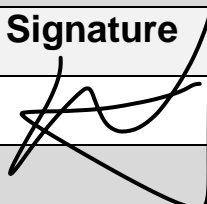



WHOLESALE & RETAIL SETA

Asset Management Policy

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1. BACKGROUND

Asset Management is the process of the planning, acquisition, safeguarding, maintenance, use and disposal of assets to make the most of their service delivery potential and minimize the related risks and costs over their entire life cycle.

This Asset Management Policy aims to ensure that all W&RSETA assets are effectively and efficiently controlled, utilise and safeguarded.

2. PURPOSE

The purpose of this policy is to ensure:

- a. SCM processes support the continuous and proper functioning of W&RSETA's business by providing efficient, economic and uniform acquisition of assets, goods and services;
- b. Procurement of the following is conducted in accordance with uniform procedures in terms of quality, service, price and delivery:
 - I. Moveable and immovable assets;
 - II. Commodities and consumables;
 - III. Infrastructure; and
 - IV. Service Providers in general.
- c. Authorization levels are adhered to when procuring goods and/or services;
- d. Goods and services are procured in accordance with current legislative requirements and Treasury Regulations;
- e. The fixed assets are accurately recorded and disclosed as per GRAP 17 in the annual financial statement; and
- f. Safekeeping and Safeguarding of the fixed assets.

3. SCOPE

- 3.1 This Policy applies to all W&RSETA Management, employees, stakeholders and service providers conducting business with the W&RSETA.
- 3.2 This policy contains references to the W&RSETA Financial and Supply Chain Management Policies and Procedures and has incorporated certain of the principles contained therein. These policies should be read together as far as possible.

4. RELATED INFORMATION AND LEGAL REFERENCE

This policy must be read in conjunction with the following supporting documents:

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4.1 Internal Documents

- Supply Chain Management Policy;
- Fraud Prevention Policy;
- Finance Policy;
- Delegation of Authority Policy; and
- Information Technology Policy.

4.2 External Documents

- National Treasury Asset Management Framework.

4.3 Legal Reference

- National Treasury Guideline 2004;
- Public Finance Management Act, 1999 (Act No.1 of 1999);
- The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) as amended;
- The Promotion of Administrative Justice, 2000 (Act No. 3 of 2000)

5. ACRONYMS & DEFINITION OF TERMS USED

Accounting	Recording of all the receipts and issues, and the continued recording thereof, as approved by National Treasury (NT).
Asset Officer	A person to whom the delegated powers on asset control/management within the W&RSETA have been assigned, and for this purpose it means Business Unit / Executive / Manager.
Asset holder	A person to whom assets have been issued to. The asset holder is accountable for assets in his/her office, and he/she is therefore responsible for these items until such a time of when these items are returned to the asset store or disposed of.
Administrators	A person who handles all the administrative functions including the verification of assets at Provincial Offices. The Administrator(s) are appointed by Business Unit Managers.
Deficit items	Assets in respect of which during physical asset verification; the quantity that was counted was less than the quantity of that particular asset as reflected in the asset register.
Discrepancies	Assets which could not be located during the asset verification (e.g. losses/theft) and thus cannot be accounted for.

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IT-Related assets	Equipment such as desktops, printers, scanners, projectors and note books etc. The equipment requires attention of the IT Manager whenever a fault is being encountered while in use.
Major assets	Non-consumable items with an expected lifespan of more than one year and a purchase price of more than five thousand Rand (R5 000.00) per item.
Minor assets	Non-consumable items with a lifespan of a year and with a purchase price of less than five thousand Rand (R5 000.00) per item.
Non- IT Related Assets	W&RSETA equipment/furniture including other electronic devices that does not require the attention of an IT Specialist when a fault is being encountered (for example Television sets, microwave-ovens, fridges and calculators, etc.) but which may require external service providers for repairs.
Policy	The Asset Management Policy as approved by the Accounting Authority (AA).
Privately owned assets	Items owned by officials and which are not recorded in the Asset Register of the W&RSETA as assets acquired through state funds.
Procedure	The various actions to be followed as set out and prescribed in the Policy.
Redundant item	Assets that are no longer, but which may still possibly be utilised within other government departments or institutions.
Surplus items	Additional assets that were discovered during the physical asset verification that is more than the actual quantity of that particular asset(s) as reflected in the Asset Register.
Unserviceable item	An item which owing to normal wear and tear, has become obsolete, uneconomical to repair and is no longer suitable for the purpose for which it was originally obtained for.

