



Department of Public Works, Roads and Transport
Mpumalanga Provincial Government

ASSET MANAGEMENT POLICY

Issue:0.3

Responsible Sub-Program.....Asset Management

Approval Date:.....

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TABLE OF CONTENTS

Item/Topic	Page
Abbreviations	3
Definitions	4
Introduction	5
Objectives	5
Legislative Framework	5
Scope of Application	6
Policy Statement	6
Roles and Responsibilities	13
Monitoring and Evaluation	13
Policy Review	13
Deviations	13
Implementation Date	13
Approval	13

10/11

ABBREVIATIONS

CFO : Chief Finance Officer

GIAMA : Government Immovable Asset Management Act, 2007(Act No.19 of 2007)

PFMA : Public Finance Management Act, 1999 (Act No 1 of 1999)

SAPS : South African Police Service

RSA : Republic of South Africa

1/11

DEFINITIONS

Accounting Officer	Means	a person mentioned in Section 36 of the Public Finance Management Act, 1999 (Act No.1 of 1999) and includes any person acting as the Accounting Officer;
Chief Financial Officer	Means	An official who is directly accountable to the Accounting Officer as per Treasury Regulation.
Assets	Means	resources controlled by the entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity;
Asset Register	Means	a database of all assets under the control of The Department. It includes information on date of the purchase, asset purchase price, asset condition and expected life;
Biological Assets	Means	living animals and plants;
Asset Disposal	Means	the process by which the Department relinquishes control of an asset;
Movable Assets	Means	asset that are not fixed to a building, or are fixed to a building, but are not permanently affixed, can be removed without costly or extensive alter action or repairs to the building, and can be used after removal;
Immovable Assets	Means	assets that cannot be moved (e.g. land, buildings, bridges, roads, etc.);
Reconciliation	Means	a process of comparing two or more financial documents that should correspond In value, Reconciliations are used as a tool to detect and account for discrepancies between two or more financial documents/systems that occurred during a particular period. For assets, the asset register will be compared to the accounting records;
Capital Assets	Means	capital asset are goods that are expected to be used during more than one reporting period and from which future economic benefits or service potential are expected to flow to the Department, provided that their value exceeded the capitalization threshold when originally acquired. Building, vehicles and machinery;
Capitalization Threshold	Means	Value at which the National Treasury have to set to distinguish between minor and major assets. The current value if R5000.00;
Depreciation	Means	the systematic reduction in value of an asset representing the consumption of the economic benefits embodied in the asset; and
Fair Value	Means	the amount for which an asset could be exchanged or liability settled, between knowledgeable, willing parties in an arm's

1. INTRODUCTION

The Departmental has numerous infrastructure assets with long life spans and enormous capital outlay that require good Asset Management in the process of acquiring, managing, controlling and safeguarding government property against theft, misuse, losses and wastage.

2. OBJECTIVES

The objectives of this policy are to:

- 2.1 Ensure that the Departmental assets are managed and utilized in the most effective way to achieve the set service delivery objective per program;
- 2.2. To provide guidelines and standards with a view of ensuring that assets:
 - 2.2.1 Remain appropriate to program requirements;
 - 2.2.2 Are effectively and economically utilized; and
 - 2.2.3 Are well maintained to support program delivery at the lowest possible long-term costs.

3. REGULATORY RAMEWORK

- 2.1 Departmental Debt Management Policy;
- 2.2 Departmental Disposal of Asset Policy;
- 2.3 Departmental Immovable Asset Management Policy;
- 2.4 Departmental Information Technology Security Policy;
- 2.5 Departmental Infrastructure Procurement and Delivery Management Policy;
- 2.6 Departmental Inventory Management Policy;
- 2.7 Departmental Accident and Loss Policy;
- 2.8 Departmental Plant, Machinery and Heavy Vehicle Policy;
- 2.9 Departmental Procurement of Goods and Services Policy;
- 2.10 Departmental Security Policy;
- 2.11 Departmental Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy
- 2.12 Firearms Control Act, 2000 (Act No. 60 of 2000);
- 2.13 Government Immovable Assets Management Act, 2007 (Act No. 19 of 2007); (GIAMA);
- 2.14 Public Service Act, 1994 (Act No. 103 of 1994);
- 2.15 Public Service Act, 1999 (Act No. 29 of 1999); and

2.16 Treasury Regulations, Circulars and Practice Notes issued in terms of (PFMA).

4. SCOPE OF APPLICATION

This policy shall be applicable to all officials in the Department including learnerships participants, EPWP and interns.

