education

Department: Education

GAUTENG PROVINCE

LAER VOLKSKOOL HEIDELBERG

ASSET MANAGEMENT POLICY

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1. **TITLE OF THE POLICY**: Asset Management Policy of Laer Volkskool Heidelberg

2. **EFFECTIVE DATE:** Policy shall be effective from the date of approval.

3. **DATE OF NEXT REVIEW:**

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This policy is subject to review and will be amended as required pending new directives and policies received from both National and Provincial Treasury that may have bearing thereon, or based on new improved practices and procedures.

4. **REVISION HISTORY:**

As amended on:
• 1 June 2024

5. **PREAMBLE:**

According to Section 45 (b) and (c) of the Public Finance Management Act the onus is placed on each official within the Department to take full responsibility for the effective, efficient, economical and transparent use of financial and other resources within that official's areas of responsibility. All officials must comply with relevant sections of the PFMA i.e. section 27, 38, 40, 42 and 45, the National Treasury Asset Management Guidelines, Treasury Regulations 10.1, and GRAP.

Asset Management is a discipline that ensures that the required physical resources that facilitate service delivery are procured, accounted for, deployed effectively, cared for efficiently and at the end of their useful lives, disposed of in an appropriate manner, in accordance with the minimum asset management requirements as set by the National Treasury.

6. **PURPOSE OF THE POLICY:**

6.1 This policy strives to provide guidelines for the management, control and use of assets as a resource to ensure the effective and efficient attainment of goals.

6.2 The policy will lay down broad guidelines for consistent, effective and efficient asset management principles.

6.3 The policy will strive to ensure the Department compliance, therefore, all officials using movable assets must know and understand all applicable laws, regulations, and requirements of donors and the government, as well as to maintain records related to the acquisition, recording, inventory and disposal of the Departments movable assets.

6.3.1 OBJECTIVES

The objective of the Asset Management Policy is:

a) to entrench a culture of accountability and responsibility while safeguarding and controlling the departmental assets;

b) to ensure the management of assets is done in an efficient, economical, effective and transparent manner;

c) to dispose of redundant, obsolete and unserviceable assets according to procedures set out by this policy;

d) to ensure accurate recording of asset information into the departmental asset register;

e) to ensure that preventative measures are in place to eliminate theft, loss and misuse of assets; and

f) to ensure that formal set of asset management processes and procedure are implemented in accordance to the departmental operational goals and strategic objectives.

7. DEFINITIONS AND ACRONYMS:

7.1 DEFINITIONS

Refer to Annexure A.

7.2 ACRONYMS

Acronyms are words made from initial letters of other words.

	Acronyms	Explanation
7.2.1	AM	Asset Management
7.2.2	GDE	Gauteng Department of Education
7.2.3	GPG	Gauteng Provincial Government
7.2.4	GRAP	Generally Recognized Accounting Practices; South

		Africa's public sector accounting standard developed by the Accounting Standards Board based on the International Public Sector Accounting Standards.
7.2.5	HRM	Human Resources Management
7.2.6	ITSM	Information Technology Service Management
7.2.7	PE-MA	Public Finance Management Act. Nol. 1 of 1999 as amended.
7.2.8	ROD	
7.2.9	SCOA	Standard Chart of Accounts is the structure of Government accounts based on the Government Finance Statistics and International Public Sector Accounting Standard principles that contains detailed spending items supporting the new budget format.
7.2.10	SCM	Supply Chain Management

8. APPLICATION AND SCOPE OF THE POLICY:

This policy applies to all GDE employees working at Head office, Head office sites and District offices with sites linked to the District office.

9. LEGISLATIVE FRAMEWORK:

9.1.1 The Constitution of the Republic of South Africa, 1996 (Act No. 108, of 1996) as amended;

9.1.2 Public Service Act, 1994 (Proclamation No. 103 of 1994) as amended;

9.1.3 Public Finance and Management Act (PFMA), 1999 (Act No. 1 of 1999) as Amended; and

9.1.4 Employment of Educators Act, 1998 (Act No. 76, of 1998) as amended.

10. RELEVANT POLICIES, PROVINCIAL CIRCULARS AND GUIDELINES:

10.1 Provincial Treasury Practice Notes and Circulars, 5 of 2006;

10.2 Gauteng Department of Education Assets Procedure Manual, 2016 version;

10.3 Handbook for the members of the Executive and Presiding Officers, as approved by Cabinet of 5 February 2003;

10.4 Supply Chain Management Policy and Guidelines, of 2015;

10.5 Generally Recognized Accounting Principals, of 2014;

10.6 National Treasury Asset Management Guideline (Treasury Regulations for Departments, trading entities, constitutional institutions and public entities), 2005;

10.7 National Treasury Asset Management Framework, 2004;

10.8 Practice Notes 8 of 2007/2008 — National Treasury;

10.9 Gauteng Department of Education — Financial Delegations of Authority, 2015; and

10.10 Supply Chain Management Framework, 2003.

11. POLICY STATEMENTS:

11.1 ASSET MANAGEMENT GOVERNANCE

Asset Management is the process of guiding the acquisition, use, safeguarding and disposal of assets to make the most of their service delivery potential and manage the related risks and costs over their entire life.

11.1.1 Asset Management Governance will entrench the proper management, control and use of assets of the Gauteng Department of Education crucial areas of asset management. The Gauteng Department of Education owns all movable assets acquired by the Department.

