###### National Assembly

###### Question Number: 759

**759. Mr M S F de Freitas (DA) to ask the Minister of Transport:**

(1) (a) When was the asset register of (i) her department and (ii) each of the entities that reports to her last updated, (b) how often are the asset registers updated, (c) which assets are unaccounted for in the past three financial years and (d) what was the values of each of the assets;

(2) what (a) are the reasons for these unaccounted assets, (b) is being done to identify the asset, (c) were the opening balances of the asset registers for each of the past three financial years, (d) procedures, processes and mechanisms exist to ensure the integrity and accuracy of the asset registers of (i) her department and (ii) the entities reporting to her? NW818E

**REPLY**

**Department**

**REPLY**

(1)(a)(i) The asset register of the Department of Transport is updated as and when asset transactions occur.

(1)(b) The asset registers of the Department of Transport are updated daily.

(1)(c) & Assets that were unaccounted for in the last three financial years and the values of these

(1)(d) assets are as follows for the Department of Transport, relating to the Electronic National Traffic Information System (eNaTIS):

|  |  |  |
| --- | --- | --- |
| **Asset** | **Value** | **Year unaccounted for** |
| eNaTIS Software | 229,954,000.00 | 2014/15 | 2013/14 |
| eNaTIS Hardware | 264,201,000.00 | 2014/15 | 2013/14 |
| eNaTIS Hardware | 24,987,000.00 | 2014/15 |  |

(2)(a) The reasons why these assets were unaccounted for were because of uncertainty that existed regarding the ownership of the assets in terms of the Modified Cash Standard and the ongoing litigation between the Department and the eNaTIS service provider.

(2)(b) The eNaTIS assets were disclosed in the financial statements for the year ended on 31 March 2016. Currently the Road Traffic Management Corporation and the Department are verifying the assets as per the Constitutional Court judgment of 9 November 2016 that the

(2)(c) Opening balances of asset registers of the Department of Transport for the past three financial years:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Year | Tangible assets | Intangible assets | Immovable assets | Minor assets |
| 2015/16 | 48,425,669.75 | 305,146.47 | 353,434,058.10 | 19,224,456.51 |
| 2014/15 | 42,979,152.90 | 305,146.47 | 353,434,058.10 | 17,446,342.55 |
| 2013/14 | 34,703,408.58 | 305,146.47 | 345,237,479.35 | 15,825,827.56 |

(2)(d) The Department has a reliable asset management function.

**Airports Company South Africa SOC Limited (ACSA)**

1. (a) Airports Company South Africa (ACSA)’s asset register is updated as and when asset transactions occur, (b) asset transactions occur on a continued basis and thus the asset register is continuously updated, (c) no assets are unaccounted for, (d) ACSA has no unaccounted assets.
2. ACSA has no unaccounted assets and has the appropriate procedures and processes in place to maintain the integrity and accuracy of asset registers.

**Air Traffic and Navigation Services SOC Limited (ATNS)**

 (1) (a) ATNS’s fixed asset register is updated on a monthly basis with acquisitions and disposals. Useful life extensions are reviewed on an annual basis and updated prior to financial year end being 31 March annually.

 (b) ATNS’s fixed asset register is updated on a monthly basis

 (c) There are no assets that are not accounted for

 (d) There are no assets that are not accounted for and thus this is not applicable

(2) (a) There are no assets that are not accounted for

 (b) The annual fixed assets verification process identifies assets that are obsolete; idle; not barcoded; transferred without approval. Maintenance expenses, computer consumable expenses and small office equipment expenses are scrutinized on a monthly basis to ensure that all assets are correctly accounted for.

(c) The opening balances for the past three financial years are as follows:

* 2016/17 R 651 720 948 – Carrying amount
* 2015/16 R 616 658 761 – Carrying amount
* 2014/15 R 706 011 872 – Carrying amount

(d) The integrity and accuracy of the fixed assets is ensured through the following processes:

* Annual useful life review of assets
* Annual impairment test of assets
* Annual verification to ensure that assets are adequately barcoded and accounted for

 Ensuring that the acquisitions and accounting of assets comply with the latest
International Financial Reporting Standards; Public Finance Management Act
and Generally Accepted Accounting Practices.

