
KOUGA MUNICIPALITY

**POLICY:
ASSETS MANAGEMENT**

DRAFT

ASSET MANAGEMENT POLICY

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ASSET MANAGEMENT POLICY DOCUMENT

1. Aim of this document

The aim of this policy is to ensure the effective and efficient control of the municipality's capital assets through:

- a) Proper recording of capital assets from authorisation to acquisition and to subsequent disposal;
- b) Providing for safeguarding procedures;
- c) Setting proper guidelines as to authorised utilisation; and
- d) Prescribing for proper maintenance.

To assist officials in understanding their legal and managerial responsibilities regarding capital asset.

Failure to comply with the prescribed policies will result in the institution of disciplinary procedures in terms of the stipulated conditions of employment of Kouga Municipality.

1.1 BACKGROUND

The proper utilisation and management of capital assets is one of the prime mechanisms by which a municipality can fulfil its constitutional objectives for:

- a) Delivery of sustainable services;
- b) Promotion of Social and economic development;
- c) Promoting a safe and healthy environment; and
- d) Providing for the basic needs to the community.

The municipality has a legal and moral obligation to ensure it implements policies to provide for the effective and efficient usage of its capital assets over the useful life thereof.

The asset management policy deals with the municipal rules required to ensure the enforcement of appropriate stewardship of capital assets.

Stewardship has three components being the:

- a) Management, utilisation and control by the Municipal Officials;
- b) Financial administration by the Chief Financial Officer; and
- c) Physical administration by the Senior Managers

Statutory provisions exist to protect public property against arbitrary and inappropriate management or disposal by a local government.

Accounting standards are set to ensure the appropriate financial treatment for capital assets. The requirements of these accounting standards include:

- a) The compilation of capital asset registers recording all capital assets controlled by the municipality;
- b) Accounting treatment for the acquisition, disposal, recording and depreciation of capital assets; and
- c) The standards to which these financial records must be maintained.

2. Policy Authority and Responsibility

Any departures from the approved policies stated in this manual will require the prior written approval from the following authority and persons:

APPROVAL:	Kouga Municipality: EXCO and Council
MAINTAINED BY:	Financial Division: Asset Management
IMPLEMENTED BY:	Kouga Municipality: Departmental Heads.
EXECUTION:	Kouga Municipality: Departmental Heads and Officials.
SUPPORTED BY:	Finance Division: Asset Management

3. Asset Management Accounting Policies

Definitions

Consistent definitions are essential for good asset management and reporting. These definitions were taken from the Generally Recognised Accounting Practise guidelines regarding assets:

3.1 Amortisation

is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

3.2 Asset

is resources controlled by the Municipality as a result of past events and from which future economic benefits or potential service provision are expected to flow to the municipality

3.3 Carrying value

is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

3.4 Community Assets

are assets that contribute to the community's well-being. Examples are parks, libraries and fire stations.

3.5 Cost

Cost of a fixed asset includes the cost of activities necessarily incurred to bring the fixed asset to the condition and location essential for its intended use (e.g. purchase price plus transport and installation).

Vat input tax should be included in the cost of a fixed asset only if the tax cannot be claimed (e.g. vat on passenger vehicles acquired).

3.6 Component

means a specific part of a complex item that has independent physical or functional identity and specific attributes such as different life expectancy, maintenance and renewal requirements and regimes, risk or criticality.

3.7 Development

is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of production or use.

3.8 Depreciation

Is the systematic allocation of the depreciable amount of an asset over its useful life.

3.9 Depreciable Amount

is the cost of an asset, or other amount substituted for cost, less its residual value.

3.10 Fair Value

is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction

3.11 Finance Lease

is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred

3.12 Fixed Assets

A fixed asset is an asset with a useful life of more than one year and is used in the business of Kouga Municipality.

Characteristics of a depreciable fixed asset are the following:

- It is estimated that the asset will be used for more than one financial period;
- Has a limited useful life;
- Is used in a process of delivering services

3.13 Heritage Assets

are 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 .

Examples are works of art, historical buildings and statutes.

3.14 Infrastructure Assets are assets that are part of a network of similar assets.

Infrastructure Assets usually display the following characteristics:

- they are part of a system or network;
- they are specialised in nature and do not have alternative uses;
- they are immovable; and they may be subject to constraints on disposal
- Examples are roads, water reticulation schemes sewerage purification works.

3.15 Impairment loss of a cash-generating asset

is the amount by which the carrying amount of a capital asset exceeds its recoverable amount;

3.16 Intangible asset

is an accounting group which is an identifiable non-monetary asset without physical substance

3.17 Investment Properties

is property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of operations

3.18 Material

omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made based on the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The size or nature of the information item, or a combination of both, could be the determining factor. (GRAP 1)

3.19 Other assets

is an accounting subgroup of Property, plant and equipment which is defined as capital assets utilised in normal operations administrative function of the municipality, Examples are plant equipment, office buildings, motor vehicles, office equipment and furniture and computer equipment etc

3.20 Property, Plant and equipment are tangible assets that:

- Are held by the Municipality for use in production or supply of goods or services, for rental to others, or administrative purposes, and
- Are expected to be used during more than one period.

3.21 Residual Value

is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

3.22 Recoverable Amount

of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

3.23 Research

is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Research will only constitute a capital expense when it can be linked to an asset.

3.24 Senior Managers

mean officials who reports directly to the Municipal Manager and are defined in terms of section 56 of the Municipal Systems Act, Act 32 of 2000

3.25 Useful life” is either:

- (a) The period over which a capital asset is expected to be available for use by an entity, or
- (b) The number of production or similar units expected to be obtained from the capital asset by an entity.

3.26 Tagging (Barcoding)

Means to place a control number on a piece of equipment or property. This is done to maintain a positive identification of assets.

4 STATUTORY AND REGULATORY FRAMEWORK

4.1. This policy must comply with all relevant legislative requirements including:

- a) The Constitution of the Republic of South Africa, 1996;
- b) Municipal Structures Act, Act 117 of 1998;
- c) Municipal Systems Act, Act 32 of 2000;
- d) Division of Revenue Act (enacted annually);
- e) Municipal Finance Management Act, Act 56 of 2003.

