



## education

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North West Provincial Government  
REPUBLIC OF SOUTH AFRICA

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### CHIEF DIRECTORATE: FINANCIAL MANAGEMENT SERVICES DIRECTORATE: ASSET AND TRANSPORT MANAGEMENT SERVICES

**To:** Acting Superintendent General  
Dr S.H. Mvula

**Through -** Acting Chief Financial Officer -  
Mr H. Mashao, and

Chief Director for FMS –  
Ms. M. Jansen

**From:** Director for Asset Management & Transport Services  
Mr K.B. Moepedi

**Date:** 29 June 2023

**Subject:** Amendments to the Asset Management Policy

The above subject, and Finding number one (01) of the Internal Audit Report dated 19<sup>th</sup> June 2023 refers.

Through review of the Departmental Asset Management Policy, Internal Audit found the following discrepancies:

- a) The policy is not aligned to Treasury Regulation paragraph 16A7.7 disposing of computer equipment's and the Asset Management Framework.
- b) The policy sub-headings are not aligned to the table of contents for e.g. Paragraph 12 on table of contents is 'Disposal' but page 12 reads as 'Losses and Damages, the Disposal is on paragraph 17 of the policy.

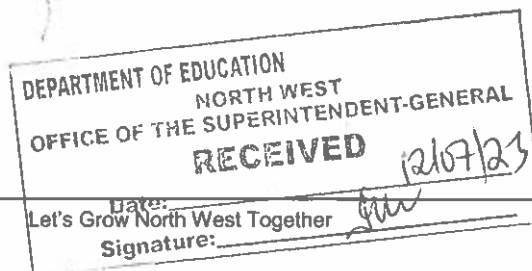
The attached documents are corrected versions addressing the finding of Internal Audit. The amendments are specifically:

1. 2 x Paragraphs (Par 17.9 and 17.10) on page 16 are addressing a finding on disposal of computer equipment.
2. A new Table of Content is addressing the Sub-headings and page numbering.

The Chief Director for FMS and the Acting Chief Financial Officer are requested to review the amendments and to recommend them if they are satisfied with them. The new Policy with the amendments should then be signed off.

Yours in service,

K.B. Moepedi





## **education**

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Lefapha la Thuto la Bokone Bophirima  
Noordwes Departement van Onderwys  
North West Department of Education  
**NORTH WEST PROVINCE**

**NORTH WEST DEPARTMENT OF EDUCATION**

**ASSET MANAGEMENT POLICY**

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## **1. Introduction**

This Policy Document is provided to assist management and staff members in the Department of Education with the management of assets, and to implement and maintain consistent, effective and efficient asset management principles.

Section 38 (1) (d) of the Public Finance Management Act, 1 of 1999, provides that the Accounting Officer of a Department is responsible for the management, safeguarding and maintenance of assets including the management of the liabilities of the Department.

Treasury Regulation 10.1 further provides that the Accounting Officer must take full responsibility and ensure that proper control systems exist for assets, and that processes (whether manual or electronic) and procedures are in place for the effective, efficient, economical and transparent use of the Department's assets.

## **2. Objectives**

The objectives of the policy are:

- to ensure effective management and maintenance of Departmental assets
- to safeguard the assets of the Department and to ensure the effective use of the assets;
- to emphasise a culture of accountability over the Department's assets;
- to ensure that effective controls are communicated to management and other staff members through clear and written documentation;
- to provide criteria for the disposal of Departmental assets;
- to ensure that assets are not procured without proper authorization;
- to ensure that assets are not written off and disposed off without proper authorization;
- to ensure that assets are not transferred / moved without proper authorization;
- to ensure that preventative measures are in place to eliminate theft, loss and misuse;
- to provide a formal set of financial procedures that can be implemented to ensure that the Department's asset policies are achieved, and are in compliance with the Public Finance Management Act(PFMA), Treasury Regulations and Supply Chain Management Framework.

