



**Management of Movable Assets and the Application of Supply Chain Management
Policies in the Department of Human Settlements, KwaZulu-Natal Provincial
Government**

By

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DECLARATION

I, Mrs Jabulile Rachel Kunene, hereby declare that this dissertation:

Management of Movable Assets and the Application of Supply Chain Management Policies in the Department of Human Settlements, KwaZulu-Natal Provincial Government is my own work, except where indicated (in text and bibliography) and this work has not been submitted in part, or whole, at any other University.

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ABSTRACT

The study was aimed at evaluating the compliance on the Management of Movable Assets and Application of Supply Chain Policies in the Department of Human Settlements, KwaZulu-Natal Provincial Government. Since managing of movable assets is a challenge in most government as well as private sectors, this kind of research has never been conducted in the Department of Human Settlements, in the Province of KwaZulu-Natal. It was obvious that movable asset management is definitely a subject that needs attention.

A critical review of related literature, as well as varying methods of data collection were undertaken and relevant theories were explored. Theories covered in this research are the Transaction Cost Economics Theory, Agency Theory as well as the Resource-Based View Theory. These theories, combined, help justify the thesis of this research. This contextual study broadens the possibilities of application in Supply Chain Management, especially in the movable assets section.

The main finding of the study strengthened the dispute that non-compliance in safeguarding movable assets by end users is the most critical part in the management of the departmental movable assets. The department still has to improve control measures in safeguarding movable assets, compliance with movable assets management principles, guidelines and working conditions.

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ABBREVIATIONS, ACRONYMS AND DEFINITION OF TERMINOLOGY

AG:	Auditor General
Asset acquisition:	The process by which a department assumes control of an asset.
Asset disposal:	The process by which a department relinquishes control of an asset.
Asset life cycle:	The life of an asset, from the establishment of the need, its acquisition, operation and any maintenance or upgrading through to its disposal.
Asset Management:	The process of guiding the acquisition, use, safeguard and disposal of asset to make the most of their service delivery potential and manage the related risks and cost over their entire life.
Asset register:	A data source that records information on individual assets.
Bid:	Means to offer a certain price.
BAC:	Bid Adjudication Committee.
BEC:	Bid Evaluation Committee.
BSC:	Bid Specification Committee.
CFO:	Chief Financial Officer.
Decommission:	Means to close down, to take out of service.
Default:	Means failure to act or perform in some way.
Deficient:	Means to get rid of.
DM:	Demand management.
DoHS:	Department of Human Settlements.
Hardcat:	Is an electronic system of managing assets.
IT:	Information Technology
IMST:	Information Management System and Technology
LC:	Loss Control
Obsolete:	Means disused, discarded.
PFD:	Public Finance Department.
PFMA:	Public Finance Management Act.
RFID:	Radio frequency identification.
SAD:	State Account Department
SCM:	Supply Chain Management.
SCMP:	Supply Chain Management Professionals.

Scrapping:	Means to discard as worthless.
SYSCON:	System Controller.
Useful life:	Means the period over which the depreciable asset is expected to yield economic benefit to the organisation.
Unserviceable:	Means useless, unusable.
Worn-out:	Means damaged.

CHAPTER 1

INTRODUCTION AND ORIENTATION TO THE STUDY

1.1 Introduction

Supply Chain Management (SCM) has been defined as the design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, harmonizing supply with demand and assessing performance universally (Garttona 2003:1). It incorporates the scheduling and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Most importantly, it includes coordination and collaboration with channel partners, which are suppliers, intermediaries, third-party service providers and customers (LeMay 2017:1431).

The field has grown tremendously over the years and organisations have advanced their operational strategies based on knowledge that has been discovered. Supply Chain Management has become a component that can function on its own within the organisation while others have integrated it with finance. The Department of Human Settlements (DoHS) supply chain component functions independently and has six elements, namely: demand management, acquisition management, logistics, asset management, disposal and risk control. For the purpose of this study, the researcher strictly chose to focus on pressing matters regarding management of assets within the department.

An asset is a source controlled by a section as a result of past events and from which prospective economic remuneration or service potential is estimated to flow to the department (KwaZulu-Natal Department of Human Settlements, 2017/2018). Asset management is the progression of guiding acquisition, use, safeguard and disposal of asset to make the most of their service distribution potential and bring about the related risks and costs over their complete life (KwaZulu-Natal Department of Human Settlements, 2017/2018).

Asset Management is a sub-component of SCM within the DoHS; which is responsible for managing of all movable assets procured by the department, as stipulated in section 45(e) of

the Public Finance Management Act, 1999 (Act 1 of 1999) which states that an official in the department is accountable for the supervision and the preservation of the asset. Movable assets such as departmental vehicles, office furniture and computer sets are used by the officials in performing their day-to-day functions. Like many other organisations, DoHS face various challenges that affect the management of movable assets. Hence, the study focuses on the process of the management of movable assets in the SCM, within the DoHS. This will be done to address the issue of audit queries received by the DoHS, KwaZulu-Natal Provincial Government, over the years on lack of proper implementation of the SCM processes from the Auditor General (AG) and Internal Audit Unit (IAU). According to the 2011/12 report that was issued by Mhlongo (2014:1), local government audit outcomes were reported to be worsening; and these findings raised serious concerns about deterioration of financial management in government departments.

The researcher will analyse and compare various information of records and inform findings with regard to risk management and control measures, value for money, responsibility and accountability and intervention strategies that may bring about efficiency and effectiveness in the department with respect to management of mobile assets.

1.2 Research problem and aims

The DoHS has over the years received reports on lack of proper execution of the SCM and management of movable assets policies and processes. The purpose of the study is to investigate the management of moveable assets that SCM is custodian of. In relation to National Treasury Regulations, Part 5: Asset and Liability Management, Chapter 10: Responsibility for asset management:

The Accounting Officer of an organisation must take full accountability and ensure that appropriate control systems exist for assets and that:

- (a) Anticipatory mechanisms are in place to eradicate theft, losses, wastage and misapplication.

- (b) The accounting officer must certify that processes (whether manual or automated) and techniques are in place for the active, resourceful, economical and transparent use of the organisation's asset.

This has motivated the researcher to undertake this research in order to identify the problem(s) that cause the department to obtain reports indicating a dearth of proper implementation of asset management processes, address the issue with all parties concerned, lay out findings and make recommendations that will at least serve to minimise audit queries on management of movable assets received by the department.

1.3 Research questions

How the department manages its assets and compliance with the transversal policies of SCM, which deal with disposable management, acquisition management, utilisation management, demand management and procedures?

