

ASSET MANAGEMENT POLICY 2018/2019



Summary

The purpose of the policy is to ensure the effective and efficient control, utilization, safeguarding, and management of the municipal property, plant and equipment in compliance with MFMA. To emphasize a culture of accountability towards the municipal's fixed assets. To set out standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss and utilization. To ensure formal set of procedures that can be implemented to ensure that fixed assets and financial policies are achieved and are in compliance with the MFMA.

Publication Date	01 July 2018
Review Date	
Related Legislation/Applicable Section of Legislation	<ul style="list-style-type: none"> • The Constitution of the Republic of South Africa, 1996 • Municipal Structures Act 117 of 1998 • Municipal Systems Act 32 of 2000 • Division of Revenue Act (enacted annually) • Municipal Finance Management Act, Act 56 of 2003 • Local transfer regulations
Related Policies, Procedures, Guidelines, Standards, Frameworks	<ul style="list-style-type: none"> • Grap 17 – Property Plant and Equipment • Grap 16 – Investment properties • Grap 100 – Non - current assets held for sale • Grap 31 – Intangible Assets • Grap 102 – Heritage Assets
Replaces/ Repeals (whichever is levant, if any)	Asset Management Policy
Policy Officer (Name/Position)	SCM and Asset Manager

Policy Officer (Phone)	040 6733 095
Policy Sponsor (Name/Position)	N/A
Department Responsible	Budget and Treasury Office
Unit responsible	Asset Management Section
Applies to	All Ngqushwa Local Municipality Employees and Councillors
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REVISION RECORD

Date	Version	Revision Description
May 2018	Version 1	Asset Management Policy 2018

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1. PURPOSE OF THIS POLICY

- The purpose of asset management policy is to assist management and employees to implement and maintain consistent, effective, and efficient asset management principles.
- Ensure that Ngqushwa Local Municipality has effective system of internal controls to ensure compliance with National treasury regulation, GRAP and MFMA.

2. DEFINITION OF TERMS

TERM	STANDARD	DETAILS
Asset	GRAP 1 and 3	An asset is defined in terms of GRAP 1.06 and GRAP 3.04 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."
Asset Management	Not applicable	Asset Management encompasses planning/demand management, acquisitions, use, maintenance, and disposal of assets.
Biological assets	GRAP 101	A biological asset is a living animal or plant.
Intangible asset	GRAP 31	Is an indefinable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or administrative purposes.
Heritage assets		Assets that have cultural, environmental, historical, natural, scientific, technological, or artistic significance and are held indefinitely for the benefit of present and future generations.

Carrying amount	GRAP 17	Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.
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 or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.
Depreciable amount	GRAP 17	Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.
Depreciation	GRAP 17	Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

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	N/A	All incumbents of post level 1 in the different directorates.
Inventory	GRAP 12	Inventories are assets: <ul style="list-style-type: none"> (a) in the form of materials or supplies to be consumed in the production process, (b) in the form of materials or supplies to be consumed or distributed in the rendering of services, (c) held for sale or distribution in the ordinary course of operations, or (d) in the process of production for sale or distribution.
Investment property	GRAP 16	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:

		<p>(a) use in the production or supply of goods or services or for administrative purposes, or</p> <p>(b) sale in the ordinary course of operations.</p>
Owner-occupied property	GRA P 17	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.
Property, Plant and Equipment	GRA P 17	Property, plant and equipment are tangible items that: <p>(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and</p> <p>(b) are expected to be used during more than one reporting period.</p>
Accounting Standards Board		Established by the Public Finance Management Act to set standards of Generally Recognized Accounting Practice (GRAP) as required by the Constitution of the Republic of South Africa.
Fixed asset register		Is the controlled register recording the financial and other key details for all municipal assets recognized in accordance with this policy (FAR)
Impairment” is		When the recoverable amount of an asset is less than the carrying value of such an asset.
Preventative maintenance		Is the maintenance which is required on a systematic basis to ensure that the originally assessed future economic benefits or potential service position of the relevant asset is realised hence that the fixed asset reaches its estimated useful life.
Recoverable amount		Is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.

Recognition		Is the process by which expenditure is included in the Financial Asset Register as an asset or attractive item.
Replacement Value		Is the amount which is needed in current terms to replace an asset.
Residual Value		Is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs for disposal.
“ Stewardship		Is the act of taking care of and managing property, plant or equipment on behalf of another.
Asset strategy		The means by which a department proposes to manage its assets. (across all phases of their life cycle) to meet service delivery needs most cost-effectively.
Asset utilization		A measure of how effectively an asset is being used to meet the department’s service delivery objectives.
Recognition Criteria		<p>The cost of an item of property, plant and equipment shall be recognised as an asset when and only when:</p> <ul style="list-style-type: none"> • It is probable that future economic benefits will flow to the municipality • or the potential service delivery associated with the asset will occur; • The cost of the asset to the Municipality can be reliably measured.
Acquisition of assets		Refers to the purchase of assets by buying, building (construction) or leasing.
Construction contract		Contract specifically negotiated for the construction of an asset or a combination of assets that are closely related interrelated or inter dependant in terms of their design, technology and function or their ultimate purpose use.
Useful Life		“Useful Life ” is either:

		<p>a) The estimated period of time over which the future economic benefits or future service potential embodied in an asset is expected to be consumed by the municipality.</p> <p>b) The estimated total service potential expressed in terms of production or similar units that are expected to be obtained from the asset by the municipality.</p>
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ABBREVIATIONS

- i. CFO – Chief Financial Officer
- ii. MM – Municipal Manager
- iii. HOD- Head of Department
- iv. IDP – Integrated Development Plan
- v. MFMA – Municipal Finance Management Act No. 56 of 2003SDBIP – Service Delivery and Budget Implementation Plan
- vi. CM – Council Minute/'s
- vii. PPE – Property plant and Equipment
- viii. GRAP – Generally Recognized Practices
- ix. FAR – Fixed Asset Register

3. LEGAL FRAMEWORK

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

This policy must comply with all relevant legislative requirements including:

- The Constitution of the Republic of South Africa, 1996
- Municipal Structures Act 117 of 1998
- Municipal Systems Act 32 of 2000
- Division of Revenue Act (enacted annually)
- Municipal Finance Management Act, Act 56 of 2003
- Local Government: Municipal Asset Transfer Regulations, 2008

This policy must also comply with standards specified by the Accounting Standards Board (ASB). The relevant currently recognized accounting standards include:

- Grap 17 – Property Plant and Equipment
- Grap 16 – Investment properties
- Grap 100 – Non - current assets held for sale and Discontinued Operations
- Grap 31 – Intangible assets
- GRAP 103 Heritage Assets
- GRAP 21 Impairment of Non-cash-generating Assets
- GRAP 26 Impairment of Cash-generating Assets

4. OBJECTIVES OF THIS POLICY

- To ensure the effective and efficient control, utilization, safeguarding and management of Ngqushwa Local municipality's property, plant and equipment in compliance with MFMA.
- To emphasise a culture of accountability towards the municipality's fixed assets.
- To set out the standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilization.
- To ensure a formal set of procedures that can be implemented to ensure that fixed assets and financial policies are achieved and are in compliance with the MFMA.

