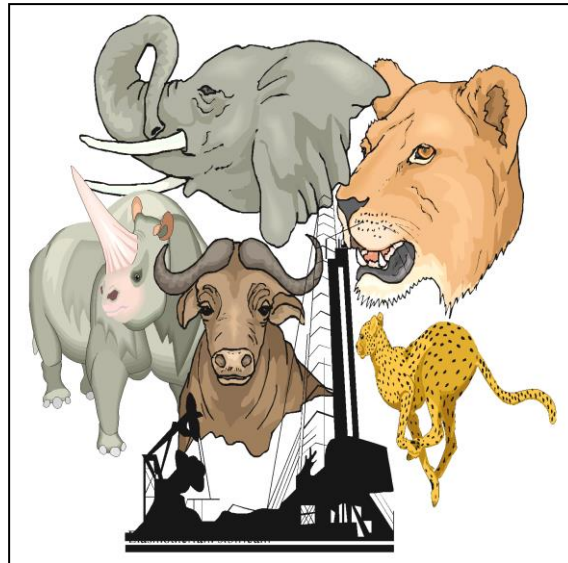


BOJANALA PLATINUM DISTRICT MUNICIPALITY



ASSET MANAGEMENT POLICY

2025/2026

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1. GENERAL INFORMATION

1.1. GLOSSARY OF TERMS

AA:	Accountant Assets
AMP:	Asset Management Policy
AMS:	Asset Management System
AO:	Accounting Officer
BPDM:	Bojanala Platinum District Municipality
C:	Council
CA:	Clerk Asset
CFO:	Chief Financial Officer
CSS:	Corporate Support Services
DC:	Data Capturer
FAR	Fixed Asset Register
GRAP:	Generally Recognised Accounting Practice
HOD:	Head of Department / S57 Manager
IAS:	Standard Reference for International Accounting Standard
IFRIC:	International Financial Reporting Interpretations Committee
IFRS:	International Financial Reporting Standards
IT:	Information Technology
MFMA:	Municipal Finance Management Act (No. 56 of 2003)
MM:	Municipal Manager
MPMU:	Manager – Project Management Unit
MSA:	Municipal Systems Act (No. 32 of 2000)
PPE:	Property, Plant, and Equipment
SAPS:	South Africa Police Service
SCM:	Supply Chain Management

1.2. INTRODUCTION

Asset management is the process of guiding the acquisition, use, safeguarding, and disposal of assets to maximize their service delivery potential while managing the associated risks and costs over their entire life cycle. As a result, asset management entails the processes of planning and monitoring tangible (physical) assets for a municipality during their useful lives.

Assets = Liabilities + Net worth of the institution

Effective Asset Management

Asset Management needs to be considered as a comprehensive and multi-disciplinary activity that takes into account a range of factors such as:

- The asset life cycle and asset management principles
- The needs of the users of the asset
- The policy and legislative environment
- The organization's corporate management and planning guideline
- Technical adequacy and commercial viability
- External or market factors (commercial, technological, environmental, or industry operations) and
- The competing demands of stakeholders (in some instances) and the need to rationalize operations to improve service delivery or to enhance cost-effectiveness (in some instances)

AMP should be comprehensive, covering all asset life cycle phases and addressing asset management principles. The creation and implementation of comprehensive asset policies and procedures are critical components of the organization's internal control structure. It reflects management's operating philosophy and style, and the content demonstrates management's concern about maintaining adequate control over its resources. The policy shall be reviewed annually.

1.3. BACKGROUND

The MFMA was introduced to improve accounting in the municipality sector in keeping with global trends. Good asset management is critical to any business environment whether in the private or public sector. In the past, municipalities used a cash-based system to account for assets, whilst the trend has been to move to an accrual system.

With the cash system, assets were written off in the year of disposal, or, in cases where infrastructure assets were financed from advances or loans, they were written off when the loans were fully redeemed. No costs were attached to subsequent periods in which these assets would be used.

With an accrual system, the assets are incorporated into the books of accounts and systematically written off over their anticipated lives. This necessitates keeping a record of the cost of the assets, the assets are verified periodically, and the assets can be traced to their suppliers via invoices or other related delivery documents. This ensures good financial discipline and allows decision-makers greater control over the management of assets. An Asset Management Policy should promote efficient and effective monitoring and control of assets.

According to the MFMA, the Accounting Officer in the Municipality should ensure:

- (a) that the municipality has and maintains an effective efficient and transparent system of financial and risk management and internal control.
- (b) the effective, efficient, and economical use of the resources of the municipality.
- (c) the management (including safeguarding and maintenance) of the assets of the municipality.
- (d) that the municipality has and maintains a management, accounting, and information system that accounts for the assets and liabilities of the municipality.
- (e) that the municipality's assets and liabilities are valued following standards of generally recognized accounting practice; and
- (f) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed

1.4. REGULATORY REQUIREMENTS

This policy must comply with all relevant legislative requirements including:

- The Constitution of the Republic of South Africa, 1996
- Municipal Structures Act, 1998
- Municipal Systems Act No 32 of 2000
- The Municipal Supply Chain Management Regulations
- Division of Revenue Act
- Municipal Finance Management Act No 56 of 2003
- Municipal Asset Transfer Regulations
- Circular 80 of the MFMA

BPDM is required to comply with the MFMA, MSA, circulars, memorandum, and guidelines (practice notes) issued by the National Treasury.

The asset management policy has been prepared following Standards of Generally Recognized Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of:

- *Government Notice* 991 of 2005, issued in *Government Gazette* no. 28095 of 15 December 2005.
- *Government Notice* 992 of 2005, issued in *Government Gazette* no. 28095 of 15 December 2005; and
- *Government Notice* 516 of 2008, issued in *Government Gazette* no. 31021 of 9 May 2008.
- *Government Notice* 80 of 2011, issued in *Government Gazette* no. 33991 of 2 February 2011.

The standards related to asset management comprise the following:

- GRAP 1: Presentation of the financial statements
- GRAP 3: Accounting Policies, Changes in Accounting Estimates, and Errors
- GRAP 12: Inventories
- GRAP 16: Investment Property
- GRAP 17: Property, Plant, and Equipment
- GRAP 19: Provisions, Contingent Liabilities, and Contingent Assets

- GRAP 21: Impairment of non-cash-generating assets
- GRAP 26: Impairment of cash-generating assets
- GRAP 31: Intangible Assets
- GRAP 104: Financial Instruments

Directives form part of the GRAP Reporting Framework. The ASB Directive and Guidelines applicable to Bojanala Platinum District Municipality's asset management policy comprise the following:

- *Directive 4: Amended Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low-Capacity Municipalities*
- *Directive 5: GRAP Reporting Framework*
- *Directive 7: The Application of Deemed Cost*

Effective IFRSs and IFRICs that are applied considering the provisions in paragraphs 20 to 26 of Directive 5 applicable to Bojanala Platinum District Municipality's asset management comprise the following:

- *IFRS 7: Financial Instruments: Disclosures*
- *IAS 32: Financial Instruments: Presentation*
- *IAS 36: Impairment of Assets*
- *IAS 39: Financial Instruments: Recognition and Measurement*
- *IAS 16: Recognition of Property, Plant, and Equipment*

Accounting policies for material transactions, events, or conditions not covered by the above GRAP Standards have been developed following section 29 of ASB Directive 5 or paragraph 12 of GRAP 3.

