

**ITEM 26****BUDGET AND TREASURY: ASSET WRITE-OFFS, DISPOSAL OF REDUNDANT AND IRREPARABLE ASSETS****5/1; 6/1/1/1****PURPOSE:**

The purpose of the report is to request approval from Council to write-off non-existing assets and dispose of all redundant and irreparable assets in line with Council approved policy.

**BACKGROUND:**

Section 14 of the Local Government Municipal Finance Management Act (Act No 56 of 2003) (MFMA) provides for the disposal of capital assets. The section *inter alia* provides:

- (1) *A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipality services.*
- (2) *A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council in a meeting open to the public –*
  - (a) *has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal service, and*
  - (b) *has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.*
- (3) *A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.*
- (4) *A municipal council may delegate to the accounting officer of the municipality its power to make the determinations referred to in subsection (2)(a) and (b) in respect of movable capital assets below a value determined by the council.*

- (5) *Any transfer of ownership of a capital asset in terms of subsection (2) and (4) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the municipality must have and maintain in terms of section 111.*

The Supply Chain Management Regulation provides that the Supply Chain Management Policy of the municipality must provide for an effective system of disposal management for the disposal or letting of assets, including, unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act.

### ***DISCUSSION***

The West Rand District Municipality (WRDM) has appointed a service provider for the conditional assessment of assets for a period of two (2) years. The conditional assessment processes includes identifying any assets that may be impaired or that are no longer required to offer the minimum service delivery as required by Generally Recognized Accounting Principles (GRAP) for purposes of preparation and presentation of financial statements.

Individual departments were further consulted to identify all redundant and irreparable assets in the municipality.

The Asset Management Policy provides as follows:

#### ***7.4 Disposal***

*Where assets have been identified as under-performing, or no longer functionally suited for basic service-delivery needs, consideration shall be given to the possible alternatives to disposal.*

*Reasonable grounds for determining that a capital asset is not required for the provision of the minimum level of basic municipal services shall include the following:*

- *The asset was acquired specifically for resale or distribution*
- *The asset is impaired (in respect of which the asset custodian can provide evidence).*
- *The municipality no longer performs the function for which the asset was purchased,*
- *It is an immovable asset no longer located close to where the service is required.*
- *The asset has been replaced.*
- *The asset no longer performs the required level of service.*

*The following standing requirements shall apply regarding disposal of capital assets:*

- *The municipality shall not permanently dispose of a capital asset needed to provide the minimum level of basic municipal services:*
- *Where the council has resolved that a specific asset is not needed to provide the minimum level of basic services, a transfer of ownership of an asset must be fair, equitable, transparent, competitive and consistent with the provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.*

*To ensure that a disposal is fair, equitable, transparent and competitive, the following shall happen:*

- *The fair market value for different types of assets identified for disposal shall be determined:*
- *The disposal process shall be open to the public and public scrutiny and consistent with the municipality's supply chain management policy;*
- *Consideration shall be given to the fair market value of the asset and to the economic and community value to be received in exchange for the asset.*
- *Reasonable efforts shall be made to ensure that an appropriately competitive process for disposal is adopted;*
- *All assets identified for disposal shall be efficiently and properly secured to avoid the risk of theft or misappropriation while waiting for disposal processes to be initiated.*

*The municipal manager may approve the disposal of an item of property, plant and equipment as delegated by the municipal council. The delegations to approve the disposal of an item of property, plant and equipment are stated in the Supply Chain Management Policy.*

#### ***7.4.1 Asset disposal methods***

*Assets can be disposed of in the following methods;*

- *Transfer*
- *Auctions;*
- *Bidding;*
- *Donations;*
- *Destruction; and*
- *Scrapping”*

Table below is a summary of disposal

Row Labels	Sum of DISPOSAL 2021/22	
Emergency Equipment	R	130.54
Furniture and Fixtures	R	2 998.92
Office Equipment	R	5 584.59
Plant and Machinery	R	274.99
<b>Grand Total</b>	<b>R</b>	<b>8 989.04</b>

### 7.5 Write-offs of Fixed Assets

The WRDM Fixed Assets Management policy state that *“The only reasons for writing off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, destruction or material impairment of the fixed asset in question.”*

During the asset verification process, there is a list of assets identified from the fixed asset register that cannot be verified due to physical absence. These asset existed from previous years but not derecognized from the fixed assets register. The municipality is intending to remove the identified assets from its book due to a condition that assets are no longer existing.

