#### **Vhembe**

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#### **VHEMBE DISTRICT MUNICIPALITY**

REVISED ASSET MANAGEMENT POLICY



 



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# **INTRODUCTION**

This policy is intended to define and provide a framework for the Asset Management of the Vhembe District Municipality within the guiding principles of sections 62(1)(a), 63(1)(a) and 63(2)(a) of the Municipal Finance Management Act (MFMA),National Treasury Guidelines, Generally Recognised Accounting Practices (GRAP),Accounting Standards and to promote good financial management practices.

In order to produce a comprehensive and complete asset register that is compliant to the guidelines above, the Chief Financial Officer must ensure that the Municipality maintains an Asset Identification System which shall be operated in conjunction with its computerised Asset Register.

This policy is applicable to all offices and officials within the Municipality who utilise and/or manage assets.

# **DEFINITIONS**

***Accounting Standards Board*** was established by the Public Finance Management Act to set standards of Generally Recognized Accounting Practice (GRAP) as required by the Constitution of the Republic of South Africa.

***Amortisation*** is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

***Asset:*** a resource controlled by the Municipality as a result of past events and from which future economic benefits or service potential is expected to flow to the Municipality.

***Asset Acquisition Plan:***a plan setting out the asset needs for a particular office which is aligned to the Strategic Plan and the budget for a specific financial year.

***Asset category*** are the asset categories as per the Fixed Asset Register.

***Asset Clerk:*** The person responsible for maintaining the Asset Register through the input of data.

***Asset Controller:*** the person responsible for the asset management in a specific component.

***Asset Disposal Committee:*** a committee appointed by the Municipal manager responsible for assessing and evaluating the reasonableness of the disposal of assets and give recommendation

***Asset Identification System:*** physical labeling system placing an exclusive mark on an asset which is used by the Municipality to denote ownership, identify and keep track of its assets.

***Asset Manager:*** the person responsible for asset management for the Municipality.

***Asset Register:*** data source that records information on individual assets. The recorded information must include the asset description, unique asset number, location, total cost, category, etc.

***Asset threshold:*** all assets costing less than R250.00 will be classified as minor assets.

***Bid adjudicationCommittee:***a committee appointed by the Municipal Manager responsible for the procurement of goods and services.

***Capitalisation*** is the recognition of expenditure as an Asset in the Fixed Asset Register.

***Basic municipalservice*** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment.

***Capital Asset:*** an asset that can be used continuously and repetitively in production for at least one year and of which future economic benefits or service potential is expected to flow to the Municipality.

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

***Control items*** Are items of assets that are not significant enough for financial recognition but are valuable enough to warrant special safeguarding.

***Cost:*** The purchase price of the asset plus the cost of activities (cash or equivalent) necessarily incurred to bring the asset to the condition and location essential for its intended use (e.g. purchase price plus delivery and installation).

***Municipality:*** Vhembe District Municipality in Limpopo Province

***Depreciation:*** the systematic allocation of the depreciable amount of an asset over its useful life.

***Depreciable amount:*** is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

***Useful life:*** Either the period of time over which an asset is expected to be used by the entity, or the number of production or similar units expected to be obtained from the asset by the entity.

***End User Assets holder :*** the person utilising the asset.

***Future Economic Benefit:*** the potential to contribute directly or indirectly to the flow of cash or

cash equivalents to the Municipality, or in providing a service to another party.

***Intangible Asset:*** an identifiable asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. An intangible asset can be either a capital or a minor asset. E.g. software, trademarks, licenses, mineral rights,etc.

***Location:*** an room in a specified building, or a confined area, with a definite physical address.

***Minor Asset:*** an asset costing less than R250.00 which must be recorded in the Asset Register, but will be fully expensed in the year of acquisition, and not depreciated over its useful life.

***Movement:*** the transfer of an asset between locations within the Municipality.

***Receiving Official:*** the person who accepts delivery of the asset.

***Service Potential:*** the capacity of an asset, singularly or in combination with other assets, to contribute directly or indirectly to the achievement of an objective of the Municipality.

***Straight-line method of depreciation:*** constant depreciation charge over the useful life of the capital asset calculated on its cost.

***Tangible Asset:*** an asset physical in nature, and can be either capital or minor, and can be moveable or immovable.

***Infrastructure Assets:*** assets that are part of a network of similar assets. Examples are roads, water reticulation schemes sewerage purification works.

***Community Assets:*** assets that contribute to the community’s well-being. Examples are parks, libraries and fire stations.

***Heritage Assets:*** cultural significant resources. Examples are works of art, historical buildings and statutes.

***Investment Properties:*** are properties acquired for economic and capital gains. Examples

are office parks and undeveloped land acquired for resale in future years.

***Residual Value:*** the net amount that the Municipality expects to obtain for an asset at the end of its useful life after deducting the expected cost of the disposal.

***Fair Value:*** the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.

***Recoverable Amount:*** the amount that the Municipality expects to recover from future use of an asset, including its residual value on disposal.

***Finance Lease:*** a lease which in effect transfers substantially all the risks and rewards associated with ownership of an asset from the lessor to the lessee.

***“Prescribe”*** means as prescribed by the Minister of Finance by regulation.

***“Property, plant and equipment” (PPE)*** Means tangible assets that:are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to have a useful life extending for more than one financial year.

**“Impairment loss” of a cash-generating asset** is the amount by which the carrying amount of an asset exceeds its recoverable amount.

