

CAPRICORN TVET COLLEGE



ASSET MANAGEMENT POLICY

**CAMPUSES:
POLOKWANE
SESHEGO
SENWABARWANA
RAMOKGOPA**

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**Approved by
Management:** 03/12/2021

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VISION OF CAPRICORN TVET COLLEGE



“A dynamic Technical Vocational Education and Training Institution of Excellence”

MISSION STATEMENT OF CAPRICORN TVET COLLEGE

Capricorn College is to offer responsive, flexible and quality programmes that are accessible to all learners through formal learning, skills development and learnerships. This is achieved by adhering to policies and procedures, making use of committed human capital and employing appropriate physical and fiscal resources.

Values

- **Respect:** We treat others as we would like to be treated ourselves. Abusive or disrespectful treatment is not tolerated. We will strive for fairness and equity.
- **Integrity:** We are committed to transparency, honesty and sincerity.
- **Communication:** We are committed to effective communication. We believe information is meant to move and that information moves people.
- **Excellence:** We are satisfied with nothing less than the best quality in everything we do.

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1. Legislative framework and best practice regulations

Key principles contained in the following legislation and best practices were applied during the development of this policy:

- a) CET Colleges Act No.16 of 2006, as amended (formerly the FET Act).
- b) Public Finance Management Act, 1999, (Act No 1 of 1999 as amended by Act 29 of 1999) (PFMA);
- c) National Treasury Regulations, March 2005; and
- d) Generally Recognised Accounting Practice (GRAP).

Further the following College policy should be read in conjunction with this policy:

- a) Fleet Management;

2. Purpose

The purpose of this policy is to enable management to:

- a) establish sound asset management practices; and
- b) achieve the required level of asset utilization in the most cost effective manner, which is achieved through management of the asset life cycle.

3. Objective

The objective of this policy is to provide a structured process of planning and control over the acquisition, utilisation, safeguarding and disposal of assets to achieve the following:

- a) maximise the service potential of existing assets by ensuring that they are appropriately used, maintained, safeguarded and that risks are mitigated;
- b) optimise the life cycle costs of owning and using these assets by seeking cost-effective options throughout an asset's life cycle;
- c) reduce the demand for new assets through optimal use of existing assets; and
- d) establish clear lines of accountability and responsibility for the performance of assets.

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4. Definitions, Acronyms and Abbreviations

For the purpose of this policy, unless the context indicates otherwise, the following definitions, acronyms and abbreviations are set out for the terms indicated:

- 4.1 **“Accounting Officer”** – is the College Principal.
- 4.2 **“Act”** – means the CET Colleges Act No.16 of 2006, as amended.
- 4.3 **“Asset Custodian”** – is a person in any position or level in the College entrusted with the use and safeguarding of a specific asset.
- 4.4 **“Asset Life-Cycle”** – is the cycle of activities that an asset goes through, including planning, design, initial acquisition and/or construction, cycles of operation and maintenance and capital renewal, and finally disposal.
- 4.5 **“Asset manager”** – is any official who has been delegated responsibility and accountability for the control, usage, physical and financial management of the College’s assets in accordance with the College’s standards, policies, procedures and relevant guidelines.
- 4.6 **“Assets”** – are resources controlled by a College as a result of past events and from which future economic benefits or service potential are expected to flow to the College.
- 4.7 **“Asset Register”** - an asset register is a complete and accurate database of the assets that are under the control of a College and that is regularly updated and validated.
- 4.8 **“Capital Assets”** – are assets with a life cycle of greater than one year and above the capitalisation threshold (where applicable).
- 4.9 **“Capitalisation Threshold”** – is the cost above which assets are treated as capital assets and entered into an asset register from which reporting in the financial statements is extracted.
- 4.10 **“Carrying Amount”** – is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.
- 4.11 **“CET”** – Continuing Education and Training.
- 4.12 **“Class of Property, Plant and Equipment”** – is a grouping of assets of a similar nature or function in a College’s operations that is shown in the financial statements as a single item for the purpose of disclosure.
- 4.13 **“College”** – is a Public Technical and Vocational Education and Training College as defined by the CET Act.
- 4.14 **“Component”** – is a part of an asset with a significantly different useful life and significant cost in relation to the rest of the main asset. Component accounting requires that each such part

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should be separately accounted for and is treated separately for depreciation, recognition and de-recognition purposes. It is also referred to as separately depreciable parts.

- 4.15 **"Cost"** – is the amount of cash or cash equivalents paid, or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of any Standards of GRAP.
- 4.16 **"Current Asset"** - A current asset is an asset that satisfies the criteria of:
- a) expectation to be realized in, or is held for sale or consumption in the Colleges normal operating cycle;
 - b) is held primarily for the purpose of being traded;
 - c) is expected to be realized within twelve months after the reporting date of the financial statements; or
 - d) it is cash or a cash equivalent asset (as defined in the Standard of GRAP on Cash Flow Statements) unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. (GRAP 1)
- 4.17 **"Current Replacement Cost"** – is the cost of replacing an existing asset with a modern asset of equivalent capacity.
- 4.18 **"Depreciable Amount"** – is the cost of an asset, or other amount substituted for cost, less its residual value.
- 4.19 **"Depreciated Replacement Cost"** – is a measure of the current value of an asset based on its current replacement cost less an allowance for deterioration of condition to date (based on the fraction of remaining useful life/expected useful life).
- 4.20 **"Depreciation"** – is the systematic allocation of the depreciable amount of an asset over its useful life.
- 4.21 **"DPF"** – is Deputy Principal Finance.
- 4.22 **"Economic Life"** – is either:
- a) the period over which an asset is expected to yield economic benefits or service potential to one or more users, or
 - b) the number of production or similar units expected to be obtained from the asset by one or more users.
- 4.23 **"Enhancement/Rehabilitation"** – is an improvement or augmentation of an existing asset (including separately depreciable parts) beyond its originally recognized service potential; for example, remaining useful life, capacity, quality and functionality.

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- 4.24 **“Employee”** – is any official, employed by the College, irrespective of grade, full-time or part-time, Council or Departmental appointed, or paid on a salaried or an hourly/daily individual basis.
- 4.25 **“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.
- 4.26 **“Finance lease”** - is a lease that transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may or may not eventually be transferred. Where the risks and rewards of ownership of an asset are substantially transferred, the lease is regarded as a finance lease and is recognised as an asset.
- 4.27 **“Generally Recognised Accounting Practice”** (GRAP) – is an accounting practice complying in material respects with standards issued by the Accounting Standards Board.
- 4.28 **“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 (GRAP103).
- 4.29 **“Intangible Assets”** - an intangible asset is an identifiable non-monetary asset without physical substance (GRAP31).
- 4.30 **“IT”** – Information Technology.
- 4.31 **“Maintenance/Refurbishment”** – to an asset will restore or maintain the originally assessed future economic benefits or service potential that the College can expect from an asset and is necessary for the planned life to be achieved.
- 4.32 **“Material”** - items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of 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.
- 4.33 **“Minor Asset”** – is an asset other than a capital asset, having a cost of less than the Capitalisation threshold which is depreciated or expensed in the year of acquisition.
- 4.34 **“Modern Equivalent Asset”** – is an asset that replicates the existing asset with the most cost-effective asset performing the same level of service. This includes improvements in technology that may change the nature, life and value of an asset.
- 4.35 **“Pool asset”** – is an asset that is not assigned to an individual but is shared by multiple employees.
- 4.36 **“Property, Plant and Equipment (PPE)”** – re tangible items that:
- a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
 - b) are expected to be used during more than one reporting period.