4.2. This policy must comply with the standards specified by the Accounting Standards Board. The relevant currently recognised accounting standards include:

- a) GRAP 13 - Leases (Specifically Finance leases);
- b) GRAP 16 - Investment Properties;
- c) GRAP 17 - Property, Plant and Equipment;
- d) GRAP 21 - Impairment of Non-cash-generating Assets;
- e) GRAP 26 - Impairment of Cash-generating Assets;
- f) GRAP 27 - Agriculture;
- g) GRAP 31 - Intangible assets; and
- h) GRAP 103 - Heritage assets.

4.3. This policy does not overrule the requirement to comply with other policies such as Supply Chain Management or Budget policies.

5 RESPONSIBILITIES AND ACCOUNTABILITIES

5.1 The Accounting Officer is responsible for the management of the capital assets of the municipality, including the safeguarding and the maintenance of these capital assets.

5.2. The Accounting Officer must take all reasonable steps to ensure that:

- The municipality has and maintains a management, accounting and information system that records all the capital assets of the municipality;
- The municipality's capital assets are valued in accordance with recognised standards as prescribed by statutes and/or regulations;
- That the municipality has and maintains a system of internal control of capital assets, including a capital asset register; and
- That Senior Management complies with this policy.

5.3. The Chief Financial Officer is responsible to the Accounting Officer to ensure that the financial investment in the municipalities' capital assets is properly recorded.

5.4. The Chief Financial Officer must take all reasonable steps to ensure that:

- Appropriate systems of financial management and internal controls are established and carried out diligently;
- The financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;
- Any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- The systems, processes and registers required to substantiate the financial values of the municipality's capital assets are maintained to standards sufficient to satisfy the requirements of all statutes;

- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
 - The Accounting Officer is appropriately advised on the exercise of powers and duties pertaining to the financial administration of capital assets; and
 - The Senior Managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of capital assets.
- 5.5. The Chief Financial Officer may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.
- 5.6. The Senior Managers must take all reasonable steps to ensure that:
- Appropriate systems of physical management and controls are established and carried out for capital assets in their areas of responsibility;
 - The municipal resources assigned to them are utilised effectively, efficiently, economically and transparently;
 - The capital assets under their control are appropriately safeguarded and maintained to the extent necessary and that risk management systems are in place and applied;
 - Any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
 - The asset management systems and controls can provide an accurate, reliable and up to date record of capital assets under their control;
 - They can justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives;
 - The purchase of capital assets complies with all municipal policies and procedures.
 - All moveable capital assets are duly processed and identified and inspected as being in order before it is received into their stewardship;
 - All moveable capital assets received into their stewardship are appropriately safeguarded against inappropriate use or loss. This will include control over the physical access to these capital assets and regular stock takes to ensure that no losses have occurred. Any known losses should be immediately reported to the Chief Financial Officer; and
 - Capital assets are appropriately utilised for the purpose for which the municipality acquired them.
- 5.7. The Senior Manager may delegate or otherwise assign responsibility for performing these functions but will remain ultimately accountable for ensuring these activities are performed.
- 5.8. **Asset Management Duties:**
- a) Shall ensure that complete records of assets items, tangible and intangible assets, are kept, verified and balanced regularly.
 - b) Shall ensure that all movable assets are properly tagged and accounted for.
 - c) Shall ensure that all locations are identified and properly tagged.
 - d) Shall maintain a location key map indicating all locations where movable assets are held.
 - e) Shall conduct an annual inventory by verifying all movable assets and compare this inventory with the department asset verification.

f) The asset verification report shall:

- I. Reflect a complete list of all assets found during the verification;
 - II. Reflect whether appropriate records have been maintained reflecting what articles should have been found during the verification;
 - III. Reflect any discrepancies between the articles found during the verification and the complete record referred to the above.
- g) Shall ensure that the Asset Management System is balanced monthly with the general ledger and with the financial statements.
- h) Provide the Auditor- General or his personnel, on request , with the financial records relating to assets belonging to Council as recorded in the Fixed Asset Register.
- i) Ensure that all audit queries are resolved in a timely manner.
- j) Shall ensure that the relevant information relating to the calculation of depreciation is obtained from the Departments, including the estimated lifespan and residual value.
- k) Shall ensure that depreciation calculations are provided to the Financial Department in the prescribed format.
- l) Shall ensure that asset acquisition are allocated to the correct asset location, and all the mSCOA segments.
- m) Shall ensure that, before accepting obsolete or damaged asset or asset inventory item, a completed asset disposal form, countersigned by the CFO is presented.
- n) Shall ensure that a verifiable record is kept of all obsolete, damaged, and unused asset or asset inventory items received from Department.
- o) Shall compile a list of items to be auctioned in accordance with their guidelines in the Supply Chain Management (SCM) Policy.
- p) Shall compile and circulate a list of unused moveable assets to enable other Departments to obtain items that are of use to them.
- q) Shall ensure that the SCM Unit is notified of any auctioning or disposing of written- off asset or asset inventory items.

6. Purchase of an Asset

Before a capital project is included in the budget for approval, the Senior Manager must demonstrate, and the Council must consider:

- The projected cost over all the financial years until the project is operational;
- The future operational costs and revenue of the project, including tax and tariff implications;
- The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
- The physical and financial stewardship of that capital asset through all stages in its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- The inclusion of this capital project in the integrated development plan and future budgets; and
- Alternatives to this capital purchase.

The Chief Financial Officer is accountable to ensure the Senior Managers receive all reasonable assistance, guidance and explanation to enable them to achieve their planning requirements.

Capital items not purchased in the financial year as approved on the IDP and capital budget of the Municipality may only be transferred to the next financial year if it is approved by the Municipalities Executive Committee and Council. These approved transfers must be included as roll-over amounts in the capital budget for the new financial year

7. Transfer of Fixed Assets from State Departments or other Municipalities

- 7.1 The entire individual fixed asset items that are transferred from State Departments or other Municipalities to Kouga Municipality have to be valued, as these assets will represent the take on values for Kouga Municipality.

All the relevant assets are acquired by Kouga Municipality based on the going concern concept at values as per paragraphs 3.1 to 3.25

- 7.2 After all the assets have been valued, their useful lives will be determined as the transferred assets will be depreciated over their useful lives

- 7.3 The transferred assets will be valued on the following bases;

- Motor vehicles will be valued at the trade value of each vehicle per the latest Auto Dealers Guide.
- Furniture and fittings and office equipment must be included as estimations.
- Building and grounds will be valued as per valuation roll.

