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1. TERMINOLOGY

In this policy, unless the context indicates otherwise -

- (a) an expression, which denotes any gender, includes the other genders, a natural person includes a judicial person, and the singular includes the plural and *vice versa*;
- (b) clause headings are for convenience only and will not be used in its interpretation, and the following terminologies will bear the meaning assigned to them and cognate expressions will bear corresponding meanings-

“Asset” Is a resource controlled by a department as a result of past events and from which future economic benefits or service potential are expected to flow to the department;

“Asset acquisition” The process by which a department assumes control of an asset;

“Asset disposal” The process by which a department relinquishes control of an asset;

“Asset Life Cycle” The life of an asset, from the establishment of the need , through to its acquisition, operation and any maintenance or upgrading, to its disposal;

“Asset management” The process of guiding the acquisition, use, safeguarding and disposal of assets to make the most of their service delivery potential and manage the related risks and costs over their entire life;

“Asset register” A data source that records information on individual assets, usually only those over a certain value. Information may include the assets' location, condition, utilization and ownership details, as well as the value and depreciation of the asset and its major components;

“Asset strategy” The means by which a department proposes to manage its assets (across all phases of their life cycle) to meet service delivery needs most cost-effectively;

“Asset utilization” A measure of how effectively an asset is being used to meet the department's service delivery objectives;

“Business Plan” A document that details how the strategies defined in the Strategic Plan are to be implemented, as well as the financial implications of these actions;

“Control of an asset” A department is deemed to control an asset if it:

- has the capacity to benefit from the asset in pursuing its objectives;
- is able to deny or regulate the access of others to that benefit; and
- has the ability to secure the service potential or the future economic benefit;

“Cost of an asset” The cost of an asset comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing the asset to working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Examples of directly attributable costs are:

- the cost of site preparation;
- initial delivery and handling costs;
- installation costs;
- professional fees such as for architects and engineers; and
- the estimated cost of dismantling the asset and restoring the site, to the extent that it is recognized as a provision;

“Costing” The process of determining the costs of operating an asset to deliver services;

“Current asset” An asset that would, in the normal course of operations, be consumed or converted to cash within 12 months after the last reporting date;

“Demand management” A management technique used to identify and control demand for services;

“Depreciation” A systematic allocation of the cost of an asset or other amount substituted for its cost in the financial statements (less residual value if any) over its estimated useful life. Depreciation recognizes the gradual exhaustion of the asset's service potential;

“Depreciable assets” Are assets which:

- Are expected to be used during more than one accounting period;
- Have a limited useful life; and
- Are held by a department for use in production, supply of goods and services, for rental or administrative purposes.

The amount at which they are shown in the balance sheet is normally an historical record of their cost less amounts provided for depreciation. The net amount at which the assets are carried in the financial statements does not necessarily purport to be their realisable value;

“Depreciable amount” Is the historical cost of an asset less the estimated residual value;

“Disposal” The process whereby an asset is disposed of or decommissioned;

“Effectiveness” Refers to the extent of the achievement of set or pre-determined outcomes, objectives or other intended effects of programs, operations, activities or processes;

“Financial statements” Statements consisting of at least:

- A balance sheet;
- An income statement;
- A cash-flow statement;
- Any other statements that may be prescribed; and
- Any notes to these statements;

“GRAP” Generally Recognized Accounting Practices

“Investment” An asset (or money outlaid to acquire an asset) that delivers, or is expected to deliver, services, and that yields, or is expected to yield, revenue for the department;

“Life-cycle costing” The full cost of an asset over its life. This includes all costs associated with acquiring, controlling, operating and disposing of the asset;

“Maintenance” The work needed to maintain an asset in a condition that enables it to reach its service potential over its useful life. **Maintenance does not extend an asset's useful life and related expenditure is treated as current expenditure;**

“Needs analysis” A thorough analysis to compare community demands, expectations and needs with current and possible sources of service supply;

“Residual value” The net market value or recoverable value, which is (or expected to be) realized from the disposal of an asset at the end of its life, after deducting the cost (or expected costs) of disposal;

“Risk management” A management technique used to identify and analyse potential risks, and to implement appropriate responses;

“Strategic Plan” A document or statement setting out the strategies that the department intends to follow in the medium term in order to achieve the Government's policy objectives;

“Useful life” Is the period over which depreciable asset is expected to be used by the department.;

“Valuation” The process of assigning and recording a monetary value for an asset (initially, the cost at acquisition);

“Whole-of-life cycle approach” Asset management across the whole life of the asset.