1.5. RELATED POLICIES, PROCESSES, AND PROCEDURES

The following policies, processes, and procedures should be in place to ensure an effective and efficient asset management system:

- Supply Chain Management Policy
- Delegations of authority
- Fleet Management Policy
- Vehicle & Equipment Replacement / Repairs & Maintenance
- Information Technology Management Policy

1.6. OBJECTIVES

The objectives of the Asset Management Policy are:

To ensure

- Accurate recording of asset information
- Accurate recording of asset movements
- Compliance with Council's SCM Policy
- Compliance with the Council's IT management Policy
- The effective and efficient control, utilization, optimization of usage, safeguarding, and management of BPDM'S assets.
- That all responsible parties are aware of their roles and responsibilities regarding the assets of the municipality.

Assets apply to non-current physical assets, in other words, that have a useful life of more than one year and are controlled by the municipality.

1.6.1. Identification of Municipality Assets

All BPDM assets are Barcoded, and assets should have a corresponding number in the asset register.

Those reparable are fixed and those irreparable should be submitted to the council for approval for disposal

Why is it important to notify the asset unit about asset movement?

- Each asset has its location which corresponds to the asset register
- To prescribe the accounting treatment of assets acquired and used following the applicable accounting standards approved by the National Treasury.
- To prescribe the administrative guidelines and internal control procedures to be followed by persons in control of assets concerning the management of those assets.
- To comply with current legislation
- To emphasize a culture of accountability over assets.
- To ensure that assets are not written off and disposed of without proper authorization.
- To ensure that preventative measures are in place to eliminate theft, loss and misuse.
- To ensure the accuracy of the depreciation charge
- To determine evaluation criteria for residual values and life spans.
- To ensure a formal set of procedures that can be implemented to ensure that assets and financial policies are achieved and comply with the MFMA.

2. ASSET MANAGEMENT POLICY

2.1. DEFINITIONS

TERM	STANDARD	DETAILS
Accounting Officer	Section 82; Local Government: Municipal Structures Act, 1998(Act no. 117 of 1998)	The Municipal Manager
	Section 55 of the Local Government: Municipal Systems Act 2000 (Act no. 32 of 2000).	The Head of Administration
Amortisation	GRAP 31	The systematic allocation of the depreciable amount of an intangible asset over its useful life.
Asset	GRAP 1 and 3	An asset is defined in terms of GRAP 1.06 and GRAP 3.04 is as follows: “Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.” The Framework for the Preparation and Presentation of Financial Statements (in terms of IFRS) provides the following explanations. • Future economic benefits: The potential to contribute, directly or indirectly, to the flow of cash and cash equivalents of the operating activities. • Control: The ability to control the benefits which are expected to flow. It's not limited to legal title.

TERM	STANDARD	DETAILS
Asset categories		Are the main subgroups used for the classification of assets?
Asset Management	Not applicable	Asset Management encompasses planning/demand management, acquisitions, use, maintenance, and disposal of assets.
Asset Register		A municipal asset register is the asset database that provides the basis for figures in the financial statements and is maintained in a format that complies with the requirements of GRAP and Treasury Regulations
Biological assets	IAS 41	A biological asset is defined as a living asset or plant.
Capitalization	GRAP 17	Is the recognition of expenditure as an asset(s) in the financial asset register
Carrying amount	GRAP 17	The 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.
Cash-generating assets	GRAP 21 & 26	Assets are held with the primary objective of generating a commercial return.
Cash-generating unit	GRAP 21 & 26	The smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.
Community assets	GRAP 17	Any assets that contribute to the community's well-being.
Cost	GRAP 17	Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

TERM	STANDARD	DETAILS
Depreciable amount	GRAP 17	Depreciable amount is the cost of an asset or other amount substituted for cost in the financial statements, less its residual value.
Depreciation	GRAP 17	Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.
Disposal	GRAP 17	Is the act of derecognizing an asset that has reached the end of its useful life and no future economic benefits or service potential is further expected from its use
Donated	GRAP 17	An item donated to the municipality at no cost or for a nominal cost or acquired utilizing an exchange of assets
Duly delegated Representative		This means a delegate so is assigned responsibility for performing certain functions or duties, although the person who delegates responsibility will remain accountable for ensuring that such activities are performed
Fair value	GRAP 17	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.
Head of Department	Not applicable	All Section 57 managers in the different departments.
Heritage assets	GRAP 31	Culturally significant resources.
Intangible asset	GRAP 31	An identifiable non-monetary asset without physical substance.
Impairment loss	IAS 36 & IAS 38 / GRAP 21 & 26	The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount / recoverable service amount.

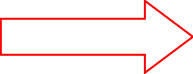
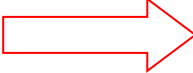
TERM	STANDARD	DETAILS
Infrastructure assets	GRAP 17	Any assets that are part of a network of similar assets.
Inventory	GRAP 12	GRAP 12 (Inventories) defines the following as inventory in the public sector: • ammunition, • consumable stores, • maintenance materials, • spare parts for plant and equipment other than those dealt with under the Standard of GRAP on <i>Property, Plant, and Equipment</i>, • strategic stockpiles, • work in progress, and • land/property held for sale.
Investment property	GRAP 16 & IAS 40	Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.
Maintenance	Not applicable	Is considered operating expenses incurred in ensuring that the useful operating life of assets is attained
Non-cash-generating assets	GRAP 21 & 26	Assets are other than cash-generating assets.
Owner-occupied property	GRAP 16 & IAS 40	Owner-occupied property is property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes.

TERM	STANDARD	DETAILS
Property, Plant, and Equipment	GRAP 17	PPE are tangible assets that are held by an entity for use in the production or supply of goods or services, for rental to others, or administrative purposes, and are expected to be used during more than one reporting period. A fixed asset is thus an asset, either movable or immovable, under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year.
Recoverable amount	IAS 36 & GRAP 17	The recoverable amount is higher than its fair value fewer costs to selling and its value in use. The recoverable amount is the amount that the entity expects to recover from the future use of an asset, including residual value on disposal.
Residual value	GRAP 17	Residual value is the net amount that the entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.
Useful life	GRAP 17 & GRAP 21 & GRAP 26	Useful life is either: (a) the period over which an asset is expected to be used by the entity, or (b) the number of production or similar units expected to be obtained from the asset by the entity.
Value in the use of a cash-generating asset	GRAP 26	The present value of the estimated future cash flows is expected to be derived from the continuing use of an asset and its disposal at the end of its useful life.

TERM	STANDARD	DETAILS
Value in the use of a non-cash-generating asset	GRAP 21	The present value of the asset's remaining service potential.
Other definitions can be obtained in the relevant GRAP standards.		

2.2. ROLES AND RESPONSIBILITIES

2.2.1. Overview

Responsibility	MUNICIPAL MANAGER (Accounting Officer)		
	Asset Management	Supports	Accounting Treatment
	All departments will be responsible for - acquiring assets, maintenance, and requests for disposal and the fleet is the responsibility of the corporate - Assets movements support. BTO will also compile the list of disposal items for the council - BTO: bar-coding; verification, insurance, maintaining an asset register - Other departments (asset controller)	 	Budget and Treasury Office (Chief Financial Officer)

The diagram above depicts an overview of the key role players involved in asset management. All Departments support the Budget and Treasury Office. All the departments must inform the asset unit about asset disposals & asset acquisitions and movements.