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4.37 **“Recognition”** – is the process of incorporating in the statement of financial position or statement of financial performance an item that meets the definition of an element (of financial statements) and satisfies the criteria for recognition, namely:

- a) it is probable that any future economic benefit or service potential associated with the item will flow to or from the College; and
- b) the item has a cost or value that can be measured reliably.

4.38 **“Recoverable Amount”** – is the higher of a cash-generating asset’s or unit’s net selling price and its value in use.

4.39 **“Remaining Useful Life”** – is the time remaining (of the total estimated useful life) until an asset ceases to provide the required service level or economic usefulness.

4.40 **“Residual Value of an asset”** – is the estimated amount that a College would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

4.41 **“Service Potential”** is a tangible capital asset’s output or service capacity, normally determined by reference to attributes such as physical output capacity, quality of output, associated operating costs and useful life.

4.42 **“Tangible Asset”** - A tangible asset is an asset that has a material or physical form i.e. anything that can be touched.

4.43 **“TVET”** – is Technical and Vocational Education and Training.

4.44 **“Useful Life”** – is:

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

4.45 **“VCET”** – is Vocational and Continuing Education and Training.

5. Scope

The asset management policy relates to non-current assets and includes:

5.1 Specific duties in respect of asset management including the safeguarding and maintenance of assets.

5.2 Establishing and maintaining a management, accounting and information system that accounts for the assets of the College.

5.3 Asset valuation principles in accordance with GRAP.

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5.4 Establishing and maintaining systems of internal controls over assets, including an asset register.

5.5 Clarifying responsibilities and accountability for the asset management process.

6. Roles and responsibilities

This policy should be applied with due observance of the College's policy with regard to delegated powers. Such delegations refer to delegations between the Accounting Officer and other responsible officials. All delegations in terms of this policy must be recorded in writing.

6.1 *Accounting Officer*

The Accounting Officer is ultimately responsible for the management of the assets of the College, including the safeguarding and the maintenance of those assets. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing, in accordance with the CET Act. The Accounting Officer is accountable for all transactions entered into by any designates.

The Accounting Officer should ensure that:

- a) the College has and maintains an electronic management, accounting and information system that accounts for the assets of the College;
- b) the College's assets are accounted for in accordance with standards of GRAP;
- c) the College has and maintains a system of internal control of assets, including the safeguarding and maintenance of those assets; and
- d) all managers and staff comply with this policy.

6.2 *Deputy Principal: Finance*

The DPF is responsible to the Accounting Officer for ensuring that the financial investment in the College's assets is safeguarded and maintained.

The DPF should ensure that in conducting his/her financial management responsibilities, the following are considered:

- a) appropriate systems of financial management and internal control related to financial management are established and carried out diligently;
- b) the assets of the College are utilised effectively and efficiently;
- c) all revenue due to the College from the utilisation and/or disposal of assets is collected and accounted for;
- d) the systems, processes and registers required to substantiate the financial values of the College's assets are maintained in accordance with standards of GRAP sufficient to satisfy the requirements of the external auditors;
- e) financial procedures and processes are established and maintained to ensure that the College's assets are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- f) the Accounting Officer is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;

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- g) the managers and their teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets; and
- h) this policy and any supporting procedures or guidelines relating to asset management are effectively communicated, implemented and maintained.

6.3 *Asset manager (Deputy Manager: Expenditure)*

The Asset manager should have specific responsibilities vis-à-vis College assets which should be included in the written Delegation of Authority.

These responsibilities should ensure that:

- a) when acquiring assets, decisions on how to account for the transactions, e.g. whether they should be capitalised or expensed, are made in full compliance with GRAP;
- b) the purchase of capital assets complies with all College policies and procedures, including the supply chain management policy;
- c) the correct date on which an asset is put into service or commissioned is properly recorded in the asset register and that the appropriate financial data are recorded;
- d) all capital assets are duly processed, identified and recorded before issued for use;
- e) all capital assets are appropriately safeguarded and insured, where necessary;
- f) proper procedures are implemented for the movement of assets;
- g) capital assets are utilised for the purpose for which they were acquired by the College;
- h) the College assets are utilised effectively, efficiently, economically and transparently;
- i) any unauthorised, utilisation of assets and losses resulting from criminal or negligent conduct are prevented;
- j) the asset management systems, processes and controls can provide an accurate, reliable and up-to-date account of assets of the College;
- k) the asset plans, budgets, purchasing, maintenance and disposal decisions of the College are managed and that the College's strategic objectives are optimally achieved; and
- l) the asset life-cycle transactions comply with the plans and legislative requirements of the College.

The Asset manager may delegate or otherwise assign responsibility for performing these functions (with the DPF approval), but will remain accountable for ensuring that these activities are performed.

6.4 *Asset custodians*

The asset custodians should ensure that:

- a) appropriate systems of physical management and control are established and carried out for assets in their area of responsibility;
- b) the College assets assigned to them are utilized effectively, efficiently, economically and adequately safeguarded;
- c) the College assets are not utilised for personal purposes;
- d) no movement of College resources takes place without approval from the delegated authority;

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- e) upon termination of employment, all assets allocated or used by employees are returned to the College;
- f) any loss, damage or discrepancies to College resources are immediately reported to the Asset manager;
- g) any unauthorized, irregular or fruitless or wasteful utilization of assets and losses resulting from criminal or negligent conduct are prevented;
- h) their management systems and controls can provide an accurate, reliable and up to date account of assets under their control; and
- i) they are able to justify that their plans, budgets, purchasing, maintenance and disposal decisions for assets optimally achieve the College's strategic objectives.
- j) All College assets remain the property of the College. Ownership of assets will not be transferred to any staff member.
- k) Upon termination of service by a staff member all assets given as a tool of trade should be returned to the College.
- l) Laptops assigned to academic staff should be returned to the College upon termination of service or transfer to another delivery site for whatever reason.

7. Classification and recognition of assets

Proper accounting and disclosure for capital assets will ensure better financial management, proper control and greater efficiency in the use of the College's assets.

