

ASSET MANAGEMENT POLICY



acsr

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Arts, Culture, Sports and Recreation
North West Provincial Government
Republic of South Africa



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1. ACRONYMS

ACSR: Arts, Culture, Sports & Recreation

HOD: Head of Department

MEC: Member of Executive Council

PFMA: Public Financial Management Act of 1999

2. DEFINITION OF CONCEPTS

The following definition of terms is provided for purposes of assistance to practitioners:

Accounting standards: means accounting standards as defined by the South African Accounting Standards Board.

Accrual accounting: means a basis of accounting under which transactions and other events are recognised when they occur, and not as cash or its equivalent is received or paid, and are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

Asset: means a resource controlled by the Department as a result of past events and from which a future economic benefit or service potential is expected to accrue to the Department;

Asset acquisition: means the process by which a department assumes control of an asset.

Asset disposal: mean the process by which a department relinquishes control of an asset.

Asset life cycle: means the life of an asset, from the establishment of the need, through to its acquisition, operation and any maintenance or upgrading, to its disposal.

Asset management: means the process of guiding the acquisition, use, safeguarding and disposal of an asset to make the most of its service delivery potential, and to manage the related risks and costs over its entire life cycle.

Asset register: means a data source that records information on individual assets, in excess of a set value, and which includes the asset's location, condition, utilisation and ownership details, as well as the value and depreciation of the asset and its major components.



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Asset utilisation: means the measure of how effectively an asset is being used to meet the Department's service delivery objectives.

Asset strategy: means the manner in which the Department proposes to manage its assets across all phases of their life cycle, in order to meet service delivery needs most cost-effectively.

Capital costs: means the manner used to measure the cost of capital that the Department has invested in the assets under its control.

Carrying amount: means the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Chart of accounts: means the chart of the Department, which identifies the structure of the ledger and represents the framework upon which the ledger and associated management reports are based.

Condition assessment: means an assessment of the current condition of an asset and its components, in relation to its service performance, as well as the maintenance or renovation required and associated costs.

Control of an asset: means the ability of the Department to:-

- (a) Benefit from the asset in pursuing its objectives;
- (b) Deny or regulate the access of others to that asset and its benefit; and
- (c) Secure the service potential or the future economic benefit of the asset;

Cost of an asset: comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing the asset to working condition for its intended use, less any trade discounts and rebates.

Costing: means the process of determining the costs of operating an asset to deliver services.

Current asset: means an asset that would, in the normal course of operations, be consumed or converted to cash within 12 months of the last reporting date.

Depreciation: means a systematic allocation of the cost of an asset or other amount substituted for its cost in the financial statements, less any residual value, over its estimated useful life, and recognises the gradual exhaustion of the asset's service potential.

Depreciable assets: means assets that:-

- a) are expected to be used during more than one accounting period;
- (b) have a limited useful life; and



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(c) are held by the Department for use in production, supply of goods and services, for rental or administrative purposes.

Depreciable amount: means the historical cost of an asset less the estimated residual value.

Direct costs: means costs that can be specifically assigned and directly attributed to an asset.

Disposal: means the process whereby an asset is disposed of or decommissioned.

Disposal committee: means a committee appointed by the Manager: Supply Chain Management Unit of the Department to review and make recommendations being regarding the disposal of assets under the control of the Department, such assets being regarded as damaged, unserviceable, redundant or obsolete.

Effectiveness: means the extent of the achievement of set or pre-determined outcomes, objectives or other intended effects of programs, operations, activities or processes.

Efficiency: means the use of resources in such a manner that output is maximized for any given set of resource inputs, or input is minimized for any given quantity and quality of output provided;

Financial statements: means:-

- (a) a balance sheet;
- (b) an income statement;
- (c) a cash-flow statement;
- (d) any other statements that may be prescribed; and
- (e) any notes to these statements.

Investment: means an asset, or money outlaid to acquire an asset, that delivers, or is expected to deliver, services, and that yields, or is expected to yield, revenue for the Department.

Lease: means an agreement that conveys the right to use an asset, usually for a specified duration, and for an agreed payment or series of payments.

Life cycle costing: means the full cost of an asset over its life, and includes all costs associated with acquiring, controlling, operating and disposing of the asset.

Maintenance: means the work needed to maintain an asset in a condition that enables it to reach its service potential over its useful life, provided that maintenance does not extend an asset's useful life, and related expenditure is treated as current expenditure.

