





**SOUTH AFRICAN DIAMOND AND
PRECIOUS METALS REGULATOR**

ASSETS MANAGEMENT POLICY:

Custodian: Finance division		
Recommended by:		29/09/2023
	Chief Executive Officer	Date
Approved by:		29/09/2023
	Chairperson of the Board	Date

Version Control	
Version number (Final)	3
Date:	August 2023
Version number	2
Last approval date	July 2023
Version number	1
Date:	May 2021
Last approval date	28 May 2021

Table of Contents

1. Objective	3
2. Purpose	3
3. Scope of Applicability	3
4. Legislative Framework	3
5. Definitions	4
6. Recognition Criteria	6
7. Measurement of Assets	6
8. Transfer of Assets	7
9. Assets Life Cycle and Assets Maintenance	8
10. Assets Register and Management of Assets	10
11. Recording of Assets Components in the Assets Register	12
12. Planning for Assets Acquisition	12
13. Risk Management	13
14. Physical Verification of Assets	13
15. Identification and Management of Redundant, Obsolete or Unserviceable Assets	14
16. Financial Control and Approval of Assets Write off	15
17. Disposal of Assets	16
18. Other Regulations and controls not provided for in this Policy	17
19. Disclosure in the financial statements	17
20. Policy Review	17

1. Objective

This policy is intended to define and provide a framework for the management of assets of the South African Diamond and Precious Metals Regulator (SADPMR).

2. Purpose

- 2.1. To safeguard the assets, ensure the effective and efficient use thereof and cultivate a culture of accountability over the SADPMR's assets by all its employees.
- 2.2. To enforce compliance with the Public Finance Management Act (PFMA), Treasury Regulations and other relevant laws and to ensure that the SADPMR attains maximum economic benefits from all assets acquired.
- 2.3. To comply with the required standards, namely the Generally Recognised Accounting Practice in terms of the treatment, management, disposal and reporting of assets.

3. Scope of Applicability

The policy is applicable to all employees, interns, Board members and consultants of the SADPMR.

4. Legislative Framework

- 4.1. The mandate of the policy is derived from the following legislation and accounting standards, of which certain stipulations are contained in this policy:
 - 4.1.1. The Constitution of the Republic of South Africa.
 - 4.1.2. The Public Finance Management Act (Act 1 of 1999).
 - 4.1.3. Treasury Regulations and instruction notes.
 - 4.1.4. Preferential Procurement Policy Framework Act.
 - 4.1.5. Standards - The Generally Recognised Accounting Practice.
 - 4.1.6. Diamonds Act (Act 56 of 1986).

5. Definitions

5.1. Assets

An Asset is a resource controlled by the SADPMR as a result of past events and from which future economic benefits or potential service is expected to flow to the SADPMR.

5.2. Property, Plant and Equipment

Property, Plant and Equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used for more than one reporting period.

5.3. Intangible Assets

5.1.1. An intangible asset is an identifiable non-monetary asset without physical substance.

5.1.2. An intangible asset is identifiable if:

- It is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licenced, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or
- It arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

5.4. Useful Life

Useful life is the period of time that future economic benefits associated with an asset is expected to flow to the SADPMR.

5.5. Residual Value

Residual Value is the net amount that the SADPMR expects to obtain for an asset at the end of its useful life after deducting the expected cost of the disposal.

5.6. Fair Value

Fair Value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

5.7. Carrying value

Carrying Value is the amount at which an asset is included in the Statement of Financial Position being the cost after deducting any accumulated depreciation, impairment losses and/or amortisation.

5.8. Recoverable Amount

The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use.

5.9. Finance Lease

Finance Lease is a lease which in effect transfers substantially all the risks and rewards associated with ownership of an asset from the lessor to the lessee hence accounted for as an asset.

5.10. Depreciation and Amortisation

Depreciation and Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

5.11. Depreciable Amount

Depreciation Amount is the cost of an asset, or any other amount that substitutes the cost of an asset (e.g., fair value of the asset) less its residual value.