2.2.2. MUNICIPAL MANAGER

2.2.2.1. Responsibilities

The MM is the AO of the Municipality in terms of section 60 of the MFMA.

Section 60 of the MFMA further states that the AO must:

- exercise their functions and powers assigned to them in terms of the Act, and
- Provide guidance and advice on compliance with the MFMA to:
 - Political structures, political office-bearers, and officials of the municipality, and,
 - Any municipal entity under the sole or shared control of the municipality.

The AO of a municipality is responsible for the management of the assets of that 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 recognized accounting practice.
- Maintaining a system of internal control of assets (e.g., an asset register).
- Ensuring that the Asset Management Policy is scrupulously applied and adhered to by all senior managers and their teams. In fulfilling this task, the AO may assign/delegate any part thereof to any official he/she deems fit.

2.2.2.3. Delegations

The AO may delegate to a member of the municipality's top management (Chief Financial Officer; Senior Managers responsible for managing votes; other senior officials) or any other official of the municipality in terms of section 79 (1) (b) of the MFMA:

- Any powers or duties assigned to an AO in terms of the Act, or

- Any powers or duties reasonably necessary to assist the AO in complying with a duty that requires the AO to take reasonable or appropriate steps to ensure the achievement of the aims of a specific provision of this Act.

The AO must regularly review the delegations issued above and, if necessary, amend or withdraw any of those delegations.

The delegations: (Section 79 (3) of the MFMA):

- Must be in writing.
- Is subject to limitations and conditions as the AO may impose in a specific case
- May either be to a specific individual or the holder of a specific post in the municipality.
- May authorize the delegated member to sub-delegate the delegated power or duty to an official or the holder of a specific post in that member's area of responsibility.
- Does not divest the AO of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.

The AO is therefore accountable for all transactions entered into by his/her delegates.

2.2.3. CHIEF FINANCIAL OFFICER

The CFO shall be the asset registrar of the municipality and shall ensure that a complete, accurate, and up-to-date computerized asset register is maintained.

No amendments, deletions, or additions to the asset register shall be made other than by the CFO or by an official acting under the written instruction of the CFO.

The following duties have been delegated to the CFO:

- To ensure that Council assets are accounted for following generally recognized accounting practice.
- To ensure that the general ledger is reconciled to the asset register.
- To review the reconciliation between the general ledger and the asset register.
- To provide the Auditor-General or his personnel, on request, with the financial records relating to assets belonging to the Council as recorded in the general ledger.

2.2.4. ALL DEPARTMENTS

The AO in terms of sections 63 & 79 (1) (b) of the MFMA delegates the following responsibilities to:

- Safeguarding and maintenance of assets.
- To ensure that assets are adequately maintained.
- To ensure that assets are adequately insured.
- To monitor the movement of assets between different officials and/or departments.
- To procure movable assets.
- To dispose of assets written off or held for sale.
- BTO to provide the Auditor-General or his personnel, on request, with the asset management records relating to assets belonging to the Council as recorded in the asset register.

2.2.5. HEADS OF DEPARTMENT AND OFFICIALS

Section 78(1) of the MFMA prescribes the following areas of responsibility for senior managers (also referred to as HODs) relating to asset management.

Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure –

- That the system of financial management and internal control established for the municipality is carried out diligently.
- That the financial and other resources of the municipality are utilized effectively, efficiently economically, and transparently.
- That any unauthorized, irregular or fruitless and wasteful expenditure and any other losses are prevented.
- That the assets of the municipality are managed effectively and that assets are safeguarded and maintained to the extent necessary.
- That all information required by the AO for compliance with the provisions of this Act is timeously submitted to the AO; and
- That the provision of this Act, to the extent applicable to that senior manager or official including any delegations in terms of section 79, is complied with.

The provision of section 78(1) must be performed subject to the directions of the AO.

In addition to the above, the HODs are responsible for ensuring that all employees within their respective departments adhere to the approved Asset Policy and Procedures. Where limited resources are available, it is incumbent upon the HODs, to ensure that adequate procedures for regular independent checks of fixed assets are in place.

It is the responsibility of the HOD to ensure that all asset-related changes that take place within their departments have been properly authorized and communicated to the Asset Unit, which informs the Budget & Treasury Office to update the Fixed Asset Register.

2.2.6. DEPARTMENT ASSET UNIT

The “Departmental Asset Unit”, under the supervision and authority of the CFO, must ensure that:

- All information needed by the Budget and Treasury Office to compile and update the Asset Register, is circulated to the Budget and Treasury Office
- The HOD must notify BTO of any changes in the status of the assets under the departments’ control (e.g., new asset purchases, asset transfers, loss of assets, asset impairments, donations, and asset disposals).
- The inventory and/or assets of the BPDM 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 BTO.
- Relevant reports on the writing off scrap assets and the theft/loss of BTO
- BTO must ensure that all assets must be recorded on the asset register and barcoded. BTO is responsible for updating the asset register – the controller should ensure that all the assets appearing on the asset lists that are pasted on the back of the door correspond with what is on the floor
- Administer cyclical counts must be performed twice annually within the respective department and follow up on any discrepancies with BTO.
- An inventory list should be signed to confirm that the mentioned assets are indeed in use by the relevant officials/councillors.
- When assets disappear or get stolen or a vehicle engaged in an accident, the user must take a photo of the scene to prove forcible entry was gained where applicable, report to the HOD in writing, and then provide the asset unit with the case number and complete the insurance claim form within seven working days after the incident took place.

2.2.7. Roles of council

The primary role of the municipal council is that of political oversight of the municipality's functions, programmes, and the management of the administration. All the powers of the local government are vested in the municipal council. It has the power to make by-laws (legislative authority) and the power to put those laws into effect (executive authority).

The municipal council has executive and legislative authority over the matters set out in Part B of Schedule 4 and Schedule 5 of the Constitution. The municipality may also administer any other matter assigned to it by national or provincial legislation.

In administering the matters assigned to local government, the municipal council must strive within its capacity to achieve the Constitutional objectives of local government.

Roles and responsibilities within local government

These constitutional objects are:

- to provide a democratic and accountable government for local communities.
- to ensure the provision of services to communities in a sustainable manner.
- to promote social and economic development
- to promote a safe and healthy environment, and
- to encourage the involvement of communities and community organisations in matters of local government.

The Constitution also assigns developmental duties to municipalities. Section 153 provides that a municipality must:

- structure and manage its administration budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- participate in national and provincial development programmes

2.3. ACCOUNTING POLICY

2.3.1. FORMAT OF THE ASSET REGISTER

The asset register shall reflect the following information:

- Description of each asset
- Date of acquisition/brought into use
- Unique asset number (barcode)
- Title deed number (for the property)
- Erf and portion number (for the property)
- Location of asset
- Original cost
- Revalued amount (if applicable)
- Additions to assets during the current year
- Fair value (if no costs are available)
- Accumulated depreciation to the beginning of the current year
- Depreciation charge for the current year
- Accumulated depreciation at year-end
- Accumulated impairment to the beginning of the current year
- Impairment losses incurred during the financial year (and reversal of such losses, where applicable)
- Accumulated impairment losses at year-end
- Carrying value of the asset
- Method and rate of depreciation.
- Department(s) or vote(s) within which the assets will be used
- Source of financing
- Disposal price (proceeds)
- Residual values
- Useful life
- Condition assessment

2.3.2. CLASSIFICATION OF ASSETS

The CFO must ensure that all assets are, as prescribed by the current standards, classified under the following headings in the asset register and Statement of Financial Position. HOD shall in writing provide the CFO with such information or assistance as is required to compile a proper classification.

