# ASSETS MANAGEMENT POLICY FOR THE JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

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**SIGNATURE OF THE MUNICIPAL MANAGER**

**SIGNATURE OF THE SPEAKER**

Ms P Q Mogatle

Speaker

# JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

# ASSET MANAGEMENT POLICY

**2020/2021**

Ms P. Q Mogatle

Speaker

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## 1 INTRODUCTION

This policy for the management of assets has been designed to assist management and officials of the John Taolo Gaetsewe District Municipality with the description of management procedures for Property, Plant and Equipment, Investment Property, Agricultural Assets and Intangible Assets. It also should assist with the capacity to differentiate between activities, which are acceptable in terms of general authorisation, supervisory responsibilities and limits of authority to the management of assets and functions of the organisation.

This policy will provide certainty with respect to the handling of asset management procedures undertaken within the organisation and will ensure that management and employees understand their respective responsibilities and duties.

For the purpose of this policy, assets exclude inventory and monetary assets such as debtors (receivables).

This policy replaces all asset management procedures/instructions and memoranda that have been previously issued.

Failure to comply with this policy will result in the institution of disciplinary procedures in terms of the stipulated human resource policies and procedures of John Taolo Gaetsewe District Municipality.

## 2 OBJECTIVE

The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for by:

- The accurate recording of essential asset information;
- The accurate recording of asset movements;
- Exercising strict physical controls over all assets;
- Treating the assets correctly in the Municipality's financial statements;
- Providing accurate and meaningful management information;
- Compliance with the Council's accounting policies and Generally Recognised Accounting Practices;
- Adequate insuring of assets;
- Maintenance of Council's assets;
- Ensuring that managers are aware of their responsibilities with regard to the assets; and
- Setting out the standards of management, recording and internal controls so as to safeguard the assets against inappropriate utilisation or loss.

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## 3 STATUTORY FRAMEWORK

The statutory framework for this policy is:

- The Constitution of the Republic of South Africa, Act 108 of 1996;
- Local Government: Municipal Structures Act, No 117 of 1998;
- Local Government: Municipal Systems Act, No 32 of 2000;
- Local Government: Municipal Finance Management Act, No. 56 of 2003;
- Regulation No. 31346 of 2008;
- Municipal Supply Chain Management Regulations No. 27636;
- Generally Recognised Accounting Practice.

## 4 ACCOUNTING STANDARDS

This document constitutes a policy statement and shall not take precedence over the standards specified by the Accounting Standards Board. The relevant accounting standards include:

- GRAP 1 – Presentation of Financial Statements;
- GRAP 3 – Accounting policies, changes in accounting estimates and errors;
- GRAP 13 – Leases;
- GRAP 16 – Investment Property;
- GRAP 17 - Property, Plant and Equipment;
- GRAP 31 – Intangible Assets;
- GRAP 100 - Discontinued Operations;
- GRAP 27 - Agriculture;
- GRAP 103 – Heritage Assets; and
- GRAP 21 – Impairment of non-cash generating assets
- GRAP 26 – Impairment of cash generating assets

Other relevant accounting standards are:

- GRAP 11 on Construction Contracts

## 5 DEFINITIONS

Every effort has been made to use definitions established through legislation, standards of accounting and other guidance on asset management.

***"Accounting Officer"*** means the municipal manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of Section 60 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

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***"Agricultural Activity"*** is the management by an entity of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

***"Active market"*** is a market in which all the following conditions exist:

- The item traded within the market are homogeneous;
- Willing buyer and seller can normally be found at any time; and
- Prices are available to the public.

***"Agricultural Produce"*** is the harvested product of the entity's biological assets.

***"Amortisation"*** is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

***"Assets"*** are resources controlled by the municipality as a result of past events and from which future economic benefit or service potential are expected to flow. However for the purpose of this policy exclude inventory and other monetary assets.

***"Asset Life-Cycle"*** is the cycle of activities that an asset goes through – including planning, design, initial acquisition and/or construction, cycle of operation and maintenance and capital renewal and finally disposal.

***"Asset Manager"*** is any official who has been delegated responsibility and accountability for the control, usage, physical and financial management of the municipality's assets in accordance with the entity's standards, policies, procedures and relevant guidelines.

***"Asset Register"*** is a record of information on each asset that supports the effective financial and technical management of the assets, and meets statutory requirements.

***"Biological Asset"*** is a living animal or plant.

***"Biological Transformation"*** comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes to a biological asset.

***"Carrying amount"*** is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

***"Chief Financial Officer"*** means an officer of a municipality designated by the municipal manager to be administratively in charge of the budgetary and treasury functions.

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***"Class of property, plant and equipment"*** means a grouping of assets of a similar nature or function in a municipality's operations, which is shown as a single item for the purpose of disclosure in the financial statements.

***"Commercial service"*** means a service other than a municipal service

- rendered by a private sector party or organ of state to or for a municipality or municipal entity on a commercial basis; and
- which is procured by the municipality or municipal entity through its supply chain management policy.

**"*Community Assets*"** – are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.

***"Cost"*** – is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of Standards of GRAP.

**"*Depreciation*"** – is the systematic allocation of the depreciable amount of an asset over its useful life.

**"*Depreciable Amount*"** – is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

***"Depreciated replacement cost"***, in relation to a capital asset, means an amount equivalent to the cost to replace the capital asset on the date of transfer adjusted by a deemed depreciated cost at the date of the transfer taking into account the age and condition of the asset.