2. INTRODUCTION

The creation and implementation of an Asset Management Policy is an essential part of the Asset Management reforms taking place in the province. The Asset management policy will be in line with international best practices and will focus on the four key activities of the Asset Life-Cycle, viz

- **Planning**
- **Acquisition**
- **Operations and Maintenance**
- **Disposal**

This methodology ensures that the total cost of the asset is considered before procuring, that the budget can be aligned with the need for funds at the appropriate time and intervals and the entire Asset Management process can be aligned to Supply Chain Management procedures. The true total cost of an asset can be readily determined through the maintenance of complete and accurate asset records.

3. OBJECTIVE

The objectives of this Asset Management Policy are as follows:

- To ensure that all assets are effectively and efficiently controlled, utilized, safeguarded, and managed.
- To ensure that Asset Managers are aware of their responsibilities with regards to Asset Management.
- To ensure the prime objectives of service delivery at each Department are achieved at the optimum level of investment.

4. SCOPE OF POLICY

This policy applies to all employees of the Department of Community Safety and Liaison, employed in terms of the Public Service Act, 1994 and any person/s employed in a contractual capacity.

5. GOVERNING PRESCRIPTS

5.1 Public Finance Management Act, 1999 (Act 1 of 1999)

Section 45(b) and (c) of the Public Finance Management Act, 1999 (Act 1 of 1999) states that an official within a Department ... *"is responsible for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility;"*... and the official ... *"must take effect and appropriate steps to prevent, within that official's area of responsibility, any unauthorized expenditure, irregular expenditure and fruitless and wasteful expenditure and any under collection of revenue due;"*...

Section 45(e) of the Public Finance Management Act, 1999 (Act 1 of 1999) states that an official in a department ... *"is responsible for the management, including the safeguarding, of the assets and the management of the liabilities within that official's area of responsibility."*...

5.2 Treasury Regulations (March 2005)

Section 10.1.1 of the Treasury Regulations, 2005 states *"The accounting officer of an institution must take full responsibility and ensure that proper control systems exists for assets and that –*
(a) preventative mechanisms are in place to eliminate theft, losses, wastage and misues; and
(b) stock levels are at an optimum and economical level.

Section 10.1.2 of the Treasury Regulations, 2005 states *"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.*

5.3 Provincial Treasury Practice Note 006 – Asset Management Framework

5.4 Departmental Financial Delegations of Authority

6. ASSET MANAGEMENT PRINCIPLES

Asset Management is defined as: *"The process of decision-making, planning and control over asset acquisition, the use, safeguarding and disposal of assets to maximize their service delivery potential and benefits and minimize the related risks and costs over their entire life"*.

The principal objective of asset management is to enable an institution to meet its service delivery objectives efficiently and effectively by achieving the best possible match of assets with program delivery strategies. This is based on the critical examination of alternatives to the use of assets.

With pressure on resources available to delivery programs, it is important to understand that asset consumption is a real and significant cost of program delivery. The application of *life-cycle costing techniques* and the establishment of *appropriate accountability frameworks* are integral to achieving this understanding.

To be effective, asset management needs to be considered as a comprehensive and multi-disciplinary activity that takes into account a range of actors such as:

- the asset life-cycle and asset management principles

- the needs of the user/s of the asset
- the policy and legislative environment
- the department's management and planning framework
- technical adequacy and commercial viability
- external or market factors
- the competing demands of stakeholders ; the need to rationalize operations to improve service delivery or to enhance cost-effectiveness; and various techniques including value management, demand management, economic appraisal, life-cycle costing and risk management.