- 7.4 Desktop and laptop computers and printers will be valued by:-

- extracting a schedule of each type and model of personal computer, comprising CPU, monitor, keyboard and mouse;
- requesting our computer consultants to place a value on each of the types of personal computer and printer;
- Applying the above values to the quantity of each type of personal computer and printer in use at each office.

8. Recognition of Assets

Assets will only be capitalised as an asset in the balance sheet when the following criteria are met.

- Future economic benefits or potential service delivery associated with the asset will flow to Kouga Municipality.
- The cost of the asset can be measured accurately, and
- The amount of the asset exceeds the amount of R2 500-00
- All risks and rewards relating to an asset item have been passed to Kouga Municipality and therefore Council controls the asset item.
- A valid tax invoice to Council or other transfer document that transfers ownership to Council exists.

8.1 Self-constructed assets

A capital asset shall be recorded in the capital assets register as soon as it is acquired. If the capital asset is constructed over a period, it shall be recorded as work-in-progress until it is available for use, where after it shall

be appropriately recognised as a capital asset.

Cost of self-constructed assets will be determined from requisitions of inventory used, timesheets of labour cost as well as from invoices of creditors and suppliers.

A self-constructed asset with a lifespan of more than a year will be capitalised as an asset when all criteria for an asset as stated above is met and will be capitalised as follows:

- The total value of the inventory or spare parts used to build the asset will be capitalised as an asset.

8.2 Repairs and improvements to fixed assets

Where repairs and maintenance are incurred to improve a specific asset (i.e. the improvement will increase capacity or extend the useful life of the asset), the cost of the improvement must be capitalised against the fixed asset affected, and written off **over the remaining life of the asset**.

Where repairs and maintenance expenses are incurred to repair or service a specific asset and it does not extend the lifespan of the asset, the cost thereof must be written off to repairs and maintenance in the income statement.

Maintenance is further required to be classified between **Preventative Maintenance and Corrective Maintenance**, as directed in terms of an anticipated maintenance plan.

Preventative Maintenance

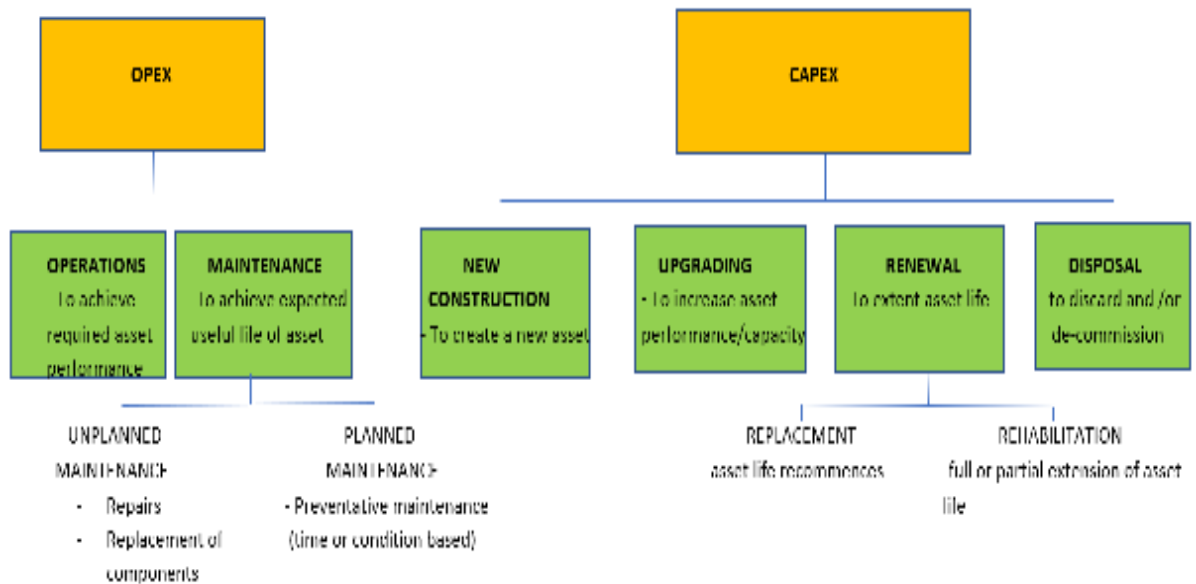
Maintenance carried out at predetermined intervals, or corresponding to prescribed criteria, and intended to reduce the probability of failure or the performance degradation of an item. Preventative maintenance is planned or carried out on opportunity.

- **Interval Based:** Maintenance carried out at predetermined intervals.
- **Condition Based:** Maintenance carried out based on prescribed criteria, such as indicators of condition.

Corrective Maintenance

Maintenance carried out after a failure has occurred and intended to restore an item to a state in which it can perform its required function. Corrective maintenance can be planned or unplanned.

- **Planned:** Corrective Maintenance which has been anticipated and planned.
- **Emergency:** Corrective Maintenance which has not been anticipated and results from an emergency/disaster.



9. Fixed Assets and Depreciation

9.1 Depreciation

Depreciation can only be written off if the useful life of an asset is established.

All assets will be written off on the straight-line method from the acquisition date of the asset on a monthly basis.

The depreciation charge for each period will be recognised as an expense in the Income Statement.

When it is known that an asset will involve significant removal, restoration or other costs at the end of its useful life the accounting procedures will be as follows:

- The estimated cost that will be incurred at the end of the assets useful life will be recognised as an expense over the expected life of the asset as a liability until the expected expense is fully provided for.
- When the cost is incurred it will be offset against the created liability.

The following policies will apply to existing-, purchased and other assets obtained from third parties:-

9.2 Computer equipment

Will be recorded at cost and written down to R1 over their useful lives by the straight-line method of depreciation.

9.3 Furniture fittings and equipment

Will be recorded at cost and written down to R1 over their useful lives by the straight-line method of depreciation.

9.4 Office equipment

Will be recorded at cost and written down to R1 over their useful lives by the straight-line method of depreciation.

9.5 Motor vehicles

Will be recorded at cost and written down to R1 over their useful lives by the straight-line method of depreciation.

9.6 Leased assets

Fixed assets obtained under finance leases and suspense sale agreements are capitalised at cost excluding finance charges and written down to R1 over the period of the lease.

Lease finance charges are accrued and are written off to the Income Statement as they become due based on the effective rate of interest method.

9.7 Research and development

Expenditure on research and development is normally charged against operating income and not deferred. However, development costs are capitalised in respect of unique projects that are deemed to be useful to Kouga Municipality. Costs thus capitalised are amortised over the estimated useful lives of the asset or system.