***"Disposal"***, in relation to a capital asset, includes –

- the demolition, dismantling or destruction of the capital asset; or
- any other process applied to a capital asset which results in loss of ownership of the capital asset otherwise than by way of transfer of ownership.

***"Disposal management system"*** means the system contemplated in regulation 40 of the Municipal Supply Chain Management Regulations, published by General Notice No. 868 of 2005.

***"Enhancements / Rehabilitation"*** is an improvement or augmentation of an existing asset beyond its original recognized service potential for example useful life, capacity, quality and functionality.

**"*Fair Value*"** – is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

***"GRAP"*** is Standards of Generally Recognised Accounting Practice.

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"***Head of department / senior manager***" – means a manager referred to in section 56 of the Municipal Systems Act.

"***Heritage Assets***" – are defined as assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.. Examples are works of art, historical buildings and statues.

***"Historical cost"*** means the original purchase price or cost of acquisition of the capital asset at the time the asset was acquired

An "***impairment loss"*** of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An "***impairment loss"*** of non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

***"Infrastructure assets"*** *are those assets displaying some or all of the following characteristics:*

- Are part of a system or network;
- Are specialised in nature and do not have alternative uses;
- Are immovable; and
- May be subject to constraints on disposal.

*Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.*

***"Intangible assets"*** are identifiable non-monetary assets without physical substance.

"***Investment Properties***" – are defined as property (land or a building-or part of a building-or both) held (by the owner or by lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- use in the production and supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business.

***"Municipality"*** means the John Taolo Gaetsewe District Municipality.

"***Property, Plant and Equipment***" ***(PPE)*** – are tangible assets that:

- are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- are expected to be used during more than one period.

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***"Realisable value"*** means the amount of cash or cash equivalents that could currently be obtained by transferring the capital asset, less the estimated cost of completion and the estimated costs necessary to make the transfer.

**"*Recoverable Amount*"** – is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.

***"Recoverable service amount"*** is the higher of a non-cash-generating asset's fair value less costs to sell and its future value in use.

**"*Residual Value*"** – of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and condition expected at the end of its useful life.

***"Right to use, control or manage"*** means a right to use, control or manage the capital asset for a period exceeding one calendar month without ceding legal ownership in the asset. In other words, where the granting of such rights do not amount to the transfer or permanent disposal of the asset, for example when a right is acquired through a leasing, letting or hiring out arrangement.

***"Senior Manager"*** is a manager referred to Section 57 of the Municipal Systems Act (MSA) being someone reporting directly to the municipal manager.

***"Service provider"*** –

- in relation to a municipal service, means a private sector party or organ of state appointed by a municipality in terms of Chapter 8 of the Municipal Systems Act to perform a municipal service in accordance with that Act; or
- in relation to a commercial service, means a private sector party or organ of state appointed in terms of the supply chain management policy of a municipality or municipal entity to render a commercial service to or for the municipality or entity as an independent contractor.

***"Supply chain management policy"*** means the supply chain management policy which a municipality or municipal entity is required to have in terms of Chapter 11 of the Act.

***"The Act"*** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

***"Transfer"***, in relation to a capital or subsidiary asset, means transfer of ownership in the asset as a result of a sale or other transaction.

**"*Useful Life*"** – is either:

- the period of the time over which an asset is expected to be used by the municipality, or

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- the number of production or similar units expected to be obtained from the asset by the municipality.

## 6 BACKGROUND

The utilisation and management of property, plant and equipment, investment property, intangible assets and agricultural assets is the prime mechanism by which the Municipality can fulfil its constitutional mandates for:-

- Delivery of sustainable services;
- Social and economic development;
- Promoting safe and healthy environments; and
- Fulfilling the basic needs to the community.

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 assets.

The policy for the management of assets deals with the Municipal rules required to ensure the enforcement of appropriate stewardship of assets. Stewardship has two components being the:-

- Financial administration by the Chief Financial Officer; and
- Physical administration by the relevant managers.

Statutory provisions have been implemented to protect public property against arbitrary and inappropriate management or disposals by local government.

Accounting standards have been approved by the Accounting Standards Board to ensure the appropriate financial and accounting treatment for property, plant and equipment, investment property, intangible assets and agricultural assets. The requirements of these new accounting standards include:-

- The compilation of asset registers covering all assets controlled by the Municipality.
- Accounting treatment for the acquisition, disposal, recording and depreciation / amortisation of assets.
- The standards to which financial records must be maintained to comply with the new accounting standards.

## 7 DELEGATION OF POWERS

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Municipal Manager and other responsible officials as well as between the Council

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and the Executive Mayor and the Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

In accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA), the Municipal Manager is the accounting officer of the Municipality and therefore all designated officials are accountable to him/her. The Municipal Manager is therefore accountable for all transactions entered into by his/her designates.

The overall responsibility of asset management lies with the Municipal Manager. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing.

## 8 RESPONSIBILITY

### Municipal Manager

The Municipal Manager is responsible for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. He/she must ensure that:-

- The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality;
- The Municipality's assets are valued in accordance with standards of Generally Recognized Accounting Practice (GRAP);
- The Municipality has and maintains a system of internal control of assets, including an asset register; and
- Senior managers and their teams comply with this policy.