5. APPLICATION OF THIS POLICY

- 1.1 This policy will apply to all temporary, contract, trainee and permanent employees of the Municipality.
- 1.2 Provisions of this policy will be binding to Councilors, Traditional Leaders serving in the Council and Management of the Municipality
- 1.3 This policy may be applied to trainees attached to the municipality as determined by the Municipal Manager

- This policy must be applied in line with Supply Chain Management Policy Delegations of authority ,Fleet Management Policy ,Insurance Policy ,Security Policy and Asset management plans.
- Ngqushwa Local Municipality Asset Management Policy applies to all Property Plant and Equipment, Investment Properties, Heritage assets but not limited to: Infrastructure assets, Community assets, Intangible assets,Heritage assets,Investment properties and Biological asset which either contributed to Ngqushwa Local Municipality or purchased and meet the definition of an asset.

6. PRINCIPLES OF THIS POLICY

- Utilization and management of property, plant and equipment is the prime mechanism by which Ngqushwa Local municipality can fulfill its constitutional mandates for:- Delivery of sustainable services, Social and economic development, Promoting safe and healthy environments; and Providing the basic needs to the community.
- As trustees on behalf of the local community, Ngqushwa Local municipality has a legislative and moral obligation to ensure that it implements policies to safeguard the monetary value and future service provision invested in property, plant and equipment.
- The asset management policy deals with the municipal rules required to ensure the enforcement of appropriate stewardship of property, plant and equipment, investment properties and intangible assets in compliance with MFMA and ASB and GRAP.

7. ROLES AND RESPONSIBILITIES

7.1 Role of Municipal Manager

The Municipal Manager, being the Accounting Officer of Ngqushwa Local municipality, is responsible for the following in terms of s. 63 of the Municipal Finance Management Act (Act 56 Of 2003):

- The assets of the municipality, including the safeguarding and the maintenance of those assets.
- Ensuring that the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality.
- Ensuring that the municipality's assets are valued in accordance with the standards of generally recognized accounting practice.
- Ensuring that the municipality maintains a system of internal control of assets, including an asset register.

Therefore the municipal manager shall be the principal custodian of all the Ngqushwa Local Municipality assets.

In terms of section 79(4), even though the municipal manager has delegated his duties, it does not divest the municipal manager from the responsibility of the delegated duty.

The municipal manager will still be responsible for monitoring the activities of the person delegated to, to ensure that they are performing the responsibilities and duties delegated to them.

7.2 Role of Chief Financial Officer

The municipal manager has duly delegated the following duties to the Chief Financial Officer in terms of s79 (1)(b)(ii):

- Ensuring that all acquisitions of assets are in accordance with the Supply Chain Management Policy.
- Ensuring that council assets are accounted for in accordance with generally recognized accounting practice (GRAP).
- Providing the Auditor-General or his personnel, on request, with the financial records relating to assets belonging to Council as recorded in the general ledger.

- Ensuring that assets are verified at least once every financial year. An asset verification report must be prepared and shall –
 - a) Include a complete list of all assets identified during the verification process.
 - b) Identify whether appropriate records have been maintained reflecting the items that should have been found during verification.
 - c) Identify any discrepancies between the items found during the verification process and the business unit listing and asset register
 - d) Performing reconciliation between the asset register and the general ledger on a quarterly basis. The reconciliation of the asset register shall be performed per asset classification and reconcile the following:
 - Cost
 - Accumulated Depreciation
 - Depreciation
 - Carrying amount and shall reflect the following:
 - Opening balance
 - Movement for the year
 - Closing balance
 - e) Ensuring adequate bar codes and equipment to exercise the function relating to asset control is available at all times.
 - f) Ensure that the calculation of depreciation is performed and details required for processing financial records.

7.3 Role of Head of Department's

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

It is the responsibility of the HOD to ensure that all asset related changes that take place within their divisions/directorates have been properly authorized and communicated to the Budget and Treasury Department.

- The Budget and Treasury Office (after approval of the HOD) is notified of any

changes in the status of the assets under the directorates/departments control (e.g. new asset purchases, asset transfers, asset impairments and asset disposals).

- The inventory and/or assets of the Ngqushwa Local Municipality are not used for private enterprise and gain by any employee/Councilor.
- Control is exercised over the respective department's assets and shall report any enhancement/improvement, transfer or disposal of the respective department's assets to the Corporate Services and Finance Department.
- Relevant reports on the writing off of scrap (in case of vehicles) and the theft/loss (in the case of other assets) are submitted to Corporate Services Department.
- All assets within the departments must be recorded on the asset register and bar coded.

7.4 Role of municipal officials

- Employees of Ngqushwa Local Municipality that are custodians of assets must sign moving asset to another location within same department.
- Employees should sign inventory list half yearly.
- Upon resignation an employee must sign asset verification/clearance form from Asset control officer, approved by relevant supervisor and HOD.
- The asset control officer should write a letter to human resources section stating that the employee had returned all the municipal assets and this letter should be approved by Chief Finance Officer.
- Officials having personal assets in the municipality must sign asset declaration form from Asset control officer, stating their reasons for keeping and for how long they intend to keep such asset in the municipality , and the municipality will not be liable for such assets.

8. 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 as defined by GRAP 17:

8.1 Plant and equipment: The different classifications for property, **plant and equipment** are as follows:-

- Land
- Buildings
- Parks and Recreation
- Office equipment
- Furniture and fittings
- Other assets
- Motor vehicles
- Plant and equipment
- Infrastructure

The different classifications for **infrastructure assets** are as follows: Electricity lights and High masts, Roads, Pavements

Infrastructure assets meet the definition of property, plant and equipment and shall be accounted for as property, plant and equipment. Infrastructure assets can be considered as a single asset or more usefully as a collection of different assets. Each individual asset shall be measured at its own cost and own lifespan, which will influence the depreciation of such an asset.

