



ASSETS MANAGEMENT POLICY

2024/2025

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

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TABLE OF CONTENTS

PART 1 – GENERAL - 1 -

DEFINITIONS - 1 -

OBJECTIVE OF ASSET MANAGEMENT POLICY - 2 -

ASSET MANAGEMENT PRINCIPLES - 2 -

STATUTORY AND REGULATORY FRAMEWORK - 3 -

PART 2 – ROLES AND RESPONSIBILITIES - 4 -

PART 3 - DEFINITION OF A FIXED ASSET - 9 -

PART 4 – ASSET LIFE CYC - 9 -

PART 5 - FORMAT OF FIXED ASSET REGISTER - 12 -

PART 6 - CLASSIFICATION OF FIXED ASSETS - 13 -

PART 7 - CAPITALISATION CRITERIA AND CONSIDERATIONS - 16 -

PART 8 - FIXED ASSETS TREATED AS INVENTORY - 20 -

PART 9 - RECOGNITION OF DONATED ASSETS - 20 -

PART 10 - SAFEKEEPING OF ASSETS - 20 -

PART 11 - IDENTIFICATION OF FIXED ASSETS - 22 -

PART 12 - PROCEDURE IN CASE OF LOSS, THEFT, DESTRUCTION, OR IMPAIRMENT OF FIXED ASSETS - 22 -

PART 13 - CAPITALISATION CRITERIA: REINSTATEMENT, MAINTENANCE, OTHER EXPENSES AND REFURBISHMENT. - 22 -

PART 14 - MAINTENANCE PLANS - 24 -

PART 15 - DEFERRED MAINTENANCE - 25 -

PART 16 - GENERAL MAINTENANCE OF FIXED ASSETS - 25 -

PART 17 - DEPRECIATION OF FIXED ASSETS - 26 -

PART 18 - RATE OF DEPRECIATION.....	- 26 -
PART 19 – ASSESSMENT OF DEPRECIATION METHODS AND ASSUMPTIONS	- 27 -
PART 20 - AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF FIXED ASSETS.....	- 27 -
PART 21 - IMPAIRMENT OF ASSETS	- 28 -
PART 22 - IMPAIRMENT OF ASSETS UNDER CONSTRUCTION.....	- 30 -
PART 23 - VERIFICATION OF FIXED ASSETS	- 30 -
PART 24 - DISPOSAL OF FIXED ASSETS	- 31 -
PART 25 - OTHER WRITE-OFFS OF FIXED ASSETS.....	- 32 -
PART 26 – RESIGNATION OF OFFICIALS	- 33 -
PART 27 – mSCOA.....	- 33 -
PART 28 - INSURANCE OF FIXED ASSETS	- 33 -
PART 29 – COMPILATION OF THE FIXED ASSET REGISTER.....	- 35 -

APPENDIX PAGE

NO.	ITEM	PAGE NO.
1	ANNEXURE 1- Asset Useful lives guideline	40 - 52
2	ANNEXURE 2 - Asset Acquisition Form (AAF)	53
3	ANNEXURE 3- Asset Sales / Scrapping Form (ASSF)	54
4	ANNEXURE 4 - Asset Transfer Form (ATF)	55 - 56
5	ANNEXURE 5 – Examples of Motor Vehicles as per VAT Act	57
6	ANNEXURE 6 – Asset Tag Sheet	58
7	ANNEXURE 7: PARAPHRASE OF SECTION 14 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 2003	59

PART 1 – GENERAL

DEFINITIONS

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

BACKGROUND

- 1.1. The utilization and management of property, plant, and equipment is the prime mechanism by which a municipality can fulfil its constitutional mandates for:
 - a) Delivery of sustainable services,
 - b) Social and economic development,
 - c) Promoting safe and healthy environments and,
 - d) Providing the basic needs to the community.
- 1.2. As trustees on behalf of the local community, the municipality has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in property, plant, and equipment.
- 1.3. The asset management policy deals with the municipal rules required to ensure the enforcement of appropriate stewardship of property, plant, and equipment.
- 1.4. Stewardship has two components:
 - a) Financial administration by the chief financial officer, and
 - b) Physical administration by the asset managers (General Managers of relevant departments).
- 1.5. Statutory provisions are being implemented to protect public property against arbitrary and inappropriate management or disposal by a local government.
- 1.6. Accounting standards are being promulgated by the Accounting Standards Board to ensure the appropriate financial treatment for property, plant, and equipment. The requirements of these new accounting standards include: -
 - a) The compilation of asset registers covering all property, plant, and equipment controlled by the municipality.
 - b) Accounting treatment for the acquisition, disposal, recording, and depreciation of property, plant, and equipment.
- 1.7. The standards to which these financial records must be maintained.

OBJECTIVE OF ASSET MANAGEMENT POLICY

- 1.8. The principal objective of asset management is to enable the Municipality to meet its service delivery objectives efficiently and effectively.
- 1.9. Effective asset management also makes the most of the service potential of assets by ensuring they are appropriately used and maintained.
- 1.10. To ensure that all responsible parties are aware of their roles and responsibilities regarding the assets of the municipality. It focuses attention on results by clearly assigning responsibility, accountability, and reporting requirements.
- 1.11. To set out the accounting treatment for assets acquired and used by the Municipality; and
- 1.12. To prescribe the administrative guidelines and internal control procedures to be followed by persons in control of Municipal assets.

ASSET MANAGEMENT PRINCIPLES

- 1.13. 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.
- 1.14. The principal objective of asset management is to enable the department to meet its service delivery objectives efficiently and effectively by achieving the best possible match of assets with program delivery strategies.
- 1.15. **Five Asset Management Principles**
 - a) Service delivery needs are to guide asset practices and decisions: The Department is to undertake asset management activities within a strategic framework that is driven by programme and service delivery needs.
 - b) Asset planning and management are to be integrated with strategic plans, business plans, and budgetary and reporting processes.

- c) Planning, budgeting for, and reporting on assets are to be integrated with broader planning processes, within the department and between central and other departments.
- d) **Asset management decisions are to be based on evaluations of alternatives that consider full life cycle costs, benefits, and risks of assets:** Capital expenditure decisions are to be based on rigorous and documented economic appraisals of options that include financial as well as non-financial parameters. The economic appraisals should be evaluated by a party other than the promoter of the project.
- e) **Ownership, control, accountability, and reporting requirements for assets are to be established, clearly communicated, and implemented:** Ownership and control of all assets are to be fully defined. Accountability and reporting requirements for both ownership and control are to be determined and communicated.

1.16. Asset management activities are to be undertaken within an integrated Government asset management policy framework:
The department's asset management is to be based on best practices in government and industry and on government policy.

1.17. Effective implementation of the principles of asset management will address program costs in terms of:

- a) reduced demand for new assets and saves money through demand management techniques and the adoption of 'non-asset' service delivery options.
- b) maximizing the service potential of existing assets by ensuring they are appropriately used and maintained.
- c) lowering the overall cost of owning assets and achieving greater value for money through economic evaluation of options that consider life cycle and full costs, value management techniques, and private sector involvement; and
- d) ensuring a sharper focus on results by establishing clear accountability and responsibility for assets.

STATUTORY AND REGULATORY FRAMEWORK

1.18. This policy complies with all relevant legislative requirements including:-

- a) The Constitution of the Republic of South Africa, 1996;
- b) Municipal Structures Act, Act 117 of 1998;
- c) Municipal Systems Act, Act 32 of 2000;
- d) Division of Revenue Act (enacted annually);
- e) Municipal Finance Management Act, Act 56 of 2003.

- 1.19.** This policy must comply with the standards specified by the Accounting Standards Board. The relevant currently recognized accounting standards include:
- a) GRAP 13 - Leases (Specifically Finance leases).
 - b) GRAP 16 - Investment Properties.
 - c) GRAP 17 - Property, Plant and Equipment.
 - d) GRAP 21 - Impairment of Non-cash-generating Assets.
 - e) GRAP 26 - Impairment of Cash-generating Assets.
 - f) GRAP 27 - Agriculture.
 - g) GRAP 31 - Intangible assets; and
 - h) GRAP 103 - Heritage assets.
- 1.20.** This policy does not overrule the requirement to comply with other policies such as Supply Chain Management or Budget policies.

PART 2 – ROLES AND RESPONSIBILITIES

2.1 Role of the Municipal Manager

2.1.1. The Municipal Manager, being the accounting officer of the Municipality, is responsible for the following in terms of section 63 of the Municipal Finance Management Act (Act No. 56 of 2003):

- a) The assets of the municipality, including the safeguarding and maintenance of those assets.

2.1.2. Ensure that the municipality has and maintains a management, accounting, and information system that accounts for the assets of the municipality.

- a) Ensure that the municipality's assets are valued in accordance with the Standards of Generally Recognized Accounting Practice (GRAP); and
- b) Ensure that the Municipality maintains a system of internal control of assets, including an asset register.

2.1.3. Therefore, the Municipal Manager must be the accounting officer of all the Municipal assets.

2.2 Role of the Chief Financial Officer (CFO)

The Municipal Manager has duly delegated the following duties to the Chief Financial Officer in terms of section 79(1) (b) (ii) of the MFMA:

- a) ensure that all acquisitions of assets are in accordance with the Supply Chain Management Policy.

- b) ensure that council assets are accounted for in accordance with Generally Recognized Accounting Practice (GRAP)
- c) ensure that the general ledger is reconciled to the fixed asset register.
- d) review the reconciliation between the general ledger and the fixed asset register; and
- e) provide the Auditor-General or his personnel, on request, with the financial records relating to assets belonging to Council as recorded in the general ledger.

2.3. General Managers

- a) Shall ensure that employees in their departments adhere to the approved Asset Management Policy.
- b) Shall ensure that an assets coordinator with delegated authority has been nominated to implement and maintain physical control over assets in the department. The Asset Management Section must be notified of who the responsible person is. Although authority has been delegated the responsibility to ensure adequate physical control over each asset remains with the general manager.
- c) Shall ensure that employees who contravene the operational procedure or who use the council assets negligently and for their gain are disciplined accordingly.