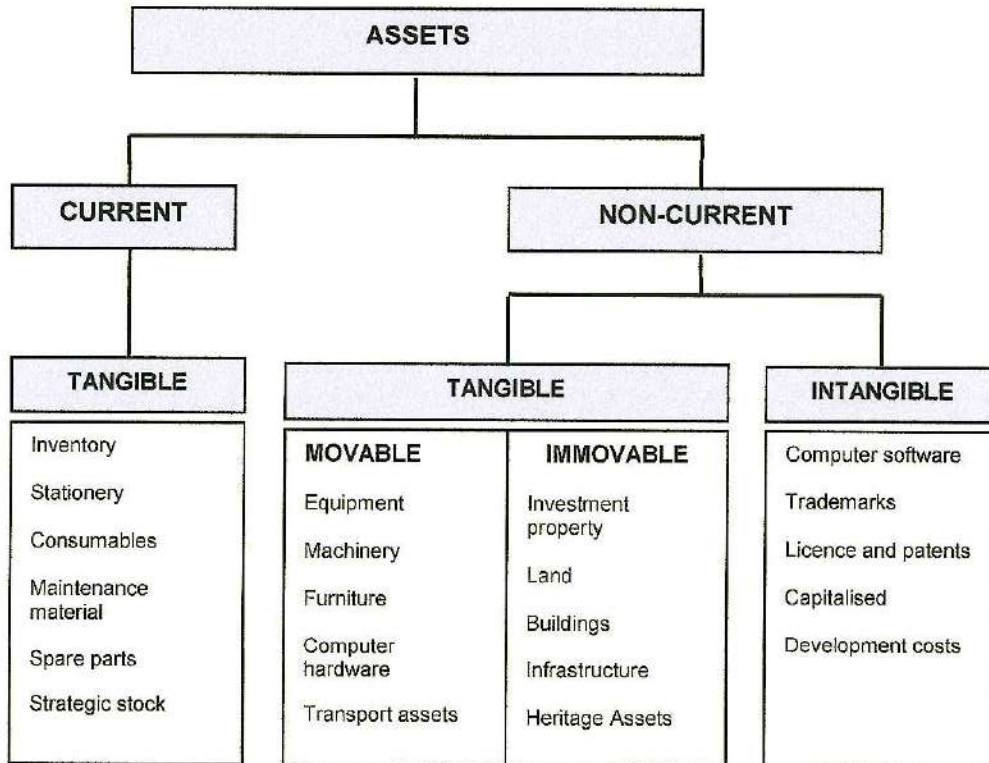
When accounting for assets, the College should follow the standards of GRAP relating to the assets. (Presentation of Financial Statements GRAP1, Cash Flow Statements GRAP 2, Borrowing Costs GRAP 5, Leases GRAP13, Investment Property GRAP 16, Property, Plant and Equipment GRAP 17 Impairment of Non Cash Generating Assets GRAP 21, Impairment of Cash Generating Assets GRAP 26, Intangible Assets GRAP 31 and Heritage Assets GRAP 103).

Assets can be classified as: Non-current assets and Current assets which maybe tangible or intangible.

Tangible assets can either be movable or immovable assets.

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The following diagram depicts a high level overview of the classification of assets in terms of this document:



7.1 Recognition of capital asset

7.1.1 An item is recognised in the statement of financial position as a capital asset if it satisfies the definition and the criteria for recognition of assets as follows:

- a) whether the item meets the *definition* of a capital asset;
- b) what is the *nature* of the asset; and
- c) whether the *recognition criterion* has been met.

A capital asset should be recognised and be recorded as an asset in the financial and asset records when:

- a) it is probable that future economic benefits or potential service delivery associated with the item will flow to the College;
- b) the cost or fair value of the item to the College can be measured reliably;
- c) the cost is above any College capitalisation threshold (if any); and
- d) the item is expected to be used during more than one financial year.

7.1.2 All assets that meet the recognition criteria of a finance lease shall be correctly recognised as assets and capitalised at the correct value.

7.1.3 Donated assets should be accounted for at fair value, reflected in the Asset Register, and depreciated as normal assets. The fair value is recognized in income at the date that the asset was received.

7.1.4 Capitalisation threshold

- a) The capitalisation is the value above which assets are capitalised and reported in the financial statements as tangible or intangible assets as opposed to being expensed in the year of acquisition.
- b) Capitalisation thresholds should not be applied to the components of an asset. This could result in the College writing off separate parts of their asset. If this were to happen, the asset register would be incomplete in the sense that an asset as recorded would not be a complete asset.
- c) The capitalization threshold will be guided by GRAP.
- d) Assets with a value exceeding R 5 000 will be recognised as capital assets.

7.1.5 Valuation at initial recognition

- a) The GRAP standards require that assets be initially recognised at historical cost as this is the most objective and measurable amount.
- b) For some older College capital assets, the transactional records may not exist or the identification of the assets themselves may not be possible from documentation available. In these instances, the College should use the fair value measurement principles to determine a deemed cost for these assets at initial recognition.
- c) Donated assets should be valued at fair value.

7.1.6 Single-Asset or Component Approach

- a) The component approach is a GRAP17 supported approach where complex assets can be split into significant parts for recording.
- b) Once an item is identified as a separately depreciable part it can be treated as a separate capital asset for depreciation, recognition and derecognition purposes.
- c) In the asset register, a component should be linked to a main asset, and that, for reporting purposes, the value of the main asset (including all components) is used.
- d) The key considerations in determining what should become a separately depreciable part (component) are:
 - significant cost; and
 - considerable difference in useful life.If the value of a part of the asset is significant (i.e. material) compared to the value of the asset as a whole and/or has a useful life that is considerably different to the useful life of the asset as a whole, it should be recognised as a separately depreciable part (component).
- e) Determining whether to use a single-asset or a component approach for the different classes of assets should be based on what it costs to compile the information versus the value it has to management.

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- f) The approach taken does not have to be consistent across all classes of assets.
- g) The approach elected for a specific class of assets should be applied consistently to all assets within that class.

7.1.7 Determination of useful life

- a) The calculation of useful life is a matter of judgment best determined by the Asset manager in consultation with the asset experts e.g. an engineer, a facilities manager or a fleet manager who is familiar in the management of that type of asset and its life-cycle (these may be outsourced experts).
- b) In determining the useful life of an asset, the Asset manager will consider many factors including the following:
 - expected wear and tear due to operational factors, maintenance and rehabilitation policies;
 - economic obsolescence because it is too expensive to maintain;
 - functional obsolescence because it no longer meets the College's needs;
 - technological obsolescence;
 - social obsolescence due to changing demographics; and
 - legal obsolescence due to statutory constraints.
- c) The useful life must be reviewed annually per GRAP 17, and may need to be decreased where maintenance is deferred;
- d) The annual determination changes shall be in writing and supported by signed /approved documentation.
- e) The following estimated useful lives shall be applied on College items of fixed assets:

Class	Useful lives Range
Land	Indefinite Life
Buildings	20 – 50 years
Infrastructure	20 – 50 years
Vehicles	5-10 years
Furniture and Fittings	5 – 10 years
Plant, Machinery and Equipment	10 – 20 years
Office Equipment	5 – 10 years
Computer Equipment	3 – 10 years
Library books	3 – 5 years

- f) Management shall on an annual basis assess the remaining useful lives of all classes of assets in accordance with GRAP. The following guideline will be applied:

Grade	Condition	Description	Estimated remaining life
1	Excellent	New, sound structure or appearance, well maintained. Continued with planned maintenance.	As estimated
2	Good	Performance acceptable with minor	As estimated

		deterioration (<5%). Normal planned maintenance continues.	
3	Fair	Clearly evident deterioration (10-20%). Significant maintenance required, consider impairment.	Less than estimated
4	Poor	Significant deterioration in structure or appearance. Significant impairment of performance (20-50%). Significant maintenance required.	Significantly less than estimated
5	Very poor/Dilapidated/Broken	Unsound, does not perform. Reconstruction or replacement required (>50% needs replacement).	None or nominal

7.1.8 Depreciation

- a) Depreciation allocates the original cost of an asset to expense in the periods in which the asset is consumed.
- b) Depreciation is calculated whether the asset is in use or idle.
- c) Accumulated depreciation is the portion of an asset's original cost that has already been written off as a depreciation expense in prior periods.
- d) The depreciation charge for each period will be recognised as an expense
- e) The depreciation method used should reflect the pattern in which economic benefits or service potential are/is consumed by the College. The College applies the straight line method.
- f) Depreciation shall be charged against assets taking into account their expected useful lives and residual value.