### Chief Financial Officer

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the Municipality's assets is safeguarded and maintained. He/she may delegate or otherwise assign responsibility for performing these functions but he/she will remain accountable for ensuring that these activities are performed. He/she must ensure that:-

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the Municipality assigned to him/her are utilized effectively, efficiently, economically and transparently;
- Any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- The systems, processes and registers required to substantiate the financial values of the Municipality's assets are maintained to standards sufficient to satisfy the requirements of effective management;

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- Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions;
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets; and
- The senior managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

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**Senior Managers**

The Senior Managers must ensure that:-

- Appropriate systems of physical management and control are established and carried out for assets in their area of responsibility;
- The Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
- Any unauthorized, irregular or fruitless or wasteful utilization and losses resulting from criminal or negligent conduct are prevented;
- Their management systems and controls can provide an accurate, reliable and up to date account of assets under their control; and
- They are able to justify that their plans, budgets, purchasing, maintenance and disposal decisions for assets optimally achieve the Municipality's strategic objectives.

The senior managers may delegate or otherwise assign responsibility for performing these functions but they will remain accountable for ensuring that these activities are performed.

Each senior manager should report to the Municipal Manager on issues that will significantly impede an asset's capability to provide the required level of service or economic benefit.

The responsibility for the physical control of assets rests with the relevant senior manager to whom the responsibility was delegated to in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003.

Each senior manager shall ensure that assets entrusted to him / her are adequately maintained, properly used and insured and ensure that section 78 of the Municipal Finance Management Act, No 56 of 2003, is adhered to.

No amendments, deletions or additions to the asset register shall be made other than by the Asset Manager or by an official acting as the Asset Manager and must be authorized by the Chief Financial Officer.

Upon the resignation / retirement of an employee, the applicable senior manager must inform the Chief Financial Officer and Corporate Service Department in writing that the asset items entrusted to that employee to execute his / her duties

are in good order and returned. When necessary the applicable senior manager must inform the Budget and Treasury Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant senior manager.

## 9 ASSET REGISTER

*The asset register shall be maintained in the format determined by the Chief Financial Officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and any other accounting requirements which may be prescribed.*

The asset register shall reflect the following information:

- Bar code, unique identifier, serial number (where applicable), erf number (where applicable) (or other number to distinguish it from other assets);
- Location;
- Purchase price;
- Acquisition date;
- Estimated useful life (original);
- Estimated residual value;
- Remaining useful life;
- Depreciation;
- Accumulated depreciation;
- Disposal – date, proceeds, depreciation up to date of disposal;
- Information on a change in accounting estimate as a result of change in useful life or residual value – date reassessed, etc;
- Impairment loss recognised or reversed;
- Carrying amount at the beginning and end of the reporting period;
- Funding source;
- Condition of the asset – this can assist in determining the remaining useful life of an asset and whether it may possibly be impaired; and
- Person responsible for safeguarding and maintaining the asset(s)

All heads of department 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.

An asset shall be capitalised, that is, recorded in the asset 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, where after it shall be appropriately capitalised as a fixed asset. An asset shall remain in the asset register for as long as it is in physical existence.

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The Asset Manager must ensure that reconciliations are performed on a monthly basis between the general ledger and the fixed asset register and to be submitted to the Chief Financial Officer.

The Chief Financial Officer must check and authorise the reconciliations as correct.

Depreciation methods and rates used must be approved by the Chief Financial Officer.

The asset manager should allocate depreciation rates and methods to each asset class, and ensure that depreciation calculations are correctly applied and posted in the general ledger.

## 10 CLASSIFICATION OF ASSETS

In compliance with the requirements of the National Treasury, the Chief Financial Officer shall ensure that all 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:

### 10.1 Property, Plant and Equipment

- Land (not held as investment property).
- Infrastructure assets (assets which are part of a network of similar assets).
- Community assets (assets contributing to the general well-being of the community).
  Other assets (ordinary operational assets).

Save for land, other assets shall be classified under the following headings:

- 
- Buildings;
- Computer hardware;
- Computer software;
- Office equipment;
- Furniture and fittings;
- Plant and equipment;
- Motor Vehicles;
- Aircraft;
- Watercraft;
- Leased assets; and
- Other assets.

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### 10.2 Investment Property

Investment assets (resources held to generate rental income or for capital appreciation and which are not used by the Municipality).
Properties occupied by the Municipality's officials are classified as owner-occupied property and are therefore not classed as investment property

Investment properties will be treated in accordance with GRAP 16 and will be classified separately in the Statement of Financial Position.

Investment properties will not be depreciated but will be revalued annually.

### 10.3 Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance.

Intangible assets will be treated in accordance with GRAP 31 and will be classified separately in the Statement of Financial Position.

Intangible assets shall be valued at cost less any accumulated amortisation and any impairment losses.

### 10.4 Agricultural Assets

Agricultural Assets will be treated in accordance with GRAP 27 and will be classified separately in the Statement of Financial Position.

Biological assets and agricultural produce are initially and subsequently measured at their fair value less estimated point-of-sale costs and agricultural produce harvested from the entity's biological assets are measured at their fair value less estimated point-of-sale costs at the point of harvest

Agricultural assets shall be counted and revalued annually.

### 10.5 Infrastructure

Infrastructure Assets has no universally accepted definition, these assets usually display some or all of the following characteristics:

- They are part of a system or network;
- They are specialised in nature and do not have alternative uses;
- They are immovable; and
- They may be subject to constraints on disposal.

Examples of infrastructure assets include road networks, sewer systems, water and power supply systems and communication networks.

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The municipality currently holds no assets of this nature; should such assets be acquired at a future date, this policy should be amended accordingly.

### 10.6 Heritage Assets

Heritage assets are described as such because of their cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Examples of heritage assets include historical buildings and monuments, archaeological sites, conservation areas and nature reserves, and works of art

Heritage Assets will be treated in accordance with GRAP 103 and will be classified separately in the Statement of Financial Position.