2.4 Senior Managers responsible for Infrastructure Assets.

- a) Shall ensure that a maintenance policy is approved and properly implemented.
- b) Shall develop a maintenance plan for the infrastructure assets for their section.
- c) Shall ensure that their departments have implemented operational procedures for example, operators and drivers must have the necessary qualifications and valid driver's licenses, only personnel for the electricity department are allowed to the electricity substations, etc.
- d) Shall ensure that assets are properly maintained in accordance with the maintenance policy.
- e) Shall ensure that the assets of the council are not used for private gain.
- f) Shall ensure that all their movable assets as reflected on the Fixed Asset Register and are bar-coded where possible.
- g) Shall ensure that the Asset Management Section is notified of any changes in the status of the assets under the department's control.
- h) Shall certify in writing that they have assessed and identified impairment losses on all assets at year-end.

- i) Shall ensure that all obsolete and damaged asset items, accompanied by the relevant asset form and attached disposal forms, are handed into the Asset Management Section without delay.
- j) Shall ensure that the correct cost element and description are being used before authorizing any requisitions.
- k) Shall assist during the annual physical verification of infrastructure assets including the land and building.
- l) Shall develop an infrastructure assets management plan for their departments such as Roads and stormwater, Sanitation, Solid waste, electricity supply, Properties, and community facilities.
- m) Shall provide asset management section with documents to enable unbundling of WIP completed projects.
- n) Shall ensure accuracy of retention calculation before processing the payment.
- o) Shall keep a register of all ongoing projects, with contract value and expenditure as well as any variations issued on the projects.
- p) Shall keep a register that records all movements, replacements, damaged and new acquisitions of infrastructure assets, this register should include fields for asset bar code, location, serial number, and condition.
- q) Shall immediately inform the asset management section of any changes in the above register to ensure an updated fixed asset register is kept.
- r) Shall confirm completion of ongoing WIP projects with the asset management section on a monthly basis.

2.5 Role of the Manager Assets and Stores - Asset Management

- a) This division must be the asset registrar of the Municipality and must ensure that a complete, accurate, and up-to-date asset register is maintained.
- b) No amendments to the asset register must be made other than those authorized by the Manager Asset and Stores, and GM: Accounting and Assets or the Chief Financial Officer.
- c) Implementing and maintaining a centralized asset register.
- d) Appropriate systems of physical management and control are established and carried out for all assets.
- e) The municipal resources assigned to them are utilized economically and transparently.
- f) Proper accounting processes and procedures are implemented in conformity with the municipal financial policies and the MFMA to produce reliable data for inclusion in the municipal asset register.
- g) Any unauthorized, irregular, fruitless, or wasteful utilization and losses resulting from criminal or negligent conduct are prevented.

- h) The asset management systems, processes, and controls can provide an accurate, reliable, and up-to-date account of assets under their control.
- i) They can manage the asset plans, budgets, purchasing, maintenance, and disposal decisions and justify that they optimally achieve the municipality's strategic objectives.
- j) Manage the asset life-cycle transactions to ensure that they comply with the plans and legislative municipal requirements; and
- k) The asset manager may delegate or otherwise assign responsibility for performing these functions, but they will remain accountable for ensuring that these activities are performed.

2.6 Role of Budget and Treasury Department and Financial Accounting Division

- a) Ensure that a clear description is provided with each project and the appropriate funding source is identified. Release capital funds only after receiving written authority and a clear and concise description of the item to be purchased.
- b) Ensure that any changes in the capital budget, with regards to funds transferred or project description changes are communicated to the Asset Management Division; and
- c) Ensure that the calculation of depreciation is performed, and details required for processing financial records to be obtained from the Asset Management Division.
- d) Ensure that only capital expenditure is used for capital votes.
- e) Shall invite and include the asset management section on asset budget-related matters.

2.7. Role of the Expenditure Division

- a) Ensure that invoices authorized for payment are matched to the goods received note before processing such payment.
- b) Inform/Alert asset section of capital expenditure invoices before processing the payment. This is to alert the asset management section of new capital additions.
- c) Shall inform the Asset Manager of any recoveries/deductions due to unreturned assets. This will enable the asset section to correctly account for such assets on the accounting records and asset register.

2.8. Role of the Supply Chain Management Division

- a) Ensure that correct procedures are followed in asset acquisitions as per the Municipalities Supply Chain Management Policy; and

- b) The Specification Committee, Evaluation Committee, and Adjudication Committee must comply with and be constituted in accordance with the Supply Chain Management Policy.
- c) Submit the minutes or appointment letters to the asset management section for capital projects.
- d) Shall submit the latest updated contracts register to the asset management section every month.
- e) Shall inform asset management of new capital appointments every month.

2.9 Role of the Managers - Human Resources

- a) Ensure that no monies are paid out on termination of service of an employee without receiving the relevant asset resignation form signed off by the relevant Manager Assets and Stores.
- b) Ensure that every asset resignation form is counter-signed by the Chief Financial Officer and Manager Assets and Stores before processing the termination of service of an employee.
- c) Upon resignation of any municipal employee, shall ensure that all assets registered under this custodian are returned to the Asset Management Section. This is to ensure the safeguarding and control of municipal assets. Failure by the custodian to adhere to the above, HR shall inform the asset section and further request the Fair Value of the asset to start implementing the reimbursement process of the un-retained asset.

2.10 Role of the Managers - Human Settlements

- a) To keep a register of all properties and houses under their custody and provide Asset Management with such information as and when needed.
- b) Confirm completed ongoing WIP projects with asset management monthly basis.
- c) Provide the asset management section with supporting documentation of such completions to enable capitalization.

2.11 All other Department Managers

- a) Ensure that all employees in their departments adhere to the approved Asset Management Policies and Procedures.
- b) An employee with delegated authority has been nominated to implement and maintain physical control over assets in the Department. The Asset Management Division must be notified of who the responsible person is.

- c) Although authority has been delegated, the responsibility to ensure adequate physical control over each asset remains with the Department Manager of that Unit.
- d) The assets of the municipality are not used for private gain.
- e) All movable assets as reflected on the asset register and the Department Items listing are bar coded.
- f) Certification has been provided in writing that they have assessed and identified impairment losses on all affected assets at year-end.
- g) All obsolete and broken assets are reported and accompanied by the relevant asset form and attached asset disposal form and are handed into the Asset Management Division
- h) The correct cost element and description are being used before authorizing any requisitions.

PART 3 - DEFINITION OF A FIXED ASSET

3.1. A fixed asset is an asset, either movable or immovable, tangible or intangible, under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year.

3.2. Further, the asset shall comply with the recognition criteria stipulated in one of the following accounting standards:

- a) Property, Plant, and Equipment (GRAP 17), See part 5 below for additional information on sub-categories.
- b) Leased assets (GRAP 13) (Assets that are held under a finance lease)

3.3. Investment Property (GRAP 16)

- a) Investment Assets (resources held for capital or operational gain)

3.4. Intangible Assets (GRAP 31)

- a) Intangible Assets (assets without physical substance held for ordinary operational resources)

3.5. Heritage Asset (GRAP 103)

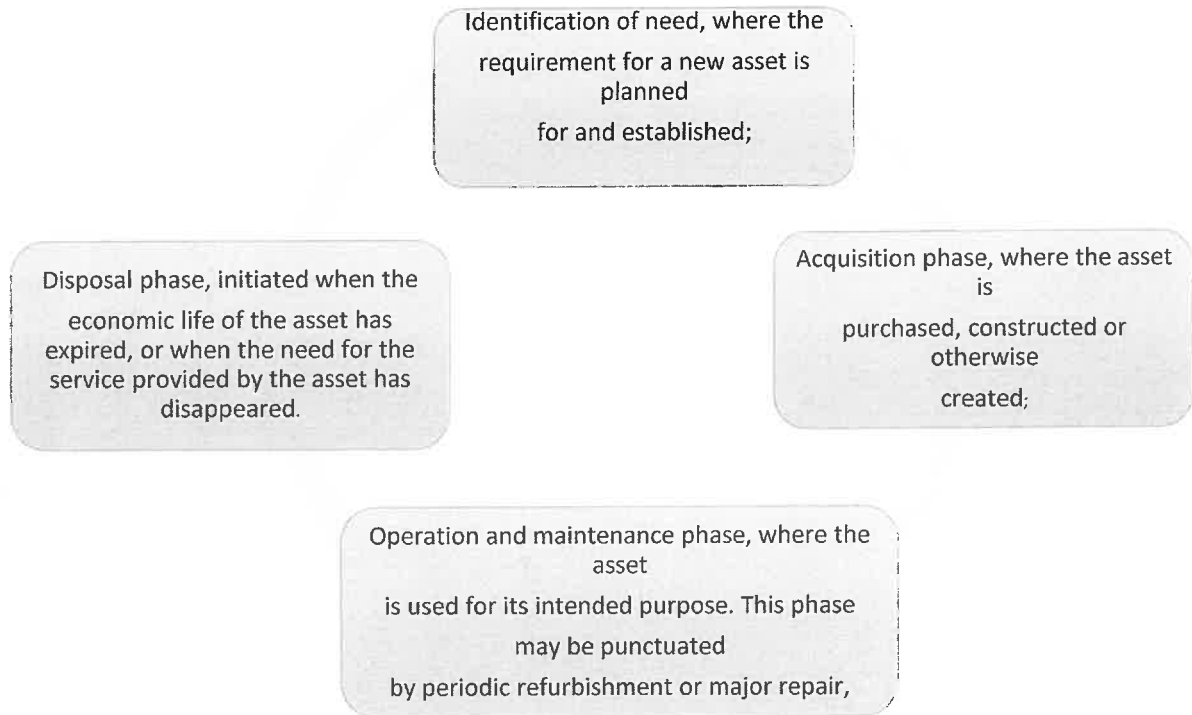
- a) Heritage Assets (assets of cultural, environmental, historical, natural, scientific, technological, or artistic significance)

3.6. To be recognised as a fixed asset, an asset must also meet the criteria referred to in part 13 below.

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

PART 4 – ASSET LIFE CYCLE

4.1. The phases through which an asset passes during its life are:



4.2. **Planning**

- a) Planning is an essential tool for achieving service delivery objectives using assets. The Department's asset management plans, decisions, and activities shall be fully integrated with the strategic business plans. Risk assessment and allocation must start at the planning stage. It will be necessary to continue to verify service needs throughout the planning process and it is important when estimating the useful life of an asset, its planned maintenance should also be considered during the planning stage.
- b) Before a capital project is included in the budget for approval, it is recommended that at least two Asset Management representatives be present to bring full awareness to the section of the new capital projects to be taken on, for that projected year.