Needs analysis: means a thorough analysis to compare community demands,



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expectations and needs with current and possible sources of service supply.

Net realisable value: means the current market value of an asset, less all costs to dispose or re-deploy it.

Operating lease: means a lease, other than a finance lease, where the risks and benefits incidental to ownership are not substantially transferred to the lessee.

Performance indicator: means a specific qualitative or quantitative measure that allows performance against a benchmark to be assessed.

Refurbishment: means modification works carried out on an asset to restore it to an acceptable condition.

Residual value: means the net market value or recoverable value, which is, or is expected to be, realised from the disposal of an asset at the end of its life, after deducting the cost or expected costs of disposal.

Revaluation: means the recording of an increase in the carrying value of an asset, to be reflected in the Department's financial statements.

Revenue: means the gross proceeds from the sale of goods and services.

Risk management: means the management technique used to identify and analyse potential risks, and to implement appropriate responses.

Standard chart of accounts: means a list of accounts that an accounting system tracks, which is divided into the following 5 categories:-

- (a) assets;
- (b) liabilities;
- (c) net assets/net equity;
- (d) revenue; and
- (e) expenditure.

Strategic plan: means a document or statement setting out the strategies that the Department intends to follow in the medium term in order to achieve the state's policy objectives.

Transaction: means an event or condition that is recorded in the accounting records in monetary terms.

Useful life: means the period over which a depreciable asset is expected to be used by the Department.

3. PREAMBLE



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- 3.1 The creation and implementation of an Asset Management Policy is an essential part of asset management reform.
- 3.2 The Asset Management Policy is in line with Provincial and National best practices and focuses on the following key activities of the asset life-cycle:-



4. SCOPE OF APPLICATION

- 4.1 This policy applies to all employees of the Department of Arts, Culture, Sports and Recreation employed in terms of the Public Service Act, 1994, including temporary or contractual workers.
- 4.2 The Policy is limited to management of movable assets under the ownership and control of the Department.

5. POLICY STATEMENT

- 5.1 The management is wary of the fact that the departmental assets are not immune to various forms of loss, damages and fraud, which is why this policy was developed.

6. POLICY OBJECTIVES

- 6.1 To provide a framework over budgeting and planning, acquisition, disposals, including safeguarding of assets under the control and ownership of Department. The Policy shall guide al decision making regarding movable assets in Department.
- 6.2 This policy is intended at defining and formalising the movable asset management within the Department. The objective of this policy includes the following:-
 - (a) To procure goods and services in accordance with a system that is fair, equitable, transparent, competitive and cost effective, in terms of section 217(1)(b) of the National Constitution.



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- (b) To emphasise a culture of transparency as stipulated and guided by the "Batho Pele principles, "King II report" and the Guide for Accounting Officers.
- (c) To emphasise a culture of accountability over the assets.
- (d) To safeguard the assets of the Department and to ensure the effective use of existing resources.
- (e) To promote the economic, efficient and effective use of resources in terms of section 195(1)(b) of the National Constitution.
- (f) To promote the economic, efficient and effective use of resources in terms of section 195(1)(b) of the National Constitution.
- (g) To ensure that effective controls are communicated to management and staff through clear and comprehensive written documentation;
- (h) To ensure that the Department achieves its prime objectives of service delivery, at the optimum level of investment.
- (i) To ensure accurate recording of asset information.
- (j) To ensure the accurate recording of asset movement.
- (k) To ensure that movable assets are not written off and disposed of without proper authorisation

6.3 This policy further ensures that:-

- (a) The total cost of the asset is considered before procuring.
- (b) The budget can be aligned with the need for funds at the appropriate time and intervals.
- (c) The entire asset management process can be aligned to supply chain management procedures.
- (d) The true total cost of an asset can be readily determined through the maintenance of complete and accurate asset records.