Heritage assets shall be valued at cost less any impairment losses.

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 fixed asset register without an indication of the costs or fair value concerned.

In the financial statements, the existence of such heritage assets shall be disclosed by means of an appropriate note.

### 10.7 Assets Treated as Inventory

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, and not included in either property, plant and equipment or investment property in the municipality's statement of position.

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

The Chief Financial Officer shall use the classifications indicated in the Annexure on estimated lives of assets, as a guideline and in the case of an item of assets not appearing in the Annexure shall use the classification applicable to the asset most closely comparable in the Annexure.

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## 11 CAPITALISATION CRITERIA

### PPE and Intangible Assets

All assets may only be acquired in terms of council's Supply Chain Management Policy and in terms of the budgetary provisions. The responsibility for the purchase of assets would be delegated in terms of council's Delegation Framework and Supply Chain Management Policy. Depending on the cost of the asset to be purchased the following procedure for purchasing an asset must be followed:

- Senior managers shall at all times ensures that there are enough funds in their departmental budgets before requesting approval to any requisition to purchase an asset;
- Senior managers shall ensure that the correct vote and expenditure line item are used and recorded on the requisition requesting approval to purchase an asset;
- Tenders or quotations as required in terms of council's Supply Chain Management policy should be obtained and where required submitted to council's Bid committee for approval;
- The Bid committee resolution of the approved tender or recommended quotation should be attached to the requisition signed by the relevant head of department;
- The order would then be generated by the Budget and Treasury department;
- Once delivered the asset must be labeled / bar-coded by the Budget and Treasury department before such asset is put into use;
- The senior manager should endorse receipt of the asset on the invoice and forwarded it for payment to the Budget and Treasury department; and
- The Budget and Treasury department would then generate payment.

The completion of any immovable asset by or under control of every head of department should promptly be declared to the Chief Financial Officer in writing stating the full details required for recording in the assets register.

All PPE 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.

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The original cost of an item of PPE or intangible assets may include:

- Cost price;
- Financing costs (MFMA section 46(4));
- Import tax;
- Non-claimable purchase tax; and
- 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.

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 is recognised as an interest expense over the period of credit.

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. For the purpose hereof, "fair value" shall be determined by the council with due regard to the definition ascribed to fair value in section 5 of this document.

Subsequent expenditure relating to an asset that has already been capitalised, 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.

**Investment Property**

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 expenditure (professional fees for legal services, property transfer taxes and other transaction costs).

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.

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 section 5 of this document.

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After initial recognition investment property will be measured at fair value. A gain or loss arising from a change in fair value shall be recognised 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 reporting date.

In terms of GRAP 16 transfers to and from investment property shall be made when there is a change in use:

- Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- Commencement of development with a view to sale, for a transfer from investment property to inventories;
- End of owner-occupation, for a transfer from owner-occupied property to investment property; or
- Commencement of an operating lease to another party, for a transfer from inventories to investment property.

When an investment property is transferred to inventory or owner-occupied property, the property's deemed cost is the fair value of the property at the date of the change in use.

For a transfer from inventories to investment property, that 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.

**Reinstatement, Maintenance and Other Expenses**

Only expenses incurred in the enhancement of an 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 an asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of an 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.

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

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**Intangible Assets**

Assets that meet the criteria of GRAP 31 shall be recognised as Intangible Assets, and carried at cost less accumulated amortisation and any impairment.

Software licenses, having a duration not exceeding one year, shall not be capitalised; operating systems, such as Windows, shall be capitalised to PPE as part of the related hardware, as the operating system is an integral part of the IT equipment.

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**Heritage Assets**

Heritage assets shall be raised at cost values.

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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 fixed asset register without an indication of the costs or fair value concerned.

In the financial statements, the existence of such heritage assets shall be disclosed by means of an appropriate note.

**Donated Assets**

Where an asset is donated to the municipality, or an asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the asset register at its fair value, as determined by the Chief Financial Officer.

## 12 DEPRECIATION AND AMORTISATION

All PPE, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciation shall generally take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or vote in which the item of PPE is used or consumed.

Depreciation shall initially be calculated from the day that an asset is ready for use.

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 PPE controlled or used by the department in

question or expected to be so controlled or used during the ensuing financial year.

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 PPE.

**Rate of Depreciation and Amortisation**

The Chief Financial Officer shall assign a useful operating life to each depreciable item of PPE recorded on the Municipality's asset register. In determining such a useful life the Chief Financial Officer shall use to the useful lives set out in the annexure to this document as a guideline.

In the case of an item of PPE which is not listed in this annexure, the Chief Financial Officer shall determine a useful operating life, if necessary in consultation with the Head of Department who shall control or use the item in question, and shall be guided in determining such useful life by the likely pattern in which the item's economic benefits or service potential will be consumed.

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 PPE.

**Method of Depreciation and Amortisation**

The Chief Financial Officer shall allocate the depreciable amount of all depreciable PPE and intangible on a systematic basis over its useful life.

The residual value and useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

## 13 AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF PPE

Only the Chief Financial Officer may amend the estimated useful life assigned to any asset, and when any material amendment occurs the Chief Financial Officer shall inform the Council of such amendment.

The Chief Financial Officer shall amend the estimated useful life assigned to any item of PPE if it becomes known that such item 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 item's economic benefits or service potential will be consumed.

