assets and high-value stock as part of the exit plan of action (refer to the updated asset register)	<ul style="list-style-type: none"> - Physical check - Use the list to update status as the disposal process progresses - Propose list to UKO for validation - The list must include damaged items and those that have already been pledged (which should be marked as such) - The list must indicate purchase value, current depreciated value and donor codes.
	Consider donor/government requirements	Obtain guidance from donor and local government on asset disposal
	Consider return, transfer or disposal options	<p>Committee at UKO to be constituted (can include members from logistics, finance, IT and programme team and donor representation) to agree disposal route:</p> <ul style="list-style-type: none"> - Export to return to UK - Transfer to <u>other</u> programme locally (BRC, HNS, consortium) - Donation - Sale - Destruction <p>Committee to consider donor requirements, Value for money, repair options and costs, on-going maintenance/running costs (potentially impacting the HNS adversely) and cost of repatriation (including carbon footprint analysis).</p>

	Option	Method
Implementing the disposal plan	Donation to HNS, PNS, IFRC or other NGO *Donation to staff is strictly prohibited	<ul style="list-style-type: none"> - Communicate the asset list to organisations to see if anything within the list is needed for their programme. - BRC need to ensure that assets will be used and should consider what other PNS will do to reduce the risk of overwhelming the HNS with assets. - Confirm with local legal advisor that there is no problem transferring assets under the IFRC Integration Agreement. - Donation certificate will be required
	Sale	<ul style="list-style-type: none"> - Bill of sale must be raised, signed by each party. - Depending on quantity of items to be sold, consider contracting a company to manage the sale. - Tax implications of sale must be carefully researched. - Proceeds of the sale must adhere to donor requirements
	Destruction	Consider local environmental law and associated costs and requirements (especially for dangerous goods and fluids). Consider contracting recycling companies and associated costs and donor requirements.
	Export back to UK	Costs must be investigated and approved by UKO committee

Reporting losses: All lost or stolen assets should be recorded on the **frauds and losses register** as they occur. BRC requires all asset losses to be reported through Datix incident management system.

Damaged assets must be identified as such – logistics must be consulted on repair options and arrange for agreed repairs.

The overall exit plan of action, and the asset disposal plan in particular, must be signed off according to the total value (that is, the purchase value, not the depreciated value) of the portfolio of items/assets being disposed of following the thresholds listed below and signed off in the MPB if there is one.

Up to £50,000	Budget holder (e.g. Programme Manager / Country Manager) + Finance
Up to £100,000	Head of department/head of region (LogCo consulted)
Up to £1,000,000	Programmes & Partnership Director international
Up to £5,000,000	Executive Director International
Above £5,000,000	CEO and CFO (ELT informed)

Note: regardless of the total value of the asset disposal plan, it is critical that the budget holder (Programme Manager or Country Manager) is informed at all stages of development of the plan.

Note: the sequence of approvals is important for asset disposal plans:

- 1- MPB if there is one
- 2- BRC per the above table
- 3- donor

Once the **asset disposal plan** has been finalised, it should be circulated to the designated approvers, together with an **asset disposal plan sign-off form**.

The exit plan of action should be updated as the disposal process progresses, so that it is used as a resource to track progress against the exit plan.

4.8.1 Disposal by donation

The preferred option for disposing of surplus stock and assets is to donate them, so they continue to benefit the needs of the communities they were originally sent to help.

It is crucial that assets are handed over in a sustainable way to ensure they add value rather than becoming a burden. It is recommended to clearly state all running and maintenance costs of any asset that is available for donation.

Potential receivers of asset donation (see order of preference to be followed above) should be contacted sequentially with donation offers, with a timeline within which they should respond. Beyond that timeline, the next option can be considered. Dates and offers of donations must be kept in writing.

Do they want them?

A list of the items available should be shared for potential receivers to pick from.

Can they use them?

Sophisticated and specialist equipment may require training before the receiver can autonomously use and maintain it.

Can they maintain them?

Certain items will require maintenance – can the receiver cover the cost?

4.8.2 Disposal by sale

Logistics are responsible for organising the disposal of assets by sale, after all the necessary approvals are obtained.

When selling items, a transparent system must be put in place, with a senior staff member overseeing the process. This could be through sealed-but-publicly-opened bids for higher value items or through a public, live auction with set prices for lower value items.