## **3. Legislative Prescripts**

The policy and accompanying procedures are compiled within the statutory framework established by the following prescripts:

- 3.1 The Public Finance Management Act, 1 of 1999 as amended,
- 3.2 Preferential Procurement Policy Framework Act 5 of 2000,
- 3.3 Treasury Regulations 2001,
- 3.4 Asset Management Policy and Framework,
- 3.5 Provisioning Administration System,

- 3.6 Supply Chain Management Framework,
- 3.7 Departmental Financial Reporting Framework Guide: Accounting for Capital Assets- Chapter 9.
- 3.8 **Modified Cash Standard for National and Provincial Department effective 1 April 2019 - published 2020-21**
- 3.9 **Accounting Manual for Departments Chapter 11 for Capital Assets**

## 4. Definitions

For purposes of this policy, the following definitions shall apply:

- 4.1 “Asset” is a resource controlled by an entity as a result of past events and from which economic benefits or service potential is expected to flow to the entity. Assets refer to all properties, furniture, appliances, equipment and vehicles.
- 4.2 “Asset manager” refers to the head of the sub-division: Asset Management
- 4.3. “Board of Survey / Asset Disposal Committee (ADC)” refers to a committee appointed by the Accounting Officer to be responsible for asset losses, damages and disposal of assets;
- 4.4 “Chief user” refers to the official appointed to take responsibility of the directorate’s / section’s procurement / provisioning affairs;
- 4.5 “Functionary” refers to the official appointed to administratively assist the chief user by completing the necessary requisition forms.
- 4.6 “Obsolete” items are assets, which can no longer be used by the Department owing to obsolescence, excluding spoilt items;
- 4.7 “Redundant” items are assets, which are serviceable but are no longer required by the Department and can still be utilized elsewhere;
- 4.8 “Unserviceable asset” refers to an asset, which owing to its normal wear and tear, has become useless and cannot be restored to do the purpose it was originally obtained for;
- 4.9 “Asset Register” refers to a database or a record listing details of all moveable fixed items;
- 4.10 “Depreciation” is an amount by which value of the asset has been reduced within a financial year;
- 4.11 “Program Manager” is the manager of a directorate and / or district who financially accounts for that particular directorate and / or district office `s assets and inventory;
- 4.12 “Asset Count” is a process by means of which the presence of assets in a location are verified;

- 4.13 “BAUD” is an acronym for Bar Coded Audited System employed in the Department to assist in the physical control and financial accounting of assets in North West Department of Education.
- 4.14 “Stock take” is the manual physical count of the state assets which is undertaken annually to determine shortages and / or surpluses in order to rectify the records in the Asset Register.
- 4.15 “Asset Controller” is an official appointed to oversee the movement of assets and other activities related to assets within his / her jurisdiction.
- 4.16 “Responsibility Manager” is an official in control of organisational entity consisting of number of chief users / functionaries, and is responsible for the cost centre’s operational budget, financial control and asset control.
- 4.17 “De-recognition” - An asset is derecognised from the Asset Register when the asset is sold, donated / transferred, scrapped, lost, etc.

## **SCOPE OF APPLICATION**

This policy is applicable to:

- all moveable assets including ICT equipment.
- all departmental officials at all levels.

## **5. Responsibilities**

### **5.1 Accounting Officer**

- 5.1.1 In terms of section 38 (1) (d) of the PFMA, the Accounting Officer of a Department is responsible for the management, including the safeguarding and the maintenance of the assets.
- 5.1.2 Treasury Regulation 10.1.1 (a) prescribes that the Accounting Officer must take full responsibility and ensure that proper systems exist for assets, and that preventative mechanism are in place to eliminate theft, losses, wastage and misuse of state assets.
- 5.1.3 Such responsibility and control system shall include the acquisition / procurement, maintenance, repair and disposal of assets.

### **5.2 Other Officials**

- 5.2.1 In terms of section 45 (e) of the PFMA, an official in a Department is responsible for the management, including the safeguarding of assets within that official’s area of responsibility.
- 5.2.2 A variety of state assets have been issued to every official to assist him / her in the fulfilment of his / her daily tasks. Every official is therefore a custodian / asset holder.

Every custodian / asset holder shall as such be held responsible for the inventory item(s) and / or asset(s) in his / her office.

### **5.3 Responsibilities of Chief Users, Functionaries, and Asset Management Units.**

- 5.3.1 A chief user and a functionary are responsible for the control of the directorate's / sub-directorate's financial and procurement administration.
- 5.3.2 Asset Management is responsible to manage and control assets of the Department. This includes rendering an asset service in terms of accrual procurement practices and loss control as well as inspection services.

### **5.4 Guidelines Principles**

#### 5.4.1. Ownership, control, accountability and reporting requirements:

- 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 clearly communicated.

#### 5.4.2. Service Delivery Needs

- Service delivery needs are to guide asset decisions and practices.
- Asset management activities must occur within a strategic guideline driven by programme, and service delivery needs.