Development costs are only capitalised when the following criteria are met:

- the project is clearly defined and the costs attributable to the project can be separately identified and measured reliably;
- the technical feasibility of the project can be demonstrated;
- the usefulness of the project to Kouga Municipality can be demonstrated;
- Adequate resources exist, or their availability can be demonstrated, to complete the project.
- The cost of the research and development can directly be linked to an asset or category of assets.

10 Useful life of Assets

The useful life of infrastructure-, community-, recreational- and other assets are categorised below.

Heritage Assets are not reflected in the asset life schedule below because no useful life can be established for heritage assets as there is difficult to determine the lifespan of painting or statue etc.

In compliance with the requirements of mSCOA and GRAP standards; the CFO shall ensure that all assets are classified under the following headings, and directors of departments shall in writing provide the CFO with such information and assistance as is required to compile a proper classification.

Useful lives - Estimated useful lives per category of asset are as follows:

CATEGORY	ASSET LIVE
<u>Infrastructure Assets:</u> Electricity Sub stations Cooling Towers Meters Load Control Equipment Switchgear Equipment Supply/reticulation Mains	 30 years 30 years 15 years 20 years 20 years 20 years 20years
Roads Motorways Other Roads Traffic Islands Traffic Lights Street Lighting Overhead Bridges Storm Water Drains Bridges, Subway & Culverts Car Parks Bus Terminals	 15 years 10 years 10 years 15 years 15 years 30 years 20 years 30 years 20 years 20 years
Water Meters Mains Rights Supply/Reticulation Reservoirs and Tanks	 15 years 20 years 20 years 20 years 20 years
Sewerage: Sewers Outfall Sewers Purification Works Sewerage Pumps Sludge Machines	 20 years 20 years 20 years 10 years 10 years

<u>Community Assets</u> Buildings: Ambulance Stations Care Centres Cemeteries Clinics and Hospitals Community Centres	 30 years 30 years 30 years 30 years 30 years
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Fire Stations	30 years
Game Reserve and Rest Camps	30 years
Indoor Sport stadiums	30 years
Libraries	30 years
Museum and Art Galleries	30 years
Parks	30 years
Public conveniences	30 years
Recreation Centres	30 years
Stadiums	30 years
Old Age Homes	30 years
Taxi Ranks	30 years
<u>Recreational Assets:</u>	
Facilities:	
Bowling Greens	20 years
Tennis Courts	20 years
Swimming Pool	20 years
Golf Course	20 years
Jukskei Pitches	20 years
Outdoor Sport Facilities	20 years
Lakes and Dams	20 years
Fountains	20 years
Floodlighting	15 years
Cricket Field	20 years
<u>Security Measures:</u>	
Fencing	3 years
Security Systems	5 years
Access Control	5 years
<u>Other Assets:</u>	
Buildings:	
Caravan parks	30 Years
Compacting Stations	30 Years
Housing Schemes	30 Years
Laboratories	30 Years
Nurseries	30 Years
Office Buildings	30 Years
Quarries	30 Years
Stores	30 Years
Tip Sites	30 Years
Training Centres	30 Years
Transport Facilities	30 Years
Workshops and depots	30 Years
<u>Office Equipment:</u>	
Computer Hardware	3 years
Computer Software	3 years
Office Machines	3 years
Air Conditioners	7 years
Photocopy Machines over R50 000	5 years
Other Photocopy Machines	3 years

Faxes	3 years
Furniture and Fittings: Chairs Tables Desks Cabinets Cupboards Fire Cabinets Miscellaneous	10 years 10 years 10 years 10 years 10 years 10 years 10 years
Bins and Containers: Bulk Containers	5 years
Emergency Equipment: Fire Ambulances Fire hoses Emergency Lights	15 years 10 years 5 years 5 years
Motor Vehicles: Fire Engines Motor Vehicles Motor Cycles Trucks / Bakkies	10 years 5 years 5 years 5 years
Plant and Equipment: Graders Tractors Mechanical Horses Farm Equipment & Pesticide Sprayers Lawnmowers Brush Cutters Compressors Laboratory Equipment Radio Equipment Fire Arms Telecommunication Equipment Irrigation Systems Conveyors Feeders Tippers	7 years 7 years 7 years 5 years 2 years 2 years 5 years 5 years 5 years 5 years 5 years 7 years 7 years 7 years 7 years

The useful life schedule must be used for all new and existing assets unless:

- A more appropriate useful life can be motivated by the Department that acquires the asset, and
- The change in the useful life of the Asset as motivated by the Department is approved by the Chief Financial Officer.

If the useful life of an asset cannot be determined from the useful life schedule and it is impossible to estimate the useful life of the asset the accounting procedures will be as follows:

- An annual assessment of the asset will be done by Heads of Departments to determine the deterioration of the asset and the potential service delivery for future benefits to the Municipality.
- On this assessment the Municipality will account for a depreciation charge where major deterioration has occurred, through the Income Statement as expenditure.
- The above will adjust the carrying value of the asset on the Financial Statements accordingly.

Review of the useful life of an asset.

All Assets will be investigated annually to ensure that the useful life of the asset is still in line with the original estimated useful life of the asset.

The depreciation charge for current and future periods will be adjusted accordingly, when it is determined that the useful life of an Asset at a specific period differs significantly from the original useful life estimation of the asset.

11 Recovery of the carrying amount

11.1. Impairment

When the recoverable amount of an Asset has declined below the carrying amount of the asset the accounting procedures will be as follows:

- The carrying amount of the asset will be reduced to the recoverable amount of the asset.
- The amount in reduction will be recognised as an expense in the Income Statement.

11.2 Subsequent increase in the recoverable amount of an asset

It can happen that the recoverable value of an asset recovers in such a way that it exceeds the carrying value of an asset that was previously written down by means of impairment.

This asset's carrying value will only be written back to its original value if:

- The circumstances or events that led to the write down of the value of the asset cease to exist.
- There is evidence that the new circumstances and events will persist for the foreseeable future.
- The Asset's original carrying value has never been influenced by impairment or a write-up of the carrying value.

The amount of write-up must be recorded as an income in the Income Statement.

12. Initial Measurements of Land and Buildings

There are essentially three major classification of the fixed property namely;

- Property Plant and Equipment;
- Investment Property;
- Heritage Assets

12.1 Property Plant and Equipment (GRAP 17)

Property Plant and Equipment (PPE) represents a major portion of the asset base of the Municipality and is therefore significant in the presentation of its financial position (balance sheet).