6. POLICY

6.1. Definition of an asset

6.1.1 An asset is a resource controlled by an entity as a result of past events and from which future economic benefits or service potential is expected to flow to the entity. The assets covered under this definition are fixed assets, which are physical and tangible in nature and those that which are intangible.

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6.1.2 The following classes of assets exist:

a) Tangible assets

- Computer equipment
- Computer hardware
- Office equipment
- Furniture and Fittings

b) Intangible assets

- Computer software

c) Leases

- Finance Lease

6.1.3 The life cycle of an asset covers all phases of an asset’s life starting with planning, acquisition, operation, maintenance and lastly disposal. A brief description of each phase is given below:

- a) Planning Phase:** The planning phase deals with the planning of service delivery that drives the need for assets. This phase will include the input from the Annual Performance Plan (APP), budget and demand plans.
- b) Acquisition Phase:** This phase deals with the procurement of the new physical and/or non-physical assets as informed by the input in the procurement plans from various business units. The acquisition of all asset classes will be conducted according to the Supply Chain Management Policy.
- c) Operation and Maintenance:** This phase covers the operation of assets, maintenance, safeguarding, depreciation and impairment. These will be elaborated on within the Procedure document.
- d) Disposal:** This phase entails the timing and disposal of assets. As per Treasury Regulation 16A.7, the assets which are approved for disposal, will be donated to the public educational institutions. The disposal process is as follows:
 - I. There is a Disposal Committee whose members are appointed by the Chief Executive Officer (CEO);
 - II. The Disposal Committee is chaired by the Chief Financial Officer (CFO);
 - III. The Disposal Committee assesses and reviews the list of all assets to be disposed based on the assets verification process as per 6.4 below;
 - IV. The Disposal Committee recommends the disposal list to the CEO for approval;

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- V. The CEO approves the disposal list as recommended; and
- VI. The Disposal committee communicates the approved disposal list with relevant Government department or organs of State to ensure assets are donated to public educational institutions as per Treasury Regulation 16A.7.

6.2. Asset register

- 6.2.1 The W&RSETA will maintain an asset register for all movable and immovable assets.
- 6.2.2 There will be two asset registers maintained, the main asset register for PPE items costing R5 000 and above per item and a second asset register for minor assets.
- 6.2.3 The asset register will be maintained in the format determined by the CFO.
- 6.2.4 The format must comply with the requirements of standards of GRAP, and any other applicable accounting requirements.
- 6.2.5 The asset register must be updated monthly; and asset records must be reconciled to the general ledger monthly.

6.3. Maintenance of the asset register

- 6.3.1 All movements with regard to assets must be recorded on the asset movement form and the asset register must be updated accordingly.
- 6.3.2 The Asset Officer must ensure the following:
 - a) The Fixed Asset Register is properly maintained by ensuring that newly acquired assets and transfers are recorded and that all the relevant information is on the asset register including the following:
 - i. Asset depreciation;
 - ii. Asset categories;
 - iii. Asset location;
 - iv. Purchase date;
 - v. Cost price;
 - vi. Depreciation rate;
 - vii. Valuation amount;
 - viii. Current depreciation;
 - ix. Accumulated depreciation; and
 - x. Carrying amount.

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- b) All assets are properly depreciated on a monthly basis.
- c) Assets are properly posted from the fixed asset register to accounting records (general ledger).
- d) There is uniformity of information between the fixed asset register and the accounting records.
- e) Monthly fixed asset reconciliation is done between the fixed asset register and the asset controls account in the general ledger and followed up on.
- f) Perform an asset count on a bi-annual basis and a follow up on any discrepancies.