#### 5.4.3 Asset Management Activities

The asset management activities shall entail the following:

- Needs analysis;
- Economic appraisal;
- Planning and budgeting;
- Acquisition and disposal;
- Recording, valuation and reporting and
- Management and Control of the use of assets.
- Loss Management

Asset Management activities are to be undertaken within an integrated government asset management policy guideline.

This is to be based on best practice in government, industry and on government policy.

## 5.5. Policy on Asset Management Activities

### 5.5.1. General Provisions

- There shall be dedicated Asset Controllers in all the Departmental tiers (Head Office, District Offices and Sub-Districts) that will coordinate and oversee the asset management activities of the North West Education Department.
- There shall be systems, processes and a procedure manual to effect the implementation of all the policy imperatives with respect to asset management as well as establishing an internal control structure.
- The IT system (BAS, Asset Management and Financial Walker) shall be used as a recording system of assets at Head Office and District Offices.

### 5.5.2. Procedures, systems and training

- Program managers must ensure that their staff members are trained to undertake their section / directorate's activities. The Directorate for Asset Management and Transport Services will initiate training when there is a need, or as and when Provincial Treasury offers asset management related training.

## 6. Procurement of Assets

- 6.1 Managers are responsible to determine / identify, and analyse the needs for assets based on activities of their directorates.
- 6.2 The SCM procurement procedures are to be adhered to at all times.
- 6.3 A Control Form is to be accompanied by: approved motivation letter from the Program Manager, distribution list and the asset acquisition plan for a particular financial year.
- 6.4 *The budget for procurement of computer equipment is centralized in the Directorate: ICT, and no individual offices are to procure computer equipment from their own cost centres. Conditional grants holders are exempted.*
- 6.5 *Computer equipment needs (Laptops and desktops) are to be submitted to the Directorate Asset Management.*
- 6.6 *All assets such as furniture, machinery and equipment, etc. must be in the Asset Acquisition Plan.*
- 6.7 *The Asset Acquisition Plans should be submitted to Asset Management Units (Corporate and Districts) in the beginning of the financial year.*
- 6.8 *A formal submission requesting approval to procure computer equipment by individual offices should be addressed to the Accounting Officer, if procurement is not done from a centralized budget.*
- 6.9 *Old Computer Equipment procured from voted funds and conditional grants should be retrieved / returned to Asset Management Units before new Computer equipment is procured, and issued to officials.*
- 6.10 *All assets procured for distribution to schools should be treated as inventory.*
- 6.11 A functionary must complete a control form in respect of the asset item being requisitioned or acquired.
- 6.12 A functionary must forward the control form to the chief user for recommendation, and approval by the Responsibility Manager / Program Manager / CFO / HOD depending on the purchase amount, or threshold as per the financial delegations.



- 6.13 A chief user must ensure that the following are in order before approving the Control Form:
- a) that a Control Form is fully completed;
  - b) a real need exists for the item(s), and that the quantity requisitioned is realistic;
  - c) A Chief User must recommend / authorise or approve the requisition after having satisfied him / her that the funds for the acquisition of the asset(s) have been allocated, are available and approved; and
  - d) **Control Forms for asset purchases will be verified by Asset Management Unit before they are processed.**

## 7. Donations

7.1 Any donation to the Department be it in the form of money or any kind, are to be reported to the Head of the Department as per Treasury Regulation 8.2.1.

The following particulars are to be furnished:

- Full description regarding the nature of the donation;
- The value or the estimated value of the donation;
- How or for what purpose the donation will be utilized;
- Full name and address of the donor;
- Any condition(s) that may be attached to the donation is / are to be clearly indicated; and
- Vouchers (where applicable) must be sent with the donation. These will be captured manually in a system. The donation must be bar –coded, and kept safely in an inventory list for referrals.

7.2 When a private person / institution considers making a donation to the Department, such person / institution is to be informed in unambiguous terms, that the donation may only be tentatively accepted, pending formal approval by the Head of the Department.

7.3 As soon as acceptance of the donation had been approved, it should be recorded into the Departmental Asset Register.

7.4 Fair value of all assets received in-kind / donated (non-cash items) from sources outside government or otherwise, should be included in the Asset Register at fair value as at date of receipt. All assets that were acquired as finance lease agreement and the department continues to use these assets after expired lease agreement, must be recorded in the Asset Register.

## 8 Receipt of Procured Assets

### 8.1 Quantity and quality assessment

8.1 .1 The Chief User / Functionary / End-user is responsible for requesting and receiving the asset(s). The Chief User / Functionary / End-user must carefully examine every delivery before any delivery note is signed. Any evidence of damage or shortage must be immediately investigated, and particulars thereof should be reported and endorsed on the delivery note.

