

**CIGFARO**  
Chartered Institute of  
Government Finance, Audit & Risk Officers

**CMAM**  
Centre for Municipal Asset Management

**SALGA**  
SOUTH AFRICAN LOCAL  
GOVERNMENT ASSOCIATION  
Inspiring service delivery

The Chartered Institute of Government Finance, Audit & Risk Officers (CIGFARO) in Collaboration with the Center for Municipal Asset Management (CMAM) and the South African Local Government Association (SALGA) presents:

# THE LOCAL GOVERNMENT ASSET MANAGEMENT IMPROVEMENT PROGRAMME

## Physical verification of assets and conditional assessment – Planning & Implementation

**Fostering  
Excellence in  
Municipal Asset  
Management**

**Certificate  
on  
Completion**

**16 CDF  
Points**

**LG Asset  
Management  
e-Library**

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ASSET MANAGEMENT  
IMPROVEMENT PROGRAMME**

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## INTRODUCTION

THE LOCAL GOVERNMENT  
ASSET MANAGEMENT  
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### ➤ In terms of section 63 (1)(a) of the MFMA:

“The Accounting Officer of a Municipality is responsible for the management of the assets, including safeguarding and the maintenance of those assets”.

“The Accounting Officer must for the purposes of subsection (1)(a) take all reasonable steps to ensure:

- a) That the Municipality has and maintains a management, **accounting and information system** that accounts for the assets of the Municipality.
- b) That the Municipality’s assets are valued in accordance with **GRAP standards**.
- c) That the Municipality has and maintain a system of internal control of assets including **asset register** as may be prescribed”.



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## INTRODUCTION

THE LOCAL GOVERNMENT  
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### ➤ Municipality has different types of movable assets, these assets include:

- Office equipment;
- furniture and fittings;
- emergency equipment;
- motor vehicles; and
- plant and equipment.

➤ Movable assets play an important role in ensuring that Municipality’s daily operations are executed effectively. As required by **Local Government Capital Asset Management Guidelines**, physical verification and conditional assessment of movable assets should be conducted on regular basis to trace and minimise loss of assets and to **ensure accuracy of Municipal Fixed Asset Register**.



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## PURPOSE OF PHYSICAL VERIFICATION AND CONDITIONAL ASSESSMENT OF MOVABLE ASSETS.

THE LOCAL GOVERNMENT  
ASSET MANAGEMENT  
IMPROVEMENT PROGRAMME

- To reduce misappropriation of assets.
- To trace any unreported movements of assets.
- Ensure existence of assets disclosed on the fixed assets register.
- Ensure completeness of the fixed assets register.
- Ensure condition of each asset (RUL review, Impairment testing, and Budgeting).
- To ensure accuracy and credibility of the fixed assets register.



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## PROCESS OF VERIFICATION OF MOVABLE ASSETS.

THE LOCAL GOVERNMENT  
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### ➤ **PLANNING AND MOBILISATION:**

- Submit a final project plan to the **Asset Management Committee of MANCO** for approval.
- Conduct a workshop with all **Departmental Assets Controllers** to ensure they fully understands what role they are going to play during the verification process.
- Project Champion to be identified within Asset Management Section.
- Project Champion to compile listing of all site/locations and discussed with relevant Departmental Assets Controllers to ensure inclusivity of all sites.



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## PROCESS OF VERIFICATION OF MOVABLE ASSETS

THE LOCAL GOVERNMENT  
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- Confirm the inclusion of all sites with respective Departmental Assets Controllers and compile a roll-out schedule per region with expected timeframes for the verification process.
- Asset Verification Team must have a great knowledge of all Municipal buildings/locations so as to be efficient when conducting the verification.
- **Project communication/Awareness:** Compile and distribute a communication letter to inform all officials/assets users about the upcoming asset verification. The letter should clearly states that portable assets should also be made available for physical verification and conditional assessment.



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## PROCESS OF VERIFICATION OF MOVABLE ASSETS

THE LOCAL GOVERNMENT  
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### ➤ ROLL-OUT SCHEDULE:

