



dpwr

Department:
Public Works and Roads
North West Provincial Government
Republic of South Africa

**MOVEABLE ASSET MANAGEMENT POLICY
2020/21**

TITLE : MOVEABLE ASSET MANAGEMENT
DEPARTMENT : PUBLIC WORKS AND ROADS

Table of Contents

1. ABBREVIATION	4
2. PURPOSE, OBJECTIVES, LEGISLATIVE MANDATE AND SCOPE.....	5
2.1. PURPOSE.....	5
3. AIMS AND OBJECTIVES	5
4. LEGISLATION MANDATE	6
5. SCOPE.....	7
6. MANDATORY COMPLIANCE	7
7. DEFINITIONS.....	8
8. ASSET STRATEGIC PLANNING	11
9. ASSET ACQUISITION, RECOGNITION AND INITIAL MEASUREMENT.....	11
10. RECEIPT OF ASSETS	14
11. SAFEGUARDING OF ASSETS	14
12. MAINTENANCE OF ASSETS	15
13. ASSET TRANSFERS.....	15
14. ASSET VERIFICATION.....	16
15. THEFT AND LOSSES OF ASSETS	17
16. RECONCILIATIONS	17
17. DEPRECIATION.....	17
18. DISPOSAL OF ASSETS	17
19. INTANGIBLE ASSETS	22
20. ASSET REGISTER MAINTENANCE	23
21. FINANCIAL DISCLOSURE.....	24
22. DOCUMENT APPROVAL.....	24
23. ANNEXURE 1.....	25

1. Abbreviations

Abbreviation	Meaning
AR	Asset Register
CFO	Chief Financial Officer
Constitution	The Constitution of South Africa
DC	Disposal Committee
FAR	Moveable Asset Register
GRAP	Generally Recognised Account Practice
Government	Government of South Africa
GRN	Goods Received Note
HOD	Head of Department
IAR	Intangible Assets Register
ICT	Information Technology Equipment
ID	Identity Document
IT	Information Technology
LAR	Leased Assets Register
NT	National Treasury
PFMA	Public Finance Management Act
PPE	Property, Plant and Equipment
PPP	Private Public Partnership
PSP	Professional Service Provider
DPWR	North West Provincial Government
TR	Treasury Regulations
DPWR	Department of Public Works and Roads
SCM	Supply Chain Management
ASSETS	Moveable Assets

2. Purpose, objectives, legislative mandate and scope

2.1. Purpose

The purpose of this policy is to provide guidelines over budgeting and planning, acquisition, operations and maintenance, disposals including safeguarding of assets under the control and ownership of the Department of Public Works and Roads (DPWR).

This document shall guide all management decisions regarding moveable assets in the DPWR. Plant and Equipment play an important role in the success of the DPWR representing a significant investment of resources entrusted to the Department. The asset must be effectively and efficiently accounted for, managed and controlled.

3. Aims and Objectives

The aim of this policy is to ensure that systems and guidelines are in place that will enable the DPWR to manage, safeguard and maintain assets.

The objective of this Asset Management Policy is:-

- To ensure accurate recording of asset information;
- To ensure the accurate recording of asset movements;
- To ensure the effective and efficient control, utilization, optimization of usage, safeguarding and management of the DPWR assets;
- To ensure that all custodians are aware of their roles and responsibilities regarding the management of assets in the DPWR;
- To prescribe the accounting treatment of assets acquired and used in accordance with the applicable accounting standards and guidelines;
- To prescribe the administrative guidelines and internal control procedures to be followed by persons in control of assets with regard to management of those assets;
- To comply with current legislation;
- To emphasize a culture of accountability over moveable assets;
- To ensure that moveable assets are not written- and disposed off without proper authorization;

- To ensure that preventative measures are in place to eliminate theft, loss and misuse;
- To ensure a formal set of procedures that can be implemented so that moveable assets and financial policies are both achieved and in compliance with the PFMA.