BPDM has the following classes of assets

- Buildings (Immovable)
- Land (Immovable)
- Motor Vehicles (Movable)
- Computer Equipment (Movable)
- Office Furniture and Equipment (Movable)
- Plant and Equipment (Movable)
- Investment Property – Buildings (Immovable)
- Investment Property – Land (Immovable)
- Community Asset – Sports Facility (Immovable)
- Infrastructure – Borehole (Immovable)

PPE is classified as follows in terms of GRAP 17:

Classification	Description	Example
<i>Infrastructure assets</i>	Infrastructure assets are any assets that are part of a network of similar assets. Some assets are commonly described as infrastructure assets. While there is no universally accepted definition of infrastructure assets, these assets usually display some or all the following characteristics: (a) They are part of a system or network, (b) They are specialized in nature and do not have alternative uses, (c) They are immovable, and/or (d) They may be subject to constraints on disposal.	Roads, water and reticulation schemes, sewerage purification, electricity assets, and trunk mains.

Land	Not held as investment assets	
Community assets	Community assets are any assets that contribute to the community's well-being.	Fire stations.
Other assets	Other assets are assets utilized in operations.	Motor Vehicles, Computer Equipment, Office Equipment, Plant and Equipment. Property classified as an investment property.

2.3.3 RECOGNITION OF CAPITAL ASSETS

An item is recognized in the statement of financial position as a capital asset if it satisfies the definition and the criteria for recognition of assets as follows:

- whether the item meets the definition of a capital asset.
- what is the nature of the asset; and
- whether the recognition criterion has been met.

A capital asset should be recognized and recorded as an asset in the financial and asset records when:

- it is probable that future economic benefits or potential service delivery associated with the item will flow to the Municipality.
- the cost or fair value of the item to the Municipality can be measured reliably.
- the cost is above any Municipality capitalization threshold (if any); and
- the item is expected to be used during more than one financial year.

All assets that meet the recognition criteria of a finance lease shall be correctly recognized as assets and capitalized at the correct value.

Donated assets should be accounted for at fair value, reflected in the Asset Register, and depreciated as normal assets. The fair value is recognized in income at the date that the asset was received.

Valuation at initial recognition

- The GRAP standards require that assets be initially recognized at historical cost as this is the most objective and measurable amount.
- For some older Municipality capital assets, the transactional records may not exist, or the identification of the assets themselves may not be possible from documentation available. In these instances, the Municipality should use the

- fair value measurement principles to determine
- deemed cost for these assets at initial recognition.
- Donated assets should be valued at fair value.

2.3.3.1 Single-Asset or Component Approach

- The component approach is a GRAP 17-supported approach where complex assets can be split into significant parts for recording.
- Once an item is identified as a separately depreciable part it can be treated as a separate capital asset for depreciation, recognition and derecognition purposes.
- In the asset register, a component should be linked to a main asset, and that, for reporting purposes, the value of the main asset (including all components) is used.
- The key considerations in determining what should become a separately depreciable part (component) are:
 1. significant cost; and
 2. considerable difference in useful life.

If the value of a part of the asset is significant (i.e., material) compared to the value of the asset as a whole and/or has a useful life that is considerably different to the useful life of the asset as a whole, it should be recognized as a separately depreciable part (component).

- Determining whether to use a single-asset or a component approach for the different classes of assets should be based on what it costs to compile the information versus the value it has to management.
- The approach taken does not have to be consistent across all classes of assets.
- The approach elected for a specific class of assets should be applied consistently to all assets within that class.

2.3.3.2 Assessment for impairment testing:

The asset team assesses the condition of each asset during the verification process. The asset count team shall use the following guidelines to determine the operational and/or usefulness of assets by rating the condition:

Rating	Rating Description
Very good	New with sound structure or appearance and well maintained.
Good	Acceptable performance with minor deterioration
Fair	Clear evidence of deterioration
Poor	Significant deterioration in structure/appearance and performance.
Very poor/bad/obsolete	Unsound or does not perform.

During the verification process should the verification team come across some assets whose condition was previously assessed as "good" or "very good" but has deteriorated since, the condition of these assets will be changed appropriately as per the above table.

The condition of assets that were rated as very poor will be reviewed and assessed at year-end to determine whether there was any indication that an asset might be impaired or whether it should be disposed of.

Assets that will be found to be damaged or whose operational use has severely changed will be disposed of at year-end.

In addition to the outcome of the asset verification process, the following indications to determine possible impairment testing were considered:

- External Sources of information

Whether the asset's market value has declined significantly more than would be expected because of the passage of time or normal use.

Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place soon, in the technological, legal or government environment in which the Municipality operates.

- **Internal Sources of information**

Evidence available of obsolescence, physical damage of the asset and/or the ability of the asset to provide services (decline in economic performance of an asset)

Significant long-term changes in the manner or extent to which an asset is used, or expected to be used during the period, will have an adverse effect on the entity.

The annual determination changes shall be in writing and supported by signed /approved documentation.

2.3.3.3 Depreciation

- Depreciation allocates the original cost of an asset to expense in the periods in which the asset is consumed.
- Depreciation is calculated whether the asset is in use or idle.
- Accumulated depreciation is the portion of an asset's original cost that has already been written off as a depreciation expense in prior periods.
- The depreciation charge for each period will be recognized as an expense
- The depreciation method used should reflect the pattern in which economic benefits or service potential are/is consumed by the Municipality. The following are the most common depreciation methods that can be applied:
 1. straight line.
 2. diminishing balance; and
 3. the sum of the units.
- Depreciation shall be charged against assets taking into account their expected useful lives and residual value.

2.3.3.4 Subsequent costs

- The Municipality should not recognize the costs of the day-to-day servicing of the item in the carrying amount of a capital asset. These costs are recognized as expenditures as and when incurred.

- Day-to-day costs are primarily the costs of labour and consumables and may include the cost of small parts. The purpose of this expenditure is usually for the 'repair and maintenance' of the capital asset.
- Parts of some capital assets may require replacement at regular intervals. Under the recognition principle, the Municipality recognizes in the carrying amount of the capital asset, the cost of replacing part of such an item, if the recognition criteria are met when that cost is incurred. The replaced parts must be derecognized.
- Expenditure to rehabilitate, enhance or renew an existing capital asset (including separately depreciable parts) can be recognized as capital if:

1. that expenditure satisfies the recognition criteria.

2. that expenditure is enhancing the service provision of that capital asset beyond its original expectation (i.e., not maintenance) and either that expenditure:

- I. increases the useful life of that capital asset (beyond its original life).
- II. increases that capital asset capacity (beyond its original capacity).
- III. increases the performance of the capital asset (beyond the original performance).
- IV. increases the functionality of that capital asset; or
- V. increases the size of the asset or changes its shape.