7. POLICY FRAMEWORK

7.1 This policy takes cue from the following national and provincial legislations:

- ❖ Constitution of the RSA, Act 108 of 1996



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- ❖ Section 38 (1) (d) of PFMA, Act 1 of 1999(as amended by Act 29 of 1999) confers a responsibility on the accounting Officer for the management and safeguarding of Departmental assets.
- ❖ Section 40(1) (a) confers a responsibility on the Accounting Officer to keep full and proper records for the financial affairs of the Department in accordance with prescribed norms and standards.
- ❖ Section 42 of the PFMA confers the responsibility of the accounting officer when assets are transferred between Departments.
- ❖ Section 45 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) confers a responsibility to an official in a Department, trading entity or constitutional institution for the management, including the safeguarding, of the assets within that official's area of responsibility.
- ❖ Treasury Regulation of 20015
- ❖ The Provincial Treasury practice Note – Asset Management Framework.
- ❖ The North West Province Movable Asset Policy and Procedure Manual.
- ❖ The Departmental Financial Delegations of Authority.

8. POLICY PRINCIPLES

Effectiveness: Public assets should be utilized and managed with reasonable care they deserve.

Efficiency: Public assets should be protected against any form of damage and theft.

Transparency: Public assets should be procured and disposed of in a transparent fashion.

9. POLICY CONTENT

9.1 ASSET STRATEGIC PLANNING

9.1.1 The Department shall develop and implement an asset management strategy that determines the Department's long term asset requirements based on its strategic plan and intended service delivery requirements.

9.1.2 The asset management strategy shall be supported by SMART asset plans which are fundamental to the effective and efficient management of the Department's core functions. The asset management plans shall include the following:

- (a) Asset Acquisition Plan.
- (b) Asset Disposal Plan.



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- (c) Asset funding plan.
- (d) Asset Risk management Plan.

9.1.3 The components of the asset strategic plan shall be updated and approved annually during the budgeting process

9.2 ACQUISITIONS OF ASSETS

9.2.1 Planning for acquisition of assets

- a) Prior to the acquisition of the asset the planning stage shall be completed during which the need, identification, requirement, and location for the asset are established.
- b) It shall be determined that the asset to be acquired has sound economic benefit to the Department.
- c) It shall be acquired for the purpose of improving efficiency and effectiveness within the Department.

9.2.2 Useful Life of the Asset

- a) The useful life of the asset shall be determined in terms of the asset's expected utility and contribution to the delivery of the Department's planned programs.

9.2.3 Acquisition of the Asset

- a) The procurement of equipment shall be done by the respective departmental directorates and based upon an annual needs assessment.
- b) The procurement of furniture in the department shall be done by the Asset Unit through the transversal contract prepared by NW Department of Public Works and Roads, and shall be based upon an annual needs assessment conducted by the directorate.

9.3 PROCEDURE FOR ACQUISITION OF ASSETS

9.3.1 Procedure for procurement of movable assets

PROCEDURE	RESPONSIBILITY
a) The need for the procurement of movable assets originates within the various programmes. On an annual basis, (during the MTEF and budgeting period), the relevant Departmental Programme Manager i.e. SCM directorate should communicate the need for the acquisition of the asset to the Asset Manager at each directorate stating:-	Director : SCM at the head office Departmental Programme Manager Asset Manager within SCM



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<ul style="list-style-type: none"> • Asset / Normal expense indicator • Programme Name • Description of the fixed asset/s required • Quantity required • Authorisation to acquire the asset/s <p>b) The Asset Manager must compile a total needs assessment of the assets required by their respective Directorate.</p> <p>c) The Asset Manager must properly evaluate the economic, efficiency and effectiveness aspects of the asset before a decision to acquire it is taken.</p> <p>d) The useful life of the asset should be determined considering the following factors:-</p> <ul style="list-style-type: none"> • The period the Department can expect to gain service potential/efficiency from the asset. • Whether the asset is being acquired for a specific project. • Whether the asset can be re-deployed within the Department over time. • The past effectiveness and efficiency of similar assets currently in use. • Whether past experience is an appropriate benchmark, given the technology embodied in the asset. • Has an independent adviser assessed the condition of the asset or its life expectancy? • Whether the opinion of the user or relevant expert consulted about the asset's useful life is valid. • Decisions taken by external parties (for example, Provincial Government) that would affect the useful life of the asset. 	<p>Asset Manager within the department</p>
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9.3.2 Procedure for monitoring asset register

PROCEDURE	RESPONSIBILITY
<p>a) The movable asset register must be checked to establish whether the asset required already exists. If so, it must be determined that asset does, in fact, need to be procured.</p> <p>b) The total needs assessment must be submitted to the Supply Chain Directorate.</p>	<p>Departmental Programme Manager</p> <p>Asset Manager at each Provincial Department</p>