4. Legislative Mandate

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 38(1)(d) of the PFMA, Act 1 of 1999 (as amended by Act 29 of 1999) confers a responsibility on the Accounting Officer for the management, safeguarding and maintenance of assets of the Department;

Section 18 of the PFMA Act 1 of 1999 (as amended by Act 29 of 1999) confers the responsibility to the Provincial Treasury to enforce the Act;

The process of accounting for loss, damage, destruction, disposal, theft, trade-ins, sale and/or transfer of DPWR assets is governed by the Public Finance Management Act 1, 1999, Treasury Regulations and the Constitution of the Republic of South Africa;

Section 45(e) of PFMA Act 1 of 1999 (as amended by Act 29 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 Officials area of responsibility;

Section 42 of the PFMA of 1999 confers the responsibility on the Accounting Officer when assets are transferred between Departments;

Treasury Regulations 5.2.3 (e) confers a responsibility on the Accounting Officer in ensuring the preparation of strategic plans that must include details of

proposed acquisition of fixed or movable capital assets, planned capital investments and rehabilitation and maintenance of physical assets;

Treasury Regulation 12.1.2 allows the Accounting Officer, subject to RT12.1.1 to insure motor vehicles, including hired vehicles and other movable assets determined by the relevant treasury with premium not exceeding R250 000 a year on the vote (if deemed economical and based on a risk assessment);

Treasury Regulations paragraph 10.1.1 and 10.1.2 further emphasize the responsibility of the Accounting Officer in ensuring proper controls and preventative mechanisms to eliminate theft, losses wastage and misuse and that processes are in place to ensure effective, efficient and transparent use of institutional assets;

Treasury Regulations paragraph 12.5 and 12.7 emphasizes the process to be followed when a Department incurs losses through criminal acts or omissions or through acts or omissions by Departmental Officials;

Treasury Regulation 5.2.3(e) confers a responsibility on the Accounting Officer in ensuring the preparation of strategic plans that must include details of proposed acquisition and maintenance of physical assets.

5. Scope

The scope of this policy is limited to management of moveable, finance leased and intangible assets.

6. Mandatory Compliance

All stakeholders of the DPWR are compelled to comply with this Asset Management Policy. Thus this policy is applicable to:-

- All Employees and Officials of the DPWR, whether permanent, temporary, on probation or on contract;
- Professional Service Provider (PSP) contracted by the DPWR;

- Day-to-day visitors in the Department.

Any employee who fails to comply with any provision of this policy will be subjected to disciplinary action.

7. Definitions

7.1. Asset

An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity;

7.2. Asset Management

Is a process of decision making, planning and control over the acquisition, use, safeguarding and disposal of assets to maximize their service delivery potential and benefits, and to minimize their related risks and costs over their entire life;

7.3. A finance lease

Is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred;

7.4 Property, Plant and Equipment

The Standards of Generally Recognised Accounting Practice Note 17 defines property, plant and equipment as:-

7.4.1 Tangible items that:-

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and inclusive of but not limited to tipper trucks, graders, generators and road maintenance equipment;
- (b) are expected to be used during more than one reporting period

7.4.2 Intangible Assets

Is an identifiable asset without physical substance and has a useful life greater than one year.

7.5. Cost

Cost is the amount of cash or cash equivalent paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

7.6 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction;

7.7 Asset Verification

Asset Verification is the observation, listing and counting of capital assets to determine their condition, location, physical existence, usage levels and validity against physical and accounting records;

7.8 Asset Register

Asset register is the database consisting of all assets of an entity and it provides the detail of the accounting records and general information for each asset;

7.9 Disposal group

A group of assets to be disposed off, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in that transaction;

7.10 Carrying amount

The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses;

7.11 The commencement of the lease term

The date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of the assets, liabilities, revenue and expenses resulting from the lease, as appropriate);

7.12 Contingent rent

That portion of the lease payment that is not fixed in an amount but is based on the future amount of a factor that changes other than with the passage of time (e.g. percentage of future sales, amount of future use, future price indices, and future market rates of interest);

7.13 Depreciation

The systematic allocation of depreciable amounts on an asset over its useful lifecycle. The systematic allocation should reflect the pattern of consumption or utilisation of the asset;

7.14 Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life;