7.1.9 Subsequent costs

- a) The College should not recognise the costs of the day-to-day servicing of the item in the carrying amount of a capital asset. These costs are recognised as expenditure as and when incurred.
- b) Day-to-day costs are primarily the costs of labour and consumables, and may include the cost of small parts. The purpose of this expenditure is usually for the 'repair and maintenance' of the capital asset.
- c) Parts of some capital assets may require replacement at regular intervals. Under the recognition principle, the College recognises in the carrying amount of the capital asset, the cost of replacing part of such an item, if the recognition criteria are met when that cost is incurred. The replaced parts must be derecognised.
- d) Expenditure to rehabilitate, enhance or renew an existing capital asset (including separately depreciable parts) can be recognised as capital if:
 - that expenditure satisfies the recognition criteria;
 - that expenditure is enhancing the service provision of that capital asset beyond its original expectation (i.e. not maintenance) and either that expenditure:
 - i. increases the useful life of that capital asset (beyond its original life);
 - ii. increases that capital asset capacity (beyond its original capacity);

- iii. increases the performance of the capital asset (beyond the original performance);
 - iv. increases the functionality of that capital asset; or
 - v. increases the size of the asset or changes its shape.
- e) The following must be considered before expenditure can be incurred to rehabilitate, enhance or renew an asset:
- approval through the budget process; and
 - it must be probable that the expenditure will lead to the level of benefits expected.
- f) The expenditure to restore the functionality of the capital asset to its original level is a maintenance/refurbishment expense and will not be capitalised to the capital asset.
- g) The rehabilitated or renewed separately depreciable part will be derecognized i.e. written off and the replacement will be recognised. Where the separately identifiable asset is rehabilitated or renewed, the amount incurred will be added to the carrying value of the asset.
- h) Renewals have the same meaning and treatment as rehabilitation/enhancements and are different from refurbishment, which is seen as maintenance.

7.1.10 Measurement after recognition

- a) After initial recognition, the College has a choice of two models for its accounting policy to account for capital assets, namely the cost model or the revaluation model.
- b) In the case of investment property, the choice is between the cost model or the fair value model.
- c) When deciding on a model, the cost of revaluation, which can be considerable, should be taken into account.
- d) The chosen model should be applied to the entire class of capital assets.
- e) Model decisions are to be adopted by Council from recommendations made through the College Finance committee, based upon GRAP17, paragraphs 33 and 34 to 47.

7.1.11 Subsequent review of assets

- a) GRAP standards require a review of the following at each reporting date:
 - depreciation method;
 - residual value and useful life; and
 - indications of impairment.
- b) These reviews should be done annually when the physical verification of assets is performed.

7.1.12 Accounting treatment on disposal

- a) Capital assets should be eliminated from the Asset Register and Statement of Financial Position on disposal or when the capital asset is permanently withdrawn from use and no future economic benefits or potential service delivery is expected with it.

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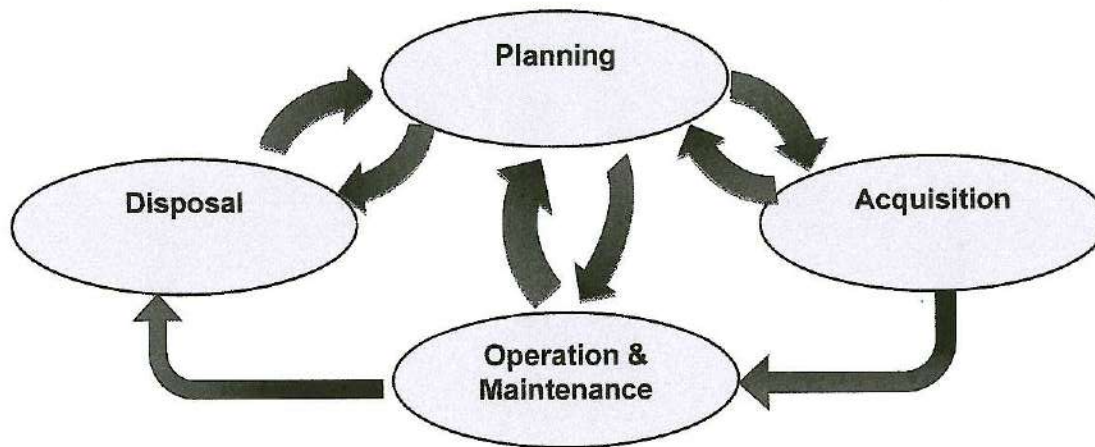
- b) Gains or losses arising from the retirement or disposal of a capital asset should be determined as the difference between the net disposal proceeds and the carrying amount of the capital asset, and should be recognised as revenue or expense in the Statement of Financial Performance.

8. Asset life cycle

The asset life-cycle is a key concept underpinning asset management. Asset management plans should also include asset maintenance plans to ensure provision in the budget for appropriate funding to guarantee that existing assets continue to perform at the required levels and standards of service.

An asset life-cycle covers all phases of an asset's life starting with planning, through its acquisition, operation, maintenance and eventual disposal. Management of these phases should be aligned to the College's planning, budgeting, monitoring and reporting processes.

In summary, the phases are as follows:



8.1 Planning

8.1.1 The **planning phase** deals with the planning for service delivery that drives the need for assets. This phase will include input into the strategic plan, budget and asset management plans.

8.1.2 An integrated approach to asset management should be adopted by:

- a) taking the College strategy, converting that into an asset management strategy and producing three year plans based upon an analysis of service delivery options;
- b) formulating an asset management strategy consisting of detailed three year plans for acquisition and replacement, operation and maintenance as well as disposal in accordance with the supply chain management policy; and
- c) informing the strategic plan and the annual budget, using the detailed plans.

8.2 Acquisition

8.2.1 The **acquisition phase** deals with the purchase, construction or manufacture of assets.

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8.2.2 Approval to acquire capital assets.

- a) Expenditure on a capital project will be approved through the budget process.
- b) Once the acquisition has been approved, the actual purchase will be made in accordance with the Supply Chain Management Policy.

8.3 Operation and maintenance

Details of Principles, Procedures and Roles and Responsibilities with respect to Maintenance and Improvement of Infrastructure are to be found on the attached Annexure A.

8.3.1 The **operation and maintenance phase** deals with the operation of the assets, maintenance/refurbishment, enhancement/rehabilitation, depreciation and impairment.

8.3.2 Accountability for operation and maintenance

- a) Accountability for the operation and maintenance of capital assets is delegated from the Accounting Officer, to the Deputy Principal: Finance.
- b) The asset custodian must notify the Deputy Principal: Finance timeously of any maintenance requirements for the assets under his control.

8.3.3 Safeguarding and maintaining

- a) Colleges need to ensure that there are proper controls and safeguards to ensure capital assets are protected against improper use, loss, theft, malicious damage or accidental damage.
- b) It is also necessary to ensure that capital assets are maintained to the extent necessary for optimal levels of effective, efficient and economical service delivery.
- c) All legal documents and relevant records confirming the College's rights and obligations to the assets must be adequately safeguarded.