5.12. Impairment

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

5.13. Impairment Loss

An impairment loss of an asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

6. Recognition Criteria

6.1. Property, Plant and Equipment items will be recognised as assets when the following criteria are met:

- 6.1.1. Future economic benefits or potential service delivery associated with the asset will flow to the SADPMR.
- 6.1.2. The cost of the asset can be measured reliably,
- 6.1.3. Assets acquired under finance leases will be recognised when all the risks and rewards incidental to ownership of an asset have been transferred to the SADPMR.
- 6.1.4. Individual assets with a value of R5 000.0 or less are expensed to the statement of financial performance.

7. Measurement of Assets

7.1. Initial Measurement

- 7.1.1. An asset item will initially be measured at its cost price, The cost of an asset will include the following:
 - Import duties
 - Value Added Tax.
 - Non-Refundable purchase Taxes and any other direct attributable costs used to bring an asset to Working condition, e.g., delivery and handling cost, installation cost, professional fees etc.
- 7.1.2. The cost of an asset will not include the following:
 - Trade discount received.
 - Rebates received.
 - Interest paid.

7.2. Subsequent Measurement

- 7.2.1. The SADPMR uses the cost model as prescribed in GRAP 17 as its accounting policy and this policy will be applied to an entire class of Assets.
- 7.2.2. All items of Assets measured in accordance with the cost model, are carried at cost less accumulated depreciation or amortisation and impairment losses, in other words, the

historical cost of an asset is written-off over the expected useful life of the asset.

8. Transfer of Assets

8.1. Transfer of Assets from the State Department or other State-Owned Entities

8.1.1. Assets that are transferred from State Departments or other state-owned entities to the SADPMR will be recognised using their carrying value where available otherwise fair value.

8.1.2. All the relevant assets are acquired by the SADPMR based on the going concern concept at values as per paragraphs 7.1 .1 and 7.1.2.

8.1.3. Where the transferred assets do not have carrying amounts, they will be valued on the following basis:

- Motor vehicles will be valued at the trade value of each vehicle per the latest dealers guide; (book value)
- Office Furniture, Equipment and Computer Equipment will be included as estimations. (Fair value)

8.2. Transfer of Assets to the State Departments or other State-Owned Entities

8.2.1. The assets that are transferred to the State Departments or other entities by the SADPMR will be transferred at carrying amount.

9. Assets Life Cycle and Assets Maintenance

9.1. Depreciation and Amortisation of Assets

- 9.1.1. Depreciation can only be written off if the useful life of an asset is established and when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.
- 9.1.2. All assets will be written off over their useful life using the straight-line method on a monthly basis. For consistency, the SADPMR will start effecting depreciation for an asset, in the following month in which the asset was purchased and recorded in the Assets Register.
- 9.1.3. The depreciation charge for each period will be recognised as an expense in the Statement of Financial Performance.

9.2. Repairs and Improvements of Assets

- 9.2.1. The SADPMR recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if the recognition criteria are met.
- 9.2.2. The carrying amount of those parts that are replaced is derecognised in accordance with the derecognition provisions of the Standard of GRAP.
- 9.2.3. An entity does not recognise in the carrying amount of an item of property, plant and equipment the costs of the day-to-day servicing of the item. Rather, these costs are recognised in surplus or deficit as incurred.

9.3. Useful life of Assets

The estimated Useful life of existing and all new assets will be as follows:

CATEGORY	USEFUL LIFE
Office Equipment	15 to 25 years
Computer Equipment - Laptops and Tablets	3 to 5 Years
Computer Equipment - Other	5 to 25 years
Security Equipment - Safes	15 to 50 years
Office Furniture and Fittings	10to 15 years
Motor Vehicle	Maximum of 7 years or145 000 kms
Leasehold Improvement	Shorter of lease period or useful life
Leased Office Equipment	Shorter of the lease term or useful life

9.4. Review of the useful life of an asset.

- 9.4.1. All assets will be assessed annually to ensure that the useful life of the asset is still in line with the original estimated useful life.
- 9.4.2. Any revision will result in a change in the depreciation expense, which should be treated as a change in accounting estimate and applied prospectively.