7.15 Impairment loss

The amount by which the carrying amount of an asset exceeds its recoverable amount;

7.16 Recoverable amount

The higher of an asset's fair value less cost to sell and its value in use;

7.17 Net realisable value

The amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal;

7.18 Value in use

The present value of the future cash flow expected to be derived from an asset or cash-generating unit;

7.19 Residual value

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life;

7.20 Depreciable amount

The cost of an asset, or other amounts substituted for cost, less its residual value;

7.21 Useful life

The period over which an asset is expected to be available for use by an entity, or the number of production hours of similar units expected to be obtained from the asset by an entity;

7.21 High Risk Assets

High risk assets may include items in one or more of the following categories:-

- a) Portable and marketable and/utilised for personal gain e.g. Cameras, GPS, laptops, overhead projector

- b) Larger assets not easily transportable but readily marketable and/or utilised for personal gain e.g. Construction Equipment
- c) Assets repeatedly lost/stolen

8. Asset Strategic Planning

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

- Asset Acquisition Plan;
- Asset Operation and Maintenance Plan;
- Asset Disposal Plan;
- Asset funding plan; and
- Asset risk management plan.

9. Asset Acquisition, Recognition and Initial Measurement

- 9.1 Demand plans for the acquisition of capital assets must be prepared by the Department;
- 9.2 The demand plans must be in line with the budget of the Department and must support the strategic objectives of the Department;
- 9.3 Departments must acquire assets in accordance with the approved demand plans;
- 9.4 The procurement of assets must be done in accordance with the Departments Supply Chain Management Policy;
- 9.5 An asset shall be recognised as an asset when it meets the definition of an asset, it is probable that future economic benefits or service potential as associated with the item will flow to the Department and the cost or the fair value of the item can be measured reliably.
- 9.6 Service potential defined as the usefulness of an asset to the Department in achieving its objectives and whether the item of an asset will result in the inflow of economic benefits. Service potential represents the benefit to the

Department from utilizing the asset. The inability to sell or modify an asset does not remove its ability to yield service potential for the Department;

9.7 Should it be expected that an asset will not be used for more than one financial year then it will not meet the definition of property, plant and equipment and cannot be capitalized as an asset;

9.8 Capitalization should occur when assets are received by the Department through a planned acquisition (i.e. purchase, custom manufacture, renewal or construction), by transfer from another institution, by reclassification from another category of assets or discovery within the Department;

9.9 Initial Measurement

- An item of property, plant and equipment that qualifies for recognition as an asset is measured at cost;
- Where an asset is obtained at no cost or nominal cost, its cost should be measured at fair value on the date of acquisition;
- Property, plant or equipment may be donated to the Department and therefore obtained at no cost;
- In both these circumstances, the cost of the property, plant or equipment should be measured at its fair value at the date of acquisition. In determining the fair value of an item of property, plant and equipment acquired through a non-exchange transaction, the Department should apply the principles discussed below.

9.10 Elements of cost

- The cost of an item of property, plant and equipment is the purchase price and other 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 of the Department.
- The cost would generally include the purchase price, including import duties, non-refundable purchase tax and the initial estimates of the costs of dismantling and removing an item or restoring the site on which an item is located;

- The cost of the warranty shall be accounted for as part of the asset acquisition cost.

9.11 Measurement of cost

Cost is the amount of cash or cash equivalent paid, or the fair value of the other consideration given, to acquire an asset at the time of its acquisition or construction;

9.12 Fair value determination

- The fair value can be determined by reference to quoted prices in an active and liquid market;
- Where market values are not available, estimates can be made with reference to the market value of assets with similar characteristics in similar circumstances and location or with reference to recent arm's length transactions concluded for similar assets; or
- If an asset is of a specialized nature, and market based fair-value is not available, the Department shall estimate the fair value using depreciated replacement cost. Depreciated replacement cost is the current cost of reproduction or replacement cost of an asset less accumulated depreciation to reflect the already consumed or expired service potential of the asset. The replacement cost is the cost to replace the service potential of an asset. The reproduction cost is the cost of creating an exact replica of the asset.