11.2 DELEGATION OF AUTHORITY

11.2.1 In terms of National Treasury Practice (2006) delegation of authority for departmental assets may be, in writing, entrusted to the Chief Financial Officer by the Head of Department.

11.2.2 The Chief Directors, Directors and District Directors must ensure that there is adequate delegation of authority for assets within their respective areas of jurisdiction.

11.3 DELEGATION OF AUTHORITY- ROLE PLAYERS

The roll players, by level of responsibility, are categorised as follows:

11.3.1 The Accounting Officer

The Head of Department is the Accounting Officer of the Department and is responsible for:

a) ensure the written delegation of the financial procedures and processes prescribed complies with National Treasury Practices;

b) ensure that the Department complies with relevant legislation and National Treasury's requirements; ensure implementation of the policies;

c) ensure that the relevant Asset Management System(s) is in place for the support of deliverable activities of the directorate.

11.3.2 The Chief Financial Officer (CFO)

The CFO must:

a) effective, efficient and transparent systems of financial and risk management and internal control;

b) a system for properly evaluating all major capital projects prior to final decision on the project;

c) ensuring that systems are put in place for the effective, efficient, economical and transparent use of the resources for the Department;

d) the management, including safe guarding and maintenance of assets; and

e) ensuring and receiving regular reports in the use of assets.

11.3.3 Director for Asset Management

The Director for Assets Management will be held responsible for asset Management for Gauteng Department of Education and will have to ensure that the:

a) personnel Capacitation of the unit and or division is appropriate;

b) maintenance and update of the asset register;

c) introduce and enforce the Asset Management Policy;

d) periodical spot checks and asset verifications of assets are done;

e) maintain and manage the asset register;

f) prescribe the format of the asset register and provide guidelines as to the required contents of the asset register; and

g) report to the Departmental management committee on a regular basis on the implementation of the Policies; and

h) provide inputs on asset management for the preparation of the annual financial statement.

11.3.4 Deputy Director — Assets Management

The Deputy Director Assets Management is the official responsible for the management and accounting of the assets within the Asset Management Unit. Further duties pertain to:

a) managing and maintaining the Departmental Asset register;

b) effecting changes to asset detail;

c) planning the verification of assets;

d) reporting on gross deviations, mal-practices, government asset legislation; and

e) implementation of changes to and provision of guidelines to asset management.

11.3.5 Assistant Director/Deputy Chief Education Specialist

Responsibility Managers are those officials delegated with the responsibility of ensuring the acquisition, safeguard and maintenance of assets within a cost centre. Such an official has to in conjunction with their staff ensures compliance of the following:

a) account for assets under his/her control;

b) report damages and losses of assets;

c) conduct quarterly asset stock count of assets under his/her control; and

d) inform the asset manager of new and/or any movement of assets.

e) consolidate the users quarterly report and submit to the senior line manager (Annexure N).

11.3.6 Chief Directors, Directors and District Office Directors

a) The Chief Directors, Directors and District Office Directors must ensure effective and efficient planning, acquisition, use, control, maintenance, safeguarding and management of assets within their areas of jurisdiction. They also need to support as referred to in 11.3.5.

b) The Chief Directors, Directors and District Office Directors must ensure that a dedicated asset management structure exists to control, maintain, safeguard, manage, record and account for assets within their areas of jurisdiction.

11.3.7 Asset Controllers

Asset Controllers are appointed and or seconded officials by the Department, who are responsible to ensure that:

a) assets within their respective office(s) are accounted for in respect of: • acquired assets; • transfer of assets within the office(s) and building(s); • recommendations of disposal of assets via a formal District disposal committee including Head Office cluster leaders; • asset transferred to schools, if there is no need to the assets internal; and • coordination and facilitation of Asset audits within the office(s).

b) to report damages and losses of assets. Damaged assets identified as irreparable must be transfer to Rod locations followed by submission to dispose such. Lost/stolen assets must be transferred to Raaaa location (loss control register) for investigation by Loss Control Officer and South Africa Police Services; and

c) to assist in process of compile the asset strategic plan document.

11.3.8 Asset Coordinator

Asset Coordinators are officials being seconded by their Directorate(s) and or unit(s) to perform certain key asset management responsibilities, such as:

a) informing Asset Management Directorate of any asset movement, especially in relation to:

(i) inter-office transfer of assets,

(ii) acquired assets within the respective official(s),

(iii) updating of asset location within, and

(iv) identifying assets deemed to be scrap and or obsolete assets.

b) assist in asset management directorate with asset audit and verifying asset locations.

11.3.9 User of Assets

All official of the Department, according to section 45(e) of the PFMA are expected to manage and safeguard the assets within the official's area of responsibility inclusive of the following:

a) safekeeping of the asset in good condition;

b) that all assets in official's area of control are bar coded and recorded on the asset register;

c) report any missing, damaged, stolen and or unserviceable assets; and

d) display the inventory in accessible place within official's area of responsibility; and

e) users are also expected to perform quarterly asset counts for the assets entrusted to them and report to their managers (refer to 11.3.5).

11.4 CLASSIFICATION OF ASSETS:

Non-current These are assets that have an extended useful life greater than one year (commonly and is usually expected that these assets would be used during more than Referred to as one reporting period. This may reflect their physical life (e.g. motor).

Fixed) vehicle) in the case of tangible assets or their legal life (e.g. patent) in the case of intangible assets.