Table below is a summary of write-offs

Row Labels	Sum of DISPOSAL 2021/22	
Emergency Equipment	R	1 523.27
Furniture and Fixtures	R	40 508.76
Office Equipment	R	-
Plant and Machinery	R	2 852.82
<b>Grand Total</b>	<b>R</b>	<b>44 884.85</b>

A detailed list of all assets identified as redundant and/or irreparable and to be written-off in terms of Council approved policy, are herewith attached as *Annexure*.

### **RECOMMENDATIONS:**

It is recommended that –

1. The redundant and irreparable assets as reflected in the attached *Annexure A* are disposed of in compliance with the WRDM Asset management Policy.
2. The write-offs of non-existing fixed assets as reflected in the attached *Annexure B* be removed from fixed asset register in compliance with WRDM Asset Policy.

3. That the list of write-offs of non-existing fixed assets as reflected in the attached ***Annexure B*** be referred to Municipal Public Accounts Committee for further investigation.
4. That the Financial Portfolio Committee undertake an *in loco* inspection of the redundant and irreparable assets.
5. A public auction be arranged and advertised in order to dispose such assets.

## DISPOSAL OF REDUNDANT & IRREPARABLE ASSETS

ASSET BARCODE NR	DESCRIPTION	SITE_NAME - 2022	RESTATED CARRYING VALUE - AS AT 30 JUNE 2022
5948	CUTTER CARBERENDUM STIHL T5 35	Carletonville	105,79
4195	LAMP DESIGNA HOME 500P	Randfontein	24,75
319	L-SHAPED WOODEN DESK	Randfontein	0,69
4569	TABLE COFFEE	Randfontein	50,58
685	CHAIR VISITOR	Randfontein	1,00
5484	CHAIR VISITOR	Randfontein	11,63
931	CABINET NETWORK	Randfontein	1,00
3781	CHAIR DOUBLE SEATER	Randfontein	132,31
6171	DESK WOOD	Randfontein	1,00
2417	CHAIR	Randfontein	1,00
781	DESK	Randfontein	176,51
6311	CHAIR SKID BASE	Randfontein	64,90
319	CHAIR H/BACK SWIVEL & TILT	Randfontein	97,96
227	CABINET TELEPHONE STEEL	Randfontein	1,00
260	DESK SINGLE PEDESTAL	Randfontein	838,33
933	CABINET NETWORK	Randfontein	105,20
1606	DESK DOUBLE PEDESTAL	Randfontein	87,91
2429	CREDENZA	Randfontein	2,83
2352	CHAIR DINING ROOM	Randfontein	58,65
2383	CHAIR DINING ROOM	Randfontein	42,31
2387	CHAIR DINING ROOM	Randfontein	2,01
2340	CHAIR BAR	Randfontein	1,21
2114	TABLE	Randfontein	50,42
2166	TABLE STEEL	Randfontein	1,00
2164	TABLE STEEL	Randfontein	1,00
2313	TABLE STEEL	Randfontein	28,98
2308	TABLE STEEL	Randfontein	0,65
2127	CHAIR LECTURE	Randfontein	25,93
3347	HAT-RACK	Randfontein	1,00
553	CUPBOARD STATIONARY	Randfontein	1,00
432	CHAIR H/BACK SWIVEL & TILT	Randfontein	2,10
3380	CHAIR	Randfontein	1,00
437	CHAIR H/BACK SWIVEL & TILT	Randfontein	1,00
699	DESK WOOD	Randfontein	1,00
1664	CHAIR LEISURE	Randfontein	1,00
747	CHAIR VISITOR	Randfontein	1,20
1736	CABINET FILING PLANS	Randfontein	1,00
1522	CHAIR CANE	Randfontein	1,00
964	CREDENZA WOOD	Randfontein	29,35