8.3.4 Maintenance decisions

- a) Every asset custodian shall be directly responsible for ensuring that all PPE are properly maintained and in a manner which will ensure that such item attain their useful operating lives.
- b) A planned approach to maintenance will ensure that the delivery of maintenance services, such as routine inspections, and servicing are undertaken in a manner which minimises disruption to the users of the asset and ensures that maintenance resources are used in the most cost-effective manner.
- c) Planning for asset maintenance enables targeted action to be taken in a timely and cost-effective manner. For many types of assets, this may depend on the regularity and appropriateness of its maintenance.
- d) Regular maintenance may also help to preserve an asset's value.
- e) As a first step to maintenance planning, the College must determine which of its assets need to be maintained (i.e. prioritisation in terms of service delivery). By recognising the decline in asset values through use and obsolescence, management is encouraged to consider the costs of holding and using assets.
- f) Under-utilisation will increase the unit cost of service delivery and may prompt the purchase of new assets when they are not required.

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- g) Over-utilisation can have adverse effects in terms of deterioration in asset performance and condition, shortening productive life and increasing recurring operating and maintenance costs. Through the above process, management is able to manage those costs, and to make informed decisions, such as outsourcing a service.

8.3.5 Operation and maintenance policies and plans

- a) The Asset manager (Deputy Manager Expenditure) must have a thorough understanding of the operational policies and budgets required to maintain assigned assets to the required level of performance.
- b) The selection of a maintenance strategy involves consideration of the appropriate mix of procedures and the capacity to undertake minor modifications and enhancements when required. It is unlikely that any one approach will be suitable.
- c) The maintenance approach to be adopted by the College should primarily be preventative and not corrective. The distinction between the two approaches are:
- i. corrective - no maintenance is undertaken unless, or until, the asset no longer functions to the required standard or has broken down; and
 - ii. preventative - programmed maintenance is undertaken to reduce the likelihood of failure and to keep the asset operating at an acceptable level.
- d) For some specialised assets, the technical requirements for scheduled maintenance are provided by the manufacturer. These schedules need to be taken into account when planning for the long and medium term, and appropriate budget provision made to ensure adherence to schedules. Schedules are based on normal usage and specified fuel standards as well as risk assessments in relation to the assets. Inappropriate or excessive use over extended periods may increase the risk of increased maintenance interventions, down time and reduction in the life of the asset.
- e) An important consideration is the nature of the asset itself. Certain categories of assets require little or no regular maintenance (for example: furniture and fittings). It is valid to exclude such assets from a formal maintenance programme and to rely instead on regular, periodic inspection of condition. This could be undertaken in conjunction with the physical verification of assets.
- f) Risk is also an important consideration in determining appropriate maintenance policies. Risks associated with the operation of the asset in terms of occupational health and safety standards, as well as consequence of failure, need to be considered.

8.3.6 Maintenance strategy

- a) A maintenance strategy is a comprehensive plan that:
- defines the asset, the performance required of it, and the level to which it is to be maintained;
 - identifies the risks associated with the chosen strategy in terms of service delivery in the event of asset failure;
 - describes the systems (not specifically IT) and procedures to be used to plan and manage the maintenance work;
 - specifies the types of maintenance to be carried out (i.e. in-house or outsourced), and why;
 - nominates the means of resourcing and implementing maintenance;

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- indicates any requirements for in-house spare parts and any specialist equipment needed to maintain certain assets; and
 - outlines the projected costs of routine (and corrective/preventive) maintenance and forecasts major replacements for the next 5–10 years, depending on the type of asset.
- b) In developing a maintenance strategy, two considerations are particularly important:
- the level of maintenance required for the asset; and
 - maintenance priorities.

8.3.7 Level of maintenance

- a) The level of maintenance required for an asset, and the performance expected of it, should be clearly established. The level set should:
- be consistent with the role that the asset will play in the delivery of services, relative to other like assets in the portfolio of the College;
 - reflect obligations for compliance with statutory requirements in terms of occupational health and safety, fire, environmental management and the like;
 - be realistically attainable, given the age, condition and expected life of the asset;
 - be capable of being achieved within planned resource availability; and
 - be agreed upon with the users of the asset.
- b) The level of maintenance should specify the extent to which the performance of the asset is operationally critical and to which visual appearance is important. It should also stipulate the necessary response times in the event of failure.

8.3.8 Maintenance priorities

- a) Higher-priority maintenance tasks are identified in the maintenance strategy. This will enable maintenance efforts to be focused on these areas if resources fall below the planned levels.
- b) Some operational policies will require input in specialist areas, such as from engineers for infrastructure, technology managers for computer equipment, etc.
- c) Some of the budgetary requirements will be determined by asset management policies. For example, if the policy is for computer equipment to be replaced every three years, then this should be provided for in the budget in the third year of operation.
- d) The usefulness of an asset depends on how effectively it meets its purpose. The chosen operation and maintenance policies of a College have a direct bearing on the useful life of an asset. The correct application and implementation of the policies will also impact on the maintenance of the useful life of the assets. The useful life of assets will be reduced if they are poorly operated and maintained.
- e) Deferring maintenance on an asset is not a healthy practice as it means that the asset will not reach the estimated useful life envisaged on acquisition. In the long run, the cost to the College, in terms of lost economic benefits or backlog in service delivery, will exceed the perceived 'saving' in maintenance costs.

8.3.9 Operation and maintenance plans

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- a) Operation and maintenance plans should be developed to give effect to this policy.
- b) Operation and maintenance plans define the approach to be used, and what needs to be done to optimise performance and asset life.
- c) The objective of operation and maintenance plans is to ensure that assets remain appropriate to service requirements; are efficiently utilised; and are maintained in the condition necessary to support programme delivery at the lowest possible long-term cost.
- d) The following is a checklist of what should at least be covered in the operation and maintenance plans:
 - i. *Operation plan:*
 - resources required to operate and maintain assets;
 - responsibility for, control of, access to, and security of the asset;
 - operating policies (i.e. working hours, security, cleaning);
 - the level and standard of performance required of the asset;
 - arrangements for collecting, monitoring and reporting performance data;
 - training staff in use of the asset; and
 - estimates of operating costs.
 - ii. *Maintenance plan:*
 - definition of maintenance standards;
 - allowance for the rectification of existing defects;
 - description of the work to be carried out; and
 - forecast of the necessary maintenance, major repairs and preventative maintenance expenditure for the planning period.

8.4 Disposal

- 8.4.1 The **disposal phase** deals with the timing of and disposal of the assets including the disposal costs and specific requirements for the assets. An asset's life-cycle is determined by its useful life to the College. This useful life is often shorter than its economic life.
- 8.4.2 The Accounting Officer must ensure that it implements a proper system of internal control over disposals to avoid the risk of theft or misappropriation of these assets while waiting for disposal processes to be initiated.
- 8.4.3 The requirements of the Act must be taken into account when disposing of assets viz.:
 - a) Section 3.3 states that a Public College may not, without the concurrence of the Minister, dispose of or alienate in any manner any movable or immovable property acquired with the financial assistance of the State or grant to any person, any real right therein or servitude thereon.
 - b) Section 3.4 indicates that the Minister -
 - may determine that certain categories of assets below a certain value may be alienated without his or her concurrence; and
 - must publish the value contemplated in paragraph (a) by notice in the *Gazette*.