**“Impairment loss” of a non-cash generating asset** is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

# **POLICY PRONOUNCEMENTS**

* 1. **Constitution of the Republic of South Africa (Act 108 of 1996)**
* Section 216 of the Constitution of the Republic of South Africa (Act 108 of 1996), provide for the establishment of a National Treasury which must prescribe measures to ensure that there is both transparency and expenditure control in each sphere of government through the introduction of Generally Recognized Accounting Practice (GRAP), uniform expenditure classification and uniform Treasury Norms and Standards.
  1. **MFMA Act of 56 of 2003,**
* Section 62 (1) (a): The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically
* Section 63 (1) (a): The accounting officer of a municipality is responsible for management of the assets of the municipality, including the safeguarding and the maintenance of those assets
* Section 63 (2) (a): The accounting officer for the purpose of section 63 (1) take all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system that accounts for assets and liabilities of the municipality.
* Section 65 (1) and (2) (a) to (i)requires that the accounting officer keep full and proper records of the financial affairs of the entity and places the responsibility for producing annual financial statements, that will fairly reflect the financial position of the entity as well as its financial performance, on the accounting officer.
* Sections 15(a), read with 16 (1) and (3) and 28 (1),(2),(5) and (6) and 69(1) and (2) requires further that the annual budget must reflect the estimates of current and capital expenditure per vote and per main division, and in relation to capital expenditure reflect the impact thereof on future financial years
  1. **Accounting Standards**

This policy complies with the standards specified by the Accounting Standards Board. The relevant currently recognized accounting standards include:

* GRAP 17 Property, plant or equipment
* GRAP 16 Investment property
* GRAP 100 Non-current Assets held for Sale and Discontinued Operations
* GRAP 102 Intangible assets

This policy does not overrule the requirement to comply with other policies such as Supply Chain Management or Budget related policies.

# **RESPONSIBILITIES AND ACCOUNTABILITIES**

* 1. **Municipal Manager**

The Municipal Manager as the Accounting Officer of the Municipality is responsible for the management of the assets of the municipality in terms of section 63 of the MFMA which prescribes the following:

* Safeguarding and maintenance of assets.
* Implementation of an accounting and information system that accounts for the assets.
* Ensuring that assets are valued in terms of generally recognised accounting practice.
* Maintaining a system of internal control of assets (e.g. an asset register).
* The **Municipal Manager** may delegate this functions to members of top management or any other official of the municipality in terms of section 79 (1) (b) of the MFMA
  1. **Chief Financial Officer**

The chief financial officer must take all reasonable steps to ensure that:

* Appropriate systems of financial management and internal controls are established and carried out diligently;
* The financial and other resources of the municipality are utilized effectively, efficiently,economically and transparently;
* Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
* The systems, processes and registers required to substantiate the financial values of the municipality’s assets are maintained to standards sufficient to satisfy the requirements of all statutes;
* Financial processes are established and maintained to ensure the municipality’s financial resources are optimally utilized through appropriate asset plans, budgeting,purchasing, maintenance and disposal decisions;
* The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
* The Managers are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;
  1. **Managers (Heads of Departments)**

The Heads of Department must take all reasonable steps to ensure that:

* Appropriate systems of physical management and controls are established and carried out for assets in their areas of responsibility;
* The municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
* The assets under their control are appropriately safeguarded and maintained to the extent necessary and that risk management systems are in place and applied.
* Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
* Their asset management systems and controls can provide an accurate, reliable and up to date account of assets under their control.
* They are able to justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality’s strategic objectives.
* The purchase of assets complies with all municipal policies and procedures.
* All movable property, plant and equipment is duly processed and identified when it is received into his/her stewardship.
* All movable assets received into his/her stewardship are appropriately safeguarded against inappropriate use or loss. This will include control over the physical access to these assets and regular asset counts to ensure any losses have not occurred. Any known losses should be immediately reported to the Chief Financial Officer.
* Assets are appropriately utilized for the purpose for which the municipality acquired them.
* In addition, the **Managers (Heads of Departments)** are responsible to ensure that all employees within their respective department adhere to the approved Asset Policy and Procedures. The Head of Department must nominate an employee to implement and maintain asset control (i.e. Departmental Asset Controller) in his/her department
  1. **Asset Manager**

The Asset Manager must ensure that:

* All information needed by the Budget and Treasury Office to compile and update the Asset Register, is submitted to the Chief Financial Officer.
* The Chief Financial Officer is notified of any changes in the status of the assets under the Municipality (e.g. new asset purchases, asset transfers, asset impairments and asset disposals).
* The inventory and/or assets of the Vhembe District Municipality are not used for private enterprise and gain by any employee/Councillor.
* Control is exercised over the respective department’s assets and shall report any enhancement/improvement, transfer or disposal of the respective department’s assets to the Corporate Support Services Department.
* Relevant reports on the writing off of scrap (in case of vehicles) and the theft/loss (in the case of other assets) are submitted to the Chief Financial Officer.
* Any discrepancies in the asset stock take report are followed up.
* All assets within the department are recorded on the asset register and are bar coded.
* Maintains an updated asset register.

# **ASSET MANAGEMENT PROCESS (STRUCTURE)**

* Asset Management is the process of guiding all the key asset management activities undertaken to make the most of asset service delivery potential and the management of the related risks and costs over the entire asset life cycle.
* The asset life cycle embraces the following inter-related processes or phases:
  + Planning deals with definition of asset;
  + Acquisition deals with the recognition, measurement and valuation of assets;
  + Operation and Maintenance deals with maintenance, refurbishment, enhancement and depreciation of the asset; and
  + Disposal deals with asset disposals.