6.4. Verification of assets

- 6.4.1 The W&RSETA must undertake a comprehensive verification of all assets controlled or used. The asset verification will be undertaken and completed as closely as possible to the end of each financial year.
- 6.4.2 All verification sheets need to be printed and signed off by the responsible person for the assets under his/her control.
- 6.4.3 An asset inventory list will be placed in every office and work station. A copy of same must be filed for audit purposes.

6.5. Safekeeping of assets

- 6.5.1 The Senior Manager: Finance must ensure that there are proper security measures in place to safeguard all assets controlled or used by the W&RSETA.
- 6.5.2 All staff employed by the W&RSETA will be directly responsible for the physical safekeeping of any asset controlled or used by that staff member.

6.6. Movement of assets

- 6.6.1 Movement of assets between locations must be coordinated by the Asset Officer and a movement form must be completed, signed and filed.

6.7. Insurance of assets

- 6.7.1 Movable assets must, at least, be insured against fire and theft.
- 6.7.2 The relevant insurance company will recommend the basis of the insurance to be applied for each type of movable asset, which will be replacement value of the asset concerned. Such recommendation must take due cognisance of the budgetary resources of the W&RSETA.
- 6.7.3 The above will be in accordance with Treasury Regulation Section 12- Management of Losses.

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6.8. Loss, theft, destruction or impairment

- 6.8.1 Every user will ensure that any incident of loss, theft, destruction, or material impairment of any asset under his/her control or use, is promptly reported in writing to the Senior Manager: Finance for further action.
- 6.8.2 Further actions will include, in cases of suspected theft or malicious damage, reporting the incident to the South African Police Services, within 24 hours of detection.
- 6.8.3 In the event of losses due to negligence or malicious damage, the cost (replacement) of the asset will be recovered from the person under whose control the item was lost or damaged. Cost recovery will include recovery of insurance excesses or installation costs incurred in the process of restoring operational capacity lost.
- 6.8.4 To determine whether an item of property, plant and equipment is impaired, W&RSETA shall apply the standard of GRAP 21 and GRAP 26 on Impairment of Assets.
- 6.8.5 During the verification process all assets must be reviewed to identify assets with impairment indicators. Impairment of assets will be recognised as an expense, unless it reverses a previous revaluation in which case it will be charged to the Revaluation Surplus. The reversal of previous impairment losses recognised as an expense is recognised as an income.

7. FINANCIAL ASSETS MANAGEMENT

- 7.1 The CFO shall maintain a central fixed asset register for PPE items costing R5 000.00 and above per item and shall be responsible for the management control of such assets.
- 7.2 The asset register, referred to in subparagraph (7.1) shall provide for:
 - 7.2.1 The unique asset number marked on the individual assets; and
 - 7.2.2 The location of such assets.
- 7.3 Assets held under a finance lease agreement, shall also be included in the asset register but must be clearly categorised as being a finance lease asset, provided that, on expiry of the lease, the assets must be reclassified in the same manner as other assets.
- 7.4 Assets shall be reflected and disclosed in the Authority’s balance sheet at historical cost less accumulated depreciation.
- 7.5 The CFO shall implement formal procedures for the reconciliation, checking and updating at regular intervals, of the asset register with the general ledger.
- 7.6 When an asset under the control of the head of a section has been

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- demolished, destroyed or damaged or any other event materially affecting its value has occurred or it has been lost or stolen, such head shall forthwith report the facts to the CFO in writing and with the consent of the CEO, also to the South African Police Services.
- 7.7 The CFO shall arrange for a physical fixed assets count to be performed at least twice a year. All Heads of Departments are responsible to ensure the physical count in their department is performed in line with paragraph 6.4.1 not the CFO.
- 7.8 A physical verification of all the movable assets of the Authority shall be carried out twice a year and compared with the register.
- 7.9 Unserviceable, redundant or obsolete items that have been written-off shall be disposed of in terms of a procedure approved by the CFO.
- 7.10 No member or official may use assets of the Authority for personal or any non-official purposes unless being authorised to do so by the accounting officer in writing.
- 7.11 Equipment will only be allowed to be removed from the Authority 's premises with the approval of the relevant line manager.
- 7.12 The CFO shall give written authorisation for the utilisation of own furniture and equipment in the service of the Authority and record of such furniture and equipment shall be kept by way of a note of the assets register and inventories.
- 7.13 Internal Audit shall at regular intervals physically and in loco verify assets.