4.3. Needs analysis.

- a) This is the starting point for asset management. Directorates must thoroughly examine the need for service and infrastructure provision and consider the full range of options for responding to it.

4.4. Budget Planning of funding for the asset

- a) Assets require the commitment of funding over their entire lives, which includes capital expenditure for their purchase or construction and recurrent expenditure for their ongoing maintenance and operation.
- b) The disposal value at the end of their service life must also be considered. Expenditure requirements must be covered by identified sources of funding.

4.5. Acquisition

- a) This section of the Policy regulates the internal procedure within the Municipality for the acquisition of Assets for municipal purposes.
- b) The Municipality may acquire municipal assets by purchase, expropriation, donation, or otherwise.
- c) Once the Assets have been acquired, they will be used for the municipal purpose for which it was acquired and recorded on the asset register.

4.6. Operational and maintenance phase

- a) Expenditures related to repairs or maintenance of property, plant, and equipment are made to restore or maintain the future economic benefits or service potential that a municipality can expect from the asset.
- b) Refurbishment of works does not extend functionality or the life of the asset but is necessary for the planned life to be achieved. In such cases, the value of the asset is not affected, and the costs of the refurbishment are regarded as operating expenses in the statement of financial performance.

4.7. Disposal

- a) It's a process by which an entity gives up control of an asset through decommissioning or selling.
- b) A capital asset should be derecognized from the financial records and

capital asset register on disposal when no future economic benefits or potential service delivery is expected from its existence.

PART 5 - FORMAT OF FIXED ASSET REGISTER

5.1. The fixed asset register shall be maintained in the format determined by the chief financial officer, which format shall be sufficiently detailed to provide the information needed to comply with the requirements of generally recognised accounting practice (GRAP) and any other accounting requirements which may be prescribed.

5.2. The fixed asset register shall reflect the following information:

- a) a brief but meaningful description of each asset
 - b) the date on which the asset was acquired or brought into use.
 - c) the location of the asset
 - d) the department(s) or vote(s) within which the assets will be used.
 - e) the title deed number, in the case of fixed property
 - f) the stand number, in the case of fixed property
 - g) where applicable, the identification number, as determined in
 - h) compliance with part 9 below
 - i) the original cost and the revalued amount (if applicable) are determined in compliance with statements of GRAP, or the fair value if no costs are available
 - j) accumulated depreciation to date
 - k) the depreciation charge for the current financial year the carrying value of the asset.
 - l) the method of depreciation if this is other than the straight-line method.
-
- m) the expected useful life and remaining useful life of each asset.
 - n) impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
 - o) the source of financing the current insurance arrangements (this may be kept in a separate register or schedule)
 - p) whether the asset has been used to secure any debt, and – if so – the nature and duration of such security arrangements (this may be kept in a separate register or schedule)

- q) the date on which the asset is disposed of
- r) the disposal prices.
- s) the date on which the asset is retired from use, if not disposed of.

5.3. All heads of department under whose control any fixed asset falls shall promptly provide the chief financial officer in writing with any information required to compile the fixed asset register and shall promptly advise the chief financial officer in writing of any material change which may occur in respect of such information.

5.4. A fixed asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, whereafter it shall be appropriately capitalised as a completed fixed asset.

5.5. A fixed asset shall remain in the fixed assets register for as long as it is in physical existence and represents future economic benefits to the municipality. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing off such an asset but may indicate an error in the application of GRAP.

PART 6 - CLASSIFICATION OF FIXED ASSETS

6.1. An asset hierarchy is adopted for PPE which enables separate accounting of parts (components) of the asset that are considered significant to the municipality from a financial point of view and for other reasons determined by the municipality, including risk management (in other words, taking into account the criticality of components) and alignment with the strategy adopted by the municipality in asset renewal (for example the extent of replacement or rehabilitation at the end of life).

6.2. In addition, the municipality may aggregate relatively insignificant items to be considered as one asset. The structure of the hierarchy recognises the functional relationship of assets and components.

6.3. In compliance with the requirements of the National Treasury, the chief financial officer shall ensure that all fixed assets are classified under the following headings in the fixed assets register, and heads of departments shall in writing provide the chief financial officer with such information or assistance as is required to compile a proper classification:

i) PROPERTY, PLANT AND EQUIPMENT

- a) land (not held as investment assets)
- b) buildings (which are occupied by municipal officials)

- c) community assets (resources contributing to the general well-being of the community)
- d) computer equipment,
- e) furniture and office equipment
- f) infrastructure assets (assets which are part of a network of similar assets)
- g) machinery and equipment
- h) motor vehicles
- i) other assets (should the above classes not be appropriate, and the asset or assets are not material; where the asset or assets are material, the chief financial officer shall propose a more appropriate category name)

ii) INTANGIBLE ASSETS

- a) Intangible assets are identifiable non-monetary assets without physical substance.
- b) Intangible assets will be treated in accordance with GRAP 31 and will separately be classified in the Statement of Financial Position. Intangible assets shall be valued at cost less any accumulated amortization and any impairment losses.

iii) INVESTMENT PROPERTY

- a) Investment property shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant, and equipment for purposes of preparing the municipality's statement of financial position.
- b) Investment property shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.
- c) Investment property shall be recorded in the fixed assets register in the same manner as other fixed assets, but a separate register shall be maintained for this purpose.

Procedures and Rules

- d) The Asset Management section shall ensure that investment assets are recorded in an Investment Property register.
- e) The Asset Management section shall ensure the recognition and measurement of Investment Property in terms of GRAP 16.

iv) LEASED ASSETS

- a) A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are categorized into finance and operating leases:
- b) A Finance Lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may or may not eventually be transferred. Where the risks and rewards of ownership of an asset are substantially transferred, the asset shall be recognized as an asset of the municipality and a liability recognized in accordance with GRAP 13 Leases.
- c) Where there is no substantial transfer of risks and rewards of ownership, the lease is considered an Operating Lease and payments are recognised as an expense in the Statement of Financial Position on a systematic basis.

Procedures and Rules

- d) Senior Managers shall ensure that all leased assets under their control are correctly accounted for and recognized as assets and safeguarded.
- e) The CFO must keep a lease register with all the information that is necessary for reporting purposes, for example, opening balance, acquisitions, disposals, transfers, depreciation, accumulated depreciation, etc.
- f) All leased assets are transferred to the correct category upon the expiry of the finance lease term if and only if the leased assets will be fully owned by the municipality after the expiry of the agreement.

v) HERITAGE ASSETS

- a) Heritage Assets will be treated in accordance with GRAP 103 and will be classified separately in the Statement of Financial Position and shall be valued at its cost less any accumulated impairment losses.
- b) Heritage assets shall not be depreciated as they are intended to be preserved indefinitely for future generations.

PART 7 - CAPITALISATION CRITERIA AND CONSIDERATIONS

7.1. The council must approve the capitalization threshold regularly.

Threshold	Capitalize /Expense
Cost/fair value \geq R5 000 (Excluding computers and IT equipment) Or such other amount as the Council of the municipality may from time to time determine on the recommendation of the Municipal Manager	Recognize as PPE, record on the asset register.
Cost/fair value $<$ R5 000 (Excluding computers and office equipment)	Recognize as an ordinary operating expense. Maintain an inventory register for all assets expensed as a result of being below the capitalization threshold.

7.2. PPE and Intangible Assets

- a) All PPE (excluding Land and Buildings) and intangible assets shall be carried in the asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation or amortisation in the case of intangible assets.
- b) Land and Buildings are carried at the Revaluation Model, being the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is carried out annually.
- c) When an asset is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
 1. Restated proportionately with the change in the gross carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued using applying an index to its DRC.
 2. Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

- d) The revaluation surplus is transferred to the Accumulated Surpluses/ (Deficits) Account on the de-recognition of an asset. An amount equal to the difference between the new (enhanced) depreciation expense and the depreciation expenses determined in respect of such asset before the revaluation in question may be transferred from the Revaluation Reserve to the municipality's Accumulated Surplus/Deficit Account. If this option is selected, an adjustment of the aggregate transfer is made at the end of each financial year.
- e) If an asset's carrying amount is increased as a result of a revaluation, the increase must be credited directly to a revaluation surplus. However, the increase must be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognized in surplus or deficit.
- f) If an asset's carrying amount is decreased as a result of a revaluation, the decrease must be recognized as surplus or deficit. However, the decrease must be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- g) The revaluation surplus included in net assets in respect of an item of property, plant, and equipment may be transferred directly to accumulated surpluses or deficits when the asset is derecognized.
- h) The original cost of an item of PPE or intangible assets may include:
1. Cost price;
 2. Financing costs (MFMA section 46(4));
 3. Import tax;
 4. Non-claimable purchase tax; and
 5. 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.
- i) When payment for an item of PPE or intangible assets is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments are recognized as an interest expense over the period of credit.
- j) When an item of PPE is acquired to be exchanged or partly exchanged for a dissimilar item of PPE or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional.

- k) Subsequent expenditure relating to an asset that has already been capitalized should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the Municipality.

