



# MARULENG LOCAL MUNICIPALITY



*Council Resolution No.* \_\_\_\_\_

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## ABBREVIATIONS

AM	:	Asset Management
AMS	:	Asset Management System
CFO	:	Chief Financial Officer
COGTA	:	Department of Co-operative Governance and Traditional Affairs
EPWP	:	Expanded Public Works Programme
GAMAP	:	Generally Accepted Municipal Accounting Practices
GIS	:	Geographical Information System
GRAP	:	Standards of Generally Recognised Accounting Practice
HR	:	Human Resources
IAM	:	Infrastructure Asset Management
IAMP	:	Infrastructure Asset Management Plan
IAMS	:	Infrastructure Asset Management Strategy
IAR	:	Infrastructure Asset Register
IAS	:	International Accounting Standards
IDP	:	Integrated Development Plan
IT	:	Information Technology
KPI	:	Key Performance Indicators
LM	:	Local Municipality
MFMA	:	Municipal Finance Management Act
O&M	:	Operations and Maintenance
OHSA	:	Occupational Health and Safety Act
R	:	Rand
SCM	:	Supply Chain Management
SDBIP	:	Service Delivery and Budget Implementation Plan
TOR	:	Terms of Reference
VAT	:	Value Added Tax
MLM	:	Maruleng Local Municipality

## DEFINITIONS

“**Accounting Standards Board**” was established by the Public Finance Management Act to set standards of Generally Recognized Accounting Practice (GRAP) as required by the Constitution of the Republic of South Africa.

“**Assets**” are resources controlled by an entity as the result of past events and from which future economic benefits or future service potential are expected to flow to the entity.

“**Asset Custodian**” is a person in any position or level in the organisation entrusted with the safeguarding and use as well as the condition monitoring of a specific asset.

“**Asset Management**” is a broad function and includes a structured process of decision-making, planning and control over the acquisition, use, safeguarding and disposal of assets to maximise their service delivery potential and benefits, and to minimise their related risks and costs over their entire life.

“**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 municipality’s standards, policies, procedures and relevant guidelines.

“**Asset categories**” are the five main asset categories defined by GRAP. These are:

- ❖ Property plant and equipment (GRAP 17)
- ❖ Heritage assets (GRAP 103)
- ❖ Intangible assets (GRAP 31)
- ❖ Investment property (GRAP 16)
- ❖ Biological assets (GRAP 101)

“**Fixed 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.

“**Attractive items**” are items of property, plant or equipment that are not significant enough for financial recognition but are attractive enough to warrant special safeguarding. These assets are also referred to as inventory.

“**Capital Assets**” are all assets with a life cycle of greater than one year and above the capitalisation threshold (where applicable). For example, this would include property, plant and equipment (infrastructure network, furniture, motor vehicles, computer equipment, etc.), intangible assets, and investment property.

“**Capitalization**” is the recognition of expenditure as an asset in the Financial Asset Register and accounting records

## DEFINITIONS – (Continued)

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

“**Class of Property, Plant and Equipment**” means a grouping of assets of a similar nature or function in an entity’s operations that is shown as a single item for the purpose of disclosure in the financial statements. (GRAP 17) (This definition of class applies to all capital assets.) Class of assets is also sometimes referred to as the asset hierarchy.

“**Component**” is a part of an asset with a significantly different useful life and significant cost in relation to the rest of the main asset. Component accounting requires that each such part shall be separately accounted for and is treated separately for depreciation, recognition and derecognition purposes. It is also referred to as separately depreciable parts.

“**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 construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other GRAP.

“**Cost of acquisition**” is all the costs incurred in bringing an item of plant, property or equipment to the required condition and location for its intended use.

“**Current Replacement Cost**” is the cost of replacing an existing asset with a modern asset of equivalent capacity.

“**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.

“**Depreciation method**” the methods applicable i.e. straight line, reducing balance and sum of digits.

“**Depreciated Replacement Cost**” is a measure of the current value of an asset based on its current replacement cost less an allowance for deterioration of condition to date (based on the fraction of remaining useful life/expected useful life).

“**Economic Life**” is either:

- (a) the period over which an asset is expected to yield economic benefits or service potential to one or more users, or
- (b) the number of production or similar units expected to be obtained from the asset by one or more users.

**DEFINITIONS – (Continued)**

“**Enhancement/Rehabilitation**” is an improvement or augmentation of an existing asset (including separately depreciable parts) beyond its originally recognised service potential for example, remaining 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.

“**Financially Sustainable**”, in relation to the provision of a municipal service, means the provision of a municipal service in a manner aimed at ensuring that the financing of that service from internal and external sources, including budgeted income, grants and subsidies for the service, is sufficient to cover the costs of—

- (a) the initial capital expenditure required for the service;
- (b) operating the service; and
- (c) maintaining, repairing and replacing the physical assets used in the provision

“**GRAP**” stands for “generally recognised accounting practice”.

“**Infrastructure**” means assets that usually display some or all of the following characteristics:

- (a) they are part of a system or network;
- (b) they are specialised in nature and do not have alternative uses;
- (c) they are immovable; and
- (d) they may be subject to constraints on disposal

“**Investment property**” is defined as property (land and/or a building, or a part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or for capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operation

“**Intangible assets**” are defined as identifiable non-monetary assets without physical

“**Heritage assets**” are assets of cultural, historic or environmental significance, such as monuments, nature reserves, and work of art.

A “**lease**” is an agreement whereby the lesser conveys to the lessee (in this case, the municipality) the right to use as asset for an agreed period of time in return for a payments. Leases are categorised into finance and operating leases.

A “**finance lease**” that transfers substantially all risks and rewards incidental to ownership of an asset, even though the title may not eventually be transferred (substance over form). Where the risks and rewards of ownership of the assets are substantially transferred to the municipality, the lease is regarded as a finance lease recognised by the municipality. Where there is no substantial transfer of risks and rewards of ownership to the municipality, the lease is considered an operating lease and payment are expensed in the income statement on a systematic basis (straight-line basis over the lease term).

“**Minor Asset**” is an asset other than a capital asset, which is expensed in the year of acquisition-

“**Modern Equivalent Asset**” is an asset that replicates the existing asset with the most cost-effective asset performing the same level of service. This includes improvements in technology that may change the nature, life and value of an asset.

“**Municipal Manager**” is the person defined as the Accounting Officer of a municipality

“**Property, plant and equipment**” are tangible assets that:

- a) *Are held by a municipality for use in the production of goods or supply of goods or services, for rental to others, for administrative purpose; and*
- b) *Are expected to be used during more than one period.*

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

“**Remaining Useful Life**” is the time remaining (of the total estimated useful life) until an asset ceases to provide the required service level or economic usefulness.

“**Renewal**” is the work required to replace/enhance/rehabilitate an asset. Expenses on renewal works are considered capital expenditure.

“**Reproduction Cost**” is the cost of reproducing the asset in its present physical form (substantially the same materials and design).

“**Residual value**” is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

“**Senior manager**” is a manager referred to in section 56 of the Municipal Systems Act being someone reporting directly to the Municipal Manager.

“**Senior management team**” are the incumbent of post level 1, 2 and 3 in each department being the “senior manager” and everyone up to two levels below them.

“**Service Potential**” is a tangible capital asset’s output or service capacity, normally determined by reference to attributes such as physical output capacity, quality of output, associated operating costs and useful life.

“**Stewardship**” is the act of taking care of and managing property, plant or equipment on behalf of another.

“**Useful life**” is either:

- (a) *The estimated period of time over which the future economic benefits or future service potential embodied in an asset are expected to be consumed by the municipality,*

**Or**

- (b) *The estimated total service potential expressed in terms of production or similar units that is expected to be obtained from the asset by the municipality*

## **1. POLICY FRAMEWORK**

### **1.1. Purpose**

To provide for a structured process of decision-making, planning and control over the acquisition, use, maintenance, safeguarding and disposal of assets in order to maximise their service delivery potential and benefits, and to minimise their related risks and costs over their useful life.

To provide a framework for bringing together the end users and finance practitioners through an integrated and holistic approach to asset management.

### **1.2. Aims and Objectives**

The aims and objectives of this policy are:

- ❖ To ensure the effective and efficient control, utilization, safeguarding and management of a municipality's assets
- ❖ To ensure senior managers are aware of their responsibilities in respect of operation and maintenance of assets.
- ❖ To set out the standards of management, recording and internal controls over assets to ensure that they are safeguarded against inappropriate loss or utilisation.
- ❖ To specify the process required before expenditure on property, plant and equipment occurs.

### **1.3 Scope**

The scope of this policy covers non current intangible assets and non current tangible assets.

## **2. LEGAL FRAMEWORK**

This policy must comply with all relevant legislative requirements including:

- ❖ The Constitution of the Republic of South Africa, 1996
- ❖ Municipal Structures Act, 1998
- ❖ Municipal Systems Act, 2000
- ❖ Division of Revenue Act (enacted annual)
- ❖ Municipal Finance Management Act No 56 of 2003
- ❖ Local Government Capital Asset Management Guideline, 2008

### **2.1 ACCOUNTING STANDARDS**



The MFMA requires municipalities to comply with the standards of Generally Recognised Accounting Practice (GRAP) and in line with the standards specified by the Accounting Standards Board. The relevant currently recognized accounting standards include:

- ❖ GRAP 1 Presentation of financial statements
- ❖ GRAP 17 Property Plant and Equipment
- ❖ GRAP 16 Investment property
- ❖ IAS 36 Impairment of assets
- ❖ GRAP 21 Impairment of Non-cash-generating assets
- ❖ GRAP 26 Impairment of Cash-generating assets
- ❖ GRAP 31 Intangible assets
- ❖ GRAP 103 Heritage Assets
- ❖ IAS 17 Leases
- ❖ GRAP 13 Leases

This policy does not overrule the requirement to comply with other policies like supply chain or budget policies.

