Terms of Reference

Asset Management Review

July 2025

**Background information**

These Terms of Reference (ToR) provide a general framework for **Asset Management Review** assurance assignments but should be tailored to each case’s specific needs and context for maximum relevance and effectiveness. Selecting an appropriate sample size is crucial for meaningful insights—it should reflect asset-related risks while considering data availability and internal controls.

**Objective**

The objective of this review is to:

1. Assess whether policies and procedures are in place based on applicable laws and regulations, including donor requirements, to provide guidelines for fixed asset management. The Global Funds guidelines for fixed asset management are found here: [Guidelines for fixed assets management.](https://resources.theglobalfund.org/media/13803/cr_fixed-assets-management_guidelines_en.pdf)
2. To confirm whether the fixed assets register is designed and maintained in accordance with the defined policies and procedures and is sufficiently detailed to allow easy identification of assets, including location.
3. To ascertain that a physical verification of assets listed in the fixed assets register is carried out on a regular basis (at least once a year) to determine the actual existence of the assets and their condition, the result thereof is reconciled with the books and any difference investigated.
4. To ensure the general ledger is periodically reconciled to the assets register.
5. Assess whether proper mechanism is in place to ensure appropriate insurance protection and repairs and maintenance of fixed assets.

**Scope of work**

Scope of work could either be one or a combination of both:

1. Assess the design and operating effectiveness of implementers policies and procedures to manage fixed assets.
2. Test account balances reported either at PR level or at SR level

**Not covered by this ToR**

IT General Controls (ITGC) or General Computer Controls (GCC) are controls which relate to the environment that supports IT Applications. Obtaining assurance over the appropriateness and effectiveness of ITGC’s is out of scope for this ToR but rather subject to another specialist IT audit.

**Applicable Corporate Risk**

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| Grant-related Fraud & Fiduciary | Flow of Funds Arrangement |
| Internal Controls |
| Financial Fraud, Corruption & Theft |
| **Value for Money - Financial Management** |
| Accounting & Financial Reporting by Countries | Accounting & Financial Reporting |
| Auditing Arrangements |

1. **Detailed Scope of work**

The scope of review will cover the following areas:

1. Assess the adequacy of the development and implementation of policies and procedures for the recognition, management and disposal of Fixed Assets based on applicable laws and regulations, including the Global Fund Grant Regulations) and donor requirements as specified in The Global Fund’s guidelines for fixed asset management.
2. Assess whether the procurement of fixed assets is in line with applicable procurement laws and regulations, terms of the Grant Agreement, including the procurement provisions set out in the Global Fund Grant Regulations.
3. Confirm that a comprehensive record of all Fixed Assets exists (the “fixed asset register” or “FAR’) which allows for identification of individual assets.
4. Verify appropriate usage and maintenance of Fixed Assets, including ensuring adequate insurance (as required under Section 6.4 of the [Global Fund Grant Regulations](https://resources.theglobalfund.org/media/13925/cr_grant_regulations_en.pdf) (2014) and [Insurance Guidelines for Global Fund grants](https://resources.theglobalfund.org/media/13996/cr_insurance-grants_guidelines_en.pdf)), secure storage prior to deployment, logbooks and regular operational maintenance and repairs, to ensure effective, efficient and economical use of Fixed Assets.
5. Confirm that the implementer undertakes an inventory count (including a physical verification) of Fixed Assets on a regular basis as per Global Fund guidelines.
6. Verify the Fixed asset additions, disposals and transfers between implementing partners complies with the section 5 of the Global Fund guidelines as specified in [The Global Fund’s guidelines for fixed asset management.](https://resources.theglobalfund.org/media/13803/cr_fixed-assets-management_guidelines_en.pdf)
7. **Recommended procedures - Detailed approach and methodology.**