9.13 All assets costing less than R5000 will be classified as 'minor assets';

All assets with an acquisition cost of R5000 or more will be classified as major assets;

Assets worth less than R1000 with short lifespan (less than one year) are not necessary to treat as minor assets;

9.14 It is required that all assets are classified and recorded, both minor and major assets.

Assets costing less than R5000 will be included under 'Current Expenditure' on the Income Statement and Appropriation Statement.

These assets should still be managed and controlled.

- 9.15 The DPWR uses the cost model for subsequent measurement of property, plant and equipment. Under the cost model assets are carried at cost. The DPWR is currently not depreciating its assets.

10. Receipt of Assets

- 10.1 All moveable assets received should physically agree to the specification or what was ordered, if not in terms of order it should be returned to the supplier. If all is in order the asset is bar coded and the register is updated before the asset is issued. The asset is allocated to a location and the user/owner takes over responsibility thereof.

11. Safeguarding of Assets

- 11.1 The Department needs to ensure that there are proper controls and preventative mechanisms to ensure all assets are protected against improper use, loss, theft, malicious or accidental damage;
- 11.2 Assets should be secured physically. Users of assets are compelled to ensure that the assets under their control are properly safeguarded. Physical control includes the locking of office doors, security checks when people enter and leave Departmental premises, checking use of assets, use of control records such as log books for vehicles, handover / takeover procedures when assets exchange hands, etc.
- 11.3 It is the responsibility of the Custodian of an asset to ensure transfer forms are completed by Asset Management Officials when assets are moved in and out of offices. Copies of such transfer forms are kept safe to keep a trail of assets i.e.
- Proper documentation is completed and transfer effected when assets are handed over to any staff member within the unit so that he/she is responsible for that asset;
 - Documentation is available for equipment taken by IT Officials for repairs and maintenance;

- When old assets are taken out of offices by Asset Controllers copy of transfer documents must be filed for record keeping.

11.4 The responsible Manager must ensure that all assets allocated to Employees within their area of responsibility are returned upon termination of their service or transfer and reported to the Asset Team within five (5) working days before the official relocation.

12. Maintenance of assets

12.1 Provision needs to be made in the budget for maintenance of moveable assets;

12.2 Where maintenance standards are set up the supplier program Manager is responsible for ensuring that the supplier service standards are adhered to;

12.3 Maintenance and repair costs that do not improve the capacity of the assets and do not extend the life of assets should be categorized as operating expense;

12.4 Maintenance costs that increase the capacity of an asset or extends its useful life should be added to the carrying value of the asset.

13. Asset Transfer

13.1 The movement of assets firstly entails receiving the written consent of the Custodian / responsible Official and secondly informing asset management of the movement in order for them to update the asset register;

13.2 All relevant asset movement forms must be completed by both the transferee and transferor and approved by the authorized Official before assets are moved. Asset management must be furnished with the approved forms so they can update the register;

13.3 Asset transfer between Departments must first be physically verified by the asset Managers of the transferring Department and the receiving Department to confirm existence;

- 13.4 An inventory of all assets to be transferred must be prepared and approved by the HOD's of both Departments, one as a transferor and the other as a transferee;
- 13.5 Upon approval of transfers the asset registers of both Departments must be updated;
- 13.6 A copy of the transfer documents between Departments must be submitted to the Provincial Treasury within 14 days of the transfer.

14. Asset Verification

- 14.1 Controls around asset registers should be sufficient to provide accurate, reliable and up-to-date account of assets under the control of the Department. These controls must also cover access to the asset register to ensure that only authorised recording of all transactions relating to assets takes place;
- 14.2 The Department must perform a comprehensive asset verification exercise at least once a year;
- 14.3 The timing of the comprehensive verification should ensure reasonable assurance for accuracy and completeness at the reporting date;
- 14.4 An asset verification report must be submitted to the CFO for his filing and to monitor the implementation of the outcomes from the exercise and ensure that the asset register is updated;
- 14.5 Regular spot checks must also be performed to ensure the completeness and accuracy of the asset register;
- 14.6 The CFO shall designate, in writing, a competent asset verification team to perform asset verification and report their findings for the whole Department;
- 14.7 The Accounting Officer of a Department must ensure that all assets allocated to the Members of Executive Council are returned upon termination of service, suspension or transfer to another Department;

- 14.8 A Member of the Executive Council for a Department has the responsibility to ensure that all assets allocated to the Accounting Officer are returned upon termination of service, transfer or suspension;
- 14.9 The Accounting Officer must inform Provincial Treasury should any of its assets be attached to settle a liability.