Assets with an expected short life due either to an inherent feature (perishable goods) or because they will be converted into cash or another asset or consumed within the entity within a short timeframe (e.g. deposits,

Current	investments, raw material or inventory and debtors. Current assets can be consumed or converted into something else within the next twelve months after the reporting date.
Tangible (physical)	These are physical assets that one can touch and feel and can either be current or non-current. Tangible assets can either also be movable or immovable.
Intangible	Are assets that are trademarks, licenses and/or the legally enforceable rights associated with copyright and patents — they do not have a physical form (e.g. mineral exploration rights, computer software, entertainment, literary or artistic rights).
Minor Assets	All assets with a purchase cost of less than R5 000 (inclusive of VAT) or its equivalent in other currencies as may from time to time be determined at the date of purchase, must be classified as 'minor assets'. These assets must be recorded in the asset register and fully depreciated as may be determined from time to time by National Treasury.
Major Assets	All assets with a purchase cost equal to or more than R5 000 (inclusive of VAT) or its equivalent in other currencies as may from time to time be determined at the date of purchase, must be classified as 'major assets'. These assets must be recorded in the asset register and fully depreciated as may be determined from time to time by National Treasury.
Movable (tangible)	It is those assets that can physically be moved (e.g. machinery, equipment, vehicles, aircrafts, etc.). all inventory and valuables and most non-current assets belong to this category.
Loose Tools	Loose tools such as saws, spades, knives, axes, hammers, screwdrivers and spanners or wrenches must be classified as minor or major assets in the asset register as and when deemed appropriate in terms of Section 6.2.5.3 of the Asset Management Framework.

11.5 FINANCIAL REPORTING

11.5.1 Asset Management System

a) The Department will utilise a comprehensive asset management system which best supports its asset management vision and that will seamlessly interface with other transversal systems.

b) The Department will consistently utilise an electronic version of an asset register.

11.5.2 Asset Finance Management

a) Depreciation Method

The Department prepares their financial statement on a modified cash basis . and depreciation does not apply.

b) Asset Finance Disclosure Reporting

(i) Assets acquired prior to 1 April 2002 may be recorded in the Asset Register at RI value.

All assets acquired from 1 April 2002 with a value equal to or greater than R5 000 and its equivalence in the currencies as may from time to time be determine at the date of purchase must be capitalized.

(ii) Newly acquired assets, transfers from private entities or other organs of state, and or gifts/donations/sponsorships must be valued at cost. Any donated assets received must preferably be accompanied by a letter from the company reflecting the value(s) per asset. If it is not possible assets must be fair valued. The methodology to fair value assets if no information is submitted in relation to prices will be to obtain information from the internet on the same asset, print the picture and use such information to value assets. Another method that can be consider is to request the service provider to fair value assets on the average price of similar items in the Asset Register.

(iii) All asset expenditure allocations on the financial system must be in line with the Standard Chart of Accounts.

(iv) The valuation and impairment of assets must comply with the Treasury Regulations as determined from time to time and also in accordance with modified standards.

(v) The Asset Register(s) must form the basis for the figures (i.e. disclosure note) in the Annual Financial Statements.

(vi) The reconciliation of the Asset Register(s) against other general ledger systems must be compiled and approved by the Accounting Officer or delegated official on a monthly basis or as may be required by National. Treasury from time to time. The Monthly Asset Reconciliation Report must be compiled on an accumulative basis.

(vii) The accounting officer or the delegated official must submit the prescribed asset register reports on a monthly basis as prescribed to the Provincial Treasury in terms of Section 41 of the PFMA.

11.6 ASSET MANAGEMENT OPERATIONAL FRAMEWORK

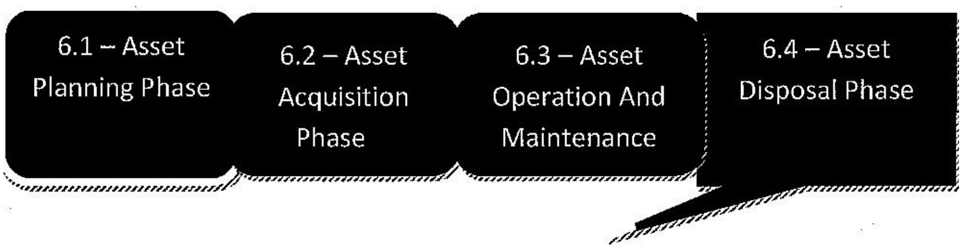
Expenditure relating to an asset must be compliant with the guidelines as prescribed by National Treasury.

Asset Life Cycle

a) The Departmental asset management practice is geared towards the effective and efficient management of all assets throughout their life cycles. The life cycle of an asset has four phases i.e. planning, acquisition, operation and disposal. It is important that managers treat assets from a life-cycle perspective.

b) The life cycle of an asset has four phases i.e. planning (establishing of a need), acquisition (when the asset is purchased), operation and maintenance (where the asset is used) and disposal (when the economic life has expired). Managers have to ensure that they apply the life cycle costing principle when planning for assets — this is a logical, systematic process for establishing the total cost of an asset from its conception to its disposal.

c) The following it is an illustration of Asset Life cycle.



11.7 PLANNING

11.7.1 Introduction

a) The role of assets is to support to enable the achievement of the Department's strategic objectives. Assets should only exist to support program delivery. If an asset does not contribute to such a program it should not be held or used and must be disposed of.

b) The various strategies for the acquisition of assets must comply with the Departmental Supply Chain Management Policy as well as the approved procurement policy related to the procurement of IT related assets.