In an attempt to answer the above question, the study also addresses the following questions:

- What is asset management, and what role will the Department play in managing their assets?
- List the key requirements for the proper implementation of asset management.
- What are DoHS Asset component's shortcomings with regard to asset management?
- Which mitigating strategies to minimise the shortcomings of asset management can be implemented?

1.4 Research objectives

The purposes of the research is:

- To establish the key requirements for asset management and the proper implementation of asset management policies.
- To assess the current asset management procedures of the organisation and recognise the problematic areas that need to be addressed in implementing the asset management process.
- To advance the process of measuring compliance and reporting as part of asset management.
- To develop a context for the asset management process that will monitor management of assets, repairs and replacement in line with the procurement plan.

1.5 Research methodology

Methodology can be defined as a global style of thinking; ‘a general approach to studying research topics’ or an ‘overall research strategy’. A methodology is a study about method (Mligo, 2016:68). The researcher gathers data and analyses and interprets the gathered data. This gives clarity and better understanding of the marvel.

The aim and objective of the study is to establish the significant challenges faced by the DoHS regarding management of movable assets. Officials of the DoHS who have the departmental assets allocated to them, SCM practitioners and management were selected as participants in this study.

A mixed data method approach was used in this research whereby qualitative and quantitative data techniques were used. DoHS officials from various categories and officials from KZN Provincial Treasury were used.

The quantitative tradition in research, is often called measurement. Measurement, in this tradition, is usually defined as assigning numbers to differences in variables (Vogt, Gardner and Haeffele, 2017:319). The researcher has chosen to use both qualitative and quantitative research design to obtain both forms of evidence.

A survey was conducted to end-users to obtain quantitative data. To obtain the qualitative data, SCM-Asset Practitioners, SCM-Management and KZN Provincial Treasury officials were interviewed using semi-structured interviews.

This study compared the knowledge and understanding of end-users in safeguarding departmental movable assets allocated to them and the prescripts and principles applied by SCM officials in managing the departmental assets. DoHS officials, as well as KZN Provincial Treasury officials were used as the sample. It was clearly stated to officials participating in this study that the objective of the research was to examine the management of supply chain with regards to movable assets. They were advised not to be biased in their responses. Participants were also free to state the experiences and problems associated with the management of

movable assets. They were advised that they will remain anonymous and all information gathered will be kept confidential. Officials are not victimised for participating in this survey. The research design engages all the required principles.

1.6 Organisation of the study

The study is ordered as follows:

Chapter 1: Introduction and orientation to the study

This chapter summarises the outline of the study. It provides background information of the study, context to the problem that the researcher aims to answer, the problem objective and the procedure used to collect the information and analyse the collected data.

Chapter 2: Literature review

This chapter provides the SCM practices, identifies gaps in management of movable assets in the DoHS, KwaZulu-Natal Provincial Government, highlights the asset management framework, models and literature review.

Chapter 3: Research methodology

The reflection on procedures followed in conducting the study and the reason why this method was used is provided in this chapter. This refers to the target group, sampling and data collection techniques. A mixed method research design is the selected design model.

Chapter 4: Findings, interpretation and discussion of data

This chapter examined the collected data from the sample population and presents the research findings. Analysis on the statistic obtained is based on the frequency count of end-users knowledge and understanding in safeguarding movable assets of the department. Quantitative data is represented through Chi-square and correlation techniques and was used on end-users

only. Qualitative data is analysed through informative data analysis and was used on SCM-Assets Practitioners, SCM Management and officials of KZN Provincial Treasury.

Chapter 5: Discussion of results, conclusion and recommendations

Discussions and deductions drawn are guided by the study problem statement and objectives. This chapter also provides recommendations on areas that need improvement to promote proper management of movable assets in the DoHS. The outcomes may improve management of portable assets in other offices and district offices of the department.

1.7 Chapter summary

The chapter provided the problems experienced by DoHS regarding asset management and where the need was drawn to investigate the management of supply chain with regards to movable assets of the department. The need to review asset management policies and the regulation governing the asset management were identified. The problem areas and challenges facing DoHS, expressed by the AG, were provided. The aims of the study provide a good podium to help other organizations implement appropriate asset management processes. The research methodology, data collection and analysis indicate a thorough process to be followed while investigating the asset management processes and implementation. This chapter will assist asset management to improve the compliance standard of the department.

The following chapter will elaborate on the literature review of this study. Literature will be reviewed on the relevant policies and procedures that are used by the department in managing movable assets of the department. It will also review the understanding of end-users in managing and safeguarding movable assets assigned to them and access their knowledge on procedures to follow if movable assets are missing or stolen.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The term “*literature review*” has many definitions. To mention a few; Hart (2018:3) stated that, a literature review is the analysis, critical evaluation and synthesis of existing knowledge relevant to your research problem. In addition, Postăvaru & Cramer (2016:38) defined literature review as an essential predecessor to research, a way of detecting what previous research has yielded, identifying disparities and where to look next. Literature review is a non-experimental design in which the researchers objectively critique, summarise and make conclusions about a subject matter through a systematic search, categorization and thematic analysis of past qualitative and quantitative research studies on the subject. This review methodology is sophisticated and therefore demands greater insight and adherence to detail (Christmals and Gross 2017:7). This literature review will evaluate the management of moveable assets and the application of SCM policies in the public sector, with specific reference to the Department of Human Settlements.

Supply chain management has grown over the years hence there is less clarity and agreement concerning some concepts, supply chain management for instance. Munive (2018) states that Supply Chain Management (SCM) is a captivating and an exciting area that influences all aspects of our modern life. Every day, millions of different products are purchased and consumed all over the world, by not only individuals but also by organisations (including non-profit and public sector).

For the drive of this study, qualitative and quantitative methods will be used, and pertinent literature will be reviewed: books, legislative framework, policies and procedure guides that regulate the operation of government entities and other pieces of legislation that control and monitor the implementation processes of SCM.

2.1.1 Supply Chain Management definition

According to Graham (2005:380) SCM is a network of members formed by autonomous entities and their systems by collaborating and collective efforts to solve a common problem. It is widely recognized today that supply chain management has become a matter of strategic importance for any company, in the primary, secondary and/or tertiary sectors, (Moran (2013: x).

SCM encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. It also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers and customers, (Introduction to Supply Chain Management 2018).

Gattorna (2017:283) states that Supply chain professionals of the new millennium will have to contend with the challenges posed by the fact that markets are turbulent and changing rapidly and unpredictably.

In order for the DoHS to function accordingly, the Supply Chain Management component should be in place.

2.2 Establishment of Supply Chain Management (SCM)

Chapter 13, Section 217(1) of The Constitution of the Republic of South Africa, 1996 (Act 108), provides the basis of Supply Chain Management, that: when an organ of state in national, provincial and local sphere of government or any other institution identified in national legislation, contracts for goods and services, it must do so in accordance with a system that is fair, equitable, transparent, competitive and cost effective.

