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Review Date	08-02-2026

STANDARD OPERATING PROCEDURE: DISPOSE ASSET

TITLE OF SOP	DISPOSAL MANAGEMENT
SOP Number	AM -MAM - 03
Purpose	To document the Standard Operating Procedure (SOP) for Disposal management to provide a framework for the disposal of the departmental moveable assets that are not prerequisite to provide the minimum level of basic departmental services and are beyond economic life cycle.
Scope	Applies to all officials/Users, employed permanently, on contract or as an intern by the Department. To all redundant, obsolete, unserviceable assets, namely vehicle, office furniture, office equipment, computer equipment, other machinery and equipment and inventory/consumables.
Definitions and Acronyms	PFMA - Public Finance Management Act (Act 1 of 1999) SCMU - Supply Chain Management Unit of the Department. PPPFA - Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000). SAPS - South African Police Services. AFS - Annual Financial Statements IFS - Interim Financial Statements BAS - Business Account System
Performance Indicator	Number of reconciled asset register

**STEP BY STEP GUIDE
DISPOSE ASSET**

Nr	Task Name	Task Procedure	Responsibility	Time Frame	Supporting Documentation	Service Standard
1.	Establish Disposal Committee	<ul style="list-style-type: none"> Appoint Disposal committee 	Accounting Officer	5days	<ul style="list-style-type: none"> Disposal register Signed Appointment letters 	Dispose all Departmental assets that are of no economical use to the Department within 5 days
2.	Assess the assets to be disposed	<ul style="list-style-type: none"> Verify assets biannually (Half year and Year End) Identify obsolete/redundant assets Collect obsolete assets Place the obsolete assets in a locked warehouse 	Asset Practitioners	2 months	<ul style="list-style-type: none"> Asset Register Disposal Register 	
3.	Update disposal register	<ul style="list-style-type: none"> Verify the obsolete assets Update disposal register Reconcile items on disposal list with the Asset Register. Compile the final disposal memo with disposal list attached specifying proposed disposal method. Director Asset Management/District Director approved the above disposal memo 	Assistant Director Disposal	5 days	<ul style="list-style-type: none"> Disposal Register Disposal Memo 	
4.	Develop Disposal Project plan	<ul style="list-style-type: none"> Prepare the asset disposal project plan specifying dates in which the disposal committee will sit in each District Submit the project plan to Chief Financial Officer for approval. 	Assistant Director Disposal	2days	<ul style="list-style-type: none"> Approved Disposal Memo Disposal Register Approved Project plan 	
5.	Co-ordinate Disposal meeting	<ul style="list-style-type: none"> Circulate the approved disposal plan to all members of disposal committee including district offices Develop meeting agenda and invitation for the meeting Submit disposal meeting invitation the committee members for the planned meeting. 	Assistant Director Disposal	3 days	<ul style="list-style-type: none"> Approved project plan Agenda Meeting invitation 	
6.	Assess Assets to be disposed	<ul style="list-style-type: none"> Each district makes a presentation of the asset to be disposed. Make a sample of obsolete assets on the floor and verify them against the disposal register (Completeness). Select assets from the disposal register and trace them to the floor (existence). Assess the condition of the assets to be disposed. Assess the recommended disposal method against the condition of the assets to be disposed. 	Central Disposal Committee	1day	<ul style="list-style-type: none"> Approve Project plan Approved Disposal memo Minutes of meeting Attendance register Disposal report to HOD 	

STEP BY STEP GUIDE

DISPOSE ASSET

Nr	Task Name	Task Procedure	Responsibility	Time Frame	Supporting Documentation	Service Standard
		<ul style="list-style-type: none"> • Recommend the appropriate method of disposal of the asset(s). • Prepare the reports required in accordance to be sent to HOD for approval 				
7.	Dispose Assets	<p>Dispose Assets using any of the following methods as per the approved report by the HOD</p> <p>a) Selling through price quotation /open tender per item,</p> <ul style="list-style-type: none"> • Internal advert is made and published locally. <p>b) Sale by public auction</p> <ul style="list-style-type: none"> • Invoice all and removed barcodes in all items sold. • Record the amount for each item in the disposal register <p>c) Donation to NPO/NGO,</p> <ul style="list-style-type: none"> • Donation done per request with the approval of HOD <p>d) Writing off the value of goods/scraping,</p> <ul style="list-style-type: none"> • Scrapping is done through an accredited provider. • Chief information officer to remove all data and software from the computers to be destroyed/scrapped. <p>e) Optional sale of items to employees,</p> <ul style="list-style-type: none"> • Mobile phone sold to employees for R250.after 24months. • When leaving the Department and with written approval by the Accounting Officer, retain the voice contract at no cost to the Department. 	<p>Assistant Director Disposal</p> <p>Auctioneer</p>	5 days	<ul style="list-style-type: none"> • Disposal report from HOD • Disposed asset register • Invoices of sold assets • Approved donation out memo from HOD 	

STEP BY STEP GUIDE

DISPOSE ASSET

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		f) Asset Transfers between Departments and Entities <ul style="list-style-type: none"> • This is according to section 42 of PFMA g) Trade-In. <ul style="list-style-type: none"> • A moveable asset may be traded in on new assets where the trade in offer represents a fair market value. 				
8.	Submit disposed asset register to Asset management	<ul style="list-style-type: none"> • Submit the list of disposed assets to Asset Management. 	Assistant Director Disposal	1 day	<ul style="list-style-type: none"> • List of Disposed Assets • Updated Asset Register 	
9.	Disclose in the Annual Financial Statements	<ul style="list-style-type: none"> • Disclose proceeds of the items sold through auction • Disclose cost of items disposed per item class 	Manager Asset Management	3 days	<ul style="list-style-type: none"> • Updated Asset Register • Disclosure Note 	