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- c) Section 3.6 states that the assets of a Public College may not be attached as a result of any legal action taken against the College.
- 8.4.4 To ensure that a disposal is fair, equitable, transparent and competitive, the disposal should be performed in accordance with the Supply Chain Management policy of the College.
- 8.4.5 Where assets have been identified as under-performing, or no longer functionally suited for basic service-delivery needs, consideration should be given to the possible alternatives to disposal. A factor to consider is whether utilisation can be increased.
- 8.4.6 Enhancement/rehabilitation/upgrade of the asset may also be viable. The cost-benefit of such alternatives should be included in the disposal strategy.
- 8.4.7 Reasonable grounds for determining that a capital asset is not required, for the provision of the minimum level of basic College services, may include:
- a) the asset was acquired specifically for resale or distribution;
 - b) the asset is impaired (in respect of which the asset custodian can provide evidence);
 - c) the College no longer performs the function for which the asset was purchased;
 - d) it is an immovable asset no longer located close to where the service is required;
 - e) the asset has been replaced; and
 - f) the asset no longer performs the required level of service.
- 8.4.8 Processes should be in place to ensure that:
- a) under-utilised and under-performing assets are identified as part of a regular, systematic review process;
 - b) the reasons for under-utilisation or poor performance are critically examined, and corrective action taken to remedy the situation or a decision made to dispose of the asset;
 - c) the analysis of disposal methods takes into consideration the potential market or other intrinsic values; the location and volume of assets to be disposed of; the ability to support other government programmes; and environmental implications; and
 - d) regular evaluation of disposal performance is undertaken.
- 8.4.9 Assessment of performance/post-disposal review
- a) The whole-of-life approach to asset management and effective strategic asset planning requires that the outcomes and outputs of each phase of the asset life cycle become inputs to the next planning cycle.
 - b) The actual timing and proceeds of the disposal should be compared with the standard established for that specific class in the College's accounting policies. This makes it possible to confirm that the useful life, estimated proceeds, and therefore the depreciation rates used, are valid. It also provides the opportunity to identify reasons why assets are routinely not meeting the service life expectations or their estimated proceeds on disposal.

- c) In addition to undertaking the cost-benefit analysis of disposal methods, the Asset manager should compare the actual life on disposal with the expected useful life and significant variations should be explained.

9. Internal controls

The control structure within the College in relation to asset management is an essential element of good corporate governance and is a necessary precursor to effective implementation of asset management principles.

Internal controls are the systems, processes and procedures established within the College to ensure that management's plans and intentions are implemented and that resources are seen to be "utilised effectively, efficiently, economically and transparently" or "maintained to the extent necessary". Therefore, the control environment should extend across the whole asset management process.

Internal controls over the following processes, as a minimum, should be implemented to ensure an effective system of control over the management of assets:

9.1 Segregation of duties

- 9.1.1 The ordering, payment and receipting functions should be separated. This means that the official responsible for the purchase request, the person paying for the request and the person receipting the goods cannot be the same person.
- 9.1.2 There should be independent authorisation at every stage of the process.
- 9.1.3 Capturing and authorisation functions should also be separated.
- 9.1.4 The payment for the asset should not be made by the Asset manager or the store man. This should be the function of a separate individual/unit in the finance department.
- 9.1.5 Proper processes and procedures should be in place to ensure effective segregation of duties.

9.2 Safeguarding of Assets

- 9.2.1 All Employees of the College are responsible for safeguarding assets.
- 9.2.2 All movable assets, must have a visible unique asset identification as determined by the Asset manager. The preferred method for labelling assets is by using a bar coding system as this facilitates and simplifies the asset verification process.
- 9.2.3 The physical security of the premises wherein the assets are located will be the responsibility of the Accounting Officer.
- 9.2.4 All assets must be assigned to employees in writing.
- 9.2.5 Employees will be held liable for assets lost or damaged as a result of negligence.

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9.2.6 The process stated in paragraph 9.9 must be followed for any loss or theft of assets.

9.3 *Internal controls over asset registers*

9.3.1 The asset register addresses the essential step in asset management relating to the identification, recognition and recording of all existing assets and new acquisitions. This culminates in the establishment of credible and accurate data bases in asset registers that will facilitate the implementation of Section 25(1)(b) of the Act.

9.3.2 The details as per the asset register should enable the person preparing the financial statements to provide the disclosure required by GRAP.

9.3.3 All assets owned and controlled by a College must be recorded in an asset register, regardless of the funding source or value thereof.

9.3.4 The asset register system must be reconciled with the general ledger monthly.

9.3.5 The accuracy and completeness of the asset register should be verified by performing annual physical verification tests: as follows:

- a) Trace assets from the floor to the register; and
- b) Trace assets from the register to the floor.

9.3.6 Information to be included in an asset register:

The following information should be included as a minimum on the asset register for *capital assets*:

a) *Acquisition and identification*

- Asset class: should facilitate GRAP financial reporting requirements, e.g. Property, plant and equipment, investment property, intangible asset, etc;
- Asset sub-class: should facilitate management and reporting, e.g. motor vehicle, furniture, computer, etc;
- Parent asset or standalone asset: if parent then must have links to separately depreciable parts;
- For separately depreciable parts: link to parent asset;
- Description of each asset;
- Unique asset number;
- Purchase date;
- Historical cost (or fair value where cost not available for initial recognition).

b) *Accountability*

- Funding source;
- Location;
- Covenants or restrictions.

c) *Performance*

- Capacity (where relevant), e.g. 2 tonne, 2000 sq metres;
- Physical condition of the assets (date, rating, person doing assessment);

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- Warranties, guaranties or certification;
- Useful life: (original);
- Remaining useful life: (assessed, date of assessment);
- Residual value: (original, assessed and date of assessment).

d) *Disposal*

- Disposal date;
- Condition of asset at date of disposals;
- Remaining useful life: if sold earlier than originally planned;
- Residual value: to compare with proceeds;
- Reason for disposal;
- Proceeds received on disposal and resultant profit or loss on disposal.

e) *Accounting*

- Depreciation method and rate used;
- Depreciation charged for the year;
- Accumulated depreciation at beginning and end of year;
- Impairment expense for the year;
- Revaluation: (amount, date, method, by whom);
- Impairment. (amount, date assessed);
- Carrying amount at the beginning and end of the year.

9.3.7 The following should be included as a minimum on the minor asset inventory register with respect to assets below the capitalization threshold.

- Identification and Location - What and where is this asset and who does it serve;
- Acquisition:
 - Transaction Date;
 - Amount;
 - Supplier / Contractor;
 - Reference (invoice/contract/payment/order number);
- Disposal - Date, amount, proceeds received, and reason for disposal.

9.4 *Controls over physical verification of assets*

9.4.1 Planning is an important procedure in conducting successful asset verification and involves establishing priorities, assigning responsibilities, setting up a problem-resolving mechanism, determining the physical verification method and coordinating all activities.

9.4.2 The Asset manager will be responsible for the co-ordination and completion of the physical verification of assets. All recommendations with regards to issues identified should be reported to the DPF.