The following need to be considered:

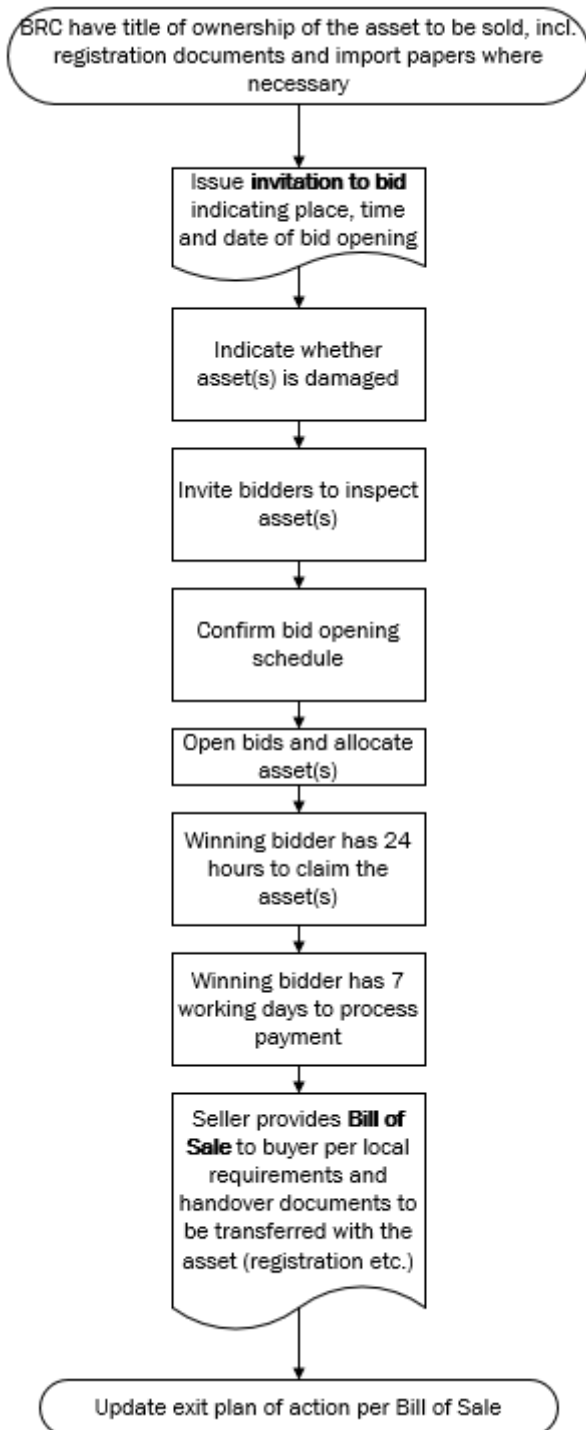
- The estimated sales value of the asset, and the administrative costs involved in a sale.
- If the exchange of asset in partial or full payment for replacement equipment or supplies is possible.
- If the destruction of the asset will be more economical or is required by law or by the nature of the property.
- If the interests of the BRC will be better served by donation of the asset to a National Society or other humanitarian organisation, or transfer to another operational programme.
- If the asset is part of an operational programme, and if there are restrictions on the use of programme commodities and the desires of the donor.
- Whether there are governmental restrictions forbidding the sale of assets imported or requiring import duties to be paid prior to the sale of such goods.
- The public relations impact of such a sale.
- Taxes: if an item is brought into the country without paying tax, it must usually be paid if sold onwards within the country.

Sale of fixed assets should be performed on a sealed-bid basis, to obtain market value and ensure that the sale is both transparent and at 'arm's length' (with no possible interpretation of fraud or collusion). This is done by the following:

- The sale of items or lots with a total value below £500 does not need to be performed by sealed bidding, and prospective buyers may be approached by telephone, letter or in person as well as through the media. After inspecting the asset, they may submit informal bids by phone, email, in writing or in person.
- Competitive bidding. **Invitations to bid** for the purchase of assets are published in local media and issued to pre-identified prospective purchasers, and it is recommended that advertisements be published in the local media to encourage sales. The invitation to bid must specify whether augmented bids will be accepted after the opening of bids; if this is not specified, bidders should not be allowed to raise their bids after the official bid opening. If raising bids after the bid opening ceremony is allowed, bidders must be encouraged in their invitation to attend the sale in person and it must be made clear in the advertising and bidding documents that this will be an option.
- Sale by fixed price may be recommended if the value of the property is known and the fixed price will ensure a fair return to the BRC. However, it may be better to advertise for sealed bids, with the desired fixed price set as a minimum. This minimum set price should not be advertised however to allow opportunity for receipt of higher bids.

Note: The sale of assets to staff is usually not permitted. Should this be allowed as an exception, it must be a transparent process where all staff members have the opportunity to purchase.