11.7.2 Asset Management Directorate

The Department will establish and implement systems and processes to support the preparation of asset demand strategic plan covering acquisition, safeguarding, maintenance, impairment, refurbishment and disposal together with capital and operating costs. The asset management strategy is the framework within which the asset life cycle is managed. It will coincide with the Medium Term Expenditure Framework (MTEF).

11.7.3 Other Directorates

a) Planning for assets cannot be over-emphasized. As a matter of importance, an asset management plan that is linked to the MTEF, strategic and business plan must be developed by every Heads of Branches; Directorates; Sections and or District Offices to indicate an initial need for assets that will support the attaining of its directorate's objectives. Such plans must be submitted to the Director of Assets Management on the same date that the MTEF is submitted. It is highly imperative that, Heads of Branches, Directorates, Sections and or District Offices must take into account service delivery needs, corporate objectives, financial and budgetary requirements; and overall resource requirements when compiling asset management plan.

b) The Heads of Branches, Directorates, Sections or District Offices must apply the asset life cycle costing principle when planning for assets as stipulated in Section 6.2.4 of the Asset Management Framework.

c) Lifecycle costing is a process which recognizes the connected nature of capital and recurrent cost. There is a little scope to avoid operating costs once an asset is acquired if program delivery standards are to be met. Avoiding or deferring operating costs such as maintenance may run-down an asset, shorten its working file and/or reduce its output. However, there are often trade-offs that can be made between the capital cost of an asset and its operating costs. Life-cycle costing is used to evaluate these choices. Assets are reflected in monetary terms to allow performance to be measured and in order for it to be recognized in the financial statements.

d) The option of non-asset solution should always be considered in the planning. Non-asset solution includes, but not limited to. The following must be seen as alternative to purchasing assets:

i) contracting out of functions to service providers;

ii) redesigning the service to reduce demand assets e.g. using telephone services;

iii) reduce demand for the service itself;

iv) increase the utilization of existing assets e.g. sharing facilities;

v) leasing/rentals; and

vi) public/private partnerships.

e) All operational plans must be linked to Departmental asset management strategy. Every Directorate has to develop an asset management strategy, which complements their information, Human Resource and Financial Strategy in the Operational Plan. A profile of an asset is most appropriate when considering if the need exists for an asset due to new or changing requirements, application of a different working method or evolving technology. The intention is to develop an asset acquisition plan.

f) 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. Ideally, this plan should accompany the budgetary plan where costing is indicated for the intention to acquire assets. Operational plans and the Departmental asset management strategy will be used to develop the Asset Acquisition Plan in line with budget plans. A consolidation of all Asset Acquisition Plans will provide us with an Asset Acquisition at will be purchased and/or leased in a particular financial year with expenditure projections for each month of that year.

g) A cost-benefit analysis must be conducted when determining whether a major asset should be leased, purchased, transferred from another location or obtained through a Public Private Partnership.

h) The relevant Responsibility Manager is required to ensure that their Asset Acquisition Plan is approved by the Director of the respective Directorate; Office; and or Unit prior to the commencement of any purchases of assets. A copy of the approved plan must be submitted to the Asset Management.

11.8 ACQUISITION OF ASSETS

11.8.1 The decision to acquire assets must be made after due consideration of alternative to asset ownership. This should be based on the costs, risk and benefits of the alternatives and in accordance to the processes of the SCM (Reference can be done through the SCM Policy) and ITSM Policy.

11.8.2 The acquisition of assets must be in line with the Directorate; Office and or unit's Asset Acquisition Plan. The Acquisition Plan should address:

a) service standards and strategies:

b) utilization of existing assets;

c) analysis of alternate methods of acquisition; and

d) timeframe, timing and capital during acquisition.

11.8.3 Acquisition of Leased Assets:

a) no Department employee may acquire assets through finance leases in terms Section 6.1.6 of the Asset Management Framework, unless otherwise determined by National Treasury; however, assets which have been acquired through the finance lease can only be included into the . Departmental Asset Register on expiry of a finance lease agreement of the respective asset;

b) leased assets should be acquired through and operating lease, and

c) the cost reflected in the financial statements for leased assets must be at full usage cost.

11.8.4 All asset acquisitions must comply with the Department's Supply Chain Management policy; PFMA and Treasury Regulations

11.8.5 The acquisition must adhere to the Departmental Supply Management Policy, delegation of authority and threshold values and as such all acquisition shall be the function of the acquisitions unit of SCM.

11.8.6 The descriptions utilized for the asset that is being acquired must be consistent with the naming convention of the Department (Annexure G).

11.8.7 The reconciliation of actual assets orders generated and the "Awaiting Delivery File" must be performed monthly. Orders, invoices and delivery notes must be reconciled monthly and safeguarded in terms of the prescripts. The reconciliation must be verified by the Deputy Director for Assets Management.

11.8.8 The receiving official must verify the quality, quantity and correctness of the asset before acceptance of ownership and before the signing the deliver note. All assets have to be delivered to Transit (unless otherwise approved by the Director of SCM) where receipts are inspected in terms of the transit responsibility. Procured assets must be bar-coded, captured as per Annexure C, and recorded on the asset register of the Department before it is distributed to users.

11.8.9 All IT assets must be procured by IT Support Services Directorate unless otherwise the relevant approval from the IT Support Service Directorate has been obtained. IT assets must be co-inspected by a designated IT official prior the bar-coding process. The designated IT official must inform the relevant Asset Controller/Coordinator of any produced IT Assets. Assets procured centrally (IT Assets) must be bar coded by the Directorate Asset Management and the necessary supporting documentation (order and invoice) must be available during the bar coding of assets. After bar coding the assets must be scanned and recorded in the asset register.