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c) The Supply Chain Directorate, in conjunction with the CFO or delegated official, should approve the needs assessment for furniture through the transversal contract prepared by NW Department of Public Works	Supply Chain Directorate / CFO at the Provincial Departments
d) The Supply Chain Directorate, in conjunction with the CFO or delegated official, should approve the needs assessment for equipment for submission to the HOD.	Supply Chain Directorate / CFO at the Provincial Departments
e) Once the capital expenditure for equipment asset has been approved by the HOD, the asset management team should file the last copy of the Requisition form, quotations, order and any other supporting documentation, in a file entitled "Awaiting Confirmation of Acquisition" A copy should be forwarded to the asset controller at Head office.	Asset Management Team at Head office
f) When the movable asset is received, the asset controller must check the details on the delivery note against the details recorded on the purchase order.	Asset Controller at Head office

9.3.3 Procedure for receiving, managing and barcoding movable assets

PROCEDURE	RESPONSIBILITY
a) The asset controller must attach a barcode label to the asset	Asset Controller at head office
b) The asset controller will issue a barcode number to the asset. This number will be used for the life of the asset.	Asset Controller at head office
c) The asset controller must not barcode the movable asset if the asset delivered differs from the description on the Purchase Order / Delivery Note or if the condition of the asset is such that it cannot be accepted (i.e. the asset is damaged or incomplete).	Asset Controller at head office
d) The asset controller must identify the user responsible for the asset.	Asset Controller at head office
e) The asset controller must identify the barcode number of the room in which the movable asset will be located.	Asset Controller at head office
f) In the case where the movable asset is not allocated to a specific user/location upon delivery the asset controller must ensure that the asset is stored in a safe environment.	Asset Controller at head office



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- Asset Category

9.3.5 Procedure for updating asset register

9.4 PERMANENT TRANSFER / MOVEMENT OF FIXED ASSETS

- a) The Asset Management team at Head office must keep a record of all movable assets in the Department by means of a movable Asset Register and record all changes.
- b) An accurate record must be kept of all transfers/movements of fixed assets in order to indicate who is using the asset and to determine where responsibility for the asset lies.
- c) The Asset Management team at Head office is responsible for ensuring that no assets, within the officials' area of responsibility, are transferred/moved, within or between offices/ directorates, without proper authorisation.
- d) No assets must be moved between offices or outside the building without authorisation from Asset Management team.
- e) The movement of assets firstly entails receiving a written consent of the custodian or responsible official and secondly informing asset management unit/section of the movement in order for the latter to update asset register.
- f) Asset transfers between provincial Departments must first be physically verified by asset managers of the transferring and the receiving Department to confirm existence and assess physical condition.
- g) An inventory of all assets to be transferred must be prepared and approved by the accounting officers of both Departments, one as a transferor and the other as a transferee.
- h) Upon approval of transfers the asset register of both Departments must be updated.
- i) Official leaving the Department must inform asset unit to verify or check all assets that are in his or her area of responsibility one week before leaving the Department.
- j) IT equipment allocated to Official must be returned to asset unit one day before an employee leaves the Department.



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9.5 PROCEDURE FOR PERMANENT TRANSFER/MOVEMENT OF FIXED ASSETS

- (a) When an asset is to be **permanently** transferred from one official to another within offices/directorate, the Asset Controller from whom the asset is being **transferred** must ensure the following:-

9.5.1 Procedure for registering permanent transferable assets

PROCEDURE	RESPONSIBILITY
a) When an asset is permanently transferred/ moved, (relocated), the "Permanent transfer/move of Movable Assets" request form must be completed. ANNEXURE B (External/Internal movement sheet/form	Senior Manager responsible for the asset at Head office
b) The "Permanent transfer/move of Movable Assets" form is filed in an "Awaiting confirmation for the permanent transfer/move of Fixed Assets" file.	Asset Controller at head office
c) The asset's bar code information is verified with the bar code on the fixed asset, during the asset transfer/move and the new user and location information is updated on the "Permanent Transfer/Move of Movable Assets" Form.	Asset Controller at head office
d) The Provincial Department, user, asset information and bar code information is verified and the form signed-off by the Asset Controller.	Asset Controller at head office
e) Sign-off is obtained on completion of the transfer/move of the fixed assets, by both the transferring and receiving parties, and the completed "Permanent transfer / move of fixed assets" form is filed in the "Permanent Fixed Asset transfer/move"file.	Asset Controller at head office
f) The completed "Permanent Transfer/Move of Fixed Assets Sign-off" form is submitted to Asset Management team at Head Office.	Asset Controller at head office
g) On receipt of the "Permanent Transfer/Move of Fixed Assets Sign-off "form the fixed asset data is verified with the data on the Fixed Asset Register and the register updated with the latest information.	Asset Controller at head office
h) The Asset Controller transferring the asset and the Asset Controller receiving the asset must prepare an updated Fixed Asset Inventory Sheet	Asset Controller at head office