8.2 Heritage assets

In terms of this policy heritage assets are defined as any asset with a clearly identifiable intrinsic and remarkable heritage significance acknowledged by the South African Resources Agency in accordance with the National Heritage Resource Act, 1999 (Act No. 25 of 1999) or any other asset that has a cultural, environmental or historical significance.

Examples are: works of art, historical buildings, statues nature reserves and forts.

8.3 Investment property

- Investment properties shall be accounted for in terms of GRAP 16 and shall

not be classified as Property Plant and Equipment for the purposes of preparing the municipality's statement of financial position.

- Investment properties shall be recorded in the asset register in the same manner as other fixed assets, but a separate section of the fixed asset register shall be maintained for this purpose.
- Investment Property shall initially be measured at its cost. Transaction costs shall be included in this initial measurement. Where an investment property is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.
- If the Council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as PPE until it is ready for its intended use, where after it shall be reclassified as an investment asset.
- Investment property is measured at fair value in accordance with GRAP 16.
- The CFO shall ensure that an appropriately qualified valuator undertake such valuations on fair value an annual basis.
- The CFO shall ensure the recognition and measurement of *Investment Property* in terms of GRAP 16.
- Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations which council intends to sell at a beneficial time in the future will be classified as Investment properties.

8.7 Intangible assets

An intangible asset is defined as an identifiable non-monetary asset without physical substance. This asset can be held for any purpose, but must be controlled by the municipality and expected to provide future economic benefit to the municipality or to be used for service delivery. Intangible assets shall be recognised in the Asset Register, in compliance with the criteria set out in GRAP 31 dealing with intangible assets.

8.8 PPE treated as inventories

- PPE treated as inventories, such as Land held for sale or distribution in the ordinary course of operations, or in the process of production for sale or distribution, shall be recorded in the asset register in the same manner as other assets, but a separate section of the asset register shall be maintained for this purpose.
- Land and Building owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either PPE or investment property in the municipality's statement of financial position.
- Property being constructed or developed on behalf of the Provincial Government: Housing Department.

9. ACCOUNTING FOR ASSETS

- A fixed asset is defined in GRAP 17 as a tangible item of property plant and equipment held by the municipality for use in productions or supply of goods or services, or administrative purposes, and which is expected to be used in more than one reporting period.

9.1 Measurement at recognition Property Plant and Equipment

The cost of an item of property, plant and equipment comprises all costs of activities (cash or equivalent) necessarily incurred to bring the fixed assets to the condition and location essential for its intended use (example purchase price, transport, installation) as follows:

- Purchase price, including import duties and non-refundable
- Purchase taxes, after deducting trade discounts and rebates.
- Any costs directly attributable to bringing the asset to the location and

condition necessary for it to be capable of operating in the manner intended by management, such as :-

- costs of site preparation,
- initial delivery costs,
- Handling costs,
- Installation costs,
- Professional fees such as architects and engineers fees
- Cost relating directly to the specific contract.
- Site labour costs, including site supervision,
- Costs and material used in construction,
- Depreciation of plant used on contract
 - Costs of moving plant and equipment to and from contract price,
 - Costs of hiring plant and equipment
 - Costs and design, and technical architects,
 - The estimated costs of rectification, and guaranteed work, including expected warranty costs
 - Claims from third parties
 - Insurance
 - Construction overheads
 - Depreciation of assets used in project construction
 - Dismantling and removing costs
- Donated and replacement assets from the insurer shall be recognised at fair value.

9.1.1 Donated assets

Where an asset is donated to the municipality, or an asset is acquired by means of an exchange of assets between the municipality and one or more other parties, without paying or actual or implied exchange the asset concerned shall be recorded in the asset register at its fair value, as determined by the Chief Financial Officer.

The asset's fair value shall either be its market price or the amount the asset can be sold for in an arm's length transaction between two knowledgeable willing parties.

The department/person/company donating assets to Ngqushwa Local Municipality must sign donation form and state on conditions for donation and must forward invoice to the municipality for costing and updating asset register and insurance policy.

9.2.1 Capitalisation of Assets

- Projects will only be capitalised in the asset register at practical completion.
- Projects to be completed over more than one financial year will be initially disclosed in the asset register and financial statements as "work in progress" thereafter only on completion the asset will be capitalised and depreciated.
- A separate work in progress register shall be maintained separately, the asset will be capitalised once the asset is complete and completion certificate is available.
- The Technical Services Manager shall ensure that roads asset are componentised according to Asset register requirements at design stage, including coordinates, size, and descriptions.

9.2.2 Recognition criteria for finance and hire purchase lease

- An asset held under finance lease, shall be recognised as a fixed asset, as the municipality has control over such asset even though it does not own the asset.
- The lease transfers ownership of the asset to the lessee by end of the lease term.
- The lessee has an option to purchase by end of the lease term.

- The lessee has the option to purchase at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable such that at the inception of the lease, it is reasonably certain that option will be exercised.
- The lease term forms major part of the economic life of the asset even if the title is not transferred.
- At the inception of the lease the present value of minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
- If the lessee cancel the lease, the lessor's losses associated with the cancellation are born by the lessee.
- Gains or losses from fluctuation in the fair value of the residual fall to the lessee, in the form of a rebate equal to most of the sales proceeds at end of the lease.
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

9.3 **Accounting for Heritage Assets**

- If no original costs or fair values are available in the case of one or more or all heritage assets, the Chief Financial Officer may, if it is believed that the determination of fair value for the asset in question will be laborious or expensive undertaking, record for such asset in the fixed asset register without an indication of costs or fair value concerned.
- Heritage assets are recognised and handled according to GRAP 103.
- Heritage assets are also not normally depreciated. The reason is that these assets have cultural significance and as such are likely to be preserved for the benefit of future generations. It should therefore be impossible to determine their useful lives.

9.4 Accounting for Intangible Assets

- *Intangible Assets* can be purchased, or can be internally developed, by the municipality and includes, but are not limited to, computer software, website development cost, valuation roll, servitudes and mining rights.
- *Intangible Assets* are stated at cost less accumulated amortisation and accumulated impairment losses. Such assets are amortised over the best estimate of the useful life of the intangible asset, except for those assets with infinite useful lives such as water rights. If an intangible asset is generated internally by the municipality, then a distinction should be made between research and development costs. Research costs should be expensed and development costs may be capitalised if all the criteria set out in **GRAP 31** have been met.
- The CFO, in consultation with the Managers of Departments, shall ensure that all intangible assets are appropriately recorded in terms of the municipality's policies.