### **3. ASSET MANAGEMENT**

The goal of asset management is to achieve the required level of service in the most cost effective manner, which is achieved through management of the asset's life cycle.

To be effective, asset management shall include the following:

- ❖ Service level needs, identified in the IDP process, (these shall drive asset management practices and decision-making);
- ❖ Asset management plans that are an integral part of the municipal planning process;
- ❖ Asset acquisition decisions that are based upon the evaluation of alternatives, including demand management and non-asset solutions;
- ❖ Asset acquisition proposals that include a full business case, including costs, benefits and risks across each phase of an asset's life cycle;
- ❖ Defined responsibility and accountability for performance, safe custody and use.
- ❖ Disposal decisions based upon an analysis of disposal options, designed to achieve the best possible return for the municipality and made in accordance with the provisions of the MFMA;
- ❖ Sound risk-based internal controls supporting all asset management practices.

#### **3.1 Asset Strategy**

An integrated approach towards asset planning and management will enable the MLM to deliver quality, asset-based services efficiently and effectively. By integrating asset planning with its overall planning processes, the municipality is better able to make the most appropriate decisions about the asset profile, particularly when responding to such factors as:

- ❖ new or changing service delivery requirements;

- ❖ different methods of service delivery, and
- ❖ evolving technology i.e. Information Technology equipment

Proper planning will provide a comparison between the assets required to support service delivery and those assets currently available and/or programmed for acquisition. In this manner, the municipality can identify:

- ❖ existing assets that are required and are presently capable of servicing program delivery needs;
- ❖ existing assets that are required but are below the necessary standard and need refurbishment to meet service delivery needs; and
- ❖ assets which must be acquired to meet service delivery needs.

Through this policy, Maruleng Local Municipality adopt the following integrated approach to asset management:

- ❖ taking the municipal strategy (IDP), converting that into an asset management strategy and producing plans based upon an analysis of service delivery options;
- ❖ informing the IDP (and revised IDP) and then the annual budget, using the detailed asset management plans;
- ❖ funding each approved asset management plan appropriately through the budget;
- ❖ including in the Service Delivery and Budget Implementation Plan (SDBIP) the measurable objectives and targets of each asset management plan;
- ❖ reporting on the performance of assets as measured in terms of service delivery based upon an approved SDBIP, budget and IDP.

#### 4. APPROVAL AND EFFECTIVE DATE

The Municipal Manager is responsible for the submission of this document to Council to consider its adoption. Council shall indicate the effective date for implementation of the policy.

#### 5. RESPONSIBILITIES AND ACCOUNTABILITIES

**The Municipal Manager** is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

The municipal manager 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;
- ❖ That the municipality has and maintains a system of internal control of assets, including an asset register; and
- ❖ That senior managers and their teams comply with this policy.

**The Chief Financial Officer** is responsible to the municipal manager to ensure that the financial investment in the municipalities' assets is safeguarded and maintained.

The chief financial officer 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 are utilized effectively, efficiently, economically and transparently;
- ❖ Any unauthorized, 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 municipalities' assets are maintained to standards sufficient to satisfy the requirements of the auditor-general;
- ❖ 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;
- ❖ The senior managers, and users are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;
- ❖ The chief financial officer has delegated or otherwise assigned responsibility for performing these functions but they will remain accountable for ensuring these activities are performed.

**The Asset Manager** shall be responsible for:

- ❖ ensuring that, when acquiring assets, decisions on how to account for the transactions, e.g. whether they should be capitalised or expensed, are made in full compliance with the MFMA, accounting standards and the LGCAMG;
- ❖ ensuring that the purchase of capital assets complies with all municipal policies and procedures,
- ❖ ensuring that the correct date on which an asset is put into service or commissioned is properly recorded in the asset register and that the appropriate financial data are recorded;
- ❖ ensuring that all capital assets are duly processed, identified and recorded before issued for use;
- ❖ ensuring that all capital assets under the asset manager's control are appropriately safeguarded from inappropriate use or loss, including appropriate control over the physical access to these assets and regular asset verification to ensure losses have not occurred, and ensuring that any known losses are immediately reported.
- ❖ ensuring that proper procedures for the movement of assets from one user to another, for maintenance, or disposals outside the municipality are in place and enforced;
- ❖ ensuring capital assets are utilised for the purpose for which the municipality acquired them.

The asset manager shall delegate custodianship of assets to specific users. The custodians will be required to perform functions assigned to the asset manager in respect of their specific assets, but the Asset Manager will remain responsible for ensuring that these activities are performed.

**Senior Managers** must ensure that:

- ❖ municipal resources assigned to them are utilised effectively, efficiently, economically and transparently.
- ❖ This would include:
- ❖ complying with systems of management and internal controls established by the municipality;
- ❖ preventing inappropriate losses;
- ❖ appropriately managing, safeguarding and maintaining assigned assets; and
- ❖ providing all asset-related information as and when required.

## **6. POLICY AMENDMENT**

Changes to this document shall only be applicable if approved by Council. Any proposals in this regard shall be motivated by the Municipal Manager in consultation with the CFO and respective Directors. The recommendations of the CFO shall be considered for adoption by Council.

## **7. RELATIONSHIP WITH OTHER POLICIES**

This policy, once effective, will replace any pre-existing Asset Management Policy.

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- ❖ Delegation of Powers (Delegations register) - Identifying the processes surrounding the establishment of delegated authority
- ❖ SCM Policy - Regulating all processes and procedures relating to acquisitions
- ❖ Budget Policy - The processes to be followed during the budget process as well as pre-determined prioritisation methodology
- ❖ Accounting Policy - Governed by the Accounting standards, the accounting policy determines the basis recognition, measurement and recording of all transactions
- ❖ Risk Management Policy - The policy promotes effective and efficient asset utilisation

## **8. ACCOUNTING TREATMENT OF ASSETS**

### **8.1. Identification**

An item will be identified as an asset if only it meets the definition of an asset as follows:

**“Assets”** are resources controlled by an entity as the result of past events and from which future economic benefits or future service potential are expected to flow to the entity.

### **8.2. Recognition of property, plant and equipment**

An item of property, plant and equipment will be recognized as an asset when:

- ❖ It is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality,
- ❖ The cost of the asset to the municipality can be measured reliably,
- ❖ The municipality has gained control over the asset,
- ❖ The costs is above the recognition threshold, and
- ❖ The asset is expected to be used during more than one financial year.

#### **8.2.1 Recognition threshold**

To ensure efficiency in the administration of this policy, the recognition of property plant and equipment as an asset is not limited to any threshold.

However property plant and equipment that is acquired in bulk and in most cases used at Community facilities, due to their nature as well as considering that such assets are always being moved from one Community facility to another in the normal course of the use of the property plant and equipment, such property plant and equipment is to be tool boxed in the main asset register and a separate register will be maintained to keep a trail of the tool boxed property plant and equipment.

With effect from the 1<sup>st</sup> of July 2017 all movable assets with a value below **R1000** will be expensed and not capitalised in the Fixed Asset Register.

### **8.3. Classification of assets.**

A class of PPE is defined as a group of assets of a similar nature or function in the municipality’s operations. The total balance of each class of assets is disclosed in the notes to the financial statement.

Municipality’s assets will be categorised as follows:

- ❖ Property plant and equipment (GRAP 17)
- ❖ Heritage assets (GRAP 103)
- ❖ Intangible assets (GRAP 31)
- ❖ Investment property (GRAP 16)
- ❖ Biological assets (GRAP 101)

**8.3.1 Asset hierarchy for Property plant and equipment (GRAP 17)**

An assets hierarchy is adopted for PPE which enables separate accounting of parts (or components) of the asset that are considered significant to the municipality from a financial point of view, and for other reasons determined by the municipality including risk management (in other words, taking into account the criticality of components) and alignment with the strategy adopted by the municipality in asset renewal (for example the extent of replacement or rehabilitation at the end of life). In addition, the municipality may aggregate relatively insignificant items to be considered as one asset. The structure of the hierarchy recognises the functional relationship of assets and components

Municipality’s assets shall be classified as outlined in the table below:

Accounting Group	Asset Category	Asset Sub-category
Property, plant and equipment	Infrastructure	Electricity network
		Road and storm-water network
		Water supply network
		Sanitation network
	Community Assets	Community facilities
		Sport and recreation facilities
	Operational Facilities	Operational buildings
		Factory buildings
	Other assets	Operational buildings
		Vehicles
		Operational plant and equipment
		Office equipment
		Furniture and fittings
		Computer equipment
	Library books	Library books
		Staff Housing

	Land	Infrastructure land
		Community assets (land)
		Heritage assets (land)
		Housing land

Asset category	Classes
Heritage assets	Monuments
	Historic buildings
	Works of art
	Conservation areas
Intangible Assets	Servitudes
	Statutory licenses
	Software
Investment property	Commercial property (market related rentals charged)
	Residential property (market related rentals charged)
	Land with undetermined use

### 8.3.1.1 Roads classification.

The MFMA— Local Government Capital Asset Management Guideline, ANNEXURE C, classifies roads into unformed, formed, gravel and sealed roads.