Liu *et al.* (2017:421) say, Supply Chain Management (SCM) is a long-standing concept, which first appeared in 1982 and is used to describe the logistic management between organizations. Its development has gone through three stages: functional management, internal management, and external integration. SCM has integrated with the sustainable development concept.

According to Wisner, Tan and Leong (2013:7), the Council of Supply Chain Management Professionals (SCMP), defines supply chain management as: The planning and management of all activities involved, sourcing and procurement, conversion and all logistics management activities.

Lee (2014) stated that, global businesses commonly centralize their logistics and supply chain management functions in a stable, secure location that offers access to a broader region. For many corporations looking to establish a presence in Asia, Singapore is an attractive supply chain management hub because of its extensive connectivity, innovation ecosystem, and the availability of consultancies and other supply chain support services.

DoHS has a SCM component which is made of four sub-components, namely Demand Management, Acquisition Management, Movable Asset Management and Stores/Inventory. This component (SCM) is dealing with procurement of movable and immovable assets, consumable goods, keeping records for all movable assets and consumable goods for the entire department.

2.3 Legal frameworks that support supply chain management

2.3.1 Constitution of the Republic of South Africa, (Act No. 108 of 1996).

2.3.1.1 (Chapter 13, Section 217(1)), provides the basis of Supply Chain Management states that: When an organ of state in national, provincial and local sphere of government or any other institution identified in national legislation, contracts for goods and services, it must do so in accordance with a system that is fair, equitable, transparent, competitive and cost effective. In order for the DoHS to function according to the national legislation, the above systems should be in place.

Constitution of the Republic of South Africa, (Act No. 108 of 1996: 1331).

2.3.2 The Public Finance Management Act, (Act 1 of 1999), as amended, the following sections;

2.3.2.1 Section 38(1) (d): The accounting officer of a department is responsible for the management, including the safeguarding and maintenance of the assets, and for the management of the liabilities, of the department.

2.3.2.2 Section 40: The accounting officer for a department must keep full and proper records of the financial affairs of the department in accordance with any prescribed norms and standards.

2.3.2.3 Section 42: (1) When assets or liabilities of a department are transferred to another department or other institution in terms of legislation or follow a re-organization of functions, the accounting officer for the transferring department must-

(a) Draw up an inventory of such assets and liabilities.

(b) Both the accounting officer of the transferring department and the accounting officer of the receiving department must sign the inventory when the transfer takes place, (Appointment of Accounting officers 2000:23-27).

2.3.2.4 Section 57: An official in a public entity is responsible for the management, including the safe-guarding of the assets and the management of the liabilities within that official's area of responsibility.

2.3.3 In relations to the National Treasury Regulations, Part 5: Asset and Liability Management, Chapter 10: Responsibility for asset management;

2.3.3.1 The Head of Department of an organization must take full responsibility and certify that proper control systems exist for assets and that – (a) Preventative mechanisms are in place to eliminate theft, losses, wastage and misuse; and (b) Stock levels are at an optimum and economic level.

2.3.3.2 The accounting officer must ensure that processes (whether manual or electronic) and procedures are in place for the effective, efficient, economical and transparent use of the institution's assets, (KwaZulu-Natal Provincial Treasury 2013:3).

2.3.4 Provincial Treasury Instruction Note No. 30: Movable Assets Management

The objective of this instruction note is to provide guidelines for the management and control of all movable assets in the province. This instruction note is primarily intended to assist asset managers to interpret and implement sound asset management principles in their departments.

2.3.5 KwaZulu-Natal Province Asset Management Framework: A physical confirmation of all assets must be executed annually.

2.3.6 In relations to King report on Governance for South Africa (002009:21), “the board should assume responsibility for the assets and actions of the company and be willing to take corrective actions to keep the company on a strategic path that is ethical and sustainable”.

2.3.6.1 King report on Governance for South Africa (2009:73) further states that, the risk management policy should set the tone for risk management in the company and should indicate how risk management will support the company’s strategy. The risk management policy should include the company’s definitions of risk and risk management, the risk management objectives, the risk approach and philosophy, as well as the various responsibilities and ownership for risk management within the company.

2.4 Key elements of SCM

According to KZN Department of Health (2013:15), the following are the key fundamentals of Supply Chain Management namely logistics, demand, acquisition, movable assets, disposal and risk management. Horn *et al* (2014:215) stated that the aim of SCM is to add value to each stage of the asset (or good and service) procured – from demand of goods, works and services stage to acquisition, the management of logistics processes, and lastly, after usage, to their disposal, in line with the objective, the government’s SCM guidelines consist of four key fundamentals, namely Demand management, Acquisition Management, Logistics Management and Disposal Management.

2.4.1 Identify a need of a movable asset

During procurement and budget planning, responsible managers strictly view their program deliverables to identify objectives to be achieved during the following financial year and identify movable assets that are needed and when will they be needed. The purchase of the movable asset is then planned, budgeted for and updated on the DoHS Procurement Plan. When budget is approved, funds will be made available to purchase the movable assets during the following financial year.

In some cases, the end user may experience an ad-hoc or emergency need for an asset that is not included in the procurement plan. The end user must motivate that the need is warranted, and the budget can accommodate on the additional requirement, the procurement of the asset may be supported and approved by Accounting Officer or delegated official.

Needs assessment

Goods and services required

- i. *Description of goods*-the type of asset to be purchased is described in detail to assist the Demand Management (DM) in identifying the correct asset.
 - ii. *Quantity*- the number of items required.
 - iii. *Specifications*- the specialised capabilities and requirement of the asset.
- *Requisition signed by applicant*- the applicant's name, signature, contact details and date should appear on a requisition.
 - *Approval to purchase*- the Responsibility Manager signs/approves the requisition that he/she is in agreement with the purchase made.

Below is the diagram that summarises the elements of supply chain management and the obtaining process of departmental goods and amenities including moveable assets.