9.5. Impairment and reversal of Impairment Loss

9.5.1. Impairment loss

- The SADPMR assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If such indication exists, the SADPMR estimates the recoverable amount of the asset.
- If and only if, the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss and recognised immediately in profit or loss.

9.5.2. Reversal of Impairment loss

- The SADPMR assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset still exists. If such indication exists, the SADPMR estimates the recoverable amount of that asset.
- The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment been recognised for the asset in prior years.
- A reversal of an impairment loss is recognised immediately in profit or loss.
- After a reversal of impairment loss is recognised, the depreciation charge for the asset is adjusted in future period to allocate the asset's revised carrying amount on a systematic bases over its remaining useful life.

10. Assets Register and Management of Assets

- 10.1. On acquisition of assets, assets will be bar coded and recorded in the Assets Register and will remain in the Assets Register until they are disposed.
- 10.2. Where it is impractical to bar code an asset, the serial number of such asset will be linked to the number on the Assets Register.
- 10.3. The following information will be recorded in the Assets Register:
 - 10.3.1. Asset / Bar code number;
 - 10.3.2. Date of purchase;
 - 10.3.3. Supplier retails;
 - 10.3.4. Description;
 - 10.3.5. Category;
 - 10.3.6. Location;
 - 10.3.7. Purchase or valued cost;
 - 10.3.8. Depreciation rate;
 - 10.3.9. Depreciation for the current year;
 - 10.3.10. Accumulated depreciation; and
 - 10.3.11. Book Value of the asset.

- 10.4. Once the assets are captured in the Assets Register, the Inventory List will be printed, signed off by the Assets Controller and issued to the user (official).
- 10.5. The user (official) will verify the information and sign off the Inventory List before it is pasted behind the door or nearest to the user's work station.
- 10.6. The user's sign off will be regarded as the commitment to take care of the assets allocated to them and to keep them safe at all times.
- 10.7. Leased assets will not be bar coded but will be identified through a sequential allocated number and recorded in the Assets Register as such.
- 10.8. All assets will be captured in the Accounting System and will be reconciled with the Assets Register regularly.
- 10.9. No asset must be moved from its original location without prior written approval of the Assets Controller/Finance Division.
- 10.10. It is the ultimate responsibility of each Divisional Head or Manager of Division to ensure that assets allocated to their employees are safeguarded at all times.
- 10.11. Should there be a need for the asset to be moved, the user (official) must submit an approved Assets Movement Request Form to the Assets Controller before the asset is moved.
- 10.12. The Assets Controller must ensure that, on a quarterly basis, the Assets Register is updated with any additions and/or disposals before the depreciation run is performed.
- 10.13. The Assets Controller must reconcile the Assets Register with the General Ledger and report any discrepancies to the Financial Accountant.

10.14. The Assets Controller must follow up on all discrepancies identified during the reconciliation process before the following month end closure.

10.15. The Assets Controller must report all disposals and losses due to theft or other uncontrollable circumstances on a monthly basis.

11. Recording of Assets Components in the Assets Register

11.1. In order to ensure that all assets are recorded and treated consistently, assets components will be recorded as follows:

11.1.1. The Central Processing Unit, (including the original software, motherboard and cards), keyboard, mouse and monitor of a personal computer (Desktop and laptop).

11.1.2. Item of Office Furniture.

11.1.3. Item of Office Equipment.

11.1.4. Item of Security Equipment and Safes.

11.1.5. A Motor Vehicle.

11.1.6. Sundry equipment.

12. Planning for Assets Acquisition

12.1. Assets that are purchased during the year should have been included in the Capital Expenditure (CAPEX) Budget of the SADPMR

12.2. Prior approval of the Chief Executive Officer will be required where an asset did not form part of the annual Capital Expenditure (CAPEX) budget provided that funds are available to fund the purchase and items are deemed necessary to achieve strategic objectives.

- 12.3. Procurement processes must be followed when purchasing any items of assets.