TIME SCHEDULE PER SITE

PHYSICAL VERIFICATION OF MOVABLE ASSETS 2022

	VERIFICATION SUPERVISOR	CONTACT PERSON/ASSET CONTROLLER	PROVISIONAL DATES	BUDGETED DAYS
<i>Northern region</i>				
<b>BUILDINGS</b>				
CIVIC BUILDING - 14 CHIEF ALBERT LUTHULI STREET	XOLANI	ADRIAN / NTOMBENHLE / GLYNNIS/CHRIS	01/03/2022	5
GEN. JUSTICE MPANZA BLDG-104 MAHATHA GHANDI STREET	XOLANI	ANJU/HEMA/CINDY	09/03/2022	3
OK MALL BUILDING	XOLANI	AYANDA / ASHA / JOLANDA / MAHLELE/VUYANI	11/03/2022	4
B.W. CHARLES BUILDING	XOLANI	NONTHELELO	17/03/2022	3
MECHANICAL YARD - LAVOPIERRE	XOLANI	CHE / SANJAY / THABISILE / DEES	23/03/2022	5
LAVOPIERRE BUILDING	XOLANI	PRESHNEE/WENDY/MARIUS	30/03/2022	7
STORES BUILDING	XOLANI	LAWRENCE/RAM/VANESSA	08/04/2022	2
TESTING CENTRE	XOLANI	PATRICK	11/04/2022	4
FIRE STATION (KWADUKUZA)	XOLANI	GABELAGABELA	20/04/2022	3
MAYOR'S OFFICE - SHAKAVILLE	XOLANI	AYANDA	25/04/2022	1
<b>LIBRARIES AND CREMATORIUM</b>				
STANGERMANOR LIBRARY	XOLANI	SIHLE / SAFENA	26/04/2022	1
STANGER LIBRARY	XOLANI	SIHLE / SALOSHNI	28/04/2022	2
DUKUZA CREMATORIUM	XOLANI	SURASH	03/05/2022	1
DARNALL LIBRARY	XOLANI	SIHLE / JEROL/BONGINKOSI	04/05/2022	1
DUKUZA MUSEUM	XOLANI	SIHLE / NOKUZOLA	05/05/2022	1
<b>BEACHES</b>				
BEACH - BLYTHEDALE LIFEGUARD STATION	XOLANI	STEVE	06/05/2022	1
BEACH - ZINKWAZI	XOLANI	STEVE	09/05/2022	1
<b>COMMUNITY HALLS</b>	XOLANI	JABULANI SHEZI	10/05/2022	3



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## PROCESS OF VERIFICATION OF MOVABLE ASSETS

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### ➤ PHYSICAL VERIFICATION OF MOVABLE ASSETS:

- Update the location and occupants information per site.
- Physically verify/scan all movable assets at the site.
- Ensure that all assets have been bar-coded and barcode untagged assets if required.
- Double check with office occupants if all portable assets has been made available for verification.
- Assess and indicate the condition of each asset:
  - Very good (New)
  - Good
  - Normal
  - Poor
  - Very poor/scrap



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## PROCESS OF VERIFICATION OF MOVABLE ASSETS

THE LOCAL GOVERNMENT  
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- The Asset Verification Team will then print inventory sheets per location, conduct **quality assurance** of data for each inventory list.
- The Asset Team together with Departmental Asset Controllers will follow-up and resolve discrepancies (**unverified assets**) as identified during the asset verification process.
- Once the quality check is done and the issue of unverified assets is addressed, Asset Team will obtain a sign-off (**date to be included**) from the office occupant or the asset user.
- **Paste a copy of a signed inventory list behind the door of each office.**



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## PROCESS OF VERIFICATION OF MOVABLE ASSETS

THE LOCAL GOVERNMENT  
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- The Asset Team will obtain a site **sign-off certificate** per site from the Executive Directors on completion of the verification process.
- **Report** the outcome of the verification process to the **Asset Management Committee or MANCO**.

### ➤ OUTPUTS:

- Signed-off inventory lists for all sites visited by the Asset Team.
- High-level condition assessment of all movable assets verified.
- Updated Fixed Asset Register.



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## PROCESS OF ADDRESSING UNVERIFIED ASSETS

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- During the physical verification process most assets are found and scanned, however some assets will remain unverified mainly due to the following reasons:
  - Poor cooperation from assets holders.
  - Challenges in getting access to some offices.
  - Not all portable assets are available for scanning during the verification process.
  - Misappropriation and theft of assets.
  - Missing bar codes or asset tags to some of old assets.



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## PROCESS OF ADDRESSING UNVERIFIED ASSETS

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- The verification team will normally revisit locations that have unverified assets; the team will engage office users/assets holders about the whereabouts of unverified assets.
- If some of these assets are identified, the verification team will scan and clear those assets from unverified assets listing. The assets holders are then advised to provide valid reasons as to what happened to the balance of the assets that could not be verified.
- Due to the large volume of Municipal assets and tight schedule of the verification team to accomplish this exercise, revisits/follow ups are only done three times per site.