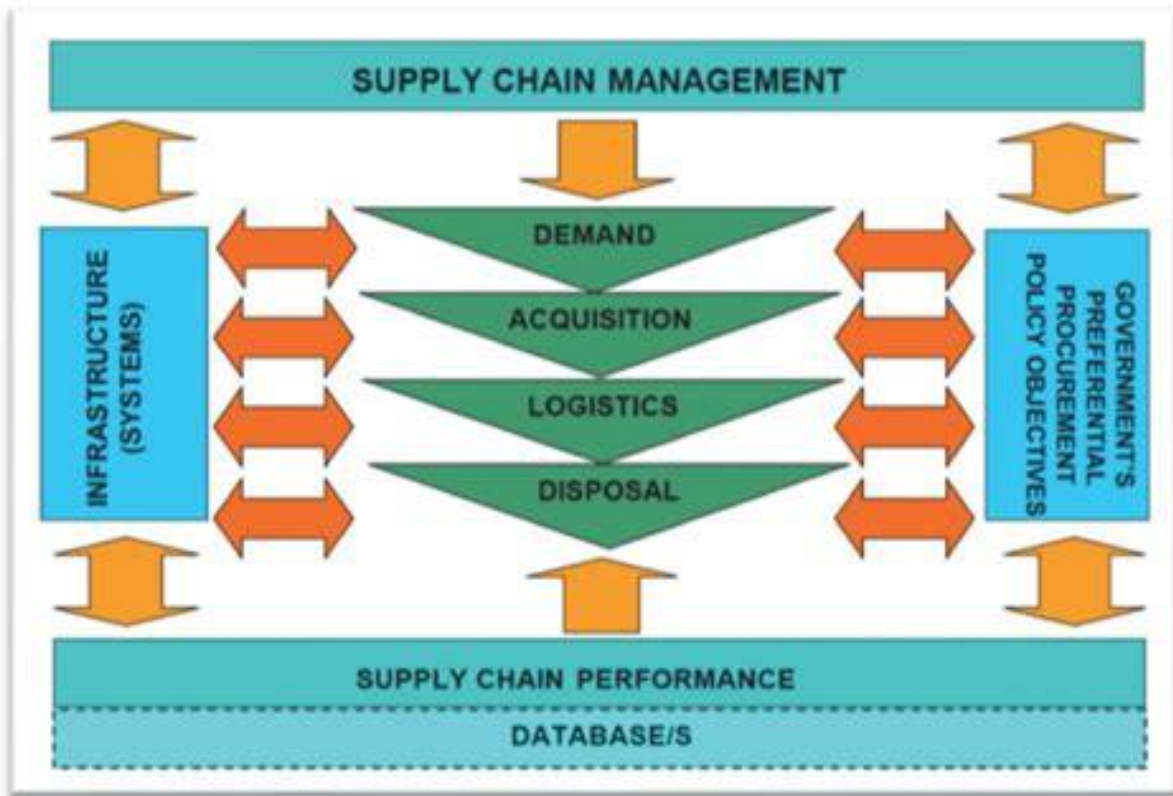


Figure 1: The Supply Chain Management Process and its Main Components (Turek, 2017)

2.4.2 Demand Management

The expansive view of demand management is to drive businesses to better understand their clients and their markets (Crum, Palmatier & Palmatier 2003:16). All departmental requisitions are forwarded to the manager; Demand Manager for control, monitoring and procurement reasons. It is the management responsibility to check whether the form is filled accurately or not and whether the purchase is signed/approved by a delegated authority or not (KZN Housing, 2008:3-6). Further on, management should make sure that all procured assets in the present financial year were planned for and stipulated in the preceding year procurement plan. If not, the end user should motivate on a requisition why it is necessary for the specific asset(s) to be bought in the existing financial year. The form is sent to an Asset Manager to check for excess stock. Asset Manager recommends for processing or rejects and allocates excess stock.

2.4.3 Acquisition Management

The Acquisition Section receives a requisition/request forms from Demand Management section, records it in the quotation register, and allocates a quotation number. The Provincial Treasury's database is used to source suitable service providers who will be able to quote and deliver needed service and goods. However, not all goods and services are procured from service providers. Certain goods and services are procured using petty cash for instance. The procurement threshold is as follow:

- R1 up to R500- Procurement achieved by means of petty cash.
- Above R500 up to R1000 obtain at least three verbal quotations and get one written quotation from the cheapest supplier.
- Above R1000 to R30 000- Procurement affected by method of at least three (3) written quotations.
- Beyond R30 000 and up to R200 000- Procurement effected by means of written quotations. In this instance Acquisition Section is required to obtain at least three (3) competitive quotation, and the Evaluation Section to select the supplier recording the highest points.
- Above R200 000 to limitless monetary value- SCM to follow a method of publicity inviting bids by means of newspaper announcements. Bids received are to be evaluated and presented by Departmental bid committees.

There are various committees appointed by the Accounting Officer to deal with bid processes within the DoHS Acquisition Management component, and these committees are; Bid Specification, Bid Evaluation and Bid Adjudication. Bid Specification Committee (BSC) is responsible for compiling bid specification, which may include skilled or specializing officials whereas a Bid Evaluation Committee (BEC) comprises of two committees. The first committee deals with construction related issues and the second committee focuses on consumable goods and services and moveable assets. The main purpose of the above mentioned committees is to evaluate the bid or bids received. Bid Adjudication Committee (BAC) deals with adjudication of bids. The Chairperson of this committee is the Chief Financial Officer (CFO) of the Department.

Members of the above three committees must be trained and have a substantial understanding of the bid process. They must sign the Code of Conduct, confidentiality form and declaration of interest. Declaration of interest must be the standing item on the Agenda of the committees. Once the comparative schedule is compiled, it must be approved by the delegated official. Selected suppliers must comply and be aligned to the Procurement Priority Objectives (PPO's). Quotations are sent through fax or collected by the supplier. The quotation will include a full specification of the movable asset, closing date and time of the quotation as well as the delivery date/period. All supporting documents are put together and forwarded to the evaluation section to receive quotations, record all received quotations in the comparative schedule and the proposal of the successful supplier. Documents are thereafter sent to the internal evaluation committee to evaluate and approve the quotation in terms of SCM delegations. The information is recorded in the register and forwarded to the Logistics (Order) Section to write and issue orders to the successful supplier. Creation of orders is divided into two categories:

- Maintenance, goods and services are dealt with in Transaction Section within SCM.
- Asset related items are dealt with in Asset Management Section within SCM.

2.4.4 Logistics (Creating, authorising and receiving of orders)

The official responsible for creating the order receives comparative schedule together with the supporting documents from Evaluation Section and checks the correctness of documents. The order is created directly onto the Hardcat system. Thereafter, an official with the delegated authority authorizes the transaction.

Copies of the order are printed and distributed as follows:

- The original order document is sent to the Financial Management Section and awaits for arrival of the invoice from the supplier.
- The copy remains with the office for making follow ups to the supplier, and to keep it for future reference.
- A copy of the order is sent to the end user who initially requested the order.
- A copy is faxed or e-mailed to the Supplier for assets to be delivered to end user and the office to keep proof of communication.

The end-user receives delivery of the physical asset, installation takes place where appropriate. The end user checked if assets delivered are according to the approved order and specification then sign the delivery note. The asset is used to encounter the service delivery necessities.