7.3. Investment Property

- a) An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. The cost of purchased investment property includes all directly attributable expenditures (professional fees for legal services, property transfer taxes, and other transaction costs).
- b) When payment for an investment property is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.
- c) When investment property is acquired to be exchanged or partly exchanged for a dissimilar investment property or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the Council with due regard to the definition ascribed to fair value in paragraph 2 hereof.
- d) After initial recognition investment property will be measured at fair value. A gain or loss arising from a change in fair value shall be recognized as a profit or loss in the Statement of Financial Performance in the period in which it arises. The fair value of investment property shall reflect market conditions at the reporting date.
- e) In terms of GRAP 16 transfers to and from investment property shall be made when there is a use change.
- f) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- g) Commencement of development with a view to sale, for a transfer from investment property to inventories;
- h) End of owner-occupation, for a transfer from owner-occupied property to investment property; or

- i) Commencement of an operating lease to another party, for a transfer from inventories to investment property
- j) When an investment property is transferred to inventory or owner-occupied
- k) property, the property's deemed cost is the fair value of the property at the date of the use change.
- l) For a transfer from inventories to investment property, which will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in the Statement of Financial Performance.

7.4. Intangible Assets

- a) Assets that meet the criteria of GRAP 102 (Intangible Assets) shall be recognized at cost. An Intangible item shall be recognised as a fixed asset, acting in strict compliance with the criteria set out in GRAP 31 and the Chief Financial Officer may decide that specific items be recognised as Property, Plant, and Equipment where such intangible item forms an integral part of an item of Property, Plant, and Equipment.

7.5. Leased Assets

- a) These assets shall be recognised at the lower of the fair value of the leased asset or, the net present value of the minimum lease payments, each determined at the inception of the lease.
- b) Where the municipality is the lessor, the related assets shall be recognised as PPE or investment property and recognised and capitalized in terms of those asset categories.

7.6. Heritage Assets

- a) A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as of the date of acquisition.
- b) 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 a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the asset register without an indication of the costs or fair value concerned.
- c) For Statement of Financial Position purposes, the existence of such heritage assets shall be disclosed using an appropriate note.

PART 8 - FIXED ASSETS TREATED AS INVENTORY

8.1. Any land or buildings 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 by the municipality 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 (GRAP 12), and not included in either property, plant and equipment or investment property in the municipality's statement of position.

8.2. Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

8.3. Where spare parts, standby equipment, and servicing equipment do not meet the recognition criteria in terms of GRAP 17, they shall be recognized as inventory in terms of GRAP 12.

PART 9 - RECOGNITION OF DONATED ASSETS

9.1. Where a fixed asset is donated to the municipality, or a fixed asset is acquired using an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the fixed asset register at its fair value, as determined by the chief financial officer.

9.2. All the necessary documentation shall be submitted to the GM: Accounting and Asset to enable the capitalization of an asset.

PART 10 - SAFEKEEPING OF ASSETS

10.1. Every head of the department shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the department in question.

10.2. All departments shall appoint Asset Controllers within their offices to monitor and report the movement of all assets from one location to another and from one custodian to another. This person will inform/update the asset section about such changes.

10.3. The Head of the department (HOD) must approve all asset movements, which relate to the transfer of assets from one department/Section to the other.

10.4. When a directorate or department transfers an asset item interdepartmentally or within its department, the Asset Transfer Form must be forwarded to the department/location receiving the asset or inventory item. The asset movement form is signed by both the transferee user and the transferor.

10.5. When a department no longer requires the use of an asset it must be transferred to the Department's storage until it is required by another department or disposed of. This must be accompanied by a similar asset movement form for storage. The department is responsible for the logistics associated with removing the asset, in the form of human power and transportation from one location to the next.

10.6. In exercising this responsibility, every head of the department shall adhere to any written directives issued by the municipal manager to the department in question, or generally to all departments, regarding the control of or safekeeping of the municipality's fixed assets.

10.7. Section 78(e) of the Municipal Financial Management Act (Act no. 56 of 2003) determines each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the assets and liabilities of the municipality are managed effectively and that assets are safeguarded and maintained to the extent necessary. A senior manager or such official must perform the functions subject to the directions of the accounting officer of the municipality.

10.8. In case of theft or damage, the official shall report the incident to the nearest SAPS Station within 24 hours and to the Asset Section with a case number.

10.9. Such shall be submitted to the CFO for further investigation through the Loss Control Committee.

10.10. Officials in case of termination of work contract/ passed away, assets provided to them shall be submitted to the asset unit and sign acknowledgment letter through signing the termination of contract form approved by the Asset Manager and CFO

PART 11 - IDENTIFICATION OF FIXED ASSETS

11.1. The municipal manager shall ensure that the municipality maintains a fixed asset identification system, which shall be operated in conjunction with its computerised fixed asset register.

11.2. The identification system shall be determined by the municipal manager, acting in consultation with the chief financial officer and other heads of departments, and shall comply with any legal prescriptions, as well as any recommendations of the Auditor-General as indicated in the municipality's audit report(s), and shall be decided upon within the context of the municipality's budgetary and human resources.

11.3. Every head of the department shall ensure that the asset identification system approved for the municipality is scrupulously applied in respect of all fixed assets controlled or used by the department in question.

- a) The Finance department shall develop and implement an asset identification system while acting in consultation with Senior Managers.
- b) Senior Managers shall ensure that all the assets under their control are correctly identified.
- c) As far as practicable, all movable assets must be bar-coded or uniquely marked.
- d) Any serial numbers shall be recorded in the fixed asset register.
- e) Immovable assets must be identified using naming and numbering conventions that enable easy location of the assets in the field.

PART 12 - PROCEDURE IN CASE OF LOSS, THEFT, DESTRUCTION, OR IMPAIRMENT OF FIXED ASSETS

12.1. Every head of the department shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the chief financial officer, in cases of suspected theft or malicious damage – also to the South African Police Service.

PART 13 - CAPITALISATION CRITERIA: REINSTATEMENT, MAINTENANCE, OTHER EXPENSES AND REFURBISHMENT.

13.1. Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

13.2. Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

13.3. Expenses, which are reasonably ancillary to the bringing into operation of a fixed asset, may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, and installation, assembly, and communication costs.

13.4. In the case of refurbishment of any form of assets, the service provider must deliver old material to the municipality premises and subsequently submit a delivery note signed by the service provider and municipality-designated official before payment for such work done.

13.5. Where an asset is acquired through a non-exchange transaction (at no or nominal cost) for example in the case of donated or developer-created assets, its cost is deemed to be its fair value at the date of acquisition. In cases where it is impracticable to establish the cost of an item of PPE, such as on recognising PPE for which there are no records or records cannot be linked to specific assets, its cost is deemed to be its fair value and should the principles of GRAP 17 be applied to determine the fair value.

13.6. Fair Value

- a) Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
- b) Market-based evidence by appraisal can be used where there is an active and liquid market for assets (for example land and some types of plant and equipment). In the case of specialised buildings (such as community buildings) and infrastructure where there is no such active and liquid market, a depreciated replacement cost (DRC) approach may be used to identify the fair value.
- c) The appraisal of the fair value of assets is normally undertaken by a member of the valuation profession, who holds recognised and relevant professional qualifications and appropriate knowledge and experience in the valuation of the respective assets.

13.7. Depreciated Replacement Cost / Deemed Cost

- a) If no evidence is available to determine the market value in an active and liquid market of an item of property, the fair value of the item may

be established by reference to other items with similar *characteristics*, in similar circumstances and locations.

- b) In many cases, the depreciated replacement cost of an asset can be established by reference to the buying price of a similar asset with similar remaining service potential in an active and liquid market. In some cases, an asset's reproduction cost will be the best indicator of its replacement cost.
- c) For example, in the event of loss, a building may be reproduced rather than replaced with alternative accommodation because of its significance to the community.

13.8. Self-constructed Immovable PPE

- a) Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality.
- b) All assets that are constructed by the municipality should be recorded in the asset register and each component that is part of this immovable PPE should be depreciated over its estimated useful life for that category of the asset once the asset is ready for use as intended by management.
- c) Proper records are kept such that all costs associated with the construction of these assets are completely and accurately accounted for as capital under construction, and upon completion of the asset, all costs (both direct and indirect) associated with the construction of the asset are summed and capitalised as an asset.

13.9. Construction of Future Investment Property

- a) If property is developed for future use as an investment property, such property shall in every respect be accounted for as investment property.

PART 14 - MAINTENANCE PLANS

14.1. Every head of department shall ensure that a maintenance plan in respect of every new infrastructure asset is promptly prepared and submitted to the council of the municipality for approval.

14.2. If so, directed by the municipal manager, the maintenance plan shall be submitted to the council before any approval is granted for the acquisition or construction of the infrastructure asset concerned.

14.3. The head of the department controlling or using the infrastructure asset in question shall annually report to the council, not later than in July, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect that any non-compliance may have on the useful operating life of the asset concerned.

PART 15 - DEFERRED MAINTENANCE

15.1. If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset (see part 16 above), the chief financial officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the financial statements.

15.2. Such note shall also indicate any plans that the council of the municipality has approved in order to redress such deferral of the maintenance requirements concerned.

15.3. If no such plans have been formulated or are likely to be implemented, the chief financial officer shall re-determine the useful operating life of the fixed asset in question, if necessary, in consultation with the head of the department controlling or using such asset and shall recalculate the annual depreciation expenses accordingly.

