

23 Feb - 13 April 2022

# ASSET VERIFICATION PROCESSES

**Wednesdays**

10:00 - 12:00



**WWW.CIGFARO.CO.ZA**  
011 394 0879



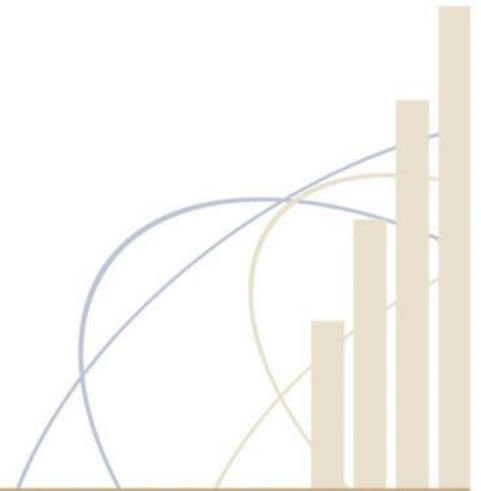
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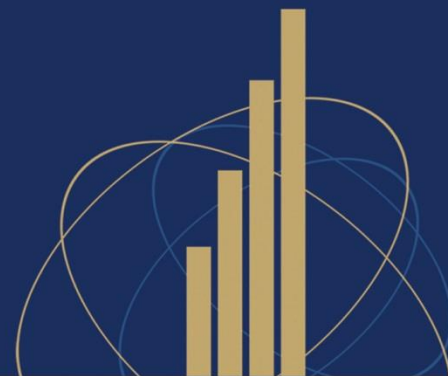
# Contents Page

- ✓ **Topic: Recording the results of the asset verification**
- ✓ **Why is the topic important**
- ✓ **Important to note**
- ✓ **What are the results of a verification**
- ✓ **Recording the results of the asset verification**
- ✓ **Summary**
- ✓ **Questions**





# Why is the topic important



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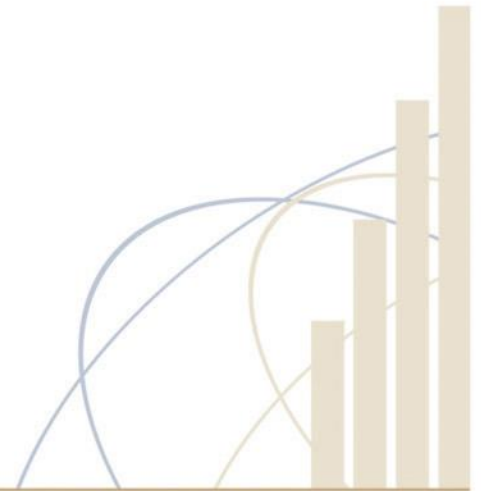
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# Why is the topic important

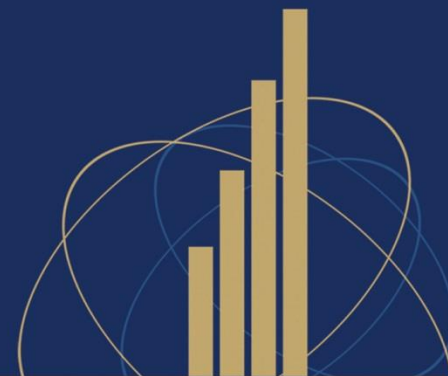
- ✓ **Vital to update financial information and provide accurate reporting**
- ✓ **Important control to safeguard assets**
- ✓ **Assists to make accurate decisions about assets. This includes insuring and replacing assets.**







# Important to note



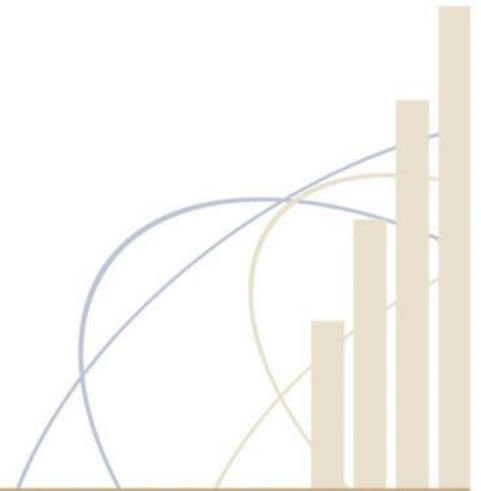
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# Important to note

- ✓ **Methodology**
  - ✓ **Approved**
  - ✓ **Compliant with GRAP and other legislation**
  - ✓ **Detailed enough to stand alone**
- ✓ **Documentation**
  - ✓ **What was done regarding the verification**
  - ✓ **Journal support**
  - ✓ **Inventory lists**