2.4.5 Disposal

Disposal is the act of getting rid of something that is no longer wanted or needed (Collins, 2018).

According to Horn *et al.* (2014:216) disposal is the last process, in which a municipality or municipal entity needs phase out unserviceable, redundant or obsolete mobile assets. As it is critical that the best rate is obtained over the entire life span of an asset, it is recommended that the accounting officer appoints a disposal committee to deal with the disposal of any asset. The disposal of any capital asset must be done in accordance with Sections 14 and 90 of the PFMA.

Asset removal is the last phase in the life span of an asset. It is the result of the DoHS's realization that the economic lifecycle of the asset has completed, or the need for the service provided by the asset has altered. The accounting officer appointed asset disposal committee to ensure that disposal of asset is carefully planned and achieved in the most transparent and cost effective manner.

2.5 Roles and responsibility for SCM- Movable Asset Component

2.5.1 Head Office Movable Asset Management Directorate

Section 38 of the PFMA specifically tasks the accounting officer with the management, including the safeguarding and maintenance, of assets, and the management of liabilities. Similar use of resources and safeguarding and maintenance requirements are set in Section 62 (1) (a) and 63 (1) (a) of the MFMA effective 1 July 2004.

- a. Responsible for leading movable asset management transformation in the Department.
- b. Drawing of the various movable asset management plans such as asset acquisition plan, maintenance plan, asset verification plan and disposal plan.
- c. Regularly report to Provincial Treasury on movable asset management transformation.

- d. Annual review of movable asset management policies.
- f. Resolve problems with regard to the Movable Asset Management Reform on a Departmental level and request assistance from Provincial Treasury where no solutions can be identified.
- g. Establish a conducive culture to make Movable Asset Management Reform a success.
- h. Continuous assessment and development of required skills for the Movable Asset Management Teams.
- i. Execute movable asset management functions and update asset register.
- k. Identify skills gap and coordinate training of movable asset team.
- m. Ensure movable asset management system is well managed and maintained.
- n. Respond accordingly in respect of audit findings.

2.5.2 Programme/Responsibility Managers

Accountability for asset management [Section 38(1) (d) of the PFMA] 10.1.1 the accounting officer of an institution must take full responsibility and ensure that proper control systems exist for assets and that –

- a. Preventative mechanisms are in place to eliminate theft, losses, wastage and misuse.
- b. Asset manager/Section head/asset controllers of the Department are responsible for the implementation and monitoring of Asset Management in the Department.
- c. The IT Directorate has to ensure that the technical report on IT equipment is available to the Disposals Committee.
- d. Asset Manager should create a sense of urgency regarding the asset management reform and ensure momentum is maintained.
- e. Managers at all levels are responsible for the asset acquisition, utilisation and maintenance, movement, control, safeguarding and disposal of the assets within their area of responsibility.
- f. Managers are required to identify the movable asset needs, in line with their programmes strategic plan and objectives, and submit inputs to movable asset management for the asset strategic plan.
- g. Asset Manager must ensure that movable assets within their area of responsibility are physically verified and disposals conducted once a month” (Treasury Regulations 2005:29).

2.5.3 Section Head of Movable Asset Management Sub-Directorate:

- a. Account on a monthly basis on the application of the Movable Asset Management Reform to SCM Manager.
- b. Implementation of policies to the Departmental officials.
- c. Resolve issues with respect to the Movable Asset Management Reform and request support from SCM manager where no resolutions can be identified.
- d. Establish conducive principles to make Asset Management Reform an accomplishment.
- e. Continuous valuation and growth of required skills for the Movable Asset Management Teams.
- f. Conduct physical verification of District assets (Polokwane, Asset Management Policy 2017/18: 56).

2.5.4 Assistant Director of Movable Asset Management

Polokwane, Asset Management Policy (2017/18: 7) states that the function of an Assistant Director in managing movable asset are to:

- a. Assist in the compilation of Movable Asset Management plan.
- b. Control the utilisation of movable assets on the Hardcat system.
- c. Manage the Movable Asset Team within the component.
- d. Compile a monthly report on Movable Assets to the Section Head.
- e. Coordinate the scheduled physical verification of movable assets.
- f. Ensure that all officials adhere to all relevant prescripts.
- g. Liaise with Disposal Committee members on movable assets that are due for disposal.
- h. Compile submission to the Chief Financial Officer (CFO) through Section Head and SCM Manager.

2.5.5 Systems Controller (SYSCON)

- a. An asset management Systems controller is required to ensure that the system is running efficiently at all times, attends to system faults, creates and control users on the system.

2.5.6 Asset Controllers/Practitioners

According to Swanepoel (2014:32), Asset Management Practitioners should take the lead in the management of assets towards maturity.

- a. Asset controllers are appointed in the Head Office.
- b. Asset managers must ensure the recently procured movable assets are barcoded and captured on Hardcat System.
- c. Asset controllers must ensure the asset movements and transfers are accounted for and transfer forms are filled and signed by officials concerned.
- d. Conduct asset verification to the entire KZN Human Settlements offices.
- e. Print inventory lists and display them behind each office door.
- f. Compile list of movable assets due for disposal and tag movable assets to be disposed.
- g. Obtaining technical report from information technology department in respect of equipment requiring disposal.
- h. Dispose movable asset on Hardcat system as per approved submission.
- i. Update electronic Hardcat register (Asset Management Framework 2018:20).

2.5.7 Asset Custodians/Asset Users

Polokwane, Asset Management Policy (2017/18: 7) states that an official in a public entity, once allocated with an asset is responsible for:

- a. The management, including the safe guarding, of the assets and assumes liability within that official's level of responsibility; his or her responsibilities include:
 - Safe keeping all portable assets such as laptop in a locked cupboard inside a locked room at all times unless in use or in attendance by an authorised Departmental user.
 - Keeping all other assets in a locked room at all times unless in use by an authorised Departmental user.
- b. Presenting all assets allocated them to asset management staff for physical verification whenever a need arises and at least once a year.
- c. Enabling asset management officers to access office.

- d. Presenting assets for checking by security whenever assets are moved in and out of Departmental buildings.
- e. Signing the individual location register (ILR/inventory listing) of assets allocated to them.
- f. Completing asset transfer form prior to the transfer of an asset and submit to the asset controller.
- g. Completing asset exit form prior to the removal of asset from the building and submit to the asset controller.
- h. Notifying asset management of assets requiring disposal and transfer/movement.
- i. Reporting all asset damages, losses and theft to asset management in writing, detailing description, barcode and serial number of asset, the circumstances under which the asset got damaged, lost or stolen including the Loss Control Section and the South African Police Service case number within 48 hours of the incidence.
- j. Ensuring the asset is used for Departmental business only.
- k. Sign Asset Addition Form upon receipt of movable asset to confirm that allocated asset is received in good condition.
- l. Submitting all assets allocated to them to asset management via their responsibility manager at least two (2) days prior to exiting the Department; together with the parts it was allocated with.