- The following must be considered before expenditure can be incurred to rehabilitate, enhance, or renew an asset:
 1. approval through the budget process; and
 2. it must be probable that the expenditure will lead to the level of benefits expected.
- The expenditure to restore the functionality of the capital asset to its original level is a maintenance/refurbishment expense and will not be capitalized to the capital asset.
- The rehabilitated or renewed separately depreciable part will be derecognized i.e., written off and the replacement will be recognized. Where the separately identifiable

asset is rehabilitated or renewed, the amount incurred will be added to the carrying value of the asset.

- Renewals have the same meaning and treatment as rehabilitation/enhancements and are different from refurbishment, which is seen as maintenance.

2.3.3.5 Measurement after Recognition

- After initial recognition, the Municipality has a choice of two models for its accounting policy to account for capital assets, namely the cost model or the revaluation model.
- In the case of investment property, the choice is between the cost model or the fair value model.
- When deciding on a model, the cost of revaluation, which can be considerable, should be taken into account.
- The chosen model should be applied to the entire class of capital assets.
- Model decisions are to be adopted by the Board from recommendations made through the Audit and Risk Committee, based upon GRAP17, paragraphs 33 and 34 to 47.

2.3.3.6 Subsequent review of assets

- GRAP standards require a review of the following at each reporting date:
 1. depreciation method.
 2. residual value and useful life; and
 3. indications of impairment.

These reviews should be done annually when the physical verification of assets is performed.

2.3.3.7 Accounting treatment on disposal

- Capital assets should be eliminated from the Asset Register and Statement of Financial Position on disposal or when the capital asset is permanently withdrawn from use and no future economic benefits or potential service delivery is expected with it.
- Gains or losses arising from the retirement or disposal of a capital asset should be determined as the difference between the net disposal proceeds and the carrying amount of the capital asset and should be recognized as revenue or expense in the Statement of Financial Performance.

2.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Recognition

An asset is identifiable if it either:

- is separable, i.e., is capable of being separated or divided from a municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets, or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Municipality or other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognized when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality; and
- the cost or fair value of the asset can be measured reliably.

Measurement

Intangible assets are initially measured at cost.

The BPDM assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as of that date.

Depreciation

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life.

Amortisation begins when the asset 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.

The amortisation charge for each period is recognized in surplus or deficit. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Disposal I Derecognition

Intangible assets are derecognised:

- on disposal; or

- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in the surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

2.5 Disposal

Disposal: the process of decision-making regarding the doing away of an asset which is no longer needed in a municipal context

Redundant or obsolete assets may not only be determined during physical asset verification but can also be established during the normal run of day-to-day activities

Redundant or obsolete assets include the following:

- Assets not required for service delivery currently or over the longer planning period
- Assets that have become uneconomical to maintain or to operate
- Assets where technology has been outdated
- Assets which can no longer be used for the purpose originally intended for

Approval of asset disposal

The Asset Management Unit shall prepare an item based on applications received from departments requesting assets to be disposed of and the Asset Management Unit shall include the method of disposal.

The Council shall there approve the disposal of an asset

Methods of disposal

Disposal of an asset should be performed in a manner, which satisfies the following objectives:

- The disposal should take place on an equitable basis. There should be an equal opportunity for all to purchase the asset (e.g through an auction)
- The best possible return for the municipality must be achieved

The following are the methods of disposal that can be used:

1. Auction

The benefits of an auction are as follows:

- The Process is more straightforward
- In some circumstances an auction may generate a higher price

2. Free Disposal of moveable assets

The following types of organisations shall be considered for free disposal of municipal assets:

- Charitable organisations
- Schools for special learners
- Schools catering for disabled
- Any Non-Profit organisation which has been established for a good cause in the municipal area
- Educational institutions initiating programmes for the benefit of the community

Disposal of Computer Equipment

- Preference shall be given to make donations to educational institutions and charitable organisations
- The Municipality through the Office of the Municipal Manager may consider disposing of municipal items such as laptops to officials or councillors who are about to resign or retire and were using those items if the fair value of the item can be sourced either internally or externally (purchase option)
- Employees may have the option of purchasing the laptop after the laptop has reached their lifespan using the residual value or an amount of R500.00

2.6.3. Fixed assets treated as inventory

Any land or buildings owned or acquired by the municipality with the intention of selling, or transfer to another organ of the state, such property in the ordinary course of business, or any land and buildings owned or acquired by the municipality to develop such property for 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 as other fixed assets, but a separate section of the fixed assets registers shall be maintained for this purpose.

2.6.4. The Asset Management Strategy Development Process

These shall be attained by establishing an asset management committee whose role will be the following

- Determine Critical Assets and Equipment.
- Prioritise Your Assets.
- Develop an Asset Management Plan.
- Support and Buy-In for the Asset Management Programme.
- Evaluate Data.
- Review and Revise the Asset and Maintenance Strategy.
- Have the Right People Available.

2.6.4.3 Acquisition of assets

The chief financial officer in consultation with the heads of departments must align activities in the Strategic Plan and the budgetary allocations with the asset requirements of departments 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. A capital budget must be compiled and approved for all capital acquisitions. The Municipal Manager is required to approve the Asset Acquisition Plan and the capital budget before the commencement of any purchases of assets.

The acquisition must adhere to the Supply Chain Management Policy and delegation of authority of the Municipality.

All heads of departments acquiring fixed assets shall appoint a designated responsible official who will verify the quality and correctness of the asset before taking delivery.

GRAP 17, paragraph .11 states that the cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
- (b) the cost or fair value of the item can be measured reliably.

The capitalisation criteria as set out in section 2.3.4.4 below should be followed in determining whether assets must be capitalised or not. All acquisitions must be recorded in the Fixed Asset Register and the accounting system of the municipality.

All property, plant and equipment are recognised initially at cost (GRAP 17p21).

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as of the date of acquisition (GRAP 17p22).

Cost includes all expenditures 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 (GRAP 17p25 (b)).

Cost includes the estimated cost of dismantling and removing the asset and restoring the site (GRAP 17p25 (c)).

PPE held under a finance lease, shall be recognised as a fixed asset, as the municipality has control over such an asset even though it does not own the asset.

2.6.4.4 Capitalisation threshold

Every HOD shall, however, ensure that any Item with a value in excess of **R1000 (one thousand rands)**, and with an estimated useful life of more than one year, shall be reported to the Chief Financial officer who shall decide whether the portability and attractiveness of the item by its very nature, render it to theft or misplacing and whether it is sufficiently portable to allow removal and if the need exists for the item to be controlled and therefore be included in the FAR as a minor

asset and therefore be identified and controlled in the manner as prescribed in section 2.2.4.

Every head of a department shall ensure that the existence of items referred to in this section and which the Chief Financial officer decided not to include in the FAR shall be recorded on an asset stock sheet controlled by himself or a person delegated to the task, and verified from time to time and at least once in every financial year, and any amendments which are made to such asset stock sheet according to such stock verifications shall be retained for audit purposes.

2.6.4.5 Capitalisation criteria: intangible items

Development costs shall be recognised as a fixed asset only if the Chief Financial Officer, acting in strict compliance with the criteria set out in the accounting standards may recommend to the Council that specific development costs be recognised as fixed assets.

Intangible assets that may be recognised as fixed assets include –

- Mineral exploration rights.
- Computer software.
- Trademarks and other legally enforceable rights associated with copyrights and patents.

