



Province of the
EASTERN CAPE
EDUCATION

DEPARTMENT OF EDUCATION
Office of the CFO-Chief Financial Officer

12 DEC 2025

RECEIVED 14:30

PROVINCE OF THE EASTERN CAPE

DEPARTMENT OF EDUCATION
Office of the CFO-Chief Financial Officer

31 OCT 2025

PROVINCE OF THE EASTERN CAPE

OFFICE OF THE DIRECTOR – LOGISTICS & DISPOSAL MANAGEMENT

Steve Vukile Tshwete Complex • Zone 6 • Zwelitsha • Eastern Cape Private Bag X0032 • Bisho • 5605 • REPUBLIC OF SOUTH AFRICA
Tel: +27 (0)40-6084624 • Fax: +27 (0)40-6084672 • Website: www.ecdoe.gov.za Email: Hlumela.faku@ecdoe.gov.za

TO	THE HEAD OF DEPARTMENT AND ACCOUNTING OFFICER
FROM	CD: SUPPLY CHAIN MANAGEMENT
SUBJECT	REQUEST TO AMEND THE ASSET MANAGEMENT POLICY FOR THE 2025/26 FINANCIAL YEAR.
DATE	28 OCTOBER 2025

1. PURPOSE

- 1.1. To request the Accounting Officer to consider amendments to the Asset Management Policy for the 2025/26 financial year.

2. BACKGROUND

- 2.1. This request emanates from new legislation introduced by National Treasury on finance leases and the decision taken by Top Management on the disposal of ICT equipment.
- 2.2. The additional proposals in this regard must be implemented with effect from the signing of this request by the Accounting Officer.

3. RATIONALE FOR THE REQUEST

- 2.3 The Asset Management policy was approved by the Accounting Officer in August 2023. The new legislation introduced by National Treasury on leased assets necessitated the Asset Management Unit to review the Asset Management policy. Further inputs were also provided on the loss and misuse of moveable assets and the calculation of the replacement value for loss assets.

5. FINANCIAL IMPLICATIONS

- 5.1. This submission has no financial implications.

6. RECOMMENDATIONS

- 6.1 That the Accounting Officer considers the above proposed amendments grant approval thereof.
- 6.2 The outcome of the Accounting Officer's consideration of this submission will be shared with Asset Management and the Departmental officials.

building blocks for growth



Ikamva eliqaqambileyo!

6.3 The amended policy is hereby attached for approval by the by the Accounting Officer.

Yours in Quality Education and Good Governance!

Complier



Ms Z. Mkondweni

28/10/2025

Date

Director: Asset Management (Act)

Upon approval of his policy, implementation and advocacy must be done immediately.



M. Harmse

28/10/2025

Date

Chief Director: SCM

COMMENTS

Please share the draft and where the changes are at on the document and follow proper procedures