PART 16 - GENERAL MAINTENANCE OF FIXED ASSETS

- 16.1.** Every head of department shall be directly responsible for ensuring that all assets (other than infrastructure assets) are properly maintained and in a manner, which will ensure that such assets attain their useful operating lives.
- 16.2.** Senior Managers responsible for the control and utilization of infrastructure assets shall monitor maintenance actions and budget for the operation and maintenance needs of each asset or class of assets under their control. Operating expenses must include all labour and material costs for the repair and maintenance of the assets. This includes both contracted services and services performed by employees.
- 16.3.** Senior Managers shall ensure that the operating expenses are expended against the operating budget and not the capital budget.
- 16.4.** Senior Managers shall report to the Council annually on the extent to which the approved maintenance plan has been complied with and the extent of deferred maintenance.
- 16.5.** Senior Managers shall report to the Council annually on the likely effects that maintenance budgetary constraints may have on the useful operating life of the infrastructure asset classes.
- 16.6.** Senior Managers shall ensure that maintenance plans make provision for the additional maintenance burden of future infrastructure to be acquired.

PART 17 - DEPRECIATION OF FIXED ASSETS

17.1. All PPE, except land, and assets under construction, shall be depreciated. Investment property is not depreciated; All intangible assets, other than intangibles with an indefinite useful life, shall be amortised over their remaining useful lives. Heritage assets are not depreciated; Leased assets are depreciated or amortised depending on their nature.

17.2. Depreciation and amortisation reflect the monetary quantification of the extent to which assets are used or consumed in the provision of economic benefits or the delivery of services.

17.3. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

17.4. Depreciation shall generally take the form of an expense both calculated and debited every month against the appropriate line item in the departmentor vote in which the asset is used or consumed.

17.5. However, depreciation shall initially be calculated from the day in which a fixed asset is acquired or – in the case of construction works and plant and machinery – the day in which the fixed assets is brought into use until the end of the calendar month concerned. Thereafter, deprecation charges shall be calculated monthly.

17.6. When an item of property, plant, or equipment is revalued, any accumulated depreciation at the date of the revaluation is treated as follows:

- a) eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

17.7. Each head of department, acting in consultation with the chief financial officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable fixed assets controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

17.8. The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other fixed assets.

PART 18 - RATE OF DEPRECIATION

18.1. The chief financial officer shall assign a useful operating life to each depreciable asset recorded on the municipality's fixed asset register. In

determining such a useful life, the chief financial officer shall adhere to the useful lives set out in Annexure 1 to this document as a guideline.

18.2. In the case of a fixed asset that is not listed in this annexure, the chief financial officer shall determine a useful operating life, if necessary, in consultation with the head of the department who shall control or use the fixed asset in question and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

18.3. The Chief Financial Officer shall determine the depreciable amount of all depreciable assets on a systematic basis over their useful life. The straight-line method of depreciation shall be used unless there is an indication that another method is preferable.

PART 19 – ASSESSMENT OF DEPRECIATION METHODS AND ASSUMPTIONS

19.1. The depreciation/amortisation method, residual value, and useful life of an asset shall be reviewed at least at each reporting date, and, if expectations differ from previous estimates,

- a) the changes shall be accounted for as a change in accounting estimate if the principles of GRAP 17 were applied correctly and all relevant facts and circumstances were considered in previous years; or
- b) the changes shall be accounted for as errors if the principle of GRAP 17 was not applied correctly and/or all relevant facts and circumstances were not considered in previous years.

PART 20 - AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF FIXED ASSETS

20.1. Delegated official may amend the useful operating life assigned to any fixed asset, and when any material.

20.2. The depreciation method applicable to a class of asset must be reviewed annually, and if there has been a significant change in the expected pattern of economic benefits or potential service delivery from those assets, the method must be changed to reflect the changed pattern. Amortisation methods should be reviewed annually in this manner as well.

20.3. If the value of assets has been diminished to such an extent that it has no or a negligible further useful life or value such item shall be fully depreciated or impaired in the financial year in which such diminution in value occurs, and subject to the considerations under the sections on

Impairment and Other Write-offs of assets in this policy. Similarly, if an item of PPE has been lost, or stolen it shall be written off in the asset register in terms of this policy.

20.4. In all of the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the asset in question.

20.5. The Chief Financial Officer shall amend the useful operating life assigned to any fixed asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

20.6. If the value of a fixed asset has been diminished to such an extent that it has no or a negligible further useful operating life or value such fixed asset shall be fully depreciated in the financial year in which such diminution in value occurs.

20.7. Similarly, if a fixed asset has been lost or stolen it shall be written off the fixed asset register.

20.8. In all the foregoing instances, the additional depreciation or impairment expenses shall be debited to the department or vote controlling or using the fixed asset in question.

20.9. If any of the foregoing events arise in the case of a normally non-depreciable fixed asset, and such fixed asset has been capitalised at a value other than a purely nominal value, such fixed asset shall be partially or fully impaired, as the case may be, as though it were an ordinary depreciable asset, and the department or vote controlling or using the fixed asset in question shall bear the full expense concerned.

PART 21 - IMPAIRMENT OF ASSETS

21.1. The accounting treatment relating to impairment losses is outlined in GRAP 21 and 26. For the purposes of the section, the considerations of these standards are combined, however, the individual standards should be consulted to ensure strict adherence to the requirements. For the purposes of this section, recoverable amount and recoverable service amount are referred to as recoverable amount.

21.2. The carrying amount of an item or a group of identical assets should be reviewed periodically to assess whether or not the recoverable amount has declined below the carrying amount. Investment properties or Agricultural assets are not subject to impairment; however, this may be reflected as a lower fair value.

21.2. When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognised as an expense immediately unless it reverses a previous revaluation in which case it should be charged to the Revaluation Reserve.

21.3. The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount is reduced to the recoverable amount on an individual asset or group of identical assets, basis.

21.4. The following may be indicators that an asset is impaired:

21.4.1. External sources of information:

- a. Cessation, or near cessation, of the demand or need for services provided by the asset.
- b. Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place shortly, in the technological, legal, or government policy environment in which the entity operates.
- c. Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially. Internal sources of information

21.4.2. Internal sources of information

- a. During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- b. Evidence is available of obsolescence or physical damage of an asset.
- c. Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place shortly, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

- d. A decision to halt the construction of the asset before it is complete or in a usable condition.
- e. Evidence is available from internal reporting that indicates that the service or economic performance of an asset is, or will be, significantly worse than expected.

PART 22 - IMPAIRMENT OF ASSETS UNDER CONSTRUCTION

22.1. For projects under construction, in assessing whether a halt in construction would trigger an impairment test, it should be considered whether construction has simply been delayed or postponed; whether the intention to resume construction shortly, or whether the construction work will not be completed in the foreseeable future. Where construction is delayed or postponed to a specific future date, the project may be treated as a work in progress and is not considered halted.

22.2. The following steps will have to be performed regularly during the year to account for impairment losses:

- a) Departments will identify and inform the Chief Financial Officer of assets that have indicators of impairment.
- b) The recoverable amounts of these assets need to be determined.
- c) The impairment loss per asset is the difference between the recoverable amount and the carrying value of the asset.
- d) The impairment loss needs to be accounted for by identifying the relevant funding source.

22.3. The municipality must assess each year from the sources of information indicated above whether there is any indication that an impairment loss recognized in previous years may no longer exist or may have decreased. In such cases, the carrying amount is increased to its recoverable amount (providing that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior periods). Any reversal of an impairment loss is recognized as a credit in surplus or deficit.

22.4. For further guidance on impairment, reference must be made to detailed GRAP Guidelines.

PART 23 - VERIFICATION OF FIXED ASSETS

23.1. Verification of municipal assets is conducted at least once, during every financial year.

23.2. Asset verification team headed by the Asset management section must promptly and fully report in writing to Manager Assets and Stores all

relevant results of such asset verification, provided that each asset verification must be undertaken and completed as closely as possible to the end of each financial year and that the resultant report compiled by the Asset Management Division, incorporating the results of all Departments by 30 June of each financial year and be made available to the Auditor-General or his/her personnel.

23.3. The Manager Assets and Stores and GM: Accounting and Assets, and where necessary his/her duly designated official, must receive from the Asset management team a detailed "outcome report" on the asset's verification exercise.

23.4. If an asset/s allocated to an official cannot be presented for verification the HoD concerned together with the concerned official and such an asset must be availed for verification within 7 working days, failure to do so will result in consequence management which includes deductions from the official's salary to replace the asset at replacement value.

23.5. The asset verification report must: -

- a) Include a complete list of all assets identified during the verification process.
- b) Identify discrepancies and reconcile assets verified to those per the Municipal records. (Note that the reconciliation of the asset register must be performed per asset classification).

PART 24 - DISPOSAL OF FIXED ASSETS

24.1. In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive, and consistent with the municipality's supply chain management policy.

24.2. Every head of department shall report in writing to the Chief Financial Officer on 31 October and 30 April of each financial year on all fixed assets controlled or used by the department concerned which such head of department wishes to alienate. The Chief Financial Officer shall thereafter consolidate the requests received from the various departments and shall promptly report such consolidated information to the Municipal Manager, indicating the process of disposal to be adopted in accordance with the municipality's supply chain management policy.

24.3. Once the fixed assets are alienated, the Chief Financial Officer shall update the relevant records to remove the item from the fixed asset register.

24.4. If the proceeds of the disposal are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as

a loss in the statement of financial performance of the department or vote concerned. If the proceeds of the disposal, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the statement of financial performance of the department or vote concerned.

24.5. Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control), or other organs of state shall take place by the above procedures, except that the process of disposal shall be by private treaty in accordance with Section 20 of the municipality's supply chain management policy.

24.6. The Manager Assets and Stores in conjunction with the General Manager: Supply Chain must direct the disposal process:

- a) By dumping at a tip site after approval by the HOD concerned if the item is damaged beyond repair.
- b) Public tender for the disposal of property or letting of assets (including unserviceable, redundant, or obsolete assets subject to sections 14 and 90 of the MFMA; this shall be approved by the Council.
- c) Auctioning, which shall be approved by the Council.
- d) Donating - transferring the asset to another organ of the state in terms of a provision of the Act enabling the transfer of assets. This shall be approved by the Council.

PART 25 - OTHER WRITE-OFFS OF FIXED ASSETS

25.1. A fixed asset even though fully depreciated shall be written off only on the recommendation of the head of the department controlling or using the asset concerned, and with the approval of the council of the municipality.