9.5 Accounting for Investment Properties

Investment properties shall be accounted for in terms of GRAP 16 and shall not be classified as Property Plant and Equipment for the purposes of preparing the municipality's statement of financial position.

9.6 Recognition Threshold

- To ensure efficiency in the administration of this policy, the recognition of property plant and equipment as an asset will be **limited to items costing R2000 or more**.
- **The acquisition of PPE costing less than R2000** will be depreciated over a period of 1 year, but their management will need to comply with the policy on managing attractive items.

- Every custodian shall moreover ensure that the existence of items recorded on such inventory stock lists are physically verified from time to time, and at least once in every financial year, and any amendments which are made to such inventory stock lists pursuant to such stock verifications shall be retained for audit purposes.
- Minor assets shall be expensed in the Statement of Financial Performance and not be capitalised.
- However, these assets shall be bar-coded for identification purposes and recorded at cost in the Minor Asset Inventory Listing. These assets shall not be depreciated or tested for impairment and shall not generate any further transactions, except in the cases where losses are recovered by means of insurance claims or recoveries from disciplinary actions.

9.5.1 Procedures and Rules

- The CFO shall ensure that minor assets are recorded in the asset register in the same manner as other assets, but a separate section of the asset register shall be maintained for this purpose.
- Record using the same controls as capital assets;
- Recorded in a minor assets register;
- Assigned to a particular asset custodian;

9.5.2 Black Plastic Chairs

Black plastic chairs shall be expensed on acquisition and will be managed on separate register and will be capture as 1 with quantity per location.

9.6 General

- Immovable assets on the asset register will not be physically numbered with barcode labels but will have a unique asset master record number.

- Incomplete construction work must be included in the asset register and stated at the aggregate of related expenditure incurred to date. Depreciation commences only when the asset is available for use.
- An asset shall remain in the asset register for as long as it physically exists. The fact that an asset has been fully depreciated shall not in itself be a reason for removing the asset from the asset register.
- If an asset has been fully depreciated but is still being used by Ngqushwa Local Municipality, it indicates that the asset's estimated useful life has been incorrectly estimated, and estimated useful life will be reviewed.
- Therefore the Municipality will have to account for a change in estimate based on the using the asset's adjusted estimated useful life.
- The asset register must be able to account for components of assets according to GRAP 17 paragraph 54 to paragraph 57. This requires the municipality to account separately for components of an asset that have a different estimated useful life to the asset they form part of.

10. FORMAT OF THE ASSET REGISTER

The fixed asset register shall be maintained in the format determined by the CFO, which format shall comply with the requirements of GRAP and any other accounting requirements which may be prescribed:

To comply with the requirements of GRAP 17, the asset register shall reflect the following information:

- Description of each asset
- Date of acquisition/available for use
- Unique asset number (barcode)
- Title deed number (for property)
- Erf and portion number (for property)

- Location of asset (e.g. physical address, GPRS co-ordinates and description, unique location number)
- Original cost
- Revalued amount
- Fair value (if no costs are available)
- Last revaluation date of assets subject to revaluation
- Accumulated depreciation to the beginning of the current year
- Depreciation charge for the current year
- Accumulated depreciation at year end
- Carrying value of the asset
- Method and rate of depreciation.
- Impairment losses incurred during the financial year (and reversal of such losses, where applicable)
- Department(s) or vote(s) within which the assets will be used
- Source of financing
- Current insurance arrangements
- Use of the asset e.g. to perform basic municipal services
- Nature and duration of assets secured for debt and other encumbrances
- Disposal date/date of retirement from use
- Disposal price (proceeds)
- Responsible official (custodian)

A fixed asset shall remain in the fixed asset register for as long as it is in physical existence.

11. FUNDING SOURCES OF ASSETS

Three main sources of finance are utilised to acquire Property Plant and Equipment for the municipality, namely:

- Donations by other countries/ persons/companies/other departments and other municipalities.
- Municipal Infrastructure Grant (MIG)

- Equitable Shares
- Revenue Contributions
- The External Financing Fund (EFF)
- Grants, Subsidies and Public Contributions
- Donations/ Transfers

The acquisition of assets will not be funded over the period longer than the useful life of that asset.

The sources of finance that may be utilised to finance assets are utilised in accordance with the provisions of s19 of the Municipal Finance Management Act. It is important that assets shall be acquired according to needs and in accordance to with planned and budgeted timetables and normal Supply Chain Management acquisition procedures.

12. ASSET REGISTER LIFECYCLE

12.1 Asset Acquisition Process

Should the municipality decide to acquire a Capital Asset, the following fundamental principles should be carefully considered prior to acquisition of such an asset:

- The purpose for which the asset is required is in keeping with the objectives of the municipality and will provide significant, direct and tangible benefit to it;
- The future annual operations and maintenance needs have been calculated and have been budgeted for in the operations budget.
- The Supply Chain Management Policy and Procedures have been followed.
- The projected acquisition and implementation cost over all the financial years until the project is operational;

- The future operational costs and revenue on the project, including tax and tariff implications;
- The physical and financial stewardship of the asset through all stages in its economical life span including acquisition, installation, maintenance, operations, disposal and rehabilitation; and
- They have been appropriated in the capital budget, project, together with the total project cost, has been approved by the Council;

12.2 Maintenance plans

- Every HOD shall ensure that a maintenance plan in respect of every new infrastructure asset with value more than R 100 000, 00 is promptly prepared and submitted Municipal Manager for approval.
- The HOD responsible for the asset in question, shall annually report to Municipal Manager, no later than July, the extent of which the relevant maintenance plan has been complied with, and of likely effect which any non-compliance may have on the useful operating life of the asset concerned.
- Every HOD shall be directly responsible to ensure that all assets are properly maintained in the manner to ensure that such assets attain their useful operating lives.
- If there's material variation between actual maintenance expenses incurred and expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset, the CFO shall disclose the extent of possible implications of such deferred maintenance in an appropriate note to financial statements.
- If no such plans have been formulated or likely to be implemented, the CFO shall re determine the useful operating life of asset in question, if necessary in consultation with the director controlling or using such asset, and shall re calculate the annual depreciation expenses accordingly.

