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ASSET MANAGEMENT POLICY



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1. PREAMBLE

The purpose of the Asset Management Policy is to ensure that assets owned by ASPIRE are managed, controlled, safeguarded and used in an efficient and effective manner.

2. DEFINITIONS

- “GRAP” means Generally Recognized Accounting Practice
- “MFMA” means Municipal Financial Management Act
- “CEO” means Chief Executive Officer
- “CFO” means the Chief Financial Officer

“ASSETS” means 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.

- “BTO” means the Budget and Treasury Office

“HERITAGE ASSETS” means assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage asset must not be depreciated but an Aspire must assess at each reporting date whether there is an indication that it may be impaired.

3. LEGAL FRAMEWORK

- Municipal Financial Management Act 56 of 2003

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4. SCOPE OF APPLICATION

This policy applies to all Property, Plant and Equipment including, but not limited to:

- Land and buildings
- Computer Equipment
- Office Equipment
- Intangible assets: we have not covered this asset in the policy
- Heritage assets
- Investment property : not covered

5. OBJECTIVES

The objectives of the Asset Management Policy are:

- To ensure accurate recording of asset information.
- To ensure the accurate recording of asset movements.
- To ensure compliance with ASPIRE's Insurance Policy, Supply Chain Management Policy and Payment Procedure.
- To ensure the effective and efficient control, utilization, optimization of usage, safeguarding and management of ASPIRE's assets.
- To ensure that all responsible parties are aware of their roles and responsibilities regarding the assets of ASPIRE.
- To prescribe the accounting treatment of assets acquired and used in accordance with the applicable accounting standards approved by National Treasury.
- To prescribe the administrative guidelines and internal control procedures to be followed by persons in control of assets with regard to management of those assets.
- To comply with current legislation.
- To emphasize a culture of accountability over assets.
- To ensure that assets are not written off and disposed of without proper authorization.
- To ensure that preventative measures are in place to eliminate theft, loss and misuse.

- To ensure accuracy of the depreciation charge.
- To ensure a formal set of procedures that can be implemented to ensure that assets and financial policies are achieved and are in compliance with the MFMA.

6. CONTENT AND PROVISIONS

6.1. IMPLEMENTATION RESPONSIBILITY

6.1.1. Chief Executive Officer

The CEO is the Accounting Officer and therefore must;

- Ensure that the functions of managing Aspire assets, including safeguarding and maintenance of those assets, and
- Ensure that Aspire maintains a management, accounting and information system that accounts for the assets.
- Ensure that Aspire's assets are valued in accordance with the standards of GRAP
- Ensure that Aspire has and maintains a system of internal control of assets, including asset register.

6.1.2. CFO

- The Chief Financial Officer must ensure the implementation of a system that accounts for the assets.
- Ensuring that assets are valued in terms of generally recognized accounting practice.
- Maintaining a system of internal control of assets (e.g. an asset register).