- ❖ **Unformed roads:** Costs to create these are treated as an expense as is the cost to re-clear them.
- ❖ **Formed roads:** Formed roads without gravel but with some drainage earthworks are recognised as capital. Costs to maintain these roads are treated as an expense.
- ❖ **Gravel roads:** Formed roads topped with gravel. The formation is recognised as capital. The gravel is recognised and depreciated over the expected time between re-gravelling. Other maintenance costs like re-grading are treated as an expense.
- ❖ **Sealed roads:** High-capacity roads built to a higher standard of formation, compacted gravel and final seal. All the components required to build the sealed road are separated into the different layers (formation, gravel (pavement) and seal) and are recognised as capital. The layers are depreciated over different lives. For example it is expected that the seal will be replaced a few times before the pavement needs to be rebuilt, whereas the formation is expected to last much longer. Other maintenance work and the repair of pot holes, etc., are treated as maintenance.

### 8.4. Initial measurement

An item of property, plant and equipment that qualifies for recognition as a non-current asset shall be initially measured at its “cost of acquisition”.

This “**cost of acquisition**” will include all costs required to bring the asset to the proper working condition and position for its intended use. These costs shall include the following:

- ❖ Purchase costs (less any discounts given)
- ❖ Delivery costs
- ❖ Installation costs
- ❖ Professional fees for architects and engineers
- ❖ Import duties
- ❖ Non-refundable taxes
- ❖ Site development costs
- ❖ Contractor fees

#### **8.4.1 Donations or exchanges**

Where an item of property plant and equipment is acquired at no cost, or for a nominal cost, it will be initially measured at its fair value as at the date of acquisition and included in the non-current asset register if the fair value is greater than the recognition threshold.

#### **8.4.2 Self-constructed PPE**

Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions by the municipality. All assets that can be classified as assets and that are constructed by the municipality should be recorded in the asset register and each component that is part of this asset should be depreciated over its estimated useful life for that category of asset.

Proper records are kept such that all costs associated with the construction of these are completely and accurately accounted for as capital under construction, and upon completion of the asset, all costs (both direct and indirect) associated with the construction of the asset are summed and capitalised as an asset.

#### **8.4.3 Borrowing costs**

Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include interest on bank overdrafts and short-term and long-term borrowings; amortisation of premiums or discounts associated with such borrowings; amortisation of ancillary costs incurred in connection with the arrangement of borrowings; finance charges in respect of finance leases and foreign exchange differences arising from foreign borrowings when these are regarded as an adjustment to interest costs.

Borrowing costs shall be capitalised if related to construction of a qualifying asset (one that necessarily takes a substantial period of time to get ready for its intended use or sale) and external funding is sourced to fund the project, i.e.: interest during construction.

In the following cases it is inappropriate to capitalise borrowing costs:



- ❖ It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of the municipality directly to the nature of the expenditure to be funded i.e. capital or current. In such case, the municipality shall expense those borrowing costs related to a qualifying asset directly to the statement of financial performance.
- ❖ In exceptional cases the municipality is allowed to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. It may be difficult for the municipality to identify a direct relationship between an asset and borrowing costs incurred because the financial activity is controlled centrally and it will not always be possible to keep track of the specific borrowing costs which should be allocated to the qualifying asset; and a reasonable effort and cost may outweigh the benefit of presenting the information, making it inappropriate to capitalise the borrowing cost.

#### **8.4.4 Deferred payment**

The cost of an asset is the cash equivalent at the recognition date. If the payment of the cost price is deferred beyond normal credit terms, the difference between the cash price equivalent (the total cost price is discounted to the asset's present value as at the transaction date) and the total payment is recognised as an interest expense over the period of credit unless such interest is recognised in the carrying value of the asset in accordance with the allowed alternative treatment in GRAP 5 on Borrowing Costs.

#### **8.4.5 Changes in the existing decommissioning costs or restoration costs included in the costs of an item**

Changes in the measurement of an existing decommissioning cost or restoration cost as a result of changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, should be treated as follows:

If the cost model is used-

- ❖ Changes in the liability shall be added to or deducted from the cost of the related asset.
- ❖ If the amount deducted from the cost of the asset exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- ❖ If the adjustment results in an additional to the cost of an asset, the municipality should consider whether this is an indication that the carrying amount may not be recoverable. In this case the municipality should test the asset for impairment.

If the revaluation model is used-

- ❖ A decrease in the liability shall be credited to the revaluation surplus, except that it shall be recognised in the surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in the surplus or deficit; and
- ❖ An increase in the liability shall be recognised in surplus or deficit, except that it shall be debited to the revaluation surplus to the extent that any credit balance may exist in the revaluation surplus in respect of asset.

- ❖ If the decrease in liability exceeds the carrying amount that would have recognised if the asset has been carried under the cost model, the excess shall be recognised immediately in the surplus or deficit.
- ❖ If the change in liability is an indication the asset may have to be re-valued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation shall be taken into account in determining the amounts to be taken to surplus or deficit and net assets as discussed above. If a revaluation is necessary, all assets of that class shall be revalued.

## **8.5 SUBSEQUENT MEASUREMENT**

Accounting standards allow measurement after recognition of assets as follows:

- ❖ PPE, Heritage assets and Intangible assets: on either a cost or revaluation model; and
- ❖ Investment Property: either cost model or the fair value model.
- ❖ Different models can be applied, providing the treatment is consistent per asset class.

Municipality shall subsequently measurement its assets as follows:

- ❖ Immovable PPE except Land: Cost Model.
- ❖ Land Revaluation: Fair value and the values as established by professional valuers.
- ❖ Movable PPE: Cost Model.
- ❖ Investment Property Revaluation: Fair value model and the values as established by professional valuers.
- ❖ Intangible Assets: Cost Model.
- ❖ Heritage Assets: Revaluation Model.

Changes in asset value as a result of revaluation shall be reflected in a Revaluation Reserve.

### **8.5.1 Cost Model**

When the cost model is adopted, an asset is carried after recognition at its cost less any accumulated depreciated and any accumulated impairment losses.

### **8.5.2 Revaluation Model**

When the revaluation model is adopted an asset is carried after recognition at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. When revaluations are conducted, the entire class of assets should be re-valued.

Revaluation is to be executed by persons with suitable professional qualifications and experience. Any change to an asset's carrying amount as a result of revaluation, is credited (or deducted from any surplus from previous revaluations if the re-valued amount decrease from the previous re-valued amount) in the Revaluation Reserve.

The revaluation surplus is transferred to the Accumulated Surplus (Deficits) Account on de-recognition of an asset. An amount equal to the difference between the new (enhanced) depreciation expense and the depreciation expenses determined in respect of such

immovable asset before the revaluation in question may be transferred from the Revaluation Reserve to the municipality's Accumulated Surplus/Deficit Account.

An adjustment of the aggregate transfer is made at the end of each financial year. If carrying amount based on the revaluation is less than the carrying value of the immovable asset recorded in the asset register, the carrying value of such asset is adjusted by increasing the accumulated depreciation of the immovable asset in question by an amount sufficient to adjust the carrying value to the value based on the revaluation.

Such additional depreciation expenses form a charge, in the first instance, against the balance in any Revaluation Reserve previously created for such asset, and to the extent that such balance is sufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the asset in question in.

### **8.5.3 Investment Property**

When the fair value model is adopted, all investment property should be measured at its fair value except when the fair value cannot be determined reliably on a continuing basis. The gain or loss from the change in the fair value of investment property shall be included in the surplus or deficit for the period in which it arises.

The fair value of the investment property shall reflect market conditions at the date. All fair value adjustments shall be included in the surplus or deficit for the financial year.

### **8.5.4 Statutory inspections**

The cost of a statutory inspection that is required for the municipality to continue to operate immovable PPE is recognised at the time the cost is incurred, and any previous statutory inspection cost is de-recognised.

### **8.5.5 Depreciation**

The depreciable amount of an item of property, plant and equipment shall be allocated over its useful life. The depreciation method used shall reflect the pattern in which economic benefits or potential service provisions are consumed by the municipality.

The depreciation charge for each period will be recognized as an expense against the budget of the relevant head of department unless it is included in the carrying amount of another asset.

Land, servitudes and heritage assets are considered to have unlimited life and are not depreciated.

Depreciable assets are depreciated over their useful lifespans using the straight-line method. Where componentisation is applicable, depreciation of assets is applied at the component level.

Depreciation starts once an asset is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and ceases when it is de-recognised.

Depreciation is initially calculated from the day when an asset item is acquired or - in the case of construction works and plants and machinery - the day in which the asset is available for use, until the end of the calendar month concerned. Therefore, depreciation charges are calculated monthly.

#### **8.5.5.1 Review of depreciation method**

The depreciation method applied to property, plant and equipment shall be reviewed annually, and if there has been a significant change in the expected pattern of economic benefits or potential service delivery from those assets, the method shall be changed to reflect the changed pattern.

When such a change in depreciation method is necessary the change shall be accounted for as a change in according estimate and the depreciation charge for the current and future periods shall be adjusted.

#### **8.6 Initial determination useful life**

The initial determination of the useful life shall be determined in accordance with Section 25 of the policy. However, the following factors shall be considered during the Pre-Acquisition Planning phase:

- ❖ The operational, maintenance, renewal and disposal program that will optimize the expected long term costs of owning that asset,
- ❖ Economic obsolescence because it is too expensive to maintain,
- ❖ Functional obsolescence because it no longer meets the municipality's needs,
- ❖ Technological obsolescence,
- ❖ Social obsolescence due to changing demographics, and
- ❖ Legal obsolescence due to statutory constraints.