2.6 Movable assets management principles

2.6.1 What is an asset?

Asset is a resource controlled by a department as a result of past event and from which future economic benefits or service potential is expected to flow to the department (Movable Assets Management 2013:2).

Assets are defined as something that may have economic value, commercial value, exchange value, owned by business entities, institutions or individuals. An asset can be categorised into four types: tangible and intangible assets, current assets and non-current assets (Atikon, Febrian and Hendrawan 2017:676).

2.6.2 Five movable asset management principles

The principle aim of asset management is to permit the DoHS to meet service distribution objectives capably and effectively by achieving the preeminent conceivable match of assets with programme delivery strategies. It is significant for asset practitioners to align assets with agenda delivery tactics. It is important for assets practitioners to comprehend that assets consumption is a real and noteworthy cost of programme delivery.

The application of life-cycle quotation techniques and the establishment of appropriate accountability assets with programme delivery strategies. It's imperative for asset practitioners to recognise that asset consumption is a real and significant cost of programme delivery. The request of life cycle estimate techniques and the formation of appropriate accountability frameworks are vital to achieving this understanding.

According KZN Department of Education (2018:13); the Asset Management personnel and custodians are required to implement the cardinal principles of acquisition, maintenance, utilisation, safeguarding and disposal.

a) Service delivery

The Department is to undertake asset management activities within a strategic framework that is driven by programmes and service delivery needs.

b) Planning and management integrated with strategic, budgetary and reporting processes of the Department.

Strategic planning, budgeting and reporting on assets have to be integrated with broader planning processes within the Department and between central and other Departments.

c) Ownership, control, accountability and reporting

Ownership, control, accountability and reporting requirements for both ownership and management should be determined and clearly communicated.

d) Transparency, fairness, cost effectiveness and efficiency

The acquisition, management and disposal of assets for the Department should be based on efficient, transparent, fair and cost-effective practices of government.

In terms of KwaZulu-Natal Provincial Treasury (2013:4-6); “this instruction note was developed to guide departments in the effective management of their assets. The following are five Asset Management Principles that Asset Managers are expected to follow and implement as standard practice. This turns around how to implement the process of the acquisition, use, safeguarding and disposal of assets to make the most of service delivery potential and to manage the related risks and costs over their useful life.

2.6.2.1 Service distribution requirements are to guide assets practices and decisions

Asset managers has to be entirely mindful of each manager’s strategic goals and amenity delivery needs before being able to guide them with asset management verdicts. This will mean that communication with the various managers within the department and the asset management must be fine-tuned. The assessment of each section’s asset needs, strategic goals and service delivery needs, may be undertaken by way of personal interviews. Where this is providing difficulties, an Asset Management questionnaire concentrating in the main on service delivery and strategic goals questions may be circulated may be circulated to all responsible managers. This approach will greatly assist Asset Managers in completing their Strategic Asset Management Plans: (Instruction Note no. 30 2013:4).

The DoHS undertake asset management activities within a strategic context that is driven by programme and service delivery needs.

2.6.2.2 Asset planning and management are to be integrated with strategic business plans, budgetary and reporting processes:

Once asset managers have extracted information from the various managers concerning their asset requirements, future needs, any repairs or upgrades and disposals that will facilitate their service delivery needs, the Asset Manager is ready to draw up their own Asset acquisition, operation and maintenance and Disposal Strategic Plans.

All this planning has to be aligned with the planning and budgeting process in the Department to ensure that managers budget for their assets requirements. Asset Managers will also be able to assist the managers in the budgeting process using historical data obtainable from the Asset Register. The 2006/2007 financial year was the year that Strategic Asset Management Planning was implemented (Instruction Note no. 30 2013:4).

Planning, make financial arrangements and reporting on mobile assets has been combined with order planning processes in the DoHS.

2.6.2.3 Asset Management verdicts are to be grounded on evaluations of substitutes that take into accounts full life-cycle costs, benefits and risks of resources:

As asset managers become familiar with their asset registers and the asset needs of their departments, they will fulfil this principle of Asset Management better; e.g. A manager may need a new photocopier machine as their current one no longer meets their service delivery needs. The manager may immediately proceed to purchase a new photocopier without consulting the Asset Manager. However, consulting with the Asset Manager is imperative as a departmental photocopier machine that is being underutilised could have been relocated. All capital expenditure decisions are to be based on rigorous and documented economic imperials of options that include financial as well as non-financial parameters (Movable Asset Management Policy 2013:5).

Capital expenditure decisions will be based on documented economic assessment of options that include financial as well as non-financial restrictions. The economic assessment should be evaluated by a party other than the promoter of the projects.

2.6.2.4 Ownership, control, accountability and reporting requirements for assets or to be established clearly communicated and implemented:

Asset managers are responsible for ensuring that all assets in the department can be accounted for and in cases where assets are unaccounted for, steps are taken to ensure that an investigation on all crucial factors, circumstances and associated asset responsibilities are undertaken. Where

attributable losses are determined these may be fully recovered from the respective custodians. Asset managers fulfil this responsibility by undertaking at least one physical verification/ audit exercise of all assets in the department each year. Every asset on the asset register must be assigned to a custodian who will take full responsibility for such by appending his/her signature to the respective asset list. The Asset Policy and specifically the section on roles and responsibilities of asset custodians must be expressly brought to the attention of all officials concerned. Ownership and control of all the movable assets will be fully defined. Accountability and reporting requirements for both ownership and control will be determined and clearly communicated (Instruction Note no. 30 2013:5).

2.6.2.5 Movable Asset Management activities are to be assumed with a combined government asset management policy charter:

Provincial treasury has an Asset Management Framework, various Asset Management Guidelines and a generic Asset Management Policy which could be used by KZN Provincial Departments as a guideline in developing their own departmental specific asset policies, procedures and guidelines. KZN provincial Asset Management support staff may be called on for assistance on related asset matters. The principal objective of asset management is to enable a department to meet its service delivery objectives efficiently and effectively by achieving the best possible much of acids with programme delivery strategies. With pressure on resources available to deliver programs, it is important for asset managers to understand that asset consumption is a real and significant cost of programme delivery. The application of life-cycle costing techniques and the establishment of appropriate accountability frameworks are integral to achieving this understanding. Effective implication of the principles of asset management will address program costs in terms of:

- a) Reduce demand for new assets that saves money through Demand Management techniques and the adoption of “non-asset” delivery options;
- b) Maximizing the surface potential of existing assets by ensuring they are appropriately used and maintained;
- c) Lowering the overall cost of owning assets and achieving greater value for money through economic valuation of options that take into account life-cycle and full costs, value management techniques and private sector involvement; and

- d) Ensuring a sharper focus on results by establishing clear accountability and responsibility for assets, (Movable Asset Management Policy 2013:6).