POLICY STATEMENT

5. All items meeting the definition of an asset (unless stated otherwise later on this document) as stipulated in the modified cash standard shall be managed through the asset life cycle in the context of non-current assets:

5.1 ASSET LIFE CYCLE

- 5.1.1 The life cycle approach shall be used in the management of capital assets.
- 5.1.2 The long term use or existence of the assets shall be regarded and taken into account before decisions are made;
- 5.1.3 The total cost of the asset shall be considered before procuring and budgets shall be aligned with the need for funds at the appropriate time and intervals; and
- 5.1.4 The true total cost of an asset shall be readily determined through the maintenance of complete and accurate asset records.

5.2 CLASSIFICATION OF ASSETS

5.2.1 Asset Recognition

- (a) An item can be recognized as asset when it meets the definition of an asset in line with the Modified Cash Standard.
- (b) It is probable that future economic benefits or service potential as associated with the item will flow to the department.
- (c) The cost and value of the item can be measured reliably, for instance game animals at Department sites shall not be recognized as biological assets because the department does not have control over each animal

5.2.2 Exclusions

Notwithstanding the provisions above on 5.1, the Department shall however, exercise flexibility to exclude certain items from recognition as an asset which are considered small and relatively inexpensive.

These assets are:

- (i) Tools: Saws, wheel barrows, Spades, rakes, shovels, Axes and Hammers, Screwdrivers, Wrenches, Wheel spanner and other spanners, Jags.
- (ii) Stationery and Office Items: Printer Cartridges, Giant Staplers, normal Staplers, Punchers, Stackable Chairs, Paper Trays, Pencil and Pen Holders, Office Dustbins, Desks Fans.
- (iii) Domestic Items: Linen, Blankets, sheets, Irons and Ironing Boards, Kettles, Carpet rugs, blinds, plates, cups, glasses.
- (iv) Machinery and other items: grass cutter blades, measuring tape, tents, grass cutting helmet and boots, locks and biometrics, forceps i.e. operating instrument sets, etc. External hard drives and Memory sticks, cleaning materials e.g. mops, brooms, dusters, water containers.
- (v) Notwithstanding the above paragraph, items such as spades, shovels, wheel barrows procured by the department for maintenance purposes shall be accounted for as inventory and must be disclosed as such.

5.2.3. Componentizations of Assets

The department has not fully componentized its assets even though some assets may have been componentized.

5.3 USEFUL LIFE

The Department shall allocate useful life per asset category within the parameters as determined by National Treasury from time to time.

5.4 DEPRECIATION

- 5.4.1 Assets shall be recorded according to their classification in the asset register.
- 5.4.2 When an asset is identified, it must be placed in the relevant classification.
- 5.4.3 All capital assets shall be classified and grouped accordingly, e.g. property, plant & equipment, to ensure control, efficiency and adherence to management and reporting policies.

5.5 TRESHOLD FOR REPORTING PURPOSES

- 5.5.1 Asset costing five-thousand rand (R5000.00) and above shall be reported in the disclosure notes of the Annual Financial statement as major assets.
- 5.5.2 These assets shall be recorded in the asset register at cost, except when it is acquired at no cost in which case it is recorded at fair value.
- 5.5.3 In the statement of financial performance these items shall be reflected as Capital expenditure in the year of purchase.
- 5.5.4 Capital non-current assets costing less than five-thousand rand (R5000.00) shall be entered in the asset register as minor assets and recorded at cost.
- 5.5.5 These items are included in the Annual Financial Statement and shall be reflected as total number of minor assets and total value minor assets.

5.6 PLANNING FOR ACQUISITION OF ASSETS

- 5.6.1 Plans to procure assets shall be aligned to the Departmental Strategic Plan and budget allocations. The need to procure assets shall be identified based on service delivery plans
- 5.6.2 The useful life of the asset shall be considered based on history and experience with similar assets.
- 5.6.3 The Asset Management Team shall consolidate the information about the financial impact on the budget process.