Ms X. Kese

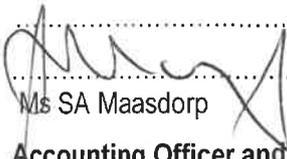
2/11/2025

Date

Acting Chief Financial Officer

APPROVED / NOT APPROVED

Advocacy of staff members



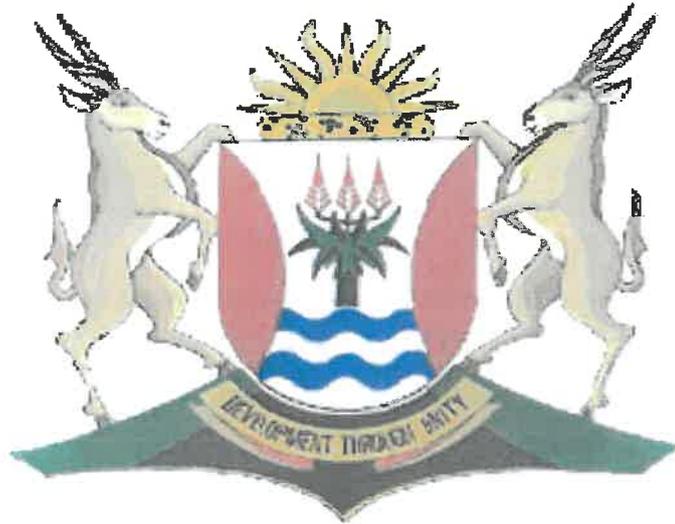
Ms SA Maasdorp

6/11/2025

Date

Accounting Officer and Head of Department

PROVINCE OF THE EASTERN CAPE
DEPARTMENT OF EDUCATION



MOVABLE ASSET MANAGEMENT POLICY

By

OFFICE OF THE DIRECTOR: LOGISTIC AND DISPOSAL MANAGEMENT

TABLE OF CONTENTS

A.	DEFINITION OF TERMS	4
B.	ACRONYMS	6
C.	APPROVAL	7
1.	SCOPE OF APPLICATION.....	8
2.	INTRODUCTION	8
3.	PURPOSE	8
4.	LEGISLATIVE, REGULATORY AND POLICY FRAMEWORK.....	9
5.	CLASSIFICATION OF MOVABLE ASSETS	9
5.5.	Capitalisation Classification	9
5.6.	Categorisation Classification.....	10
6.	MANAGEMENT OF MOVABLE ASSETS.....	10
6.1.	Planning and Budgeting for movable assets	10
6.2.	Acquisition (procurement) of movable assets.....	10
6.3.	Recording/capturing movable assets	11
6.4.	Utilisation of movable assets.....	12
6.5.	Safekeeping of movable assets	12
6.6.	Movement of assets.....	13
6.7.	Theft, loss and misuse of movable assets.....	13
6.8.	Recovery of monies from officials for loss of movable assets due to negligence.....	13
6.9.	Calculation of replacement values for lost and/or damaged movable assets.....	14
6.10.	Writing-off movable assets	14
7.	FORMAT OF THE MOVABLE ASSET REGISTER	15
8.	MOVABLE ASSET RECONCILIATION	16
9.	ANNUAL PHYSICAL VERIFICATION OF MOVABLE ASSETS	16
10.	DISPOSAL OF MOVABLE ASSETS.....	16
11.	DONATED MOVABLE ASSETS.....	18
12.	TRANSFER OF MOVABLE ASSETS TO OTHER GOVERNMENT DEPARTMENTS	18
13.	INSURANCE FOR MOVABLE ASSETS.....	18
14.	PURCHASE OF LAPTOPS BY OFFICIALS	
15.	OFFICIALS LEAVING THE DEPARTMENT	19
16.	LEASED ASSETS (MODIFIED CASH STANDARD – MCS)	19
17.	ROLES AND RESPONSIBILITIES (IN RELATION TO THIS POLICY)	20
16.3.	Roles and responsibilities for the Director: Logistics and Disposal Management (Asset Management).....	21
16.4.	Roles and responsibilities for all SMS members.....	21
16.5.	Roles and responsibilities of the Human Resource Directorates.....	22
16.6.	Roles and Responsibilities of all Officials (Asset Holders or Custodians)	22
17.	APPOINTMENT OF THE DISPOSAL AND LOSS COMMITTEE	23
18.	RISK MANAGEMENT	24

19. MONITORING, EVALUATION AND REPORTING (IN RELATION TO THIS POLICY)24

20. NON-COMPLIANCE WITH THE POLICY.....24

21. IMPLEMENTATION25

22. REVIEW OF THE POLICY25

A. DEFINITION OF TERMS

An asset	is a resource controlled by the Department as a result of a past event and from which future economic benefit or service potential is expected to flow to the entity over a period extending beyond one financial year.
Acts or omissions	Circumstances whereby an official has committed an act or omitted to act with the result that the Department ultimately incurs a loss or liability.
Asset register	is a database consisting of all assets of the department and it provides the details of the figures disclosed in the annual financial statements. It stores information on each asset and all assets owned by the entity must be recorded in the AR at their original cost (or deemed cost).
Claim	An attempt to obtain something that is being claimed. A claim can be instituted by or against the Department.
Computer equipment	are computers and any other computer related equipment/ accessories. Examples, laptops, tablets, servers, iPads, desktops etc.
Deemed cost	is a surrogate value (system-generated value) for the actual cost of a capital asset on initial recording in the asset register where the actual cost is not known.
Donated assets	an asset that is donated, given, or bequeathed to the department is deemed to be controlled by the department unless any restrictions exist that prevents the department from having control of it and should be recorded at fair value where cost cannot be substantiated.
Finance leases	is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessor (i.e. service provider). Title may or may not eventually be transferred to the Department. A separate register should be kept for these leases for control purposes.
Furniture and equipment	are items or equipment (e.g. fax machines, photocopiers, binders etc.) and furniture (desks, chairs, tables, filing cabinets etc.) that are for administrative purposes.
Infrastructure assets	are defined as any asset that is part of a system or network of similar assets; are specialised in nature and do not have alternative uses; are generally immovable; and may be subject to constraints on disposal.
Intangible assets	are software, trademarks, licenses and/or the legally enforceable rights associated with copyright and patents. Software is a program that enables a computer to perform certain functions
Irrecoverable loss	Incapable of being recovered or regained. Where a person does not forfeit his or her cover in terms of Treasury Regulations and the loss is consequently written off against the Department.
Operating lease	is a lease other than a finance lease. A separate register should be kept for these leases for control purposes
Liability	Responsibility to compensate the Department for a loss or damage caused by an official.

Loss	Any material damage or prejudice to the State, including shortages and fruitless and wasteful expenditure. Losses can be divided into recoverable and irrecoverable.
Major capital asset	is a tangible or intangible capital asset that costs equal to or more than R5,000 (five thousand Rands) as specified by treasury.
Minor capital asset	is a tangible or intangible capital asset that costs less than R5,000 (five thousand Rands) as specified by treasury.
Motor vehicle	consists of all motorised transport used for the conveyance of people and objects. Provincial vehicles are classified into three categories, pooled, own, and subsidised. Pooled vehicles belong to the Department of Transport therefore do not form part of the Asset Register (AR). Own vehicles or MMs belong to the department and form part of the departments Asset Register (AR). Subsidised vehicle also does not form part of the department's Asset Register (AR).
Plant and Machinery	are tangible assets that are held by an organisation for use in the production or supply of goods and services, for rental to others or for administrative purposes and are expected to be in use for more than one year.
Primary and Secondary Assets	<p>assets that fall into this classification will have components, components are part of a capital asset and are not sufficiently important to be considered separate capital assets. Components are usually not functional in their own right. An example would be a desktop personal computer comprising, the CPU, the monitor, the keyboard, and the mouse.</p> <p>The "primary asset" will be the CPU with the other peripherals registered as linked "secondary assets". In this way all components can be tracked during their lifetime.</p> <p>NB: Components whose cost exceeds the capitalization threshold are considered capital components.</p>
Tangible assets	are asset physical in nature. These are assets that one can touch and feel.
Third party	Natural or juristic persons not employed by Eastern Cape Department of Education.
Transferred assets	It is when assets or liabilities of a department are transferred to another department or other institution in terms of legislation or following a reorganisation of functions
Recoverable loss	When the Accounting Officer instructs a person to compensate the Department in respect of a loss because of the act or omission.
Vis major	An Act of God, something of a higher authority which could not have been prevented from happening by human intervention.