If the value of an item of PPE or intangible assets has been diminished to such an extent that it has no or a negligible further useful operating life or value such

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item shall be derecognised in the financial year in which such diminution in value occurs.

Similarly, if an item of PPE has been lost, stolen or damaged beyond repair, it shall be removed from the asset register.

If any of the foregoing events arises in the case of a normally non-depreciable item of PPE, and such item has been capitalised at a value other than a purely nominal value, such item shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable item of PPE, and the department or vote controlling or using the item in question shall bear the full depreciation expenses concerned.

Additional depreciation not budgeted for as a result of unforeseeable or unavoidable circumstances must be provided for in an adjustments budget and, if such circumstances arises close to the end of the financial year and there will not be time for Council to consider the adjustments before the end of the financial year, may in advance be approved by the Mayor in terms of Section 29 of the MFMA, provided that any other provisions of the MFMA be complied with.

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## 14 IMPAIRMENT OF ASSETS

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Impairment of assets shall be tested in terms of GRAP 21 - Impairment of Non-cash-generating Assets and GRAP 26 - Impairment of Cash-generating Assets.

Cash-generating assets are assets that are held with the primary objective of generating a commercial return. Assets will generate a commercial return when the entity intends to generate positive cash flows from the asset similar to a profit-orientated entity.

Non-cash-generating assets are assets other than cash-generating assets, which are primarily held for service delivery purposes.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation or amortisation.

A non-cash-generating asset will be impaired when its carrying amount exceeds its recoverable service amount.

A cash-generating asset or cash-generating unit will be impaired when its carrying amount exceeds its recoverable amount.

The recoverable service amount of an asset or unit is the higher of the asset's fair value less costs to sell (net selling price) and its value in use.

Indicators of impairment of non-cash generating assets include the following:

- A cessation of the demand or service provided by the asset.

- Adverse significant changes in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.

Indicators of impairment of cash generating assets or cash generating units include the following:

- A significant decline in the asset's market value during the reporting period.
- Adverse significant changes in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
- Increases in market interest rates or market rates of return that will affect the discount rate used to calculate the asset's value in use.

The following may also indicate impairment of cash- or non-cash-generating assets:

- Obsolescence or physical damage of an asset.
- Possibility of an asset becoming idle, plans to restructure or discontinue operations of which an asset is part and plans to dispose of an asset.
- Evidence suggesting that the economic performance of the asset will be worse than anticipated.

The list of indicators above is not intended to be comprehensive.

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

- Departments will identify and inform the Chief Financial Officer of assets that appear to be impaired, e.g. where the above indicators apply.
- The recoverable amounts of these assets need to be determined by calculating the net selling price per asset as defined above.

- The impairment loss per asset is the difference between the net selling price and the carrying value of the asset.
- The impairment will be recognised in the statement of financial performance.
- The impact of the impairment of the asset/unit will be taken in to account when calculating depreciation.

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## 15 REVALUATION OF ITEMS OF PPE

All land and buildings recorded in the Municipality's asset register shall be revalued every three (3) years, or when the Council is of the opinion that economic conditions have had a substantial impact on the on the value of land and buildings within the municipal area. Under such circumstances a sworn valuer will be appointed to perform a valuation of all land and buildings.

The Chief Financial Officer shall adjust the carrying value of the land and buildings concerned to reflect the value determined by the valuer, provided the Chief Financial Officer is satisfied that such value reflects the fair value of the land and buildings concerned.

The Chief Financial Officer shall also, where applicable, create a revaluation reserve for each such item equal to the difference between the revalued amount and the carrying value of the item before the adjustment in question.

The buildings concerned shall thereafter be depreciated on the basis of its revalued amount, over its remaining useful operating life, and such increased depreciation expenses shall be budgeted for and debited against the appropriate line item in the department or vote controlling or using the buildings in question.

The revaluation reserve shall be transferred to accumulated surplus/deficit when the asset is derecognised.

If the amount recorded by the valuer is less than the carrying value of the item of land or buildings recorded in the asset register, the Chief Financial Officer shall adjust the carrying value of such item by increasing the accumulated depreciation of the item in question by an amount sufficient to adjust the carrying value to the value as recorded by the valuer. such additional depreciation expenses shall form a charge, in the first instance, against the balance in any revaluation reserve previously created for such item, and to the extent that such balance is insufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the item of land or building in question

Revalued land and buildings shall be carried in the asset register, and recorded in the annual financial statements, at their revalued amount, less accumulated depreciation (in the case of buildings).

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## 16 ACQUISITION OF ASSETS

### Pre-acquisition Planning

Before a capital project is included in the budget for approval, the Chief Financial Officer must demonstrate that he/she has considered the following:

- The projected cost over all the financial years until the project is operational;
- The future operational costs and revenue on the project, including the tax and tariff implications;
- The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
- The physical and financial stewardship of that asset through all stages of its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- The inclusion of the capital project in the Integrated Development Plan and future budgets; and
- Alternatives to the capital purchase.

The heads of department are accountable to ensure that the Chief Financial Officer receives all reasonable assistance, guidance and explanation to enable him to achieve his planning requirements.

### Approval to Acquire Property, Plant and Equipment

Money can only be spent on a project if:

- The money has been appropriated in an approved Capital Budget;
- The project, including the total cost has been approved by the Council;
- The Chief Financial Officer confirms that funding is available for that specific project;
- Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed; and
- The Supply Chain Management Policy is adhered to.

Authorisation for the acquisition of assets should be as per this municipality's delegation of authority and payment for assets shall be in accordance with financial policies and regulations of this Municipality.