12.2 Investment Property (GRAP 16)

Investment property is land and/or buildings (or part of a building) held to earn rentals and/or capital appreciation and is distinguished from property, plant and equipment that are occupied and used by the municipality.

Investment property is also not land and/or buildings held for sale in the ordinary course of business. As the definition implies, the intention is to earn a return on the investment made in the asset and to benefit from capital appreciation. Houses to asset custodians, hostels, etc. will not qualify as investment property as the primary objective of these facilities are to provide a service, e.g. housing, sport and recreation rather than to earn rental revenue or capital appreciation (or both).

In general, investment property will entail property leased under an operating lease to a lessee, where the Municipality acts as lessor. Property leased under a finance lease will however not qualify as investment property (as the property is “sold” to the lessee).

A property constructed by the Municipality that will be held as an investment property should not be treated as such until it is ready for its intended purpose (i.e. until it meets the definition of investment property). Until such time, it should be accounted for according to GRAP 17. Similarly, property being constructed on behalf of a third party does not constitute investment property and should be accounted for as a construction contract in terms of GRAP 11. Properties held for sale in the ordinary course of business should be recognized as inventory and accounted for in terms of GRAP 12.

It should be clear from the above that the classification of land and/or buildings (or part of a building) as investment property depends on the *intention* of management and therefore requires judgement to determine whether a property qualifies as investment property. Criteria therefore have to be developed to ensure that judgement is exercised consistently.

In practice, the classification of an asset as either PPE or investment property is complicated when the asset is used both for investment and administrative purposes. Separate accounting can only be applied if it is possible for the portions to be sold separately or leased out separately under a finance lease.

For example, the Municipality might own a four storey office building and only use the bottom two floors for its administrative function, whilst renting out the upper two floors. If the municipality could sell floors separately or lease them out on a finance lease, it should

treat the lower half of the building as PPE (owner occupied property) and the upper half as investment property.

Where the portions cannot be sold or leased out separately, the property is only classified as investment property if an insignificant portion is used for service delivery or administrative purposes. It will not be permissible to apportion the property between an “investment” and an “owner occupied” element.

Either the whole building is treated as investment property or as owner occupied property. There is no guidance in the standard as to what constitutes an “insignificant” portion, this is left to the discretion of management based on the specific circumstances of each transaction.

Property that the Municipality owns and which is occupied by a municipal entity (or vice versa) cannot be classified as investment property in the consolidated financial statements. From the perspective of the economic entity, the property is owner occupied and should be treated as PPE. Examples of property that would be classified as investment property	Examples of property that would not be classified as investment property
• Property held for long-term capital appreciation • Property leased out by another party under an operating lease. Vacant property held for the purpose of leasing in the future ; and • Land and buildings held for undetermined use	• Property that is leased out to another party under a finance lease; • Property held for sale in the ordinary course of business • Property that is owner occupied • Property that is in the process of being constructed or developed

All land and buildings must be leased at market related prices.

12.3 Heritage Assets (GRAP 17 para 6)

Heritage assets are 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. A heritage asset shall be recognised as an asset if, and only if:

- It is probable that future economic benefits or service potential associated with the asset will flow to the Municipality; and
- The cost or fair value of the asset can be measured reliably.

For the heritage asset to be recognised in accordance with the criteria in (a) and (b)

above, the heritage asset needs to be controlled by the Municipality as a result of past events. Even though the Municipality may be restricted from disposing of a heritage asset based on a stipulation imposed by, for example, a trust, statute or law, or from the transferor's stipulations, the heritage asset is still controlled by the Municipality when it is able to generate future economic benefits or service potential from the asset. Accordingly, the Municipality recognizes the heritage asset when the recognition criteria in paragraph (a) and (b) above are met.

Future economic benefits or service potential flowing from a heritage asset may include revenue, for example an entrance fee charged by a museum. The revenue generated by the entity under such circumstances is normally insignificant compared to the operating costs of the museum and will not result in accounting for the heritage asset as an investment property. The revenue generated is rather used towards the maintenance of the heritage asset. The heritage asset should, however, be accounted for in terms of the GRAP Standards as the heritage value attached to the specific asset constitutes the heritage asset's service potential.

In some instances, items of property, plant and equipment may be required to safeguard the heritage assets. For example, a museum may maintain a constant room temperature to safeguard a manuscript collection using a specialised air conditioning system. Such items of property, plant and equipment are recognised as assets in terms of GRAP 17 on *Property, Plant and Equipment* and not as part of the cost of the heritage asset.

12.4 Initial Measurements of Assets cost model

An fixed property item will initially be measured at its cost price

The cost of an asset item will include the following:

- Import duties
- Non Refundable purchase Taxes
- Any other direct attributable costs used to bring an asset to a working condition. (E.g. Delivery and handling cost, installation cost, professional fees etc.)

The cost of an asset will not include the following:

- Trade discount received
- Rebates received
- Interest paid

12.5 Capitalisation of Assets Exchanged for dissimilar assets

When an asset is acquired by way of an exchange for a dissimilar asset the following the capitalisation will be as follows:

- The cost of the asset received as a replacement that must be capitalised will be calculated as the fair value of the replaced asset and adjusted by the amount of cash or cash equivalents that was transferred or received.
- The profit or loss of the replaced asset will be calculated as the difference between the cost of the asset received as replacement and the book value of the replaced asset.

12.6 Capitalisation of Assets exchanged for similar assets.

When an asset is acquired by exchanging it for a similar asset that is used for a similar activity and that has a similar fair value the following accounting practise will be followed:

- The cost of the asset received as replacement asset will be carried at the same amount as the replaced asset.
- There will be no recognition of profit/loss of fixed assets for an exchange of similar assets.

12.7 Subsequent Measurement for Fixed Property

After initial recognition PPE, investment property will be carried at cost or initial valued price less accumulated depreciation and impairment losses in the Financial Statements for its useful life, provided that the carrying amount exceeds the recoverable amount of the asset

After initial recognition Heritage assets will be carried at cost or initial valued price less impairment losses in the Financial Statements for its useful life, provided that the carrying amount exceeds the recoverable amount of the asset

Landfill sites, buildings and other fixed property will be carried at cost or initial valued price less accumulated depreciation and impairment losses in the Financial Statements for its useful life, provided that the carrying amount exceeds the recoverable amount of the asset

Management is permitted to change an accounting policy for certain categories only if the change:

- is required by a standard or interpretation;
- or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

In such an instance **Landfill sites**, buildings and other fixed property will be re-valued on a four (4) yearly basis when all other properties are re-valued.