B. ACRONYMS

AO	Accounting Officer
AR	Asset Register
CFO	Chief Financial Officer
ECDOE	Eastern Cape Department of Education
HOD	Head of Department
LCO	Loss Control Officer
LCR	Loss Control Register
MEC	Member of the Executive Council
NT	National Treasury
PFMA	Public Finance Management Act
SAPS	South African Police Services
SCM	Supply Chain Management
TR	Treasury Regulations
PT	Provincial Treasury

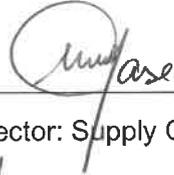
C. APPROVAL

Developed by:



Director: Logistics and Disposal Management

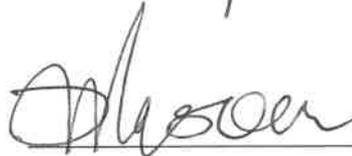
Reviewed by:



Position:

Chief Director: Supply Chain Management

Reviewed by:



Position:

Chief Director: Corporate Strategy Management

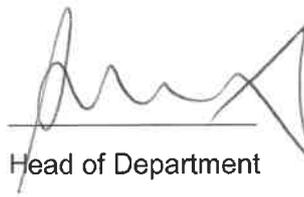
Recommended by:



Position:

Chief Financial Officer

Approved by:



Position:

Head of Department

Date Authorised:

21/02/2026

This policy replaces:

Asset Management Policy of 2023

The following policies and circulars are repealed by this Policy.

1. Circular with subject "ACCESS CONTROL AND REGISTERING OF LAPTOPS AT THE GATE" signed 12 June 2009
2. Asset Management Policy signed 28 August 2023
3. Departmental Memorandum with subject "OWNERSHIP, RESPONSIBILITY, LIABILITY FOR MOBILE DATA DEVICES (LAPTOPS, TABLETS AND CELLPHONES)" signed 31 May 2017.

1. SCOPE OF APPLICATION

- 1.1. This policy is applicable to all Eastern Cape Department of Education employees in the permanent, temporal and or contractual employ of the Department.
- 1.2. This policy covers the management, use, disposal and loss of assets:
 - owned by the Department;
 - leased by the Department;
 - donated to the Department; and
 - transferred to or by the Department.

2. INTRODUCTION

- 2.1. This policy is intended to define and provide a framework for the management of movable assets during their lifespan in the Eastern Cape Department of Education.
- 2.2. Asset management is the process of decision making, planning and control over the acquisition, use, safeguarding and disposal of assets to maximise their service delivery potential and benefits, and to minimise their risks and costs over their entire life.
- 2.3. The policy is formulated based on the guiding principles of the Public Finance Management Act (PFMA), Treasury Regulations, National Treasury Guidelines, Generally Recognized Accounting Practices (GRAP) and Modified Cash Standards (MCSs) to promote good financial management practices.

3. PURPOSE

The purpose of this Policy is:

- 3.1. To prescribe the accounting and administrative principles relating to management of movable capital assets in the Eastern Cape Department of Education.
- 3.2. To enable the Department to meet its service delivery objectives economically, effectively, and efficiently by achieving the best match of assets with delivery objectives.
- 3.3. To safeguard the assets of the Department and to ensure effective use of existing resources.
- 3.4. To create and maintain a culture of accountability through effective control measures over the Department's movable assets.
- 3.5. To provide a formal set of procedures for implementation to ensure the Department's asset management is in compliance with Public Finance Management Act (PFMA).
- 3.6. To ensure that a credible and complete database of all movable assets within the Department is kept and maintained.

- 3.7. The policy does not address in detail the processes for each aspect of the asset lifespan. The detailed processes will be outlined in the relevant Standard Operating Procedures (SOPs) emanating from this Policy.

4. LEGISLATIVE, REGULATORY AND POLICY FRAMEWORK

This policy must be read in conjunction with the following legislative and regulatory frameworks:

- 4.1. Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), as amended, Chapter 10, section 195 and 216 respectively.
- 4.2. Public Finance Management Act, Act 1 of 1999 as amended
- 4.3. National Treasury Regulations 2002, section 10, 16A
- 4.4. Public Service Regulations, 2001 as amended
- 4.5. Basic Conditions of Employment Act, 1997
- 4.6. Accounting Framework Modified Cash Standards, chapter 11
- 4.7. All National and Provincial Treasury Practice Notes
- 4.8. Departmental Debt Management Policy
- 4.9. Departmental Supply Chain Management Policy
- 4.10. Departmental Information and Communication Technology Policy

5. CLASSIFICATION OF MOVABLE ASSETS

- 5.1. Financial treatment refers to classifying assets as either capital or current assets. It is very important to classify and group all capital assets to ensure control, efficiency and adherence to management and reporting policies.
- 5.2. The Standard Chart of Accounts (SCOA) is used to guide classification and or grouping of movable assets in the departmental asset register.
- 5.3. Assets are recorded as single items according to a particular class or category in the asset register.
- 5.4. SCOA classifications are also used for purposes of disclosure in the financial statements.