25.2. The chief financial officer shall consolidate the report for asset write-offs and shall promptly submit a recommendation to the council of the municipality on the fixed assets to be written off.

25.6. The only reasons for writing off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, and destruction or material impairment of the fixed asset in question.

25.7. In every instance where a not fully depreciated fixed asset is written off, the chief financial officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the asset concerned.

PART 26 – RESIGNATION OF OFFICIALS

26.1. When an official resigns, a termination of service form is received from Human Resources. Human Resources shall ensure that all assets registered under this custodian are returned to the Asset Management Section.

26.2. This is to ensure the safeguarding and control of municipal assets. Failure by the custodian to adhere to the above, HR shall inform the asset section and further request the Fair Value of the asset to start implementing the reimbursement process of the un-returned asset.

PART 27 – mSCOA

27.1. mSCOA prescribes the method and format that municipalities and their entities should use to record and classify all expenditures (capital and operating), revenue, assets, liabilities, equity, policy outcomes, and legislative reporting.

27.2 mSCOA impacts Asset Management in several ways and since this reform is not yet a finished article it will continue to require adaption from all officials, also those in the AMU.

27.3. This Policy has been drafted in accordance with GRAP and the MFMA but does not contravene any mSCOA principles as it stands.

PART 28 - INSURANCE OF FIXED ASSETS

28.1. The municipal manager shall ensure that all movable fixed assets are insured at least against fire and theft and that all municipal buildings are insured at least against fire and allied perils.

28.2. The municipal manager shall recommend to the council of the municipality, after consulting with the chief financial officer, the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned.

28.3. 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. The HOD must notify the Asset Manager immediately after any occurrence of damage to, or loss, any asset of the Municipality.

28.4. In cases where the insurance refuses to pay due to proven negligence from the side of the custodian, the official will be responsible for reimbursing the municipality for such loss in cash.

- 28.5.** All insurance claims must be reported within 24 hours of the occurrence of an incident to the Asset Management office.
- 28.6.** Once a working tool is lost, the custodian of the lost tool must first report the matter to the HOD before it is reported to the asset management section for insurance purposes. Approval by the HOD on the memorandum must be evident before any further actions can be taken on the matter.
- 28.7.** No claims shall be entertained beyond the specified period. In the event that asset/s allocated to an official are lost or damaged and not reported for insurance purposes within a set time, there will be consequences management in the form of deductions from the official's salary to replace the asset at replacement value.
- 28.8.** Third-party claims relating to damaged electrical appliances due to electricity outages, high voltage, and any other electrical incidents beyond municipal control are not covered under the municipal insurance policy.
- 28.9.** Third-party claims relating to potholes are not covered under the municipal insurance policy.
- 28.10.** Third-party claims relating to incidents that occur due to ongoing road maintenance and construction are not covered under the municipal insurance policy. Third parties should always be cautious when using these roads to ensure their safety.
- 28.11.** In the event that an insurance claim is processed, no payment shall be made to any resident/consumer if their Municipal account is in arrears. The amount claimed shall be credited into the account of the consumer/customer in the event of an account being in arrears.
- 28.12.** No Insurance claims will be processed for payment, for residents whose meters have been tampered with and those with illegal connections.
- 28.13.** On discovery of such, a fine will be issued and until such time the fine has been fully settled, no insurance claims will be processed for such resident or consumer. Claimants need to further produce proof of installation of electricity and written meter number, as part of attachments for their claims.
- 28.14.** If the end-user of a device, including laptops and mobile devices shall be responsible for paying the excess to the insurance service provider in case of stolen or damaged device.
- 28.15.** Legal administration costs incurred as a result of the municipality

losing a court case and processing of such payment, are the full responsibility of the Legal Section, not the Asset Management Section.

PART 29 – COMPILATION OF THE FIXED ASSET REGISTER

29.1. A fixed asset register shall be established to provide the data required to apply the applicable accounting standards, as well as other data considered by the municipality to be necessary to support strategic asset management planning and operational management needs. The asset register shall be updated and reconciled to the general ledger regularly, which will be reconciled to the financial statements at year-end.

29.2. The Chief Financial Officer will establish and maintain the Register containing key financial data on each item of Property, Plant or Equipment, Investment Property, Intangible Assets, Heritage Assets, and Agricultural Assets that satisfy the criterion for recognition.

29.3. The Asset Manager is responsible for establishing and maintaining any additional register or database required by the managers to demonstrate the physical management of their assets.

29.4. The asset register shall be maintained in the format determined by the Chief Financial Officer, which format shall comply with the requirements of GRAP and any other accounting requirements that may be prescribed.

29.5. The details in the asset register must, as far as possible, include:

- a) A unique identification number;
- b) GIS identification number in the case of infrastructure;
- c) A short but meaningful description of each asset;
- d) Date of acquisition of the date that the asset was ready for use;
- e) Location of the asset;
- f) The responsible manager and department(s) or vote(s) within which the asset will be used;
- g) The title deed number, in the case of fixed property;
- h) The erf number, in the case of fixed property;
- i) The measurement basis of the asset (Cost or Fair Value);
- j) The original useful life of the asset;
- k) The revised useful life of the asset;
- l) The residual value of the asset;
- m) The revised residual value of the asset;
- n) The historical cost or revalued amount or fair value, where no cost is available;
- o) The accumulated depreciation to date;
- p) Depreciation charged for the current financial year;
- q) The carrying value of the asset;
- r) The depreciation methods and rate used;

- s) Impairment losses incurred during the financial year (and the reversal of such losses, where applicable);
- t) Method of calculating recoverable amount (in the case where an impairment is required in terms of GRAP);
- u) Source of finance;
- v) Condition of the asset;
- w) Current insurance arrangements/agreements;
- x) Whether the asset is required to perform basic municipal services;
- y) Whether the asset has been used to secure any debt, and – if so - the nature and duration of such security arrangements;
- z) Security arrangements;
- aa) Date and value of disposal;
- bb) Selling price; and
- cc) The date on which the asset is retired from use, if not disposed of.

29.6. All managers under whose control any asset falls shall promptly provide the Chief Financial Officer in writing with any information required to compile the asset register and shall promptly advise the Chief Financial Officer in writing of any material change which may occur in respect of such information.

29.7. An asset shall be recorded in the assets register as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, whereafter it shall be appropriately capitalised as a fixed asset. The fact that an asset has been fully depreciated shall not in itself be a reason for deleting it from the register.

29.8. Controls relating to the asset register should be sufficient to provide HODs with an accurate, reliable, and up-to-date account of assets under their control, in line with the standards specified by the Chief Financial Officer and as required by relevant legislative and other requirements.

29.9. These controls must include:

- a) Details of the physical management;
- b) The recording of all acquisitions, assignments, transfers, losses and disposals of assets;
- c) Regular stock-takes; and

29.10. The Chief Financial Officer must establish a system to ensure that each moveable asset bears a unique identification number/ barcode which shall be recorded in the asset register.

29.11. HODs must ensure that the asset identification system approved for use by the municipality is scrupulously applied to all assets controlled or

used by the department in question.

29.12. Annual Verification Process

29.12.1. We will obtain the audited register of the prior year and perform an initial assessment to ensure that the minimum requirements as outlined above are met and that the register is complete.

29.12.2. The original cost is assumed to be correct for all previous periods together with the acquisition dates provided in the asset register.

29.13. Additions

29.13.1. As and when capital projects are completed and, in a condition, to be used in the process to deliver services the process must commence to correctly include the assets in the FAR. It is necessary to constantly monitor spending and the status of completion of projects throughout the year. An asset can however only be commissioned after capitalisation has been done.

29.13.2. Additions in terms of non-asset register items can occur at any time during the year and a good system of communication is needed to ensure that the asset section is informed of all acquisitions and afforded the opportunity to physically tag and capture the asset correctly. This process is thus ongoing.

29.13.3. Asset Management Section is so and notified of any acquisition of municipal assets, by the acquiring department. All asset requisitions are to be sent to the General Manager: Accounting and Assets for first approval and then the Chief Financial officer for final approval, in line with the annual approved budget.

29.14. Unbundling and Componentization

29.14.1. As soon as capital projects have been completed the unbundling process can commence. Even at the budgeting stage and when creating the different capital votes/projects the need for unbundling should be taken into account to simplify the eventual unbundling of the assets.

29.14.2. The major components are identified as per the final Bill of Quantities (BoQ) and general costs related to the project are distributed between the major identifiable components before capturing the additions in the asset register.

29.15. Condition Assessment and Useful Lives

29.15.1. The useful lives are determined at initial recognition for each asset (or component per asset) based on the periods as set out in the Asset Management Policy.

29.15.2. Due to the substantial size of the Fixed Asset Register, it is impractical and largely impossible for the Asset Unit to physically verify the condition and existence of all assets. The Unit can take a random representative sample for verification or alternatively have a specific area of focus for a particular year and ensure that the area of focus moves in cycles to cover the majority of assets over a period of years.

29.15.3. During the field verification, we verify the existence, location, condition, and completeness of all the assets as well as the condition of the relevant assets to ensure that the assets are still functional and whether there are any indicators of impairment. Condition data can be used to predict the timing of remedial action or asset replacement. As time goes by, predictions will become more accurate as more information becomes available.

29.15.4. The municipality shall assess at each reporting date whether there is any indication that the municipality's expectations about the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity shall revise the expected useful life and/or residual value accordingly. The change(s) shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

29.15.5. If any indicators are identified that would suggest a change in the remaining useful lives (RUL), this is presented to management to consider and approve the possible changes to the RUL.

29.16. Disposal or Write-off of Municipal Assets

29.16.1. Alienation of municipal assets can occur in several ways: Lost, stolen, or damaged goods might be disposed of or replaced through the insurance process.

