



CAPRICORN DISTRICT MUNICIPALITY ASSET MANAGEMENT POLICY

Notwithstanding the date of approval, this policy shall remain effective until approved otherwise by Council and may be reviewed on an earlier date as deemed necessary.

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1. FIXED ASSET POLICY

1.1 Background

The MFMA was introduced with the objective of improving accounting in the municipalities sector in keeping with global trends. Good asset management is critical to any business environment whether in the private or public sector. Record is kept of the cost of the assets, the assets are verified periodically, and the assets can be traced to their suppliers via invoices or other such related delivery documents.

Accountability ensures transparency which is critical for an effective management system. A poor control environment brings with it a whole host of reputation risks. The aim of this policy is to support a culture of accountability, good financial discipline, compliance with the MFMA and Treasury Regulation as well as transparency in the management of municipal assets from procurement to maintenance records, transfers and disposals. The benefits are enormous and range from exercising tighter budgetary control to include making it easier to attract funding for future capital expenditure on fixed assets.

1.2 Legal requirements

Treasury Regulation 10.1 stipulates that: -

“The Accounting Officer of an institution must take full responsibility and ensure that proper control systems exist for assets” and that: “preventative mechanisms are in place to eliminate theft, losses, wastage and misuse; the Accounting Officer must ensure that processes (whether manual or electronic) and procedures are in place for the effective, efficient, economical and transparent use of the institution's assets”.

1.3 Scope

This section sets out the policy, rules and procedures of managing the assets controlled by the CDM. The detail procedures and processes are not part of the document.

1.4 Updating procedure

Any policy manual is subject to change as and when circumstances change. These could be amendments or deletions as prescribed from time to time. It is therefore envisaged that this document will become a living document and any changes should be approved by the CFO.

1.5 References

- 1.5.1 Public Finance and Management Act, of 1999
- 1.5.2 National Treasury Asset Management Framework
- 1.5.3 Municipal Finance Management Act, 2003
- 1.5.4 Local Government Financial Best Practise Manual
- 1.5.5 South African Institute of Chartered Accountants Statements

- 1.5.6 Disaster Management Act, 2002
- 1.5.7 National Water Act, 1998
- 1.5.8 Water Service Act, 1997
- 1.5.9 Municipal Systems Act, 2000
- 1.5.10 Municipal Structures Act, 1998

1.6 Asset management responsibilities

According to the MFMA, the Accounting Officer in the Municipality should ensure that the Municipality has and maintains:

- 1.6.1 an effective and efficient and transparent system of financial and risk management and internal control; and
- 1.6.2 a system of evaluating all major capital projects prior to final decision on the project.

The Accounting Officer is further responsible for:

- 1.6.3 the effective, efficient and economical and transparent use of the resources of the Municipality; and
- 1.6.4 the management, including safeguarding and maintenance of assets, and for the management of liabilities of the Municipality.

1.7 General responsibilities

As accounting officer of the municipality, the Municipal Manager shall be the principal custodian of all the municipality's fixed assets.

The CFO shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained. No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by an official acting under the written instruction of the CFO. The CFO shall be responsible for ensuring that the Fixed Asset Policy is scrupulously applied and adhered to.

1.8 Objective of the Fixed Asset Financial Policy

To ensure that the Municipality has:

- 1.8.1 consistent application of asset management.
- 1.8.2 implements accrual accounting.
- 1.8.3 complies with MFMA, Treasury Regulation and some other legislation.
- 1.8.4 safeguards and controls the assets of the Municipality; and
- 1.8.5 optimise asset usage.

2. POLICIES, RULES, AND PROCEDURES

2.1 Fixed Asset Recognition

2.1.1 Definition

A fixed asset is defined as a tangible item of either property, plant or equipment that is of material value and is held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and which is expected to be used during more than one reporting period (financial year). A fixed asset can be either movable or immovable and the municipality must expect to derive economic benefits or use it in service delivery for a period extending beyond one financial year.