Spares purchased specifically for a particular asset, or class of assets, and which would become redundant if that asset or class was retired or use of that asset or class was discontinued, must be considered to form part of the historical cost of that asset or class. The depreciable amount of such spares must be allocated over the useful life of the asset or class.

#### **8.6.1 Review of useful life**

The useful life of an item of property, plant and equipment shall be reviewed annually and if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods shall be adjusted.

### **8.7 Residual value**

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

Due to the nature of the our business and budgetary constraint, the Municipality does not foresee selling the assets after their estimated useful lives because they will normally be dilapidated. The assets will be written off or auctioned after the council resolution has been secured and any excess of consideration received over the carrying value will be treated as profit on disposal and vice versa. The residual values of all assets are therefore estimated to be R1.

### **8.8 Subsequent expenditure on property plant and equipment**

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized shall 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.

All other expenditure shall be recognized as an expense in the period in which it occurred.

Before allowing the capitalization of subsequent expenditure, the Chief Financial Officer must be satisfied that this expenditure significantly:

- ❖ Increases the life of that asset beyond that stated in the asset register, or
- ❖ Increases the quality of service of that asset beyond the existing level of service, or
- ❖ Increases the quantity of services that the asset can provide, or
- ❖ Reduces the future assessed costs of maintaining that asset.

Expenditure that is proposed to be capitalized must also conform to the recognition criteria for non-current assets and shall also be appropriately included in the approved capital budget

### **8.9 Finance Leases**

A finance lease is recognised by the municipality (the lessee) at the commencement of a lease as an asset and liability in the statement of financial position at equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease contract, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct cost of the lessee is added to the amount recognised as an asset.

### **8.10 Spares**

The location of capital spare shall be amended once they are placed in service, and re-classified to the applicable PPE asset sub-category.

## 8.11 IMPAIRMENT

Impairment is defined as the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the assets future economic benefits or service potential through depreciation.

### Indications of impairment

The municipality must review assets for impairment when one of the indicators below occurs or at least at the end of each reporting period. In assessing whether there is any indication that an asset may be impaired, an entity shall consider as a minimum the following indicators:

#### External Sources of Information:

- ❖ Decline or cessation in demand;
- ❖ Changes in the technological, legal or government policy environment;
- ❖ The carrying amount on the net assets of the entity is more than its market capitalisation;  
or
- ❖ Market interest rates have increased during the period, and those increases are likely to affect the discount rate used in calculating an assets value in use and decrease the assets recoverable amount materially.
- ❖ A halt in construction could indicate impairment. Where construction is delayed or postponed to a specific date in the future, the project may be treated as work in progress and not considered as halted.

#### Internal Sources of Information:

- ❖ Evidence of physical damage;
- ❖ Evidence of obsolescence;
- ❖ Significant changes with an adverse effect on the entity have taken place during the period,  
or
- ❖ are expected to take place in the near future, in the extent to which, or a manner in which, an asset is used or is expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- ❖ Cash flow for acquiring an asset or maintenance cost thereafter is higher than originally budgeted;
- ❖ The actual net cash flow or operating profit or loss flowing from an asset ate significantly worse than those budgeted;
- ❖ A significant decline in budgeted net cash flow or operating profit, or a significant increase in the budget loss; flowing from the asset; or
- ❖ Operating losses or net cash outflows for the asset, when current period amounts are aggregated with budgeted amounts for the future.
- ❖ Other indications, such as loss of market value.

### Impairment of projects under construction

In assessing whether a halt in construction would trigger an impairment test, it should be considered whether construction has simply been delayed or postponed, whether the intention to resume construction in the near future or whether the construction work will not

be completed in the foreseeable future. Where construction is delayed or postponed to a specific future date, the project may be treated as work in progress and is not considered as halted.

### **Intangible assets**

The municipality must test all intangible assets not yet available for use or which have an indefinite useful life for impairment. This impairment test may be performed at any time during the reporting period it is performed at the same time every year.

### **Significant and Enduring nature**

The municipality must only record impairments that are significant and have an enduring adverse effect (material and long-term impact). The events and circumstances in each instance must be recorded. Where there are indications of impairment, the municipality must estimate the recoverable service amount of the asset and also consider adjustment of the remaining useful life, residual value, and method of depreciation.

### **Impairment loss**

An impairment loss of a non-cash-generating unit or asset is defined as the amount by which the carrying amount of an asset exceeds its recoverable service amount. The recoverable service amount is the higher of the fair value less costs to sell and its value in use.

An impairment loss of a cash-generating unit (smallest group of assets that generate cash flows) or asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use.

### **Non-cash generating units**

Non-cash-generating units are those assets (or group of assets) that are not held for the primary objective of generating a commercial return. This would typically apply to assets providing goods or services for community or social benefit.

The recoverable amount is the higher of the assets fair value less cost to sell and its value in use. It may be possible to determine the fair value even if the asset is not traded in an active market. If there is no binding sales agreement or active market for an asset, the fair value less cost to sell is based on the best information available to reflect the amount that an entity could obtain.

However, sometimes it will not be possible to determine the fair value less cost to sell because there is no basis for making reliable estimates of the amount obtainable. For non-cash regenerating assets which are held on an on-going basis to provide specialised services or public goods to the community, the value in use of the assets is likely to be greater than the fair value less cost to sell. In such cases the municipality may use the assets value in use as its recoverable service amount.

The value in use of non-cash regenerating unit/asset is defined as the present value of the assets remaining service potential. This can be determined using any of the following approaches:

- ❖ The Depreciated Replacement Cost (DRC) approach (and where the asset has enduring and material over-capacity, for example in cases where there has been a decline in demand, the Optimised Depreciation Replacement Cost (ODRC) approach may be used);
- ❖ The restoration cost approach (the Depreciation Replacement Cost less cost of restoration) - usually used in cases where there has been physical damage; or
- ❖ The service unit approach (which could be used for example where a production units model of depreciation is used).

Where the present value of an asset's remaining service potential (determined as indicated above) exceeds the carrying value, the asset is not impaired - this will normally be the case unless there has been a significant and enduring event as indicated above.

### **Cash-generating unit**

Cash-generating units are those assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Holding an asset to generate a "commercial return" indicates that an entity intends to generate positive cash inflows the asset (or from part of the cash-generating unit of which the asset is a part) and earn a commercial return that reflects the risk involved in holding the asset. When the cost model is adopted, fair value is determined in accordance with the rules indicated for measurement after recognition.

Costs to sell are the costs directly attributable to the disposal of the asset (for example agent fees, legal costs), excluding finance costs and income tax expenses. The value in use is determined by estimating the future cash inflows and outflows from the continuing use of the asset and the net cash flows to be received (or paid) for the disposal of the assets at the end of its useful life, including factors to reflect risk in the respective cash-flows and the time value of money.

### **Judgement**

The extent to which the asset is held with the objective of providing a commercial return needs to be considered to determine whether the asset is a cash generating or non-cash generating asset. An asset may be held with the primary objective of generating a commercial return even though it does not meet that objective during a particular reporting period.

Conversely, an asset may be non-cash generating asset even though it may be breaking it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases it is necessary to evaluate the significance of the cash



flows. It may be difficult to determine whether extent to which the asset generates cash flows is so significant that the asset is a non-cash-generating or a cash-generating asset. Judgement is needed in these circumstances.

### **Recognition of impairment**

The impairment loss is recognised as an expense when incurred (unless the asset is carried at a re-valued amount, in which case the impairment is carried as a decrease in the Revaluation Reserve, to the extent that such reserve exists). After the recognition of an impairment loss, the depreciation charge for the asset is adjusted for future periods to allocate the assets revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

When no future economic benefit is likely to flow from the asset, it is derecognised and the carrying amount of the asset at the time of de-recognition, less any economic benefit from the de-recognition of the asset, is debited to the Standard of Financial Performance as a "Loss on Disposal of Asset".

In the event of compensation received for damage to an item of immovable PPE, the compensation is considered as the assets ability to generate income and is disclosed under Sundry Revenue; and the asset is impaired/de-recognised.

### **Reversing the impairment loss**

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

## **9. APPROPRIATE CODING**

Where applicable movable assets purchased shall be bar-coded or tool boxed upon receipt and included in the Asset Register.

## **10. INSURANCE FOR CAPITAL ASSETS**

The Municipal Manager shall ensure that all capital assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

The Municipal Manager shall recommend to the council of the municipality, after consulting with the Chief Financial Officer, the assets to be insured on the replacement value. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

## **11. FIXED ASSET REGISTER**

A fixed asset register is a data source, which reflects the recorded information of each individual asset of the Municipality. Third party assets under the custody of the municipality

shall not be regarded as forming part of the municipality assets and shall be kept in a separate Fixed Asset Register labeled 'Third party assets'. A register for assets with third parties for repairs or service, shall be maintained with such details as; service provider, date asset taken for service, and its expected date of return.

### 11.1 Format of fixed asset register

The fixed 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 fixed asset register may reflect the following information:

- ❖ a brief but meaningful description of each asset
- ❖ the date on which the asset was acquired or brought into use
- ❖ the location of the asset
- ❖ where applicable, the bar code number
- ❖ accumulated depreciation to date
- ❖ the depreciation charge for the current financial year
- ❖ the carrying value of the asset
- ❖ the method and rate of depreciation
- ❖ the title deed number / Erf number, in the case of fixed property
- ❖ the original cost, the revalued amount or the fair value if no costs are available
- ❖ the (last) revaluation date of the fixed assets subject to revaluation
- ❖ the revalued value of such fixed assets
- ❖ impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- ❖ the source of financing
- ❖ whether the asset has been used to secure any debt, and – if so – the nature and duration of such security arrangements
- ❖ the date on which the asset is disposed of
- ❖ the disposal price
- ❖ the date on which the asset is retired from use, if not disposed of.