- 8.1.1 Verification of the quality and quantity must always be made when the asset(s) is / are received.
- 8.1.2 Steps shall be taken immediately to put in claims for items with defect in quality and quantity.
- 8.1.3 The Receipt Voucher / Delivery Note must be marked as proof that the asset has been recorded in the Chief User / Functionary Asset Register before the documents are presented for payment.

## **8.2 Recording**

- 8.2.1 Every asset received shall be: marked using the Departmental Bar-Code, and transferred to the correct location without delay to update the Asset Register. Barcoded assets shall also be marked with a permanent marker reflecting the same number of the Departmental Bar-Code.
- 8.2.2 All assets should be marked with a uniform and standard barcode label as prescribed by the Provincial Treasury.
- 8.2.3 Assets belonging to the department must be recorded in the Asset Register with major assets included in the Major Asset Register, and minor assets in the Minor Asset Register. It should be noted that Desktop components (i.e. screen, mouse, and keyboard) are components of the main asset - the CPU. Although the components are less than the capitalisation threshold (i.e. R5000), they are not functional in their own right and should therefore be capitalized as part of the main asset and must be recorded at its full cost.
- 8.2.4 Recording of the costs for delivery / transportation and installation of procured assets will be capitalized as part of the main asset.
- 8.2.5 With specific to computer equipment, Laptop bags will be recorded and accounted for as separate item from the laptop.
- 8.2.6 Recording of costs for government motor vehicles will be a total amount of cost for procured vehicles as per quotations received at the time of ordering vehicles. Due to price escalations / adjustments as per the RT57, the total costs may either be lower or higher at the time of delivery of vehicles. The Asset Register will finally be updated with the final amounts after delivery of vehicles has taken place.
- 8.1.7 All assets are initially recorded at cost in the appropriate Asset Register (minor or major). "Cost", for the purpose of initial recognition, refers to:
  - original invoice price; or
  - a fair value equivalent; or
  - R1 value (i.e all assets acquired prior to 1<sup>st</sup> April 2002).

## **8.3 Identification & bar-coding**

- 8.3.1 Assets that are partly owned (e.g. ICT Servers belonging to the Premier's Office, etc.) should be clearly specified separately in the office's Inventory List.
- 8.3.2 Personal assets' inventory lists must be separately compiled and attached to an office inventory list.
- 8.3.3 Information to be provided regarding the assets mentioned in 8.3.1 and 8.3.2 above include:

- a) The name of the other Department / institution / official that has ownership / control of the assets;
- b) The period of joint ownership (applicable to partly owned);
- c) The serial number and/or asset number;
- d) Assets may not be bar-coded with departmental bar-codes or tags, but will be marked as personal assets.

#### **8.4 Asset Register (Accounting for Capital of Asset: Chapter 9)**

- 8.4.1. An asset is classified as either a major or minor asset on the date of acquisition, and this classification is based on the value (cost price) of the asset.
- 8.4.2. Minor assets are assets less than the value of R5000 per item, and Major assets are more than the value of R5000 per item.
- 8.4.3. Assets must be recorded in an Asset Register as mentioned in 8.4.2.
- 8.4.4. On Quarterly basis the Asset Register will be printed, verified, updated and maintained.
- 8.4.5. All assets acquired prior to 01 April 2002 are included in the Asset Register at R1 value as stipulated in the Practice Note 4 of 2005/06.
- 8.4.6. All assets received in-kind / donation by the Department should be included in the Asset Register at fair value as at date of receipt.
- 8.4.7. Donations and damaged assets must be transferred out of their original locations, and transferred to a created location in the Walker System while they await approval for disposal.
- 8.4.8. Lost and stolen assets must remain in the Asset Register until the investigations, and approval to retire them from the Asset Register are concluded.
- 8.4.9. The Asset Register will inter-alia be used to perform monthly reconciliations and disclosure notes for the Annual Financial Statements on a quarterly basis.
- 8.4.10. The Asset Register must always be updated immediately after every transaction be it; any movement, transfers, additions and donations.
- 8.4.11. Each District Office, as well as Corporate Centre / Head Office will be responsible and accountable for updating their own Asset Registers which are part of the Departmental Asset Register. Head Office will monitor, and provide support to Districts when deemed necessary. The updating of the Asset Register includes: adding newly acquired assets, retiring / disposal of assets and reinstatement of asset values.