# **ASSET PLANNING**

* The Municipality shall develop asset strategies covering the acquisition, safeguarding, maintenance, refurbishment, redeployment and disposal together with the capital and operating cost
* Asset Planning shall be the process through which the asset requirements of a municipality are matched to service delivery requirements.
* Asset Planning shall be informed by the principle that a public institution shall not hold assets unless it is reasonably necessary for the economical, effective and efficient delivery of services.
* Managers must align activities in the Strategic Plan and the budgetary allocations with the asset requirements of the office and develop an Asset Acquisition Plan.
* The Asset Acquisition Plan must be informed by the future service or economic benefits to be derived directly or indirectly from the asset in support of service delivery.
* A cost-benefit analysis must be conducted when determining whether a major asset should be leased, purchased, transferred from another entity or obtained through a Public Private Partnership.
* The Asset Acquisition Plan must detail all assets that will be purchased and/or leased in a particular financial year with expenditure projections for each month of that year.
* The Managers are required to approve the Asset Acquisition Plan prior to the commencement of any purchases of assets.
* Asset Budgeting shall be the process through which the Asset Planning Strategy is financially quantified and shall entail allocating financial resources to the Asset Planning Strategy.
* Asset Budgeting must be conducted to include the asset life cycle stages, i.e. Acquisition, Operation, Transfers, Maintenance and Disposal.
* It is the responsibility of the Heads of departments to communicate the Asset Budgeting Strategy to the Chief Financial Officer within the municipality.

# **RECOGNITION AND MEASUREMENT OF ASSETS**

* 1. **Asset register**

The municipality shall maintain an asset register in a format determined by the Chief Financial Officer. The format must comply with GRAP and any other applicable standards. The fixed asset register shall reflect the following information:

* a brief but meaningful description of each asset
* the date on which the asset was acquired or brought into use
* the location of the asset
* the department(s) or vote(s) within which the assets will be used
* the title deed number, in the case of fixed property
* the stand number, in the case of fixed property
* where applicable, the identification number, as determined in compliance with part 11 below
* the original cost, or the revalued amount determined in compliance with part 26 below, or the fair value if no costs are available
* the (last) revaluation date of the fixed assets subject to revaluation
* the revalued value of such fixed assets
* who did the (last) revaluation
* accumulated depreciation to date
* the depreciation charge for the current financial year
* the carrying value of the asset
* the method and rate of depreciation
* impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
* the source of financing
* the current insurance arrangements
* whether the asset is required to perform basic municipal services
* whether the asset has been used to secure any debt, and – if so – the nature and duration of such security arrangements
* the date on which the asset is disposed of
* the disposal price
* the date on which the asset is retired from use, if not disposed of.

All heads of department under whose control any fixed asset falls shall promptly provide the chief financial officer in writing with any information required to compile the fixed asset register, and shall promptly advise the chief financial officer in writing of any material change which may occur in respect of such information.

A fixed asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, whereafter it shall be appropriately capitalised as a fixed asset.

* 1. **Classification, Aggregations & Components**

**7.2.1 Classification of Assets**

Assets that meet the definition and the recognition criteria shall be capitalized in the fixed assets register and be classified as follows

* Property Plant and equipment if its meet the definition of property plant and equipment as per GRAP 17,
  + land (not held as investment assets)
  + infrastructure assets (assets which are part of a network of similar assets)
  + community assets (resources contributing to the general well-being of the community)
  + heritage assets (culturally significant resources)
  + other assets (ordinary operational resources)
* Intangibles assets if its meet the definition of an intangible assets as GRAP 102,
* Investment properties if it’s the definition of the investment properties as per GRAP 16
* Biological assets if it’s the definition of biological assets as per GRAP 101**.**

**7.2.2 Major Component**

An Asset Manager may, with agreement of the Chief Financial Officer, treat specified major Components of an item of property plant or equipment as a separate asset for the purposes of this Policy.

These major components may be defined by its physical parameters (e.g. a reservoir roof) of its financial parameters (e.g. a road surface).

In agreeing to these treatments the CFO must be satisfied that these components:

* Have significantly a different useful life or usage pattern to the main asset,
* Align with the asset management plans,
* The benefits justify the costs of separate identification,
* It is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality,
* The cost of the asset to the municipality can be measured reliably,
* The municipality has gained control over the asset,
* The asset is expected to be used during more than one financial year.

Once a major component is recognized as a separate asset, it may be acquired, depreciated and disposed of as if it were a separate asset.

All other replacements, renewals of refurbishments of components will be expensed.

* 1. **Recognition of Assets**

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

* It is probable that future economic benefits or service potential associated with the item will flow to the entity, and
* The cost or fair value of the item can be measured reliably
  1. **Measurement at recognition.**

An item of assets that qualifies for recognition as an asset shall be measured at its cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

* 1. **Elements of cost**

The cost of an item of property, plant and equipment comprises:

* Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
* Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
* The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Examples of directly attributable costs are

* Costs of employee benefits (as defined in the Standard of Generally Recognised Accounting Practice on Employee Benefits) arising directly from the construction or acquisition of the item of property, plant and equipment,
* Costs of site preparation,
* Initial delivery and handling costs,
* Installation and assembly costs,
* Costs of testing whether the asset is functioning properly, after deducting tenet proceeds from selling any items produced while bringing the asset to that location and condition
* Professional fees.
  1. **Measurement after recognition**

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

* Each part of an item of property, plant and equipment with a cost that insignificant in relation to the total cost of the item shall be depreciated separately
* The depreciation charge for each period shall be recognised in surplus or deficit unless it is included in the carrying amount of another asset.
* Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.
* Depreciation of an asset ceases when the asset is derecognised.
* Therefore, depreciation does not cease when the asset become sidle or is retired from active use held for disposal unless the asset is fully depreciated.
* The depreciable amount of an asset is determined after deducting its residual value.
* The residual value for infrastructure assets, Heritage assets, community assets and intangible assets shall be zero at initial measurement.
  1. **Initial determination useful life**