12.3 Disposal of assets

12.3.1 Disposal of movable assets

- Any decision made by the municipal council that the specific capital asset is not needed to provide the minimum level of basic municipal service may not be reversed by the municipality after the asset has been disposed of.
- Any transfer of ownership (disposal) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy.
- The above does not apply to transfers of capital assets to another municipality, municipal entity, national or provincial organ of state provided that the transfers are in accordance with the prescribed framework.
- Asset disposal forms must be signed and approved by relevant HOD and submitted to CFO / delegated official for assets.
- Every HOD shall report in writing to CFO by 30 April each financial year on all fixed assets controlled or used by the department concerned with such director wishes to alienate by Public Auction or Public tender.
- The CFO shall consolidate request for disposal from various departments, and report to Council or Municipal Manager with recommendations for the disposal process to be followed.
- Assets disposal must take place in compliance with section 14 of MFMA (no.56 of 2003).
- Transfers/ Donations to other organs of state must be approved by Council.

12.3.2 Disposal of Immovable assets

- Assets identified for disposal by way of a sale transaction, be it by public auction, bidding process or sales agreement, within 12 months of the date of identification shall be classified as Assets Held-for-Sale and transferred from the home asset category to held-for-sale category.
- Such assets shall be measured at the lower of its carrying amount and fair value less costs to sell and is not depreciated any further upon classification as held-for-sale.

- The municipality shall not classify a non-current asset that is to be abandoned as held-for-sale because its carrying amount will be recovered principally through continuing use.
- The CFO shall ensure that assets held-for-sale are recorded in the asset register in the same manner as other assets, but a separate section of the asset register shall be maintained for this purpose.
- The CFO shall ensure the recognition and measurement of *Assets Held-for-Sale* in terms of GRAP 100

12.3.3 Disposal proceeds

- These costs are incremental costs directly attributable to the disposal of an asset excluding finance costs and income tax expense.
- If an asset's recoverable amount (fair value less cost to sell) is lower than the assets carrying amount the asset will be written down to its recoverable amount.
- This will be recognised in the current financial statements as an impairment loss.
- The recoverable amount will now become the carrying value of the asset and the asset will continue to be depreciated over the rest of its estimated useful life.
- All items of plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

12.3.4 Write off of assets

The write-off of assets is the process to permanently remove the assets from the asset register. Assets can be written-off after approval of the Municipal Manager of a report indicating that:

- The useful life of the asset has expired;

- The asset has been destroyed;
- The asset is outdated;
- The asset has no further useful life;
- The asset does not exist anymore;
- The asset was stolen
- Taken by the insurer as salvage
- Acceptable reasons have been furnished leading to the circumstances set out above.

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

- Every Manager of a Department shall report to the CFO on 31 October and 30 April of each financial year on any assets which such Manager of a Department wishes to have written-off, stating in full the reason for such recommendation.
- The CFO shall consolidate all such reports, and shall promptly submit a recommendation to the Municipal Manager on the assets to be written off.
- An asset, even though fully depreciated, shall be written-off only on the recommendation of the Manager of a Department controlling or using the asset concerned, and with the approval of the Municipal Manager.
- Assets that are taken by the insurance company as salvage shall be written off.
- In every instance where a not fully depreciated asset is written off with no proceeds for the asset being obtained, the CFO shall immediately debit to such department or vote the full carrying value of the asset concerned as impairment expenses.

- Assets that are replaced should be written-off and removed from the asset register.
- An asset even though fully depreciated shall be written off only on the recommendation of the department controlling or using the asset concerned, and with the Municipal Manager's approval.
- The Chief Financial Officer shall consolidate all such reports and shall promptly submit a recommendation to the Council of Ngqushwa Local Municipality on the assets to be written off.

12.4 Replacement of assets

- Each department is responsible for motivating (keeping in mind the useful lives of different asset types), the possible replacement for motor vehicles, plant and equipment, maintenance equipment, security equipment, furniture and fittings, computer equipment, and any other operational items, this will include the replacement of assets which are required for service delivery but which have become uneconomical to maintain.
- These requests will be handled during the IDP/Budget process.
- Replacement assets from the insurer for all assets including motor vehicles, office equipment, computer equipment, furniture, minor assets, buildings, security equipment, Plant Equipment's, and maintenance equipment shall be recognised at market value.

13. USEFUL LIFE

- The parameters set for useful lives of assets are based on the best practise as issued by National Treasury and Local government asset management guidelines.
- These guidelines for useful lives of assets may be adapted based on past experience and specific municipal preference.

- The useful life set out for specific asset will determine depreciation on the asset.
- It may be necessary to review useful lives of assets as the original estimate of useful life may become inappropriate.
- Such adjustment may be deemed to be a change in estimate and the depreciation charge for the current and future periods should be adjusted.
- The change in estimate or useful lives will be captured and adjusted on the system when the change in estimate or useful lives form have been signed by custodian, approved by HOD and Authorised by CFO.

14. AMENDMENT OF ASSET USEFUL LIVES

The Chief Financial Officer will inform managers on assets in use but reached their useful life, for revision of estimated useful life.

The useful lives of assets will be reviewed at each reporting period, once per annum.

The revision of estimated useful life will be recommended by HOD of relevant department, approved by CFO, authorised by Municipal manager.

When any material amendment occurs the Chief Financial Officer shall inform the Council of the municipality of such amendment. Any amendments to the useful operating life shall be done in accordance with GRAP 3 Accounting policies, changes in accounting estimates and errors.

15. DEPRECIATION OF ASSETS

- All property, plant and equipment shall be depreciated except for land.
- Depreciation shall generally take the form of an expense, both calculated and debited against the appropriate line item of the department or vote against which the asset is used or consumed, and should be recognised as such.
- Depreciation of an item of property, plant and equipment, should be allocated

on a systematic basis over its useful life.

- Depreciation for plant or equipment used for construction of assets including roads shall be capitalised to that asset using the depreciation for that asset type used and period used in construction from technical services (job card).
- Depreciation for movable assets shall be charged from invoice date, when the asset is available for use.
- Depreciation for infrastructure assets will be charged from completion date.
- It should be noted that land normally has unlimited life therefore it is not depreciated, whilst buildings are.
- Intangible assets will be amortised based on useful lives table.

12.5 Method of Depreciation

The Chief Financial Officer shall depreciate all depreciable assets on the **straight-line method** of depreciation over the assigned useful operating life of the asset in question.

12.6 Rate of Depreciation

The Chief Financial Officer shall assign a useful operating life to each depreciable asset recorded on the municipality's asset register. In determining such a useful life the Chief Financial Officer shall adhere to the useful lives set out in Appendix "A" to this document.

In the case of an asset which is not listed in this annexure, the Chief Financial Officer shall determine a useful operating life, if necessary by the useful lives assigned in the annexure to the asset most closely comparable to the asset in question.

