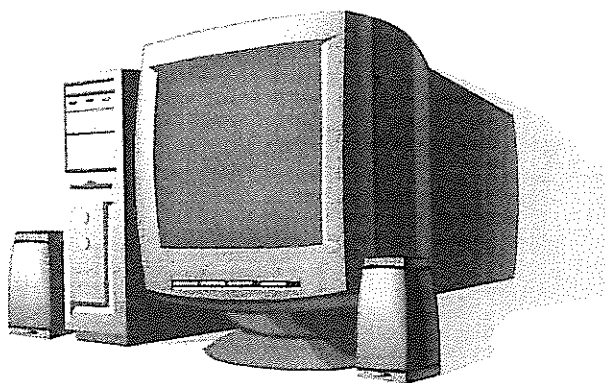
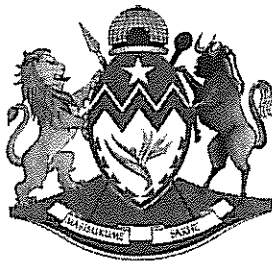


DEPARTMENT OF EDUCATION POLICY ON DISPOSAL OF MOVABLE ASSETS





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1. DEFINITIONS

Unless stated otherwise, the meanings of the following words should be taken as given below:

Redundant	: no longer needed by the current user
Decommission	: to close down; to take out of service
Default	: failure to act or perform in some way
Deficient	: not having enough of a special quality
Dispose	: to get rid of
Hard cat	: an electronic system of managing assets
Obsolete	: disused; discarded
Scrapping	: to discard as worthless
Useful life	: is the period over which the depreciable asset is expected to yield economic benefits to the organization
Unserviceable	: useless, unusable
Worn-out	: damaged by use or wear
Individual location asset register	: A list of Furniture and Equipment allocated to a particular official or end-user, (form E-98 for KZN Education).

1. INTRODUCTION

Asset disposal is the final phase in the life cycle of an asset. It is the outcome of the organisation's realisation that the economic life of the asset has expired, or the need for the service provided by the asset has changed. Asset disposal has to be carefully planned and executed in the most transparent and cost effective manner.

2. BACKGROUND

The review of the Asset Management function as per Asset Management Improvement Plan (AMIP) and the introduction of Supply Chain Management (SCM) have necessitated the development of the department's Asset Disposal Policy. The intention of the policy is to provide managers with an enabling mechanism for the effective disposal of assets.

3. OBJECTIVES

- The policy aims to achieve the following objectives which are to ensure that:
- there is transparent, efficient, effective and economical disposal of assets
 - the disposal of assets is aligned to the Department's asset acquisition and procurement plans
 - the prime objectives of service delivery in the Department are achieved at the optimum level of investment

4. LEGAL FRAMEWORK

- (a) Public Finance Management Act, 1999 (Act No. 1 of 1999)
- (b) Treasury Regulations
- (c) Practice Note Number 006
- (d) Supply Chain Management (SCM) Principles
- (e) Departmental asset management policy

5. SCOPE OF APPLICATION

This policy applies to Head Office, Service Delivery Clusters, Service Centers, District offices, Circuit offices, Education Centres, Resource Centres, Teachers Centres and public ordinary schools.

6. DISPOSAL PRINCIPLES

- (a) Transparency
- (b) Fairness
- (c) Effectiveness and efficiency
- (d) Economy

7. APPOINTMENT, ROLES AND RESPONSIBILITIES OF A DISPOSAL COMMITTEE.

The Accounting Officer shall appoint a Disposal Committee of at least four members whose main function will be to make recommendations regarding the disposal of assets.

The membership of the Disposal Committee shall be constituted as follows:

- Head of Disposing Institution (Chairperson)
- Manager Logistics, Assets and Disposals (Chairperson for Head Office)
- Officer from Demand and Acquisition Units
- Officer from Financial Services
- Officer from Information Technology
- Representatives of Asset Management from Head Office

The officer from Logistics, Assets and Disposals will serve as the Secretariat.

At school level the constitution of the Disposal Committee will be done in accordance with South African Schools Act (SASA) and Departmental Instructions for School Funding.

The Roles and Responsibilities of the Disposal Committee shall be to:

- report on surpluses, deficiencies, redundant, damaged or unserviceable assets;
- determine the causes of the above abnormal situations.
- determine whether Loss Control Procedures have been followed in respect of loss, damages, error, negligence, fraud and theft.
- determine the disposal method of the asset.
- call upon an officer to provide a statement where it is deemed necessary to arrive at an appropriate decision.

When the Accounting Officer has approved the recommendations of the Disposal committee, the following disposal methods will apply:

- Transfer to another institution in terms of Section 42 of the PFMA;
- Transfer to another institution at market related value;
- Donation
- Sale by private treaty (for example PPP contract)
- Sale by public auction or tender
- Write - off

Asset Management shall keep all records of the activities of the Disposal Committee in a secured environment.

