POLICY FOR WRITE-OFF AND DISPOSAL OF OPERATION ALTHEA EUROPEAN UNION PROPERTY AND EQUIPMENT

References:

A. Council Decision 2004/197/CFSP of 23 February 2004, as amended, establishing a mechanism (ATHENA) to administer the financing of the common costs of European Union operations having military or defence implications.
B. Financial Rules applicable to all expenditure financed through ATHENA.
C. ACE Directive Number 60-80 Property Accounting and Control – Chapter 7 Procedures for write-off and disposal of international property.

INTRODUCTION AND BACKGROUND

1. This policy document is written strictly for Op ALTHEA and aims to give direction for the write-down, write-off and disposal of assets and equipments procured and delivered through expenditure financed under the ATHENA mechanism. These assets belong to the contributing Member States and must be administered and disposed of in accordance with the provisions in References A and B. This policy will remain in force for operation ALTHEA until the ATHENA Special Committee approves a common disposal policy for all ESDP operations.

2. NATO assets and capabilities provided to OP ALTHEA under the Berlin Plus arrangement however, are the responsibility of NATO and will be administered and disposed of in accordance with Reference C.

3. In order to finalise any disposal policy for EU property and equipment currently utilised under Op ALTHEA, it is important therefore to distinguish between NATO assets and capabilities supplied under Berlin Plus, and assets and equipments that have been acquired through the ATHENA mechanism.

OP ALTHEA INVENTORY SYSTEM

4. Article 32 of Reference B states that an inventory system is to be established to manage the property and inventory for an operation conducted under the ATHENA mechanism. This inventory should reflect the size and nature of the current and predicted operational role and must supply all the information required for keeping the accounts and safeguarding the assets. For Op ALTHEA, it is to be maintained and administered at each EU HQ and consolidated at the Operational Headquarters (OHQ). The inventory value of EU assets will be part of the annual Op ALTHEA Financial Statement.

5. A minimum threshold value, above which items have to be recorded, can be decided by the OHQ in coordination with the Administrator of the ATHENA mechanism.

6. The inventory system must supply all the information required for keeping the accounts and safeguarding the assets. All items with a period of use normally greater than one year and which are not consumables¹ shall be entered onto the inventory and recorded in the fixed assets accounts. The inventory shall contain an appropriate

¹A consumable is an asset used and then discarded. Typically consumables are goods or materials that have a shelf life (e.g. batteries, hospital one-time-use patient care items), or are supplies used to keep equipment functioning such as printers, copies, fax cartridges etc. A fixed asset is tangible property, used in the operation of its mission, but not expected to be consumed or converted into cash.
description of each item and specify its location, the date of its acceptance and its unit purchase or production cost.

7. Equipment and assets that are assessed unserviceable, beyond economic repair or discovered missing, should be written-off in accordance with this guidance and replaced following current Op ALTHEA procurement procedures. Property and equipment found superfluous to requirements should be considered for write-off and disposal as required.

WRITE-DOWN OF ASSETS

8. Assets shall be initially valued at purchase price or production cost. However, in ATHENA’s annual accounts, the value of fixed assets shall be written-down for depreciation. In addition, a write-down may be applied where the value of an asset decreases, in accordance with the guidelines given at Annex A. Regular contact with ATHENA’s accountant must be established.

9. Write-downs shall be calculated and entered into the current inventory of EU assets by the OHQ J8 Section Chief and recorded by ATHENA’s accounting officer in the annual accounts. The initial value, estimated depreciation and residual value of assets, by group of accounts, shall be shown explicitly in ATHENA's annual accounts submitted to the College of Auditors and to the Special Committee. The common rule that is applicable in all EU Institutions for the depreciation/amortization of assets, is the straight-line method applied pro rata temporis, on a monthly basis. The calculation of depreciation starts from the delivery date of the specific asset, even for the first year.

POWERS OF WRITE-OFF

10. Assets and equipment that has become unserviceable, damaged, discovered missing or declared surplus by the ATHENA Special Committee, will be written-off as authorised by Article 56 of Part II Reference B. When required, the commander of any headquarters that has common costs financed through ATHENA shall set up a write-off committee to consider whether particular equipment is to be written-off. The committee shall include at least the head of the budget-finance section (J8), the head of the headquarters’ branch responsible for the concerned equipment and the officer responsible for its maintenance.

11. Equipments of an initial purchase value exceeding the ‘lower threshold’ currently set at 30,000 euros iaw Article 4 of Part I Reference B. may be written-off by headquarters’ commander with written consent of the write-off committee or, outside the active phase of the operation, by the Administrator of ATHENA, with the consent of the Special Committee. When deemed appropriate, the Special Committee may consider delegating this authority for the write-off of non-contentious low value items. Equipments with a value below this threshold may be written-off by headquarters’ commander or, outside the active phase of the operation, by the Administrator. Justification for any write-off shall be laid down in a signed document recorded in the register foreseen in Article 5 of Part I of Reference B.