2.6.4.6 Recognition of assets at no cost or for a nominal cost

Where a fixed asset is acquired at no cost or nominal cost, the asset concerned shall be recorded in the FAR at its fair value. This fair value must be indicated in the donation letter.

2.6.5. The use of automated asset register

The municipality must ensure when examining the functionality of their current systems of financial management and internal control that it meets the minimum business processes and system requirements as stated in the objective of the mSCOA Regulation, namely; a system of financial management and internal control capable of providing for the uniform recording and classification of both municipal budget and financial information at a transaction level in the prescribed municipal standard chart of accounts, for both municipalities and municipal entities.

ADDENDUM

FIRST PHYSICAL ASSET COUNT

This section deals with procedures for the first complete asset count and subsequent asset counts of Property, Plant, and Equipment.

Procedures for performing an Asset Count of Movable Assets (First-time full Asset Count)

Develop Asset Count Procedures that indicate the following:

- Roles and responsibilities of all involved in the asset count.
- Employees conducting the asset count.
- Time Schedule of asset count.
- Procedures to be performed during the asset count, including the method of counting.
- Procedures for assets not previously included in the Asset Register.
- Procedures for assets transferred during the year, Transfer procedures.
- Procedures for missing assets
- Method of condition rating as per Asset Management Policy.
- Method of determining remaining useful life (RUL) per Asset Management Policy.
- Procedures to identify any indication of impairment.
- Procedures how to document the description of assets (Type, Make, Colour);
- Follow-up procedures after asset count, if needed; and

Action to be taken if procedures are not adhered to.

1. Submit asset count procedures to the HOD meeting.
2. Approve asset count procedures at the HOD meeting.
3. Inform other departments of the asset count in writing.
4. Prepare an asset count template for "First-time Full Asset Count - Movable Assets", that consists of the following minimum information:
 - Town.
 - Location.

- Room number.
 - Asset code.
 - Description.
 - Asset type.
 - Asset class.
 - Asset sub-class.
 - Asset make/model.
 - Asset colour.
 - Units.
 - Department within the municipality.
 - Serial number.
 - Condition.
 - Custodian of the asset.
 - Date of asset count.
 - Confirmation from the custodian that the asset exists, and that asset count has been performed accurately and includes all assets.
 - Confirmation from the employee performing the asset count, that the asset exists, and asset count was performed accurately and includes all assets.
5. Perform asset count (Asset count team consists of 2 x employees in the Finance Department + 1 employee of the department where asset count is performed), as per the following procedures:
- Mark all assets that have been counted (stickers with the same colour).
 - Mark all assets without a barcode (sticker with a different colour in the procedure above).
 - Assess the condition of the asset, based on the hierarchy in the Asset Management Policy.
 - Take a picture of an asset with a barcode.
 - Complete Asset Count Template.
 - Sign Asset Count Template.
 - Document any deviations from asset count procedures.
 - Report any deviations from asset count procedures immediately.
6. Verify asset count with information on the Asset Register:

- Town.
 - Location.
 - Room number.
 - Asset code.
 - Description.
 - Asset type.
 - Asset make/model.
 - Asset colour.
 - Units.
 - Department within the municipality.
 - Serial number.
 - Registration number.
 - Condition.
 - Custodian of the asset.
7. Prepare a list of all "missing assets".
 8. Send a list of "missing assets" to all custodians and managers to whom the custodian reports.
 9. Obtain reasons for "missing assets".
 10. Physically verify assets not verified during asset count.
 11. Obtain "Asset Transfer Forms", with segments of mSCOA, from the custodian if the asset was transferred.
 12. Verify the asset at the new location if the asset was transferred.
 13. Obtain a copy of the receipt for assets handed in at the asset store.
 14. Verify the existence of assets at the asset store.
 15. Update the list of "missing assets".
 16. Send the final list of "missing assets" to the accountant: Assets.
 17. Obtain values from the Asset Register for all "missing assets".
 18. Prepare a list of "missing assets" with values and all segments of mSCOA.
 19. Send a list of "missing assets" with values to the Financial Committee.
 20. The Financial Committee investigates items on the list of "missing assets".
 21. The Financial Committee approves the list of "missing assets".
 22. Send the approved list of "missing assets" to the accountant: Assets.
 23. Write off assets on the Asset Register.
 24. Capture journals on the financial system, by using all segments of mSCOA.

25. Reconcile the Asset Register with the General Ledger. Confirm that there are no differences in cost, accumulated depreciation, accumulated impairment losses, and carrying values.
26. Investigate any differences.
27. Correct any differences.
28. File the list of "missing assets" with an audit trail of write-offs for future reference.
29. Prepare a list of all assets, identified during the asset count, without a barcode.
30. Review the Asset Register, to identify if the asset was not previously recorded on the Asset Register.
31. Barcode assets without barcodes.
32. Prepare the final list of "assets not previously recognized", with estimated remaining useful lives and all segments of mSCOA.
33. Send the final list of "assets not previously recognized" to the accountant: Assets.
34. Obtain current replacement costs for all assets not previously recognized.
35. Obtain the remaining useful lives of assets from the final list of "assets not previously recognized".
36. Calculate the fair value of each asset.
37. Send a list of "assets not previously recognized" with fair values to the Head: Assets and Expenditure.
38. Review fair value calculations of assets.
39. Send a list of "assets not previously recognized" with fair values to the Finance Committee.
40. The Finance Committee investigates items on the list of "assets not previously recognized".
41. The Finance Committee approved the list of "assets not previously recognized".
42. Send the approved list of "assets not previously recognized" to the accountant: Assets.
43. Capture "assets not previously recognized" in the Asset Register, by using all segments of mSCOA.
44. Capture "assets not previously recognized" journals on the financial system, by using all segments of mSCOA.
45. Reconcile the Asset Register with the General Ledger. Confirm that there are no differences in cost, accumulated depreciation, accumulated impairment losses, and carrying values.

46. Investigate any differences.
47. Correct any differences.
48. File list of "assets not previously recognized" with an audit trail of transfer-in assets, for future reference.
49. Obtain condition rating of all assets from asset count teams.
50. Calculate the remaining useful life of the asset, by taking the condition rating of the asset into account. The calculation is based on the hierarchy in the Asset Management Policy.
51. Compare RUL with the RUL of the prior year.
52. Prepare a list of assets with a change of more than 1 year.
53. Split list of "changes in useful lives" in different categories:
 - Changes less than 2 years
 - Changes more than 2 years
54. Send a list of "changes in useful lives" to the accountant: Assets.
55. Review remaining useful life calculations and split them into different categories.
56. Treatment of changes in remaining useful lives:
 - Consider whether each category whether it is a change in useful life or an error in terms of GRAP 3. Also, see indicators in GRAP 17.57 to identify changes in useful lives.
57. Calculate backlog depreciation.
58. Record backlog depreciation in the Asset Register, by using all segments of mSCOA.
59. Update the Asset Register with all remaining useful lives.
60. Capture journals for backlog depreciation (correction of an error) on the financial system, by using all segments of mSCOA.
61. Reconcile the Asset Register with the General Ledger. Confirm that there are no differences in cost, accumulated depreciation, accumulated impairment losses, and carrying values.
62. Prepare a list of all "obsolete assets".
63. Send a list of "obsolete assets" to all custodians and managers to whom the custodian reports.
64. Request confirmation that the list of "obsolete stock" is correct.
65. Request managers in all departments to complete the "Asset Replacement Form" with all segments of mSCOA.