7. STATEMENT OF POLICY

The policy of the Department of Community Safety and Liaison is that assets shall be:

- 7.1 Acquired according to needs and in accordance with planned and budgeted timetables and normal Supply Chain Management: Acquisition procedures;
- 7.2 Recorded in the asset register maintained by the Department, which shall:
 - 7.2.1 Comply with the standards set out by the national and Provincial Treasuries and Generally Recognized Accounting Practice;
 - 7.2.2 Be reconciled monthly and annually to the accounting system of the Department;
 - 7.2.3 Be printed in full by the second working day of each month, bound, marked, filed and retained for a period of at least five years.
- 7.3 Valued in the asset register at the cost of the asset to the Department;
- 7.4 Recorded in the asset register irrespective of the cost of the asset to the Department;
- 7.5 Depreciated according to the standard rates of depreciation for the class of asset as laid down by the National and Provincial Treasuries;
- 7.6 Specifically allocated to custodians of the assets;
- 7.7 Checked from the asset register to the individual asset and *vice versa* on a regular basis but **not less than once per annum for assets valued at less than R5000.00 and not less twice per annum for assets valued at more than R5000.00;**
- 7.8 Evaluated to determine the condition of the asset **not less than once per annum for assets valued at less than R5000.00 and not less than twice per annum for assets valued at more than R5000.00;**
- 7.9 Maintained by custodians of assets to ensure that they are not lost or damaged in such a way that the value of the asset is impaired;
 - 7.9.1 Custodians of assets shall immediately report the loss of, or damage to, an asset to the Chief Financial Officer of the Department;
 - 7.9.2 Where theft, loss or willful damage to any asset occurs, the facts shall be reported to the nearest station of the South African Police Service and a case number shall be obtained and supplied to the Chief Financial Officer of the Department;
- 7.10 Any loss, damage or theft shall be investigated by Internal Control and Risk Management and a report tabled before the Asset Disposal Committee prior to the asset being considered for scrapping or disposal;
- 7.11 Disposed of or scrapped provided that the asset:
 - 7.11.1 Is no longer serviceable;
 - 7.11.2 Has reached the end of its useful life;

- 7.11.3 Has not been willfully damaged, in which case the asset may be scrapped provided that the person responsible for the damage is identified and makes good the damage to the Department;
 - 7.11.4 Has been approved for disposal by the Disposal Committee;
 - 7.11.5 Is disposed of in a way that realizes the most value for the Department on its disposal;
 - 7.11.6 Continues to be recorded as an asset on the asset register of the Department but is recorded as having been disposed of and that the date of disposal and consideration received are recorded.
- 7.12 When assets or liabilities of the Department are transferred to another department or other institution in terms of legislation or following a re-organisation of functions, the Accounting Officer shall comply with Section 42 of the Public Finance Management Act.

8. IMPLEMENTATION DATE

This policy supersedes any previous policies and is effective from

1 JULY 2007

**MS Y E BACUS
HEAD OF DEPARTMENT**

Annexure A

Classification of Assets

Asset Type Parent Folder Name	Asset Type Folder Name	Asset Type Name	Useful Life in years
Computer Equipment	Hardware	Back up Devices	3
		Binders	3
		CD/DVD writers	3
		Controller Cards	3
		Data Cabinets	3
		Data Projectors	3
		Desktop PC's / CPU's	3
		Docking Stations	3
		Hubs	3
		Keyboards	3
		Mice	3
		Modems	3
		Monitors	3
		Multifunctional Output Equipment	3
		Network Devices	3
		Notebooks / Labtops	3
		P Touch	3
		Plotter	3
		Pocket PC's	3
		Port Replicators	3
		Printers	3
		Racks	3
		Routers	3
		Scanners	3
		Servers	5
		Speakers	3
		Switches	3
		Tablet PC	3
Tape Drive	3		
Thin Client	3		
UPS	3		
USB Converter	3		
Wireless Devices	3		
Office Furniture & Equipment	Audio Visual Equipment	Cameras	5
		CD/DVD/VCR's	5
		TV	5
		Decoders	5
		Dictaphone	5
		Electronic Print Board	5
		Hi Fi's	5
Microfische	5		