#### **8.5 Features of an Asset Register**

The following are the columns that must appear in the Asset Register to ensure that the assets are traceable at all times and that they can be monitored for their expected useful life:

- Asset number
- Location (building and office)
- Custodian
- Acquisition Date
- Category
- Description
- Model
- Serial number
- Condition

- Manufacturer
- Asset Cost (price)

## **9. Internal and external movement of Assets**

- 9.1 Written approval should be obtained by an official to remove assets or parts of an asset for repairs, service or restoration from the Asset Management Division. The approval document should contain the following information:
  - 9.1.1 A full description of the asset including all parts and serial numbers where applicable;
  - 9.1.2 The reason for the removal of the asset; and
  - 9.1.3 The period for which the asset is expected to be out of the office.
  - 9.1.4 A copy of the approval letter shall be handed in at the Security desk on exit.
- 9.2 Removal of mobile assets (i.e the laptops, portable printers, Cameras, Projectors, etc.) for official purposes, are excluded from the above provision, but laptops should be reported to the Security desk when removed from the offices.
- 9.3 Asset count should be conducted, and handing over certificate shall be completed and signed off by both parties when an official vacate the office either through promotion or otherwise.
- 9.4 Asset officials should provide and paste a copy of the inventory list of the assets which are assigned to custodians or asset holders, whenever a movement takes place or during asset verification process. The custodians / asset holders should sign a copy of the Inventory List to acknowledge ownership of assets assigned to him or her.
- 9.5 Amendments to the inventory lists are strictly forbidden unless carried out or authorised by the Asset Management Division using a prescribed Inventory List Change Form.
- 9.6 All increases / decreases in any office's assets should be supported by purchase vouchers. Every office's Inventory List shall be updated with every transaction.
- 9.7 No person, whether an official or otherwise, may acquire, use, transfer or assign to the custody of another official or dispose of an asset unless duly authorised by the Asset Management Division. Removal of assets from offices or locations is strictly prohibited.

## **10. Asset Verification**

- 10.1 The Asset Management Division shall conduct annual asset verification in order to ensure that assets in offices are safeguarded, and to ensure the correctness and completeness of the assets recorded in the Asset Register.
- 10.2 The Asset Management Team conducting asset verification shall report discrepancies revealed during the verification to Asset Management Director and provide reasons and causes for such discrepancies. The discrepancies must be followed up and investigated.
- 10.3 Asset Controllers and Custodians / Asset Holders where the assets have been located, shall assist the Asset Management Division during the asset verification, but will not carry out the verification themselves.
- 10.4 An updated Asset Register shall be maintained after asset verification has been carried out.

## **11. Stock-taking / Asset Count**

- Treasury Regulations requires that all equipment, stores and livestock should be subjected to stock taking at least once in each financial year.
- The stock-taking teams will conduct stock-taking to determine whether the quantity of stores items, equipment that are physically counted, corresponds with the balance as reflected on the accounting records of the main and /or inventory accounts.
- The result of the stock taking reflects the measure of control, management involvement and disposition of the relevant personnel.

## **12. Losses and Damages**

12.1 All losses of and damages to the Departmental assets should be reported by the custodian of the asset or any other official to Asset Management Directorate or District Asset Management Division.

12.2 The losses should be reported first to the South African Police Services within 24 hours, and to the Asset Management Directorate. Losses should be recorded into a Loss Register and the Loss Control Committee should conduct its own assessment / investigations as required by the PFMA.

12.3 Upon receipt of the reports, a submission shall be made to the Loss Control Committee to consider the merits of the loss / damage and assess responsibility for the loss/damage.

12.4 The Loss Control Committee shall submit an investigation report to the Accounting Officer outlining recommendations of how the losses should be dealt with.

## **13. Writing off damages and losses**

### **13.1 Losses or Damages through criminal acts or omissions.**

When it appears that the state has suffered losses or damages through criminal acts or omissions, the matter must be reported as follows:

- Report should be in writing to the Asset Management Directorate and the South African Police Services in cases of criminal acts;
- In the case of omissions, the matter must be reported, in writing to the Accounting Officer whether or not the person is still in the employ of the state;
- If a liability can be determined, the Accounting Officer must recover the value of the loss or damage from the person responsible;
- When movable assets are written off, necessary changes must be effected in the Asset Register.

## **13.2 Losses or damages due to unavoidable causes**

The Accounting Officer may write off losses and damages that result from unavoidable causes such as natural causes.

## **13.3 Recovery of losses and damages through acts committed or omitted by officials**

13.3.1 Losses or damages suffered by an institution because of an act committed or omitted by an official, must be recovered from such an official if he / she is liable in law.