5.5. Capitalisation Classification

- 5.5.1. **Minor assets (current assets):** All assets with a value of less than R5,000.00 are classified as minor or current assets. These assets are barcoded/marked and captured in the departmental Movable Asset Register.
- 5.5.2. **Major assets (capital assets):** These include payments for capital assets which are goods that are expected to be used during more than one reporting period and from which future economic benefits or service potential are expected to flow, provided their value exceeded the capitalisation threshold, currently R5, 000.00 when

originally purchased. These assets are barcoded/marked and captured in the departmental Movable Asset Register. It is necessary that all major assets are classified, recorded, and reported as major assets.

5.6. Categorisation Classification

5.6.1. Minor/current assets are recorded and categorised as "Machinery and equipment" in the departmental asset register.

5.6.2. Major/capital assets are recorded and categorised into the following categories:

- Transport assets
- Computer equipment
- Furniture and office equipment,
- Other machinery and equipment

5.6.3. Expenses which are reasonably additional to the bringing into operation of a movable asset may be capitalized as part of the cost of such an asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, installation costs, assembly costs, warranty/guarantee and communication costs.

6. MANAGEMENT OF MOVABLE ASSETS

6.1. Planning and Budgeting for movable assets

6.1.1. Asset acquisition decisions need to be taken within an integrated planning framework that takes into account service delivery needs, departmental objectives, financial and budgetary constraints.

6.1.2. Planning and budgeting must form the basis of the purchase, operation and maintenance as well as disposal of assets, especially high value and/or environmentally sensitive assets.

6.1.3. These are to be clearly reflected in the departmental asset management strategy which shall be informed by the departmental strategic plan.

6.2. Acquisition (procurement) of movable assets

6.2.1. Various methods for acquisition of movable assets include:

- outright purchase,
- construct or design,

- finance lease,
- operating lease,
- outsourcing,
- public-private partnerships etc.

6.2.2. Movable asset procurement decisions are to be based on evaluation of alternatives that take into account full life cycle costs, benefits and risks associated with those assets.

6.2.3. All acquisition of assets must be guided and comply to the departmental Supply Chain Management Policy and processes.

6.2.4. All acquisition of assets must be in accordance with the Standard Chart of Accounts codes.

6.2.5. Acquisition methods are of particular importance for certain categories of movable assets, for example:

- **Computer equipment:** The rapid pace at which technology changes result in an almost continuous need to upgrade and replace computer equipment and software in order to perform optimally. Computer related items are also susceptible to loss, theft, and damage and mechanisms need to be put in place to ensure speedy replacement in cases where they become irrecoverable. The department's IT strategy should dictate the most appropriate method of purchasing computer equipment taking into consideration cost-benefit-analysis.
- **Office Furniture items:** These types of assets normally have long useful life therefore would normally be purchased outright. These items usually do not require additional costs for maintenance and updates.
- **Office equipment:** These types of assets include a variety of items, e.g. photocopying machines and printers which are high value items that require ongoing supplier support. This type of office equipment is normally leased. The less expensive and durable office equipment items such as binding machines, projectors etc are better off purchased outright.
- **Motor vehicles:** Finance lease procurement is usually the most preferred way to procure vehicles for the government.

6.3. Recording/capturing movable assets

6.3.1. All movable assets must be recorded in the Movable Asset Register regardless of funding source.

6.3.2. All movable assets must be recorded at initial purchase costs.

- 6.3.3. Movable capital assets may be recorded at R1 if the asset was procured prior to 1 April 2002 (or another date as approved by the OAG) if its cost cannot be reliably measured and its fair value has not been determined prior to implementation of the MCS. In such instances the use of R1 is regarded as the asset's deemed cost.
- 6.3.4. Where the cost of fair value of the asset has been determined the asset may be recorded at the determined value instead of R1.

6.4. Utilisation of movable assets

- 6.4.1. Asset utilization is a measure of how intensively an asset is used to meet the department's service delivery objectives, in relation to the asset's potential capacity.
- 6.4.2. An asset may become underutilized for a number of reasons. For example, the assets may be obsolete or the level or scope of the service for which it was originally intended has changed.
- 6.4.3. Assets that are underutilized should be identified and corrective actions taken to improve its utilization or be re-deployed.
- 6.4.4. The Department should perform an annual review of assets to ensure effective service delivery through optimum asset usage.