# What are the results of a verification



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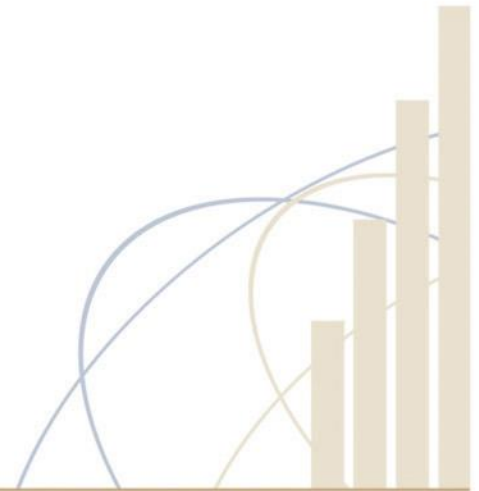
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# What are the results of a verification

- ✓ **Marked as verified**
- ✓ **Gains**
- ✓ **Losses**
- ✓ **Photo evidence**
- ✓ **GPS / location updates**
- ✓ **Condition**
- ✓ **Impairment indicator**
- ✓ **PY findings: Description and classifications**
- ✓ **Componentisation**







# Recording the results of the asset verification



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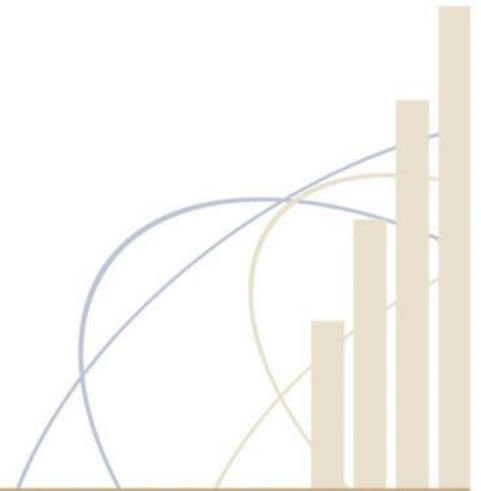
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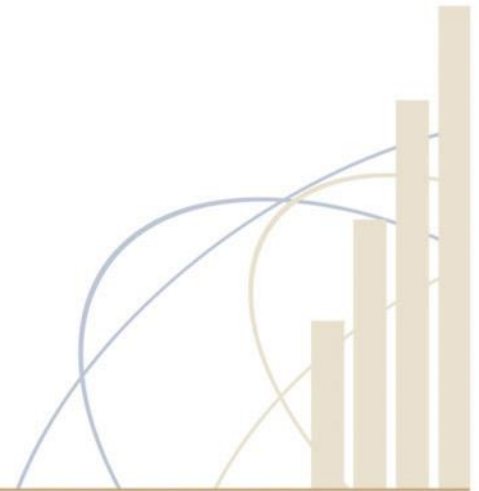
# Marked as verified

- ✓ **Update Fixed Asset Register**
- ✓ **Note the verification date**
- ✓ **Update Sampling plan**



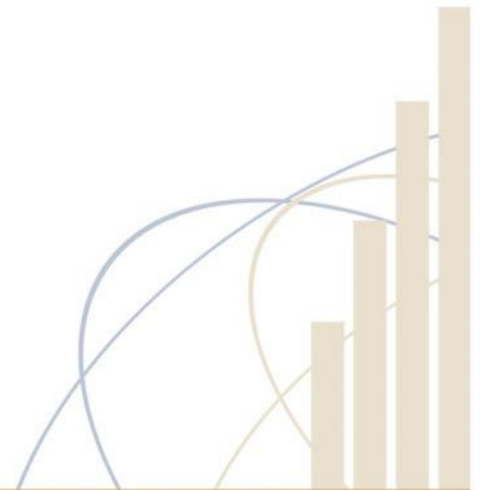
# Gains

- ✓ **Match against losses**
- ✓ **Investigate to find out what happened**
- ✓ **Include in the Fixed Asset Register at Cost or Fair Value**
- ✓ **Take on date: Condition vs Now vs Earliest reporting period**
- ✓ **Journals to update GL**



# Losses

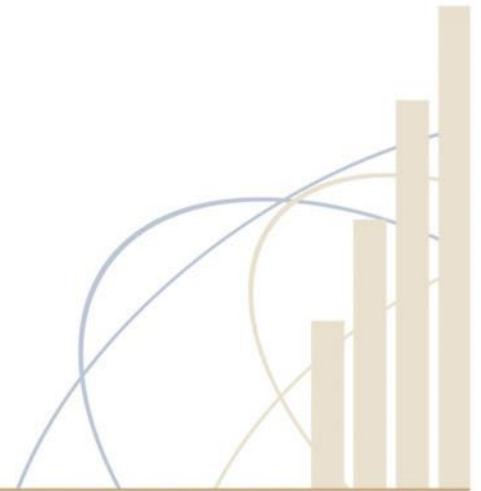
- ✓ **Match against Gains**
- ✓ **Investigate to find out what happened**
- ✓ **Consider scrapping assets**
- ✓ **Approval is required**
- ✓ **Derecognition date is verification date**
- ✓ **Journals to update GL**