		Projection Equipment	5
		Public Address Systems	5
		Radio Cassettes	5
		Scribers	5
		Smart Board	5
		Other Sound & Lighting Equipment	5
		Sound Systems	5
		Speakers	5
		Video Vex Viewers	5
		Voice Recorders	5
		Office Furniture	Artwork
	Beds		5
	Benches		5
	Boards		5
	Book Cases		5
	Cabinets		5
	Chairs		5
	Couches		5
	Credenzas		5
	Cupboards		5
	Desks		5
	Filing Units		5
	Ladders		5
	Lockers		5
	Pedestals		5
	Podiums		5
	Racks		5
	Safes		5
	Steps		5
	Shelving		5
	Sideboards		5
	Stands		5
	Stools		5
	Tables		5
	Trolleys	5	
	Turn – o – Files	5	
	Office Equipment	Air Conditioners	5
		Automatic Punches	5
		Binders	5
		Boards	5
		Calculators	5
Card Holders		5	
Cellular Telephones		5	
Cutting Machines		5	
Duplicating Machines		5	
Electrical Heaters		5	
Engraving Equipment		5	
Fans		5	
Fax Machines		5	
Franking Machines		5	
Heaters		5	
Labeling Equipment	5		

		Laminators	5
		Letter Folding Machines	5
		Microfiche Equipment	5
		Money Counting Equipment	5
		Paper Shredders	5
		Photocopier Machines	5
		Plate Makers	5
		Tagging Equipment	5
		Telephonic Equipment	5
		Typewriters	5
		Water Coolers	5
Other Equipment, Plant & Machinery	Other Equipment	Aviation Equipment	10
		Cleaning Equipment	3
		Fire Fighting Equipment	3
		Firearm Equipment	3
		Garden Equipment	2
		Housekeeping Equipment	3
		Kitchen Equipment	5
		Laboratory Equipment minor	5
		Laboratory Equipment major	7
		Laundry Equipment	10
		Medical HTU Equipment	10
		Medical Instrument Packs	10
		Medical Instrument Specific Packs	10
		Medical Equipment minor	10
		Medical Equipment major	15
		Motor Transport Service Equipment	5
		Musical Equipment	10
		Sport & Recreation Equipment	5
		Emergency / Rescue Equipment	5
		Road Traffic Inspectorate Equipment	5
		Safety / Security Equipment	3
		Stores Equipment	5
		Survey Equipment	5
		Workshop Equipment Fixed	5
		Workshop Equipment Movable	3
	Plant & Machinery	Air Compressors	5
		Alcometers	5
		Breakers Mechanical & Hydrolic	5
		Brooms Mechanical & Hydrolic	5
		Bull Dozers	10
		Caravans	5
		Compactors Mechanical & Hydrolic	5
		Concrete Mixers	5
		Cranes	10
		Crushers Mechanical & Hydrolic	5
Excavators		10	
Generators		5	
Graders		10	
Hammers Mechanical & Hydrolic		5	
LDV Mechanics Vehicle		4	
Loaders Mechanical & Hydrolic	10		

		Mowers Mechanical	5
		Pumps	5
		Rollers Mechanical	5
		Saws Mechanical	5
		Snow Ploughs	5
		Spray Units	5
		Sprayers Mechanical	5
		TLB	10
		Tractors	10
		Trailers	5
		Trucks	5
		Vibrators Mechanical	5
		Vehicles	General Vehicles
Busses Urban	12		
Double Cab's 4 x 2 Rural	4		
Double Cab's 4 x 2 Urban	5		
Double Cab's 4 x 4 Rural	4		
Double Cab's 4 x 4 Urban	5		
Kombis Rural	4		
Kombis Urban	5		
Light Delivery Vehicle Rural	4		
Light Delivery Vehicle Urban	5		
Sedans Rural	4		
Sedans Urban	5		
Station Wagon Rural	4		
Station Wagon Urban	5		
Miscellaneous Vehicles	Emergency Vehicles Rural		5
	Emergency Vehicles Urban		6
	Motor Cycles Rural		4
	Motor Cycles Urban		5
	Tractors Rural		10
	Tractors Urban		12
	Trailers Rural	5	
Trailers Urban	6		
Trucks Rural	5		
Trucks Urban	6		

