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File no.: 5/3/1/4/P
Enquiries: A Betz

Procurement Management Minute: 0001/2020

To: Superintendent-General, Deputy Directors-General, Chief Directors, Directors (Head Office and district offices) and Heads of all subdirectorates and divisions at Head Office and district offices

Subject: Disposing of moveable tangible assets

1. In terms of section 38(1)(a) of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), the accounting officer is responsible for financial and risk management, as well as the effective and efficient use of all assets. Part 10.1.1 of the Western Cape Provincial Treasury Instructions (WCPTI), issued in terms of section 18(2)(a) of the PMFA on 23 September 2019, requires that the accounting officer or accounting authority ensure that the supply chain management system of the institution provides for an effective and efficient disposal management system which must minimise the holding of surplus and underutilised assets.
2. Furthermore, Part 10.1.2 of the WCPTI stipulates that the disposal management of the institution must provide for various disposal options as required by the categories of assets of the institution and may include:
 - a) Public auction;
 - b) Public tender;
 - c) Transfer to other institutions;
 - d) Sale to other institutions;
 - e) Letting;
 - f) Sale to employees;
 - g) Trade-in; and
 - h) Controlled dumping.
3. The Western Cape Education Department (WCED) has, however, decided not to follow the option of selling redundant, surplus or underperforming assets to any employee of the State.

4. WCPTI 5.2.2 determines that the accounting officer or accounting authority of an institution must ensure that a supplier of goods and services is registered on the Central Supplier Database (CSD). In addition to this, paragraph 5.3.2 states that all prospective suppliers intending to do business with the Western Cape Government must complete a registration process on the e-procurement solution as determined from time to time by the Provincial Treasury.
5. During previous financial years, certain issues were identified with regard to the write-off and disposal of moveable tangible assets at Head Office and district offices. These issues include, *inter alia*, the donation of furniture and equipment to WCED institutions without the necessary approval, deviation from the procedures for the donation of redundant, surplus or underperforming assets to WCED institutions and the re-deployment of furniture and equipment that has been written off.
6. In order to dispose of moveable tangible assets (furniture and equipment, including IT equipment), a Log 1 requisition form must be duly completed and signed by the responsibility manager of the cost centre. The completed form must be submitted to the Policy and Planning unit in Room 612, 6th Floor, Grand Central Towers Building, Cape Town. The following information on the assets to be written off and disposed of must be indicated on the Log 1 form or an annexure to it:
 - The barcode number
 - A complete description
 - The condition
 - The precise location (building, floor and room number)
 - The serial number, where applicable
7. A completed Basic Accounting System (BAS) allocation form (PGWC 002) must accompany the Log 1 form. Any expenditure which might be incurred in the disposal process will be allocated to the vote of the relevant responsibility manager.
8. Responsibility managers will be informed of the decision of the WCED Disposal Committee at Head Office and provided with the relevant documentation as proof that the item(s) have been written off. The VA 27 form, signed by the delegated official and members of the Disposal Committee, must be completed by the relevant officials after the assets have been disposed of in the manner approved by the delegated official. All this documentation must be filed appropriately for audit purposes.
9. It is the policy of the WCED to dispose of office equipment, computer and IT related equipment by selling it to the highest bidder via the approved tender process. Useful office furniture and equipment are disposed of by donating it to WCED institutions and damaged or unserviceable assets are dumped.
10. It has been found that obsolete or redundant office furniture and equipment are donated to schools without the necessary approval. This can lead to unnecessary

audit queries. Assets that are earmarked as a donation to a school(s), can only be donated to such schools after it has been written off and approval has been obtained from the delegated official.

11. Assets donated to schools must be issued to such schools with a VA 7 form and a list of assets annexure, if necessary. The barcodes on the assets must be removed and the RSA mark cancelled with an X. These barcodes together with the original VA 7 form must be sent to the Asset Management unit at Head Office.
12. After approval was granted for the disposal of assets, the disposal approval number and "DISPOSED OF", must be written with a permanent marker on non-IT related assets. Stickers reflecting the same information must be placed on the IT equipment. The sale of all computer and office equipment will be arranged by Head Office.
13. Other assets approved for dumping must be dumped at a registered dumping site and certification and the removed barcodes in this regard must be provided to Head Office. At least two officials must be present at the dumping of the assets. In this regard, asset controllers must ensure that the barcodes on the disposed assets are removed and the RSA mark is cancelled with an X. The barcodes and the duly completed VA 27 form must be sent to Head Office for record purposes.
14. It is sometimes found that items earmarked for disposal and those items approved for disposal are still being used. It must be emphasised that all furniture and equipment earmarked for disposal and those items approved for disposal must be kept in a safe and secure place until the disposal process is finalised. Furthermore, it has also been found that IT equipment is being cannibalised. This is contrary to the prescripts for the disposal of IT equipment.
15. It is also still found that redundant and obsolete assets are placed outside offices in passages and hallways. Officials are kindly requested to refrain from such practice and to contact the assets controller of their cost centre if they do not have any use for asset(s) in their work space.
16. It is essential that movement forms are completed when assets are moved among locations. Assets controllers are requested to ensure that movement forms are completed before any assets are moved. The completed movement forms must be sent to the Asset Management unit at Head Office to update the WCED asset register.
17. Responsibility managers are reminded that all assets on the inventory of their cost centre, including assets earmarked for disposal, remain their responsibility and must still be safeguarded against theft and losses in terms of section 38(1)(a) of the Public Finance Management Act (PFMA), 1999(Act 1 of 1999), as delegated.

18. It is trusted that the instructions contained in this minute will be adhered to at all times.
19. Enquiries regarding the content of this minute may be directed to Mr A Betz at tel. no. 021 467 2804.
20. Please ensure that all personnel are informed of the contents of this minute.

SIGNED: LJ ELY

DEPUTY DIRECTOR-GENERAL: CORPORATE SERVICES

DATE: 2020-03-05