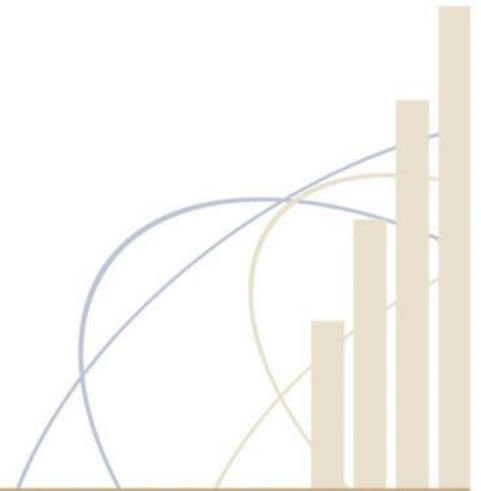
# Photo evidence

- ✓ **Referenced and linked to Asset Register**
- ✓ **Consider photo size**
- ✓ **Clear photo**



# GPS / location updates

- ✓ **Update Fixed Asset Register**
- ✓ **Update GIS software**



# Condition

- ✓ **Updating of RUL depends on methodology. Might updated all verified or only items that meet criteria.**
- ✓ **Either way update register to reflect latest condition**
- ✓ **The updating of the RUL will not effect historical information but will change the way the asset is depreciated going forward.**
- ✓ **The RUL will be a percentage of the EUL. The percentage is based on the condition chart.**
- ✓ **Record in a note what the effects are of the RUL changes.**



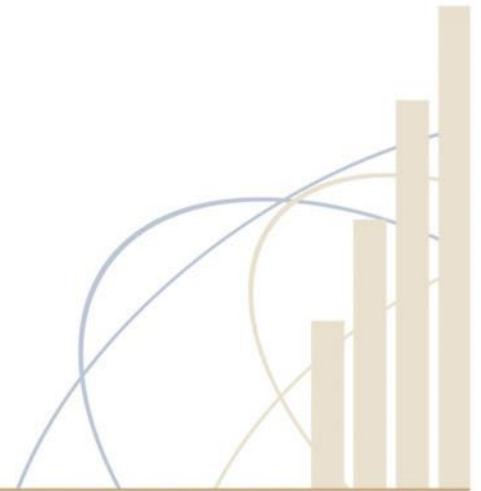
# Condition

MFMA — Local Government Capital Asset Management Guideline				Interpretation - Condition grading scale				Application	
Condition Status		General description of status	Rating	Description	Indicative RUL	Detailed Description	Condition Grade	Rating <input type="text"/>	% <input type="text"/>
Excellent	(100-81%)	The movable PPE have no apparent defects. Appearance is as new. No intervention needed.	1	Very good	71 - 100% EUL	Sound structure well maintained. Only normal maintenance required.	1	1	100%
Good	(80-61%)	The movable PPE exhibit superficial wear and tear, with minor defects and minor signs of deterioration. Minor expenditure on maintenance needed	2	Good	46 - 70% EUL	Serves needs but minor deterioration (< 5%). Minor maintenance required.	2	2	70%
Fair	(60-41%)	The movable PPE are in average condition and require substantial maintenance work.	3	Fair	26 - 45 % EUL	Marginal, clearly evident deterioration (10-20%). Significant maintenance required.	3	3	45%
Poor	(40-21%)	The movable PPE have deteriorated badly, with serious visible problems. General condition is poor with a significant number of major defects. High maintenance cost and/or the movable PPE may need to be rehabilitated. Cost vs. benefits should be considered.	4	Poor	11 - 25% EUL	Significant deterioration of structure and/or appearance. Significant impairment of functionality (20-40%). Significant renewal/upgrade required.	4	4	25%
Very Poor	(20-1%)	Moveable PPE deteriorated to a point where it is unfit for normal use. Extremely high maintenance costs will be incurred; replacement is the better option (cost vs. benefit).	5	Very poor	0 - 10% EUL	Unsound, failed needs reconstruction/ replacement (> 50% needs replacement)	5	5	10%



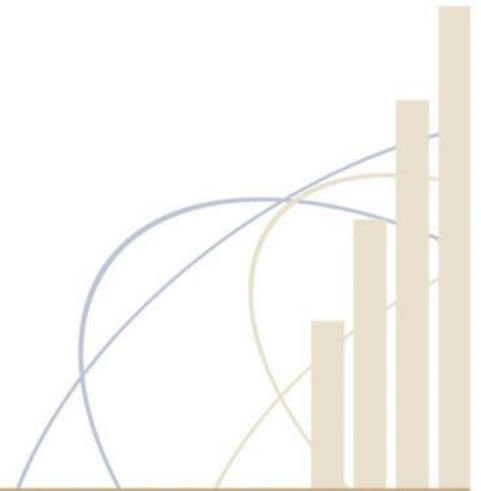
# Impairment indicator

- ✓ As part of the impairment report, you could include any findings from the verification that lead to indicators of impairment and what was done after the indicator was noted.
- ✓ If there is an impairment, update the register accordingly.
- ✓ Journal to update GL.