Annexure F

PROCESSES OF ASSET MANAGEMENT

LIFE CYCLE PHASE

The life cycle of an asset can be defined as the period that an entity can foresee itself utilizing an asset on an economically effective and efficient basis for the furtherance of the entity's trade or service deliverance. This period covers all the phases in the life of an asset from planning, acquisition, operation & maintenance

to the eventual disposal of the asset, when it can no longer contribute to the service delivery of the Department.

1. Planning

Planning is the essential tool for achieving service delivery objectives by means of assets. The Department's asset management plans, decisions and activities shall be fully integrated with the strategic business plans. Risk assessment and allocation must start at the planning stage. It will be necessary to continue to verify service needs throughout the planning process and it is important when estimating the useful life of an asset, its planned maintenance should also be considered during the planning stage. See Annexure B

2. Needs analysis

This is the starting point for asset management. Directorates must thoroughly examine the need for service and infrastructure provision and consider the full range of options for responding to it. This includes both non-asset and asset solutions as well as demand management strategies and the possible role of private sector providers.

3. Budget Planning of funding for the asset

Assets require the commitment of funding over their entire lives, which includes capital expenditure for their purchase or construction and recurrent expenditure for their ongoing maintenance and operation. The disposal value at the end of their service life must also be considered. Expenditure requirements must be covered by identified sources of funding.

4. Pricing the use of assets

Pricing should be based on the true cost of creating, operating, maintaining and eventually disposing of the asset, and should reflect the department's service objectives and market conditions. The true cost includes a rate of return (i.e. the opportunity cost of capital investment), the operating and maintenance expenditure and a depreciation allowance. Pricing may also be used as a way of managing demand.

5. Acquisition

Decisions regarding acquisition/disposal require thorough examination and economic appraisal. The options for acquiring assets include creating, purchasing or leasing. Seeking private sector involvement to provide assets or services required must also be considered.

6. Recording, valuation and reporting

6.1 Recording : Asset Register

Departments are accountable for the physical and financial performance of the assets they control, operate and maintain. Information about the performance and condition of an asset provided by accurate recording, valuation and reporting procedures is crucial in decisions to modify, refurbish, find an alternative use for, or dispose of an asset.

The Department for Community Safety and Liaison has a significant investment in its assets and must establish methods to ensure that this investment is properly managed, controlled and recorded. To this end, the Department shall maintain a central record of fixed assets within the component Asset Management and Logistics. This record will be known as the Asset Register and will be maintained according to a specific database known as HardCat. The details per the asset

register must be so that the compiler of financial statements can provide the disclosure that will be required by GRAP.

The Asset Register lists such details as Barcode number; description of assets; location; Purchase cost; acquisition date; custodian; depreciated amount; estimated useful life and residual value.

6.2 Monthly asset register

To enhance the recording of assets on the HardCat system and also to serve as a history of data capturing, the Asset Management Component shall print a full Asset Register by the 2nd of each month. These register are to be bound per month, clearly marked and filed. The registers are to be archived at the end of each financial year.

7. Valuation:

Assets are to be recorded at a specific value.

(a) Purchases in the current financial year

A monthly reconciliation of the Financial System (BAS) will ensure that all assets purchased for Capital Expenditure > R5000 and Current Expenditure < R5000 are recorded on the asset register at the correct purchase price and the correct month.

(b) Purchases in the previous financial years where invoices are available :

A reconciliation of the Financial System (BAS) will ensure that all assets purchased for Capital Expenditure > R 5000 and Current Expenditure < R5000 have been identified and recorded at the correct purchase price of the asset. As the asset was purchased in the previous financial year depreciation will have to be calculated, thereby reducing the book value of the asset. The depreciation calculation is processed by the Provincial Treasury, Asset Management component after confirmation of reconciliation.

