

BUFFALO CITY METROPOLITAN MUNICIPALITY

POLICY GAP ANALYSIS

MOVABLE ASSET MANAGEMENT POLICY

2025/2026

POLICY GAP	RECOMMENDATION/ ADDITION	Page number
ABBREVIATIONS CIDMS (City Infrastructure Delivery and Management System (National Treasury))	ABBREVIATIONS Deleted CIDMS as it is not used anywhere in the policy	Page 3
3.2. ACCOUNTING STANDARDS As a high capacity municipality, BCMM was required to convert to applicable standards of GRAP on 1 July 08.	3.2. ACCOUNTING STANDARDS Deleted	Page 4
5. APPROVAL AND EFFECTIVE DATE The CFO is responsible for the submission of the Policy to Council to consider its adoption after consultation with the City Manager.	5. APPROVAL AND EFFECTIVE DATE Recrafted the statement as follows: The City manager is responsible for the	Page 5

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	submission of the Policy to Council to consider its adoption after consultation with the CFO.	
<p>6KEY RESPONSIBILITIES</p> <p>City Manager</p> <p>In terms of section 63 (1)(a) of the MFMA the City Manager (CM) is responsible for the management of the movable assets of the municipality, including the safeguarding and the maintenance of those assets.</p>	<p>6KEY RESPONSIBILITIES</p> <p>City Manager</p> <p>Removed movable as the Act does not read as such</p>	Page 5
<p>Chief Financial Officer</p> <p>The Chief Financial Officer (CFO) is responsible to the CM to ensure that the financial investment in the municipalities' movable assets is safeguarded and maintained.</p>	<p>Chief Financial Officer</p> <p>Removed to the CM</p> <p>The Chief Financial Officer (CFO) is responsible to ensure that the financial investment in the municipalities' movable assets is safeguarded and maintained.</p>	Page 6
<p>Chief Financial Officer</p> <p>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</p>	<p>Chief Financial Officer</p> <p>Deleted shall be the fixed asset registrar of the municipality and amended as follows:</p> <p>The CFO shall ensure that a complete, accurate and</p>	Page 7

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maintained.	up-to-date fixed asset register is maintained.	
<p>Chief Financial Officer</p> <p>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.</p>	<p>Chief Financial Officer</p> <p>Removed the statement “by an official acting under the written instruction of the CFO.”</p> <p>No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by an official as delegated by the CFO.</p>	Page 7
<p><u>Leased assets</u></p> <p>Where there is no substantial transfer of risks and rewards of ownership to the municipality, the lease is considered an operating lease and payments are expensed in the income statement on a systematic basis (straight line basis over the lease term).</p>	<p><u>Leased assets</u></p> <p>Replaced income statement with statement of financial performance</p> <p>Where there is no substantial transfer of risks and rewards of ownership to the municipality, the lease is considered an operating lease and payments are expensed in the statement of financial performance on a systematic basis (straight line basis over the lease term).</p>	Page 11

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<p>9.2 CLASSIFICATION OF MOVABLE ASSETS</p> <p>Table 1 - Asset categories, sub-categories and groups</p> <p>Intangible assets – Computer software</p>	<p>Removed Intangible assets from the movables</p>	<p>Page 13</p>
<p>9.3 IDENTIFICATION</p> <p>(b) Policy statement</p> <p>A coding system shall be adopted and applied that will enable each asset of movable assets to be uniquely and readily identified.</p>	<p>9.3 IDENTIFICATION</p> <p>(b) Policy statement</p> <p>Removed of movable assets, and readily</p> <p>A coding system shall be adopted and applied that will enable each asset to be uniquely identified.</p>	<p>Page 14</p>
<p>(d) Procedure to be followed when a movable asset is purchased and delivered</p> <p>An asset additions form will then be sent to the user department.</p> <p>A clerk will be dispatched to barcode/tag the asset and collect the asset additions form, which should be</p>	<p>(d) Procedure to be followed when a movable asset is purchased and delivered</p> <p>Deleted the following statement as it is no longer applicable</p> <p>An asset additions form will then be sent to the user department.</p> <p>Deleted and collect the asset additions form, which should be accompanied by and amended as</p>	<p>Page 14</p>