**South African Civil Aviation Authority (SACAA)**

The undermentioned is the South African Civil Aviation Authority’s response to the following questions: (1) (a) (i) N/A, (ii), (b), (c), (d); and (2) (a), (b), (c), (d) (i) and (ii).

The South African Civil Aviation Authority (SACAA) Asset Register is updated on a monthly basis as and when assets are bought and sold. The Asset Register is also reconciled to the general ledger on a monthly basis. The SACAA Asset Register is updated on a monthly basis. All SACAA assets have been reconciled. The values of each of the asset categories is as per the table below as at the end of February 2017. The asset categories are Property, Plant, Equipment, and Intangible Assets.

**Cross-Border Road Transport Agency**

(1) (a) (ii) CBRTA updates assets register

(b) monthly as more assets are acquired and/or depreciated in line with the Agency’s Fixed Assets policy. There is a bi-annual (twice a year) asset verification exercise that is conducted in line with the current policy on Non-Current Assets (Fixed Assets).

(c) There are no assets that are unaccounted for, and the assets are accounted for in line with applicable GRAP statements, be it on acquisition and / or impairment.

(d) Not applicable.

(2) (a) Not applicable

(b) The bi-annual asset verification exercise is conducted in line with the current policy on Non-Current Assets (Fixed Assets) with the primary aim of ensuring amongst others, that the assets are accounted for and properly recorded.

(c) The audited opening balances per the C-BRTA statement of financial position (Property, Plant and Equipment) were as shown below:

 April 2014 R7, 971, 345

 April 2015 R9, 535, 112

 April 2016 R8, 491, 941

(d) The asset register and the Agency’s balance sheets have been subjected to the audit processes by the Auditor General (SA), and no material findings have been reported. Internal audits have also been performed by the internal auditor on the assets as part of financial discipline review and there were no material findings noted in the last three financial years

**Road Accident Fund**

(1) (a)(ii) The Fixed Asset Register of the RAF was last updated on 6 October 2016 following the RAF’s bi-annual asset verification process. The next major update will happen on 5 April 2017 after the final asset verification process.

(b) the Fixed Asset Register is updated on a continuous basis for asset movements or additions in terms of the RAF’s approved Fixed Asset Management Policy. The updates are performed by specific individuals in accordance with the principle of segregation of duties. Major updates take place bi-annually as a result of the RAF’s bi-annual asset verification process.

(c) the assets which are unaccounted for in the past three financial years are reflected in the attached spreadsheet and

(d) the values of each of the assets are reflected in the attached spreadsheets;

(2) (a) the reasons for these unaccounted assets are largely due to the fading or removal of identifying barcodes due to normal wear and tear; the theft of assets in which instance the RAF considers claims against its insurers where this is possible and, or financially viable having regard to the excess payable in respect of the particular claim; and where the RAF was prevented from documenting assets which were removed during attachment processes executed by the Sheriff of the court,

(b) the RAF is doing the following to identify the assets:

* Asset verifications are performed bi-annually to ensure assets on the Fixed Asset Register are verified.
* Assets reported as unverified during the verification are flagged and the following procedures are performed:
* The Facilities Management Department and the Information Communication Technology Departments attempt to verify the asset on the floor. If the asset cannot be verified all information on the accounting system and the Fixed Asset Register, including manual records are utilised in an effort to identify the original purchaser in an attempt to pinpoint the cost centre owner in order to enquire from the cost centre owner as to the location of the asset. If the location of the asset cannot be identified using manual records, transfer documentation for the movement of assets to other regions as a result of asset transfer or employee secondment are also reviewed.

 Only after these processes have been completed are the assets approved for write off by the RAF’s Asset Disposal Committee. All submissions motivating for asset disposal are presented to the committee to be reviewed before they are approved for de-recognition on the Fixed Asset Register. The Asset Disposal Committee commenced its duties in July 2016.