PROCESS RISKS




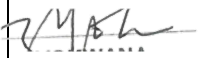

Risk Name	Risk Description	Probability (H/M/L)	Impact (H / M / L)	Control Description	System / Manual
Delays on disposing assets	Delays on disposing assets lead to: <ul style="list-style-type: none"> • loss of assets through theft. • Asset register overstated by asset which do not bring any economic value to the Department 	M	M	Asset Management to do the following: <ul style="list-style-type: none"> ✓ Implementation of Asset Loss Control Policy ✓ Implementation of Asset Management Policy ✓ Implementation of Asset Disposal Policy ✓ Conduct Bi-Annual asset verification Security Guards to do the following: <ul style="list-style-type: none"> ✓ Register visitors in the Logbook that are coming in and out of the building ✓ Register all items in the Logbook that are coming in and out of the building. 	Manual

REFERENCES (LEGISLATION, POLICIES, PROCEDURES, LEGISLATION & OTHER DOCUMENTATION (i.e. SOPs))

Document Name	Section Description or Document Description
Movable Asset Management policy – September 2021	To document the Asset Management Standard Operating Procedure to give support to the strategic objectives of the Department and to ensure core business has moveable assets to deliver services where needed within the Eastern Cape Province. It also seeks to ensure that the Department maintains an accurate and complete moveable asset register.
Movable loss control Register – September 2021	To document the Standard Operating procedure (SOP) for loss control to minimize the risk on occurrence of movable asset losses/damages within the Department. The recording, investigation and disclosure of the losses and damages of moveable assets. To establish an effective movable asset loss control management system.
Disposal Policy – September 2021	To document the Standard Operating Procedure (SOP) for Disposal management to provide a framework for the disposal of the departmental moveable assets that are not prerequisite to provide the minimum level of basic departmental services and are beyond economic life cycle.
Modified cash Standard April 2022 – Chapter 11	Purpose is to provide guidance on the identification of and the types of capital assets in public sector. It further prescribes the accounting treatment for capital assets in the secondary financial information to the annual financial statements.
Standard of Generally Recognised Accounting Practice – GRAP 17 and GRAP 31 Intangible assets (1 April 2015)	Purpose is to establish principles for recognising property, plant and equipment as assets, measuring their carrying amounts, and measuring the depreciation charges and impairment losses to be recognised in relation to them. Also, to sets out the criteria for recognising and measuring intangible assets and requires disclosures about them.
International Accounting Standards – IAS 16 Property plant and Equipment; also, IAS 38 Intangible ass	Purpose is to establish principles for recognising property, plant and equipment as assets, measuring their carrying amounts, and measuring the depreciation charges and impairment losses to be recognised in relation to them. Also, to sets out the criteria for recognising and measuring intangible assets and requires disclosures about them.
Public Finance Management Act No1 of 1999 section 38(d); section 45e)	<p>Sec 38 (d): The accounting officer for a department, trading entity or constitutional institution is responsible for the management, including the safe-guarding and the maintenance of the assets, and for the management of the liabilities, of the department, trading entity or constitutional institution;</p> <p>Sec 45(e): An official in a department, trading entity or constitutional institution is responsible for the management, including the safeguarding, of the assets and the management of the liabilities within that official's area of responsibility.</p>
Treasury Regulations April 2001 Issued in terms of Public Finance	<p>10.2 Disposal and letting of assets [Section 76(1)(k) of the PFMA]</p> <p>10.2.1 Disposal of movable assets must be at market-related value or by tender or auction, whichever is most advantageous to the state, unless determined otherwise by the relevant treasury.</p>

Document Name	Section Description or Document Description
Management act of 1999: Section 10.2	<p>10.2.2 Any sale of immovable state property must be at market-related value, unless the relevant treasury approves otherwise.</p> <p>10.2.3 The letting of immovable state property (excluding state housing for officials and political office bearers) must be at market-related tariffs, unless the relevant treasury approves otherwise. No state property may be let free of charge without the prior approval of the relevant treasury.</p> <p>10.2.4 The accounting officer must review, at least annually when finalising the budget, all fees, charges, rates, tariffs or scales of fees or other charges relating to the letting of state property to ensure sound financial planning and management.</p>
Asset Management framework- version 3.3 April 2004	The purpose of asset management framework is to introduce the concept of asset management. It is designed to highlight the principles of, and need for, asset management and give broad guidelines in this regard.

AUTHORISATIONS

Designation:	Name:	Comments:	Signature:	Date:
Recommended by: Director-Asset Management	G.Marshall	Step by step on the management of disposal of moveable assets		23 January 2023
Recommended by: Acting CIO	M.E.Gazi	erecommended		
Recommended by: Chief Financial Officer	N.S.Tutani	Recommended		01 Feb 2023
Recommended by: DDG	Dr.N.Z.G Yokwana	Recommended as requested		02/02/2023
Approved by: Head of the Department	M. Macheмба	Approved		08/02/2023
Distribution and Use of SOP	All Departmental staff			

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