15. Theft and Loss of Assets

- 15.1 Refer to Loss Control Policy of the department

16. Reconciliations

- 16.1 Monthly reconciliations between the asset register and the general ledger must be performed by the Asset Manager and approved by delegated Official;
- 16.2 A final reconciliation must be done at the end of the financial year between the trial balance and the asset registers that will serve as an input to the asset notes in the financial statements of the Department.

17. Depreciation

- 17.1 Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life;
- 17.2 The Department is currently reporting under the modified cash basis of accounting and assets are not depreciated or impaired.

18. Disposal of Assets

- 18.1 Redundant, excess and obsolete moveable assets must be disposed off in a transparent, fair, and equitable manner. In general, assets that become too expensive to maintain or operate, unserviceable assets, surplus assets or those that would no longer support the service delivery requirements of the Department should be disposed off:-

- Disposal plans must be drawn up in the beginning of each financial year by Asset Management and reviewed annually;

18.2 The Department should dispose its moveable assets using the following means of disposal:-

- Public Auction;
- Internal Auction;
- Public Tender;
- Public Bidding;
- Transfer to another institution in terms of Section 42 of the PFMA;
- Transfer to another institution at market related value;
- Transfer to another institution free of charge;
- Sale to another institution;
- Sale to staff;
- Trade-in;
- Destroy;
- Scrapping;
- Write-off;
- Rehabilitation;
- Revitalization;
- Recycle;
- Return to supplier;
- Burying;
- Burn;
- Cannibalization;
- Donation.

18.3 Disposal of assets should be market related when there is flow of cash into the provincial Department;

- 18.4 All moveable asset disposals irrespective of the mode of disposal should be approved by the Head of Department or his delegated authority;
- 18.5 The Accounting Officer or Accounting Authority may, when disposing of computer equipment, donate to any state institution involved in education and/or training based on written requests received from such institutions:-
- 18.5.1 determine whether such an institution requires such equipment. In the event of the computer equipment being required by such a state institution;
- 18.5.2 the Accounting Authority may transfer such equipment free of charge to the identified institution.
- 18.6 In the event of a betterment, renewal or upgrade of an asset, certain parts will be removed or replaced during the refurbishment or rehabilitation process by operations. These parts will remain in the custody of the Department until such time that a decision is taken by Management to permanently dispose of the parts;
- 18.7 The Head of a Department will ensure that a Disposal Committee is established and Members appointed by observing the Delegations of Authority from SCM. The Committee should comprise of Technical Officials, Finance Officials, SCM and Asset Management Practitioners within the Department;
- 18.8 The Disposal Committee will be required to review assets to be disposed off at least annually or as and when a need arises to ensure that the Department is able to perform at its optimum level;
- 18.9 Once approval for disposal has been granted by the Accounting Officer the Department shall invite the Provincial Treasury to conduct a pre-disposal audit;
- 18.10 All disposed assets shall be removed from the asset register and the record of disposal with the inventory of assets disposed filed for at least a period of five years;