Further guidance for the recognition of fixed assets is discussed below:

2.1.1.1 Material value

An asset is recognised in the fixed assets register when it meets the definition of assets in line with GRAP 17:

2.1.1.1.1 Resources

2.1.1.1.2 Control by the municipality

2.1.1.1.3 Results of past events

2.1.1.1.4 That would probably lead to the inflow of future economic benefit.

2.1.1.2 Intangible items

No intangible item shall be recognised as a fixed asset, except that the CFO, acting in strict compliance with the criteria set out in GRAP 31 may recommend to the Council that specific development costs be recognised as fixed assets. Amortisation should be allocated on a straight-line basis over the best estimate of the Useful Life of the asset.

2.1.1.3 Repairs and maintenance expenses

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset), or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset that ensures that the useful operating life of the asset is attained, shall be considered as operating expenses and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses which are ancillary to the bringing into operation of a fixed asset may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, installation, assembly, and communication costs.

2.1.1.4 Leased assets.

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are categorised into finance and operating leases:

A finance lease is a lease that transfers 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 transferred, the lease is regarded as a finance lease and is recognised as a fixed asset.

Where there is no substantial transfer of risks and rewards of ownership, the lease is considered an operating lease and payments are expensed in the income statement on a systematic basis.

2.1.1.5 Capitalisation value

Only costs that comprise the purchase price and any directly attributable costs necessary for bringing the asset to its working condition should be capitalised. The purchase price exclusive of VAT should be capitalised, unless the Municipality is not allowed to claim input VAT paid on purchase of such assets. In such an instance, the Municipality should capitalise the cost of the asset together with VAT. Listed hereunder is a list of directly attributable costs, this list is not exhaustive:

- 2.1.1.5.1 The cost of site preparation,
- 2.1.1.5.2 Initial delivery and handling costs,
- 2.1.1.5.3 Installation costs,
- 2.1.1.5.4 Professional fees such as for architects and engineers, and
- 2.1.1.5.5 The estimated cost of dismantling and removing the asset and restoring the site.

2.1.2 Policy

All fixed assets shall be correctly recognised as fixed assets and capitalised at the correct value.

2.2 Identification of Fixed Assets

2.2.1 Definition

An asset identification system is a means to uniquely identify each asset in the Municipality in order to ensure that each asset can be accounted for on an individual basis. Movable assets are usually identified using a barcode system by attaching a barcode to each item. Immovable assets are usually identified by means a description of their physical location and predefined numbering and naming conventions.

2.2.2 Policy

A fixed asset identification system shall be operated and applied in conjunction with a fixed asset register. The Municipal Manager shall be responsible for the development and implementation of the fixed asset identification system, while acting in consultation with the CFO.

2.2.3 Procedures and rules

- 2.2.3.1 The Municipal Manager shall develop and implement a fixed asset identification system, while acting in consultation with the CFO.
- 2.2.3.2 Every asset that is individually identified, must have a unique identification number.
- 2.2.3.3 All movable assets must be barcoded.
- 2.2.3.4 Immovable assets must be identified using naming and numbering conventions that enable easy location of the assets in the field.

2.3 Fixed Asset Register

2.3.1 Definition

A fixed asset register is a database of information related to all the fixed assets under the control of the Municipality. The fixed asset register consists of an inventory of all the fixed assets, with each asset having a unique identifying number. A wealth of data related to each asset should be able to be stored in the asset register. The format of the asset register must comply with the requirements of National Treasury and any applicable accounting standards which may be prescribed. The minimum data requirements are:

2.3.1.1 Acquisition

- 2.3.1.1.1 Date
- 2.3.1.1.2 Reference
- 2.3.1.1.3 Amount

2.3.1.2 Identity

- 2.3.1.2.1 Description
- 2.3.1.2.2 Model or stand number
- 2.3.1.2.3 Serial number or title deed
- 2.3.1.2.4 Unique asset identification number