| **Test of controls** | | |
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|  | **Objective** | **Recommended procedures** |
| 1. | Assess whether the policies and procedures for management of fixed assets are in line with applicable procurement laws and regulations, including the procurement provisions set out in the [Global Fund Grant Regulations](https://resources.theglobalfund.org/media/13925/cr_grant_regulations_en.pdf) and donor requirements, as stated in [the Global Fund’s guidelines for fixed asset management](https://resources.theglobalfund.org/media/13803/cr_fixed-assets-management_guidelines_en.pdf). | 1. Obtain and review the implementer’s policy and procedures on procurement of fixed assets for compliance to applicable laws and regulations, and the provisions in the applicable Global Fund guidelines. 2. Check that all parts of the fixed assets management are covered by the implementer’s policy and procedures. |
| 2. | Assess the implementation of policies and procedures for the management of fixed assets. | 1. For a sample of fixed assets from the register, review the procurement process from internal approvals, tender and quotes solicitation, evaluation, and contract award alignment with the implementer’s policy, including implementer’s authority limits. Also trace back to budget. 2. For assets purchased within the current period under review, reconcile assets as per the assets listing to the General Ledger. 3. Review PR book of accounts to ensure assets are recorded at cost and that depreciation is not expensed to the grant. 4. Review and confirm that consumables and inventory such as LLINs, syringes, condoms are not included in the asset register. 5. Review the details of any disposed or written-off assets procured through the grant, if any, to the relevant supporting documents 6. Obtain and review logs of items reported as lost or stolen. Ascertain whether the circumstances and details are documented as per the implementer’s policy. 7. Review log of damaged or written off assets, ensuring adherence to policy. |
| 3, | Confirm that a comprehensive record of all Fixed Assets exists (the “fixed asset register” or “FAR’) which allows for identification of individual assets. | 1. Obtain the fixed assets register and review for completeness and compliance with the Global Fund’s guidelines for fixed asset management. 2. Confirm a value is assigned to each fixed asset reported in the FAR. 3. For a sample of fixed assets in the FAR, trace the recorded value to the original purchase support document to confirm accuracy of recorded amount. 4. On a sample basis, pick individual asset tag numbers and location from the register and inspect the physical asset to confirm correctness of labelling and location details included in the register. |
| 4. | Verify appropriate usage and maintenance of Fixed Assets, including ensuring adequate insurance (as required under Section 6.4 of [the Global Fund Grant Regulations](https://resources.theglobalfund.org/media/13925/cr_grant_regulations_en.pdf) and [Insurance Guidelines for Global Fund grants](https://resources.theglobalfund.org/media/13996/cr_insurance-grants_guidelines_en.pdf)), secure storage prior to deployment, logbooks and regular operational maintenance and repairs, to ensure effective, efficient and economical use of Fixed Assets. | 1. Verify existence and functionality of fixed assets by carrying out a physical verification exercise and review of assets maintenance plan or record. 2. Check whether the assets procured have appropriate insurance coverage. 3. For vehicles and other moveable assets, verify ownership of recorded fixed assets by reviewing relevant ownership documents. 4. For vehicles and other moveable assets, obtain and review the movement/usage logs, noting any non-official usage. 5. Where non-official usage is observed, review implementers processes around authorization and approval. 6. Obtain and review asset maintenance and repairs record. |
| 5. | Confirm that the implementer is undertaking an inventory count (including a physical verification) of Fixed Assets on a regular basis as per the [Global Fund’s guidelines for fixed asset management.](https://resources.theglobalfund.org/media/13803/cr_fixed-assets-management_guidelines_en.pdf) | 1. Obtain and review the latest fixed assets physical verification report. 2. Review PR’s asset verification procedures for recording, identifying assets, and identifying obsolete/damaged assets. 3. Review internal controls such as labelling/tagging and reports from previous PR periodic verification. 4. Obtain and review the implementer’s assessment report on the current condition and expected estimated remaining useful life of the Fixed Assets. |
| 6. | Fixed asset additions, disposals and transfers between implementing partners | For the period under review:   1. Trace fixed asset additions from budget to expenditure general ledger to fixed asset register. 2. Obtain a list of all assets disposed during the period and review for completeness, accuracy and appropriate authorizations/approvals. 3. Ensure the asset disposal follows the implementers policy and complies with the various provisions within section 5 of the GF fixed asset management guidelines. 4. For asset transfers from one implementing partner to another, review the transfer documentation and ensure that it follows the guidelines under section 5.3 of the GF fixed asset management guidelines. 5. Review and ensure supporting documentation for asset transfers includes asset verification reports and justified rationale for the transfers or disposal. 6. Where the disposal involves sale of the asset, obtain and review records of revenues realized from the sale. Trace and confirm the sale proceeds is recorded in the general ledger. 7. Obtain and review the updated FAR to confirm disposed assets are not included with the register. |

1. **Required Deliverable/Output**

To document the outcomes of the review, the Assurance provider will prepare and submit a detailed report including:

* Overall objectives of the review as per approved TOR
* Entities covered by the assignment, period and sample under review as applicable
* Main findings against each of the specific areas of the review highlighting any identified gaps in policy, process, and controls – specific to each implementer covered by the review.
* List of recommendations and proposed practical improvements based on the findings from the assignment.

Complete the following table:

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| **Findings** | **Recommendation/Management Action** | **Non-Compliant Expenditure** | **Other proposed adjustments** |
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