66. Request managers in all departments to send obsolete assets to the asset store.
67. Receive assets at asset stores.
68. Verify information on the "Asset Replacement Form" with a list of obsolete assets.
69. Issue receipt for asset received.
70. Managers in all departments send the "Asset Replacement Form" and a copy of the receipt from the asset store to the Chief Clerk: Assets.
71. Review the "Asset Replacement Form" and a copy of the receipt from the asset store.
72. Write-off replaced asset to an amount representative of the economic benefits the municipality expects to receive from the sale. Use all segments of mSCOA for the transaction.
73. Prepare a list of all write-offs with all segments of mSCOA.
74. Send a list of write-offs to the Finance Committee.
75. The Finance Committee investigates items on the list of write-offs.
76. The Finance Committee approved the list of write-offs.
77. Submit a list of write-offs to the accountant: Assets.
78. Reconcile the Asset Register with the General Ledger. Confirm that there are no differences in cost, accumulated depreciation, accumulated impairment losses, and carrying values.
79. Investigate any differences.
80. Correct any differences.
81. File the list of write-offs with the audit trail of acquisitions, for future reference.
82. Perform a Test Depreciation Run, by using all segments of mSCOA.
83. Investigate any differences.
84. Correct any differences.
85. Perform a Depreciation Run, by using all segments of mSCOA.
86. Reconcile depreciation in the Asset Register with depreciation in General Ledger, by using all segments of mSCOA.
87. Reconcile the Asset Register with the General Ledger. Confirm that there are no differences in cost, accumulated depreciation, accumulated impairment losses, and carrying values.
88. Investigate any differences.

89. Correct any differences.

90. Prepare a list of all deviations from asset count procedures. The list of deviations must also include:

- Deviations from procedures for the movement of assets from one user to another.
- Any non-compliance with the maintenance strategy; and
- Instances found where assets were not utilized for the purpose for which they were acquired.

91. Submit a list of all deviations to the Municipal Manager.

ESTABLISHMENT OF THE ASSET MANAGEMENT COMMITTEE

PURPOSE

The overall purpose of the Asset Management Committee as determined by Council is to provide leadership and engagement activities to ensure public assets are managed proactively and sustainably for current and future generations.

INTRODUCTION

The responsibility of developing and implementing procedures rests with management. Every member of the organization is responsible for ensuring compliance with the documented and approved procedures. The overall responsibility for the development and amendment of the procedure manual will lie with the Accounting Officer. The Auditor General should assess compliance with these procedures and provide recommendations for their improvement.

The establishment of the committee is to guide the municipality to assess and monitor the following

- Impact of the asset management strategies
- Governance and implementation of plans, policies, and procedure
- Internal control environment and document management
- Standard of financial management and reporting and improvements of audit results

- Effective management of assets to achieve the required service in the most cost-effective manner
- Safeguarding and maintenance of the assets
- Implementation and maintenance of an effective and efficient management, accounting, and information system that accounts for the assets at the municipality
- GRAP compliance when valuing and accounting for the municipality assets
- Internal control systems of assets, especially physical, including an asset register as prescribed

THE COMPOSITION OF THE COMMITTEE

The Chief Finance Officer will be the chairperson, with the committee made up of a supervisory representative of at least the following departments

- Budget and Treasury (SCM, Budget, and Asset Units)
- Economic Development and Infrastructure Management
- Community Services
- Corporate Services
- Municipal Manager (Manager in the Office)
- Information Technology
- Fleet and Facilities

TERMS OF REFERENCE:

- a) Support the Heads of Department on asset plans, budgets, purchasing, and maintenance, and ensure that the disposal decisions optimally achieve the municipality's strategic objectives.
- b) Ensure that the nominated asset custodians shall annually confirm the existence and condition of sampled assets and submit the accountability report (regarding movable assets) to the Divisional Head: Financial Reporting. This has to be complied with to adhere to the MFMA, section 126.

- c) Assist custodians in reporting cases relating to assets and highlighting shortcomings in the internal control environment.
- d) Review of all asset transactions, including reconciliations between systems.
- e) Review physical verification results (and recommended actions) and prepare an item for the CFO's consideration.
- f) Review of condition assessment indicators (and recommended actions).
- g) Review monthly updates by the Project Management Unit on all projects relating to Assets Under Construction and visit assets under construction to validate occurrence as per each progress certificate or schedule of works.
- h) Review of the monthly report by technical services on assets acquired from operations and maintenance processes.
- i) Review of monthly maintenance expenditure (against plans/budget).
- j) Review the asset disposal strategies and advise the Senior Managers on assets due for disposal and means of disposal, be it a donation, selling, or scrapping.
- k) Advise on the threats and opportunities regarding assets from externally or internally and update the risk register.
- l) Continue to secure and optimally utilize governmental grants in support of the provision of free essential services.
- m) Ensure that there is the proper utilization and maintenance of existing assets and support budget initiatives that are aligned with the budget circulars.
- n) Establish and support the implementation of the demand management plans.
- o) Advise on the timeous renewal of infrastructure assets based on capacity, performance, risk exposure, and cost.
- p) Timeously dispose of infrastructure assets that are no longer in use.
- q) Review management and delivery capacity and procure external support as necessary.

- r) Establish documented processes, systems, and data to support effective life-cycle infrastructure and movable asset management.
- s) Intervene on the issues relating to the audit findings internally and externally.
- t) Strive to establish a staff contingent with the required skills and capacity, and use external support where necessary, and
- u) conduct regular and independent assessments to support continuous improvement of asset management practice.

FREQUENCY OF MEETINGS

The committee shall meet at least once every month.

Evaluation of the effectiveness of the committee

The committee shall lay out an evaluation criterion and evaluate its effectiveness after every six months. The Accounting Officer shall further evaluate the committee annually.

LEGISLATIVE MANDATE

There are no legal requirements, however, basic practice recommends that a formal appointment with terms of reference should be in writing. These will support the requirement of the MFMA, Sec 63 and 78 of 2003, GRAP, and mSCOA.

FORMS

Procedures for Acquisition of Movable Assets (New) accepted by:

	Employee	Signature	Date
CA			
CCA			
AA			

AE			
OD			
HAE			
CFO			
MM			

**Procedures for performing of Acquisition of Movable Assets
(New) approved by:**

	Signature	Date
Chief Financial Officer		
Municipal Manager		

Procedures for Acquisition of Movable Assets (Renewal) accepted by:

	Employee	Signature	Date
CA			
CCA			
AA			
OD			
HAE			
CFO			
MM			

Procedures for Acquisition of Movable Assets (Renewal) approved by:

	Signature	Date
Chief Financial Officer		
Municipal Manager		

APPENDICES

ASSET USEFUL LIVES

	Asset Life Yrs.		Asset Life Yrs.
INFRASTRUCTURE ASSETS			
ELECTRICITY		GAS	
Power stations	30	Meters	20
Cooling towers	30	Mains	20
Transformer Kiosks	30	Storage tanks	20
Meters	20	Supply/reticulation	20
Load control equipment	20		
Switchgear equipment	20	SEWERAGE	
Supply/reticulation	20	Sewers	20
Mains	20	Outfall sewers	20
		Purification works	20
ROADS		Sewerage pumps	15
Motorways	15	Sludge machines	15
Other roads	10		
Traffic islands	10	PEDESTRIAN MALLS	
Traffic lights	20	Footways	20
Street lighting	25	Kerbing	20
Overhead bridges	30	Paving	20
Stormwater drains	20		
Bridges, subways & culverts	30	AIRPORTS	
Car parks	20	Aprons	20
Bus terminals	20	Runways	20
		Taxiways	20