16. RESIDUAL VALUES

In terms of GRAP 17, the residual value of an asset is the estimated amount that the Municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Ngqushwa local municipality is using zero residual values for movable assets, except motor vehicles, 20% of cost price.

The residual value and the useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

17. DISCLOSURE REQUIREMENTS FOR PPE

Property, plant and equipment GRAP 17. 82 - 89 details the disclosure requirements for accounting purposes relating to PPE. The following aspects need to be disclosed:

- The measurement basis.
- Depreciation method/(s) used.
- Useful lives or depreciation rates.
- Gross carrying amount and accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period.
- Reconciliation of the carrying amount at the beginning and end of the period showing:
 - additions,
 - disposals,
 - acquisitions through business combinations,
 - increases or decreases during the period resulting from revaluations,

- reductions in the carrying amount (impairment losses),
 - impairment losses (if any) reversed,
 - depreciation, and
 - other movements.
- Existence and amounts of restrictions on the title for PPE pledged as security for liabilities. The amount of commitments for the acquisition of PPE.
 - The accounting policy for estimated costs of restoring the site of PPE.
 - When property is stated at revalued amount, the following shall be disclosed:
 - the basis used to revalue property,
 - the effective date of the revaluation,
 - whether an independent valuer was involved,
 - the nature of any indices used to determine replacement cost, and the revaluation surplus, indicating the movement for the period.
 - If applicable, the financial statements shall also disclose the following for each class of property, plant and equipment:
 - (a) the carrying amount of temporarily idle property, plant and equipment,
 - (b) the gross carrying amount of any fully depreciated property, plant and equipment that is still in use, and
 - (c) the carrying amount of property, plant and equipment retired from active use and held for disposal.

18. IMPAIRMENT

Impairment of assets is to be done in accordance with GRAP 17 and GRAP 26 Impairment of Assets. It will be the responsibility of the Chief Financial Officer together with Technical Services Manager at each reporting date consider whether there is an indication of a possibility of impairment for any asset.

- If there is an indication that an asset is impaired the Chief Financial Officer will be responsible to outsource impairment testing and calculations to

perform the task.

- Impairment testing and calculations will be done once a year.
- Impairment testing and conditional assets shall be done by 30 June for each financial year.
- When there's impairment indication, the Carrying Amount should be reduced to the recoverable amount.
- The amount of reduction should be recognised as an expense immediately.
- The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to recoverable amount on individual asset or group of identical assets.

19. INTERNAL CONTROLS

9.1 Asset register update

- The CFO should ensure that the asset register is maintained regularly for changes in asset location, condition, impairment, disposal and new asset purchased or donated.

19.2 Asset identification

- The municipal manager should ensure that the municipality maintains a fixed identification system which shall be operated in conjunction with its computerized fixed asset register (Pastel and Redbeam asset tracking.
- Fixed assets and inventory register should be maintained, and all fixed assets should be tagged for reference to fixed asset register.

19.3 Asset verification

19.3.1 Movable assets physical verification

- Movable asset count and conditional assessment will be done annually.

- Asset count report will be produced for each department, and inventory list will be done per office.
- Every HOD shall ensure that existence of items recorded on such inventory list verified from time to time, at least once a year.
- Asset not found during verification for period of 3 years shall be written off.

19.3.2 Immovable assets verification

- Conditional assessment and impairment on immovable assets will be done annually.

19.3.3 Conditional rating for all assets

CONDITION ASSESSMENT RATING	DESCRIPTION	ESTIMATED REMAINING LIFE
Very Good New	Sound structure or appearance, well maintained. Continue with planned maintenance.	As estimated
Good	Good Performance acceptable with minor deterioration (<5%). Normal planned maintenance continues.	As estimated
Fair	Fair Clearly evident deterioration (10-20%). Significant maintenance required, consider impairment.	Less than estimated
Poor	Poor Significant deterioration in structure or appearance. Significant impairment of performance.	Significantly less than estimated

	Significant maintenance required.	
Very poor	Does not perform. Reconstruction or replacement required (>50% needs replacement).	Need to be replaced

19.3.4 Safeguarding of assets

- Every HOD shall be responsible for physical safekeeping of assets in their department.
- All assets should be kept in a secure location, maintained regularly, insured and used efficiently.

19.4 Movement of assets

- Asset disposal, theft, damage, movement, impairment or any change in nature of asset must be approved by means of relevant form and update CFO.
- Responsible custodian will sign off for asset under his/her custody by means of inventory list, any changes to list must be communicated with CFO.

20. INSURANCE OF ASSETS

- The municipal manager shall ensure that all movable assets are insured at least against fire and theft, and all municipal buildings are insured at least against fire and allied perils.
- All insured assets shall be handled in terms of the Municipality's Insurance Policy as agreed with the Insurance Brokers.

- The municipal manager shall recommend to council of Ngqushwa Local Municipality, after consulting with CFO, the basis of the insurance to be applied to each type of fixed asset, either the carrying value or replacement value of fixed asset concerned depending on budgetary resources.
- It is the responsibility of the HOD to ensure that the purchased capital asset has been covered for insurance purposes before it is used by the respective department.

21. COMMENCEMENT OF THIS POLICY

This policy will come into effect on the date of adoption by Council

22. INTERPRETATION OF THIS POLICY

- All words contained in this policy shall have an ordinary meaning attached thereto, unless the definition or context indicates otherwise
- Any dispute on interpretation of this policy shall be declared in writing by any party concerned
- The Office of the Municipal Manager shall give a final interpretation of this policy in case of a written dispute
- If the party concerned is not satisfied with the interpretation, a dispute may then be pursued with the South African Local Government Bargaining Council or Arbitration.

23. MONITORING, EVALUATION AND REPORTING

A report detailing the progress with the implementation of Asset Management Policy with specific reference to achievement of this policy has to be compiled every year by the person with the responsibility for implementation and monitoring.

The policy must be made available to all consulting parties for perusal and comment and must be circulated to all staff members by means of circulars, notices and notice boards.

24. COMMUNICATION

Circulars, messages, workshops and notices on notice boards will be utilized in order to inform all employees of the availability of the policy. Copies of the policy will also

be distributed to the parties that took part in the consultation process

25. REVIEWAL OF THE POLICY

It will be the responsibility of the Corporate Services Department to consider the provisions of this policy on annual basis. The Corporate Services Department shall request all Departments to submit their proposed changes for submission to Council for approval.