### Funding of Capital Projects

Within the Municipality's ongoing financial, legislative or administrative capacity, the Chief Financial Officer must establish and maintain the funding strategies that optimise the Municipality's ability to achieve its strategic objectives as stated in the Integrated Development Plan. The acquisition of assets may not be funded over a period longer than the useful life of that asset.

## 17 PURCHASE OR HIRE OF IMMOVABLE PROPERTY

The municipality may acquire by purchase, or by hire, immovable property within- or outside the municipal boundary provided it complies with the requirements of the MFMA and the Supply Chain Management policy and subject to the following:

- The cost of the purchase or hire had been budgeted for; and
- The intention to buy or hire the immovable property had been advertised for public comment.
- After consideration of any public comments/objections the Council will:
    - In the case of the following paragraph complies with the requirements of that paragraph; and
    - In the case of all other immovable property, finally resolve to continue with the purchase or hire and apply the supply chain management processes

The Council will not continue with the purchase or hire of any immovable property where:

- The price is in excess of the market value thereof as assessed by an appraiser; or
- The rental which, when calculated per annum in the case of:
    - Immovable property hired for agricultural purposes, exceeds six percent; and
    - Immovable property hired for any other purpose, exceed twelve percent of the market value of the property, as assessed by an appraiser.

The Council may accept a gift or conveyance of immovable property either for the municipality or in trust for charitable or other public purposes not connected with public worship, and hold the same in such trust or for such purpose as may be declared by such donors and may administer, utilize and improve such property.

The trustees of any immovable property held in trust for any township village of settlement which has become a municipality or part of a municipality may transfer such property to the Council, subject to any special trusts in their deeds of title and upon conditions not at variance therewith.

## 18 GUIDELINE PROCEDURES FOR ADDITIONS TO ASSETS

The Asset Manager must ensure all additions to assets are in accordance with an approved Capital Budget. Additions must be updated on a monthly basis in the Municipality's Asset Register. All additions must be approved by the Chief Financial Officer.

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## 19 ALIENATION OF ASSETS

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any item of PPE shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy and the Municipal Asset Transfer Regulations

Every head of department shall report periodically, in writing to the Chief Financial Officer on all assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender.

The Chief Financial Officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.

The council shall ensure that the alienation of any asset takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004.

In terms of Section 14 of the Municipal Finance Management Act, 2004 the Municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of assets needed to provide the minimum level of basic municipal services.

The Municipality may transfer ownership or otherwise dispose of assets other than one contemplated above, but only after the Council, in a meeting open to the public:-

- has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- has considered the fair market value of the item and the economic and community value to be received in exchange for the asset.

The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be subsequently reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

Once the assets are alienated, the Chief Financial Officer shall treat the disposal of the items in terms of GRAP and amend the relevant records of the asset register. If the proceeds of the alienation are less than the carrying value recorded in the 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 alienation, on the other hand, are more than the carrying value of the asset concerned, the difference shall be recognised as a gain in the Statement of Financial Performance of the department or vote concerned.

All gains or losses on the alienation of fixed assets shall be dislcosed on the Statement of Financial Performance of the department or vote concerned.

Transfer of 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 in accordance with the Municipal Asset Transfer Regulations.

## 20 GUIDELINE PROCEDURES FOR THE DISPOSAL OF ASSETS

The Senior Manager must submit a motivation for the disposal of an asset under his/her control to the Chief Financial Officer.

The Chief Financial Officer must authorise, by signature the motivation and submit the motivation to the Accounting Officer for his/her approval.

Before computer equipment is disposed the Chief Financial Officer must consult the IT section.

All combined motivations must be submitted to the Asset Manager to update the asset register of the municipality and the book of accounts regarding the sale.

The following information should be update in the asset register:

- Reason for disposal;
- Information relating to the buyer;
- Individual requesting disposal;
- Cost, book value and proposed selling price of the asset;
- Date of sale;
- Method of payment;
- Receipt number; and
- The relevant asset information

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## 21 OTHER WRITE-OFFS OF PPE

An item of PPE shall be written off when it can no longer be used, in consultation with the Head of Department controlling or using the item concerned.

Every Head of Department shall report to the Chief Financial Officer on any item of PPE which such Head of Department wishes to have written off, stating in full the reason for such recommendation.

The Chief Financial Officer shall consolidate all such reports, and shall promptly notify the Council on the PPE to be written off.

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

If an item of PPE must be written off as a result of an occurrence out of the control of the municipality, such as malicious damage, theft or destruction, the municipal manager must determine whether a third party or an employee was involved in the loss and take all reasonable steps to recover such loss, including reporting the incident to the South African Police Services and the Auditor General, the insurance as well as institute disciplinary steps against any employee who might have been involved in such incident.

In every instance where a not fully depreciated item of PPE 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 item concerned.

## 22 MANAGEMENT AND OPERATION OF ASSETS

### Accountability to manage assets

Each Senior Manager is accountable to ensure that Municipal resources assigned to them are utilised effectively, efficiently, economically and transparently. This will include:

- Developing appropriate management systems, procedures, processes and controls for managing assets;
- Providing accurate, reliable and up to date account of assets under their control; and
- The development and motivation of relevant strategic asset management plans and operational budgets that optimally achieve the Municipality's strategic objectives.

