



Asset reconciliation between the asset register and the general ledger



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Chartered Institute of
Government Finance, Audit & Risk Officers

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1. Definitions:

1.1. What do we mean by reconciliation?

A process where we compare 2 sets of data to check that figures are correct and in agreement.

1.2. What is FAR?

A key-way for the municipality to accurately record its assets and the value of those assets.

1.3. What is GL?

Master accounting data providing a complete record of all the financial transactions of the municipality.



2. Benefits:

Reconciliation

- To prevent errors
- To check for fraud
- To ensure transactions were appropriately recorded in the correct GL accounts.

FAR

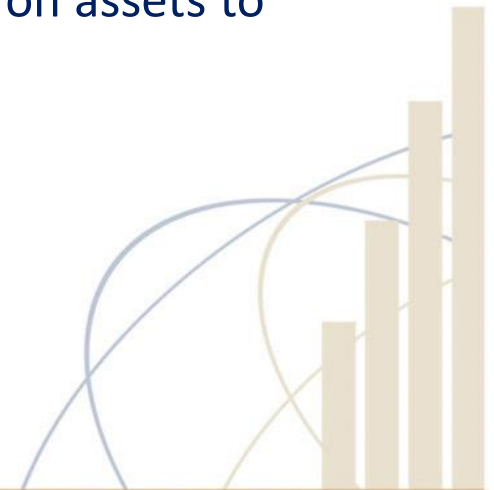
- For municipal environment, ensures accurate service delivery decision making

GL

- It provides an accurate record of all financial transactions
- It helps to spot unusual accounting transactions (i.e. Identify fraud)

3. Why reconcile asset data?

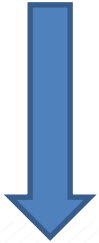
- ❑ Municipalities' mandate is service delivery, which they execute through their assets
- ❑ Most of the municipalities' decisions relate to service delivery, and these decisions are based on asset information (i.e., Capital budgets, Maintenance strategies, Asset Management Plans etc.)
- ❑ It is vital for municipalities to keep accurate information on assets to ensure accurate decisions are made.



4. Challenges:



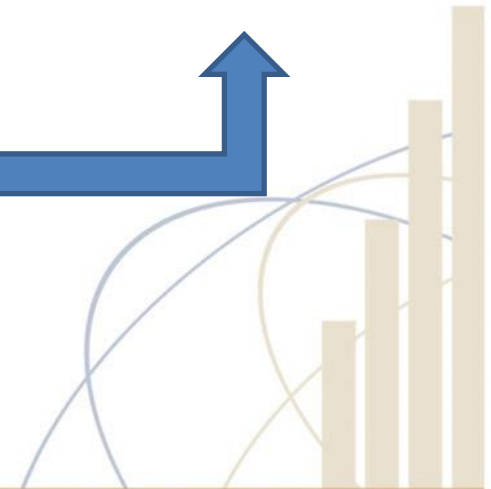
- *Municipal asset data is too large*
- *No internally developed asset management software*