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

A fixed asset shall be capitalised, that is, recorded in the fixed 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.

A fixed asset shall remain in the fixed asset register for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

## 12. VERIFICATION AND CONDITION ASSESSMENT OF TANGIBLE CAPITAL ASSETS

Every senior manager in conjunction with the asset management office shall **at least biannually** of the financial year undertake a comprehensive verification of all fixed assets controlled or used by the department concerned.

The asset manager shall promptly and fully report in writing to the Chief Financial Officer in the format determined by the Chief Financial Officer, all relevant results of such fixed asset verification, provided that each such asset verification shall be undertaken and completed as closely as possible to the end of each financial year.

The municipality shall undertake regular assessment of the conditions and performance of all the tangible capital assets in order to determine the ability of these assets to continue to perform and provide services into the future. Where appropriate, information collected on the condition shall be recorded in the asset register.

## 13. DE-RECOGNITION

### Disposals

Where assets have been identified as under-performing, or no longer functionally suited for basic service-delivery needs, consideration shall be given to the possible alternatives to disposal.

Reasonable grounds for determining that a capital asset is not required for the provision of the minimum level of basic municipal services shall include the following:

- ❖ The asset was acquired specifically for resale or distribution,
- ❖ The asset is impaired (in respect of which the asset custodian can provide evidence).
- ❖ The municipality no longer performs the function for which the asset was purchased,
- ❖ It is an immovable asset no longer located close to where the service is required,
- ❖ The asset has been replaced.
- ❖ The asset no longer performs the required level of service.

The following standing requirements shall apply regarding disposal of capital assets:

- ❖ The municipality shall not permanently dispose of a capital asset needed to provide the minimum level of basic municipal services;
- ❖ Where the council has resolved that a specific asset is not needed to provide the minimum level of basic services, a transfer of ownership of an asset must be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy. The decision that a specific non-current asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.

To ensure that a disposal is fair, equitable, transparent and competitive, the following shall happen:

- ❖ The fair market value for different types of assets identified for disposal shall be determined;
- ❖ The disposal process shall be open to the public and public scrutiny and consistent with the municipality's supply chain management policy;
- ❖ Consideration shall be given to the fair market value of the asset and to the economic and community value to be received in exchange for the asset.
- ❖ Reasonable efforts shall be made to ensure that an appropriately competitive process for disposal is adopted;
- ❖ All assets identified for disposal shall be efficiently and properly secured to avoid the risk of theft or misappropriation while waiting for disposal processes to be initiated.

The municipal manager may approve the disposal of an item of property, plant and equipment as delegated by the municipal council. The delegations to approve contracts for the disposal of an item of property, plant and equipment are stated in the Supply Chain Management Policy.

### **Asset disposal methods**

Assets can be disposed of in the following methods;

- ❖ Transfer
- ❖ Auctions;
- ❖ Bidding;
- ❖ Donations;
- ❖ Destruction; and
- ❖ Scrapping

### **Accounting treatment on Disposal**

An item of capital asset shall be derecognised from the fixed asset register on disposal or when the asset is permanently withdrawn from use and no future economic benefits or potential service delivery is expected.

Proceeds arising from the retirement or disposal of an item of property, plant and equipment shall be determined as the difference between the actual or estimated net disposal proceeds and the carrying amount of the asset, and shall be recognized as revenue or expense in the statement of financial performance.

## **14. ALIENATION OF FIXED ASSETS**

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

Every head of department shall report in writing to the Chief Financial Officer on all fixed 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.

Once the fixed assets are alienated, the Chief Financial Officer shall delete the relevant records from the fixed asset register.

If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the statement of financial performance of the municipality. If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the statement of financial performance of the municipality.

All gains realised on the alienation of fixed assets shall be appropriated annually to the accumulated surpluses (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the statement of financial performance of the municipality. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures.

## **15. OTHER WRITE-OFFS OF FIXED ASSETS**

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

Every head of department shall report to the Chief Financial Officer on any fixed assets 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 submit a recommendation to the council of the municipality on the fixed assets to be written off.

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

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

## **16. CONTROL AND SAFEGUARDING OF ASSETS**

### **Fixed Asset Register**

Establishment and Management of the Financial Asset Register

- ❖ The Chief Financial Officer shall ensure that the Fixed Asset Register containing key financial data on each item of Property, Plant or Equipment that satisfies the criterion for recognition, is established and maintained.
- ❖ The Asset Manager is responsible for establishing and maintaining fixed asset register or database required to demonstrate their physical management of the assets.

- ❖ The Asset Manager shall also be responsible to ensure that sufficient controls exist to substantiate the quantity, value, and location and condition of all assets in their registers.

### **Internal Controls over the Fixed Asset Register**

- ❖ Controls around the fixed asset register shall be sufficient to provide an accurate, reliable and up to date account of assets under their control to the standards specified by the chief financial officer and required by the auditor-general.
- ❖ These controls will include physical management and recording of all acquisitions, assignments, transfers, losses and disposals of their assigned assets as well as regular stock-takes and systems audits to confirm the adequacy of their controls.

### **Physical Receipting and Management**

#### **Responsibilities of the senior managers**

- ❖ The senior manager must ensure that the purchase of capital assets complies with all municipal policies and procedures.
- ❖ The senior manager must ensure that all capital assets are duly processed and identified before they are received into their stewardship.
- ❖ The senior manager must ensure that all assets received into their stewardship are appropriately safeguarded for inappropriate use or loss. This will include appropriate control over the physical access to these assets and regular stock takes to ensure any losses have not occurred. Any know losses shall be immediately reported to the chief financial officer.
- ❖ The asset manager must ensure that property, plant and equipment is appropriately utilized for the purpose that the municipality acquired them for.

#### **Receipt of property plant and equipment**

- ❖ The supply chain management unit will manage the receipting of assets and transfer them to the asset manager.
- ❖ The process of receipting will include:
  - Review of the authority to purchase including compliance with all procurement policies and procedures and budgetary limits.
  - Review of all details and specifications as per the original order.
- ❖ The Asset Manager shall be responsible for registering the asset into the asset register upon receipting and assignment of the asset to the appropriate head of department.

#### **The date of acquisition**

- ❖ The date of acquisition of property, plant and equipment is deemed to be the time when legal title and control passes to the municipality.

- ❖ This may vary for different categories of assets but will usually be the point of time when the municipal store approves payment for that item of property, plant or equipment.

## **17. POLICY FOR LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE ASSETS**

### **Service Delivery**

Immovable PPE assets (such as infrastructure and community facilities) are the means by which the municipality delivers a range of essential municipal services. Consequently the management of such assets is critical to meeting the strategic objectives of the municipality and in measuring its performance.

### **Asset Management**

The goal of Asset Management of immovable PPE is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers. The core principles are:

- ❖ Taking a life-cycle approach;
- ❖ Developing cost-effective management strategies for long-term;
- ❖ Providing a defined level of service and monitoring performance;
- ❖ Understanding and meeting the impact of growth through demand management and infrastructure investment;
- ❖ Managing risks associated with asset failures;
- ❖ Sustainable use of physical resources, and
- ❖ Continuous improvement in the immovable PPE asset management practices.

The municipality shall provide municipal services for which the municipality is responsible, at an appropriate level, and in a transparent, accountable and sustainable manner, in pursuit of legislative requirements and in support of its strategic objectives, according to the following core principles:

### **Effective Governance**

The municipality shall strive to apply effective governance systems to provide for consistent asset management and maintenance planning in adherence to and compliance with all applicable legislation to ensure that asset management is conducted properly, and municipal services are provided as expected. To this end, the municipality shall:

- ❖ Continue to adhere to all constitutional, safety, health, systems, financial and asset-related legislation;
- ❖ Regularly review updates and amendments to the above legislation;
- ❖ Review and update its current policies and by-laws to ensure compliance with the requirements of prevailing legislation; and
- ❖ Effectively apply legislation for the benefit of the community.

### **Sustainable Service Delivery**

The Municipality shall strive to provide to its customer services that are technically, environmentally and financially sustainable. To this end, the municipality shall:

- ❖ Identify a suite of level and standards of service that conform with statutory requirements and rules for their application based on long-term affordability to the municipality;
- ❖ Identify technical and functional performance criteria and measure, and establish a commensurate monitoring and evaluation system;
- ❖ Identify current and future demand for services, and demand management strategies;
- ❖ Set time-based targets for service delivery that reflect the need to newly construct, upgrade, renew and dispose infrastructure assets, where applicable in line with national targets;
- ❖ Apply a risk management process to identify service delivery risks at asset level and appropriate responses;
- ❖ Prepare and adopt a maintenance strategy and plan to support the achievement of the required performance;
- ❖ Allocate budgets based on long-term financial forecasts that takes cognisance of the full life-cycle needs of existing and future infrastructure assets and risks to achieving the adopted performance targets;
- ❖ Strive for alignment of the financial statement with the actual service delivery potential of the infrastructure assets; and
- ❖ Implement its tariff and credit control and debt collection policies to sustain and protect the affordability of services by the community.

### **Social and Economic Development**

The municipality shall strive to promote social and economic development in its municipal area by means of delivery municipality services in a manner that meet the needs of the various customer user-groups in the community. To this end, the municipality shall:

- ❖ Regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
- ❖ Implement changes to services in response to changing customer needs and expectations where appropriate;
- ❖ Foster the appropriate use of services through the provision of clear and appropriate information;
- ❖ Ensure services are managed to deliver the agreed levels and standards; and
- ❖ Create job opportunities and promote skills development in support of the national EPWP.