## Annexure A

ASSET BARCODE NR	DESCRIPTION	SITE_NAME - 2022	RESTATED CARRYING VALUE - AS AT 30 JUNE 2022
3714	CABINET FILING STEEL	Randfontein	5,45
2725	CHAIR H/BACK SWIVEL & TILT	Krugersdorp	1,00
3492	CHAIR VISITOR	Krugersdorp	31,00
2829	CHAIR VISITOR	Randfontein	11,20
892	TABLE	Randfontein	1,00
453	DESK DOUBLE PEDESTAL	Randfontein	1,00
2107	TABLE	Randfontein	1,00
634	CHAIR TYPIST	Randfontein	31,08
766	CUPBOARD	Randfontein	1,00
1580	CHAIR VISITOR	Randfontein	0,12
1229	CHAIR H/BACK SWIVEL & TILT	Randfontein	59,35
957	CHAIR VISITOR	Randfontein	1,00
905	CREDENZA	Randfontein	1,00
902	CHAIR H/BACK SWIVEL & TILT	Randfontein	1,00
760	CUPBOARD STATIONARY	Randfontein	0,04
1121	CHAIR DRAUGHTSMAN	Randfontein	1,00
1313	CHAIR EXAM	Randfontein	0,39
1722	DESK WOOD	Randfontein	0,85
153	CHAIR VISITOR	Randfontein	4,88
3706	DESK	Randfontein	304,60
2076	CHAIR VISITOR	Randfontein	1,00
1574	CHAIR VISITOR	Randfontein	1,00
1106	CREDENZA SLIDING DOOR	Randfontein	52,54
2517	DESK	Randfontein	51,74
2519	DESK	Randfontein	43,79
2707	DESK	Krugersdorp	14,85
3004	CHAIR VISITOR	Randfontein	7,64
2469	STAND TV	Randfontein	21,59
5184	TABLE GLASS	Randfontein	1,00
3113	CHAIR H/BACK SWIVEL & TILT	Randfontein	1,00
3234	CHAIR	Randfontein	1,00
3081	CHAIR VISITOR	Randfontein	27,36
3091	CHAIR H/BACK SWIVEL & TILT	Randfontein	31,38
2065	CHAIR H/BACK SWIVEL & TILT	Randfontein	66,35
3177	CHAIR H/BACK SWIVEL & TILT LEA	Randfontein	1,00
2524	TABLE	Randfontein	-
1452	CHAIR H/BACK SWIVEL & TILT	Randfontein	32,84
3402	CHAIR H/BACK SWIVEL & TILT	Randfontein	1,00
3691	CHAIR H/BACK SWIVEL & TILT	Randfontein	1,00
2797	GYM EQUIPMENT	Krugersdorp	1,00
3963	CHAIR	Randfontein	1,00
3957	LOCKER	Westonaria	0,44

ASSET BARCODE NR	DESCRIPTION	SITE_NAME - 2022	RESTATED CARRYING VALUE - AS AT 30 JUNE 2022
4041	CHAIR	Randfontein	7,59
751	CHAIR	Randfontein	20,92
4416	CHAIR H/BACK SWIVEL & TILT	Randfontein	1,00
4423	CHAIR	Randfontein	1,00
4495	LOUNGE 1 SEATER	Randfontein	-
1336	DESK WOOD	Randfontein	-
6324	DESK LECTURE	Carletonville	1,02
4739	CHAIR VISITOR	Carletonville	0,35
4504	LOUNGE 1 SEATER	Randfontein	1,00
5276	LOUNGE 2 SEATER	Randfontein	1,87
5084	CHAIR	Randfontein	-
4872	DESK L SHAPE	Carletonville	-
4933	BENCH	Carletonville	1,00
4956	BENCH	Carletonville	-
4957	BENCH	Carletonville	0,56
6028	CHAIR H/BACK SWIVEL & TILT	Randfontein	7,31
6046	CHAIR	Krugersdorp	49,12
6063	CHAIR	Krugersdorp	36,53
6082	CHAIR	Randfontein	36,53
5803	CHAIR	Randfontein	36,53
5958	CHAIR H/BACK SWIVEL & TILT	Randfontein	-
5502	CHAIR H/BACK SWIVEL & TILT	Westonaria	46,17
5486	CHAIR H/BACK SWIVEL & TILT	Westonaria	52,12
3730	CHAIR H/BACK SWIVEL & TILT	Randfontein	0,34
1354	TABLE GLASS	Randfontein	1,00
1391	COMPUTER STAND	Randfontein	1,00
5282	CHAIR H/BACK SWIVEL & TILT	Randfontein	1,00
5617	CHAIR H/BACK SWIVEL & TILT	Randfontein	-
5988	COUCH TWO SEATER	Randfontein	29,87
6152	CHAIR VISITOR	Randfontein	1,00
6189	CHAIR TYPIST	Randfontein	1,00
6391	CABINET STEEL	Krugersdorp	1,00
2884	LOCKER	Randfontein	1,00
6416	DESK	Krugersdorp	1,00
3165	CHAIRQ	Randfontein	45,72
5779	WORKSTATION	Randfontein	- 30,81
6269	DESKTOP CPU	Randfontein	1,00
6469	LAPTOP - T MPHITHIKEZI	Randfontein	1,00
6622	DESKTOP HP400PD	Randfontein	79,47
6706	DESKTOP HP 400PD	Randfontein	1,00
6711	DESKTOP HP 400PD	Randfontein	550,27
6646	LAPTOP HP250	Randfontein	603,69