The DHS movable assets management is grounded on the best practice in the government and on government provincial policy. The procurement, management removal of assets for the Department should be based on efficient, transparent, just and cost-effective practices of government.

2.7 Life Cycle Phase on Movable Asset

According to Hossain and Haron (2018:7), asset management is a continuous process that runs throughout the lifecycle of a constructed facility. The life cycle of asset takes an extended view on how assets are planned for, used, maintained and finally disposed of, (Campbell, Jardine and McGlynn 2016:15).

One of the biggest challenges for companies' especially asset-intensive organizations is how to effectively manage all their different types of assets, without creating a huge management workload that impacts the bottom line. Every asset has a lifecycle. The key to effective asset management is knowing where a particular asset is in its lifecycle, at any given moment and whether it is providing value to your business. If you know the current state of an asset, then you can intelligently plan and budget for updates, replacements and other changes in an asset's lifecycle (Oracle, 2018).

Asset Management Framework (2018:15-16) states that, the Movable Asset Management is focusing on the Asset Life Cycle. This methodology ensures that the total cost of the asset is considered before procuring, that the budget can be aligned with the need for funds at the appropriate time and intervals and the entire Movable Asset Management process can be aligned to Supply Chain Management procedures. The true total cost of an asset can be readily determined through the maintenance of complete and accurate asset records.

The life cycle of a movable asset is the period that an entity can foresee itself utilizing a movable asset on an economically effective and efficient basis for the prolongation of the entity's trade or service deliverance. This period covers all four phases in the life of a movable asset from planning, acquisition, operation and maintenance up to disposal phase of the

movable asset. Movable assets are often modified during their life. There are two main types of modification:

a. Development:

Where works are carried out on the movable asset that increase its service potential. Works of this kind may be extensions, or modifications to improve functionality such as installing computer cabling. Developments normally increase the service potential of the movable asset, and result in an increase in value; and

b. Refurbishment:

Where *major* works are carried out to bring or restore the movable asset to acceptable condition. Refurbishment works do not necessarily extend functionality or the life of the movable asset, but are necessary for the planned life to be achieved. In such cases, the value of the movable asset is not affected, and the cost of the refurbishment is regarded as an expense in the income statement. If the refurbishment extends the useful life of a movable asset, the service potential (and value) of the movable asset is increased accordingly.

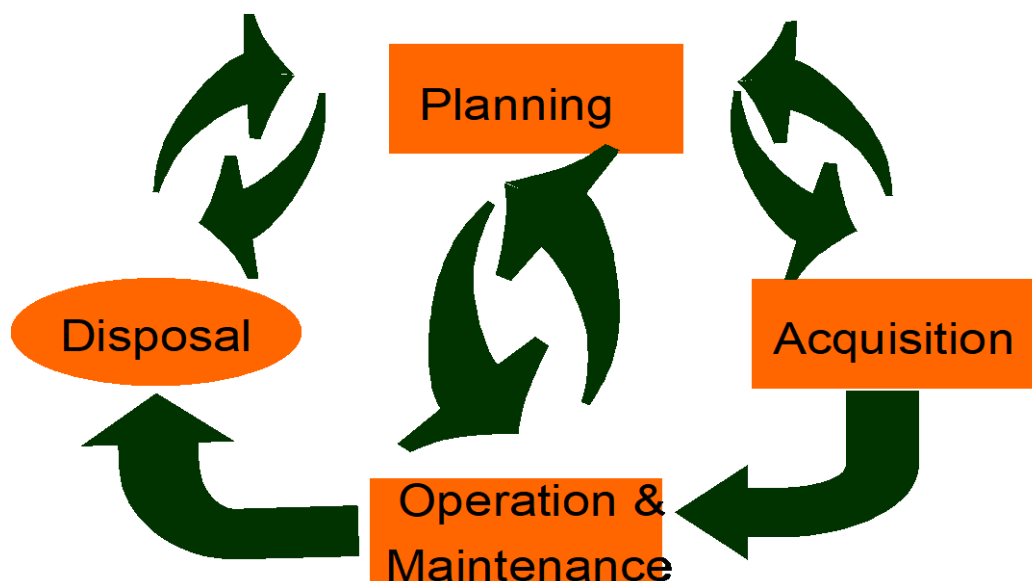


Figure 2: Asset Life Cycle: Asset Management Framework (2018:17)

2.7.1 The planning phase

The Movable Asset Manager during the planning phase, identifies the movable asset needs based on the service delivery requirements of the Department. The Movable Asset Manager will have to perform a thorough investigation into the numerous movable asset needs of the department by identifying and evaluating each option available to satisfy the needs, including assessing non-movable asset solutions to service delivery based on total costs of ownership over the useful life of the movable asset. When considering the useful life of the asset, the Movable Asset Manager will base his/her assessment of the historical costs, market assessments and personal experience with similar movable assets on the Movable Asset Register. All impacts of achieving the movable asset requirements during a Financial Year, included in the budget process and procurement plans.

The planning phase of Movable Asset management is divided into two sub phases that is the Strategic Planning Phase and Per Movable Asset Planning Phase (KZN Department of Education 2018:20).

2.7.1.1 Strategic Planning Phase

The process starts when the requirements are recognised during the strategic preparation phase of the organisation, when service delivery marks are acknowledged. As the Movable Asset strategy will be established to align the mobile asset needs with the service distribution objectives over the extended term.

The Movable Asset Strategy, which forms part of the Procurement Plan, will be updated on annual basis and information will be drawn from the updated acquisition, operation maintenance and disposal plans of the Department. This strategy will be handed to management for consent before the beginning of each financial year and will direct the monetary requirements of each movable asset needed. Once the strategy is accepted, the monetary requirements should be encompassed in the budget for current and upcoming years.

2.7.1.2 Movable Asset Planning Phase

During the Demand Management Phase of Supply Chain Management, the detailed Procurement Planning (acquisition) will take place. All movable assets that are required should be obtained to meet the service delivery in the most effective, efficient and economical manner for the Organisation. All options available to satisfy the need for a movable asset will be investigated. This includes evaluating possible non-movable asset-based solutions for the investment decision is made to purchase the movable asset. This is where the life-cycle approach is tremendously important to determine the entire cost of purchasing or leasing the movable asset throughout the life of the movable asset that is Cost of Acquisition, Operations & Maintenance and Disposal. The best value for money solution will be identified, documented and submitted to Manager for approval.