5.7 ACQUISITION OF ASSETS

- 5.7.1 Acquisition of assets shall be in line with the acquisition plan as per the Departmental Strategic Plan.
- 5.7.2 Departmental assets shall be procured in accordance with the applicable procurement policy.
- 5.7.3 The Accounting Officer shall first approve procurement of Information Technology equipment before a requisition is written.
- 5.7.4 In case of other assets, the Asset Management official shall first recommend the procurement of new assets or replacement of assets before either quotations/open tenders are invited depending on the applicable threshold.

5.8 RECEIPTS OF ASSETS

Assets received shall be marked using the Departmental coding system and be immediately recorded in the asset register.

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5.9 RECORDING OF ASSETS

All assets shall be recorded in the assets register at cost, upon the receipt of an item. The register shall contain at least the following information:

- 5.9.1 Date of acquisition;
- 5.9.2 Cost price;
- 5.9.3 Description of an asset;
- 5.9.4 Asset classification;
- 5.9.5 Fixed asset unique number (in case of a movable asset, it must be both the asset serial number and unique bar code);
- 5.9.6 Physical condition of an asset;
- 5.9.7 Location of an asset;
- 5.9.8 Depreciation;
- 5.9.9 Accumulated depreciation;
- 5.9.10 Carrying value / net value of asset; and
- 5.9.11 Details of additions / subtractions in carrying value

5.10 SERIALIZATION/ BAR CODING OF ASSETS

Assets shall be marked using a unique identification number, depending on the nature of an asset.

5.11 RECONCILIATION

The Asset Register shall be reconciled against the financial system monthly, Quarterly and annually by the responsible Asset Manager.

5.12 OPERATION AND MAINTAINANCE

- (a) All Responsibility Managers shall be responsible for the proper operations and maintenance of assets within the area of responsibility.
- (b) Responsibility Managers shall ensure that the official to whom assets are allocated take good care of them.

5.12.1. Every Responsibility Manager shall be directly responsible for Ensuring that all assets (other than the infrastructure assets mentioned above) are properly maintained with a view to attain their useful operating lives.

5.12.2. Submission of a maintenance plan in respect of every asset with a value of hundred thousand rand (R100 000.00) or more shall be for the CFO for approval;

5.13 SAFEGUARDING OF ASSETS

5.13.1 The responsibility of safeguarding of assets rests with the official to whom the asset has been allocated.

- 5.13.2 Responsibility Manager shall be directly responsible for ensuring that all assets are properly maintained in a manner that ensures that such assets attain their maximum useful life.
- 5.13.3 Responsibility Managers shall ensure that all assets allocated to employees within their area of responsibility are returned upon their termination of service or transfer and reported to the asset team within five (5) working days before re-allocation to any end-user or other directorates.

5.14 MOVEMENT/TRANSFERS OF ASSETS

- 5.14.1 All officials shall be provided with a copy of the assets register applicable to their office/s, which shall be signed as acknowledgement of receipt of the assets.
- 5.14.2 Accounting Officer or delegate shall authorize all movement / transfer of movable assets between users and divisions.
- 5.14.3 The Cabinet or Executive Authority shall authorize movement/transfer of immovable assets.
- 5.14.4 No official may acquire, use, transfer, assign custody or dispose of an asset unless duly authorized in writing by the Accounting Officer;
- 5.14.5 Written approval shall be obtained from the relevant Asset Manager by any official for the removal of assets (whole or in part) for repairs, service or restoration; and
- 5.14.6 Such movements/transfer shall be recorded in the asset register; and
- 5.14.7 The Asset Management Forum is appointed in writing by the Accounting Officer to facilitate and oversee issues pertaining to Movable and Immovable Assets.

5.15 PHYSICAL VERIFICATION

- 5.15.1 The Asset Team shall at least conduct a physical verification of all assets on a quarterly basis. The verification shall be undertaken to:
- (a) Ensure the existence and condition of assets;
 - (b) Confirm the presence of bar-coded asset numbers; and
 - (c) Ensure the correctness and completeness of the assets register.
- 5.15.2 A report on findings shall be compiled and submitted to the Chief Financial Officer; and;
- 5.15.3 In case a large variance is found after the physical verification, an ad hoc Committee shall be appointed by the Accounting Officer to conduct investigation and recommend remedial actions.