6.5. Safekeeping of movable assets

- 6.5.1. The Asset Manager together with the relevant security directorate must ensure that preventative mechanisms are in place to eliminate theft, losses, wastage, and misuse of movable assets.
- 6.5.2. Assets must be adequately protected to minimize financial loss to the government.
- 6.5.3. In exercising this responsibility, officials entrusted with departmental assets shall adhere to movable asset management processes and procedures with regard to the control of or safekeeping of assets in their care.
- 6.5.4. The overall responsibility for safeguarding of movable assets rests with each official to whom assets have been allocated.
- 6.5.5. Assets that are not in use (surplus assets) must be reported to Logistics and Disposal Management Unit for reallocating to needy users or donation to schools.
- 6.5.6. **All assets allocated to employees shall be returned (in good condition) upon termination of employment.**
- 6.5.7. Failure to return departmental assets, the Department will recover cost of asset(s) from employees' **exit benefits (e.g. leave gratuity, pension etc).**

6.6. Movement of assets

- 6.6.1. No asset shall be transferred or moved without written approval by the delegated asset officials.
- 6.6.2. Prior to the transfer / movement of an asset, the asset transfer or movement form must be completed and submitted to Asset Management Section for updating of the Movable Asset Register.
- 6.6.3. Failure to adhere to this directive will lead to action being taken against those who facilitated an unauthorised movement of assets.

6.7. Theft, loss and misuse of movable assets

- 6.7.1. The Department has defined laptops and other computer related equipment as high-risk assets that could be easily stolen and damaged.
- 6.7.2. All Officials/Users allocated with high-risk items as working tools are required to take extra precautions of securing these moveable asset/s.
- 6.7.3. Should a loss or damage of an asset occur, such a loss or damage must be reported to the police (SAPS) within 24 hours when the loss/damage is discovered.
- 6.7.4. A detailed report, loss control form and a police affidavit with SAPS case number must be submitted to the Loss Control Officer (Logistics & Disposal Unit).
- 6.7.5. All cases of losses, damages or theft must be subject to an internal (**DoE official**) and or external (**SAPS**) investigation by officials legally authorised to do so.
- 6.7.6. As part of the investigation the Disposal/loss control committee should convene on a quarterly basis to go through all the losses reported and their final investigation outcomes.
- 6.7.7. An official is accountable for a loss/damage due to negligent action and or omission of reasonable measures to secure and safeguard the asset.

6.8. Recovery of monies from officials for loss of movable assets due to negligence

- 6.8.1. Should it be established that the loss or damage occurred as a result of negligence or misuse by an individual responsible for that asset, the cost of replacing the asset must be recovered from the official concerned.
- 6.8.2. The official responsible for the loss will be required to reimburse the Department the replacement value of the lost assets as at the time of reporting the loss.
- 6.8.3. The replacement value for lost or damaged assets shall be calculated using the formulas provided in "CALCULATION OF REPLACEMENT VALUES FOR MOVABLE ASSETS" in this policy.

- 6.8.4. The replacement value will be calculated by the Asset Management official delegated to do so.
- 6.8.5. The official responsible for the loss must be given a written undertaking to reimburse the Department for the lost/damaged asset.
- 6.8.6. Upon finalisation, the matter shall be forwarded to the Debt Management Section to recoup the loss.

6.9. Calculation of replacement values for lost and/or damaged movable assets

- 6.9.1. For assets lost/damaged within 12 months from the date of purchase by the Department, the official shall be liable for 100% of the purchase price.
- 6.9.2. For assets lost/damaged between 12 to 24 months from the date of purchase by the Department, the official shall be liable for 75% of the purchase price.
- 6.9.3. For assets lost/damaged between 24 to 36 months from the date of purchase by the Department, the official shall be liable for 50% of the purchase price.
- 6.9.4. For assets lost/damaged between 36 to 48 months from the date of purchase by the Department, the official shall be liable for 25% of the purchase price.
- 6.9.5. For assets lost/damaged after 48 months from the date of purchase by the Department, the official shall be liable for 10% of the purchase price.
- 6.9.6. For assets lost/damaged after 60 months from the date of purchase by the Department, the official will not be liable for the payment of the laptop.**
- 6.9.7. Loss or damage discovered when a person has resigned, retired, deceased or is to be transferred must be recovered from such a person. Should the decision to recover the amount be delayed and the person has already left the department, the monies due to him/her, e.g. leave gratuity payments, will be withheld by the department until the decision regarding the loss/damage has been finalised or he/she may voluntarily agree to compensate. Should all actions fail then the matter will be referred to the Legal Section for litigation.
- 6.9.8. Computer equipment, office machinery and similar assets, for example, are generally given useful life estimates of five years.

6.10. Writing-off assets under investigation

- 6.10.1. Where existence of an asset cannot be confirmed, the department classify these as assets under investigation.
- 6.10.2. All recommendations for write-off of assets under investigation or irrecoverable movable assets shall be submitted for approval to the Accounting Officer and

thereafter to Asset Management Unit (Logistics and Disposal Unit) to update the departmental asset register. The write offs will then be disclosed on the financial statements as under write offs.

7. FORMAT OF THE MOVABLE ASSET REGISTER

- 7.1. A movable asset register is a database with information relating to each movable asset.
- 7.2. The movable asset register is structured in line with the adopted classification structure.
- 7.3. The scope of data in the register is sufficient to facilitate the application of the respective accounting standards for each of the asset classes, and the strategic and operational asset management needs of the Department.
- 7.4. The movable asset register (MAR) shall be maintained and updated in the format that complies with the minimum requirements for General Recognized Accounting Practice (GRAP) and asset management guidelines.
- 7.5. A good asset register will contain the following minimum information considering the requirements of the MCS:
 - Asset Unique Number (Barcode)
 - Asset Description
 - Asset Classification
 - Asset Category
 - Asset Serial Number (where applicable)
 - Asset Location
 - Asset Custodian
 - Unit Price
 - Condition
 - Payment Number
 - Date Purchase/Received
 - Supplier Name
 - Order Number
- 7.6. The asset register in addition to accuracy, completeness and currency also display the following characteristics: •
 - Support accounting treatment,
 - Enable financial disclosure,
 - Underpin asset lifecycle management and
 - Promote asset accountability.