(c) the opening balance of the Fixed Asset Register (opening book values) for the

 2014-15 financial year was R 268 169 000,

 2015-16 financial year was R 281 807 000, and

 2016-17 financial year was R 227 245 000,

(d)(ii) the following procedures, processes and mechanisms exist to ensure the integrity of the RAF Fixed Asset Register:

* The RAF’s Fixed Asset Management Policy
* The RAF’s Fixed Asset Management Standard Operating Procedure
* Management Directives have been issued where necessary
* Audits are performed by the Internal Audit Department
* Audits are performed by the Auditor General (no material findings have been raised)
* A bi-annual verification exercise is performed in September and March of each year
* The RAF has implemented the segregation of asset management functions for recording and maintaining the Fixed Asset Register
* Clearly defined roles are in place for the Facilities Management and Information Communication Technology Departments.
* Dedicated resources are employed to ensure Fixed Assets are recorded accurately and completely.
* A Reconciliation of the Fixed Asset Register to Financial Records is performed on a monthly basis.

**Road Traffic Management Corporation**

(1) (a) (ii) RTMC updates assets register on a

(b) Monthly basis with all assets procured and the relevant depreciation is also run.

(c) There are no unaccounted assets

(d) Not applicable

(2) (a) Not applicable

 (b) Not applicable

 (c) opening balance: 2013/14 – R20,372,747

 2014/15 – R26,338,596

 2015/16 – R26,416,188

 (d) procedures, processes and mechanisms exist to ensure the integrity and accuracy of the asset registers

* Regular physical asset verification spot checks.
* Monthly reconciliation of GL to FAR
* Receiving of all assets that are procured is done by Asset unit and the assets are barcoded immediately
* Asset movement forms are used to allocate assets to an end user
* Room inventory lists are posted for each area listing all the assets in the area.
* Assets under the control of a centralised unit with an asset controller appointed within each business unit for day to day controlling.

**Road Traffic Infringement Agency**

(1) (a)(ii) RTIA – during the month of March 2017

 (b) On a monthly basis and as and when there are new transactions that are required to be added to the asset register.

 (c) There are no unaccounted assets

 (d) Not applicable

(2) (b)(a) N/A

(b) Asset count twice a year

(c) 2016 = R 9 923 359

 2015 = R 4 209 735

 2014 = R 643 257

 (d) Approved asset policy

 Bi-annual physical verification of assets

Assets are subjected to annual audit both internally and externally

A regular review and monitoring of asset movement and changes

All assets are insured.

Asset management function in place.

Monthly recording of the accounting records

Quarterly reporting to MANCO

EXCO and Audit Committee

 Internal control around purchase maintenance recording and disposal of assets in place.

**South African National Roads Agency Limited**

1. (a)(ii) SANRAL

(b) SANRAL’s asset register is updated whenever a new asset is acquired or old/redundant assets are written off for various reasons, including technological obsolescence.

(c) There are no assets which are not unaccounted

(d) Not applicable

1. (a) and (b) No unaccounted assets exists.
2. The opening balances for the past three financial years are:

2014/15 R303 747 772 000

2015/16 R308 819 013 000

2016/17 R315 293 979 000

1. (ii) The integrity and accuracy of the asset register is ensured through monthly reconciliation of the asset register to SANRAL’s general ledger. Furthermore, asset verification is performed twice a year to ensure that assets physical exists.

**South Africa Maritime Safety Authority (SAMSA)**

(a) SAMSA fixed asset register gets updated every time there is movement, eg acquisition, disposal, loss through destruction etc, of assets. The fixed asset register was last updated on 24 March 2017;

1 (b) The Fixed Asset Register gets updated immediately when there is a movement in fixed assets as well as monthly and annually as part of month end and annual reporting process;

1(c) Assets totaling R124, 660.86 were unaccounted for in the past three years by the entity;