### **Custodianship**

The municipality shall strive to be a responsible custodian and guardian of the community's assets for current and future generations. To this end, the municipality shall:



- ❖ Establish a spatial development framework that takes cognisance of the affordability to the municipality of various development scenarios;
- ❖ Establish appropriate development control measures including community information.
- ❖ Cultivate an attitude of responsible utilisation and maintenance of its assets, in partnership with the community;
- ❖ Ensure that heritage resource are identified and protected; and
- ❖ Ensure that a long-term view is taken into account in infrastructure asset management decisions.

### **Transparency**

The municipal shall strive to manage its infrastructure assets in a manner that is transparent to all its customers, both now and in the future. To this end, the municipality shall:

- ❖ Develop and maintain a culture of regular consultation with regard to its management of infrastructure in support of service delivery;
- ❖ Clearly communicate its service delivery plan and actual performance through its Service Delivery and Budget Implementation Plan (SDBIP);
- ❖ Avail immovable PPE asset management information on a ward basis; and
- ❖ Continuously develop the skills of councillors and officials to effectively communicate with the community with regard to service levels and standard.

### **Cost- effectiveness and efficiency**

The municipality shall strive to manage its infrastructure assets in an efficient and effective manner. To this end, the municipality shall:

- ❖ Assess life-cycle options for proposed new infrastructure in line with the Supply Chain Policy;
- ❖ Regularly review the actual extent, nature, utilisation, criticality, performance and condition of infrastructure assets to optimise planning and implementation works;
- ❖ Assess and implement the most appropriate maintenance of infrastructure assets to achieve the required network performance standards and to achieve the expected useful life of infrastructure assets;
- ❖ Continue to secure and optimally utilise governmental grants in support of the provision of free basic services;
- ❖ Implement new and upgrading construction projects to maximise the utilisation of budgeted funds;
- ❖ Ensure the proper utilisation and maintenance of existing assets subject to availability of resources;
- ❖ establish and implement demand management plans;
- ❖ Timeously renew infrastructure asset based on capacity, performance, risk exposure, and cost;
- ❖ Timeously dispose of infrastructure assets that are no longer in use;
- ❖ review management and delivery capacity, and procure external support as necessary;
- ❖ establish documented processes, systems and data to support effective life-cycle infrastructure asset management;

- ❖ strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and
- ❖ Conduct regular and independent assessments to support continuous improvement of infrastructure asset management practice.

### **Responsibilities**

- ❖ Directors shall develop, and update at least every 3 years, an Asset Management Plan (AMP) for each service involving immovable PPE that shall assess level and standards of service, future demand, risk determine a life-cycle plan for a minimum 10 years planning horizon, and identify management practice improvement needs (3 year horizon). The AMPs will be submitted through the Municipal Manager to Council for adoption. AMPs shall be used to inform the preparation of a Comprehensive Municipal Infrastructure Plan and budgets through the IDP process.
- ❖ The CFO shall, in consultation with Directors, determine grading scales for the measurement of asset condition, performance, cost-of-operation, and utilisation for that are common and applicable to all services. Where necessary, the Directors shall interpret the grading scales for the immovable PPE assets under their control. Directors shall determine the grading of all immovable PPE assets under their control. Directors shall determine the grading of all immovable PPE assets under their control at a level of accuracy considered appropriate to the municipality's resources, at least every 5 years.
- ❖ Directors shall prepare, and review at least every 3 years, an Operation and Maintenance Strategy and Plan, and submit such, through the Municipal Manager, to Council for adoption. The municipality shall engage contractors when necessary to support in the implementation of maintenance actions and adopt a system that assists in managing such maintenance.
- ❖ Directors shall determine detailed service performance measures (differentiated, where applicable for identified customer groups), and submit such, through the Municipal Manager, to Council for adoption and inclusion in the Service Delivery and budget Implementation Plan. Directors shall establish a monitoring regime, and report actual performance each financial year.
- ❖ The Municipal Manager shall establish procedures to ensure that legislative requirements regarding the management of immovable PPE assets, including but not limited to health and safety, and environmental protection, are documented and advised to directors. Directors shall address legislative needs in their strategies and plans, and shall enforce implementation.

## **18. POLICY IMPLEMENTATION**

Detailed procedures shall be prepared and adopted by the Municipal Manager, in consultation with the CFO and Directors, to give effect to this policy.

**ANNEXURE A: EXPECTED USEFUL LIVES AND RESIDUAL VALUES**

**1. PROPERTY PLANT AND EQUIPMENT**

<b>A. ROADS , STORMWATER AND BRIDGES , ELECTRICITY</b>						
<b>Asset Category</b>	<b>Sub Category</b>	<b>Asset Group Type</b>	<b>Asset Type</b>	<b>Component Type</b>	<b>Policy (years)</b>	<b>EUL</b>
<b>Roads</b>		<b>Road Structures</b>	Parking Bays	Asphalt	15-60	
			Pavements	Asphalt	15-60	
			Road Surface	Asphalt Distributor	40-60	
			Road Surface	Asphalt Residential	40-60	
			Road Surface	Asphalt Residential	42-60	
			Road Surface	Asphalt Residential	41-60	
			Parking Bays	Brick	15-60	
			Road Surface	Brick Distributor	40-60	
			Road Surface	Brick Residential	40-60	
			Footpaths	Concrete	60-80	
			Pavements	Concrete	15-60	
			Waste Bin	Concrete	20-60	
			Parking Bays	Concrete	15-60	
			Road Surface	Concrete Residential	30-60	
			Road Base Structure	Distributor	50-80	
			Kerbing	Flat	50-80	
			Road Surface	Gravel Residential	10-40	
			Kerbing	High	50-80	
			Waste Bin	Metal	20-60	
			Road Base Structure	Residential	50-80	
			Kerbing	Semi Flat	50-80	
			Guard Rails	Steel	30-60	
<b>Roads</b>		<b>Storm Water</b>	Channels	Concrete	60-80	
			Storm Water Pipes	Concrete	60-80	
			Catch Pit	Concrete	60-80	
			Slabs	Concrete	60-80	
			Grid Inlets	Metal	60-80	
			Storm Water Channels	Concrete	60-80	
			Concrete Slab	Concrete	60-80	
<b>Roads</b>		<b>Bridges</b>	Low Level Bridge	Concrete	80-120	
		Traffic Management	Road Signs	1 Pole	5-40	
		Traffic Management	Road Signs	2 Poles	5-40	
		Traffic Management	Speed Humps	Asphalt	40-80	
		Traffic Management	Road Signs	Green Directions	5-40	
<b>Electricity</b>						
<b>Electricity</b>		<b>LV Network</b>	Pole Transformers / Transformers		40-60	

**[MARULENG MUNICIPALITY ASSET MANAGEMENT POLICY]**

		LV Pole		40-60
		LV Pole with Stay		40-60
		MV Pole		40-60
		MV Pole with Stay		40-60
		LV Cable		50-60
		MV Cable		50-60
		Pole Transformers / Transformers		40-60
		Public Lighting	High Mast	10-40
		Street Lights	Steel Pole with Light	40-60
		Street Lights	Wood Pole with Light	40-60

B. LAND AND BUILDINGS					
Asset Sub Category	Asset Group Type	Asset Type	Component Type	Policy (years)	EUL
Community Facilities	Cemetary	Toilet		25-30	
	Community Halls	Toilet		25-30	
	Market Stalls	Afdakke		10-20	
	Taxi Rank	Afdakke		10-20	
	Community Centre	Afdak		10-20	
	Community Centre	Thatched Buildings		25-30	
	Community Halls	Toilets		25-40	
	Show Grounds	Ticket Offices		25-40	
	Market Stalls	Garages		25-40	
	Show Grounds	Stalls		25-40	
Operational Facilities		Building		25-40	
Community Facilities		Building		25-40	
Operational Facilities		Building – Toilets		25-30	
Operational Facilities	Houses	House		25-40	
Community Facilities	Community Halls	Sink Building		25-40	
Operational Facilities	Houses	Outbuildings		25-40	
Operational Facilities	Main Building	Store Room		25-40	
Community Facilities	Show Grounds	Store Room		25-40	
Community Facilities	Community Centre	Thatched Ablusion		25-40	
	Community Centre	Thatched Building		25-40	
Community Facilities	Market Stalls	Ticket Office		25-40	
Operational Facilities	Main Building	Building		60-80	
Operational Facilities	Houses	Shacks		10-20	
Operational Facilities	Security Measures	Access control		10-20	
Community Facilities	Show Grounds	Beton Omheining		15-20	
	Sports Facility	Borehole Equipment		40-20	
	Sports Facility	Brick Walls		20-20	
Community Facilities	Cemetary	Carpentry		20-30	
Operational Facilities	Building	Carpentry		20-30	
	Factories	Carpentry		20-30	
Operational Facilities	Main Building	Carport Seildak		10-20	
	Main Building	Corodrive (Paving)		15-25	
Operational Facilities	Testing Station	Concrete Works		25-40	