Asset Manager needs to determine the useful life of a particular item or class property, plant and equipment through the development of a strategic asset management plan that forecasts the expected useful life that asset. This should be developed as part of the Pre-Acquisition Planning that would consider the following factors:

* The operational, maintenance, renewal and disposal program that will optimize the expect long term costs of owning that asset,
* economic obsolescence because it is too expensive to maintain,
* functional obsolescence because it no longer meets the municipalities needs,
* technological obsolescence,
* social obsolescence due to changing demographics, and
* Legal obsolescence due to statutory constraints.
  1. **Review of useful life and the residual value**

The useful life and the residual value applied to an asset shall be reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method, useful life and residual value shall be changed to reflect the changed pattern

Such a change shall be accounted for as a change in an accounting estimate in accordance with Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors

* 1. **Review of depreciation method**

The depreciation method applied to an asset shall be reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in an accounting estimate in accordance with Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors

* 1. **Depreciation**
* All fixed assets, except land and heritage assets, shall be depreciated.
* The depreciable amount of an item of property, plant or equipment should be allocated on a systematic basis over its useful life.
* The depreciation method used should reflect the pattern in which economic benefits or potential service provisions are consumed by the municipality.
* The depreciation charge for each period will be recognized as an expense against the budget of the relevant Head of Department unless it is included in the carrying amount of another asset.
* The depreciation method used shall reflect the pattern in which the asset’s future economic benefits or service potential are expected to be consumed by the municipality.
* A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method.
* Straightline depreciation results in a constant charge over the useful life if the asset’s residual value does not change.
* The diminishing balance method results in a decreasing charge over the useful life.
* The units of production method results in a charge based on the expected use or output.
* The entity selects the method that most closely reflects the expected pattern of consumption of the future economic benefits or service potential embodied in the asset. That method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits or service potential.
* The depreciation method will be the straight-line method unless otherwise agreed to in writing by the Chief Financial Officer.
* Depreciation shall be calculated from the day the fixed asset is available for use (GRAP 17).
* Heads of Departments, acting in consultation with the Chief Financial Officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable fixed assets controlled or used by the directorate in question or expected to be so controlled or used during the ensuing financial year.
* The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other fixed
  1. **Subsequent expenditure on property, plant or equipment**

Subsequent expenditure relating to an item of property, plant or equipment that meets the definition of an asset should be added to the carrying amount of the asset when such expenditure will increase the useful life of the asset or increase the efficiency of the asset or reduce the cost of operating the asset, resulting in financial or service delivery benefits.

All other expenditure should be recognized as an expense in the period in which it occurred.

Before allowing the capitalization of subsequent expenditure, the Chief Financial Officer must be satisfied that this expenditure will significantly:

* Increase the life of that asset beyond that stated in the asset register, or
* Increase the quality of service provided by that asset beyond the existing level of service, or
* Increase the quantity of services that asset can provide, or
* Reduce the future assessed costs of maintaining that asset.
* Expenditure that is proposed to be capitalized must also conform to recognition criteria for assets and should also be appropriately included in the approved capital budget.
  1. **Impairment of assets**

The accounting treatment relating to impairment losses is outlined as follows in **GRAP 17**

The carrying amount (Book value) of an item or a group of identical items of property, plant and equipment should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

Recoverable amount is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal. When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognised as an expense immediately.

The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to recoverable amount on an individual asset, or group of identical assets, basis. However, there may be circumstances when it may not be possible to assess the recoverable amount of an asset on this basis, for example when all of the plant and equipment in a sewerage purification work is used for the same purpose. In such circumstances, the carrying amount of each of the related assets is reduced in proportion to the overall decline in recoverable amount of the smallest

grouping of assets for which it is possible to make an assessment of recoverable amount.

The following may be indicators that an item of PPE has become impaired:

* The asset has been damaged.
* The asset has become technologically obsolete.
* The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
* Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

The following steps will have to be performed regularly during the year to account for impairment losses:

Departments will identify and inform Finance - Asset Control of assets that:

* Are in a state of damage at year end.
* Are technologically obsolete at year end.
* Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
* Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts. An example of this is land that is purchased at market value and is to be utilized for subsidized housing developments.
* The recoverable amounts of these assets need to be calculated by calculating the net selling price per asset as defined above.
* The impairment loss per asset needs to be calculated as the difference between the net selling price and the book value of the asset.
* The impairment loss needs to be accounted for by identifying the relevant funding source.
* The carrying amount of an asset should be reviewed annually to assess whether or not the recoverable amount has declined below the carrying amount.
* When such a decline has occurred, the carrying amount should be reduced to the recoverable amount.
* The amount of the reduction should be recognized as an Impairment expense immediately, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Reserve.
* For assets providing economic benefits, the recoverable amount is the net present value of future ownership.
* For assets providing future service delivery, the recoverable amount is the remaining proportional to its useful life, service capacity or quality of service that is not intended to be restored by normal maintenance programs.
  1. **Subsequent increase in recoverable amount**
* A subsequent increase in the recoverable amount of an asset, previously written down due to a decline in the carrying amount, should be written back when the circumstances and events that led to the write–down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.
* The amount written back should be reduced by the amount that would have been recognized as depreciation had the write-down or write-off not occurred.
  1. **Reinstatement, maintenance and other expenses**

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses which are reasonably ancillary to the bringing into operation of a fixed asset may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, and installation, assembly and communication costs.

* 1. **Asset valuation**

The municipality has elected to account for the value of their assets on the COST model.

The carrying value of an asset in the Asset Register at any given time shall be recognized as the total original purchase price after accounting for depreciation, impairment and revaluations.