1(d) The following is a list of assets that were unaccounted for:

|  |  |  |
| --- | --- | --- |
| **ASSET DESCRIPTION** | **ASSET ID / SERIAL NUMBER** | **ACQUISITION COST** |
| 1.ACER TMP 255 Laptop | CH2388 | R15,112.52 |
| 2.ACER TMP 255 Laptop | CH2389 | R15,112.52 |
| 3. Trueline Bird Wattmeter | OQ2080 | R12,871.74 |
| 4. Trueline Bird Wattmeter | OQ2081 | R12,871.74 |
| 5.ARG Electric Design Tool/Tester | 0203 000 333 | R37,231.26 |
| 6. HP Probook 6360b Laptop | 0201 000 671 | R10,696.94 |
| 7. CANON Scan Front 300/300P | CH3090 | R19,229.17 |
| 8. CANON Digital Camera | 0303 000 120 | R1,534.97 |
| **TOTAL** |  | **R124,660.86** |
|  |  |  |

2(a) Most of the assets were stolen and the Fixed Asset Register was not updated on time. Some could not be located during fixed asset verification but were never removed from the Fixed Asset Register.

2(b) Since the beginning of the 2016/17 financial year, a process has been implemented where fixed assets are verified quarterly. The reasons for missing assets are investigated and, if valid, eg stolen asset without a possibility of recovery, the Fixed Asset Register is updated.

2(c) Fixed Asset Register opening balances:

|  |  |  |  |
| --- | --- | --- | --- |
| **DESCRIPTION** | **31 March 2016 (R’000)** | **31 March 2015(R’000)** | **31 March 2014 (R’000)** |
| Opening Balance | R37,487 | R46,269 | R46,035 |

2(d) Procedures and processes for fixed asset management have been improved to ensure completeness and accuracy of fixed assets. This includes ensuring assets are adequately safeguarded and regular verification of fixed assets is conducted - variances are investigated to understand the root cause and ensuring a repetition in the future.

**Ports Regulator of South Africa (PRSA)**

1. (a) (ii) the asset register of the Ports Regulator was last updated in August 2016 when computer equipment was purchased. (b) The asset register is updated every time there’s a purchase and/or disposal including changes in location for all assets. (c) All assets of the Ports Regulator are accounted for in the assets register. This is also confirmed by Auditor General from their last audit. (d) Not applicable.
2. There were no assets that belong to the Ports Regulator which were not accounted for in the asset register. (a) Not applicable, (b) Not applicable, (c) Not applicable, (d) Not applicable.

**Passenger Rail of Agency of South Africa (PRASA)**

1. (a) PRASA’ s asset register is updated and audited on an annual basis.
2. Asset register is updated when an asset becomes ready for use, when an asset is damaged (Part of Asset Departments’ function on a daily basis).
3. There are no known assets unaccounted for in the past three financial years.
4. See response (c) there are no known unaccounted assets.
5. (a) There are no unaccounted assets.

(b) Regular asset verification, at least twice a year.

(c) Audited balances over past 3 years

2015/16 Financial Year……………R32, 8 billion

 2014/15 Financial Year……………R29, 7 billion

 2013/14 Financial Year……………R26, 4 billion

 (d) Frequent physical verification of assets, monthly reconciliations

**Railway Safety Regulator (RSR)**

 (1)

(a)(ii) Asset Register of RSR was last updated in March 2017.

1. Asset Register of RSR is updated every time there are changes in assets. This includes acquisition, movements, disposals and asset verification results.
2. There were no unaccounted assets in the past three years.
3. Please see response in (c).

(2)Please see response in (1)(c).

1. Asset verification is conducted twice a year in line with the Asset Management Policy
2. The opening balances of the asset register for each of the past three years were:

|  |  |  |  |
| --- | --- | --- | --- |
| Asset category | 2015/16 | 2014/15 | 2013/14 |
| Property, Plant and Equipment | R6 014 828 | R6 744 003 | R2 585 413 |
| Intangible assets | R11 539 932 | R2 901 167 | R190 399 |
| **TOTAL** | **R17 554 760** | **R9 645 170** | **R2 775 812** |

 These are the carrying amounts at the beginning of each financial year.

(d)(ii) The Asset Management Policy of the RSR governs how assets should be managed. This includes the recording, assets verifications and the disposals processes.