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## PROCESS OF ADDRESSING UNVERIFIED ASSETS

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- Thereafter Business Units as custodians and users of assets are requested by Asset Management Committee to further investigate the whereabouts of unverified assets on their own and advise the verification team of any assets located so that such assets can be scanned/verified.
- On the balance of unverified assets; the responsible Business Units have to write a details report giving reasons as to what happened to the unverified assets.
- These reports **(including a request for Council approval to write off such assets)** are to be submitted by Business Units to their respective Council Portfolio Committees.
- **Corrective measures (going forward) are to be highlighted by each Business Unit in ensuring that there is no repeat of a similar situation.**



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## ROLES AND RESPONSIBILITIES

THE LOCAL GOVERNMENT  
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- It is the responsibility of **all the assets holders to safeguard assets under their control**. Furthermore; below is the role that should be played by each assets holder in ensuring accuracy of the Fixed Assets Register and effective asset management at large:
- Grant access the Verification Team for scanning of all assets under your control.
  - Avail all your portable assets during physical verification process to avoid repeated visits by the Verification Team to the same location and to ensure that there are no unverified assets under your control.
  - Fully co-operate with the Verification Team and provide clarity on any assets not found during the physical verification process.

**Assets are a property of the Municipality until such time that they have been auctioned/disposed therefore even if it's broken beyond repair or deemed redundant the asset holders are prohibited from taking ownership or throwing such assets away thereof.**



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## ROLES AND RESPONSIBILITIES

THE LOCAL GOVERNMENT  
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- **On monthly basis, assets holders are to ensure the following:**
- Inform the Asset Management Section of any newly acquired assets in your section.
  - Inform the Asset Management Section if there are any missing or stolen assets.
  - For stolen assets; fill the insurance claim form after reporting the matter to SAPS.
  - If there is any movement of assets from one user to another, from one office to another, from one department to another **asset transfer form** need to be filled; signed and be submitted to Asset Management Section.
  - If you have identified any redundant or damaged assets in your section, please advise your Supervisor and also ensure that proper documentation is filled before such assets be moved to SCM for safe keeping



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## ROLES AND RESPONSIBILITIES

THE LOCAL GOVERNMENT  
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- **Assets Controllers** should assist the verification team to make sure that smooth verification process is achieved. This can be achieved by:
  - Making sure that verification team get access to all the offices regardless of the availability of the office occupants.
  - Assist in locating the assets that could not be verified.
  - Assist verification team with quality assurance.
  - Assist verification team with signing and distribution of assets inventory lists.



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## HIGH RISK ASSETS

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- Common high risks assets in a Municipal environment are as follows:
  - Desktop computers
  - Laptops
  - Digital Cameras
  - GPS gadgets
  - Sound systems
  - Projectors
- All Business Units and assets holders in particular are required to **strengthen the control measures to ensure that such assets are safeguarded**. Some of these control measures are:
  - Use of laptops cable lock at all time.
  - Keep portable assets in the lockable stationery cupboards/locations.
  - Maintain a register for shared assets within the section e.g. digital cameras and GPS gadgets.



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## COMMON CHALLENGES

THE LOCAL GOVERNMENT  
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IMPROVEMENT PROGRAMME

- High rate of unverified assets during physical verification of movable assets.
- Lack of co-operation between Finance and user departments regarding movement of assets from one user to another or from one location to another.
- User Departments doesn't take ownership of assets under their control.
- Poor understanding and implementation of Asset Management Policy.
- Undisposed redundant assets not easy to safeguard/control.



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## WAY FORWARD

THE LOCAL GOVERNMENT  
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- **Asset transfer form** need to be filled for any movement of assets from one user or location to another.
- **Regular workshops and meetings** need to be undertaken with different Departments where asset management policy and asset procedure manual can be unpacked and discussed (**Create sense of ownership to all asset users**).
- Conduct physical verification of movable assets on regular basis.
- Disposal of redundant assets need to be undertaken on regular basis. (**Section 14 of the MFMA & SCM policy to be followed**)



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No.




**FIXED ASSET TRANSFER / MOVE SIGN-OFF FORM**

**Reason for Request:**

Current Location / User Information		New Location / User Information	
Name of Building		Name of Building	
Department		Department	
Section		Section	
Room Number		Room Number	
Room Barcode Number		Room Barcode Number	
User: Full Name & Surname		User: Full Name & Surname	
Personnel Number		Personnel Number	
Telephone # / Extension		Telephone # / Extension	

No	Asset Bar Code #	Old Asset Number	Fixed Asset Description (as per Asset Inventory Sheet)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Transfer/ Move of Fixed Assets Sign Off			
Designation	Name	Signature	Date
Current User (Giving)			
Manager / HOD			
New Asset User (Receiving)			
Manager / HOD			
Finance Department : Asset Management			

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