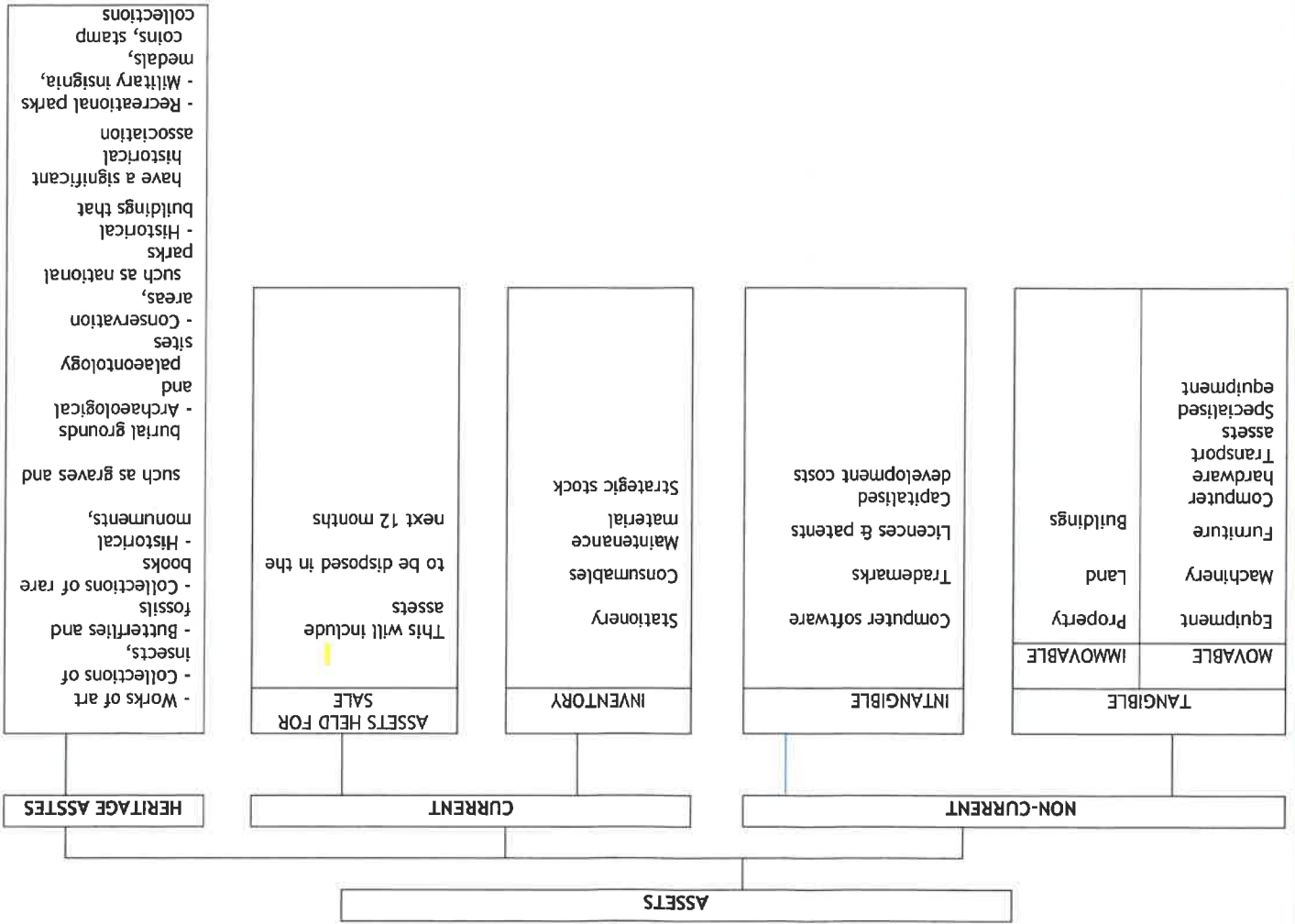
6.1.3. Other employees

- All employees must safeguard and ensure maintenance of assets under their control.

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- All employees shall undertake to familiarise themselves with the correct use and protection of assets.

6.2. CLASSIFICATION OF ASSETS



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The process to be followed when assets are acquired shall be in accordance with the Supply Chain Management Policy and Procedure, Delegation of Authority Policy and

6.4. ACQUISITION OF ASSETS

- Description of each asset
- Date of acquisition/brought into use
- Unique asset number
- Title deed number (for property)
- Erf and portion number (for property)
- Location of asset (e.g. physical address, GPS co-ordinates and description, unique location number)
- Original cost
- Revalued amount
- Fair value (if no costs are available)
- Last revaluation date of assets subject to revaluation if applicable
- Who performed the last valuation
- Accumulated depreciation to the beginning of the current year
- Depreciation charge for the current year
- Accumulated depreciation at year end
- Carrying value of the asset
- Method and rate of depreciation.
- Impairment losses incurred during the financial year (and reversal of such losses, where applicable)
- Current insurance arrangements
- Nature and duration of assets secured for debt and other encumbrances
- Disposal date/date of retirement from use
- Disposal price (proceeds)

The asset register shall reflect the following information:

6.3. FORMAT OF THE ASSET REGISTER

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The accounting officer must establish an effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 90 of the MFMA (capital asset disposal). For purposes of the disposal management process, the accounting officer must ensure that the following steps are undertaken in respect of movable assets:

6.5. DISPOSAL OF ASSETS

Board of directors must approve the capitalisation threshold on an annual basis, and all assets that are equal or greater than R2 000 will be capitalised and depreciated as per GRAP guidelines

6.4.1 Capitalization threshold

- Requisition to be completed and signed by person requesting the asset.
- Budget confirmation by the BTO to be performed prior final sign-off of requisition.
- Quotations must be obtained by the SCM Unit in terms of the Supply Chain Management Policy.
- An internal order form must be generated and signed off.
- An official order from the Financial Management System must be generated and sent to the service provider.
- On receipt of the purchased asset, the recipient should inspect the asset and once satisfied endorse the delivery note or invoice and forward it to BTO.
- The recipient should immediately inform the BTO that the asset has been delivered for the purpose of bar coding and also for insurance cover.