- 18.11 When assets are sold, the proceeds received from the sale is regarded as Departmental Revenue and should be deposited to the PRF revenue fund upon receipt thereof;
- 18.12 Copies of the disposal documents of all moveable assets must be submitted to the Provincial Treasury within 14 days of the disposal.
- 18.13 Disposal process to be followed for disposal of scrap- material and assets:-**
- 18.13.1 The Sub-district Manager shall identify obsolete and redundant materials with the assistance of Stores Officials at the sub-district / warehouse;
- 18.13.2 The Manager of Districts Supply Chain shall visit stores and verify material with the assistance of the Manager Finance and other Disposal Committee Members. They will confirm the lists attached to the Board of Survey and estimate the price;
- 18.13.3 The Disposal Committee has the right to remove item/items or transfer to other sub-districts if those items are still in usable condition;
- 18.13.4 The Disposal Committee shall compile a Board of Survey report and get it approved by the Accounting Officer;
- 18.13.5 Upon approval the Board of Survey shall agree on the disposal date and communicate to relevant stakeholders, i.e. Asset Management Head Office, Internal Control, Internal Audit and Provincial Asset Management, etc.;
- 18.13.6 The identified materials must be advertised in local newspapers and/or the government gazette;
- 18.13.7 Finalise the disposal as agreed by the Committee. Record all information, finalise the disposal, reconcile, deposit if any funds were collected in the Department's Revenue Account, issue a receipt and release the goods.

18.14 Disposal process for the sale of old tyre and used oil (scrap):-

- 18.14.1 Draw up a list of different size of old tyres, used oil that needs to be disposed;
- 18.14.2 Disposal process as listed above needs to be followed;
- 18.14.3 Oil from oil change or vehicle service:-
 - Steps listed above to be followed before finalisation of disposal;
 - Inform the successful bidder to collect the item; details must be provided so that the successful bidder will be able to pay the proceeds in advance at revenue office before he go to collect the items, items must be released only on production of proof of payment and release note.

18.15 Disposal process for the sale of old used/damaged furniture and equipment:-

- 18.15.1 Identify the items that need to be disposed at the physical verification plus the items to be scrapped;
- 18.15.2 Take goods to one place and prepare a Board of Survey;
- 18.15.3 Ensure that both the District Asset Manager District and Head Office are part of the meeting when the district draws up the Board of Survey;
- 18.15.4 For Items that can be donated to schools and parastatals, documentation must be completed and filed for Audit purposes;
- 18.15.5 Items disposed internally the process listed above to be followed.

18.16 Disposal process for IT equipment

- 18.16.1 Closed bids from companies that purchase and recycle old IT equipment to be invited if there are no internal buyers. Minimum of three quotations must be obtained from potential buyers. Board of Survey to be completed once due process and approval is obtained;

19. Intangible Assets

- 19.1 This policy is applicable to Departments that have acquired or internally generated intangible assets;
- 19.2 A Department must recognize intangible assets at cost and where cost cannot be determined, a fair value must be used;
- 19.3 Internally generated intangible assets must be recognized at cost, upon completion of the project;
- 19.4 If an internally generated intangible asset is unique, the cost incurred cannot be determined. The Department need not estimate the cost and this must be disclosed in the financial statements;
- 19.5 The Department must not capitalize the cost of research to the intangible asset cost for internally generated intangible asset;
- 19.6 The Department must capitalize the cost of developing intangible assets where the following can be demonstrated:-
 - 19.6.1 the technical feasibility of completing the intangible asset so that it will be available for use or sale;
 - 19.6.2 It's intention to complete the intangible asset and use or sell it;
 - 19.6.3 its ability to use or sell the intangible asset;
 - 19.6.4 how the intangible asset will generate probable future economic benefits or service potential;
 - 19.6.5 the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
 - 19.6.6 its ability to measure reliably the expenditure attributable to the intangible asset during its development;
 - 19.6.7 The capitalisation threshold applicable to other Departmental assets is applicable to intangible assets;
 - 19.6.8 An assessment of whether the intangible exists and economic benefits are expected to flow to the Department must be made annually;

19.6.9 Disposal policy applicable to all departmental assets is applicable when intangible assets are disposed;

19.6.10 A Department must keep and maintain an intangible asset register.

20. Asset Register Maintenance

20.1 The Asset Manager of a Department is responsible for the maintenance of the Asset Register;

20.2 One asset register for a Department must be maintained and it must at all times confirm that assets can be traced from the floor to the register and from the register to the floor;

20.3 The asset register of a Department is drawn up from the WALKER Asset Management System with additional notes;

20.4 The asset register must be maintained on a daily basis or as and when required with the following information:-

- Asset movements between offices;
- Change in custodians;
- Changes in barcodes;
- Changes in condition;
- Update serial numbers;
- Update of assets disposed;
- Update of assets lost;
- Changes in asset categories;
- Uploads of assets found on floor;
- Uploads of assets transferred from other entities;
- Updates of assets transferred to other entities;
- Changes to values of assets;


- No assets shall be removed from the asset register without prior approval by the HOD.