### Contents of a strategic management plan

Senior Managers need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost. To achieve this, the Senior Manager will need to develop strategic asset management plans that cover:-

- Alignment with the Integrated Development Plan;
- Operational guidelines;
- Performance monitoring;
- Maintenance programs;
- Renewal, refurbishment and replacement plans;
- Disposal and Rehabilitation plans;
- Operational, financial and capital support requirements, and
- Risk mitigation plans including insurance strategies.

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The operational budgets are the short to medium term plan for implementing this strategic asset management plan.

**Reporting of Emerging Issues**

Each Head of Department should report to the Municipal Manager on issues that will significantly impede an assets capability to provide the required level of service or economic benefit.

**Verification of Assets**

The Municipality shall undertake, at least quaterly during every financial year, on a date as determined by the Chief Financial Officer, a comprehensive verification of all moveable assets controlled or used by all the departments of the Municipality.

The relevant results of the verification shall be reported to by the Chief Financial Officer to each Head of Department. Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, explanations and/or corrective measures to be implemented for unauthorised movements, assets which it was not possible to verify, etc.

**Movement of Assets**

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all transfers from its original location of assets (including minor assets items) within 5 working days after transfer of such item.

## 23 MAINTENANCE

**Maintenance Plans**

Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Council for approval.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Head of Department controlling or using the infrastructure asset in question, shall annually report to the Council, not later than in July or the earliest Council meeting thereafter, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the item concerned.

**Differed Maintenance**

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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, the Chief Financial Officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the annual financial statements. Such note shall also indicate any plans which the Council has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the Chief Financial Officer shall reassess the useful operating life of the fixed asset in question, if necessary, in consultation with the Head of Department controlling or using such item, and shall recalculate the increased annual depreciation expenses accordingly.

**General Maintenance of Assets**

Every Head of Department shall be directly responsible for ensuring that all assets are properly maintained and, in a manner, which will ensure that such item attain their useful operating lives.

## 24 REPLACEMENT STRATEGY

The Municipal Manager, in consultation with the Chief Financial Officer and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets. Such norms and standards shall be incorporated in a formal strategy, which shall be submitted to the Council for approval. This strategy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items.

Such strategy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

## 25 TRANSFER OF ASSETS

When assets are transferred to other Government Departments or municipalities, a document with specific authorization should be attached to the asset to ensure the validity of the transfer.

The document should also include:

- Asset description;
- Cost of the asset;
- Date of acquisition;
- Unique asset number;
- Effective date of transfer;
- Quantity; and
- Authorization by both transferor and transferee.

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The asset manager must then effect the transactions in the book of accounts of the municipality on the day the asset is transferred to the transferee.

## 26 PHYSICAL SECURITY OF ASSETS

Every Senior Manager shall be directly responsible for the physical safekeeping of any asset controlled or used by their department.

In exercising this responsibility, every Senior Manager shall adhere to directives issued by the Chief Financial Officer with regard to the control and safekeeping of the municipality's assets.

All assets should be kept in a secure location, clearly labelled or barcoded, maintained regularly, insured against theft or destruction, utilised economically and efficiently.

When it is suspect that an employee abuses assets, this fact should be reported to the Chief Financial Officer within 48 hours. Such an employee should be subject to the disciplinary procedures as described in terms of the Standard Conditions of Service.

All items of Property, Plant and Equipment lost, stolen or damage must be reported to the Chief Financial Officer within 48 hours after discovery for further investigation and reporting required by the Municipal Finance Management Act No. 56 of 2003.

## 27 INSURANCE OF ASSETS

The Accounting Officer must ensure that all movable assets are insured at least against fire and theft, and municipal buildings and infrastructure are insured at least against fire and allied perils.

The Accounting Officer shall recommend, after consultation with the Chief Financial Officer, the basis of insurance cover to be applied: either the carrying value or the replacement value of the assets. Such a recommendation shall take due cognizance of the budgetary resources of the municipality.

Any theft, loss or damage to an asset should immediately be reported to Council's insurance brokers by the relevant head of department under whose responsibility the asset falls.

A copy of the insurance claim submitted should be forwarded to the Chief Financial Officer.

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All insurance claims must be recorded in an insurance register and all outstanding insurance claims reported on a monthly basis to the Chief Financial Officer.

It is the responsibility of the relevant head of department to ensure that all documents / information for the completion of the claim is forwarded to council's insurance brokers and that copies thereof is forwarded to the Chief Financial Officer. The head of department should in writing request the replacement of the asset which can only be authorized, if there is sufficient provision for the replacement of the asset in the capital budget, by the Municipal Manager after consultation with the Chief Financial Officer. If sufficient provision is not on the capital budget the asset can only be replaced if provision for the replacement is made on an Adjustments budget. In the case where an asset must be replaced as an emergency measure, the Mayor may authorise such expenditure, subject to compliance with Section 29 of the MFMA.

Third-party (insurance) pay-outs shall be treated as revenue when the amount is certain and may not be offset against the cost of replacing the item. The carrying value of items lost, stolen or damaged beyond repair must be treated as impairment against the relevant department or vote. The full cost of the replacement item must then be capitalised.

If the municipality operates a self-insurance reserve, the Chief Financial Officer shall annually determine the premiums payable by the departments or votes after having received a list of the assets and insurable values of all relevant assets from the heads of departments concerned.

