

To: The Speaker  
Cllr M. Siyonzana

## **APPROVAL OF MUNICIPAL REDUNDANT ASSETS LIST TO BE SOLD AT AN AUCTION**

### **1. Purpose:**

The purpose of this submission is to obtain permission to sell Municipal assets which are declared redundant, obsolete and unserviceable

### **2. BACKGROUND AND DISCUSSION**

The attached lists of movable capital assets indicate the assets that have reached the end of their economic life. Some have been replaced with new assets. Accumulated high repairs costs to these assets indicate that it is uneconomical to maintain them. Some of these assets have been kept in the scrap yard for up to year, while other vehicles have been damaged in accidents. It would be in the best interest of the Municipality to sell these assets as soon as possible to avoid further damage or theft.

In terms of the SCM Policy, The SCM Sub- Directorate is obligated to inspect the movable capital assets as included in the attached lists concerned and shall submit the report and the recommendation to the City Manager. The City Manager shall determine which assets mentioned in the report is unserviceable or redundant. The decision of the city Manager is final

It is for the reasons mentioned above that your permission is hereby requested to dispose of both the fleet and movable office equipment in the next auction process.

#### **2.1 The total value of the assets to be disposed of is calculated as follows:**

<b>TYPE OF ASSETS</b>	<b>VALUE R</b>
<b>FLEET MANAGEMENT (residual values)</b>	<b>R 5 304 550,00</b>
<b>Office and Equipment</b>	<b>R0.00</b>
<b>TOTAL</b>	<b>R 5 304 550,00</b>

Paragraph 19.4.6 of the Supply Chain Management Policy provides that Capital assets with a value of R1m and above shall be referred to Council for a decision.

**2.2 The SCM Sub-Directorate is envisaging the auction process to run as follows:**

Task	Date	Responsible Person
1. Bid Specification Considered Appointment of an auctioneer	To be determined	GM: SCM
2. SCM processes takes place. An auctioneer is appointed (Bid 402A/2017/2018)	To be determined	Accounting Officer
3. Request an approval from the City Manager/ Council to dispose the assets	February 2019	GM: SCM
4. Allow Auctioneer to set up the systems and process of advertising, including the process of auction	To be determined	GM: SCM
5. Deposit money into the Municipal bank account and submit a report	To be determined	Appointed Auctioneer
6. Compile the auction report and submit to CFO for recommendation	To be determined	GM: SCM
7. CFO recommends the submission to the accounting Officer/ Council	To be determined	Chief Financial Officer
8. Accounting Officer/Council approves submission.	To be determined	Accounting Officer/Council

**3. LEGAL IMPLICATION**

Municipal Finance Management Act 56 of 2003, par 90.

Supply Chain Management Policy

**4. FINANCIAL IMPLICATION**

An amount of R 5 304 550,00 which is the residual value of the fleet listed in the asset register is to be written off


**5. Recommendation:**

1. That the Accounting officer reviews the assets list attached.
2. That the Accounting Officer submit the proposed assets list for disposal to Council.
3. That Council declares the attached list obsolete, redundant and unserviceable and redundant.
4. That Council write off the residual value of the fleet totalling **R 5 304 550,00** in the asset register
5. That Council approves the attached list to be disposed by way of auction as prescribed in the Supply Chain Management Policy.

**Submitted by:**

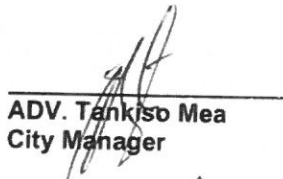
**Recommended by:**

**Approved by:**



**Mr Sabata Mofokeng  
CFO**

Date 21/09/2020



**ADV. Tankiso Mea  
City Manager**

Date 28/10/2020



**Councillor L Masoetsa  
Acting Executive Mayor**

Date 28/10/2020