The total original purchase price shall be determined using the purchase price per supplier invoice. In case of old assets historical cost, or if the historical cost can not be determined, fair value (replacement cost, realizable value or present value) can be used to determine the valuation of the asset. This fair value will be deemed to be cost.

Assets must be depreciated, in line with the Municipal elected method, on a monthly basis, taking into account the useful life per **Annexure A,** of this policy, and the residual value of the asset.

# **DISPOSAL OF ASSETS**

The Municipality shall have an Annual Disposal Plan for assets to minimize redundant assets. The Disposal Plan shall establish the rationale for the anticipated time and method of disposal, and the expected proceeds.

Asset disposal decisions shall be made within an integrated service and financial planning framework.

No asset shall be sold at a value which is below its carrying Net Value in the Asset Register without the approval of council.

The appropriate method of disposal shall be Public Auction or Public Tender.

There shall be an elected Asset Disposal Committee (ADC) whose responsibility shall be to assess assets ring-fenced for disposal, obtain approval as per Municipal Delegations.

All assets disposed should be removed from the Asset Register.

# **LOSSES OR DAMAGES**

All officials are responsible for reporting any loss of or damage to an asset to the asset management officer within 1 working day of such loss or damage.

All losses of assets or damages to assets must be dealt with according to the Loss Control Policy of the Municipality.

All losses of assets or damages must be recorded in the Asset Register

# **FINANCIAL DISCLOSURE**

The financial statements shall disclose, for each class of property, plant and equipment recognised in the financial statements:

* the measurement bases used for determining the gross carrying amount,
* the depreciation methods used,
* the useful lives or the depreciation rates used,
* the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period, and
* a reconciliation of the carrying amount at the beginning and end of the period showing:
  + additions,
  + disposals,
  + acquisitions through business combinations,
  + increases or decreases resulting from revaluations and from impairment losses recognised or reversed directly in net assets under the Standard of GRAP on Impairment of Assets, impairment losses recognised in surplus or deficit in accordance with the Standard of GRAP on Impairment of Assets,
  + impairment losses reversed in surplus or deficit in accordance with the Standard of GRAP on Impairment of Assets,
  + depreciation,
  + The net exchange differences arising on the translation of the financial statements from the functional currency into a different presentation currency, including the translation of a foreign operation into the presentation currency of the reporting entity, other changes.

**2016/2017**

FINANCE DEPARTMENT

**ASSET MANAGEMENT UNIT**

**APPROVED ON THE \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**AT \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

* The financial statements shall also disclose for each class of property, plant and equipment Recognised in the financial statements:
* the existence and amounts of restrictions on title and property, plant and equipment pledged as securities for liabilities,
* the amount of expenditures recognised in the carrying amount of an item of property, plant and equipment in the course of its construction,
* the amount of contractual commitments for the acquisition of property, plant and equipment, and
* If it is not disclosed separately on the face of the statement of financial performance, the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in surplus or deficit.
* If items of property, plant and equipment are stated at revalue amounts, the following shall be disclosed:
* the effective date of the revaluation,
* whether an independent valuer was involved,
* the methods and significant assumptions applied in estimating the items’ fair values,
* the extent to which the items’ fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm’s length terms or were estimated using other valuation techniques,
* for each revalue class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model, and
* The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to owners of net assets.

Financial statements shall also disclose the following for each class of property, plant and equipment:

(a) The carrying amount of temporarily idle property, plant and equipment,

(b) The gross carrying amount of any fully depreciated property, plant and equipment that is still in use, and

(c) The carrying amount of property, plant and equipment retired from active use and held for disposal.

The financial statement shall disclose the following for each class of intangible assets, distinguishing between the internally generated intangible assets and other intangibles assets:

* Whether the useful lives are indefinite or finite and, if finite, the useful
* Lives or the amortisation rates used.
* The amortisation methods used for intangible assets with finite useful lives.
* The gross carrying amount and any accumulated amortisation
* (Aggregated with accumulated impairment losses) at the beginning and end of the period.
* The line item(s) of the statement of financial performance in which any amortisation of intangible assets is included.
* A reconciliation of the carrying amount at the beginning and end of the period showing:
  + additions, indicating separately those from internal development and those acquired separately;
  + disposals;
  + assets classified as held for sale or included in a disposal group classified as held for sale in accordance with the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations ;
  + increases or decreases during the period resulting from revaluations under paragraphs .78, .88 and .89 and from impairment losses recognised or reversed directly in net assets in accordance (if any) with the Standards of GRAP on Impairment of Assets;
  + impairment losses recognised in surplus or deficit during the period in accordance (if any) with the Standards of GRAP on Impairment of Assets;
  + impairment losses reversed in surplus or deficit during the period in accordance (if any) with the Standards of GRAP on Impairment of Assets);
  + any amortisation recognised during the period; net exchange differences arising on the translation of the financial statements into the presentation currency, and on the translation of a foreign operation into the presentation currency of the entity; and
  + Other changes in the carrying amount during the period.

A fixed asset shall remain in the fixed assets register for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

# **INVESTMENT PROPERTY**

Investment assets shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for purposes of preparing the municipality’s statement of position.

Investment assets shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

Investment assets shall not be depreciated, but shall be annually valued on balance sheet date to determine their fair (market) value. Investment assets shall be recorded in the statement of position at such fair value. Adjustments to the previous year’s recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

An expert valuer shall be engaged by the municipality to undertake such valuations.

If the council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – whereafter it shall be reclassified as an investment asset.

# **FIXED ASSETS TREATED AS INVENTORY**

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality’s statement of position.

Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

# **RECOGNITION OF HERITAGE ASSETS IN THE FIXED ASSET REGISTER**

If no original costs or fair values are available in the case of one or more or all heritage assets, the chief financial officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For purposes of compiling the statement of position, the existence of such heritage assets shall be disclosed by means of an appropriate note.

# **RECOGNITION OF DONATED ASSETS**

Where a fixed asset is donated to the municipality, or a fixed asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the fixed asset register at its fair value, as determined by the chief financial officer.

# **SAFEKEEPING OF ASSETS**

Every head of department shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the department in question.

In exercising this responsibility, every head of department shall adhere to any written directives issued by the chief financial officer to the department in question, or generally to all departments, in regard to the control of or safekeeping of the municipality’s fixed assets.

# **PROCEDURE IN CASE OF LOSS, THEFT, DESTRUCTION, OR IMPAIRMENT OF FIXED ASSETS**

Every head of department shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the chief financial officer, to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service.

# **CAPITALISATION CRITERIA: REINSTATEMENT, MAINTENANCE AND OTHER EXPENSES**

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses which are reasonably ancillary to the bringing into operation of a fixed asset may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, installation, assembly and commissioning costs.

# **MAINTENANCE PLANS**

Every head of department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the council of the municipality for approval.

If so directed by the municipal manager, the maintenance plan shall be submitted to the council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The head of department controlling or using the infrastructure asset in question, shall annually report to the council, not later than in July, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the asset concerned.

# **GENERAL MAINTENANCE OF FIXED ASSETS**

Every head of department shall be directly responsible for ensuring that all assets are properly maintained and in a manner which will ensure that such assets attain their useful operating lives.

# **VERIFICATION OF FIXED ASSETS**

Every head of department shall at least once during every financial year, and in compliance with the relevant written directives issued by the chief financial officer, undertake a comprehensive verification of all fixed assets controlled or used by the department concerned.

The directives issued by the chief financial officer shall stipulate the date(s) when such verification shall be undertaken and completed, and such date(s) shall be as close as possible to the end of each financial year.

Every head of department shall promptly and fully report in writing to the chief financial officer in the format determined by the chief financial officer, all relevant results of such fixed asset verification, and the resultant report shall be submitted to the chief financial officer not later than 30 June of the year in question.

# **ALIENATION OF FIXED ASSETS**

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the municipality’s supply chain management policy.

Every head of department shall report in writing to the chief financial officer on 31 October and 30 April of each financial year on all fixed assets controlled or used by the department concerned which such head of department wishes to alienate. The chief financial officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the municipal manager, indicating the process of alienation to be adopted in accordance with Section 20 of the municipality’s supply chain management policy.

The chief financial officer shall ensure that the alienation of any fixed asset with a carrying value equal to or in excess of R50 000 (fifty thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004 (see part 34 below).

Once the fixed assets are alienated, the chief financial officer shall delete the relevant records from the fixed asset register.

If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the statement of performance of the department or vote concerned. If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the statement of performance of the department or vote concerned.

All gains realised on the alienation of fixed assets shall be appropriated annually to the municipality’s capital replacement reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the income statement of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality’s sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty in accordance with Section 20 of the municipality’s supply chain management policy.

The chief financial officer shall in July of every year report to the council of the municipality details of all fixed assets disposed of during the immediately preceding financial year.

# **OTHER WRITE-OFFS OF FIXED ASSETS**

A fixed asset other than when disposed of in accordance with part 28 above, and even though fully depreciated, shall be written off by the chief financial officer only on the recommendation of the head of department controlling or using the asset concerned, and with the approval of the municipal manager.

Every head of department shall report to the chief financial officer on 31 October and 30 April of each financial year on any fixed assets which such head of department wishes to have written off, stating in full the reason for such recommendation. The chief financial officer shall consolidate all such reports, and shall promptly submit a recommendation to the council of the municipality on the fixed assets to be written off.

The only reasons for writing off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, destruction or material impairment of the fixed asset in question.

In every instance where a not fully depreciated fixed asset is written off, the chief financial officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the asset concerned.

# **INSURANCE OF FIXED ASSETS**

The Co-operate service manager shall ensure that all movable fixed assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

If the municipality operates a self-insurance reserve, the Co-operate service manager together with the chief financial officer shall annually determine the premiums payable by departments.

The chief financial officer shall assist the Co-operate Service Manager in determining the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

The Co-operate Service Manager shall annually submit a report to the council of the municipality for approval on any reinsurance cover which it is deemed necessary to procure for the municipality’s self-insurance reserve.

# **PRIVATE USE OF MUNICIPAL ASSETS**

Each department should ensure that the removal of assets from municipal premises is monitored. The standard Asset Removal Formfor the form to complete) should be completed and authorised by the GM each time any asset is removed from municipal premises. No municipal asset may be used for personal gain or profit.

# **RESIGNATIONS**

At the resignation of an employee the applicable Director or his/her duly delegated representative must complete the relevant asset form and forward it to the Human Resources Department for their further attention. This form is a statement that the inventory and asset items entrusted to the employee to execute his/her daily duties are in good order and handed in where necessary.