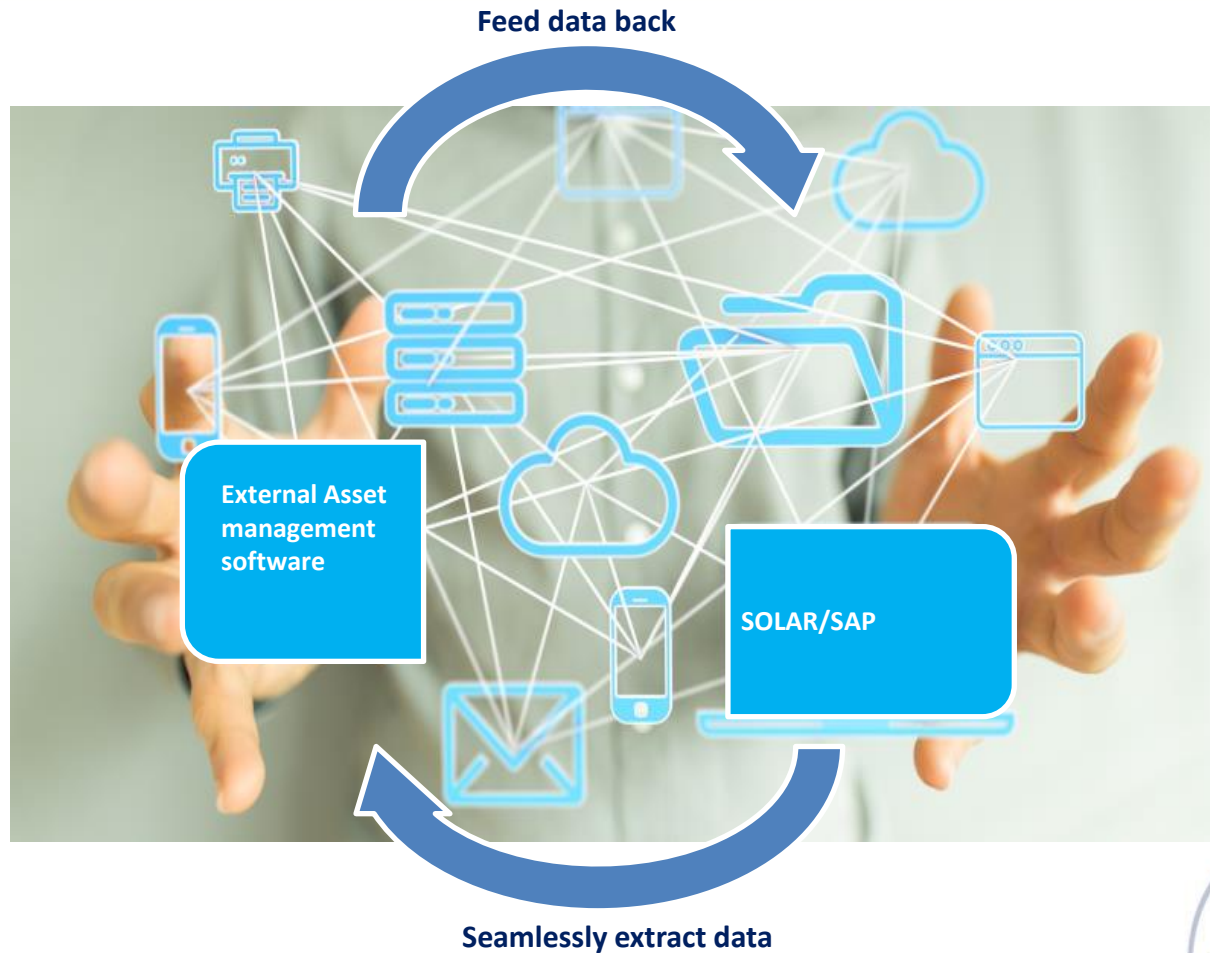
Outsource to external software companies.



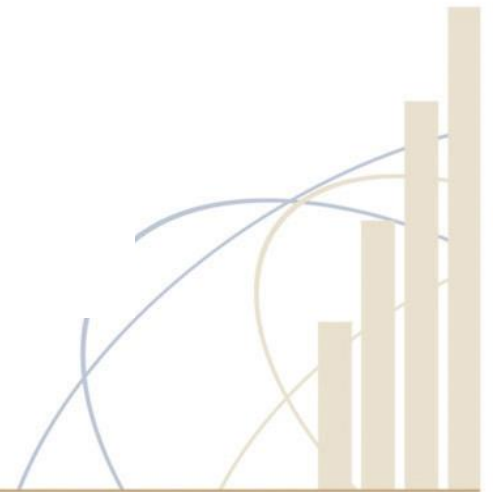
- *Consultants become custodians of the asset data*
- *Municipality loses control of the data*



4. Challenges:

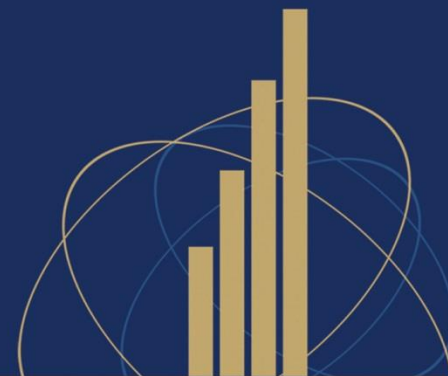


5. Questions:





Thank You!



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