12. Any equipment so written-off must be listed in the inventory as such.

DISPOSAL CONSIDERATIONS AT END OF OPERATION ALTHEA

13. All equipment shall be disposed of at the conclusion of Op ALTHEA, which may include the sale, transfer, storage and write-off of assets. Specific provisions will be required in the case of equipment of a high security or classified nature. In conjunction

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2 Currently set at 30,000 euros iaw Article 4 of Part I Reference B.
with Article 32 of Reference A, the disposal or write-off of all equipment shall consider the:

a. current and future EU led operations and their requirements;
b. specific security considerations;
c. Berlin Plus arrangements;
d. cost of replacement;
e. present market value of the equipment;
f. local and environmental considerations.
g. Selling, granting, lending or leasing defence articles to third parties outside ATHENA which have originally been procured through a nation’s Foreign Military Sales (FMS) programme is subject to prior approval from that nation’s relevant Department of State and applicable export laws and regulations.

14. When writing-off assets, additional costs may be incurred which should be considered when making a disposal recommendation:

a. Inventory Closeout. Spare and repair parts that are unique to the equipment/system/asset being disposed of must be purged from the actual supply inventory.
b. Refurbishment. If the asset is to be resold or distributed to other end-users, then refurbishment or overhaul may be required.
c. Packaging Handling Storage and Transportation (PHS&T). PHS&T costs are incurred when physically transferring the system from its Operational site to a disposal site.
d. Demilitarization. Demilitarization is the act of rendering an item useless for military purposes. If the item being disposed of requires such actions, then the costs are accrued as disposal costs.
e. Waste Management. Equipment or their components that contain dangerous or hazardous materials require special handling during disposal. If the asset contains dangerous or hazardous materials then the disposal process may be lengthy thus incurring additional costs.

15. During the drawdown of Op ALTHEA, the OP COMD will form a disposals committee to oversee the appropriate action for all residual property and equipment that is still held on the Op ALTHEA inventory. The recommendations of this disposals committee are to be submitted to the OP COMD and then staffed to the Special Committee for approval and endorsement. The committee, chaired by the Chief EUSG OHQ, will be made up of the J4, J6 and J8 Section Heads from each involved EU HQ.

**LOSS OR DAMAGE FROM A WILFUL ACT**

16. All acts of loss or damage shall be properly investigated at a level appropriate to the cost of the loss or damage of the equipment. Any investigation should include a recommendation for recovery in whole or part; this should involve the J8 and the Legal Advisor where appropriate.

17. A Board of Inquiry may be set up to investigate a particular case involving suspected damage, gross negligence or wilful acts. The Board of Inquiry should undertake a full investigation and decide whether write-off action is appropriate, state their findings and any recommendations to prevent future re-occurrence.
LIFE CYCLE FOR PROCUREMENT OF EQUIPMENT

18. Equipment procured during the course of the operation shall have an estimated operational life for replacement and disposals purposes. Generic guidance for the operational life of assets and equipment in the Op ALTHEA inventory is given at Annex A. This guide is an illustrative planning tool and therefore it is important that common sense should prevail in all such deliberations.

19. The EUFOR Project Steering Group should assess all procurements of new high value or complex equipment, as laid down in HQ EUFOR SOP IV. Life expectancy should be based upon the value of the equipment (replacement cost), its operational role, its predicated usage, through life maintenance costs and technical redundancy. In the later stages of the operation it maybe more prudent or cost effective to lease or hire equipment.

IN-SERVICE EQUIPMENT

20. Where in-service equipments have no pre-defined operational life (for disposal considerations), then they should be assessed based on the initial cost price (if known), current market value and their operating/maintenance/repair costs. If an item of equipment ceases to be economically viable to maintain in service, it should be considered for disposal, assessing the following factors:

21. Operational requirement of equipment.
   a. Cost of replacement.
   b. Alternative options.
   c. Predicated remaining life of current operation.

LEGACY EQUIPMENT

22. During the transition from SFOR to EUFOR equipment and assets were handed over NATO to the EU. Equipments that are clearly on loan from NATO should be returned to NATO for disposal. Equipments for which no original records can be found and which have been on EUFOR inventories since the start of the operation should be treated as ATHENA property. Where ownership of equipment is unclear, NATO and or contributing Nations should be approached to substantiate any claim on that equipment. If the claim is upheld then the equipment should be returned to that organisation or nation for disposal.

23. Host nation equipment must be disposed of by the host nation.

CONCLUSION

24. Guidance has been outlined in this policy for the write-down, write-off and disposal of assets and equipments procured and delivered under the European Union (EU) ATHENA mechanism. It is important to identify the origins and ownership of equipment to ensure the correct rules are applied. NATO equipment under Berlin Plus is the responsibility of NATO for disposal. ATHENA equipment and its disposal must comply with References A and B.