# **ANNEXURE A: FIXED ASSET LIVES**

The useful lives of items of property, plant and equipment have been assessed as follows:

|  |  |  |
| --- | --- | --- |
| **Item Depreciation** | **Method** | **Average useful life** |
| **IMMOVEABLE ASSETS** | | |
| Land | Straight line | Indefinite |
| Buildings | Straight line | 30 years |
| **Infrastructure**  Roads and Paving  Water  Sewerage | Straight line | 30 years  12-20 years  12-20 years |
| **Community**  Building  Recreational facilities | Straight line | 20 years  20-30 years |
| **MOVEABLE ASSETS** | | |
| Plant and machinery | Straight line | 6 years |
| Furniture and fixtures | Straight line | 7 -10 years |
| Motor vehicles | Straight line | 5 years |
| Office equipment | Straight line | 3 – 7 years |
| IT equipment | Straight line | 3 years |
| **Other property, plant and equipment**  Specialised plant and equipment  Specialised vehicles  Other items of property, plant and equipment | Straight line | 10-15 years  10 years  2-5 years |
| **INTANGIBLE ASSETS** | | |
| Computer software, other | Straight line | 3-10 years |
| **HERITAGE ASSETS** | | |
| Heritage Assets | Not applicable | Not applicable |
| **INVESTMENT PROPERTY** | | |
| Land | Fair value | Not applicable |
| Buildings | Fair value | 30 years |

# **ANNEXURE B: PARAPHRASE OF SECTION 14 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 2003**

A municipality may not alienate any capital asset required to provide a minimum level of basic municipal services.

A municipality may alienate any other capital asset, but provided

* the council, in a meeting open to the public, has first determined that the asset is not required to provide a minimum level of basic municipal services, and
* the council has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

# **ANNEXURE C: ASSET DISPOSAL PROCEDURES**

All assets are to be disposed of in 4 ways, for example:

|  |  |
| --- | --- |
| **Asset Management Policy** | **Link to Supply Chain Management Policy**  **(Disposal Management)** |
| • By dumping at a tip site after approval by GM concerned if the item is damaged beyond repair | (d) destroying the asset |
| • Public tender for the disposal of property or letting of assets (including unserviceable, redundant or obsolete assets subject to section  14 and 90 of the MFMA) | (c) selling the asset |
| • Auctioning | (c) selling the asset |
| • Donation | (a) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets  (b) transferring the asset to another organ of state at market related value or, when appropriate, free of charge |

The Manager: Facilities in conjunction with the Assets Manager should direct the disposal process.

**Municipal Finance Management Act requirements for the disposal of capital assets**

The ***disposal of capital assets***, in terms of section 14 of Municipal Finance Management Act (No. 56 of 2003) specify the following requirements:

1) Capital assets needed to provide the minimum level of basic municipal services may not be disposed of.

2) Capital assets (other than those mentioned in 1) may only be disposed of after the municipal council in a meeting open to the public:

a. Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal service, and

b. Has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

3) Any decision made by the municipal council that the specific capital asset is not needed to provide the minimum level of basic municipal service may not be reversed by the municipality after the asset has been disposed of.

4) The municipal council may delegate its power to make the decision in 2(a) and (b) for movable capital assets to the MM subject to limits (e.g. R5 000) prescribed by the municipal council.

5) Any transfer of ownership (disposal) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy.

6) The above does not apply to transfers of capital assets to another municipality, municipal entity, national or provincial organ of state provided that the transfers are in accordance with the prescribed framework.

**Disposal procedures**

After the necessary authorisation has been obtained, the following procedure for disposing of an asset must be followed:

|  |  |
| --- | --- |
| **Disposal procedure** | **Type of disposal** |
| • A staff member identifies the asset(s) to be disposed of (obsolete, redundant, transferred, and other). | All |
| • GM concerned approves the status of the item. | All |
| • A request to dispose of the asset and the proposed list of disposal must be sent to the Disposal Committee.  • The Disposal Committee should inspect all redundant items and provide recommendations to Council to approve the disposal. | All  Disposal of unserviceable, redundant, obsolete and damaged assets. |
| • The Finance Department will table the item as per the recommendations of the disposal committee at the Management meeting for consideration. | All |

|  |  |
| --- | --- |
| **Disposal procedure** | **Type of disposal** |
| • An asset disposal form must be filled in and properly signed by the requesting official, GM, Disposal Committee Chairperson and the MM. | All |
| • The asset disposal form must be attached to the memorandum and forwarded to Budget and Treasury for processing. | All |
| • The asset (s) should be taken to the Corporate Service Department’s safe house for storage. | All |
| • When the items to be disposed of have been identified, a public notice in the local newspaper is made inviting applications from charity organisations and schools. | Disposal of redundant and obsolete assets.  Disposal by auction or donation. |
| • Once the approval has been received, the asset register will be adjusted accordingly. | All |

Each department / directorate must take the necessary steps to ensure that all its assets to be disposed of are brought to the attention of the Manager: Asset Management Unit.

The useful life of assets will be guided by the asset life as suggested by GRAP standardised set of statements.

Land and Buildings shall be auctioned at the reserved prevailing market prices as indicated by the valuators at the time of disposal.

All computer equipment to be disposed of will be subject to scrutiny by the IT Manager.

**Council**

The Council shall give fourteen (14) days notice in the newspaper circulating within its area. Notice shall be both in English and Xhosa. Such notice shall also be affixed to all Notice Boards at the Council’s office and website.

Council may resolve to donate any of its assets to organisations / individuals and persons within its area of jurisdiction. It may decide from within itself to establish a committee or delegate the donation function to the Corporate Service Department and Assets Management Committee to make proposals.

**Disposal Committee**

The Disposal Committee will be responsible for the following:

• To be a central point for all requests to dispose of assets.

• To evaluate all requests to dispose of assets.

• To ensure that the asset disposal forms are signed by relevant parties (requesting official, GM, Chairperson of the Disposal Committee, and the MM)

**Departmental transfers of assets**

The GM’s shall approve all asset movements, which relate to the transfer of assets from one department to the other.

When a directorate or department transfers an asset or an inventory item interdepartmentally or within its department, the Asset Transfer Form must be forwarded to the department/location receiving the asset or inventory item. A copy of this form is to be forwarded to the Budget and Treasury Office for the update of the asset register.