26. ADOPTION AND APPROVAL OF THE POLICY BY COUNCIL

This policy is adopted and approved by the full Ngqushwa Local Municipality Council for implementation

Effective from (Date) 01 July 2018

Approved by Resolution Number 6.3 on this day 30 of May 2018.

27. SUPPORTING DOCUMENTS

APPENDIX A

ASSET ESTIMATED USEFUL LIVES IN YEARS

The MFMA — Local Government Capital Asset Management Guideline, issued by National Treasury, was used as a basis of determining the useful lives except if otherwise indicated.

CATERGORY OF ASSETS	ASSET LIFE IN (YEARS)
ELECTRICITY INFRASTRUCTURE	
<i>Equipment:</i>	
High mast lighting	20-25
Generator	7-10
Streetlights	11-20 years

ROADS INFRASTRUCTURE (based on Engineering Advice Services reports [EAS])	
Paved	30-35
Graded	5-10
Graded – Surface	3-10
Graded structure	3-10
Tracks	1
Traffic Lights	10-15
Street lightning	11-30
Overhead bridges	30-35
Storm Water drains	25-30
Culverts	20-30
ROAD FURNITURE	
Road marking	5-10
Speed hump	20-25
Traffic island	20-25
Traffic signs	7-10
Traffic signal	15-20
SECURITY MEASURES	
Photographic equipment	5-8
Fire Fighting equipment	5-8
Radio equipment	5-8
Fire arms	5-8
COMPUTERS	
Computer hardware	3-5
Networks	5-7
FURNITURE AND FITTINGS	
Office furniture	7-10
Office fittings	7-10
OFFICE EQUIPMENT	

Air conditioners	5-8
Electrical appliances	5-8
PLANT AND EQUIPMENT	
Grader	7-10
Roller	7-10
TLB	7-10
MAINTENANCE EQUIPMENT	
Trailers and accessories	7-10
Other maintenance equipment	7-10
MOTOR VEHICLES	
Motor vehicles	3-5
Trucks	5-8
Tractor	5-8
INTANGIBLE ASSETS	
Traffic system	5-8
Computer software	5-8
Other intangibles	5-8
LAND AND BUILDINGS	
Land	100 years (not depreciable)
Buildings	8-30 Years
Investment properties	Not depreciable
Fencing	9-30
Other assets	5-10
Minor assets	Fully depreciated/1 year
WIP	Not depreciated
HERITAGE ASSETS	NOT DEPRECIATED

LAND	NOT DEPRECIATED
PARKS AND RECREATION	
Cemetery fencing	5-10
Sports ground cricket net	7-10
Cemetery ground area	31-80
Sports field playing surface	7-10
Sports pavilion seats	8-15
Sports ground lights	8-20
Park fencing	9-15
Basketball, Netbal, courts	18-25
Sports field Tuck shop	23-30
Park tables	23-30
Park chairs	38-45
Sports field building	26-30
Sports field gate house, and change rooms	30-40
Combi court	31-40
Sports Fields sand pitch	31-40
Sports ground wall	33-40
Sports ground ticket office	33-45
Sports ground change rooms	33-40
Sports ground toilets	30-45
Sports ground store room	35-40
Sports soccer field	31-40
Park area	41-50

APPENDIX B: ASSET MANAGEMENT FORMS

NGQUSHWA LOCAL MUNICIPALITY



ASSET WRITE OFF FORM

REQUEST DATE:

DEPARTMENT:

ASSET BARCODE:

ASSET DESCRIPTION:.....

ASSET LOCATION :

CLASSIFICATION OF ASSET.....

ASSET CONDITION :.....

REASON FOR WRITE OF REQUEST.....

.....

REQUESTING OFFICIAL

NAME AND SURNAME :

SIGNATURE:

HOD RECOMMENDATION

NAME AND SURNAME.....

SIGNATURE

WRITE OFF APPROVAL(CFO)

NAME AND SURNAME:

POSITION:

SIGNATURE:.....

MM AUTHORISATION

NAME AND SURNAME:

SIGNATURE:.....

**CHANGE UPDATED ON ASSET REGISTER BY BUDGET AND TREASURY
OFFICE:**

.....
.....
.....

NGQUSHWA LOCAL MUNICIPALITY



ASSET REMOVAL FORM

REQUEST DATE:

DEPARTMENT:

CLASSIFICATION OF ASSET:

ASSET BARCODE:

ASSET DESCRIPTION:

ASSET LOCATION :

ASSET CONDITION :

REASON FOR REMOVAL:

.....

REQUESTING OFFICIAL

NAME AND SURNAME:

SIGNATURE:.....

HOD RECOMMENDATION

NAME AND SURNAME.....

SIGNATURE.....

.....

**CHANGE UPDATED ON ASSET REGISTER BY BUDGET AND TREASURY
OFFICE:**

.....

.....

NGQUSHWA LOCAL MUNICIPALITY



ASSET DECLARATION FORM

ASSET DESCRIPTION:

SERIAL NUMBER:

NAME OF USER:

ASSET LOCATION:

ROOM NUMBER:

ESTIMATED REMOVAL DATE:

REASONS FOR KEEPING THE ASSET IN MUNICIPAL PREMISES:

.....
.....
.....
.....
.....

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

SIGNATURE:

DATE:

APPROVED BY SUPERVISOR/HOD:

DATE:.....

DECLARATION: I,**the Asset Control Officer, agree that Ngqushwa Local Municipality is not the owner of the abovementioned asset.**

SIGNATURE:

DATE:

APPROVED BY CFO:

DATE:

NGQUSHWALOCALMUNICIPALITY



DONATED ASSET DECLARATION FORM

DATE RECIEVED:

ASSET BARCODE:

CLASSIFICATION OF ASSET:

ASSET DESCRIPTION:

DEPARTMENT:

ASSET LOCATION :

ASSET CONDITION :

DONOR'S **NAME:**

.....

DONOR'S **CONTACT** **DETAILS** **(ADDRESS,** **TEL/CELL):**

.....

.....
CONDITIONS FOR DONATION:

.....
.....
.....
.....
.....
.....
.....

RECIEVING OFFICIAL NAME AND SURNAME.....

SIGNATURE:.....

I declare that the above asset was received from the above donor, and was donated to the municipality , risks and rewards are transferred to Ngqushwa Local Municipality. YESNO

The asset is not tranfered to the municipality, the owner is responsible for risk and will not hold Ngqushwa Local Municipality liable for loss or damages. YESNO

SUPERVISOR/HOD APPROVAL

NAME AND SURNAME

SIGNATURE

ASSECT CONTROL OFFICER SIGNATURE:.....