4.8.2.1 Selling process



The selling party must have title or legal ownership of the property in order to conduct the sale. Certain items, such as vehicles, require registration documents and import papers.

To prevent misunderstanding or legal difficulties, it shall always be clearly indicated if the property is damaged, used or in need of repairs before it is advertised. Prospective purchasers should be urged to inspect the property before submitting bids.

The sale shall take place as scheduled on the invitation to bid or in the public announcements. If the bid opening time or location is changed, all bidders must be notified. Bidders need not be present to win the bid but must be able to be contacted within 24 hours.

A limited time should be allowed following the sale for payment and removal of property, usually five to seven working days.

The seller shall provide a "bill of sale" to the buyer, consistent with local government requirements that should be signed by both parties. Each should retain copies, as well as other documents that may be required to be transferred with the property.

4.8.2.2 Determining fair market value (FMV)

By broad definition, fair market value is the price that would be demanded and paid in a sale involving a willing seller under no compulsion to sell and a willing buyer under no compulsion to buy, assuming both have reasonable knowledge of the relevant facts about the asset.

Consult HQ logistics when there is a need to determine fair market value.

There are few options available to determine an asset's current value:

- If the asset is insured, the finance team can request an appraisal from the insurance company.
- If the above is not possible, an independent authorised surveyor can be contracted to provide value of an asset, based on the standard practice in the specific country determined by law.
- In the case of vehicles or generators, the logistics team can request an appraisal from a vendor of second-hand/used cars/generators (preferably a dealer of the specific vehicle/generator), or from a local mechanic if neither are available. A minor fee is usually required for such appraisals.

4.8.2.3 Actions subsequent to sale

The **asset register** must be updated based on the **bill of sale**, with a copy of the **bill of sale** kept on file.

The organisation's Insurance policy should be updated following the sale.

The proceeds of the sale must be reflected in the monthly accounts and incorporated as income to the programme for which the asset was utilised before being sold.

4.8.2.4 Disposal by public auction

Sales of items or lots of a total value above £500 to third parties are to be conducted by public auction or by submitting sealed bids. Sales are to be made to the highest bidder (subject to the reserve price being met). Exceptionally, local and international staff can bid on items but will have to place the highest bid to win them.

Proceeds from sale	Public sale with fixed prices
<p>Income from the sale of assets funded by donors must be used as co-funding or according to donor guidelines.</p> <p>The money received from the assets' sale must be recorded in accounts as income and not set against the expenditure account.</p>	<p>Reserve prices should be set by a logistics coordinator, with validation from the head of delegation or country representative.</p> <p>They should be roughly equal to prices found on the open market.</p>

4.8.3 Disposal by destruction

Destruction of assets/inventory is subject to local environmental law and can be expensive.

Check for special authorisation from government, especially for the disposal of food, chemical items or dangerous goods found in assets (batteries, fluids, etc).

Recycling companies can be contracted to dispose of assets, though some costs may be incurred.

4.8.4 Writing off obsolete assets – UKO assets only

While stored in the UK, pre-positioned assets are largely managed as stock and kept on a balance sheet – items are purchased with logistics budget and reimbursed by users as they request the assets in stock.

When assets are broken or obsolete before they can be deployed, they must be written off and somehow “paid for”.

Logistics have some budget to cover write-off costs, but where assets have been damaged in use, the user’s team’s budget should cover the cost. A **stock/asset write-off form** must be completed and approved before the asset’s value can be written off the balance sheet.

The destruction or donation of obsolete assets should be budgeted for unless the asset has reached its 0-value due to depreciation.

Note: When an asset has been sold, its value can be offset against the proceedings of the sale without using funds from any other budget.

4.8.5 IT, communications and data management assets specifics

An IT decommissioning policy does not currently exist within the BRC. However, when disposing of any IT, communication or data management assets (such as computers, tablets, phones, GPS devices, radio sets and satellite phones), all the data stored on the device and all the parameters that were set up on it must be wiped off the device, applicable SIM cards removed and accounts closed.

In case of doubt, please contact the regional Logistics Coordinators so they can provide any necessary technical support.

Assets disposal

- Assets can be disposed of either at the closure of a programme or ad hoc
- If a programme is closed, disposal options must be considered in an exit plan of action
- An asset disposal plan must be validated by the right person, based on the total value of disposed assets
- Disposal options are: donation, sale, destruction or write-off
- Report all lost or damaged assets
- Consider order of preference for donations
- Ensure all donated assets are clear of all data and BRC visibility