**[MARULENG MUNICIPALITY ASSET MANAGEMENT POLICY]**

Operational Facilities	Traffic Station	Corodrive (Paving) Cement		15-30
Community Facilities	Community Halls	Devils Fork (Around Asset 12 & 32)		10-25
Community Facilities	Sports Facility	Earth Works		100-120
Operational Facilities	Stone Crusher	Electrical		20-30
Community Facilities	Cemetery	Fence Wire		10-20
Operational Facilities	Houses	Wall with electricfence on top		10-20
Operational Facilities	Main Building	Fence Devilsfork		10-20
	Main Building	Painting		20-30
	Main Building	Storm Water		60-80
Operational Facilities	Security Measures	Security Cameras		10-20
Community Facilities	Show Grounds	Pavillion		10-20
Community Facilities	Sports Facility	Perimeter Protection		10-20
	Sports Facility	Septic Tank		40-20
	Sports Facility	Sewers		40-20
	Sports Facility	Sports Complex		300-320
	Sports Facility	Water Pipes		40-60
Operational Facilities	Stone Crusher	Plumbing		20-30
Operational Facilities	Traffic Station	Network		10-20

**C. INTANGIBLE ASSETS**

Asset Category	Sub Category	Asset Group Type	Asset Type	Component Type	Policy (months)	EUL
Intangible		Intangible	Computer Software	Windows server 2012 Licenses	84	
		Intangible	Computer Software	Microsoft Exchange server 2013 OLP NL Gov	84	
		Intangible	Computer Software	Microsoft Exchange server 2013 licenses. CAL	84	
		Intangible	Computer Software	Symantec Endpoint Protection Suite	84	
		Intangible	Computer Software	Checkpoint Firewall Model: 1 Edge	84	
		Intangible	Computer Software	Cyberoam Virtual UTM Appliance	84	
		Intangible	Computer Software	Symantec Back Up Exec Appliance with Licensing Specs Model: 3600	84	

**D. OTHER ASSETS**

Asset Category	Sub Category	Asset Group Type	Asset Type	Component Type	Policy (months)	EUL
COMPUTER EQUIPMENT		COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	Acombis	60	
		COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	CABINET SERVER	60	
		COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	CAMERA DIGITAL	60	
		COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	CANON CAMERA (DS126311)	60	
		COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	Camera Stand	60	
		COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	COMPUTER CPU	60	
		COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	Computer Hub	60	
		COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	COMPUTER KEYBOARD	60	
		COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	COMPUTER LAPTOP	60	
		COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	COMPUTER MONITOR	60	
		COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	COMPUTER NETWORKING	60	

**[MARULENG MUNICIPALITY ASSET MANAGEMENT POLICY]**

	COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	COMPUTER PLOTTER	60
	COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	COMPUTER PRINTER HP LASERJET P3005N	84
	COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	COMPUTER PRINTER HP	60
	COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	COMPUTER SPEAKER	60
	COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	COMPUTER SERVER	60
	COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	Distributor	60
	COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	SCANNER CCD	60
	COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	TOOLBOX FOR COMPUTER EQUIPMENT	84
	COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	UPS POWER SUPPLY	60
GARDEN EQUIPMENT	PLANT AND EQUIPMENT	GARDEN EQUIPMENT	Wheel Barrow	60
	PLANT AND EQUIPMENT	GARDEN EQUIPMENT	Plants Poison Compressor	60
	PLANT AND EQUIPMENT	GARDEN EQUIPMENT	MACHINE LAWN MOWER	60
	PLANT AND EQUIPMENT	GARDEN EQUIPMENT	BRUSH CUTTER	60
	PLANT AND EQUIPMENT	GARDEN EQUIPMENT	MACHINE CHAIN SAW	60
	PLANT AND EQUIPMENT	GARDEN EQUIPMENT	Water Spray Pipe	60
	PLANT AND EQUIPMENT	GARDEN EQUIPMENT	Bloom Port	60
	PLANT AND EQUIPMENT	GARDEN EQUIPMENT	Rotery Machine	60
KITCHEN EQUIPMENT	OFFICE EQUIPMENT	KITCHEN EQUIPMENT	Bin	60
	OFFICE EQUIPMENT	KITCHEN EQUIPMENT	FRIDGE	60
	OFFICE EQUIPMENT	KITCHEN EQUIPMENT	OVEN MICROWAVE	60
	OFFICE EQUIPMENT	KITCHEN EQUIPMENT	Oven Stove	60
	OFFICE EQUIPMENT	KITCHEN EQUIPMENT	Stove With Cuboard	60
MOTOR VEHICLES	MOTOR VEHICLES	MOTOR VEHICLES	MOTOR VEHICLE	84
	MOTOR VEHICLES	MOTOR VEHICLES	CATERPILLAR	120
	MOTOR VEHICLES	MOTOR VEHICLES	FRONT END LOADER	120
	MOTOR VEHICLES	MOTOR VEHICLES	TRACTOR	84
	MOTOR VEHICLES	MOTOR VEHICLES	TRACTOR	120
	MOTOR VEHICLES	MOTOR VEHICLES	SINGLE TRACTOR TRAILER	84
	MOTOR VEHICLES	MOTOR VEHICLES	Grader	120
	MOTOR VEHICLES	MOTOR VEHICLES	MOTOR VEHICLE Canopy	84
OFFICE EQUIPMENT	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Aicorn	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	AMPLIFIER	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Asset Machine	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Bin	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	BOARD PIN	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	BOARD WHITE WRITING	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	BOX KEY	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	CABINET SAFE KEEPING STEEL	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	CAMERA	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Communication System	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	CONTROLE VOLUME	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	CONTROLLER	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Cpu	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	DVD / VHR	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	DVD PLAYER	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	FAN	60

**[MARULENG MUNICIPALITY ASSET MANAGEMENT POLICY]**

	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Fax	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Fire Extinguisher	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	First Aid Kit	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Flat Screen	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	FRIDGE	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Gun Holster	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	HEATER ELECTRIC	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	HI FI SYSTEM	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Hose Pipe	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Linux RHEL 5 Server	84
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	LOUDSPEAKER	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MACHINE BOOK BINDER	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MACHINE CASSETTE PLAYER	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MACHINE EYE TESTER	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MACHINE FACSIMILE	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MACHINE LAMINATOR	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MACHINE PHOTOCOPIER	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MACHINE SHREDDING	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MACHINE VACUUM CLEANER	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MACHINE WASHING LAUNDRY	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MEDIA SWITCHER	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MICROPHONE	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Mini Hub	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	MIXER STEREO	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Notice Board	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	OVEN MICROWAVE	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Pedestal	84
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Plasma	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Plastic Letter Tray	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	PROCESSOR AUDIO	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	PROJECTOR DATA	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	PROJECTOR OVERHEAD	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	PROJECTOR SCREEN	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Punch Industrial	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	RADIO HOME BASE	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	RECORDER TAPE	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	SAFE	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Scanner	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Server	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Sever Box	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Sport Light	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	STAND TRIPOD	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	SYSTEM SPEAKER	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	TELEPHONE SYSTEM	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	TELEVISION	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Ups Power Supply	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	URN ELECTRIC	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Wood Lettertray	60
	OFFICE EQUIPMENT	OFFICE EQUIPMENT	Zipper File	60
OFFICE FURNITURE	OFFICE FURNITURE	OFFICE FURNITURE	(PREEKSTOEL) PULPIT	84
	OFFICE FURNITURE	OFFICE FURNITURE	2 DOOR CUPBOARD	84
	OFFICE FURNITURE	OFFICE FURNITURE	2 Glass Door Wall Unit	84