## Annexure A

ASSET BARCODE NR	DESCRIPTION	SITE_NAME - 2022	RESTATED CARRYING VALUE - AS AT 30 JUNE 2022
6656	LAPTOP HP250	Randfontein	1,00
6665	LAPTOP HP250	Randfontein	603,69
6699	LAPTOP HP470	Randfontein	757,58
5993	PROJECTOR DATA NEC NP216	Randfontein	1,00
3839	COMPUTER ZIP	Randfontein	36,84
5627	COMPUTER - CONTROLROOM KRUGERS	Randfontein	28,10
5616	COMPUTER - INTERNS	Randfontein	28,10
5580	COMPUTER - C VAN NIEKERK	Randfontein	1,00
5543	LAPTOP - D THABE	Randfontein	65,33
2826	PRINTER LASERJET 2410	Randfontein	7,14
3049	COMPUTER - M MKHIZE	Randfontein	1,00
3189	PROJECTOR LG DX125	Randfontein	10,49
5162	COMPUTER - 107 CONTROLROOM	Randfontein	1,00
949	COMPUTER	Randfontein	93,23
951	IBM MODEL - 7208342 IBM 720834	Randfontein	276,94
934	COMPUTER - M GOREOANG	Randfontein	30,15
6000	PROJECTOR	Randfontein	1 137,48
4540	COMPUTER - COMMUNITY VACANT	Randfontein	1,00
3199	COMPUTER - INTERN	Randfontein	1,00
788	COMPUTER	Randfontein	0,04
4638	COMPUTER - B VAN ZYL	Randfontein	77,52
1923	COMPUTER	Randfontein	0,22
2901	COMPUTER - PLOTTERROOM	Randfontein	1,00
1255	COMPUTER - L MOGOLE	Randfontein	420,93
1829	COMPUTER - J LEHLAKE	Randfontein	420,93
3264	COMPUETER - INTERN	Randfontein	1,00
3849	CIPHER LAB SCANNER/PORTABLE CI	Randfontein	37,14
3063	COMPUTER SAHARA	Randfontein	7,37
3065	COMPUTER - D MONAMOLI	Randfontein	35,25
3066	COMPUTER - S HATTINGH	Randfontein	7,37
3071	COMPUTER SAHARA	Randfontein	1,00
3077	COMPUTER SAHARA	Randfontein	35,25
3047	COMPUTER SAHARA	Randfontein	7,37
3050	LAMINATOR REXEL A3 REXEL LV340	Randfontein	15,48
3126	COMPUTER	Randfontein	1,00
4099	COMPUTER - M REFILWE MHS	Krugersdorp	78,87
4587	COMPUTER FILE SERVER	Randfontein	118,36
5890	RADIO IRD	Randfontein	1,00
3804	GPS NAVIGATION SYSTEM GARMINUE	Randfontein	75,05
3616	BUSH CUTTER MITSUBISHI TL52	Randfontein	87,90
6128	GPS NAVIGATION SYSTEM GARMIN	Randfontein	109,91

## Annexure A

ASSET BARCODE NR	DESCRIPTION	SITE_NAME - 2022	RESTATED CARRYING VALUE - AS AT 30 JUNE 2022
706	MICROWAVE SAMSUNG	Randfontein	0,12
3143	SERVER	Randfontein	1,00
3342	VACUUM CLEANER SOMEX	Randfontein	-
4363	VACUUM CLEANER COLUMBUS	Randfontein	-
			<b>8 989,04</b>