2.3.1.3 Accountability

- 2.3.1.3.1 Location
- 2.3.1.3.2 Department
- 2.3.1.3.3 Custodian

2.3.1.4 Performance

- 2.3.1.4.1 Condition
- 2.3.1.4.2 Useful life
- 2.3.1.4.3 Residual value

2.3.1.5 Accounting

- 2.3.1.5.1 Historic cost
- 2.3.1.5.2 Revalued amount of fair value

- 2.3.1.5.3 Valuation date
- 2.3.1.5.4 Replacement value
- 2.3.1.5.5 Depreciation method and rate
- 2.3.1.5.6 Depreciation charge for the current financial year
- 2.3.1.5.7 Accumulated depreciation
- 2.3.1.5.8 Carrying value
- 2.3.1.5.9 Impairment losses in the current year
- 2.3.1.5.10 Date of disposal
- 2.3.1.5.11 Disposal price
- 2.3.1.5.12 Date of write-off, if not disposed

2.3.2 Policy

A fixed asset register shall be maintained by the CFO. The format of the asset register shall be determined by the CFO. The format shall comply with the requirements of National Treasury and the applicable accounting standards.

2.3.3 Procedures and rules

- 2.3.3.1 The CFO must ensure that the asset register format complies with legislative requirements.
- 2.3.3.2 A fixed asset shall be recorded in the fixed assets register as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as assets under construction until it is available for use, where after it shall be appropriately capitalised as a fixed asset.
- 2.3.3.3 A fixed asset shall remain in the fixed assets register for as long as it is in physical existence or written off. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.
- 2.3.3.4 Fixed asset records should be maintained and reconciled to the general ledger on a monthly basis.
- 2.3.3.5 Asset records shall be up to date at all times.

2.4 Classification of Fixed Assets

2.4.1 Definition

National Treasury requires that fixed assets be classified into the following three categories for financial reporting purposes:

- 2.4.1.1 Property, plant and equipment
 - 2.4.1.1.1 land (not held as investment assets)
 - 2.4.1.1.2 infrastructure assets (assets which are part of a network of similar assets)
 - 2.4.1.1.3 community assets (resources contributing to the general well-being of the community)
 - 2.4.1.1.4 heritage assets (culturally significant resources)
 - 2.4.1.1.5 other assets (ordinary operational resources)

2.4.1.2 Inventory property

2.4.1.2.1 housing (rental stock or housing stock not held for capital gain)

2.4.1.2.2 investment assets (resources held for capital or operational gain)

Fixed assets are further classified according to asset type. Each asset type has a predefined asset life. The asset classification is provided in Annexure A. In the case of a fixed asset not appearing in the classifications, a classification that is most closely comparable to the asset in question shall be used.

2.4.2 Policy

The classifications specified by National Treasury shall be adhered to. The CFO is responsible for ensuring that the classifications are adhered to.

2.5 Donated Assets

2.5.1 Definition

A donation is an item that has been given to the Municipality by a third party in government or outside government without paying or actual or implied exchange.

2.5.2 Policy

All donated assets must be approved by the Municipal Manager and ratified by Council prior to acceptance. Donated fixed assets should be valued at fair value, reflected in the asset register, and depreciated as normal fixed assets.

2.5.3 Procedures and rules

2.5.3.1 The Municipal Manager must report the donation to Council for ratification.

2.5.3.2 The conditions associated with the donation must be agreed upon and signed by the Municipal Manager.

2.5.3.3 Municipal officers must first get approval from the Municipal Manager prior to accepting any donation.

2.6 Depreciation of Fixed Assets

2.6.1 Definition

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciation recognises the gradual exhaustion of the assets service capacity.

2.6.2 Policy

All fixed assets, except land and heritage assets, shall be depreciated over their reasonable useful lives and the method of depreciation shall be the straight-line method.

2.6.3 Procedures and rules

- 2.6.3.1 Depreciation shall take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or vote in which the asset is used or consumed.
- 2.6.3.2 Depreciation shall initially be calculated from the day following the day in which a fixed asset is acquired or – in the case of construction works and plant and machinery – the day following the day in which the fixed asset is brought into use, until the end of the calendar month concerned. Thereafter, depreciation charges shall be calculated monthly.
- 2.6.3.3 In the exceptional case of intangible assets being included as fixed assets, the procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other fixed assets.
- 2.6.3.4 Once an item has its minimum carrying value or its residual value, it must not be depreciated further.
- 2.6.3.5 Depreciation shall be up to date on a monthly basis and be reconciled between the fixed asset register and the general ledger.