13.3.2 The Accounting Officer must determine the amount of the loss or damage and, in writing, request the official to pay the amount within 30 days or in reasonable instalments.

13.3.3 If the official fails to comply with the request in paragraph 13.3.2 above, the amount must be deducted from the official's salary and / or handed to the state attorney for the recovery of the loss or damage.

13.3.4 A claim against an official must be waived if the conditions of Treasury Regulation 12.2. are met.

13.3.5 If in doubt, the Accounting Officer of the institution must consult the state attorney on questions of law in the implementation of paragraphs 12.7.1. and 12.7.3.

13.3.6 All damages and losses resulting from burglaries, thefts, arson and malicious damage through criminal or possible criminal act or omissions should be reported to SAPS and Asset Management Directorate / Unit.

13.3.7 The person, who notices such acts referred to in 13.3.6, must contact the SAPS immediately, to enable them to apprehend the culprit wherever possible or to find valuable clues.

13.3.8 The user of the stolen or damaged asset (i.e. person from whom the asset was stolen) must complete the Theft and Losses Form, and submit it to Asset Management Directorate / Unit together with the supporting documentations.

13.3.9 Loss will be managed as stipulated in this Asset Management Policy or as per a separate Loss Control Policy if the Department establishes a separate policy.

## **14. Recovery strategy of Departmental items through negligent acts**

It is the responsibility of the Accounting Officer, and all other Departmental officials to adhere to the relevant sections of the PFMA in dealing with recovery of lost assets.

14.1 Recovery of losses, damages through negligent, criminal or theft must specifically be done in line with section 38 paragraph 1 (a), (d), (f) and (h) (i), and (ii) and section 45 (a) and (e);

### **What Section 38, and Section 45 entail:**

14.1.1 Section 38 (1)(a) emphasises on effective, efficient and transparent systems of financial and risk management and internal control;

(d) states that officials are responsible for the management, including the safeguarding and the maintenance of the assets, and for the management of the liabilities of the department.

(f) states that officials must settle all contractual obligations and pay all money owing within the prescribed or agreed period

(h) states that the Accounting Officer must take effective and appropriate disciplinary steps against any official in the service of the department who: (i) contravenes or fails to comply with a provision of this Act and (ii) who commits an act which undermines the financial management and internal control system of the department.

14.1.2 Section 45 (a) dictates that officials must ensure that the system of financial management and internal control, established for that department is carried out within the area of responsibility of that official, and (e) states that officials are also responsible for the management, including safeguarding of the assets and the management of the liabilities within that official's area of responsibility.

## **15. Recovery Costs**

An official who lost a state movable asset through negligent or criminal actions is liable to payback the state an amount to be agreed upon by the official and the state.

15.1 Repayable amount on a lost state property will be calculated as per formula to be agreed upon by the Loss Control Committee. The money to be recovered and the conditions thereof will be agreed upon with the Department and the official deemed guilty of the act.

15.2 The Departmental officials will complete a letter of acceptance to repay the lost Departmental asset and give consent by signing acceptance letter which will serve as a proof of repayment, or proof of debt collection.

## **16. Repairs and Maintenance**

16.1 Section 45 (e) of the PFMA provides that an official in a Department is responsible for the management, including the safeguarding of assets within that official's area of responsibility.

16.2 Precautions for the prevention, damage, loss or theft of, or the deterioration in the condition of the assets should be taken by the official to whom an asset is allocated.

16.3 Damages, losses, theft, movement or misplacement of assets should be reported to the Director of Asset Management, and to the Chief Financial Officer.

### **16.4 Operational and maintenance of assets**

16.4.1 Assets are acquired primarily to support programme delivery. It is the responsibility of each program manager to ensure that assets: remain appropriate to programme requirements, are efficiently utilized, and are maintained in the necessary condition to support programme delivery at the lowest possible cost.

16.4.1 The asset manager must issue an agreement (Asset Acceptance Form) to the official receiving the department's asset, and this form should outline the usage, and responsibility of the official to whom the asset is issued.

#### **16.5 Repairs and maintenance plan**

16.5.1 To ensure that departmental assets remain in good condition, it is imperative that assets are serviced in accordance with the manufactures guidelines as set out in the service manuals.

16.5.2 All maintenance and repairs should be done according to the stipulated conditions of the relevant contract or warranties until such warranties and contracts have expired.

16.5.3 Program managers are also required to ensure that they comply with rental, warranties, lease agreements as well as maintenance conditions stipulated in the relevant contracts when discharging their duties.