## NON-EXISTING FIXED ASSETS

ASSET BARCODE NR	DESCRIPTION	DISPOSAL 2021/22	RESTATED CARRYING VALUE – AS AT 30 JUNE 2022
NONEA	STRETCHER EMERGENCY	1487,33	108,56
XXXXX5	STRETCHER EMERGENCY	1487,27	108,55
XXXXX6	STRETCHER EMERGENCY	1487,27	108,55
XXXXX8	STRETCHER EMERGENCY	1487,27	108,55
XXXXX9	STRETCHER EMERGENCY	1487,27	108,55
XXXXX0	STRETCHER EMERGENCY	1487,27	108,55
XXXXX1	STRETCHER EMERGENCY	1487,27	108,55
	3822 BA SET	5500	75,87
NONED	STRETCHER EMERGENCY	6782,5	182,36
	4088 STRETCHER EMERGENCY	6782,5	182,36
	4721 BA SETQ	8395	1,38
	4722 BA SET	8395	138,89
	4810 BA SET	8395	161,95
	4524 BA SET	1710	10,30
	4527 BA SET	1710	10,30
	8222 LOUNGE 2 SEATER	23000	7 516,38
	8220 CREDENZA 2 DOOR	4340	1 016,56
	8271 DESK WOODEN	5999	1 960,90
	8219 CHAIR VISITOR	5700	1 863,19
	8215 CHAIR VISITOR	5700	1,00
	8216 CHAIR BOARDROOM	5700	1 863,19
	8217 CHAIR BOARDROOM	5700	1 863,19
	8231 CHAIR BOARDROOM	5700	1 863,19
	8226 CHAIR BOARDROOM	5700	1 863,19
	8227 CHAIR BOARDROOM	5700	1 863,19
	8228 CHAIR BOARDROOM	5700	1 863,19
	8224 CHAIR BOARDROOM	5700	1 863,19
	8225 TABEL BOARDROOM	25000	1,00
	8229 CABINET 2 DOOR	10100	3 301,00
	8223 ROOM DEVIDER	31900	10 424,67
	8230 CREDENZA 2 DOOR	5900	1 381,71
stolen	COMP ASPIRE ES1-578	0	-
	6963 SCALE	3000	0,61
	4234 RADIO REPEATER TB7100 TWO	12995	7,73
	4294 TRACER	2710,24	15,84
	6955 RADIO MOBILE TM8115	3905	334,70
	5892 TRACER MOBILE TAIT T5010	2805	1,31
X0667	RADIO TAIT 66-88MHZ	2805	1,31
X0672	RADIO TAIT TOP-A2410	2805	1,31
X0664	RADIO TAIT	2805	1,31

## Annexure B

ASSET BARCODE NR	DESCRIPTION	DISPOSAL 2021/22	RESTATED CARRYING VALUE – AS AT 30 JUNE 2022
X0669	RADIO TAIT	2805	1,31
X0665	RADIO TAIT	2805	1,31
X06004	RADIO TAIT	2805	1,31
X6097	RADIO ORCA	2805	1,31
7006	RADIO TAIT	2805	1,31
X0668	RADIO	2805	1,31
X06002	RADIO TAIT	2805	1,31
X060110	RADIO TAIT	2805	1,31
X6074	RADIO TAIT	2805	1,31
X6077	RADIO	2805	1,31
X6076	RADIO TAIT	2805	1,31
X060101	RADIO ORCA	2805	1,31
X6092	RADIO TAIT	2805	1,31
X6075	RADIO TAIT	2805	1,31
X0670	RADIO TAIT	2805	1,31
X06041	RADIO TAIT	2805	1,31
X0671	RADIO TAIT	2805	1,31
X06038	RADIO TAIT	2805	1,31
X0666	RADIO ARCA 5010	2805	1,31
7005	RADIO TAIT	2805	1,31
7004	RADIO TAIT	2805	1,31
7002	RADIO MOBILE TAIT T5010	2805	82,78
6963	RADIO TAIT	2805	216,64
6985	RADIO MOBILE TAIT	2805	82,78
6238	RADIO TAIT	5812,5	31,12
4286	RADIO IRC	2137,5	129,33
7003	RADIO TAIT	2805	1,31
7001	RADIO MOBILE TAIT T5010	2805	1,31
4183	RADIO MOBILE TM8115	3500	77,29
4180	RADIO MOBILE TM8115	3500	77,29
4154	RADIO MOBILE TM8115	4451,7	98,06
4151	RADIO	3905	1,41
6242	RADIO TAIT ORCA 5020	5812,5	246,94
6240	RADIO MOBILE TAIT	5812,5	31,12
6239	RADIO TAIT ORCA	5812,5	31,12
4233	RADIO REPEATER TB7100 TWO WAY	12995	30,03
3024	TRACER	2876	135,67
3022	TRACER	2876	135,67
3020	TRACER	2876	135,67
3017	TRACER	2876	173,72
3019	TRACER	2876	135,67
3018	TRACER	2876	135,67

## Annexure B

ASSET BARCODE NR	DESCRIPTION	DISPOSAL 2021/22	RESTATED CARRYING VALUE – AS AT 30 JUNE 2022
4397	TRACER	2876	135,67
3014	TRACER	2876	124,97
4287	RADIO POUCH IRC	2137,5	23,21
4290	RADIO POUCH IRC	2137,5	23,21
4364	RADIO POUCH IRC	2137,5	23,21
4366	RADIO POUCH IRC	2137,5	23,21
4291	RADIO POUCH IRC	2137,5	23,21
4274	RADIO POUCH IRC	2137,5	23,21
4277	RADIO POUCH IRC	2137,5	23,21
4293	RADIO POUCH IRC	2137,5	23,21
4372	RADIO POUCH IRC	2137,5	23,21
5358	RADIO	2805	1,07
			<b>44 884,85</b>