Where a department no longer requires the use of an asset it should be transferred to the Corporate Services Department’s safe house (Whelan Workshop) for storage until it is required by another department.

# **IMPLEMENTATION**

This policy comes into operation after the council approval.

**Attached is the list of the forms to be used during the execution of the asset management function.**



**VHEMBE DISTRICT MUNICIPALITY**

**ASSET MOVEMENT/ WRITE OFF FORM**

**GENERAL INFORMATION**

**Type of asset movement to be recorded (Indicate with X)**

|  |  |
| --- | --- |
| **Asset Transfer:** | **Write Off:** |
| **From:** | **To:** |
| **Reason For Transfer** |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **ASSET NUMBER** | **DESCRIPTION** | **FROM ROOM NUMBER** | **TO ROOM NUMBER** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**PREVIOUS ASSET CUSTODIAN**

|  |  |  |  |
| --- | --- | --- | --- |
| **NAME** | **TITLE** | **SIGNATURE** | **DATE** |
|  |  |  |  |

**CURRENT ASSET CUSTODIAN**

|  |  |  |  |
| --- | --- | --- | --- |
| **NAME** | **TITLE** | **SIGNATURE** | **DATE** |
|  |  |  |  |

**Comments**

|  |
| --- |
|  |
|  |
|  |

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_**

**Head of the Section Date**

**ASSET MANAGEMENT UNIT**

|  |  |  |  |
| --- | --- | --- | --- |
| **NAME** | **TITLE** | **SIGNATURE** | **DATE** |
|  |  |  |  |

**FOR OFFICE USE ONLY**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date Received** | **Received By** | **Date Processed** | **Processed By** |
|  |  |  |  |

**SPECIMEN ASSET REMOVAL FORM**



**VHEMBE DISTRICT MUNICIPALITY ASSET REMOVAL FORM**

**DATE REQUESTED: DATE REMOVED:**

**DEPARTMENT:**

**ASSET BARCODE:**

**FLOOR NUMBER/ ROOM NUMBER:**

**ASSET DESCRIPTION:**

**ASSET LOCATION:**

**CLASSIFICATION OF ASSET:**

**REASON FOR REMOVAL:**

**RETURN DATE:**

**DATE RETURNED:**

**REQUESTED BY:**

**NAME AND SURNAME:**

**POSITION:**

**SIGNATURE:**

**DATE:**

**AUTHORISED BY: NAME AND SURNAME:**

**POSITION:**

**SIGNATURE:**

**DATE:**

**SPECIMEN PERSONAL ASSET DECLARATION FORM**

**VHEMBE DISTRICT MUNICIPALITY PERSONAL ASSET DECLARATION FORM**



**SERIAL NUMBER:**

**ASSET DESCRIPTION:**

**NAME OF USER:**

**ASSET LOCATION:**

**ROOM/ FLOOR NUMBER:**

**REASON FOR BRINGING THE ASSET ONTO THE PREMISES:**

**ESTIMATED REMOVAL DATE:**

**OWNER DETAILS: NAME AND SURNAME:**

**SIGNATURE:**

**DATE:**

**DECLARATION:** I ……………………………………………,the owner agree not hold Vhembe District Municipality liable for any theft or damage incurred relating to the use of the abovementioned asset.

**DEPARTMENT ASSET CONTROLLER NAME AND SURNAME:**

**SIGNATUE: DATE:**

**DECLARATION:** I …………………………………,the Department Asset Controller, agree that Vhembe District Municipality is not the owner of the abovementioned asset.

**SPECIMEN PERSONAL ASSET DECLARATION FORM**

**VHEMBE DISTRICT MUNICIPALITY PERSONAL ASSET DECLARATION FORM**



**SERIAL NUMBER:**

**ASSET DESCRIPTION:**

**NAME OF USER:**

**ASSET LOCATION:**

**ROOM/ FLOOR NUMBER:**

**REASON FOR BRINGING THE ASSET ONTO THE PREMISES:**

**ESTIMATED REMOVAL DATE:**

**OWNER DETAILS: NAME AND SURNAME:**

**SIGNATURE:**

**DATE:**

**DECLARATION:** I ……………………………………………,the owner agree not hold Vhembe District Municipality liable for any theft or damage incurred relating to the use of the abovementioned asset.

**DEPARTMENT ASSET CONTROLLER NAME AND SURNAME:**

**SIGNATURE: DATE:**

**DECLARATION:** I ……………………………………………,the Department Asset Controller, agree that Vhembe District Municipality is not the owner of the abovementioned asset.

**SPECIMEN ASSET DISPOSAL FORM**

**VHEMBE DISTRICT MUNICIPALITY ASSET DISPOSAL FORM**

**DATE REQUESTED:**

**DEPARTMENT:**

**ASSET BARCODE:**

**ASSET DESCRIPTION:**

**ASSET LOCATION:**

**CLASSIFICATION OF ASSET:**

**SUGGESTED METGM OF DISPOSAL:**

**CONDITION OF ASSET:**

**REASON FOR REQUEST FOR DISPOSAL:**

**REQUESTING OFFICIAL: NAME AND SURNAME:**

**SIGNATURE:**

**GM RECOMMENDATION: NAME AND SURNAME:**

**SIGNATURE:**

**DISPOSAL COMMITTEE APPROVAL (CHAIRPERSON): NAME AND SURNAME:**

**SIGNATURE:**

**MM APPROVAL:**

**NAME AND SURNAME:**

**SIGNATURE:**

**CHANGE UPDATED OND BY BUDGET AND TREASURY OFFICE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**