(c) Purchases in previous financial years, prior to 2004/2005 where no invoices are available:

Where the costs involved in obtaining a value for the asset are not feasible, the asset should be recorded at R1. This applies to assets whose useful life has been exceeded, e.g. computers purchased four years ago exceeds their useful life expectancy of 3 years and should be recorded at R1. Where the purchase date of the asset is unknown and where it can be established that the useful life expectancy has already been exceeded, the asset can be loaded onto the asset register with the purchase date of 31st March 2004.

The maintenance of an asset register that comprises an accurate record and valuation of assets will support effective decision-making about asset utilization.

8. Depreciation

Asset values are generally recorded at the original purchase price (*historic cost*) of the asset. They may later be re-valued on some other basis.

Depreciation recognizes the cost of consuming the service potential of an asset over time, and provides a means of accounting for the cost of an asset over its useful life. It must be emphasized that accounting 'depreciation' is not saving up for new assets and is only partly a reflection of the

"wearing out" of assets. Other factors, such as technical obsolescence and any residual value of the asset, must also be considered.

Depreciation is a monthly process performed by Provincial Treasury on request once reconciliation has been completed.

9. Reporting

9.1 Accounting and Reporting

The Asset Register shall be reconciled every month with the Financial Reports obtainable from the Financial System. The expenditure reflected in the financial system report 'Payments for Capital Assets' > R5000 and 'Equipment < R 5000' must balance to the values attached to assets purchased during that month on the Asset Register. The monthly reconciliation between the two systems shall be checked by a senior official and reported to management each month. This process will be made easier by procuring through HardCat as updating will be automatic.

Any discrepancies that are identified during the reconciliation process must be investigated and rectified, either by updating the asset register or accounting for the discrepancy on the reconciliation. All discrepancies identified during the reconciliation must be cleared before the next month's reconciliation is due.

At the end of each financial year, the expenditure reports for Purchases of capital assets > R5000 and Equipment < R 5000 needs to be drawn for the entire financial year. The corresponding report needs to be drawn from the Asset Register and the Asset Manager must then reconcile the two reports for the entire financial year. This reconciliation must be forwarded to the Chief Financial Officer for final approval.

It is the Asset Managers responsibility to report on the value of the assets, including the depreciation and accumulated depreciation values in Annual Financial Statements for the department. Given the cash basis of accounting the assets will be disclosed in the Annual Financial Statements and not recognized on the face of the balance sheet at this stage.

Other important reports that will require the Asset Managers attention during a year is reports on asset disposal and maintenance. The final figure of all assets > R 5000 disposed of during the year forms part of the annexures to the Annual Financial Statements and accurate records should be maintained during the year. Details of how the asset was disposed off, proceeds received (if any) as a result of the disposal and all documentation obtained as a result of the disposal should be maintained for Audit purposes.

All documentation and reports of the maintenance expenses incurred during a year should also be maintained by the Asset manager and kept for Audit Purposes.

9.2 Management Reporting

9.2.1 Strategic Planning

The strategic plan of the Department as envisaged in Treasury 'Regulation 5.2.2 shall include:

- (a) Details of proposed acquisitions of fixed or movable capital assets, planned capital investments and rehabilitation and maintenance of physical assets;
- (b) Details of proposed acquisitions of financial assets or capital transfers and plans for the management of financial assets and liabilities; and
- (c) Multi-year projections of income and projected receipts from the sale of assets

9.2.3 Monthly Progress Reporting

The Asset Management component shall submit a progress report through the Chief Financial Officer to Provincial Treasury by the 7th of each month.

10. Maintenance

Post-acquisition reviews and evaluations shall be carried out periodically to verify that required outcomes are being achieved.

11. Disposal

This is the final phase in the life-cycle of an asset. At this phase the asset is identified as being unserviceable, redundant or obsolete and requires to be disposed of. The Chief Financial Officer shall nominate a Disposal Committee whose function it will be to make recommendations regarding the disposal of any asset within the Department. The Asset Manager shall maintain an Asset Disposal Plan that will include various disposal methods.