These fixed properties will be carried at the value of validation (fair value) less the accumulated depreciation on these properties.

This revaluation will be done to ensure that the carrying value of the fixed properties in the Balance Sheet does not differ materially from the fair value of these fixed properties. The basis of the revaluation will be based on the replacement value for these fixed properties that will be obtained from the evaluation list as supplied by the evaluator appointed by the Kouga Municipality on a four yearly basis.

12.7.1 Appreciation of Fixed Properties

The following accounting procedures will be followed when the fixed properties are re-valued at an amount that exceeds the current value carried in the Financial Statements.

- The Accumulated Depreciation at the time of revaluation will be set-off against the gross carrying amount of the fixed property.
- The carrying value on the Balance Sheet will be adjusted to the re-valued amount of the fixed property.
- The difference between the original amount and the re-valued amount will be credited against a future depreciation reserve.

All future depreciation on the fixed property will be set off against this future depreciation reserve.

12.7.2. Downwards Revaluation of Fixed Property

The following accounting procedures will be followed when fixed properties are re-valued at an amount lower than the current carrying value of these fixed properties.

- The Accumulated Depreciation at the time of revaluation will be set-off against the gross carrying amount of the fixed property.
- The difference between the carrying value and the revaluation value will be recognised as an expense in the Income Statement unless the difference can be offset against a credit from a revaluation of another fixed property asset that was re-valued at a higher amount as explained above.

12.7.5 Revaluation of Assets other than Fixed Property

Assets other than fixed property will be carried at cost or initial valued price less accumulated depreciation in the Financial Statements for its useful life, provided that the carrying amount exceeds the recoverable amount of the asset.

12.7.6. Asset Revaluation Reserve

Any surplus arising on the revaluation of assets is credited to the asset revaluation reserve, which is regarded as non-distributable. On disposal of the asset the applicable portion of the surplus is transferred to the retained surplus account

13. Inventory Assets

- 13.1 Assets with a value of less than R2 500-00 will be classified as Inventory Assets and will be written off in the Income Statement when it is purchased.
- 13.2. An Inventory List will be maintained by the Asset Control Officer for all Inventory Assets. These Inventory Assets will be numbered by barcode for easy reconciliation and verification where possible and cost effective.
- 13.3. Where it is not possible or cost effective it will be numbered with a permanent marker to ensure that it is accounted for with the yearly asset verification.

- 13.4 Inventory Assets will be budgeted for under the General Expenditure section of the operational budget and will therefore have an effect on the surplus or deficit of Kouga Municipality.

14. Policy for the disposal of redundant, obsolete or unserviceable furniture and equipment

Assets that become redundant, obsolete or unserviceable must be treated in the following way to ensure that all financial regulation are met with effective procedures for the proper treatment of these assets.

All assets in a department are the responsibility of the Manager of that department, and are only controlled by the Finance Department for accounting and insurance purposes.

14.1 Notification / Recommendation to scrap an asset

The Departmental head is responsible and accountable for the asset in his/her department.

The Senior Managers is also responsible to communicate any asset that must be scrapped through to the Asset management department for approval.

The Senior Managers that requests to scrap an asset must submit a approved "Request to scrap an Asset Form" see annexure A that can be obtained from the Asset department

The following approved information is essential to identify the asset that will be scrapped and must be submitted to the Finance Department as a request to scrap the asset(s).

- The asset number
- The description of the asset
- The physical location
- The cost centre under which the asset was utilised
- The Department
- The reason for scrapping the asset(s).

14.2 Financial Control and approval of scrapping of assets

The Asset Manager will evaluate the proposed write offs and reasons for write off and refer the approved recommendations to the Senior Accountant PPE.

The Senior Accountant PPE will investigate the reason for damage where necessary.

The Senior Accountant PPE will include the following information for recommendation of write off to the Asset Manager who in turn will refer it to CFO for final approval.

- The asset number

- The description of the asset
- The physical location
- The cost centre under which the asset was utilised
- The Department
- The reason for scrapping the asset(s).
- The purchase price and the date of purchase of the asset
- The book value of the asset.
- The recommended selling price of the asset.

The Asset Manager will consider all aspects of the asset(s) that must be written off and disposed of.

He/She will then submit the following information to the CFO.

- The asset number
- The asset description
- The purchase date of the asset
- The book value of the asset
- The reason of the scrapping.

The CFO will recommend the disposal or scrapping of the asset(s) to Municipal Manager.

This recommendation of disposal and or scrapping of assets will be submitted to the Management Committee as well as to the Kouga Municipality Council for write off approval.

14.3 Scrapping of Inventory Assets

Inventory Assets (assets with a purchase price of less than R2500-00) will be controlled on an inventory list, and the Departmental Head will be responsible for these inventory assets.

It is therefore essential that Inventory Assets be scrapped in the same way as capitalised assets, with the necessary documentation for approval.

14.4 Disposal of Assets

Assets are replaced as soon as the asset has no economic value / service potential to the municipality. Senior managers should annually identify possible replacement needs and inform the CFO by no later than 31 January of the estimated costs to be placed on the capital budget for approval.

Where assets are damaged to such extent that it can no longer be used and is needed in the daily operations of the municipality, the senior manager to which this asset relates will submit a report to council to request for an adjustment budget and approval to replace the said asset.

Assets that are disposed of can be sold in one of the following ways, after the reserve price was established for each asset sold:

- By way of Public Auction which notice has been advertised for at least seven days.
- Through the invitation of tenders with a lead time of at least two weeks.
- Sold to the public at a price fixed by law or by resolution of the Municipality.

In the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment

The Kouga Municipality can at any time refuse the disposal of an asset if the reserve price is not met, or it is apparent that it will not benefit the Municipality to sell the asset.

14.4.1 Disposal of Fixed Property

The Municipality may only sell fixed property as regulated by the Municipal Finance Management Act (section 90).

This includes the following:

- Fixed Property may not be sold if the fixed property is needed to provide the basic level of municipal services.
- Is sold at a fair market value, and not below the value determined by Council.