9.5.2 Procedure for updating inventory sheet

PROCEDURE	RESPONSIBILITY



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a) A copy of the updated Movable Asset Inventory Sheet must be submitted to the asset user and the original filed in the "Movable Asset Management "file.	Asset Controller at head office
b) A copy of the updated Movable Asset Inventory Sheet must be filed behind the office door or in the case of an open area in an accessible area for future reference.	Asset Controller at head office
c) Asset Controllers must conduct quarterly Movable asset physical verifications, (within their areas of responsibility), with the assistance of the asset users.	Immediate Supervisor of the Asset Controller at head office
d) Upon completion of the quarterly Movable asset physical verification a report must be submitted to the Asset Management team at Head Office and any discrepancies/unauthorised transfers/move of fixed assets reported.	Asset Controller at head office

When an asset is to be **temporarily** transferred from one official to another within the Provincial Departments, the Asset Controller from whom the asset is being **transferred** must ensure the following:-

9.5.3 Procedure for registering temporary transferable assets

PROCEDURE	RESPONSIBILITY
a) When an asset is temporarily transferred/moved/ (relocated), the "Temporary transfer/move of Movable Assets" request form must be completed.	Senior Manager responsible for the asset at head office
b) The "Temporary transfer/move of Movable Assets" form is submitted to the Asset Controller, (via fax or hand), in order to log the request.	Senior Manager responsible for the asset at head office
c) The "Temporary transfer/move of Movable Assets" form is filed in a "Temporary transfer/move of Movable Assets" file.	Asset Controller at the at head office
d) The asset's bar code information is verified with the bar code on the Movable asset, during the asset transfer/move and the new user and location information is updated on the "Temporary Transfer/Move of Movable Assets" Form.	Asset Controller at head office
e) The departmental directorates, user, asset information and bar code information is verified and the form signed-off by the Asset Controller.	Asset Controller at head office
f) Sign-off is obtained on completion of the temporary transfer/move of the fixed assets, by both the transferring and receiving parties	Asset Controller at head office



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<p>g) Upon return of the asset, the Temporary Transfer/Move of Movable Assets" Form is updated and sign off is obtained by both the transferring and receiving parties. The departmental directorates, user, asset information and bar code information is verified and the form signed-off by the Asset Controller.</p>	<p>Asset at head office</p>
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9.6 WRITING OFF AND DISPOSAL OF REDUNDANT, OBSOLETE OR UNSERVICEABLE FIXED ASSETS

- a) The Disposal Evaluation Committee will be selected and appointed by the Accounting Officer.
- b) The Disposal Evaluation Committee is responsible for assessing the assets that are to be set aside for disposal due to redundancy, surplus, under-performance or unserviceability and making recommendations to the Accounting Officer in this regard. When considering recommendations the Disposal Evaluation Committee must ensure that the Departmental directorates has obtained optimal utilisation from the asset.
- c) The Disposal Evaluation Committee should meet on a quarterly basis to evaluate moveable assets identified for disposal.
- d) The quorum for a Disposal Evaluation Committee meeting is three of member are five

9.6.1 Procedure writing off and disposal of redundant, obsolete or unserviceable fixed assets

PROCEDURE	RESPONSIBILITY
<p>a) Whenever fixed assets needs to be disposed of within the Department, the "Movable Assets Disposal Request" form must be completed in detail, Annexure C</p> <p>The following information must be entered in detail:</p> <ul style="list-style-type: none"> • Date requested • Room Barcode Number • Asset Barcode Number • Region • Office • Building • Province • Province Code 	<p>Asset Controller at head office</p>