12. Accountability

For every asset acquired and recorded in the Asset Register, a custodian is appointed. This appointed custodian shall be responsible for that particular asset and a signed inventory will be secured to the relevant location door.

During the annual/bi-annual verification of assets (stock count), the Asset manager shall physically confirm that the assets assigned to each appointed custodian is accounted for. The responsible custodian shall be required to account for any missing/damaged assets.

13. 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 Asset Management who will firstly request the Loss Control Component to log the loss and secondly, together with Internal Audit, investigate and determine whether negligence was evident in the loss. 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 Management Component will recommend to the Disposal Committee that the asset be written off.

Once the Disposal Committee has approved a write-off of the loss, Asset Management will amend the detail in the Asset Register (ie the cost of the item will revert to R0.00 and a summary of the loss including the SAPS case no will be captured into the 'more text' area on the HardCat system.) Asset Management will submit all relevant documentation to the Loss Control Component to further their procedure.

14. Classification of Assets

Refer to the attached annexure A for details regarding Asset Classification including the "useful life in years"

11. Documentation

Through the implementation of the Asset Register, a number of standard forms have been designed. These include:

- HardCat Asset Addition Form
- HardCat Asset Transfer Form
- HardCat Disposal Form

These documents contain the minimum information required to control all aspects of the assets within the department.

The following should be noted when using any of the HardCat forms:

- 1 All documents used for transactions affecting the asset register must be safeguarded for Audit Purposes, i.e. Movable Asset forms for new users, transfers, additions, disposals, etc.
- 2 All documents will be accessed regularly by the Asset Manager to check information on the Asset Register and during the monthly reconciliation of the Asset System with the Financial System.
- 3 Each financial year's Movable Asset forms may be archived for one financial year after the close of that financial year.
- 4 The monthly Financial and Asset Systems reconciliation must be kept filed in monthly order and kept for Audit Purposes and may be disposed of at the end of the following financial year.
- 5 The annual Financial and Asset Systems reconciliation must be kept filed in year order and kept for Audit purposes and may be disposed of after 5 financial years.

LOGICAL ACCESS TO HARDCAT

Logical access to HARDCAT shall be controlled by the Department.

Statement of risks

HARDCAT is a SQL server based system purchased by the Department of Community Safety and Liaison through the Provincial Treasury. It is hosted by SITA and is a package purchased by the Province. The Department of Community Safety and Liaison has neither access to either the underlying coding of queries that execute on the database nor the underlying data in the tables except through executing authorised queries.

The Department of Community Safety and Liaison is not responsible for programme maintenance and change control, backup or data correction except through approved queries.

The generic risks faced by the Department are those applicable to any computer system and comprise:

- Unauthorised sign-on to HARDCAT through the use of improper accounts;
- Failure to apply proper password standards leading to the ability to 'guess' passwords and masquerade as a user;
- Failure to logoff from HARDCAT when work is finished allowing an unauthorised user to operate a legitimate users account;
- Failure to assign proper privileges to an authorised user resulting in inappropriate division of duty;
- Failure to terminate an authorised user account when the user leaves the Department;
- Failure to identify and review unusual transactions that may cause the data in HARDCAT to be incorrect; and
- Failure to identify attempts to break into, or misuse, HARDCAT.

Logical access controls over HARDCAT

Logical access controls over HARDCAT shall comprise the following:

1. Unauthorised sign-on to HARDCAT through the use of improper accounts
 1. All new users shall submit a request for access to HARDCAT in writing. The request shall be approved in writing by the Head of the Asset Management unit and the Financial Manager prior to any access being given to HARDCAT;
 2. The SYSCON shall obtain a listing of changes to the authorised users of HARDCAT at least monthly and review and validate any new or discontinued users. Where such validation cannot be obtained the SYSCON shall immediately inform the Internal Control and Risk Management Unit, who shall immediately investigate the circumstances giving rise to the change.