16.5.4 Before any asset can be sent for repair by the department the program manager and the asset manager must agree on the cost effectiveness of repairing the asset compared to buying a new asset- i.e. it should be assessed whether it is better to fix the asset or to write it off and replace it with a new asset.

### **17. Disposal**

17.1 The Chief Financial Officer and Head of the Department must establish an Asset Disposal Committee (ADC). The chairperson of the committee must at least be an official in management position in the Finance / SCM environment of the Department. The chairperson should be appointed in writing by the Head of the Department.

17.2 The Asset Disposal Committee in the Department is composed of both Corporate and District members, and this arrangement may change with time. Corporate and Districts would then, if the current arrangement changes, be required to appoint their own ADCs to dispose assets that are obsolete, redundant and unserviceable.

17.3 The chairperson of the ADC recommends approval for the appointment of members of the Asset Disposal Committee by the Head of the Department. The recommendation, and appointments are to be done in writing.

17.4 The Asset Disposal Committee (either at Head Office, or at District level) shall be appointed on an annual basis by the Head of Department.

17.5 District Office Director will make a submission to the Head of the Department for approval to appoint District ADC if the disposal function is decentralized. The chairperson of the committee must at least be an official in management position in the District, and must be appointed in writing by the Head of the Department.

17.6 Members of the ADC must be from the Asset Management / Finance, Internal Control section and IT section of the Department. All members of the ADC must, at all times, objectively evaluate the items which are submitted for disposal. In other words, all the



decisions that are made by the committee must be in the best interest of the Department only.

- 17.7 In addition to the above-mentioned members of the ADC, the chairperson may at any time during the process of evaluation of specialized stores / equipment, co-opt an additional member who possesses specialized knowledge in the relevant field. This co-opting should be effected in writing.
- 17.8 All assets identified by Asset Management Units as redundant, obsolete and / or unserviceable shall be reported to the Director for Asset Management, the Chief Director for Financial Management Services, and the Chief Financial Officer.
- 17.9 Technical Reports from the ICT Directorate will be made available for all Computer Equipment declared to be obsolete and unserviceable.
- 17.10 When disposing of computer equipment, the Accounting Officer will firstly approach any state institution involved in education and / or training to determine whether such an institution requires such equipment. In the event of the computer equipment being required by such a state institution, the accounting officer may transfer such equipment free of charge to the identified institution. This is a requirement of Treasury Regulation 16.A.7.7
- 17.11 Asset Management Director shall submit a report of the redundant, obsolete and / or unserviceable assets to the Chief Director, and the Chief Financial Officer. The following particulars will also be furnished:
- Full description of the asset(s) and serial number(s);
  - Office number / location of the asset;
  - The condition of the asset(s);
  - A reason or cause for the obsolescence or redundancy of the asset(s).
- 17.12 The identified assets must then be separated from other assets immediately.
- 17.13 The Chairperson of the ADC / District ADC will determine a date and time for the inspection of the asset(s) to assess its redundancy and / or obsolescence. The Chief Director for Finance and or the Chief Financial Officer should satisfy themselves that assets identified for disposal physically exist, and that they are verifiable.
- 17.14 After the inspection of the asset(s) identified for disposal, the ADC shall write a submission, and give its recommendations for the approval of the Head of the Department.
- 17.15 The recommendations by the ADC shall clearly state the method of disposal (i.e. how the assets will be disposed off, whether the asset(s) can still be used in the Department, and whether the assets can be transferred / donated to other government Departments or any other institutions, cannibalized, crushed or written off, etc.
- 17.16 A disposal request form should be completed and signed by the Asset Management Section Heads as a request, and then signed off by the Director for Asset Management (Corporate), District Director (District Offices) and / or the CFO.

- 17.17 The market value of the asset disposed or written off shall be provided in terms of paragraph 10.2.1 of the Treasury Regulations which will serve as a guide to the ADC before making a disposal.
- 17.18 The disposed assets or assets written off shall be removed from the Asset Register through the Provincial Treasury. An approved Disposal Register should be submitted to Provincial Treasury for assets to be removed from the Asset Register.
- 17.19 Should there be a need for the disposal of assets through an auction, normal procurement procedures shall be followed to procure the services of an auctioneer.
- The ADC shall, following processes outlined above, prepare a report of the assets identified to be disposed off through an auction for the recommendation of the CFO and approval by the HOD.
  - The proceeds of the sale of the assets, net the costs of the auctioneer, shall be paid into the Departmental Revenue account.
- 17.20 Features of Disposal Asset Register
- Asset Number
  - Description of an Asset
  - Financial Service Date (Fin SVC date)
  - Retired Date
  - Net Book Value
  - Proceeds
  - Disposal Cost (Disp Cost)
  - Gain/Loss