11.8.10 Assets is then issued to the relevant applicant or requesting official. The receiving official must ensure that all assets under his/her control are bar coded before use or further distribution. No asset must be delivered to the user without a barcode. The barcode and the location must be indicated on the GDE Asset Capture Form — (Annexure C).

11.8.11 Once an asset is allocated to an official, it is the responsibility of the employee to manage and control and safeguard the asset. (Section 45 of PFMA). Any transfer, whether temporary or permanent, must be done by the asset user on a GDE — Transfer Form (Annexure D) on approval by the Responsibility Manager and Director for Assets Management — the asset register must be updated accordingly.

11.8.12 The Accounting Officer must approve gifts, donations or sponsorships and external transfer of assets from other departments, public and private entities and individuals in terms of Section 42 and 76 (1) (i) and (k) of the PFMA, relevant legislative and regulatory requirements and prescripts as may be determined from time to time by relevant authorities.

11.9 ASSET OPERATION AND MAINTENANCE

11.9.1 Safeguarding, Maintenance And Operations Of Assets

a) The Heads of Branches, Directorates, Sections of District Offices and the relevant Asset Controllers/Coordinators must monitor the performance of assets within their location(s).

b) The Heads of Branches, Directorates, Sections of District Offices must appoint full time Asset Controller/Coordinator or any other designated official who has been appointed in writing, who will be responsible for the administration and control of assets within their areas of jurisdiction.

c) The official to whom assets have been allocated must safeguard the assets and always ensure that the assets are bar coded. It is the responsibility of every official to care for, safeguard and see to the responsible use of the Department's assets.

d) All officials are responsible and accountable for assets allocated to them as prescribed in Section 45 of the PFMA and must provide status reports on their assets as and when required including quarterly reporting of assets (refer to 3.2.6).

11.9.2 Safeguarding of Movable Assets

In order to ensure maximum utilization, assets must be inspected and assessed regularly, at least — quarterly to determine the need for repairs, but also to update the asset register and the status of assets in relation to its condition; however:

a) The Heads of Branches, Directorates, Sections or District Offices must ensure that there are sufficient security measures and procedures in place to safeguard all assets within their areas of jurisdiction. To ensure that smaller items e.g. cameras, projectors, gps devices etc. are kept safe, offices must have centralised offices for such assets. A register to control the movement of such assets must be kept; and

b) the accounting officer or delegated official may, insure motor vehicle(s) or such other movable assets determined by the National Treasury if such insurance cover is deemed economical and based on risk assessment, in terms of Treasury Regulation 12.1.2.

11.9.3 Operations and Maintenance of Assets

a) An operations and maintenance plan, which is derived from the Departmental Assets Management Strategy and will be driven by the Director: Assets Management, which focuses on what needs to be done to optimize performance and asset life. An asset has to remain appropriate to program requirements, used efficiently and be maintained in an acceptable condition.

b) An operation and maintenance plan establishes standards for the level of use, condition, maintenance and performance of assets.

c) The operations plan centres on the efficient and effective utilization; in other words, guard against under & over utilization of assets must address:

   i) resources required to operate the assets;
   ii) responsibility for control of, access to, security of the assets;
   iii) operating standard and policies (working hours, security, cleaning, etc.);
   iv) level and standard of performance;
   v) arrangement for collecting, monitoring and reporting performance; and
   vi) staff training; and Operating estimate costs. .

d) The maintenance plan attempts to underpin what needs to be done to ensure that an asset maximizes its life span. It should:

   i) define maintenance standards;
   ii) allow for rectification of existing defects;
   iii) describe how work should be carried out; and forecast maintenance, repairs, preventative measures, modification or enhancements, etc.

e) Responsibility Managers in collaboration with the Asset Controllers are responsible for the monitoring of the performance of an asset. Hence, it is important to regularly verify the physical condition, use, functionality and financial performance of an asset. Indicators that need to be considered are:

   i) general condition of the asset — are there signs of misuse/abuse of the asset; when should the asset be replaced, upgraded, enhanced, refurbished, etc.;
   ii) economy (cost) — does the asset fulfil the requirements of its initial intention; is the repair and maintenance costs economic etc.;
   iii) effectiveness and efficiency of the asset — does the asset comply with the latest technological standards; is it being maximized; and

iv) efficiency a yearly report will be provided to the responsibility managers of the status of their assets.

f) In order to ensure that maximum utilization can be derived from assets, it has to be inspected and verified regularly but at least once a quarter.

The beyond economic repair' factor will be determined by the Asset Management unit. This implies that record must be kept of the . maintenance cost of assets.

g) Any degree of damage, obsolescence, wastage, misuse or theft must immediately be reported to the Loss control officer and the Asset Management Unit. It is the Responsibility of the Deputy Director for Asset Management to ensure all reported cases of damage and lost assets are well managed and resolved appropriately through the processes explored by Loss Control office.

h) The level of maintenance should specify the extent to which the performance of the asset is operationally critical and to which visual appearance is important — it should also stipulate response time.

i) The following criteria are indicative of effective asset maintenance:

i) Long-term reduction in life cycle costs; ii) Better asset performance; iii) Optimization of asset life; and iv) Improve asset service and safety standards.