- 7.7. The asset register will be structured to differentiate between asset classifications, i.e. it should enable the preparer of the financial statements to provide the disclosures required in terms of the MCS.
- 7.8. The asset register should enable maintenance and updating of asset information as required.
- 7.9. The asset register should be able to readily provide asset information for management decisions.

8. MOVABLE ASSET RECONCILIATION

- 8.1. Reconciliation should be done monthly between the asset register and the general ledger to ensure that all asset acquisitions and disposals have been accounted for.
- 8.2. The office responsible for the update and management of the asset register must prepare the reconciliation, sign and date them for control purposes.
- 8.3. A senior official must review, sign, and date the reconciliation as proof of reviewal.
- 8.4. All unreconciling items must be followed up, investigated and cleared immediately.

9. ANNUAL PHYSICAL VERIFICATION OF MOVABLE ASSETS

- 9.1. The Asset Management Unit is responsible for establishing teams to conduct regular stock take exercises on all movable assets of the Department.
- 9.2. The physical verification of movable assets must be conducted at least once every financial year.
- 9.3. All officials through their program managers/directorates must be informed about the annual physical verification to be conducted in advance and be required to avail all movable assets under their control for verification.
- 9.4. A report with recommendations for the approval of the Chief Financial Officer must be completed at least within one calendar month after the completion of the physical verification exercise

10. DISPOSAL OF MOVABLE ASSETS

- 10.1. Decisions to dispose of movable assets require thorough examination and economic appraisal. Like acquisition decisions, they must be taken within an integrated planning framework that takes account of service delivery needs, corporate objectives, financial and budgetary constraints, and the department's overall resource allocation.

- 10.2. The asset disposal terminates control of a particular asset in line with asset management guidelines but may generate the need for a replacement asset to support continuity for delivery of services.
- 10.3. Reasons for disposal of movable assets may include surplus / redundant assets, underperforming assets, unserviceable and obsolete assets.
- 10.4. The Department recognises the following disposal methods for movable assets:
- transferring to another organ of state at market related value or, when appropriate, free of charge;
 - sale by auction,
 - sale by quotation,
 - sale by tender,
 - trade in,
 - write off,
 - donation to Non-Profit Organisations,
 - municipal dumping,
 - destroying/scrapping, and
 - sale to staff
- 10.5. Once an asset has been identified for disposal, the Director: Logistics and Disposal Management (Asset Management) will then notify the Disposal Committee for evaluations and recommendation.
- 10.6. The Accounting Officer or his/her delegate will approve movable assets disposal.
- 10.7. The department reserves the right to dispose of assets through auctioning, with internal auctioning being the first preference where feasible. This approach aims to promote efficiency, convenience and cost effectiveness whilst ensuring compliance with the Provincial Treasury laws and regulations.
- 10.8. Disposed assets must be removed from the movable asset register as soon as approval is obtained from the Accounting Officer or the delegated official and be maintained on a separate database of disposed movable assets.
- 10.9. A Movable Asset Disposal SOP provides guidance regarding disposal of movable assets in the Department.
- 10.10. Assets that were procured in 2017 are considered for write off/disposal due to reaching the end of their economic useful life. Consequently, these laptops will **not be deducted or claimed from officials or educator's exit benefits**. However, the necessary disposal process must still be followed by the relevant authorities (principals of schools). **Once a laptop reaches its useful life (5 years)**

and it is still in good working condition, the official will continue to use the laptop until a new laptop is issued by the department, then the old laptop will belong to the official.

11. DONATED MOVABLE ASSETS

- 11.1. Donations to or by the government should be reported in writing to the Accounting Officer for approval/acceptance.
- 11.2. The conditions imposed by the donor should be made upfront in writing prior to acceptance of donation.
- 11.3. The Accounting Officer and the donor should agree in writing on the conditions that will apply to the use of donated assets.
- 11.4. All donated movable assets must form part of the departmental asset register.
- 11.5. Donations made to schools and departmental officials are addressed on separate policies.

12. TRANSFER OF MOVABLE ASSETS TO OTHER GOVERNMENT DEPARTMENTS

- 12.1. When movable assets of the Department are transferred to another department or another institution in terms of legislation or following a reorganisation of functions, the accounting officer for the transferring Department must:
 - a) draw up an inventory of such assets and liabilities; and
 - b) provide the accounting officer for the receiving department or other institution with substantiating records, including personnel records of staff to be transferred.
- 12.2. Both the Accounting Officer for the transferring department and the Accounting Officer for the receiving Department or the other institution must sign the inventory when the transfer takes place.
- 12.3. The Accounting Officer for the transferring Department must file a copy of the signed inventory with Provincial Treasury and the Auditor-General within 14 days of the transfer.