8. ASSET DISPOSAL MANAGEMENT PROCESSES

Physical Verification of all Assets

Physical verification of assets will be conducted biannually. It will be reflected in the Department's Operations and Maintenance Plan. During the regular physical verification of assets, Asset Management will assess the physical condition of all assets and verify their existence and location. A schedule of all assets that are identified as disposable is drawn and attached to the physical verification report. These assets are placed together in a secured and suitable warehouse for further inspection.

Physical Inspection of Disposable Assets

This level of inspection must happen within seven days of the completion of physical verification. The objective is to confirm information on disposable assets gathered during physical verification and to separate assets that can still be refurbished or upgraded from those that must be disposed.

Asset Management will therefore compare the status of each disposable asset as per data on the physical verification report with data on the Asset Expiry report from Hardcat. IT services will, upon a formal request by Asset Management, prepare a technical report on the Labour Saving Devices (IT related Equipment) whose useful lives are finished. This report will be attached

to the Disposal Committee report, i.e. stamped form E92A, for submission to the Accounting Officer.

Meeting of the Disposal Committee

Asset Management will ensure that the meeting of the Disposal Committee happens within 14 days of the completion of the physical inspection of disposable assets and the availability of a technical report in the case of equipments. The meeting will finalise and formalise the recommendations as per roles and responsibilities of the committee.

Submission of Recommendations to the Accounting Officer

Asset Manager will submit to the Accounting Officer a request for the approval of the disposal of the assets within 7 days of the sitting of the Disposal Committee. Only the Accounting Officer is authorized to approve the disposal of assets or a delegated official who is appointed in writing by the Accounting Officer.

Derecognizing of assets from the Asset Management Records

Assets will be derecognized from the Asset Register within 2 days of the receipt of the approval of the disposal. This process entails completion of the Asset Disposal form and updating the asset register. Individual location asset registers will be updated accordingly within 2 working days of the decommissioning of the asset for disposal of the asset.

Notice of the Disposal of Asset

A detailed departmental circular will be sent to all levels of the Department informing them of the disposal of assets. This will happen within 2 days of the approval of the circular.

Awarding of Assets

Assets will be awarded within 30 days of the circulation of the notice of disposal. Assets will be awarded to the applicants as per written applications and on a first-come- first served basis. Schools will be granted the first opportunity in respect of furniture and equipment and will be considered on a quintile and proximity basis. Awarded assets will have to be collected "voetstoots" within 7 days of the award.

9. LOSSES

Should an asset become missing be it through loss or theft, the appointed custodian is to immediately report the loss to the relevant Manager in the form

of a report detailing inter alia the description of the asset in question and how the loss occurred. Attached to this report a copy of a statement made to the South African Police Services (with case no) must also be submitted. The relevant Manager will submit this information to Loss Control to log the loss. The case will be investigated to determine whether negligence was evident in the loss, the State Attorney may be consulted to determine for the interpretation on liability when required. Should it be determined that the loss occurred through the custodian's negligence, the Department will ensure that appropriate action is taken against the relevant custodian. Should it be determined that no negligence was evident, the asset must be written off accordingly. This action is further supplemented by section 12.5.2 of the Treasury Regulations which states: "*The accounting officer may write off losses or damages arising from criminal acts or omissions if, after a thorough investigation, it is found that the loss or damage is irrecoverable.*"

Once the Accounting Officer or his/her delegate has approved a write-off of the loss, Asset Management must amend the details in the Asset Register as enshrined in section 12.5.3 of the Treasury Regulations which states: "*When movable assets are written off, this must be noted in the asset register.*"

10. STATE VEHICLES AND SUBSIDISED VEHICLES

State vehicles will be disposed as per transport policy. However, a vehicle whose useful life is finished will be kept safely on the department's premises until all necessary processes have been put in place for removal of the asset to the disposal site.

The full ownership of the subsidised vehicle will be transferred the user official upon the full payment of the purchase price. Other conditions will be treated as specified in the subsidised motor transport procedure manual.

11. LEASED ASSETS

Leased assets will be removed from the departmental records upon the expiry of the contract except in special circumstances that must be explained fully.

12. DISCLOSURE IN ANNUAL FINANCIAL STATEMENT

Disposal of an asset will be disclosed at the original carrying value at which it was acquired.

13. DOCUMENTATION

The following documents are necessary for the implementation of the policy on Asset Disposal: -

- (a) Asset Depreciation Rate Document
- (b) Disposal Plan
- (c) Loss & Theft register

- (d) Donation register
- (e) Asset handing-over certificate
- (f) Disposal Committee Schedule (Form E92A)
- (g) Schedule for Disposals
- (h) HARDCAT Disposal form

14. IMPLEMENTATION DATE

Approve/~~not approved~~

Date: 18/06/2008

Superintendent-General: 