3. The SYSCON shall request logs from SITA of all failed sign-on attempts showing at least the date and time of the attempt, the number of attempts and the terminals where the attempt were made and shall immediately investigate the failed attempts.
- 2 Failure to apply proper password standards leading to the ability to 'guess' passwords and masquerade as a user
 1. Passwords shall comprise at least 6 characters and should preferably be mixture of alphabetic and numeric characters;
 2. Passwords shall not be words that can be logically associated with a user;
 3. Passwords shall be changed monthly;
 4. If the logical access system of HARDCAT supports it, passwords shall not be reused. If HARDCAT does not support such a control automatically then the onus is on the user to ensure that passwords are not reused;
 5. Passwords for an authorised user shall not be shared with another user.
 - 3 Failure to logoff from HARDCAT when work is finished allowing an unauthorised user to operate a legitimate users account
 1. HARDCAT shall be configured so that if there are no uncaptured transactions and HARDCAT has not been used for five minutes it will automatically log the user out the system;
 2. If the controls proposed in 3.1 above cannot be applied then all users shall:
 - a Finish any uncompleted transaction prior to leaving the workstation;
 - b Ensure that a password protected automatic screen saver disables access to the computer system if the user will be away from the terminal for a short period (i.e. less than 1 hour);
 - c Completely log out of HARDCAT if the user will be away from the terminal for more than 1 hour;
 - d In all instances, any entrance to the offices where HARDCAT terminals are located shall be locked while the user is not using the terminal.
 - 4 Failure to assign proper privileges to an authorised user resulting in inappropriate division of duty.
 1. No user shall have more less privileges than are required to execute their job;
 2. No user shall have access to HARDCAT except where such access is authorised in writing by the SYSCON and Financial Manager;
 3. There shall only be one person with SYSCON privileges;
 4. Authorisation shall take the form of a list of privileges (functions) as per the example below together with the proposed privileges for the user concerned;

Name	Function	Privilege
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Persal No: Rank:		
	Administration	N
	Financial	R
	Export	RAD
	Import	RAD
	Depreciation	R
	Maintenance	RA
	Locations	RA
	People	RA
	Reports	RAD
	Help Desk	R
	Stock	RA
	Suppliers	RAD
	Products	RAD
	Barcoding	RAD
	Purchasing	RAD
	Assets	RAD
	Cost Centres	RAD
Asset Types	RAD	

Where: R = Read only, A = Amend, D = Delete and N = None

5. HARDCAT shall, if possible, report changes in privileges to the SYSCON as they occur. The SYSCON shall print, review, validate and retain the reports;
 6. The SYSCON shall review the privileges of all users at least monthly to ensure that the privileges are appropriate and maintain records of the reviews;
 7. SITA shall be requested to produce logs of failed attempts to use unauthorised privileges, which logs shall be e-mailed to the SYSCON. The logs shall be investigated by the SYSCON and appropriate action taken. Logs shall be filed together with a record of the disposition of the incident.
- 5 Failure to terminate an authorised user account when the user leaves the Department
1. The SYSCON shall terminate the account of any user when the user leaves the Department;
 2. The SYSCON shall attach a listing of the authorised users of HARDCAT to the termination clearance form of the employee leaving the Department;
 3. The SYSCON shall suspend the account of any user when the user is away from the Department for a period of more than 1 week and reactivate it on the employees return.
- 6 Failure to identify and review unusual transactions that may cause the data in HARDCAT to be incorrect
1. SITA shall be requested to produce logs of all transactions showing the before and after images of the transactions together with the date and time that the transaction occurred, the terminal where the transaction was processed and the name of the user processing the transaction;

2. Where the controls set out in 6(1) above cannot be applied, the SYSCON shall compare critical fields in HARDCAT on a monthly basis to determine whether changes are valid changes;
 3. The data validation checks referred to in 6(1) and 6(2) shall be retained by the SYSCON for at least 1 year but may be disposed of after the year end asset register has been audited by the Auditor-General.
- 7 Failure to identify attempts to break into, or misuse, HARDCAT
1. SITA shall be requested to produce logs of failed attempts to log on to HARDCAT, which logs shall be e-mailed to the SYSCON. The logs shall be investigated by the SYSCON and appropriate action taken. Logs shall be filed together with a record of the disposition of the incident.