



**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

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The Chief Financial Officer, National Departments
The Provincial Accountant-General
The Chief Financial Officer, Provincial Departments

RE: Minimum requirements for an Asset Register

Dear Colleagues,

The need to clarify the above issue has been identified due to the number of queries received in this regard.

Asset Management has been an ongoing project for the past few years and progress has not always been satisfactory, due to limited resources be it human or systems, both manual and electronic. In appreciation for this and the effort spent and advancement already made by Departments the Office of the Accountant-General, believes it to be appropriate to clarify what information a department can reasonably be expected to reflect on its asset register for the 2004/05 financial year.

Minimum information on movable assets:

The minimum information **not** required regarding movable assets, are listed below with reference to the Asset Management Guideline.

In the Asset Management Guideline Version 3.3, page 35, Figure 3, the Composition of an Asset Register, the minimum requirements for the register is graphically illustrated. The following is **not currently seen** as critical information should the existing register not be able to include this information:

1. Acquisition
 - If acquisition date is the payment date and not invoice date;
 - Name of supplier;
 - If invoice number is not noted but payment reference number used in its place.Through the use of cross-referencing it must however be possible to gain the invoice date, supplier name and invoice reference number from source documents.
2. Identify

- If the description does not necessarily include manufacturer's name or model number apart from obvious asset classes like motor vehicles where this is standard identification procedure;
 - Where unique asset number is not a barcode. The use of a barcode system is recommended due to its versatility and resource efficiency for asset counting but not a requirement.
3. Accountability
 - Programme utilised for, convertants or restrictions in use and an identifier as a cultural or heritage asset.
 4. Performance
 - Capacity unless standard recognition for an asset class i.e. computer equipment or vehicles;
 - Residual value, where considered immaterial;
 - Warranties or guarantee indicator;
 - Measures of performance;
 5. Disposal
 - Remaining capacity, current condition, residual value where considered immaterial;
 6. Accounting
 - Historic cost for assets acquired before 1 April 1999 where the recording at R 1.00 is allowed;
 - Replacement value.

It should be noted however that the use of additional documentation to carry the outstanding or additional information is encouraged in order that the management of the assets and the application of the life-cycle approach can be facilitated. It would serve as a database on which to base future decisions.

Minimum information on immovable assets:

The minimum information regarding immovable assets, are listed below and the degree of compliance discussed thereafter.

1. General asset information
 - Asset number
 - Old asset number (if applicable)
 - Formal property (cadastral) description
 - Location (e.g. 16km South of Polokwane bordering the N1 highway), preferably including global positioning coordinates (e.g. 23.5°S, 30°E)
 - Extent of land parcel
 - Zoning of property (as per relevant town planning legislation)

At this stage it is not seen as critical should the global positioning coordinates not be available. It is however important for infrastructure assets that the location thereof be described clearly.

2. Type of asset
 - Type of asset (Describe the function of the asset for example hospital, police station, clinic, vacant land, residential accommodation etc)

3. Description of asset

- Extent of building/structure (recorded in m²)
- Occupancy/level of utilisation
- Condition reports
- Lay-out of building/structure/images (photographs of building/structure)
- Building plans
- Serial numbers (this may relate to lifts, air-conditioners, etc)
- Building name and address

In the above section the only information considered to be vital at this stage is the extent of the building or structure and the building name and address. It is encouraged that the other information especially regarding condition and occupancy or level of utilization be kept in additional documentation.

4. Ownership

- Ownership (state-owned or leased)
- If state-owned, details of title deed, title conditions/restrictions
- If state-owned, cost of acquisition & current valuation of asset (if available)
- If leased, details of lease (term, rental, escalation, responsibility for maintenance, etc)

Current valuation of the property is **not seen** as critical information for this financial year and where cost is not available for older assets (pre-1999 assets) R1.00 may be used.

5. Encumbrances

- Leases over the asset (both short and long term)
- Name of lessee
- Contact details
- Nature of lease
- Term of lease
- Expiry date of lease
- Special conditions of lease
- Rental (income per month/annum) and escalation rate and date of escalation
- Reference to lease agreement, property and debtor management systems
- Other rights over the asset in favor of another organ of state or private entity (e.g. right of way, power line/pipeline servitude, usufruct, etc)
- Land restitution claims lodged against the asset (in terms of the Restitution of Land Rights Act, 1994)

6. Management responsibility

- User department
- Name of responsible official
- Cost centre
- Expenditure (municipal rates & service charges/maintenance/ management cost)
- Type and contact details of all relevant guarantees, warranties and maintenance contracts.

7. Financial information

- Cost
- Accumulated depreciation
- Useful life
- Remaining useful life

8. Rights of the State over privately-owned immovable assets
Description of right (e.g. servitudes, right of resumption, right of first refusal, etc)

- Formal property (cadastral) description
- Location (e.g 16km South of Polokwane bordering the N1 highway), preferably including global positioning coordinates (e.g. 23.5°S, 30°E)
- Extent of land parcel (pertaining to the right of the State)
- Zoning of property (as per relevant town planning legislation)
- Is the right contained in the title deed? If so, provide number and holder of title deed.
- If no, in terms of what documents (other than the title deed) does the State hold this right? (e.g. agreement of sale/donation, official correspondence, etc)

At this stage the global positioning coordinates are not seen as critical, provided the location is adequately described.

Where the asset register cannot maintain all the critical information it is recommended that additional documentation with sufficient cross-referencing be kept to facilitate the proper management of these assets and the accumulation of a database of information for future decision-making.

Trusting that the above will give some guidance as to what is viewed as critical information for an asset register in your preparation for the year-end. Please note that this is not meant to discourage in any way the preparation of proper asset registers with all relevant information but an attempt to highlight the minimum standards that should have been achieved at this stage of the project, as the deadline projected about four years ago for the capturing and validation process has expired on 31 March 2004.

An additional year of grace was allowed to facilitate the ironing out of any problem areas, to ensure that all assets can be recognised in control accounts on BAS to on 1 April 2005. This step will greatly improve the reconciliation process between the asset register and the Statement of Financial Performance.

Thank you for your co-operation in this regard.

Kind Regards,

Hanlie Smit
Chief Director: Accounting Policies, Standards and Support Services
Office of the Accountant-General
National Treasury

Date: 29 April 2005