25. Inventories are inherently costly and should correctly match the changing needs of the operation. When disposing of items of equipment, consideration should be made of the current and future operational requirements, the nature/cost of the equipment, and any special requirements surrounding its disposal. Commanders are to ensure that the
correct balance of pragmatism and common sense are exercised throughout the disposal and write-off process.

Annex:

A. Generic write-down, write off and disposal guidelines for Op ALTHEA assets and equipment.
## GENERIC WRITE-DOWN, WRITE OFF AND DISPOSAL GUIDELINES FOR OP ALTHEA ASSETS AND EQUIPMENT

<table>
<thead>
<tr>
<th>Ser</th>
<th>Equipment Type</th>
<th>Description</th>
<th>Op Life Expectancy</th>
<th>Special Considerations</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Accommodation</td>
<td>Accommodation containers and ablutions,</td>
<td>10 years</td>
<td>Retain for further operations if possible.</td>
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<td>(b)</td>
<td>Bedding</td>
<td>Blankets, sheets, pillows, mattress,</td>
<td>3 years</td>
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<td></td>
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<tr>
<td>(c)</td>
<td>Beds</td>
<td>Beds,</td>
<td>6 years</td>
<td></td>
<td></td>
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<tr>
<td>(d)</td>
<td>CIS</td>
<td>All CIS equipment not procured under Berlin Plus arrangement.</td>
<td>Based upon technical redundancy of equipment.</td>
<td>Essentially 4 disposal options are valid for this type of equipment: • Sale. • Storage. • Distribution to another EU op. • Destruction. The security implications should be considered for each option.</td>
<td>Consult J6 OHQ for further guidance.</td>
</tr>
<tr>
<td>(e)</td>
<td>Cleaning Equipment</td>
<td>Vacuum cleaners,</td>
<td>3 years</td>
<td>Consider legal issues and responsibility of onward selling of second hand electrical equipment.</td>
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<tr>
<td>(f)</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Equipment Type</td>
<td>Items</td>
<td>Lifespan</td>
<td>Additional Notes</td>
<td>Additional Guidance</td>
<td></td>
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<tr>
<td>Computer Equipment</td>
<td>CPUs, monitors, printers, laptops, modems, VTC, flash memory, digital cameras, speakers, leads and connections, projectors, monitors, associated technology embedded in computer fittings and furniture.</td>
<td>3 years dependent upon technological redundancy.</td>
<td>Ensure all discs are wiped.</td>
<td>Consult J6 OHQ for further guidance.</td>
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<tr>
<td>Electric Equipment</td>
<td>Stereos, Dictaphones, DVD players, DVD recorder, video players, MP3 Players, televisions, camcorders, P.A system, water boilers, electrical converters, battery starter, generators, air conditioners, ceiling fans, ice makers, coffee peculators, water boilers and kettles.</td>
<td>4 years</td>
<td>Consider legal issues and responsibility of onward sale of second hand electrical equipment.</td>
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<td></td>
</tr>
<tr>
<td>Heating Equipment</td>
<td>Portable heaters,</td>
<td>4 years</td>
<td>Consider legal issues and responsibility of onward selling of second hand electrical equipment.</td>
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</tr>
<tr>
<td>Heavy Vehicles</td>
<td>HGVs and Coaches</td>
<td>7 years or 200,000kms whichever comes first.</td>
<td>Check whether this is legacy equipment. Sale or part exchange.</td>
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<tr>
<td>Kitchen equipment</td>
<td>Cookers, kettles, fridges, mini fridges, sinks,</td>
<td>6 years</td>
<td>Dispose of taking into consideration environmental effects of CFCs and other component products.</td>
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<tr>
<td>Light Vehicles</td>
<td>Cars, minibuses and light utility vehicles.</td>
<td>5 years or 200,000kms whichever comes first.</td>
<td>Check whether this is legacy equipment. Sale or part exchange.</td>
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<tr>
<td>Miscellaneous</td>
<td>Bicycles, dvds,</td>
<td>5 years</td>
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<tr>
<td>Mobile Phones</td>
<td>Portable phones and memory cards</td>
<td>1 year</td>
<td>Consider sale or upgrade with contractor.</td>
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<tr>
<td>Office Equipment</td>
<td>Paper cutters, Laser pointers, laminators, shredders, lamps, desk fans,</td>
<td>4 years</td>
<td>Consider legal issues and responsibility of onward sale of second hand electrical equipment.</td>
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<tr>
<td>Office Furniture</td>
<td>Tables, desks, chairs, filing cabinets, lockers, sofas, armchairs, (chair easy), drawer units bookcases, white boards, dictionaries, etc</td>
<td>5 years</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Tools</td>
<td>Tool sets</td>
<td>5 years</td>
<td>Retain for further operations if possible.</td>
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</tbody>
</table>