14.4.2 Disposal of other capitalised- and inventory assets

Assets and Inventory Assets may be sold as prescribed above when the asset is damaged beyond repair, not needed to provide services or any other reason that was approved by Council.

All assets sold or disposed of must be written off by an approved resolution by Council.

14.4.3 Losses arising from the scrapping or disposal of assets

All losses arising from the scrapping or disposal of assets will be recognised as an expense in the Income Statement and will be calculated as follows:

- The loss on the scrapping or disposal of the asset will be calculated as the difference between the selling price of the sold asset and the carrying value of the asset.

The accounting treatment will be as follows:

- The asset will be written down to the lower of its carrying amount or its realisable value.
- The amount of the write down will be recognised as an expense in the Income Statement.

14.4.4 Surplus arising from the scrapping or disposal of assets

All surpluses arising from the sale of an asset will be transferred to the Capital replacement reserve as an appropriation to make provision for future capital expenditure that may be needed.

The calculation of the surplus on the sale of assets will be determined as follows:

- The surplus will be the difference between the selling price of the asset and the carrying value of the asset.

The accounting treatment will be as follows:

- The asset will be written off in the balance sheet by crediting the accumulated depreciation and the balance to the asset.
- The surplus will be credited to the Capital replacement reserve for future use.

15. Insurance Of Capital Assets

- 15.1. The Chief Financial Officer shall ensure that all capital assets are insured as per the council's short-term insurance policy. When doing so the insured value to be applied by the Chief Financial Officer are current replacement cost (CRC) with the exceptions of vehicle types. Vehicles, if required to be insured in terms of the insurance policy, should be insured for the AA book value of the specific vehicle.

16. Other Regulations and controls not provided for in this document.

Individual Asset management regulations and controls not covered in this document will be covered by prior regulations or Council Resolutions.

Any changes to this document relating to the omissions will be approved by Council before implementation. The Municipal Finance Management Act is to be honoured in all instances pertaining to Assets Management.

16.1 Fixed Asset Register and work procedures

- 16.1.1 All fixed assets with a value of more than R2 500-00 will be recorded on the Fixed Asset Register, and the asset will remain on the register until such time it is disposed of.
- 16.1.2 All the fixed assets will individually be bar coded when physically possible and cost effective.
- 16.1.3 All the fixed assets will be captured on the Asset Management System and will be balanced back to the Asset Control Votes on the Financial System.
- 16.1.4 Where it is not physically possible to mark an asset with a bar-coded strip, the asset will be marked and numbered by way of a permanent marking pen or paint. These assets will be identified on the Asset Management system as bar-coded assets and will be marked off a list as recorded on the Asset Management system when the annual Asset Verification is done.
- 16.1.5 The Fixed Asset Register will be updated annually with the replacement values of all assets. (This will only be done for Insurance purposes and will have no effect on the amount carried in the Financial Statements for Assets.)
- 16.1.6 The following information will be recorded on the asset register
- Asset Number or deed number in respect of property
 - Date of Purchase
 - Cheque number or document number
 - Description
 - Category
 - Cost Centre
 - Location
 - Purchase or valued cost
 - Depreciation Rate
 - Depreciation for the current year
 - Accumulated Depreciation
 - Book Value of the asset
 - Source of finance
 - Lifespan of the asset
 - Replacement Value if applicable
- 16.1.7 All assets and inventory assets will be always kept in a safe place.
- 16.1.8 All assets will be clearly marked for identification purposes when the assets are received.
- 16.1.9 The asset will be captured on the asset register as well as on an asset inventory sheet that must be fitted behind the door of each office or at a place as specified by the asset control officer.

- 16.1.9.1 The Senior Managers or as delegated by him/her will sign the asset inventory list to take responsibility of the assets in his/her department
- 16.1.10 No asset may be moved from its original location without the written approval of the Asset control Officer.
The procedures required to move an asset will be as follows:
- The Senior Managers requesting the move of an asset must submit an approved Asset Move Request Form (available from the Asset Control Officer) to the Asset Control Officer before any asset is moved.
 - The Asset Control Officer will ensure that the asset detail is updated on the system and asset register
- 16.1.11 The Asset Register will be updated on a monthly basis with disposals, scrapings and additions before the depreciation run is performed.
- 16.1.12 The Asset Control Officer will balance the asset register to the assets as stated on the general ledger on a monthly basis and follow up any discrepancies.
- 16.1.13 Discrepancies will be communicated to the Chief Financial Officer on a monthly basis.
- 16.1.14 The Asset Control Officer will report on all additions, scrapings, disposals and loss due to theft or other uncontrollable circumstances on a monthly basis.
- 16.1.15 No private assets except vehicles are allowed on the premises of the Kouga Municipality.
The CFO or his/her delegate must give written approval to an Official or any other person that requires bringing Private Assets onto the premises of the Kouga Municipality. (A Private Asset Request form is available from the Asset Manager)
This approval form must be in the possession of the Official or any other person at all times, and must be produced as and when it is required.

16.2 Fixed Asset Register (Base Units)

Fixed assets will be recorded as follows to ensure that all assets are treated uniformly.

- 16.2.1 The central processing unit, (including the original software, motherboard and cards), keyboard and mouse of a personal computer;
- 16.2.2 The monitor of a personal computer;
- 16.2.3 A printer;
- 16.2.4 The monitor, keyboard and mouse (if applicable) of a computer terminal;
- 16.2.5 Each individual item of furniture;
- 16.2.6 Each individual item of office equipment.
- 16.2.7 Each component of an Infrastructure Structure Asset where possible. Example for a reservoir the reservoir, pumps and standby power separately.
- 16.2.8 Each stand and or building

17 10. Risk Management

- 17.1 All the risks, for losses arising from the damage, destruction or theft of the assets or any liabilities that can arise from the operations of KOUGA MUNICIPALITY, must be evaluated annually in conjunction with reputable risk management advisers to establish a level of risk that of acceptable to the management of KOUGA MUNICIPALITY.
- 17.2 Fixed assets will be insured at their replacement value, which will be revised annually.
- 17.3 The replacement value of all other fixed assets will be their actual market value.