11.9.4 Barcode Labeling of Assets

a) All assets must be barcode labelled per documentation as it appears in Annexure E.

b) Newly acquired assets must be barcode labelled within 24 hours of delivery. This js to ensure that the asset register is updated and reflect the correct status of assets. Non adherence to this will be subject to disciplinary action as this have an impact on the financial records of the Department.

c) Acquired assets: All assets must be recorded in the Asset Register within five (5) working days after they have been bar-coded. Refer to 11.9.5 (b).

d) It will be an offence and thus a bridge of this policy for any official to accept and use any asset without the Departmental barcode label. An official guilty of any such act or practice will be charged with non-compliance. The layout of the barcode label is shown on Annexure E.

e) In a scenario whereby a barcode has fallen and or missing from an asset, which had been previously bar-coded, the asset user must immediately repot such asset to Asset Management Unit and subsequently ensure that the Replace Barcode Form as per Annexure F is fully filled, signed and a new asset code attached to the asset and the asset register updated.

f) The purpose for bar coding of assets is not only to identify the asset but also to track the asset as the integral management tool for efficient control of movable assets.

g) Once bar-coded all assets that appear on a computer generated asset control register (inventory lists) that is behind the door must be signed for by the occupant of that particular office and remains his/her responsibility until the asset is transferred on another person's name and or disposed of as per the policy. Any changes to the assets of an office necessitate the update of the asset register as well as the inventory lists for continuity and assurance that the inventory lists is a true reflection of the assets in use.

h) Asset excluded for recording in the Asset Register as per Annexure N will not be barcoded and the list on the annexure will be updated annually when updates are received.

11.9.5 Efficient Management of the Register

a) Each Directorate, Branch, Unit and District Office must ensure that the Asset Identification, Verification and Data Capture System approved for the Department is scrupulously applied in respect of all assets controlled or used by the respective office.

b) The Department must develop and maintain a complete and accurate asset register(s) that complies with the minimum requirements of National Treasury as may be determined from time to time.

c) As a minimum requirement, the Departmental Asset Register must contain the following information on movable assets:

(In accordance with Treasury's minimum requirements)

i. acquisition;

ii. unique identifying number/barcode number;

iii. description;

iv. accountability;

v. accounting;

vi. location, photograph (if considered necessary);

vii. movement; **viii.**performance;

viii. physical verification;

ix. disposal; losses or damages;

x. any other financial data necessary to discharge the statutory reporting obligations.

d) As minimum requirements, the Departmental Asset Register must contain the following data on Intangible Assets:

(In accordance with National Treasury's minimum requirements)

i. a description and quantities of intangible assets;

ii. intangible assets should be allocated into specific groups, e.g. computer software, development costs etc.;

iii. acquisition date;

iv. the location of the intangible assets;

v. the department that controls the intangible assets;

vi. an unique asset identification number; .

vii. the original cost/fair value of the biological asset

viii. the source of financing;

ix. the date on which the intangible asset is disposed off;

x. the disposal price; insurance arrangements; and xi. gains or loss arising from disposal.

e) The Asset information in the Asset Register must be reconciled accumulatively monthly with the asset financial expenditure in the general ledger of the Department.

f) In general, the Asset Register should provide as much information as possible to facilitate the effective and efficient management of Departmental assets such as clear audit trails, availability of audit jobs..

11.9.6 Updating the Asset Register(s)

a) All movable asset acquisitions must be individually recorded in the Asset Register(s) using a unique identifying number i.e. barcode label.

b) All gifts, donations or sponsorships and transfers of assets must be recorded in the Asset Register(s) upon approval by the Head of Department.

c) All damaged and lost assets must be recorded in the Asset Register(s).

d) All disposals must be recorded in the Asset Register(s).

e) The Heads of Branches, Directorates, Sections or District Offices must ensure that the asset identification, verification and management system approved by the Department is used in respect of all assets controlled or used within their areas of jurisdiction.

f) Ail assets in the locations of the Department and related data must be recorded in the Asset Register, regardless of the funding sources, excluding private assets where a separate declaration form must be signed by the owner and attached to the inventory list.

11.9.7 Responsible Control of Assets by user/custodian

a) The responsibility for the safeguarding of assets as well as ensuring that assets are bar coded, rests with each official to whom assets have been allocated.

b) Every custodian will be directly responsible for ensuring that all assets are properly maintained in a manner, which will ensure that such assets attain their useful operating lives.

c) Generally, it is the responsibility of every official to care for, safeguard and see to the responsible use of Departmental assets.

d) All assets issued to and used by approved users must be returned upon termination of contractual obligations within 7 working days of termination. A proper verification of all assets in such instances needs to be done to ensure all assets are return and the official leaving must sign the inventory lists as confirmation.

e) All assets must be handed over to the responsible manager when officials exit the Department (Hand over Certificate and HR Exit Form). Handover certificated and HR Exit Form must be duly completed by the Responsibility Manager and Asset Controller and the custodian/user.

f) Formal asset verification must be conducted at least once a year.

11.9.8 Damages and Losses of Assets

a) All officials are responsible for reporting any loss of or damage to an asset to the Loss Control officer or Responsible Manager and Asset Controller within twelve (12) hours of the event.

b) Any damage and loss by arson or theft must immediately be reported to the SAPD within twenty four (24) hours and to Asset Management or delegated official within seven (7) days.

c) Any damage and loss by arson or theft within the Department's locations must be reported to the Security Management Services and to Asset Management or delegated official immediately i.e. within twelve (12) hours of the event.

d) Any damage (excluding arson), obsolescence, wastage or misuse must immediately be reported to Asset Management or delegated official.

e) All officials must report any damage or loss of an asset to Risk Management — Loss Control or delegated official, within one (1) working day of the event by completing a GDE 73.

f) All losses and damage of assets must be dealt with according to the Loss Control Policy of the Department.

g) The damages and losses must be recorded and accounted for in terms of departmental delegations as may be determined from time to time.

h) All losses of assets or damages must be recorded in the Loss Control Asset Register by the Deputy Director for Assets Management.

i) Reference/s can be done through the Loss Control Policy.