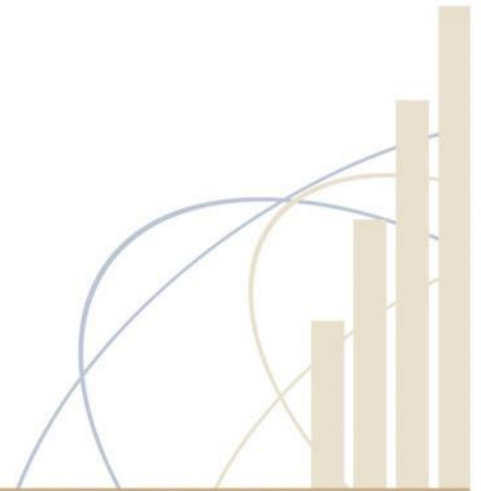
# PY findings: Description and classifications

- ✓ **Update any gaps in the register.**
- ✓ **This could include improving descriptions or**
- ✓ **Asset classification or**
- ✓ **Extent (consider financial impact)**



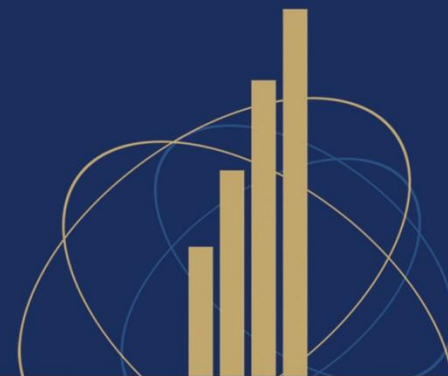
# Componentisation

- ✓ **For completed WIP projects, it is important to note what was found when verifying. This information together with BOQs and Closeout reports will assist in the componentising of assets.**
- ✓ **This will be included in the componentising report.**





# Summary



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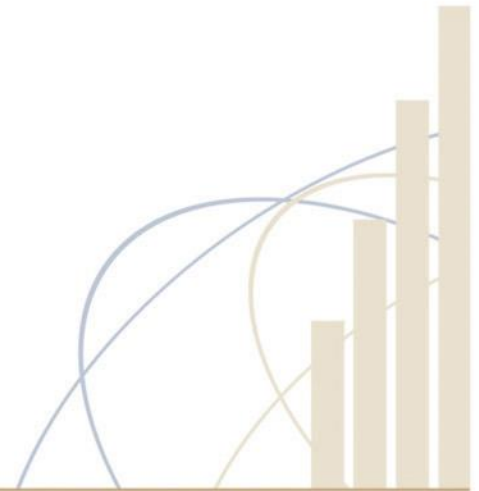
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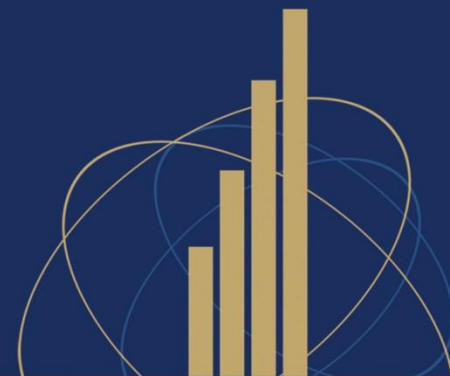
# Summary

- ✓ **Important to note**
  - ✓ **Methodology**
  - ✓ **Documentation**
  
- ✓ **What are the results of a verification**
  - ✓ **Marked as verified**
  - ✓ **Gains**
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# Questions



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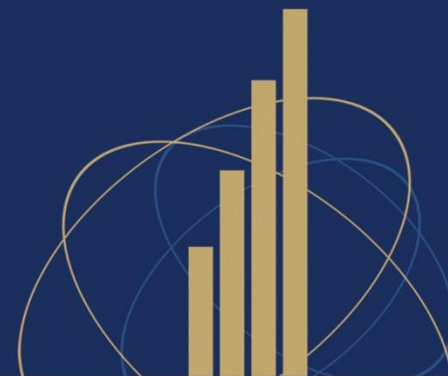
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# Thank You!



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