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<p>accompanied by an invoice of the asset in question</p>	<p>follows:</p> <p>A clerk will be dispatched to barcode/tag the asset and collect the invoice of the asset in question.</p>	
<p>9.4. ASSET REGISTER</p> <p>(a) Definitions and rules</p> <p><u>Information to be Included in an Asset Register</u></p> <ul style="list-style-type: none"> • The erf number, in the case of fixed property • Depreciation for the year charged against the cost of the asset • Whether the asset has been used to secure any debt, and if so the nature and duration of such security arrangements 	<p>9.4. ASSET REGISTER</p> <p>(a) Definitions and rules</p> <p><u>Information to be Included in an Asset Register</u></p> <p>Deleted the statement as it relates to immovable assets</p> <p>Removed charged against the cost of the asset</p> <p>Removed the statement as this information is not included in the asset register</p> <p>Added Custodian</p>	<p>Page 15</p>
<p><u>Updating data in the asset register</u></p> <p>The fixed asset register is updated by the Asset Division annually.</p>	<p><u>Updating data in the asset register</u></p> <p>Replaced annually by monthly</p> <p>Also replaced Division by Department.</p>	<p>Page 16</p>

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<p>9.6 DEPRECIATION</p> <p><u>Annual review of remaining useful life</u></p> <p>Movable assets nearing the end of their useful life (< 12 months) and where no additional information is available at reporting date and application for replacement has not been made by the relevant dept, the asset is assumed to be in use for an additional 6-18 months depending on the value and nature of the asset and/or until the asset is replaced, de-recognised, impaired or written off in the next reporting period.</p>	<p>9.6 DEPRECIATION</p> <p><u>Annual review of remaining useful life</u></p> <p>Removed this paragraph as it does not align with our disclosure in the FAR currently.</p>	<p>Page 19</p>
<p><u>Depreciation charge</u></p> <p>Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (in accordance with the standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations) and the date the asset is derecognised.</p>	<p><u>Depreciation charge</u></p> <p>Deleted the paragraph as it is no longer applicable.</p> <p>The Standard of GRAP on Non-current Assets Held for Sale was withdrawn.</p> <p>Disposal information about assets or groups of assets and that are significant to an entity or its operations is only disclosed on the notes to the AFS only once an entity had entered into a binding sale agreement.</p>	<p>Page 19</p>

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<p>9.7 IMPAIRMENT</p> <p>(a) Definition and rules</p> <p><u>Indications of impairment</u></p> <ul style="list-style-type: none"> • evidence of physical damage; • evidence of obsolescence; • significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or a manner in which, an asset is used or is expected to be used, including an asset becoming idle, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite; • cash flow for acquiring an asset or maintenance cost thereafter is higher than originally budgeted; • the actual net cash flow or operating profit or loss flowing from an asset are significantly worse than those budgeted; • a significant decline in budgeted net cash flow or operating profit, or a significant increase in the 	<p>9.7 IMPAIRMENT</p> <p>(a) Definition and rules</p> <p><u>Indications of impairment</u></p> <p>Recrafted the indicators of impairment in line with GRAP 21</p>	<p>Page 21</p>

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<p>budget loss, flowing from the asset; or</p> <ul style="list-style-type: none"> operating losses or net cash outflows for the asset when current period amounts are aggregated with budgeted amounts for the future. <p><u>Significant</u></p> <p>Where there are indications of impairment, the municipality must estimate the recoverable service amount of the asset and also consider adjustment of the remaining useful life, residual value, and method of depreciation.</p> <p><u>Impairment loss</u></p> <p>An impairment loss of a cash-generating unit (smallest group of assets that generate cash inflows) or asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.</p> <p><u>Recognition of impairment</u></p> <p>The impairment loss is recognised as an expense when incurred (unless the asset is carried at a re-valued amount, in which case the impairment is carried as a decrease in</p>	<p>Recrafted the statement Where there are indications of impairment, the municipality must estimate the recoverable service amount.</p> <p><u>Significant</u></p> <p>To read: Where the indicators of impairment are significant or permanent, the municipality must estimate the recoverable service amount</p> <p><u>Impairment loss</u></p> <p>Removed the part “(smallest group of assets that generate cash inflows)”</p> <p><u>Recognition of impairment</u></p> <p>Removed (unless the asset is carried at a re-valued amount, in which case the impairment is carried as a decrease in the Revaluation Reserve, to the extent that such reserve exists).</p>	<p>Page 22</p> <p>Page 22</p> <p>Page 24</p>