2.7 Carrying Value of Movable Assets

2.7.1 Definition

Carrying value is the current value at which the asset is carried in the asset register and recorded in the financial statements.

2.7.2 Policy

Movable fixed assets shall be carried at original cost less accumulated depreciation. If the original cost is unknown or unrepresentative, as in the case of donated assets, the assets will be carried at fair value at acquisition less accumulated depreciation.

2.7.3 Procedures and rules

- 2.7.3.1 The minimum carrying value is R1.00
- 2.7.3.2 If VAT was not claimable at purchase, such as in the case of vehicles, the original cost should include VAT.

2.8 Carrying Value of Immovable Property, Plant and Equipment

2.8.1 Definition

Carrying value is the current value at which the asset is carried in the asset register and recorded in the financial statements. Immovable property, plant and equipment refers to all immovable assets, except investment property.

2.8.2 Policy

Immovable fixed assets, with the exception of heritage assets, shall be carried at cost less accumulated depreciation and accumulated impairments.

2.8.3 Procedures and rules

- 2.8.3.1 The CFO must adjust the carrying value of the asset concerned to reflect depreciation and impairments as they occur.
- 2.8.3.2 The fixed asset concerned shall be depreciated on the basis of its carrying amount, over its original estimated remaining useful life.
- 2.8.3.3 The minimum carrying value is R1-00.

2.9 Impairment

2.9.1 Definition

Impairment is the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. For example:

- 2.9.1.1 significant decline in market value;
- 2.9.1.2 carrying amount of an asset far exceeds the recoverable amount or market value;
- 2.9.1.3 there is evidence of obsolescence (physical damage);
- 2.9.1.4 the deterioration of economic performance of the asset concerned; and
- 2.9.1.5 the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (such as through inadequate maintenance).

2.9.2 Policy

Impairment of fixed assets shall be recognised as an expense and improvements as a gain. Impairments of immovable property, plant and equipment shall be determined on the basis of remaining useful life surveys, which shall be conducted at least every 3 years.

2.9.3 Procedures and rules

- 2.9.3.1 The impairment amount is calculated as the difference between the carrying value and the recoverable service value. The recoverable service value is the higher of the asset's value in use or its net selling price. Where the recoverable service amount is less than the carrying amount, the carrying amount should be reduced to the recoverable service amount by way of an impairment loss. The impairment loss should be recognised as an expense when incurred unless the asset is carried at revalued amount.
- 2.9.3.2 Where immovable property, plant and equipment surveys are conducted, the recoverable service value is determined from the assessed remaining

useful life.

- 2.9.3.3 After the recognition of an impairment loss, the depreciation charge for the asset should be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.
- 2.9.3.4 Professionally qualified valuers or other professionals with relevant qualifications (For example qualified and registered engineers or valuers) must perform surveys.

2.10 Safekeeping of Assets

2.10.1 Definition

Asset safekeeping is the protection of assets from damage, theft, and safety risks.

2.10.2 Policy

Every Head of Department is responsible for the control of safekeeping of assets. Every Head of Department shall adhere to any written directives issued by the Municipal Manager to the department in question, or to all departments, in regard to the control of or safekeeping of the Municipality's fixed assets.

2.10.3 Procedures and rules

- 2.10.3.1 The Heads of Department must ensure control over the safekeeping of their assets.
- 2.10.3.2 The Municipal Manager must issue directives that detail the safekeeping of fixed assets.
- 2.10.3.3 The Heads of Department must ensure that safekeeping directives are adhered to.

2.11 Disposal of Fixed Assets

2.11.1 Definition

Disposal is the process of disowning redundant and obsolete assets.

2.11.2 Policy

Assets shall be disposed at market related value, by tender or by auction, whichever is the most advantageous to the Municipality. Disposal excluding write-offs must be approved by the Municipal Manager and Council and must be in compliance with Municipal Finance Management Act.