Payment Process. This shall apply to all the types of assets as contained in this Policy. All assets to be purchased should be in terms of the approved budget.

Assets may be disposed of by -

- transferring the asset to another organ of state in terms of a provision of the MFMA 90 enabling the transfer of assets;
- transferring the asset to another organ of state at market related value or , free of charge;
- selling the asset; or
- destroying the asset.

The accounting officer must ensure that -

- immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Assets allocated to ASPiRE staff members

Staff members currently working and/or who resign from ASPiRE but still show an interest in retaining ASPiRE assets allocated to them (e.g. laptops; i-pads etc) can apply in writing to purchase such assets. The following process will however apply: -

- The applicable staff member to submit a written request to the CEO applying to purchase the applicable asset;

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- Significant long-term changes with an adverse effect on ASPIRE that have taken place during the period or will take place in the near future, in the technological, market, legal or government policy environment in which the entity operates.
- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Evidence is available of physical damage to or obsolescence of an asset
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected
- A decision to halt the construction of the asset before it is complete or in a usable condition

In assessing whether there is any indication that an asset may be impaired, ASPIRE should consider, as a minimum, the following indications:

ASPIRE shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset.

6.6. IMPAIRMENT LOSS

- Asset management unit to determine the greater of either the Market Value or Book Value of such an such at the time the staff member shows an interest or resigns;
- If the staff member accepts to purchase the asset based on the greater of either the Market Value or Book Value, he/she must sign the offer to purchase memo;
- Payroll unit must deduct the applicable value of the asset from the employees salary/final emoluments or the staff members must provide proof of funds deposited into the ASPIRE main account;
- The ICT Unit must also ensure that all ASPIRE documents etc are removed from the asset, which is reset to factory defaults, prior final handover to the employee.

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- Their value in cultural, environmental, educational and historical terms is unlikely to be fully reflected in monetary terms.
- Ethical, legal and/or statutory obligations may impose prohibitions or severe stipulations on disposal by sale.

The following characteristics often displayed by heritage assets:

- Recreational parks used for leisure to be preserved for the benefit of present and future generations.
- Historical buildings that have a significant historical association.
- Movable objects, such as military insignia, medals, coins, stamp collections or objects of decorative or fine art.
- Archaeological and palaeontology sites.
- Historical monuments, such as graves and burial grounds.
- Objects of scientific or technological interest.
- Conservation areas, such as national parks.
- Historical and cultural value.
- Collections of rare books, manuscripts, records, photographic positives and negatives and other reference material held by libraries to be preserved for their historical and cultural value.
- Works of art, antiquities and exhibits such as biological and mineral specimens or technological artefacts.
- Collections of insects, butterflies and fossils.
- Collections of rare books, manuscripts, records, photographic positives and negatives and other reference material held by libraries to be preserved for their historical and cultural value.
- Objects of scientific or technological interest.
- Historical monuments, such as graves and burial grounds.
- Archaeological and palaeontology sites.
- Conservation areas, such as national parks.
- Historical buildings that have a significant historical association.
- Movable objects, such as military insignia, medals, coins, stamp collections or objects of decorative or fine art.
- Recreational parks used for leisure to be preserved for the benefit of present and future generations.

The following range of assets can be regarded as classes of heritage assets:

6.7. HERITAGE ASSETS

ASPIRE should apply Depreciated Replacement Cost approach to calculate impairment loss.

Methodology to be followed to calculate and recognise impairment losses

9. APPROVAL

APPROVED/ADOPTED BY THE BOARD:

YES	NO
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DATE APPROVED/ADOPTED: 30 August 2018

CHAIRPERSON OF BOARD

CHIEF EXECUTIVE OFFICER

This Asset Management Policy will be reviewed annually.

8. REVIEW OF THE POLICY

This policy will become effective from 1 July 2017 on approval by the Board of Directors. The Accounting Officer has a duty to implement this policy until advised otherwise by the Board of Directors.

7. IMPLEMENTATION

Measurement of Heritage Assets

- heritage assets shall initially be measured at their cost including transaction costs
- Where a heritage asset is acquired at no cost (for example donated assets), or for a nominal cost, ensure that its cost is its fair value as at the date of acquisition

- They are often irreplaceable.
- Their value may increase over time even if their physical condition deteriorates.
- They have an indefinite life and their value appreciates over time due to their cultural, environmental, educational, natural scientific, technological, artistic or historical
- They are protected, kept unencumbered, cared for and preserved