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<ul style="list-style-type: none"> • Reason for Disposal (e.g. lost, obsolete, unserviceable, surplus) • Condition of asset (serviceable or scrap) • Cost of the fixed asset 	
<p>b) The Programme Manager will sign and submit the completed "Movable Asset Disposal Request" form to the Asset Controller.</p>	<p>Asset Controller at head office</p>

9.7 LOSSES, DAMAGES AND FRAUD

- (a) The Asset loss Control Committee shall be selected and appointed by the Accounting Officer.
- (b) The Department suffers an asset loss either through criminal acts or through irreparable damages.
- (c) Asset losses shall be reported to the Asset Loss Officer (Head of asset management or delegated official), who shall ensure that all relevant procedure are adhered to.
- (d) All asset losses shall be reported to the South African Police services within 24 hours of realisation and the case number submitted to asset management for loss register to be updated.
- (e) Asset losses through acts committed by or omissions that equate to negligence by officials employed by a Department shall be recovered from the official concerned.
- (f) When it appears that the Department has suffered losses or damages through criminal acts or possible criminal acts or omission, the matter shall be reported in writing to the accounting officer and South African Police Service.
- (g) If liability can be determined, the accounting officer shall recover the value of the loss from the person(s) responsible.
- (h) If Department suffers loss of assets through incompetence or negligence of third parties, a Department shall recover the loss fully from the third party.
- (i) Losses written off shall be shown in the disclosure notes per asset category

9.7.1 Procedure for reporting losses, damages and fraud of assets

PROCEDURE	RESPONSIBILITY
<p>a) Theft and Losses of asset should be reported to the SMC Manager / Asset Manager who will ensure that all relevant procedures are adhered to.</p>	<p>Relevant Asset Custodian</p>



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b) All asset losses should be reported to the South Africa Police Service within 24 hour of realization and the case number should be obtained and submitted to the Asset Manager for loss register to be updated	Relevant Custodian	Asset
c) The asset manager to submit loss report to Loss Control Committee for further investigation	Asset Manager	
d) The Loss Control Committee will be investigating the losses and make recommendations to the HOD for approval based on the outcomes of the investigation	Loss Committee	Control
e) Theft and Losses of asset should be reported to the SMC Manager / Asset Manager who will ensure that all relevant procedures are adhered to.	Relevant Custodian	Asset
f) All asset losses should be reported to the South Africa Police Service within 24 hour of realization and the case number should be obtained and submitted to the Asset Manager for loss register to be updated	Relevant Custodian	Asset
g) The asset manager to submit loss report to Loss Control Committee for further investigation	Asset Manager	
h) The Loss Control Committee will be investigating the losses and make recommendations to the HOD for approval based on the outcomes of the investigation	Loss Committee	Control

9.8 DISPOSAL OF REDUNDANT, OBSOLETE OR UNSERVICEABLE ASSETS

- (a) The Disposal Evaluation Committee shall be selected and appointed by the Accounting Officer.
- (b) The Disposal Evaluation Committee shall be responsible for assessing the assets that are to be set aside for disposal due to redundancy, surplus, underperformance or unserviceable and making recommendations to the Accounting Officer in this regard.
- (c) When considering recommendations the Disposal Evaluation Committee shall ensure that the Departmental directorates has obtained optimal utilisation from the asset.
- (d) The Disposal Evaluation Committee shall meet on a quarterly basis to evaluate moveable assets identified for disposal.
- (e) The quorum for Disposal Evaluation Committee meeting is three of members are five.
- (f) All movable assets disposals irrespective of the mode of disposal shall be approved by accounting officer.

9.9 ASSET VERIFICATION

- (a) The Department shall perform comprehensive asset verification at least once a year.



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- (b) The timing of verification shall ensure reasonable assurance for accuracy and completeness at the reporting date.
- (c) Regular spot checks shall be performed to ensure the completeness and accuracy of the asset register.
- (d) A verification report shall be submitted to the CFO for his/her review and record keeping, and to monitor the implementation of the outcome from the exercise and ensure that the asset register is updated.
- (e) The Chief Financial Officer shall ensure investigation of assets not verified are finalised within 90 days from the date a verification report is received by the CFO.

9.10 RECONCILIATIONS

- (a) Monthly reconciliations between asset register and the general ledger shall be performed by asset manager and approved by delegated official.
- (b) Expenditure analysis in all general ledger accounts shall be performed on a monthly basis to identify misallocation.
- (c) Copies of the monthly reconciliation with supporting documents shall be submitted to Treasury.
- (d) A final reconciliation shall be done at the end of the financial year between trial balance and asset register that shall serve as an input to the asset notes in the financial statements of a Department.