13. INSURANCE FOR MOVABLE ASSETS

- 13.1. Subject to the provisions of National Treasury Regulations, the Department bears its own damages and accident risks and is responsible for all claims and losses of departmental property where these arise from state activities by an official who is liable in law and who is or was employed by the Department.
- 13.2. Notwithstanding paragraph 13.1. and section 6.8 respectively, the Accounting Officer may (if deemed economical and based on a risk assessment) insure motor vehicles, including hired vehicles, or such other movable assets determined by the relevant treasury, but the insurance premium cost may not exceed R250 000 a year of the departmental vote, unless otherwise approved by the relevant treasury.
- 13.3. Departmental officials entrusted with departmental movable assets are encouraged to insure those assets in their personal capacity where feasible.

14. OFFICIALS LEAVING THE DEPARTMENT

- 14.1. Human Resource must inform Asset Management Section in writing of all officials who are leaving the department and specify the last day at least four weeks before their departure.
- 14.2. An approved memorandum and a letter issued to an official must clearly indicate that assets were allocated to be used for official purposes and therefore the assets must be handed over to Asset Management two days before departure.
- 14.3. Officials may leave the department due to the following reasons:
 - Retirement
 - Transfer
 - Termination
 - Suspension,
 - Death
- 14.4. In case of suspension, HR, Labour Relations, and Asset Management must ensure that assets are handed over to the department before departure.
- 14.5. All IT related equipment must be tested whether the equipment is still in good working condition, information is not removed, and IT will issue a certificate as a proof of check.

15. LEASED ASSETS (MODIFIED CASH STANDARD – MCS)

15.1 Finance lease

A lease is classified as a finance lease if it meets the following criteria:

- a) the lease transfers ownership of the asset to the lessee by the end of the lease term,
- b) the lessee has an option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable.
- c) it must be reasonably certain, at the inception of the lease, that option will be exercisable,
- d) the lease term is for a major part of the economic life of the asset even if title is not transferred,
- e) at the inception of the lease, the present value of the minimum lease payments amounts to substantially all the asset fair value,
- f) the leased asset is of such a specialised nature that the lessee can use then without major modifications and
- g) the leased asset cannot be easily replaced by another asset,
- h) for cellphones when the contract is due for upgrade or to expire, the old handset will be transferred to the current user.

15.2. Accounting for Finance lease Asset

Accounting for finance lease assets is being aligned with GRAP 13 on Leases:

- These capital assets are to be recorded, accounted for and reported in accordance with MCS Chapter 11 from the inception of the finance lease,
- This implies that the finance lease assets will be recorded in the asset register from the inception of the lease as a non-cash addition and be reported in line with relevant notes of MCS Chapter 11 on Capital Assets.

15.3. Operating lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

16. ROLES AND RESPONSIBILITIES (IN RELATION TO THIS POLICY)

16.1. Roles and responsibilities of the Accounting Officer / Head of Department (HoD)

- a) Section 38 (1)(d) of the PFMA (No. 1 of 1999 as amended by Act 29 of 1999) and Chapter 10 paragraph 10.1.1 of the Treasury Regulations place the responsibility of asset management with the Accounting Officer of the Department.
- b) The Accounting Officer is the principal custodian of all departmental assets and is responsible for ensuring that the asset management policy is scrupulously applied and adhered to.
- c) The Accounting Officer is in terms of the provisions of this PFMA responsible for:
- d) The management including the safeguarding and maintenance of assets belonging to the Department.
- e) Ensuring that processes (whether manual or electronic) and procedures are in place for the effective, efficient, economical, and transparent use of the department's assets.
- f) Ensuring that the Department has and maintains appropriate procurement and provisioning processes which are fair, equitable, transparent, competitive, and cost effective in controlling all movable assets.
- g) Assigning/delegating asset management functions to any other official.

16.2. Roles and responsibilities of the Chief Financial Officer

- a) The Chief Financial Officer shall ensure that a complete, accurate and up-to-date computerized asset register is maintained.
- b) The CFO shall make resources available for the effective and efficiently functioning of the Asset Management Unit.

16.3. Roles and responsibilities for the Director: Logistics and Disposal Management (Asset Management)

- a) Shall ensure that the Movable Asset Register is maintained, verified, updated and reconciled regularly.
- b) Shall ensure that movable assets are verified at least once per financial year.
- c) Ensure that the Asset Register is reconciled monthly with the general ledger and reviewed by Head – Asset Management Unit.
- d) Shall implement the movable asset management policy scrupulously.
- e) Provide the Auditor-General or his personnel on request with the updated and credible Movable Asset Register substantiated with supporting records where applicable.

16.4. Roles and responsibilities for all SMS members

- a) Shall ensure that employees in their respective offices adhere to the approved Movable Asset Management Policy and SOPs.
- b) Shall oversee proper utilisation for all assets allocated to their directorates / chief directorates / branches and ensure cooperation during physical verification of assets.
- c) Shall ensure that the Asset Management Unit is notified in writing of any changes in the status of the assets under their control within a reasonable time.
- d) Shall ensure that all obsolete, redundant, unserviceable, and broken assets are reported to the asset management section in writing within a reasonable time.
- e) Shall ensure that the departmental assets are economically, efficiently and effectively utilised.
- f) Shall ensure that donations are reported in writing for formal acceptance by the Head of the Department or delegated official.
- g) Shall ensure that handing and or taking over is done when changing or leaving offices.