COMMUNITY ASSETS

Airports/Radio 20

Beacons

BUILDINGS

Ambulance stations 30

Aquariums 30

Beach developments 30

Care centres 30

Cemeteries 30

Civic theatres 30

Clinics/Hospitals 30

Community centres 30

Fire stations 30

Game Reserves/Rest 30

Camps

Indoor sports 30

Libraries 30

Museums/Art galleries 30

Parks 30

Public 30

conveniences/Bathhouses

Recreation centres 30

Stadiums 30

Zoos 30

RECREATIONAL**FACILITIES**

Bowling greens 20

Tennis courts 20

Swimming pools 20

Golf courses 20

Jukskei pitches 20

Outdoor sports 20

facilities

Organ & Case 20

Lakes and dams 20

Fountains 20

Floodlighting 20

SECURITY MEASURES

Fencing 3

Security systems 5

Access control 5

WATER

Meters 15

Mains 20

Rights 20

Supply/reticulation 20

Reservoirs & tanks 20

OTHER ASSETS**BUILDINGS**

Abattoirs	30
Asphalt plant	30
Cable stations	30
Caravan parks	30
Cinemas	30
Compacting stations	30
Hostels – Public/Tourist	30
Hostels – Workers	30
Housing schemes	30
Kilns	30
Laboratories	30
Markets	30
Nurseries	30
Office buildings	30
Old age homes	30
Quarries	30
Tip sites	30
Training centres	30
Transport facilities	30
Workshops/depots	30

OFFICE EQUIPMENT

Computer hardware	3
Computer software	3-5
Office machines	3-5
Air conditioners	5-7

EMERGENCY**EQUIPMENT**

Fire	15
Ambulances	5-10
Fire hoses	5
Emergency lights	5

MOTOR VEHICLES

Fire engines	20
Buses	15
Motor vehicles	5-7
Motorcycles	3
Trucks/bakkies	5-7

AIRCRAFT	15
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WATERCRAFT	15
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PLANT & EQUIPMENT

Graders	10-15
Tractors	10-15
Mechanical horses	10-15
Farm equipment	5
Lawnmowers	2
Compressors	5
Laboratory equipment	5
Radio equipment	5
Firearms	5

		Telecommunication equipment	5
FURNITURE AND FITTINGS		General	5
Chairs	7-10	Cable cars	15
Tables/desks	7-10	Irrigation systems	15
Cabinets/cupboards	7-10	Cremators	15
Miscellaneous	7-10	Lathes	15
		Milling equipment	15
BINS AND CONTAINERS		Conveyors	15
Household refuse bins	5	Feeders	15
Bulk containers	10	Tippers	15
		Pulverising mills	15



BPDM: ASSET DISPOSAL FORM

DATE REQUESTED: _____

DEPARTMENT: _____

ASSET BARCODE: _____

ASSET DESCRIPTION: _____

ASSET LOCATION: _____

CLASSIFICATION OF ASSET: _____

SUGGESTED METHOD OF DISPOSAL: _____

CONDITION OF ASSET: _____

REASON FOR REQUEST FOR DISPOSAL: _____

REQUESTING OFFICIAL:

NAME & SURNAME: _____

SIGNATURE: _____ DATE: _____

HOD RECOMMENDATION:

NAME & SURNAME: _____

SIGNATURE: _____ DATE: _____

BPDM: ASSET TRANSFER FORM

DATE REQUESTED: _____

ASSET BARCODE: _____

ASSET DESCRIPTION: _____

CLASSIFICATION OF ASSET: _____

CONDITION OF ASSET: _____

REASON FOR TRANSFER: _____

<u>CURRENT LOCATION</u> Approval for the transfer of the asset)	<u>NEW LOCATION</u> Asset is received and the above details are verified)
DEPARTMENT/LOCATION	DEPARTMENT/LOCATION
NAME OF BUILDING	NAME OF BUILDING
ROOM NUMBER	ROOM NUMBER
TRANSFERRING OFFICIAL	RECEIVING OFFICIAL
TRANSFERRING OFFICIAL SIGNATURE	RECEIVING OFFICIAL SIGNATURE
ASSET UNIT: NAME & SURNAME:	
ASSET UNIT: OFFICER SIGNATURE:	
DATA TRANSFERRED	DATE RECEIVED BY ASSET UNIT

BPDM: ASSET CLEARANCE FORM
(Resignation of Employees)



INVENTORY ITEMS:

MOVEABLE ASSETS:

RESIGNING OFFICIAL:

NAME AND SURNAME:

SIGNATURE:

DATE:

HOD:

NAME AND SURNAME:

SIGNATURE:

DATE:

ASSET UNIT:

NAME AND SURNAME:

SIGNATURE:

BPDM: ASSET WRITE-OFF FORM

DATE REQUESTED: _____

DEPARTMENT: _____

ASSET BARCODE: _____

ASSET DESCRIPTION: _____

ASSET LOCATION: _____

CLASSIFICATION OF ASSET: _____

SUGGESTED METHOD OF DISPOSAL: _____

CONDITION OF ASSET: _____

REASON FOR WRITE-OFF: _____

REQUESTING OFFICIAL:

NAME & SURNAME: _____

SIGNATURE: _____

HOD RECOMMENDATION:

NAME & SURNAME: _____

SIGNATURE: _____

DIRECTOR: CSS APPROVAL:

NAME & SURNAME: _____

SIGNATURE: _____

MM APPROVAL:

NAME & SURNAME: _____

SIGNATURE: _____


BPDM: ASSET REMOVAL FROM PREMISES FORM
(Removal from BPDM Premises)
DATE REQUESTED:

DATE REMOVED:

DEPARTMENT:

ASSET BARCODE:

**FLOOR NUMBER/ ROOM
NUMBER:**

ASSET DESCRIPTION:

CLASSIFICATION OF ASSETS:

REASON FOR REMOVAL:

RETURN DATE:

DATE RETURNED:

REQUESTED BY:
NAME AND SURNAME:

POSITION:

SIGNATURE:

DATE:

AUTHORISED BY HOD:
NAME AND SURNAME:

POSITION:

SIGNATURE:

DATE:

BPDM: PERSONAL ASSET DECLARATION FORM**SERIAL NUMBER:**

ASSET DESCRIPTION:

NAME OF USER:

ASSET LOCATION:

REASON FOR BRINGING THE ASSET ONTO THE PREMISES:**ESTIMATED REMOVAL DATE:****OWNER DETAILS:****NAME AND SURNAME:**

SIGNATURE:

DATE:

DECLARATION: I, the owner agrees not to hold Bojanala Platinum 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 Bojanala Platinum District Municipality is not the owner of the abovementioned asset.

COMMENCEMENT

This policy takes effect on the date of 01 July 2025

Resolution number:

Approved date:

Signed by the Accounting Officer

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MRS BEAUTY MAKGANYE

ACTING MUNICIPAL MANAGER