11.9.9 Movement of Assets

a) All movements of assets must be duly authorized by unit heads, thereby ensuring acknowledgement of the movement of assets in their units and submit the completed documentation to asset management for updating of the asset register. Asset/s removed without prior approval as mentioned above from the building and without a pass-out, will result in the official or user held responsible for the negligence emanating as a result of loss/theft and/or damage to that assets/s. IT assets (including the repairs thereof) can only be move when the required transfer forms are completed, including the location where to assets is moving to. The asset register must be updated immediately to ensure that the location of assets is where the assets are. If the necessary documentation is not completed and duly signed, assets are not allowed to move. All new IT assets must be delivered to the asset management unit in District; thereafter distribution to users can be done. During this process, the required documentation must be signed, including acknowledgement of the new asset users for the acceptance .thereof.

b) Al' movement of assets together with the relevant authorization, thus by filling the Asset Transfer Form — Annexure D must be recorded in the Asset Register.

11.9.10 Gifts, donations or sponsorships

a) The Accounting Officer must approve the acceptance of any gifts or donated or sponsored assets to the Department in terms of Treasury Regulation

b) No gift, donation or sponsorship and transfers may be accepted without prior approval by the Accounting Officer.

c) All gifts, donations and or sponsored assets must be accompanied by relevant supporting documents prior to acceptance of the donated or sponsored assets by the Accounting Officer.

d) When a donor or sponsor of an asset requests to remain anonymous in terms of Treasury Regulation 21.4, the Accounting Officer must submit to relevant treasury a certificate from both the Public Protector and Auditor-General, which states that the identity of the donor or sponsor has been revealed to them, that they have noted it and have no objection.

11.9.11 External and Internal Transfer

a) The Department may only receive and transfer assets internally and or externally after due process has been followed in terms of Section 42 of the PFMA and relevant prescripts as may be determined from time to time by the relevant authorities and or Accounting Officer.

b) The Heads of Branches, Directorates, Sections or District Offices must appoint Asset Coordinators who must work with Asset Management in monitoring asset transfers within their areas of jurisdiction.

c) The Asset Coordinator must inform Asset Manager of any asset transfers that take place within their assigned unit.

d) All transfers of assets within the Department must be duly authorised by the delegated authority and Asset Management using the approved forms.

e) The Asset Coordinator must inform IT Service Management of the transfer of all IT assets within their respective areas of jurisdiction. No IT assets may be transferred from its current location without securing approval from the IT Service Management or as may be determined from time to time by the relevant authorities. (Refer to 11.7.9)

f) The Accounting Officer must approve the external transfer of assets to other departments and entities in terms of Treasury Regulation 16A7r2 and Section 42 of the PFMA.

g) All assets must be handed over to the custody of the Heads of Branches, Directorates, Sections or District Offices or delegated official upon termination of contractual obligations on or before the asset user's last working day.

h) All Heads of Branches, Directorates, Sections or District Offices, Asset Management, IT Service Management, HR, Financial Administration, Security Management Services and Risk Management and Internal Control and or any other relevant authority as may be determined from time to time must satisfy themselves with the processes undertaken by the exiting official on or before the official's last working day. (Refer to ITSM Policy, HRM Exit Policy, Security Management Policy, Loss Control Policy).

11.9.12 Verification of Assets

Department must conduct verifications and spot checks to meet minimum requirements in terms of existence, completeness and correctness.

11.9.13 Assets Verification on Movable Assets

a) All assets must be physically identified and verified by the asset management unit or must be delegate to an independent external party at least once every financial year.

b) The physical verification must be performed by the physical scanning of the barcode label attached to an asset to provide further independent proof of the existence of the asset.

c) The scanned verification information must be loaded onto the Departmental Asset Register System for reconciliation and rectification purposes.

d) All variances identified after the physical verification of Assets must be reported to the Director: Assets Management within 7 working days after the verification (approval & verification by the Deputy Director for Assets Management)

e) The Director for Assets Management must approve corrective measures that will address the identified variances.

11.10 DISPOSAL MANAGEMENT

11.10.1 Assets Disposal Management

This framework is derived from the provisions of section 76(1) (k) of the Public Finance Management Act, 1999 (Act of 1999 as amended by Act 29 of 1999) in conjunction with chapter 10, paragraph 10.2 of the Treasury Regulations and other prescripts regulating the disposal of assets.

a) Disposal of Redundant, Obsolete, and Unserviceable Assets:

i. Assets which are redundant, obsolete and unserviceable shall be disposed of as soon as possible.

ii. Assessment must be done on any asset prior to disposal to ensure compliance with legislative and regulatory requirements and other applicable prescripts.

b) Movable Assets

The disposal of movable fixed assets must be at market-related value or by tender of auction, whichever is most advantageous to the Department, unless determined otherwise by National Treasury in terms of Treasury Regulation 16A7.1.

c) Assets Disposal Process

i. The Heads of Branches, Directorates, Sections or District Offices must develop disposal plans taking into consideration alternatives for the disposal of surplus, obsolete, under-performing or unserviceable assets.

ii. The asset disposal plan must be reviewed and refined as and when required.

iii. The Heads of Branches, Directorates, Sections or District Offices must provide their asset disposal plans to Asset Management as and when required.

iv. The Heads of Branches, Directorates, Sections or District Offices must submit a list of all assets earmarked for disposal to Asset Management prior to any disposal action.

v. All assets disposed of must be authorised as per Departmental Delegations.

vi. The Department must establish Asset Disposal Committees to make submissions containing recommendations on disposal of assets at Head Office and District Offices.

vii. The Accounting Officer must make the final decisions on submissions / recommendations for disposal of assets.

viii. The methods of disposal should include external transfer to other departments or entities, sale by public auction or bidding, sale by private treaty, trade-in, write-off, transfer to schools and letting — which ever yields the highest returns and is most cost effective option.