16.5. Roles and responsibilities of the Human Resource Directorates

- a) Shall ensure that no monies are paid out on terminations of services without receiving the relevant Debt Route Form signed off by the relevant directorate.
- b) Shall ensure that every Debt Form is counter signed by the Asset Management official before processing the termination of service.

16.6. Roles and Responsibilities of all Officials (Asset Holders or Custodians)

- a) In terms of Section 45(e) of the PFMA, every official of the Department is expected to manage and safeguard the assets within the official's area of responsibility.
- b) Each employee of the Department will be held accountable for assets allocated to him/her. Noncompliance with this requirement could lead to financial misconduct and disciplinary action. The responsibility for safeguarding assets forms part of each employee's employment contract.
- c) Responsible for informing the Asset Management Unit in writing of all transfer/movement of assets from one location to another. Complete the prescribed documents for any transaction or incident which will change the status of an asset or the status of the asset register.
- d) Any disciplinary action arising from breach of this policy will be referred to the employee's Line or Responsibility Manager at a level not lower than Director and copied to the Directorate Employment Relations.

- e) Any disciplinary action arising from breach of this policy will be undertaken according to the relevant policies of the Department.

17. APPOINTMENT OF THE DISPOSAL AND LOSS COMMITTEE

- 17.1. The Accounting Officer or his/her delegate appoints members of the Disposal and Loss Committee in writing.
- 17.2. The Departmental Loss Control Officer shall be appointed in writing by the Accounting Officer for a period not exceeding 36 months.
- 17.3. The Disposal and Loss Committee has the delegation to review and approve all requests for disposal of movable assets.
- 17.4. Members of the Disposal and Loss Committee shall be at a level of an Assistant Director and upwards, except for the Asset Management officials providing secretariat services.
- 17.5. These members shall be appointed in writing and will consist of a chairperson and at least four members who may be from other programmes.
- 17.6. Sixty percent (60%) of members present shall constitute a quorum.
- 17.7. Asset Management official shall provide secretariat services to the committee.
- 17.8. The members of the Disposal and Loss Committee must familiarise themselves with the policies and prescripts that govern movable asset management and movable asset losses and disposals in the Department.
- 17.9. Specialist or experts in certain equipment can be co-opted as members of the Disposal and Loss Committee when the need arises.
- 17.10. The Director: Logistics and Disposal Management shall be the chairperson of the Committee at Head Office.
- 17.11. The Asset Manager at each District Office must facilitate the appointment of the Committee in Districts with District Director as the Chairperson and the Deputy Director: Supply Chain Management as the Deputy Chairperson of the Committee.
- 17.12. The Committee shall satisfy itself with the motivation for disposal of assets and decide on the best method of disposal.
- 17.13. The Committee may refer cases for lost assets for further investigations by competent authorities or officials.
- 17.14. The minutes of each meeting shall be signed by all members of the Committee who were present in the meeting indicating the discussions and decisions taken.
- 17.15. Members of the Committee are required to declaration their interest in writing prior to the seating of each meeting, based on the cases to be discussed.

17.16. Frequency of Meetings: The Disposal and Loss Committee shall meet at least once every quarter or as and when the need arises:

- I. 1st Quarter – April – June
- II. 2nd Quarter – July – September
- III. 3rd Quarter – October – December
- IV. 4th Quarter – January – March (Finalise by 28 February)

18. RISK MANAGEMENT

- 18.1. The office of the Director: Logistics and Disposal Management (Asset Management) must identify any risk that might be involved in the use or management of movable assets.
- 18.2. In conjunction with the other relevant units such as Security Management, Enterprise Risk Management and Internal Audit must advise preventative mechanisms to eliminate or mitigate the risks to acceptable levels.
- 18.3. Officials entrusted with departmental assets are required to take full responsibility for the safety and security of assets issued to them or under their control.

19. MONITORING, EVALUATION AND REPORTING (IN RELATION TO THIS POLICY)

- a) The policy will be monitored to assess effectiveness of the controls put in place measuring the number of asset losses or damages over a given period, number of misplaced/unaccounted assets etc.
- b) Data for monitoring of the policy will be collected through regular asset inspection, ad hoc asset verifications and annual asset verification.
- c) Based on the performance data collected and analysed, the department will identify areas where the policy is not meeting expectations or where improvements is required. This could include identifying assets that are frequently damaged or loss etc.
- d) Once areas for improvement are identified, the Department will develop and implement corrective actions to address them. This might include changes to the movable asset management policy or SOPs; additional training for staff responsible for managing or changes to type of equipment used by the Department.

20. NON-COMPLIANCE WITH THE POLICY

- a) Noncompliance with this requirement could lead to financial misconduct and disciplinary action. The responsibility for safeguarding assets form part of each employee's employment contract.

- b) Any disciplinary action arising from breach of this policy will be undertaken according to the relevant policies of the Department.

21. IMPLEMENTATION

- a) This policy was approved by the Head of Department; and the department's Senior Management team on the 2026/02/02 (date) and is effective from 2026/02/03 (date).
- b) This policy replaces all previous policies relating to this area, which are hereby repealed.

22. REVIEW OF THE POLICY

This policy is applicable from the date of approval and will undergo reviews every three years, or sooner if there are changes in the legislation governing governmental movable assets.