9.11 LIBRARY BOOKS

- a) Library materials that are regarded as assets in Department are books that are at Central Reference.
- b) Library materials that are regarded as inventory are books that are bought and distributed to municipal libraries.
- c) When books are acquired, they are separated into Books for Central reference (Asset) and books for distribution (Inventory).

9.12 RECOGNITION AND CLASSIFICATION OF ASSETS

9.12.1 Recognition assets

- (a) An item shall be recognised as an asset if:-
 - i. it meets the definitions of an asset.



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- ii. the cost or fair value of the item can be measured reliably.
- (b) For a contributed capital asset, cost is deemed to be the fair value at the date the asset is contributed.
- (c) Assets held under finance leases are capitalised and shall be reflected in the Movable Asset Register.
- (d) Assets shall be recognised when it is portable that the future economic benefit or service potential associated with the item will flow into a Department and the cost or fair value of the item can be measured reliably.
- (e) Should it be expected that the item shall not be used for more than one financial year, such an item shall not be recognised as assets.
- (f) Where the item is obtained at no cost or normal cost, its cost shall be measured at fair value on the date of acquisition.
- (g) Asset acquired before 01 April 2002, where the cost is not available may be recorded at R1 with no need to determine fair value.
- (h) In case of interdepartmental transfers, the transferring Department shall fair value the assets that is recorded at R1 before transferring to the receiving Department and exception for this fair value requirement is for assets acquired before 01 April 2002.
- (i) All assets with a value of less than R5000 shall be recognised as minor assets.
- (j) Expenditure incurred for the acquisition of minor assets shall be accounted for under goods and services, applying the modified cash standards on expenditure.
- (k) All assets with a cost of R5000 and above shall be recognised as capital assets.
- (l) Expenditure incurred for the acquisition of capital assets shall be accounted for under expenditure for capital assets using the correct chart of accounts.

9.12.2 Recording of Assets

- (a) Acquisitions of items that meet the definition of an asset will be recorded and barcoded within the Movable Asset Register.
- (b) The following information must be captured when recording assets:
 - i. Date of acquisition
 - ii. Location
 - iii. Barcode allocated
 - iv. Asset class and type



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- v. Asset allocation

9.13 SAFEGUARDING OF ASSETS

9.9.1 Custody and Security

- (a) All barcoded assets shall be tracked by physical location through the Fixed Asset Register.
- (b) A physical asset verification process (verification) shall be performed every quarter and be conducted throughout the District.
- (c) Overall coordination of the quarterly (ANANUAL) asset verification process shall rest with the Department.
- (d) It is the responsibility of Directorates to report stolen or damaged property in writing to the SCM Manager /Asset Manager.

10 ROLES AND RESPONSIBILITIES

10.1 Member of Executive Council

- (a) The Member of Executive Council shall provide political wisdom and support in terms of the implementation of the departmental Debt Management Policy.

10.2 Head of Department

- (a) In terms of Regulation 10.1.1 of the Treasury Regulations (2005) as promulgated in the Public Finance Management Act, 1999, the accounting officer of an institution must:-
 - i. Take full responsibility and ensure that proper control systems exist for assets.
 - ii. Ensure that preventative mechanisms are in place to eliminate theft, losses, wastage and misuses.
- (b) Regulation 10.1.2 of the Treasury Regulations further states that:-
 - i. The accounting officer must ensure that processes and procedures are in place for the effective, efficient, economical use of the institution's assets.



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10.3 ACSR's Officials

- (a) Section 45 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), state that an official within a Department:-
- i. is responsible for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility,
 - ii. must take effective and appropriate steps to prevent, within that official's area of responsibility, any unauthorized expenditure, irregular expenditure and fruitless and wasteful expenditure and any under collection of revenue due; and
 - iii. is responsible for the management, including the safeguarding, of the assets and the management of the liabilities within the official's area of responsibility.

11 POLICY REVIEW

- (a) This policy will be review after a period of three years.

12 APPROVAL AND COMMENCEMENT

Signed in Mahikeng on this 16th day of May 2021.



DR. V. MOGAJANE
ACTING HEAD OF DEPARTMENT

DATE 14/05/22