11.10.2 Establishment of a Disposal Committee

a) Assets Disposal Committee

i. Disposal committee must be established, and no assets may be disposed off without the recommendation from the Asset Disposal Committee and approval thereof.

ii. The Disposal Committee shall assess submissions, if any, or any information they received about the state of assets and take a decision whether to dispose or not.

b) Composition of Disposal Committee

The asset disposal committee shall comprise of:

i) Chief Financial Officer- Chairperson;

ii) Chief Information Officer;

iii) Director: Asset Management;

iv) Chief Director : Supply Chain Management;

v) Director: Finance and Administration;

vi) Chief Director: District(s);

vii) Chief Risk Officer, and

viii))any other official(s) or person(s) Approved by the Chief Financial Officer.

c) Role & Responsibility of the Assets Disposal Committee The Responsibility of the Disposal Committee

i) To physically assess and verify items to be disposed as per list obtained from the Asset Management Unit. .

ii) To make recommendation to the Accounting Officer on the best approach on assets that is found to be redundant, obsolete and unserviceable as per the Departmental Asset Management Policy.

iii) To diligently ensure that the disposal process is transparent, fair and adheres to the Department Asset Management Policy and associated legislative prescripts.

iv) To ensure that all the records which are in relations to the disposal process are compiled appropriately and reported to an appropriate official as per the Department delegations of authority.

d) Role of the Disposal Process at the District level

i) The District Office must compile a submission document to the Director of Asset Management Unit, outlining the intention to dispose-off assets.

ii) On receipt of the district request to dispose-off assets, the Head Office Asset Management officials in collaboration with the District Asset Management officials must conduct and extensive physical assessment of assets which needs to be disposed off.

iii) As comprehensive report must be compiled by the delegated Asset disposal team to the attention of the Chairperson of the Asset Disposal Committee.

11.10.3 The Asset Disposal-Committee Process

The Asset Disposal Committee will only initiate the process of disposal on receipt of the request to dispose of assets from the district office, branch and or the warehouse.

Assets disposal process may be initiated by the disposal committee itself or any official through a submission request to dispose of to the Chairperson of the Disposal Committee. A disposal request shall have the following minimum information:

a) the list of assets with description and barcode; and

b) a detailed motivation for disposing the assets.

A comprehensive report must be compiled the by Chairperson of the Disposal Committee, accounting all the disposal activities to the Accounting Officer, the respective report must include:

a) attendances register of the disposal committee members;

b) the minutes of the disposal committee (including the decision/resolution taken);

c) list of assets which were selected for disposal;

d) list of disposed assets and the variance thereof; and

e) full disclosure of the proceeds received from assets which were disposed of.

11.10.4 Assets Disposal Committee Meeting

Must convene at least once per annum and or every quarter as and when required.

11.10.5 Method(s) of Assets disposal

If disposal decision is taken the committee may agree to:

a) sell goods; or
b) donate goods; or
c) trade-in goods; or
d) scrap goods; or
e) rent asset; or
f) transfer to schools.

11.10.5.1 Scrapping

Scrapping has to take into consideration that, assets are not scrapped while still required or where it's supposed to be sold. It can only be scrapped if cost of repairing or restoring does not justify the benefit and the asset cannot be sold.

12. POLICY REVIEW:

There could be amendments or deletions to this policy from time to time. The Accounting Officer or his/her delegate will approve changes to it as advised and recommended by the Director of Assets Management.

This will be done on an annual basis.

13. AMENDMENTS TO POLICY:

a) Requests for amendments and comments should be sent to the Director: Assets Management in writing;
b) The Director: Assets Management will acknowledge of receipt within fourteen (14) working days of receipt of request;
c) The Director: Assets Management will make recommendation to the CFO and to the Accounting Officer respond within ten (10) working days of the proposed amendment;
d) If the concerned person is not satisfied with the response from the Director: Assets Management, he/she should indicate this to the CFO; and

e) The amendment to the Asset Management Policy may only be effected after consultation with relevant stakeholders and approval by the Accounting Officer or delegated official.

f) For updating of the policy, e.g. promulgation by National Treasury, the normal procedure of amending policies will be followed. The Director: Assets Management will drive the process.

14. SHORT TITLE

This policy shall be called GDE Asset Management Policy.

15. DATE OF APPROVAL:

This policy is approved by the Head of Department:

Recommended by: (Principal) (Print name)	P Strydom	Signature:	
Date:			
Approved by: (SGB Chairperson) (Print name)	C Krugel	Signature:	
Date:			
Verification by GDE: (District Director) (Print Name)		Signature:	
Date:			
Certified by: (Print Name)		Signature:	
Date:			

16. ANNEXURES

Annexure A

Definitions

Annexure B

Asset Classification