8. DEPRECIATION

- 8.1 Depreciation is calculated on the straight line method to write-off the cost of each asset over its estimated useful life. The useful lives for each asset class are:
 - a. Office furniture and fittings – 10 to 15 years.
 - b. Office equipment – 5 to 7 years.
 - c. Computer hardware – 3 to 5 years.
 - d. Computer software – 3 years.
 - e. Leasehold improvements – linked to the duration of the lease.

9. FULLY DEPRECIATED ASSETS

- 9.1 It is the W&RSETA's policy that assets will be used over their estimated useful lives determined as per paragraph 8.1 above
- 9.2 Assets that have reached their useful lives will be derecognised and disposed using the following process:

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- 9.2.1 At the end of the financial year where assets were fully depreciated, they will be classified as assets held for sale and disclosed in the annual financial statements in terms of GRAP 17.
- 9.2.2 Subsequently, these assets will be disposed in terms of paragraph 6.1.3 (d) above.
- 9.2.3 Where these fully depreciated assets are still in good working condition, their useful life will be reassessed in terms of paragraph 10 below and disclosed in terms of GRAP 3 Accounting Policies, Changes in Estimates and Errors.

10. REASSESSMENT OF USEFUL LIVES

- 10.1 As per GRAP 17, entities need to assess at each financial year whether there are any indications that the expectations about the useful lives of assets have changed since the preceding financial year.
- 10.2 As part of the verification exercise as per paragraph 6.4 above, an assessment of the condition of each asset is conducted yearly to indicate whether the expected useful life of an asset has changed from the previous financial year or not.
- 10.3 Factors or indicators considered include but are not limited to:
 - a. The length of time the asset has been in use;
 - b. The condition of the asset;
 - c. Obsolescence or physical damage to the asset; and
 - d. Whether the asset has become unserviceable, redundant or obsolete due to variety of factors including non-compatibility with new software introduced by organisation.
- 10.4 As the W&RSETA requires its assets to be in optimal condition for effective service delivery, any assets which fulfils any of the above mentioned conditions is immediately derecognised during the financial year and disposed as per paragraph 6.1.3 (d) above.
- 10.5 The useful life of fully depreciated assets in good working condition will be reassessed and disclosed in terms of GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors.
- 10.6 Based on the fact that the W&RSETA requires its assets to be always in optimal condition for effective service delivery, the reassessment of useful lives will be limited to the following asset classes:
 - 10.6.1 Office furniture and fittings – additional 5 years.
 - 10.6.2 Office equipment – additional 2 years.

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11. EXCLUSIONS

This policy excludes the management and safeguarding of personal assets.

12. REQUEST TO DEVIATE FROM POLICY

Requests to deviate from any provision of this policy may be made to the Accounting Authority in writing. The Chief Executive Officer has powers to grant such request in whole or in part or refuse it. Unauthorised deviations may result in disciplinary action.

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Policy Approval & Sign-off

1. POLICY INFORMATION

Policy Name	
Policy Reference Number	

2. RECOMMENDATIONS/ ENDORSEMENTS

Recommended Not Recommended

Comments.....

Name of Committee

Committee Chairperson

 22/03/2023
Signature **Date**

3. APPROVAL BY W&RSETA ACCOUNTING AUTHORITY

Approved Not Approved

Comments.....

 03/04/2023
Reggie Sibiya **Date**
W&RSETA Board Chairperson

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