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<p>the Revaluation Reserve, to the extent that such reserve exists).</p> <p>(b) Policy statement</p> <p>The municipality considers all other services (other than electricity, water, sanitation, and solid waste) to be services whose primary objective is to provide goods and services for community or social benefit, and where positive cash flows are generated, these are with the view to support the primary objective rather than for financial return. Consequently, the municipality adopts the impairment treatment for cash generating units in the impairments of its movable PPE and associated intangible assets that relate to electricity, water, sanitation, and solid waste services.</p> <p>The municipality considers all other services (other than electricity, water, sanitation, and solid waste) to be services whose primary objective is to provide goods and services for community or social benefit, and where positive cash</p>	<p>As it does not relate to movable assets as they are kept at cost.</p> <p>b) Policy statement</p> <p>Removed the statement “(other than electricity, water, sanitation, and solid waste)”</p> <p>Deleted the statement as it relates to immovable assets</p> <p>Deleted equity holders as this is not applicable to the municipality.</p>	<p>Page 25</p>

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<p>flows are generated, these are with the view to support the primary objective rather than for financial return to equity holders. Consequently, the municipality adopts the impairment treatment for non-cash generating units in the impairments of its movable PPE and associated intangible assets that relate to services other than electricity, water, sanitation, and solid waste.</p>	<p>Also deleted associated intangible assets that relate to services other than electricity, water, sanitation, and solid waste as the policy is for movable tangible assets.</p>	

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<p>9.8 DISPOSAL AND DE-RECOGNITION <u>Disposal Management System</u> An effective system of disposal management for disposal or letting of assets, including unserviceable, redundant, or obsolete assets, must be provided for in the Supply Chain Management Policy. This must specify the ways in which assets may be disposed of, including by</p> <p>(b) Policy statement Where an asset being de-recognised was previously revalued, the revaluation surplus is transferred to the Accumulated Surpluses/ (Deficits) Account on de-recognition of an asset.</p> <p>(d) Procedure to be followed when disposing movable assets</p> <ul style="list-style-type: none"> • The Disposal Committee makes recommendations on a report which is sent to the Acting City Manager. • Acting City Manager reports disposals to council 	<p>9.8 DISPOSAL AND DE-RECOGNITION <u>Disposal Management System</u> Removed this paragraph and replaces with the following: “An asset may be disposed of by utilising the following” -</p> <p>(b) Policy statement Removed the statement as it does not relate to movable assets as they are kept at cost.</p> <p>(d) Procedure to be followed when disposing movable assets Replaced Acting City Manager with City Manager</p> <ul style="list-style-type: none"> • The Disposal Committee makes recommendations on a report which is sent to the City Manager. 	<p>Page 26</p> <p>Page 27</p> <p>Page 27</p>

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<ul style="list-style-type: none"> When approved, Assets section with SCM will make arrangement to pick up all items approved for disposal, to a point of sale or scrapping. 	<ul style="list-style-type: none"> City Manager reports disposals to council <p>Amended the statement as follows:</p> <ul style="list-style-type: none"> When approved, the affected departments must make arrangements to pick up all items approved for disposal, and deliver them to the point of sale or scrapping. 	
<p>SAFEGUARDING</p> <p>Responsibilities</p> <ul style="list-style-type: none"> Each Head of Directorate shall prepare and submit to the CFO an annual asset FAR Certificate verifying the movable assets under the control of their respective departments. 	<p>SAFEGUARDING</p> <p>Responsibilities</p> <ul style="list-style-type: none"> Removed the statement as it is no longer applicable 	Page 29
<p>USEFUL LIFE</p> <p>Intangible Assets – Capitalised development costs</p> <p>Intangible Assets – Computer Software</p>	<p>USEFUL LIFE</p> <p>Removed Intangible assets from movable assets policy</p>	Page 31