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 asset: either the carrying value or the replacement value of the assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

The Chief Financial Officer shall annually submit a report to the council of the municipality on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

## 28 SHORT TITLE

This policy shall be called the Asset Management Policy of the **John Taolo Gaetsewe District Municipality.**

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## APPENDIX A

## SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

| | ASSET LIFE |
|---|---|
| ***INFRASTRUCTRE ASSETS*** | |
| **ELECTRICITY:** | |
| Power stations | 30 |
| Cooling towers | 30 |
| Transformer kiosks | 30 |
| Meters | 20 |
| Load control equipment | 20 |
| Switchgear | 20 |
| Supply and reticulation networks | 20 |
| Main supply | 20 |
| **ROADS:** | |
| Motorways | 15 |
| Other roads | 10 |
| Traffic islands | 10 |
| Traffic lights | 20 |
| Street lights | 25 |
| Overhead bridges | 30 |
| Stormwater drains | 20 |
| Bridges, subways and culverts | 30 |
| Car parks | 20 |
| Bus terminals | 20 |
| **WATER** | |
| Meters | 15 |
| Mains | 20 |
| Rights | 20 |
| Supply and reticulation networks | 20 |
| Reservoirs and storage tanks | 20 |
| ***COMMUNITY ASSETS*** | |
| **RECREATIONAL FACILITIES** | |
| Bowling greens | 20 |
| Tennis courts | 20 |
| Swimming pools | 20 |
| Golf courses | 20 |
| Jukskei pitches | 20 |
| Outdoor sport facilities | 20 |
| Organ | 20 |
| Lakes and dams | 20 |
| Fountains | 20 |
| Flood lights | 20 |

| | ASSET LIFE |
|---|---|
| **GAS:** | |
| Meters | 20 |
| Main supply | 20 |
| Storage tanks | 20 |
| Supply and reticulation networks | 20 |
| **SEWERAGE:** | |
| Sewer mains | 20 |
| Outflow sewers | 20 |
| Sewerage purification works | 20 |
| Sewerage pumps | 15 |
| Sludge machines | 15 |
| **PEDESTRAIN MALLS:** | |
| Footways | 20 |
| Kerbing | 20 |
| Paving | 20 |
| **AIRPORTS:** | 20 |
| Taxiways | 20 |
| Runways | 20 |
| Aprons | 20 |
| Airport and radio beacons | 20 |
| **SECURITY** | |
| Fencing | 3 |
| Security systems | 5 |
| Access control systems | 5 |
| ***COMMUNITY ASSETS*** | |
| **BUILDINGS** | |
| Ambulance stations | 30 |
| Aquariums | 30 |
| Beach developments | 30 |
| Care centres | 30 |
| Cemeteries | 30 |
| Civic theatres and community centres | 30 |
| Clinics and hospitals | 30 |
| Game reserves and rest camps | 30 |
| Stadiums and indoor sports | 30 |
| Museums and galleries | 30 |
| Parks and public conveniences | 30 |
| Recreational centres and zoo | 30 |

## SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

| *OTHER ASSETS* | |
|---|---|
| **BUILDINGS** | |
| Abattoirs | 20-30 |
| Asphalt plant | 20-30 |
| Cable stations | 20-30 |
| Caravan Parks | 20-30 |
| Bioscope | 20-30 |
| Compacting stations | 20-30 |
| Hostels for public / tourists | 20-30 |
| Hostels for employees | 20-30 |
| Housing schemes | 20-30 |
| Kilns | 20-30 |
| Laboratories | 20-30 |
| Markets | 20-30 |
| Nurseries | 20-30 |
| Office buildings | 20-30 |
| Old age homes | 20-30 |
| Quarries | 20-30 |
| Tip sites | 20-30 |
| Training centres | 20-30 |
| Transport facilities | 20-30 |
| Workshops and depots | 20-30 |
| **COMPUTER HARDWARE** | 5-30 |
| **COMPUTER SOFTWARE** | |
| Internally generated | 5-15 |
| Other | 5-15 |
| **FURNITURE AND FITTINGS** | |
| Chairs | 5-30 |
| Tables and desks | 5-30 |
| Cabinets and cupboards | 5-30 |
| Air conditioners | 5-30 |
| **OFFICE EQUIPMENT** | |
| Household refuse bins | 5-30 |
| Office machines | 5-30 |
| Other firefighting equipment | 5-30 |
| Radio equipment | 5-30 |
| Telecommunication equipment | 5-30 |

| *OTHER ASSETS* | |
|---|---|
| **MOTOR VEHICLES** | |
| Fire engines | 5-15 |
| Buses | 5-15 |
| Motor vehicles | 5-15 |
| Motorcycles | 5-15 |
| Trucks and light delivery vehicles | 5-15 |
| Ambulances | 5-15 |
| **AIRCRAFT** | 5-15 |
| **WATERCRAFT** | 5-15 |
| **PLANT AND EQUIPMENT** | |
| Graders | 5-15 |
| Tractors | 5-15 |
| Mechanical horses | 5-15 |
| Farm equipment | 5-15 |
| Lawn mowers | 5-15 |
| Compressors | 5-15 |
| Laboratory equipment | 5-15 |
| Fire hoses | 5-25 |
| Firearms | 5-25 |
| Emergency lights | 5-25 |
| General | 5-15 |
| Cable cars | 5-25 |
| Irrigation systems | 5-25 |
| Cremators | 5-2 |
| Lathes | 5-25 |
| Machining equipment | 5-25 |
| Conveyors | 5-25 |
| Feeders | 5-25 |
| Tippers | 5-25 |
| Pulverising mills | 5-25 |
| **LEASED ASSETS** | |
| Cell phones - leased | 2-6 |
| Office equipment – leased | 3-8 |
| **OTHER ASSETS** | |
| Bulk refuse containers | 5-25 |

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