2.11.3 Procedures and rules

- 2.11.3.1 Auctions: Auctioneers may be engaged either on a quotation basis or by tender depending on the goods to be disposed of.

- 2.11.3.2 Donations: Donations may be considered as a method of disposal, but such requests must be motivated to the Municipal Manager for approval.
- 2.11.3.3 Destruction: Movable assets that are hazardous or need to be destroyed must be identified for tenders or quotations by professional disposal agencies.
- 2.11.3.4 Scrapping: Scrapping of movable assets that cannot be disposed of otherwise may be considered as a method of disposal, but such requests must be motivated to the Municipal Manager.

2.12 Alienation of Fixed Assets

2.12.1 Definition

Alienation is the act of transferring ownership or title to another owner.

2.12.2 Policy

The transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the Municipality's supply chain management policy and the Municipal Finance Management Act.

2.12.3 Procedures and rules

- 2.12.3.1 The Council shall delegate to the Municipal Manager the authority to approve the alienation of any fixed asset with a carrying value less than R5 000 (five thousand rand).
- 2.12.3.2 The Council shall ensure that the alienation of any fixed asset with a carrying value equal to or in excess of R5 000 (five thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004. The Act states that the Municipality may not alienate any capital asset required to provide a minimum level of service. The Municipality may alienate any other capital asset, provided the Council has considered the fair market value and the economic and community value to be received in exchange for the asset.
- 2.12.3.3 Once the fixed assets are alienated, the CFO shall delete the relevant records from the fixed asset register.
- 2.12.3.4 If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the income statement of the department or vote concerned. If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the income statement of the department or vote concerned.
- 2.12.3.5 Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.
- 2.12.3.6 All gains realised on the alienation of fixed assets shall be appropriated annually to the municipality's asset financing non-distributable reserve

(except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the income statement of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

2.13 Write-offs of Fixed Assets

2.13.1 Definition

Write offs of fixed assets is removing the assets from the asset register.

2.13.2 Policy

The only reasons for writing off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, destruction, material impairment, or decommissioning of the fixed asset in question.

2.13.3 Procedures and rules

2.13.3.1 In every instance where a not fully depreciated fixed asset is written off, the CFO shall immediately debit to such Municipality or vote, as additional depreciation expenses, the full carrying value of the asset concerned.

2.13.3.2 Assets that are replaced should be written off and removed from the asset register.

2.14 Insurance of Fixed Assets

2.14.1 Definition

Insurance provides selected coverage for the accidental loss of asset value.

2.14.2 Policy

The Municipal Manager shall ensure that material movable assets in value and substance are insured at least against destruction, fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

2.15 Self-Constructed Assets

2.15.1 Definition

Self-constructed assets relate to all assets constructed by the Municipality itself or another party on instructions from the Municipality.

2.15.2 Policy

All assets that can be classified as fixed assets and that are constructed by the Municipality should be recorded in the asset register and depreciated over its estimated useful life for that category of asset.

2.15.3 Procedures and rules

2.15.3.1 Proper records should be kept such that all costs associated with the construction of these assets are completely and accurately accounted for.

2.15.3.2 On completion of the asset, all costs (both direct and indirect) associated with the construction of the asset should be summed and these should be capitalised as an asset.

2.16 Movement of movable assets

2.16.1 Definition

Assets may be moved internally or externally.

2.16.2 Policy

When any asset is moved or transferred it is necessary to notify the CFO so that the asset register can be updated.

2.16.3 Procedures and rules

2.16.3.1 Staff of the Municipality, except for duly authorised staff, shall not move rented assets, such as photocopy machines.

2.16.3.2 No person shall move or transfer any IT equipment without the knowledge and written consent of the IT Department.

2.16.3.3 All equipment such as laptops that frequently move in and out of the building should be controlled by means of permits. Therefore, security officials should check that the item as described in the permit agrees to the physical item. Security officials should also issue permits for permanent employees and consultants who will work in the Municipality for a period of more than a week. No laptops or similar equipment should leave the premises without a valid permit. For employees and consultants who will be in the Municipality for less than 1 week, a daily permit should be issued.