9.4.3 Appropriate physical verification procedures include the following:

- Prior identification of all locations at which assets are located;
- Areas to be counted are allocated to teams of counters;
- A systematic approach is taken to ensure a full physical verification (assets should not be omitted or double counted);

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- d) All assets are verified at the same time to ensure no movement takes place to cover irregularities and avoid any double counting or omissions;
- e) In the event that verification cannot be performed at the same time, processes are put into place to ensure as little movement of the assets as possible and very strict written authorisation where movements are required;
- f) Before physical verification commences counters should be given written instructions on the verification procedures. Verbal instructions are given to reinforce the written instructions and to ensure that the counters understand the procedures, know what is required and are familiar with follow-up procedures for resolving variances;
- g) The instructions clearly delineate the roles and responsibilities of all involved in the physical verification process;
- h) Responsibility for the control of the physical verification rests with the Asset manager;
- i) The Asset manager, secures (in advance to ensure availability) staff (other than members of the Asset Management Team (AMT)) to participate in the physical verification procedure as well as independent observers (individuals not ordinarily involved in asset management, for example the internal or external auditors);
- j) The master listing of assets should be available for verification and includes the following information:
 - Asset number;
 - Description;
 - Serial number;
 - Last known location;
 - Custodian;
 - Space for condition assessment.
- k) On the day prior to the physical verification procedure, the responsible AMT member verifies that:
 - all assets received on the day, are entered into the system and, where applicable, a barcode label affixed;
 - all movements in the assets under their control throughout the period of review are updated and fully accounted for on the system, and that barcode labels are affixed;
- l) On the day of the count, staff conducting the physical verification: -
 - are assigned areas to count;
 - are provided with the master listing of the assets;
 - verify the assets within the assigned areas, taking care to identify the assets correctly;
 - mark assets once they have been counted to ensure they are only counted once;
 - investigate discrepancies as directed by the manager and recount assets as requested;
 - ensure that all items within their assigned area are included in the verification and assess the condition of the asset as per the basic condition parameters; and mark the verification sheet where the Asset manager needs to assess and determine whether the asset should be maintained or replaced.
- m) On the day of the count, the Asset manager ensures that: -

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- variances are investigated;
 - any proposed adjustments are approved by the DPF;
 - all the steps in the physical verification process, including counts, investigations of variances, are adequately documented;
 - prior to the commencement of the count, that: -
 - i. the master listing has been received and signed for by a team leader;
 - ii. all the necessary preparations for the production of variance reports have been finalised;
 - iii. the accuracy of all master-listing details is confirmed by the counters during verification, e.g. asset number, location, area, serial number, etc. by the counter/count teams;
 - all assets have been marked as verified and follow up with the count team if assets are not marked;
 - variances are investigated by re-counting the assets and verifying the records of receipts and deliveries to ensure that no counting or cut-off errors have occurred;
 - in the event of assets not found after double checking, the loss control policy and procedures of the College must be followed;
 - the loss control should provide for the DPF to be notified of a possible claim so that further action may be taken as is deemed necessary.
- n) The responsible team leader should sign the count sheet, together with the Asset manager, to indicate that the count was properly conducted and that the results are true and accurate;
- o) The necessary approved adjustments should be recorded by the Asset manager in the asset register;
- p) Barcode labels should be affixed to assets that were not previously on the master list, and steps are taken to ensure the asset register is updated with this information;
- q) Detailed reports on the planned physical verification as well as performance reports relating to random physical verification should be submitted to the DPF;
- r) All documentation relating to the verification should be filed securely and be available for audit purposes.

9.5 Insurance of assets

- 9.5.1 The Accounting Officer shall ensure that all assets are insured at replacement cost with movable assets insured at least against fire and theft, and that all College buildings are insured at least against fire and allied perils.
- 9.5.2 Insurance policies must be reviewed at least annually and whenever there is a change to the asset base to ensure that assets are not under-insured or over-insured.
- 9.5.3 All insurance policy documentation must be maintained and filed and available for audit purposes.

9.6 Pool assets

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- 9.6.1 All pool assets must be managed through a system where the asset is issued to an employee in writing. The Deputy Manager Expenditure will be responsible for the management of pool assets.
- 9.6.2 The requesting employee must provide reasons in writing for the need to use a pool asset.
- 9.6.3 Pool assets are provided for business usage and should, under no circumstances, be used for personal purposes.

9.7 *Transfer of assets*

- 9.7.1 All transfer of assets must be approved by the Campus or Unit manager transferring or receiving the asset.
- 9.7.2 An asset transfer form must be completed by the department transferring the asset and must be signed by the transferring Unit manager.
- 9.7.3 A list must be maintained reflecting details of the assets being transferred.
- 9.7.4 The receiving Unit manager should confirm the details of assets being transferred, by signing the asset transfer form.
- 9.7.5 The asset transfer form must be pre-numbered and printed in duplicate.
- 9.7.6 The Asset manager should then update the assets register with such transfer to ensure that the register is accurate.

9.8 *Repair of assets*

- 9.8.1 All repairs of assets must be approved by the Unit Manager, taking into account the availability of the budget.
- 9.8.2 Assets must be checked if still under warranty before repair can be effected.
- 9.8.3 A requisition must be completed by the asset user requesting the repair of the asset and must be signed by the requesting Unit Manager subject to the delegation of authorities.
- 9.8.4 The Asset manager must follow up on all repairs to ensure that the assets are returned to the College.

9.9 *Asset loss*

- 9.9.1 Every Unit manager shall ensure that any incident of loss, theft or destruction of any asset controlled or used by the campus or any unit is promptly reported in writing to the Campus Manager and Asset manager and to the South African Police Services (SAPS), in cases of suspected theft or malicious damage.

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- 9.9.2 When incidents are reported to the SAPS, a case number must be received for investigation and insurance purposes.
- 9.9.3 Every incident or loss must be investigated internally by the Asset manager.
- 9.9.4 The appropriate Human Resources Procedures must be followed when these procedures are not adhered to or College staff are implicated.
- 9.9.5 The Asset manager should update the asset register accordingly.

9.10 Asset Write-offs

- 9.10.1 The book value of an asset must be written off as an expense when it has been established that the asset cannot be accounted for owing to the following reasons:
 - the asset has reached the end of its useful life
 - the asset has been damaged or destroyed; and
 - the asset is outdated or obsolete.
- 9.10.2 In instances whereby an asset was damaged or destroyed in circumstances beyond the control of the College, management must ascertain whether a third party or employee was involved and whether the College has a right to recourse against that particular person.
- 9.10.3 All asset write- offs must be approved in terms of the College’s delegation of authority (and supply chain management policy).
- 9.10.4 The Asset manager should update the asset register accordingly.

9.11 Management of minor assets (assets below the capitalisation threshold)

- 9.11.1 Minor assets must be expensed at the date of acquisition and not over its economically useful life. A register should still be maintained of all minor assets to ensure that assets are not misappropriated.
- 9.11.2 The Human Resources department should be notified of any minor assets issued to employees to ensure that these assets are recovered from the employee prior to exit.

10. Approval of policy

This policy is effective from the date on which it is approved by the Council.

11. Availability of Asset management policy

A copy of this policy and other relevant documentation should be made available on the College website.

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12. Revision of policy

This policy will be reviewed after 3 years from the date of its approval by College Council to ensure its relevance.

Any recommended changes agreed by management to the Asset management policy should be presented to the College Council for adoption.

13. Non-adherence of policy

Non-adherence to this policy will result in disciplinary processes.

ANNEXURE A

1. Principles

1.1 Funding

1.1.1 Maintenance funds will be used to achieve the greatest benefit for College buildings and associated infrastructure. Within the constraints of available resources, College facilities will be maintained to the best standard possible while meeting statutory obligations and the operational needs of the College community.

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1.1.2 Choosing between the many competing demands on maintenance funds is a difficult and demanding task, especially in a climate of increasing costs brought about by factors such as more stringent legislation, rapid growth in the building stock and extended academic programmes.

1.1.3 Maintenance funding is prioritized within budget levels and will be allocated in consideration of the following factors:

- (a) Statutory compliance;
- (b) Workplace Health and Safety;
- (c) Risk management;
- (d) Asset life cycles;
- (e) Impact on teaching programmes; and
- (f) Public appearance.