5.16 LOSSES, THEFTS AND DAMAGES

- 5.16.1 Every Responsibility Manager shall ensure that any incident of loss, theft, and destruction or material impairment of any asset controlled or used by the directorate/office in question is promptly reported in writing to the Loss Control Officer and Security Manager within forty- eight (48) hours. Failing which, the official entrusted with the assets shall be personally liable;
- 5.16.2 Losses and damages due to criminal conduct shall be reported to the SAPS, Loss Control Officer and Departmental Security Management within 48 hours and a case number shall be attached in instances where the matter was reported to the Police;
- 5.16.3 Losses and damages that are not due to criminal conduct shall be reported to the Loss Control Officer and the Security Management within forty-eight (48) hours;
- 5.16.4 Where an asset entrusted to an official is lost through the official's negligence or the asset is reported lost and it is found that the official misrepresented that loss in order to misappropriate that Asset, that officials shall be held personally responsible for the cost of the asset. Such cost shall be recovered from that official in accordance with the Departmental Debt Management Policy.
- 5.16.5 All cases of losses, theft and damages shall be investigated by the Departmental Security Management and a report shall be submitted to the Loss Control Committee for consideration and recommendation to the Accounting Officer.
- 5.16.6 The Accounting Officer shall appoint an official per District Office and in the Head Office as Loss Control Officers. The Loss Control Officer shall be responsible for amongst other things:
 - 5.18.6.1 Obtain all detailed statement etc. in connection with the damages and losses;
 - 5.18.6.2. Enter all losses and damages in a loss register;
 - 5.18.6.3. Follow up and settle such cases, and
 - 5.18.6.4. Submit a monthly report to both the Senior Managers:
 - 5.18.6.5. Asset Management and Security Management.

5.17 LETTING OF ASSETS

- 5.17.1 Officials shall not initiate the letting of any asset without the approval of the Accounting Officer.
- 5.17.2 Letting of asset to private individual or institutions shall be at the market related value; and
- 5.17.3 No property/asset shall be let free of charge unless approved by the Accounting Office,

5.18 DISPOSAL OF ASSETS

5.18.1 All assets identified as redundant, obsolete and unserviceable shall be reported to the Asset Manager for the attention of the CFO. The report shall detail:

- (a) Full description of an asset;
- (b) The bar-code;
- (c) Cost price;
- (d) Location of the asset;
- (e) The condition of the asset; and
- (f) Reason/cause for the obsolescence or redundancy.

5.18.2 Disposal of assets shall be at the market related value by tender, auction, trade in, write off, and donation, whichever is most advantageous to the state, unless determined otherwise by the Provincial Treasury.

5.18.3 No firearm shall, however be sold or donated to any person or institution within or outside the Republic of South Africa (RSA) without following the prescripts of the Fire Arms Control Act, 2000 (Act No. 60 of 2000).

5.18.4 The Provincial Treasury shall approve disposal of assets identified as redundant, obsolete and/or unserviceable at market related value by tender, auction, trade-in, write off and donation, whichever is most advantageous to the state.

5.19 QUARTERLY REPORTING

5.19.1 On quarterly basis, the Director: Asset Management shall report in writing to the Chief Financial Officer, on the status of Assets in the Department. Such report include significant acquisitions and disposals of assets and any other matters pertaining thereto.

5.19.2 The Director: Asset Management shall report to the Provincial Treasury on quarterly basis as determined by National Treasury

5.20 FINANCIAL REPORTING

Assets shall be accounted in the asset register and be disclosed in the Annual Financial Statements in accordance with the National Treasury Guidelines.



6. ROLES AND RESPONSIBILITIES

6.1 The Accounting Officer

Shall be responsible for the effective and efficient implementation of this policy as part of the internal controls within the department.

7. MONITORING AND EVALUATION

The Asset Management Section shall monitor and evaluates the implementation of this policy.

8. POLICY REVIEW

The review of this policy shall be necessitated by a need to factor changes in legal frameworks, organizational developments, political and economic trends.

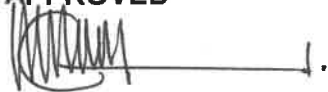
9. DEVIATIONS

Any deviation from this policy shall be subject to the approval of the Accounting Officer.

10. IMPLEMENTATION DATE

This policy shall come into effect from the date of approval by the Accounting Officer.

11. APPROVED



MC MOROLO
HEAD: PUBLIC WORKS, ROADS AND TRANSPORT
DATE 28/03/2024