APPROVAL(CFO)

NAME AND SURNAME:

SIGNATURE:

DATE:

NGQUSHWA LOCAL MUNICIPALITY



ASSET HANDOVER FORM

ASSET DESCRIPTION:

ASSET BARCODE:

ASSET SERIAL NUMER:

CLASSIFICATION OF ASSET:

ASSET CONDITION:

DEPARTMENT NAME	
DEPARTMENT / LOCATION	
ROOM NAME	
ROOM BARCODE	
CUSTODIAN NAME	
CUSTODIAN SIGNATURE	
HOD NAME	
SIGNATURE	
(CONDITIONAL ASSESSMENT BY I.T.UNIT)IF COMPUTER EQUIPMENT	
SIGNATURE	

**CHANGE UPDATED ON ASSET REGISTER BY ASSET CONTROL
OFFICER:.....**

DATE UPDATED

NGQUSHWA LOCAL MUNICIPALITY



ASSET DISPOSAL FORM

REQUEST DATE: _____

DEPARTMENT: _____

ASSET BARCODE: _____

ASSET DESCRIPTION: _____

ASSET LOCATION: _____

CLASSIFICATION OF ASSET: _____

SUGGESTED METHOD OF DISPOSAL: _____

ASSET CONDITION: _____

REASON FOR DISPOSAL REQUEST: _____

REQUESTING OFFICIAL

NAME AND SURNAME: _____

SIGNATURE: _____

HOD RECOMMENDATION

NAME AND SURNAME: _____

SIGNATURE: _____

DISPOSAL APPROVAL (CORPORATE)

NAME AND SURNAME: _____

SIGNATURE: _____

MUNICIPAL MANAGER'S APPROVAL

NAME AND SURNAME: _____

SIGNATURE: _____

CHANGE UPDATED ON BY BUDGET AND TREASURY OFFICE:

NGQUSHWA LOCAL MUNICIPALITY



ASSET VERIFICATION/CLEARANCE FORM

ASSET DESCRIPTION	ASSET NUMBER	SERIAL NUMBER	CONDITION OF ASSET

NAME OF RESIGNING OFFICIAL

SIGNATURE OF RESIGNING OFFICIAL

LOCATION:

NAME OF SECTION HEAD/SUPERVISOR.....

SIGNATURE OF SECTION HEAD/ SUPERVISOR.....

NAME OF H.O.D.....

SIGNATURE OF H.O.D.....

DATE:

APPROVED: YES.....NO.....

NGQUSHWA LOCAL MUNICIPALITY



ASSET LOSS REPORT FORM

A.DETAILS RELATING TO PERSON REPORTING EVENT

NAME:

POSTION:

DATE OF LOSS:

TIME REPORTED:am/pm

DATE REPORTED:

B.DETAILS OF EVENTS

DATE:

TIMEam/pm

PLACE

NATURE OF EVENT (e.g. Burglary, fire, etc.):

BRIEFCOMMENT:

.....
.....
.....
.....

DESTRPTION OF: property, lost or damaged as a result of event:

.....
.....
.....

ESTIMATED COST FOR REPLACEMENT OF LOST OR DAMAGED ASSET:

R.....

C. Details of action taken

REPORTED FOR FIRE BRIGADE yes/no

TIME

STATION

REPORTED TO POLICE AUTHORITIES:.....yes/no

TIME

STATION:

REPORTED TO SECURITY SERVICES: yes/no.

NAME:

TIME:

REPORTED TO ADMINISTRATION MANAGER /yes/no :

NAME:

TIME:

ANY OTHER DETAILS AVAILABLE (eg Police Incident No etc.) :

.....

.....

.....

SIGNED:

DATE:

NGQUSHWA LOCAL MUNICIPALITY



NEW ASSET FORM (MOVABLE ASSETS)

ASSET DESCRIPTION:.....

CATEGORY:.....

ESTIMATED COSTS FOR:.....

PURCHASE PRICE:.....

DELIVERY AND INSTALLATION:.....

TRANSFER COSTS:.....

LICENCING FEES:.....

SPECIAL LICENCING:.....

INSURANCE COSTS (10% OF PURCHASE PRICE):.....

TYPE OF PURCHASE: CASH.....LEASE.....HIRE..... PURCHASE.....

OTHER COSTS NEEDED FOR THE ASSETS TO BE IN USE:.....

DRIVER:.....

PETROL,OIL,BRAKE	FLUIDS	PER
ANNUM.....		

.....
.....

SERVICE COSTS PER ANNUM.....

SOFTWARE COSTS.....

TRACKING DEVICE PER ANNUM.....

**REPAIRS AND MAINTAINANCE COSTS PER
ANNUM.....**

TYRES.....

**EXTENDED WARRANTY AFTER EXCEEDING INITIAL
WARRANTY.....**

PARTS FOR REPAIRS:.....

**OTHER REQUIREMENTS NEEDED FOR THE ASSET TO BE IN USABLE
STATE.....**

.....

.....

.....

NGQUSHWA LOCAL MUNICIPALITY



NEW INFRASTRUCTURE ASSET COMPONENTISATION FORM

PROJECT NUMBER:.....

PROJECT TYPE.....New construction.....Addition...Rehabilitation.....

PURCHASE TYPE:Construction.....Acquisition.....

DESCRIPTION OF THE PROJECT:.....

PROJECT NAME:

WARD NAME:.....

PROJECT ADDRESS:.....

DIMENSIONS: LENGTH,HEIGHT,WIDTH,DIAMETER.....

GPS Co ordinates latitude.....

GPS Co ordinates longitude.....

FORM OF ACQUISITION:.....

Newly constructed

Acquired:

Rehabilitated (Yr. Built _____)

SOURCE OF FUNDING: MIG Equitable shares...Internal Funding...

Total Project Cost:

Insurance Property insurance(coverage amount)

Restrictions to use the asset.....

Repairs and maintenance costs per annum.....

Rehabilitation costs.....

OTHER COSTS INVOLVED: CONSULTANT, DESIGN RESEARCH COSTS.....

Developed By:

Chief Financial Officer.....

Signature.....

Date.....

Recommended By:

Municipal Manager /Accounting Officer.....

Signature.....

Date.....

Authorised By:

Mayor.....

Date.....

Record of policy review

Date policy issued	Date of review	Reason for review	Additional comments
July 2012			New policy
	July 2013	Incorporate new changes of GRAP	
	July 2014	Incorporate new changes of GRAP	
	July 2015	Incorporate new changes of GRAP	
	February 2017	Incorporate new changes of GRAP	