21. Financial Disclosure

- 21.1 The 'expenditure for capital assets' note requires a split between capital costs incurred using voted funds and / or donor funds (aid assistance);
- 21.2 The note must analyse funds utilised to acquire capital assets with a split between voted funds and aid assistance funds;
- 21.3 Minor assets purchased in a particular financial year are disclosed as part of the sub-note to goods and services 'Assets less than R5000';
- 21.4 A detailed asset register for all major and minor assets must be made available to the external auditors;
- 21.5 Both major and minor asset registers must be as at 31 March of the respective year;
- 21.6 The information in the major asset register must be used to complete the disclosure notes on tangible moveable capital assets;
- 21.7 The total rand value and quantities of the minor assets are separately disclosed;
- 21.8 A detailed listing of all the assets captured in the minor asset register must be made available to the External Auditors at year-end;
- 21.9 The Department must disclose the opening balance, current year adjustments to prior year balance, additions (cash and noncash), disposals and the closing balance.

22. DOCUMENT APPROVAL

The policy shall be renewed annually.


MR MS THOBAKGALE
ACCOUNTING OFFICER

10/09/2020
DATE

ANNEXURE 1

COMPUTER DESKTOP, LAPTOP, PRINTER ELIGIBILITY PURCHASE AND DISPOSAL GUIDELINE

Information Technology equipments are work tools for Officials, therefore it is the responsibility of the Department to provide Employees with working tools in line with their job responsibilities and nature of work. Computers are a labour saving devise and a work tool for Officials who work in an office environment.

When an existing vacancy is filled the new Employee is expected to start working with the equipment of the Official that vacated the position where the equipment is still in a good working condition or within the life span of that asset. Once the life span of that asset expires then the asset can be replaced.

ELIGIBILITY OF IT (INFORMATION TECHNOLOGY) WORKING TOOLS

1. DESKTOP

All Officials who work in the administration side of the Department are eligible to have a desktop computer. The specification of a desktop is specified on the basis of programmes / software needed to run on that computer so that Officials can perform their official day to day duties. IT Management is responsible for giving a specification of a computer on the basis of an Official's Job Description and Performance Agreement. This must be substantiated by a motivation approved by the Programme Manager on the basis of the Officials Performance Agreement.

2. LAPTOP

Officials appointed at an Assistant Director level and above, who are expected to travel as part of their work, can request for a laptop instead of a desktop. Officials below that level can be provided with a laptop only on a case by case basis, depending on their work situation, motivated and approved by the Programme Manager.

3. PRINTER

Officials below Assistant Director Level are expected to share offices as well as printers. Colour printers will be shared by linking users to a photocopier nearest to them. Individualized printers can be approved by Programme Managers only on a case by case basis and not as a standard practice. Colour printers will be bought from Assistant Director Level upwards or Officials can opt for a black and white printer where the Manager / unit needs to print large volumes of documents.

4. DISPOSAL OF COMPUTER EQUIPMENT

Asset Management experiences a challenge with a high volume of loss, theft and unaccounted equipments such as computer laptops, mobile printers, cameras, etc. Considering this background and reported cases to the Loss Control Committee the Department is implementing the following changes to the disposal of IT equipment:-

- 4.1 The official *minimum* lifespan of an IT equipment to be used by an Official is five (5) years;
- 4.2 A computer bought for an Official can be purchased by that Official at the end of the five year period at 10% of its book value or returned to Asset Management for scrapping. **Example:** A laptop worth R12 000 bought on 05 January 2015 will reach its five year life cycle on 04 January 2020. The Official can buy it at the price of $R12\ 000 \times 10/100 = R1\ 200$, paying the amount directly into the Revenue Account after following due process. The necessary disposal documents will be completed for record purposes, with the assistance of Asset Management through the Disposal Committee duly approved by the Accounting Officer.