18 Physical verification

- 18.1 All fixed assets will be identified with a unique bar coded fixed asset number and recorded on an asset inventory sheet. Management should ensure that all Kouga Municipality employees keep an updated copy of the asset inventory sheet.
- 18.2 Management should ensure that all fixed assets recorded on the Fixed Asset Register are physically verified at least once a year by means of an asset audit.
- 18.3 Any differences must be investigated and must be adjusted in the Fixed Asset Register, if agreed and authorised by the responsible Managers and Council. A written explanation of the differences must be supplied by the relevant Head of Department.
- 18.4 Managers have to ensure that proper documentation is maintained for all their physical verification procedures performed.
- 18.5 The Asset Control Officer will from time to time do spot checks to ensure that the assets in a specific location agree to the assets listed on the asset inventory sheet of the location. (Both capitalised and Inventory Assets will be checked.)
- 18.6 The Senior Managers must be informed of damaged- or obsolete assets when it is identified by means of the asset verification process. The Senior Managers must follow the procedures as prescribed in point 14.2 to have the asset scrapped.

19 CAPITAL ASSET MANAGEMENT PLANS.

- 19.1. The asset department will assist senior managers of the different departments with the maintenance of assets.
On an annual basis the asset department will provide the managers with a list of assets within their departments indicating the condition and the remaining useful life as well as those assets that has reached the end of their useful lives.

Based on this information supplied by asset department Senior Managers needs to develop a capital asset management plan for immoveable capital assets that meets the definition of the undermentioned capital asset categories:

- a) Infrastructure Assets;
- b) Community Assets;
- c) Investment Property; and
- d) Any other Immoveable assets.

19.2. The capital asset management plan must at least cover the following aspects:

- Purpose of the plan
Demonstrate the roles and responsibilities of management; Communicate and justify funding requirements and Legislative framework.
- Asset Description
Summary of all the capital assets cover by the plan.
- Levels of Service
Summarise the levels of service and performance measures and how they are set for each level.
- Future Demand
Factors influencing future demand and impact of changing demand on capital assets.
- Lifecycle Management plan
Summary of all the management strategies (operations, maintenance, disposal, etc.)
- Financial Summary
Long-term income and expenditure (cash flow projections) for each significant group of capital assets and sources of funding.
- Asset Management Practices
Summary of AM data, Information systems, processes (decision making) and implementation tactics.
- Monitoring and Improvement Programs
This section must deal with the physical condition assessments; measurement of functional effectiveness and effective utilisation. It also must also address the economical financial viability by monitoring operational expenses and include the timetable for review of the asset management plans.

19.3. The operational and capital budgets are the short to medium term financial plan for implementing the capital asset management plans and managers shall budget for the executing of the approved maintenance plan.

19.4. Each Senior Manager shall report to the Accounting Officer on issues that will significantly impede the capital assets capacity to provide the required level of service or economic benefit.

Condition assessment table

Rating	Description	Detail description	Indicative of RUL
1	Very good	Sound structure well maintained. Only normal maintenance required.	71-100% EUL
2	Good	Services needs but minor deterioration (< 5%). Minor maintenance required.	46-70% EUL
3	Fair	Marginal, clear deterioration (10-20%). Significant maintenance required.	26-45% EUL
4	Poor	Significant deterioration of structure and/or appearance Significant impairment of functionality (20-40%)	11-25% EUL
5	Very poor	Significant renewal/upgrade required. Unsound, failed needs ,reconstruction/replacement (> 50% needs replacement)	0-10% EUL
Rating Description			
EUL' is Expected Useful Life			
'RUL' is Remaining Useful Life			

20. OTHER MATTERS ARISING FROM ASSETS

20.1 Assets held under Finance Leases

Assets held under finance leases will be accounted for as follows:

- The leased asset will be capitalised in the General Ledger of the Lessee at the amount stated in the lease agreement, and
- The asset will be depreciated over the expected useful life of the asset, unless
- There is no certainty that the lessee will obtain ownership of the asset by the end of the lease term, whereby the depreciation period will be calculated over the shorter of the lease term or the expected useful life of the asset.
Officials must however ensure that the Kouga Municipality obtain ownership for all assets that are purchased under a finance lease.

20.2 Other Leases

All other leases will be accounted for as expenditure in the Income Statement of the Municipality and will be budgeted for accordingly.

20.3 Assets in Halls

Due to the difficulty of marking movable assets in the halls with barcodes, the following procedures must be put in place to ensure the safekeeping and control over these assets.

- Stackable chairs, tables and other movable assets must be counted before and after every event that takes place in the hall to ensure that all assets are accounted for after the event.
- When assets are moved from the halls an official from the Kouga Municipality must sign the assets removed from the halls out and ensure that all assets are accounted for by signing it in when the assets are returned.
- All discrepancies must be reported to the Senior Accountant PPE as a matter of urgency.
- The Senior Accountant PPE will claim the replacement value of any discrepancies from the responsible person who rented the hall or used the assets outside the hall, via an invoice.

END OF ASSET MANAGEMENT POLICY DOCUMENT

ASSET CONTROL SHEET

REQUEST FOR THE SCRAPPING OF AN ASSET

SECTION 1 – CONTACT DETAILS		
Date:		
Office Number:		
Building:		
Department		
Cost Centre		
Full Name & Surname		
Telephone Number		
SECTION 2 – ASSET DETAIL		
Asset Number		
Asset Bar-code Number		
Description Of Asset		
Room Number		
Room Bar-code Number		
Serial Number		
Model Number		
SECTION 3 – REASON FOR SCRAPPING		
Please Supply a reason for the scrapping of this asset		
SECTION 3 – APPROVAL		
Direct Supervisor:		
Full Name and Surname		
Signature		
Date		
Head of Department:		
Full Name and Surname		
Signature		
Date		

KOUGA MUNICIPALITY							
TRANSFER OF MOVEABLE ASSET ITEM							
CURRENT LOCATION							
LOCATION BARCODE			ITEM BARCODE				
ITEM DESCRIPTION							
REASON FOR TRANSFER							
TO BE TRANSFERRED TO					LOCATION BARCODE		
NEW LOCATION INFORMATION							
OTHER RELEVANT INFORMATION							
NAME:				SIGNATURE		DATE:	
AUTHORISED BY MANAGER							
NAME:				SIGNATURE		DATE:	
RECEIVED BY NEW USER							
NAME:				SIGNATURE		DATE:	
ACKNOWLEDGED BY NEW MANAGER							
ASSETS SECTION				FOR FINANCE USE ONLY			
MOVE PROCESSED ON FINANCIAL SYSTEM							
ITEM LOCATION BARCODE VERIFIED							
ITEM VERIFIED AT NEW LOCATION							
				DATE		SIGNATURE	