29.16.2. Redundant assets for which there is no longer use, or for which the cost of utilising the asset exceeds the value of its continued use, can be alienated by way of auction or public tender.

29.16.3. For this to happen there is a series of events that must happen, actions must be taken, documentation to be acquired, and permissions that must be obtained.

29.17. Impairment

29.17.1. Assets are reviewed and assessed for indicators of impairment annually and ongoing in accordance with the Municipality's Asset Management Policy and the standards of GRAP 21 - Impairment of Non-Cash Generating units.

29.17.2. Impairments of assets are identified by searching for indications of impairments such as physical damage to an asset.

29.17.3. The events or circumstances that may indicate impairment are then discussed documented and assessed by management by using the condition assessments and/or any change in the remaining useful lives.

29.18. Fully Depreciated Assets

29.18.1. Fully depreciated assets still in use may be material quantitatively and/or qualitatively. These assets, and their effect on the statement of financial performance and statement of financial position, may be:

a) Qualitatively material if, as a result of their nature, the asset is critical to an entity's operations and delivering on its mandate.

b) Quantitatively material if, the extension in the asset's useful life results in an adjustment to depreciation and accumulated depreciation that is material in value and would affect users' decisions of the statement of financial position and statement of financial performance.

c) If the assets and their possible effects are immaterial, then an entity is not required to adjust the financial statements.

29.19. Compilation of the Fixed Asset Register

29.19.1. All the information that has been obtained is captured on the fixed asset register for the asset verification process. The processed data is reviewed against the provided project information and supporting unbundling schedules.

29.19.2. All disposals, impairments, and condition assessment data are reviewed to ensure that the asset register is duly updated.

29.19.3. The final asset register is recorded and provided in an Excel format for audit purposes.

ANNEXURE 1- Asset Useful lives guideline

** (Note this is a suggested MFMA-Local Government Capital Asset Management Guideline, however Municipalities must use their judgment based on operational experience, historical asset usage trends and in consultation with specialists where necessary. Must the municipality's management decide on a useful life outside the given parameters, the Office of the Accountant-General at National Treasury (OAG) must be approached, and provided with a motivation, for its agreement of the rate used.

Classes of Assets

USEFUL LIFE IN YEARS		
MIN		MAX

PROPERTY, PLANT AND EQUIPMENT

LAND

Developed land

N/A

Undeveloped land

N/A

Dwellings

Caravans

5	-	10
---	---	----

Children's homes

25	-	30
----	---	----

Foreign mission dwellings

25	-	30
----	---	----

Homes for the aged

25	-	30
----	---	----

Hostels

25	-	30
----	---	----

Military personnel dwellings

25	-	30
----	---	----

Mobile homes

25	-	30
----	---	----

Places of safety (children)

5	-	10
---	---	----

Prisons and rehabilitation facilities

25	-	30
----	---	----

Residences (presidential, embassies)

25	-	30
----	---	----

Residences (personnel) include garages and parking

25	-	30
----	---	----

Secure care centres

25	-	30
----	---	----

NON RESIDENTIAL DWELLINGS

Airport and associated buildings (control towers, transfer halls, parking, hangars and warehousing)

25	-	30
----	---	----

Border and custom control points

25	-	30
----	---	----

Bus terminals

25	-	30
----	---	----

Bus shelters

5	-	15
---	---	----

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

Civic theatres
Clinics and community health facilities
Community centres and public entertainment buildings
Driver and vehicle testing centres
Fire stations
Foreign mission offices
Hospitals and ambulance stations
Industrial buildings
Laboratories
Libraries
Mortuaries
Museums and art galleries
Office buildings (including air conditioning systems)
Public parking (covered and open)
Police stations (and associated buildings)
Railway and associated buildings
Research facilities (including weather)
Stadiums
Taxi ranks
Universities, colleges, schools etc.
Warehouses (storage facilities, including data)

USEFUL LIFE IN YEARS		
MIN		MAX
25	-	30
25	-	30
25	-	30
25	-	30
25	-	30
25	-	30
25	-	30
20	-	30
25	-	30
25	-	30
25	-	30
25	-	30
25	-	30
25	-	30
25	-	30
10	-	15
25	-	30
25	-	30

OTHER STRUCTURES (INFRASTRUCTURE ASSETS)

ELECTRICITY

Cooling towers
Mains
Meters

25	-	30
15	-	20

Prepaid
Credit

10	-	20
20	-	25

Power stations

Coal
Gas
Hydro
Nuclear
Supply/reticulation
Transformers

50	-	60
50	-	60
50	-	60
60	-	80
15	-	25
25	-	50

Lines

USEFUL LIFE IN YEARS		
MIN		MAX

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

Underground	25	-	45
Overhead	20	-	30
Cables	25	-	45
Substations			
Switchgear	20	-	30
Equipment			
Outdoor	20	-	30
GIS	15	-	30
Indoor	30	-	40
Electrical panels	3	-	5
Telemetry	7	-	15

MIN		MAX
-----	--	-----

ROADS (Roads, Pavements, Bridges & Storm Water)

BRIDGES

Vehicle			
Bridges – Concrete	60	-	80
Bridges – Steel	40	-	50
Bridges – Timber	25	-	40

Pedestrian

Bridges – Concrete	60	-	80
Bridges – Steel	40	-	50
Bridges – Timber	25	-	40

Railway

Bridges – Concrete	60	-	80
Bridges – Steel	40	-	50
Bridges – Timber	25	-	40

Reinforced retaining walls

Earth	10	-	15
Concrete	25	-	30
Expansion and construction joints	15	-	20

STORM WATER

Culverts	25	-	40
Concrete	40	-	60
Armco	25	-	40

Drains

Earthworks	80	-	100
USEFUL LIFE IN YEARS			
MIN			MAX
Concrete lining	25	-	50

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

Stop banks	40	-	50
Pipes	25	-	50

Coastal

Structure (Retaining walls)	20	-	40
Piers	60	-	80
Storm water outfalls	60	-	80

ROADS

Kerb and channels	40	-	50
Municipal roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30
- Concrete layer	30	-	50
- Gravel surface	3	-	10
National roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30
- Concrete layer	30	-	50
- Gravel surface	3	-	10
Provincial roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

- Concrete layer
- Gravel surface
- Crash barriers
- Retaining walls
- Overload control centres
- Electronic hardware
- Other equipment
- Pedestrian footpaths
- Street lighting
- Subways
- Traffic islands
- Traffic lights
- Traffic lights – coastal
- Traffic signs
- Toll road plazas

USEFUL LIFE IN YEARS		
MIN		MAX
30	-	50
3	-	10
10	-	30
30	-	60
15	-	20
10	-	15
10	-	20
15	-	30
25	-	40
40	-	50
40	-	50
15	-	20
10	-	15
5	-	15
20	-	30

AIRPORTS

- Airports and radio beacons
- Aprons
- Runways
- Taxiways

25	-	30
25	-	30
15	-	20
15	-	20

Specialized equipment

- Luggage movement equipment
- Communication equipment

20	-	25
10	-	15

WATER

Dams

Structure

- concrete
- earth
- Mechanical and electrical
- Meters
- Standpipes
- Metalwork (steel stairs, ladders, handrails, weirs)

80	-	100
30	-	50
15	-	40
10	-	20
5	-	20
10	-	30

Pump stations

- Structure
- Electrical
- Mechanical
- Perimeter protection

30	-	55
15	-	40
15	-	40
10	-	25

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

Reservoirs

Structure
 Electrical
 Mechanical
 Perimeter protection
 Supply/reticulation

USEFUL LIFE IN YEARS		
MIN		MAX
30	-	50
15	-	40
15	-	40
10	-	25
20	-	50

Underground chambers

Valves
 Meters
 Transition
 Other

15	-	25
10	-	20
10	-	15
5	-	10

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

USEFUL LIFE IN YEARS		
MIN		MAX

Water purification works

Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Meters	10	-	15
Telemetry	10	-	15

SEWERAGE

Bulk pipelines (outfall sewers)

Rising mains	40	-	50
Gravity mains	40	-	50

Sewerage pump stations

Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Metalwork	10	-	30
Sewers/reticulation	30	-	60

Waste purification works

Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Meters	10	-	15

SOLID WASTE DISPOSAL

Collection

Vehicles	5	-	10
Containers/Bins	10	-	15

Transfer stations and processing facilities

Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

Landfill site

Earthmoving and compaction equipment

Landfill preparation

Structure

Weighbridge

Mechanical

Electrical

Perimeter protection

RAILWAYS

Power supply units

Railway sidings

Railway tracks

USEFUL LIFE IN YEARS		
MIN		MAX
10	-	15
NA	-	
30	-	55

15	-	40
15	-	40
10		25

25	-	30
25	-	30
15		20

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

Signaling systems

Shunting yards

GAS SUPPLY SYSTEMS

Structure

Electrical

Mechanical

Perimeter protection

Stations

Trunk receiving

District regulating

Mains/pipelines

Meters

Storage facilities

Supply/reticulation

CEMETERIES

CAPITAL/INFRASTRUCTURE WORK IN PROGRESS

Buildings

Infrastructure

Other

USEFUL LIFE IN YEARS		
MIN		MAX

15	-	20
25	-	30

40	-	50
20	-	25
20	-	25
10	-	15

40	-	50
40	-	50
15	-	20
15	-	20
15	-	20
15	-	20

25	-	30
----	---	----

N/A

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

OTHER MACHINERY AND EQUIPMENT

- Audiovisual equipment
- Building air conditioning systems
- Cellular phones (over R5 000)
- Cellular routers
- Domestic equipment (non-kitchen appliances)
- Electric wire and power distribution equipment
(compressors, generators & allied equipment)
- Emergency/rescue equipment
- Elevator systems
- Farm/Agricultural equipment
- Fire Fighting equipment
- Gardening equipment
- Irrigation equipment
- Kitchen appliances
- Laboratory equipment - Agricultural
 - Medical testing
 - Roads and transport
- Laundry equipment and industrial sewing machines
- Learning, training support and library material
(curriculum equipment)
- Machines for metallurgy
- Machines for mining and quarrying
- Machines for textile production
- Medical and allied equipment
- Music instruments
- Photographic equipment