1.2 Maintenance Standards

Each facility shall be allocated an Importance Rating of 1 - 5. Maintenance standards will vary depending on the importance of the facility as per the guide below:

Rating	Importance	Maintenance Standards
1	Not important	Carry out only essential maintenance
2	Low importance	Defer non-essential maintenance where possible
3	Fair maintenance	Carry out maintenance based upon risk assessment
4	Important	Maintain to the best standard that resources allow
5	Very important	Maintain to a very high standard

In relation to rating 5, there will always be some buildings and facilities which, because of their importance, their prominence, aesthetic value or historical significance, must be maintained at a higher standard than that prevailing elsewhere in the College.

1.3 Maintenance Strategies

1.3.1 In undertaking maintenance services, the Assistant General Administration Manager (or similar titled person reporting to the Deputy Principal Corporate Services) shall structure the activities to ensure workplace health and safety is not compromised and disruptions to College activities are minimised where practicable.

1.3.2 The following maintenance and improvement strategies are available and should be selected depending upon the specific work required and the importance of the facility:

- (a) Preventive maintenance is maintenance which is carried out to prevent an item failing or wearing out by providing systematic inspection, detection and prevention of incipient failure. This maintenance is usually planned.
- (b) Statutory maintenance is when plant such as lifts, fire systems and air conditioning systems are serviced and maintained in accordance with legislative requirements.

(c) Corrective maintenance is maintenance that is required to bring an item back to working order when it has failed or worn out.

(d) Backlog maintenance is maintenance that is necessary to prevent the deterioration of an asset or its function but which has not been carried out. The College's backlog maintenance liability is to be estimated each year by the Assistant General Administration Manager.

1.3.3 Campus Managers should forward an Annual Campus Maintenance (ACM) programme to Central Office beginning of each year and make sure that the ACM is considered in each current financial year.

1.3.4 An annual Deferred Maintenance programme must be set up to address high priority backlog maintenance items, by the Assistant General Administration Manager. The Deferred Maintenance programme is normally used to replace building elements that are at an end of their life cycle e.g., air conditioning systems, leaking and rusted roofs etc.

1.4 Funding Responsibilities

1.4.1 The Assistant General Administration Manager is responsible for allocating approved budget funds for building or infrastructure repairs and maintenance that is due to fair wear and tear.

1.4.2 Where possible, maintenance work resulting from misuse and vandalism will be charged to the appropriate party.

1.4.3 Future required work identified as legitimate maintenance will be prioritised and budgeted for within funding levels.

2. Procedures

2.1 Facilities Condition Assessment

2.1.1 A facilities condition audit shall be carried out on College-owned facilities each year.

2.1.2 Where resources are available, audits will be carried out as follows:

(a) Level 3: detailed audit;

(b) Level 2: walk through audit;

(c) Level 1: desktop audit.

2.1.3 Each facility should undergo a Level 2 or Level 3 audit every 5 years and a Level 1 audit each intervening year.

2.1.4 Building maintenance deficiencies will be identified and placed on appropriate works programmes (e.g. Corrective Maintenance, Deferred Maintenance, Capital Projects Plan, and Minor Works).

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2.2 Maintenance Procurement

2.2.1 All statutory and preventive maintenance services shall be procured in accordance with the College SCM Policy.

2.2.2 All maintenance of a contractual nature are to have measurable performance indicators established and performance reviews carried out on at least a quarterly basis.

2.2.3 Service contracts will be bundled so as to achieve optimum market value and reliability of service.

2.2.4 Deferred maintenance projects are tendered in the open market in accordance with the SCM Policy

2.2.5 Corrective maintenance is predominantly carried out by College staff. Private contractors are also used for specialist work or where internal resources cannot deliver the work within a reasonable timeframe.

2.3 Maintenance Priorities

2.3.1 All maintenance and improvement requests shall be assigned a priority rating by the Infrastructure and Assistant General Administration Manager.

2.3.2 Priorities are allocated by the category the work requested falls into and each priority has a response time which has been outlined below.

2.3.3 A response time is the time it takes maintenance to first respond to the work requested and is not the actual work completion time.

2.3.4 Completion of a maintenance or improvement task or project may be affected by a number of factors, for example, parts may need to be ordered, or equipment may need to be taken to another location for repair.

2.3.5 Priorities are listed on a 1 - 4 rating, with 1 being the highest priority and 4 being the lowest priority.

2.3.6 Below is a list of each priority with the categories outlined:

PRIORITY	RESPONSE	CATEGORIES
PRIORITY 1	a) Within 1 hour (during normal working hours) b) Within 2 hours (after hours)	<ul style="list-style-type: none"> • Serious safety hazard/incident • Irreplaceable/catastrophic loss to teaching • Serious asset damage (e.g. fire/major leaks which may include water, gas) • Widespread loss of power
PRIORITY 2	Within 48 hours or 2 working days	<ul style="list-style-type: none"> • Low risk safety hazards

		<ul style="list-style-type: none"> • Replaceable loss to teaching • Malfunction of equipment
PRIORITY 3	Within 72 hours or 3 working days	<ul style="list-style-type: none"> • Asset requires maintenance - not urgent • Minimal risk to teaching and operations
PRIORITY 4	No specified response time	<ul style="list-style-type: none"> • Routine maintenance • Programmed work • Work scheduled as per agreement with campus or unit manager

2.3.7. The objective of Priority 1 is to make safe and minimise damage.

2.3.8. In all cases, the Assistant General Administration Manager shall respond without delay.

2.4 Maintenance Performance Management

2.4.1 Key performance indicators (KPIs) will be monitored to ensure that the delivery of maintenance services meets the desired standards.

2.4.2 These KPIs are detailed in the table below:

No.	KPI	MEASURE	TARGET
1.	Response Time	Measure job starting time and date to indicative time and date given by supplier, or job card detail for internally generated work.	Achieve minimum of 95% of specified response times
2.	Outstanding Work Orders	No. over 30 days	15% total work orders
		No. over 60 days	10% total work orders
		No. over 90 days	5% total work orders
3.	Maintenance Index	% of maintenance budget / total ARV	No less than 1.0%
4.	Health Safety and Environment	No. of serious incidents reported to authorities	0

5.	Condition Auditing	% of buildings audited by due date	100%
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3. Roles and responsibilities

3.1 Infrastructure and Assistant General Administration Manager

3.1.1 The Assistant General Administration Manager is responsible for the implementation of this policy and for the maintenance and improvement of College-owned facilities.

3.1.2 As the College in most circumstances is the owner of land and building assets, the Assistant General Administration Manager is responsible for acting as 'building owner' in respect of asset management and compliance with statutory and regulatory building requirements.

3.2 The Maintenance and Repair of Plant, Equipment and IT Equipment

3.2.1 Facilities not owned by the College fall outside the Assistant General Administration Manager's responsibility, as do College Plant, Equipment and IT Equipment.

3.2.2 The exception to non-owned premises will be in instances where rental agreements stipulate maintenance is the responsibility of the tenant (i.e. the College).

3.3 Building Occupants

3.3.1 Building occupants are responsible for ensuring that facilities are kept in a safe and tidy condition.

3.3.2 All building-related faults should be reported to the Assistant General Administration Manager by the building occupants.

3.4 Health and Safety Risks

It is the responsibility of the Chief Risk Officer to ensure an audit is conducted of all buildings and premises to substantiate whether they comply with Occupational, Health and Safety Act requirements, and further to fund from the Risk Officer's budget for any safety notice requirements.

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