13. Risk Management

- 13.1. All asset related risks such as losses, damage, destruction or theft of
The assets or any liabilities that can arise from the operations of SADPMR must be evaluated annually to establish a level of risk that is acceptable to the management of the SADPMR.
- 13.2. Assets will be insured at their replacement value, which will be revised annually..
- 13.3. The replacement value of motor vehicles is the average of the retail and trade value published in the Auto Dealers' Guide as at the end of the financial year.
- 13.4. The replacement value of all other assets will be their actual market value.

14. Physical Verification of Assets

- 14.1. Finance Division will ensure that physical verification of assets is carried out at least twice a year.
- 14.2. Budget & Expenditure Manager must ensure that records for the physical verification of assets are well documented and kept safely.
- 14.3. The bar code must be used as an identifier for all asset items.
- 14.4. Any discrepancies identified during the physical verification exercise must be investigated as soon as possible.
- 14.5. The Assets Controller must report and take necessary steps for the obsolete, redundant or unserviceable assets identified during the physical verification exercise i.e. recommend for impairment/ scrap.

- 14.6. Adjustments in the Assets Register as a result of the physical verification conducted must be effected after the Budget & Expenditure Manager has reviewed the report, is in agreement with it and signed it off.
- 14.7. Divisional Heads and/or Managers of Divisions must, in writing, be informed of any discrepancies identified in their Divisions/components during the physical verification exercise.
- 14.8. Divisional Heads and/or Managers of Divisions must respond in writing as to the sanction taken against the defaulting user where applicable.
- 14.9. Where no satisfactory reasons are furnished as to the whereabouts of the asset's, the responsible user must account for the lost or missing asset accordingly.
- 14.10. Any debt raised to recover assets lost in terms of paragraph 14.8 above, must be treated in accordance with the Debtors Management Policy Refer Annexure A for the process and determination of costs.
- 14.11. The Assets Controller will from time to time do spot checks to ensure that the assets in a specific location agree to those listed in the Inventory List.

15. Identification and Management of Redundant, Obsolete or Unserviceable Assets

- 15.1. All assets in a Division/Component are the responsibility of the relevant Manager, and are only controlled by the Finance Division for accounting and insurance purposes.
- 15.2. Since the Divisional Heads or Managers are responsible and accountable for the assets in their Divisions/Components, they are also responsible to notify the Assets Controller or Finance Division of any redundant, obsolete or unserviceable asset within their area of responsibility.

- 15.3. Since the Divisional Heads or Managers are responsible and accountable for the assets in their Divisions/Components, they are also responsible to notify the Assets Controller or Finance Division of any redundant, obsolete or unserviceable asset within their area of responsibility.
- 15.4. The Divisional Head/Manager who identifies redundant, obsolete or unserviceable assets must complete the relevant form available from the Finance Division.
- 15.5. The Assets Controller shall on receipt of the notification form, inspect the reported asset to ascertain the cause and the extent of damage and recommend to the Budget and Expenditure Manager for impairment or write off.

16. Financial Control and Approval of Assets Write off

- 16.1. The Assets Controller will write a request for the impairment or write-off of the redundant, obsolete or unserviceable assets and submit to the Financial Manager.

The Assets Controller will include the following information in the request for a write off:

- The asset number;
 - The description of the asset;
 - The physical location;
 - The Division/Component in which the asset was utilised;
 - The reason for scrapping the asset(s);
 - The purchase price and the date of purchase of the asset;
 - The book value of the asset;
 - The recommended selling price of the asset, where applicable;
 - Proposed method of disposal;
- 16.2. The Assets Controller must in his/her request, attach the inspection report confirming that, no economic benefit is expected to flow to the SADPMR for that particular asset.
- 16.3. The Budget & Expenditure Manager will evaluate the proposed write offs, reasons and all aspects of the assets, and ensures that Depreciation for such asset ceases to run.

- 16.4. The request for write off will be in line with the Financial Delegations of Authority by the Board, subject to recommendations of an ad-hoc Asset Disposal Committee.
- 16.5. Once approval is granted, the Assets Controller shall remove the assets approved for write off from the Assets Register and inform the Financial Accountant so that the assets can be derecognised accordingly.
- 16.6. The adhoc loss control committee / disposal committee will be established as and when required.