2.17 Physical control/verification

2.17.1 Definition

Movable assets require physical control and verification of existence.

2.17.2 Policy

The Municipal Manager shall ensure the active control of movable assets, including a biannual verification process.

2.17.3 Procedures and rules

- 2.17.3.1 All movable assets that are supposed to be bar-coded must have a visible bar code in a universal manner as determined by the Municipal Manager.
- 2.17.3.2 Biannual verification of movable assets should be conducted under the direction of an individual who neither has responsibility for the custody of fixed assets nor maintains asset records. This procedure would enable the Municipality to identify discrepancies and dispositions and properly investigate and record the transactions. An up-to-date fixed asset register is also essential for insurance purposes.
- 2.17.3.3 Procedures should be established to adequately identify assets owned by others or subject to reclamation by donors.
- 2.17.3.4 The Municipal Manager co-ordinates and controls regular physical checks. All discrepancies are to be reported immediately to the CFO.
- 2.17.3.5 Registers must be kept for those assets allocated to staff members. The individuals are responsible and accountable for the assets that they own or under their control. These registers should be updated when the assets are moved to different locations or allocated to a different staff member in order to facilitate control and physical verification.
- 2.17.3.6 Any losses of and damage to equipment, excluding discrepancies at stocktaking of losses resulting from normal handling or reasonable wear and tear, shall be reported to a delegate of the CFO.
- 2.17.3.7 Yearly physical inspections of assets are performed to identify items which are damaged, not in use or are obsolete due to changed circumstances, to ensure that they are appropriately repaired, written off or disposed of.

3. GOVERNANCE

3.1 Role of council

The Council has an oversight role and must ensure that the Municipal Manager executes the Fixed Asset Financial Policy within the ambit of the applicable legislation.

3.2 Role of municipal manager

The Municipal Manager is the principal custodian of CDM's fixed assets. The Municipal manager must:

- 3.2.1 ensure implementation of the Policies;
- 3.2.2 annually review the Policies and ensure ongoing compliance with legislation regarding asset management;
- 3.2.3 report to the Executive Mayor on a monthly basis and the Council on a quarterly basis on the implementation of the Policies; and
- 3.2.4 report serious problems in the implementation of the Policies to Council.

3.3 Role of chief financial officer

The Chief Financial Officer (CFO) is the custodian of the asset register. The CFO must:

- 3.3.1 maintain and manage the asset register;
- 3.3.2 prescribe the format of the asset register and provide guidelines as to the required contents of the asset register

3.4 Role of heads of departments

The Heads of Department must:

- 3.4.1 provide the CFO with all relevant information to properly maintain the asset register, including when the assets are to be capitalised and what the useful lives of the assets are;
- 3.4.2 report the theft, loss, or impairment of assets.

ANNEXURE A ABBREVIATIONS

AM	Asset Management
AMS	Asset Management System
CDM	Capricorn District Municipality
CFO	Chief Financial Officer
DM	District Municipality
EPWP	Expanded Public Work Program
GRAP	Standards of Generally Recognised Accounting Practice
HR	Human Resource
MFMA	Municipal Finance Management Act
LM	Local Municipality
R	Rand
SCM	Supply Chain Management
TOR	Terms of Reference
VAT	Value Added Tax

ANNEXURE B EXPECTED USEFUL LIVES

Infrastructure	
Roads and Paving	15-50
Water Maintenance and purification	15-55
Water Reservoir	30-55
Sewerage	15-50
Community	
Buildings	10-55
Security	3-10
Finance lease assets	
Office equipment	1-10
Other	
Buildings	10-33
Land	-
Specialist vehicles	7-20
Other vehicles	7-20
Office equipment	10-13
Furniture and fittings	8-20
Emergency equipment	5-8
Computer equipment	8-23
Machinery	5-8
Telephones	3-6
Communication equipment	3-6
Copiers	3-6
Computer software	8-11