**[MARULENG MUNICIPALITY ASSET MANAGEMENT POLICY]**

	OFFICE FURNITURE	OFFICE FURNITURE	3 Drawer Desk	60
	OFFICE FURNITURE	OFFICE FURNITURE	3 Seater chair	84
	OFFICE FURNITURE	OFFICE FURNITURE	4 Drawer Cabinet	84
	OFFICE FURNITURE	OFFICE FURNITURE	4 Drawer Filing Cabinet	84
	OFFICE FURNITURE	OFFICE FURNITURE	5 Seater Chair	84
	OFFICE FURNITURE	OFFICE FURNITURE	BED BASE AND MATTRESS DOUBLE	84
	OFFICE FURNITURE	OFFICE FURNITURE	BENCH WOOD	84
	OFFICE FURNITURE	OFFICE FURNITURE	Boardroom Table Oval	84
	OFFICE FURNITURE	OFFICE FURNITURE	BOOKCASE	84
	OFFICE FURNITURE	OFFICE FURNITURE	BOOKCASE WOOD GLASS DOORS	84
	OFFICE FURNITURE	OFFICE FURNITURE	BOOKSHELF	84
	OFFICE FURNITURE	OFFICE FURNITURE	Broucher Stand	84
	OFFICE FURNITURE	OFFICE FURNITURE	Cabinet	84
	OFFICE FURNITURE	OFFICE FURNITURE	CABINET BEDSIDE	84
	OFFICE FURNITURE	OFFICE FURNITURE	CABINET CARD INDEX	84
	OFFICE FURNITURE	OFFICE FURNITURE	CABINET DISPLAY	84
	OFFICE FURNITURE	OFFICE FURNITURE	CABINET FILING 4 DRAWERS	84
	OFFICE FURNITURE	OFFICE FURNITURE	CABINET FILING STEEL 4 DRAWERS	84
	OFFICE FURNITURE	OFFICE FURNITURE	CABINET PLAN STORAGE	84
	OFFICE FURNITURE	OFFICE FURNITURE	Cabinet Steel With 2 Door	84
	OFFICE FURNITURE	OFFICE FURNITURE	Cabinet With 1 Door	84
	OFFICE FURNITURE	OFFICE FURNITURE	Cabinet With 2 Glass Doors And 2 Wood Doors	84
	OFFICE FURNITURE	OFFICE FURNITURE	CABINET WOOD 4 DRAWERS	84
	OFFICE FURNITURE	OFFICE FURNITURE	Chair	84
	OFFICE FURNITURE	OFFICE FURNITURE	CHAIR BOARDROOM	84
	OFFICE FURNITURE	OFFICE FURNITURE	CHAIR DINING ROOM	84
	OFFICE FURNITURE	OFFICE FURNITURE	CHAIR DRAUGHTSMAN	84
	OFFICE FURNITURE	OFFICE FURNITURE	CHAIR EASY	84
	OFFICE FURNITURE	OFFICE FURNITURE	CHAIR HIGH BACK	84
	OFFICE FURNITURE	OFFICE FURNITURE	Chair Highback	60
	OFFICE FURNITURE	OFFICE FURNITURE	CHAIR LOW BACK	84
	OFFICE FURNITURE	OFFICE FURNITURE	CHAIR PLASTIC STACKABLE	84
	OFFICE FURNITURE	OFFICE FURNITURE	Chair Plastic With Steel Legs	84
	OFFICE FURNITURE	OFFICE FURNITURE	CHAIR VISITOR	84
	OFFICE FURNITURE	OFFICE FURNITURE	CUPBOARD WOOD 3 DOOR	84
	OFFICE FURNITURE	OFFICE FURNITURE	CUPBOARD WOOD ROLLER DOOR	84
	OFFICE FURNITURE	OFFICE FURNITURE	Desk	84
	OFFICE FURNITURE	OFFICE FURNITURE	DESK CORNER LINK	84
	OFFICE FURNITURE	OFFICE FURNITURE	DESK CURVED LINK KENT 90 DEGREE	84
	OFFICE FURNITURE	OFFICE FURNITURE	DESK DOUBLE PEDESTAL	84
	OFFICE FURNITURE	OFFICE FURNITURE	DESK L SHAPE	84
	OFFICE FURNITURE	OFFICE FURNITURE	DESK SCHOOL	84
	OFFICE FURNITURE	OFFICE FURNITURE	DESK SIDE TABLE	84
	OFFICE FURNITURE	OFFICE FURNITURE	DESK SINGLE PEDESTAL	84
	OFFICE FURNITURE	OFFICE FURNITURE	Fabric And Steel Chair	84
	OFFICE FURNITURE	OFFICE FURNITURE	Flower Holder	84
	OFFICE FURNITURE	OFFICE FURNITURE	HEAD BOARD	84
	OFFICE FURNITURE	OFFICE FURNITURE	Keyboard	84
	OFFICE FURNITURE	OFFICE FURNITURE	Letter Tray	84
	OFFICE FURNITURE	OFFICE FURNITURE	Lockery	84
	OFFICE FURNITURE	OFFICE FURNITURE	Loud Speaker	84

**[MARULENG MUNICIPALITY ASSET MANAGEMENT POLICY]**

	OFFICE FURNITURE	OFFICE FURNITURE	Mobile Pedestal	84
	OFFICE FURNITURE	OFFICE FURNITURE	Notice Board	84
	OFFICE FURNITURE	OFFICE FURNITURE	OTTOMAN	84
	OFFICE FURNITURE	OFFICE FURNITURE	PEDENZA	84
	OFFICE FURNITURE	OFFICE FURNITURE	Pulpit	84
	OFFICE FURNITURE	OFFICE FURNITURE	RACK BOOK FILER	84
	OFFICE FURNITURE	OFFICE FURNITURE	RACK REGION HOLE	84
	OFFICE FURNITURE	OFFICE FURNITURE	Server Cabinet	84
	OFFICE FURNITURE	OFFICE FURNITURE	SOFA	84
	OFFICE FURNITURE	OFFICE FURNITURE	Stackable Chair	84
	OFFICE FURNITURE	OFFICE FURNITURE	STAND COAT AND HAT	84
	OFFICE FURNITURE	OFFICE FURNITURE	STAND COMPUTER	84
	OFFICE FURNITURE	OFFICE FURNITURE	Stecture	84
	OFFICE FURNITURE	OFFICE FURNITURE	Steel Tables	84
	OFFICE FURNITURE	OFFICE FURNITURE	STOOL DRESSING	84
	OFFICE FURNITURE	OFFICE FURNITURE	STOOL LIBRARY	84
	OFFICE FURNITURE	OFFICE FURNITURE	Stove	84
	OFFICE FURNITURE	OFFICE FURNITURE	TABLE COFFEE	84
	OFFICE FURNITURE	OFFICE FURNITURE	TABLE CONFERENCE	84
	OFFICE FURNITURE	OFFICE FURNITURE	TABLE DINING ROOM	84
	OFFICE FURNITURE	OFFICE FURNITURE	Table Floding Steel	84
	OFFICE FURNITURE	OFFICE FURNITURE	TABLE PLASTIC	84
	OFFICE FURNITURE	OFFICE FURNITURE	Table Telephone	84
	OFFICE FURNITURE	OFFICE FURNITURE	TOOLBOX FOR FURNITURE AND FITTINGS	84
	OFFICE FURNITURE	OFFICE FURNITURE	TROLLEY BOOKS	84
	OFFICE FURNITURE	OFFICE FURNITURE	WOODEN BASE BED LEGS	84
	OFFICE FURNITURE	OFFICE FURNITURE	ZIPPLE FILER	84
RESCUE/FIRE EQUIPMENT	PLANT AND EQUIPMENT	RESCUE/FIRE EQUIPMENT	Fire Extinguisher	60
	PLANT AND EQUIPMENT	RESCUE/FIRE EQUIPMENT	First Aid Kit	60
	PLANT AND EQUIPMENT	RESCUE/FIRE EQUIPMENT	Run Out Hose Pipe	60
	PLANT AND EQUIPMENT	RESCUE/FIRE EQUIPMENT	TROLLEY GAS CYLINDER	60
	PLANT AND EQUIPMENT	RESCUE/FIRE EQUIPMENT	Plant Spray Poisonus	60
PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	GENERATOR	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	ICOM F110 BUDGET BASE	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	ICOM F11 BUDGET STANDARD	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE SEWERAGE	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	GENERATOR	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE LAWN MOWER	24
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	APPARATUS TESTER VOLTAGE VIBRE	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE TESTER ELECTRICITY	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE WACO LF 221 RECHARGEABLE TOOL	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE WACO MULTIMETER TONG TESTER	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	BIN REFUSE ON WHEELS LLDPE GREEN	60

**[MARULENG MUNICIPALITY ASSET MANAGEMENT POLICY]**

	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE DRILL IMPACT HITACHI 2SP 690W	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	CAPENTER CLAMP	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	WHEEL DISTANCE MEASURING	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	APPARATUS BLOW TORCH	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	SPRAYER - POISON	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE GRINDER ANGLE BOSCH	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	GRADER	120
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE HELLERMAN TYTON KIT	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE PLAINER MAKITA	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Tar Cutter	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE ROLLMAC 60 COMPACTOR DIESEL	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	TOOLBOX FOR SMALL TOOLS MAT-PRO X LB	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	COMPRESSOR	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	WELDING MACHINE ELECTRIC	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	LADDER ALUMINUM	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	COMPACTOR ROBIN EH12	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	TRAILER ROLLMAC	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	APPARATUS DRIVER SKIL DRILL CORDLESS	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE TILE CUTTER	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE SANDER BELT BOSCH 600W 75MM	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE DC INVERTER	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE DRILL BOSCH	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE CRUSHER STONE WITH TWO CONVEYING BELT	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	TRACTOR	120
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	TRACTOR	120
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Wheel Barrow	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Grinding Machine	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Grill	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	GRADER	120
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	WELDING MACHINE ELECTRIC	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Grinding Machine	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Trolley Gas Cylinder	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	WHEEL DISTANCE MEASURING	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Air Compressor	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Electric Saw.	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	CAPENTER CLAMP	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	BOX TOOL GEDORE	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Bin	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Grass Cutter	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	SPEED MEASURING CAMERA	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE B&S GENSET 10KVA 220V ES	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE WENBRO CONCRETE SAW DIESEL	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	SPRAYER - POISON	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Grass Cutter	60

**[MARULENG MUNICIPALITY ASSET MANAGEMENT POLICY]**

	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	TOOLBOX FOR FURNITURE AND FITTINGS	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	MACHINE TILE CUTTER	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	WELDING MACHINE ELECTRIC	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Hitachi Loki	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Riveter Lazy Tong	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	BOSCH Drill	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Grinder Angle HIT 2500W -230mm	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Walter P99 AS 9mm Pistol	84
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Torque wrench	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Pressure Wash	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Plastic Creeper	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Trecell	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Tool Box	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	ABATTOIR MACHINE	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Dymot	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Drill	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Step Ladder	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Skil	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Grederer	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Measuring Wheel	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Driller	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Heavy Duty Hydraulic Floor Jack	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Engine Crane	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	Battery Charger	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	DRILL PRESS	60
	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	QUALITY TOOLS & MACHINERY	60
LIBRARY BOOKS	LIBRARY BOOKS	LIBRARY BOOKS	BOOKS (Non fiction , Fiction etc)	120
	LIBRARY BOOKS	LIBRARY BOOKS	BOOKS (Non fiction , Fiction etc)	180
	LIBRARY BOOKS	LIBRARY BOOKS	BOOKS (Non fiction , Fiction etc)	240

SIGNED BY \_\_\_\_\_

DATE \_\_\_\_\_

MOKONYANE M.L

ACTING MUNICIPAL MANAGER