17. Disposal of Assets

- 17.1. Assets that are written off may be disposed as follows:
 - 17.1.1. By way of Auction which notice has been advertised for at least two weeks, through the invitation of tenders/bids.
 - Internal officials will be given first preference and assets will be sold at the higher of the carrying amount or price offered by the official.
 - Any assets not purchased by internal staff will be donated.
 - 17.1.2. Through Donation to institutions approved by the PFMA, i.e. learning institutions, etc.
 - 17.1.3. Destroy/scrap the items.
 - 17.1.4. On expiry or termination of a finance lease agreement by way of settlement as determined by the finance lease agreement, terms or negotiations,
- 17.2. The SADPMR can at any time refuse the disposal of an asset if the reserve price is not met, or it is apparent that it will not benefit the SADPMR to sell the asset.
- 17.3. Management must attempt to prevent any disposal that attract costs to the SADPMR.

17.4. Any profit or loss arising from the disposal of assets must be accounted for in the Statement of Financial Performance.

17.5. In the event where assets that were identified for disposal have to be used again due to the Board's resolution or due to circumstances beyond the SADPMR's control, the following treatment will be applied:

17.5.1. Where the identified assets do not have carrying amounts, they will be valued on the following basis:

- Motor vehicles will be valued at the trade value of each vehicle per the latest Auto Dealers Guide;
- All other items of assets will be included as estimations.

18. Other Regulations and controls not provided for in this Policy

18.1. Any assets management regulations and controls not covered in this document will be covered by means of the Accounting Officer's approval and/or Board Resolutions.

18.2. Changes to this document will be approved by the Board before implementation takes place.

18.3. The Public Finance Management Act (PFMA), Treasury Regulations and any other National Treasury Instruction Notes or directives shall take precedence and be enforceable immediately upon receipt of such notification.

19. Disclosure in the financial statements

The disclosure requirements will be made in accordance with the applicable GRAP accounting standards.

20. Policy Review

This policy shall be reviewed in 3 years or as and when required.

Annexure A

Process for reporting for reporting theft, loss and damages

Step	Procedure	Turnaround times	Indicator	Responsible Person
Step 1	An official must report the loss to SAPS and Security Risk Management Services if the loss occurred in RSA but outside SADPMR premises.	Within 24 Hours	Affidavit	User
	An official must report the loss to Security Risk Management Services and SAPS / or any police station if the loss occurred outside of South Africa.	Within 24 Hours	Affidavit	User
Step 2	An official must report the loss to Security Risk Management Services if the loss occurred within SADPMR Premises	Within 24 Hours	Affidavit	User
	An official required to complete loss and damage form, the form will be attached to affidavit and submitted to Asset Controller	Within 24 Hours	updated register	User
	SRM to provide the investigation report.	Within 7 days	Investigation report	SMR
Step 3	Asset Controller will file the document and lodge a call to insurance. <ul style="list-style-type: none"> Where determination is made that the loss 	2 days	Lodging call to Insurer	Asset Controller

Step	Procedure	Turnaround times	Indicator	Responsible Person
	<p>is due to negligence and insurance does not cover the loss. The official will be liable for the full amount.</p> <ul style="list-style-type: none"> Where the loss is covered by insurance the excess amount will be borne by the user. 			
Step 4	Insurance submit their opinion to Asset Controller to replace or to write off the loss. Asset Controller will inform user for the price of excess and user will be given acknowledgement of debt form.	1 month	Insurance	Asset Controller
Step 5	The Asset Controller prepares a submission for approval to write off, submission supported by Chief Financial Officer, recommended by Chief Executive Officer and approved by Finance, Audit & Risk Committee.	Quarterly	Write off submission	Chief Financial Officer, Chief Executive Officer & Finance Audit & Risk Committee
Step 6	Asset Controller updates the Asset Register by removal of asset	Within a week	updated register	Asset Controller