## **18. Departures from formal policies and procedures**

- 18.1 Any departures from the approved policies and procedures will require the prior written approval of the Head of the Department.
- 18.2. Failure to comply with the prescribed policies and procedures will result in the institution of disciplinary procedures in terms of the stipulated policies and procedures of the Public Service Regulations, Related Resolutions, Educators Act, South African Schools Act, Treasury Regulations and any other relevant prescripts.

## **19. Changes to policies and procedures manual**

- 19.1 It is critical that all changes made to the policy and procedures are properly documented and timeously communicated to all relevant officials within the organization.
- 19.1.1 The Chief Financial Officer is appointed as custodian of the Asset Policies and Procedure Manuals.

- 19.1.2 All recommended changes or requests for changes will be recorded on a change request form or a separate document, which will detail the suggested changes together with the reasons for such changes.
  - 19.1.3 The change request form or separate document will be authorized by the relevant seniors, and the authorized change request form will be forwarded to the custodian.
- 19.2 The custodian will circulate the suggested changes between management team members for comments for a defined period of twenty-one (21) working days or less. All comments will be forwarded back to the custodian. However, if the changes are not major, then the custodian may not circulate the changes to management team members.
- 19.3 After agreement has been reached between the custodian (Chief Financial Officer), and the manager (Director for Asset Management) who initiated the changes to the Policy, a final proposal will be submitted to senior management team (SMT) or the Executive Management for approval.
- 19.4 Changes in policies and procedures will be effective within one week after approval / amendment has been received from the SMT or Executive Management.
- 19.5 After each change has taken place, the custodian will circulate an e-mail or hardcopy to all affected sections (Heads of sections) with details of the changes, including:
- 19.5.1 The previous version of the policy and procedure prior to change being effected
  - 19.5.2 The new version of the policy and procedure after changes have been effected
  - 19.5.3 The effective date of the change.
- 19.6 Once the changed document has been sent to the section heads, they are expected to communicate the change with their affected officials.
- 19.7 Failure to apply with the revised and approved policy from date of implementation will lead to the provision of paragraph 18.1 being applied.
- 19.8 The Policy and procedures are to be applied in conjunction with any other formal instructions from the Chief Financial Officer that may arise from time to time. These instructions will generally be a short-term nature. Instructions, which affect long-term operating procedures, will be incorporated into the relevant policies and procedures manuals.

## **20. Delegation of authority**

- 20.1 Full responsibility for internal control within the department rests with the Chief Financial Officer, who should ensure that appropriate and adequate arrangements exist within the centralised function to safeguard all fixed assets. The Chief Financial Officer should also ensure that the Asset Management Policy, Procedures and Guidelines are complied with, and that records are maintained in complete and accurate form possible.

20.2 The Heads of the Directorates or Delegated officials should ensure, that functionaries / chief users have been appointed for the administrative work related to procurement, and receipt of assets.

20.3 Any official who is fit to perform functions of asset controller must be appointed by Head of the Directorate or Delegated official to oversee the movement of assets and other activities related to assets within his / her jurisdiction.

## 21. General Provisions

21.1 It is the responsibility of the divisional and / or senior managers to ensure that all movable assets related changes that take place within their division / directorate and / or district have been properly authorised and communicated to the asset controller and asset management unit.

## 22. Policy and Review

The Asset Policy shall be reviewed every three years, or as and when necessary to ensure alignment and currency to current legislation.

## 23. Policy Approval:

Recommended/ ~~not recommended~~

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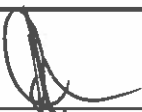
Ms M. Jansen  
Chief Director  
FMS

07/07/2023

Date

Recommended/ ~~Not Recommended~~

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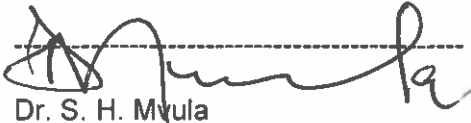


Mr. H. Mashao  
Acting Chief Financial Officer

12/7/2023  
Date

Approved/ ~~Not Approved~~

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Dr. S. H. Mvula  
Acting Superintendent General

12/07/23  
Date

***N.B. The above signatures relate to the support and approval of the amendments to the Asset Management Policy by the Acting Superintendent General.***