USEFUL LIFE IN YEARS		
MIN		MAX
5	-	10
10	-	5
0	-	2
3	-	
3	-	5
5	-	7
5	-	10
15	-	20
5	-	15
3	-	5
2	-	4
10	-	15
5	-	10
5	-	7
5	-	7
5	-	7
10	-	15
5	-	10
5	-	10
5	-	10
10	-	15
5	-	10
10	-	15
5	-	7

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

USEFUL LIFE IN YEARS		
MAX		MIN

Pumps, plumbing, purification and sanitation equipment

5	-	10
---	---	----

Radio equipment

5	-	7
---	---	---

Road construction and maintenance equipment

10	-	15
----	---	----

Saddles and other tack

5	-	7
---	---	---

Security equipment/systems/ materials - Fixed

3	-	5
---	---	---

- Movable

3	-	5
---	---	---

Ship and marine equipment

5	-	10
---	---	----

Sport and recreational equipment

5	-	10
---	---	----

Survey equipment

5	-	7
---	---	---

Telecommunication equipment

3	-	5
---	---	---

Tents, flags and accessories

5	-	10
---	---	----

Woodworking machinery and equipment

5	-	10
---	---	----

Workshop equipment and loose tools - Fixed

5	-	10
---	---	----

- Movable

3	-	5
---	---	---

FURNITURE AND OFFICE EQUIPMENT

Advertising boards

3	-	5
---	---	---

Air conditioners (individual fixed & portable)

3	-	5
---	---	---

Cutlery and crockery

5	-	10
---	---	----

Domestic and hostel furniture

10	-	15
----	---	----

Linen and soft furnishings

5	-	10
---	---	----

Office equipment (including fax machines)

5	-	7
---	---	---

Office furniture

5	-	7
---	---	---

Paintings, sculptures, ornaments (home and office)

5	-	10
---	---	----

COMPUTER EQUIPMENT

Computer hardware including operating systems

3	-	5
---	---	---

Networks

5	-	10
---	---	----

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

TRANSPORT ASSETS

Aircraft
 Aircraft engines
 Airport transport equipment (stairs and luggage)
 Busses
 Cycles
 Emergency vehicles (Ambulances and fire engines)
 Mobile clinics
 Motor vehicles
 Railway rolling stock
 Ships
 Ships engines
 Trailers and accessories
 Trucks

10	-	15
5	-	7
10	-	15
10	-	15
4	-	7
5	-	10
10	-	15
4	-	7
10	-	15
15	-	20
5	-	7
5	-	10
5	-	7

HERITAGE ASSETS

Archives
 Areas of land of historic or specific significance (i.e. world heritage site)

	N/A	
	N/A	

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

Culturally significant buildings (parliamentary buildings)

National monuments

National parks/reserves (i.e. Kruger Park)

Paintings

Sculptures

Municipal jewellery

Works of art

Other antiques and collections

BIOLOGICAL OR CULTIVATED ASSETS

Dairy cattle

Feathered animals (for eggs and feathers)

Forests and plantations

Fruit trees

Game animals

Animals for reproduction (cattle, goats, sheep, pigs)

Animals for wool or milk (goats and sheep)

Dogs (law enforcement and security)

Horses (law enforcement and working)

Plants (for production of seeds)

Vines

Other animals

INVESTMENT PROPERTY

INTANGIBLE ASSETS

Capitalized development costs

Computer software

Mastheads and publishing titles

Patents, licenses, copyrights, brand names and trademarks

Recipes, formulae, prototypes, designs and models

Service and operating rights

Other intangibles

USEFUL LIFE IN YEARS		
MAX		MIN
	N/A	
	N/A	
	N/A	
	N/A	
	N/A	
	N/A	
	N/A	

	-	
	-	
	-	
	-	
	-	
	-	
	-	
	-	
	-	
	-	
	-	

	-	
2	-	5
	-	
	-	
	-	
	-	
	-	

ANNEXURE 2 - Asset Acquisition Form (AAF)

Asset Number (Tag reference): -

Date of Acquisition: -

Cost Price of Asset: - R

Asset Description: -

Depreciation rate:-

Service: -

Cost Centre: -

Asset Department: -

Asset Type: -

Current Details

Town: -

Location: -

Reason for acquiring the Asset: - _____

Municipal Employee Requesting Acquisition: -

Name (Printed): - _____

Position held: - _____

Confirmation of receipt of asset by user:-

Authorized by: - _____

Position held: - _____

**ANNEXURE 3- Asset Sales / Scrapping Form
(ASSF)**

Asset Sales / Scrapping Number: -

Asset Number: -

Asset Description: -

Service: -

Current Details

Town: -

Location: -

Reason for Scrapping Asset: - _____

Municipal Employee Requesting Scrapping: -


Name (Printed): - _____

Position held: - _____

Authorised by: - _____

Position held: - _____

ANNEXURE 4 - Asset Transfer Form (ATF)

<p>FIXED ASSET REGISTER ASSET TRANSFER AND ACCEPTANCE FORM</p>		<p>KING SABATA DALINDYEBO MUNICIPALITY</p>																				
<p>A. New Additions: Details of employees receiving the assets must be completed in this section</p>																						
<table border="1"> <tr> <td data-bbox="193 521 496 562">Employee Details</td> <td data-bbox="496 521 1489 562"></td> </tr> <tr> <td data-bbox="193 562 496 602">Employee Name</td> <td data-bbox="496 562 1489 602"></td> </tr> <tr> <td data-bbox="193 602 496 642">Division</td> <td data-bbox="496 602 1489 642"></td> </tr> <tr> <td data-bbox="193 642 496 683">Section</td> <td data-bbox="496 642 1489 683"></td> </tr> <tr> <td data-bbox="193 683 496 723">HOD</td> <td data-bbox="496 683 1489 723"></td> </tr> <tr> <td data-bbox="193 723 496 763">Site Name /location</td> <td data-bbox="496 723 1489 763"></td> </tr> <tr> <td data-bbox="193 763 496 826">Office Number (Ward)</td> <td data-bbox="496 763 1489 826"></td> </tr> <tr> <td data-bbox="193 826 496 857">Contact No.</td> <td data-bbox="496 826 1489 857"></td> </tr> </table>			Employee Details		Employee Name		Division		Section		HOD		Site Name /location		Office Number (Ward)		Contact No.					
Employee Details																						
Employee Name																						
Division																						
Section																						
HOD																						
Site Name /location																						
Office Number (Ward)																						
Contact No.																						
<p>B. Transfers: From Details from whom or where the assets are being retrieved.</p>		<p>Transfers: To Details to whom or where the assets are being transferred.</p>																				
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<p>C. Asset Information Information that will assist to identify the asset must be supplied including make and model and serial number where applicable.</p>																						
<p>Asset Description</p>																						
<p>Type of asset: i.e. Computer</p>	<p>Make and Model</p>	<p>Serial Number</p>	<p>KSD Asset Number (Bar Code)</p>																			
<p>D. Declaration I, the Acceptor of the above-mentioned assets, hereby declare to accept responsibility for the control and safeguarding of these assets. In the event of an Exit Clearance, I hereby give permission for Payroll to deduct the Market Value as determined by Procurement of the said assets must they not be returned to King Sabata Dalindyebo Municipality.</p>																						
<p>Accepted By: Additions /</p>	<p>Retrieved/Transferred From:</p>	<p>Approved by: i.e. Manager: ICT</p>	<p>Register Maintenance By:</p>																			

KING SABATA DALINDYEBO LOCAL MUNICIPALITY ASSET MANAGEMENT POLICY

Transferred To:		(Computer Equipment)	Manager Assets
Name:	Name:		Name:
Signature:	Signature:	Signature:	Signature:
Date:	Date:		Date:

ANNEXURE 5 – Examples of Motor Vehicles as per VAT Act

The term “**motor car**” **includes the following vehicles** (that is, where input tax will generally be denied):

- Double cab bakkies (LDVs).
- Ordinary sedan type passenger vehicles.
- Station wagons.
- Minibuses.

- Sport utility vehicles (SUVs).

The term “**motor car**” **excludes the following vehicles** (that is, input tax will generally be allowed if all the other requirements for input tax are met):

- Goods transportation trucks.
- Single cab light & heavy delivery vehicles.
- Motor cycles.
- Caravans.
- Ambulances, game viewing vehicles and hearses.
- Vehicles capable of accommodating more than 16 persons (for example, a bus).
- Vehicles with a loaded mass of 3500 kg or more.
- Special purpose vehicles constructed for purposes other than the carrying of passengers.
- Equipment such as bulldozers, graders, hysters, harvesters and tractors.

KING SABATA DALINDYEBO MUNICIPALITY

DRAFT ASSET MANAGEMENT POLICY- 2024/25

ANNEXURE 6 – Asset Tag Sheet



ASSET TAG SHEET/ VERIFICATION PROOF SHEET

Date of Tagging : _____

Department Responsible for Acquisition of Asset: _____

Section : _____

Asset Tagged By: _____

Barcode	Asset Description	Serial Number/Vin Number	Location	Room Number	Custodian	Supplier Name	Invoice Number


ASSET MANAGEMENT POLICY- 2024/25

ANNEXURE 7: PARAPHRASE OF SECTION 14 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 2003

A municipality may not alienate any capital asset required to provide a minimum level of basic municipal services.

A municipality may alienate any other capital asset but provided

3. the council, in a meeting open to the public, has first determined that the asset is not required to provide a minimum level of basic municipal services, and
4. The council has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.



N. PAKADE

MUNICIPAL MANAGER

Resolution Number: **SVCM 786/05/24**

KING SABATA DALINDYEBO MUNICIPALITY

DRAFT ASSET MANAGEMENT POLICY- 2024/25

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