2.7.2 The Acquisition Phase

At the beginning of the budget planning process, the Responsibility Managers will consider their movable asset needs information during the Strategic Planning process and will base the Acquisition Plan on this information. The Movable Asset Manager will be required to draw up or review and update an existing Acquisition Plan taking into attention the needs that are identified and the timing and duration of the need. This will ensure that movable assets are acquired in a timely and systematic manner. The acquisition plan should be based on the requirement that movable assets should only exist in a Department to enable the service delivery of the Department and must clearly indicate which officials will have the delegated authority to approve the procurement of movable assets. Careful consideration should be made to ensure that the acquisition plan is drawn up in accordance with current procurement procedures and Supply Chain Management requirements.

2.7.3 The Operations and Upkeep Plan

New purchased movable assets may require specific Operation & Maintenance procedures to maintain the movable asset in an optimal condition. These movable assets may be purchased with service and maintenance contracts that stipulate the intervals for service to take place. The Movable Asset Manager will need to develop and implement an annual Operation and

Maintenance plan. This plan may require an additional update during a year as circumstances change that affect the details of the plan, (Polokwane, Asset Management Policy 2017/18: 19).

Movable Asset Managers need to identify movable asset per category of movable assets and decide whether the type of maintenance will be preventative or corrective i.e., preventative maintenance will require that movable asset receive regular services that will prevent movable asset from breaking down. Corrective maintenance will mean that maintenance will only be performed once the movable asset has broken down. After this decision has been made, they would have to consider whether the maintenance will be in-house (performed by the Department) or will be outsourced (done by the external firm) for that asset category. Certain standards of operations will have to be set to ensure that movable asset is still functioning to its best ability. If, in spite of the maintenance efforts, the movable asset does not perform optimal, disposal considerations will have to be made. The Movable Asset Manager is responsible to identify safeguarding measures of movable assets and ensure that these measures are upheld.

In order to develop a condition monitoring and performance, measurement schedule will be included in the Operation and Maintenance Plan. All movable assets on the Movable Asset Register will have their condition assessed each year and if needs be, the condition can change. Movable Asset purchased during a particular financial year will be recorded on Movable Asset Register as new. During the annual physical verification process, the movable asset condition might change to functional or obsolete.

Physical verification of all assets will be performed at least annually. The Departmental Movable Asset Manager will have to include the intervals of physical verification of assets in the Operation and Maintenance plan.

Movable assets may be identified during the periodic physical verification of all movable assets. Officials performing the physical verification can be guided to identify obsolete or surplus movable assets and to record them as such on the Movable Asset Register. At least on quarterly basis, Movable Asset Manager will draw a least of all movable assets with the condition indicator 'Obsolete' and provide the list to the disposal committee where decisions will be made on the fate of these movable assets.

The Movable Asset Manager is to ensure that, custodians and locations of movable assets are recorded correctly on the Asset register.

Each custodian has to accept responsibility and accountability for the movable assets under their control, by attachment of signatures. During physical verification, when movable assets are identified as missing, a theft and losses procedure must be followed and any changes to movable assets information updated on the Movable Asset System.

2.7.4 The Disposal Phase

Disposal is the final phase in the life cycle of a movable asset. In this phase unserviceable, redundant or obsolete assets are identified and disposed of. The disposal of assets should be aligned to the Department's asset acquisition plan and procurement plan. Asset Director or delegated official need to develop and implement an Annual Asset Disposal.

Disposal and separation of assets must be done in accordance with the Departmental Disposal Policy (Tshwete (2016:14).

- a. Asset Management records must be disposed per KZN Asset Management Framework.
- b. The Asset Management Directorate to keep all the records of activities of the Disposal Committee in a safe and secure environment.

2.7.4.1 Appointment, role and responsibilities of a disposal committee

Tshwete (2016:16) state that, the purpose for Asset Disposal Committee is to enhance control over the disposal of assets.

The Accounting Officer shall appoint a Disposal Committee of at least four members, for a three-year term, whose main function will be to make recommendations regarding the disposal of assets. The disposal of an asset should be disclosed at the original carrying value at which it was acquired, unless prescribed otherwise". The roles and responsibilities of the Disposal Committee will be to make recommendations after checking the following:

- a. Item barcode
- b. Description
- c. Estimated disposal value
- d. Technical report (if possible)
- e. Inspect item to be disposed.
- f. Recommend the appropriate disposal method as per asset condition.

2.7.4.2 Disposal approaches

The Disposal committee shall contemplate and recommend anyone or an amalgamation of the following methods. The following are disposal methods;

Donation to other institutions in terms of Section 42 of Public Finance Management Act, 1999, Act No. 1 of 1999.

Donation: DoHS to donate its movable assets to the needy government school or to Local Municipality (especially computers) who are dealing with equipping local disadvantaged youth on how to use computers. The receiving entity sign the Handing over. That becomes a proof to the DoHS.

Selling to staff: DoHS to sell its movable assets to staff based on the amount recommended by the Disposal Committee. Official make payment to departmental Finance section using disposal number on the disposal list. Finance issue a receipt to the official. SCM-Asset team use that receipt to issue disposed movable asset to the official.

Auctioning: DoHS to auction its movable assets (especially vehicles) to the auctioneer appointed by the department for that period.

Destroy: If the recommendation by the Disposal Committee to destroy movable asset, asset teams remove the barcode from the movable asset and take the movable asset to the scrapping area.

2.8 Classification of assets

Assets take a number of forms. There is *financial* assets (such as cash) and *non-financial* assets. *Non-financial* assets may have a *tangible (physical)* form such as buildings, machinery and motor vehicles. They can also be *intangible* – examples are trademarks, licenses (e.g., fishing licenses), and the legally enforceable rights associated with copyright and rights. It can be a *combination of both tangible and intangible*, particularly where these elements operate as

integral parts of a whole - a security system in a building may be a combination of tangible (physical) equipment such as cameras, computers and alarms; and a suite of software which controls and monitors the equipment (KZN Department of Human Settlements 2015:16).

Assets may be current or non-current. *Current assets* may have an expected shorter life due either to an inherent feature (perishable goods for example) or because they will be converted into another asset or consumed within the department in a short timeframe (deposits, investments, raw materials or inventory and debtors are examples). These assets are generally referred to as ‘current’ in accounting terms, as they will be consumed or converted into something else within the next twelve months after the reporting date (KZN Department of Human Settlements 2015:16).

In contrast, *non-current assets* have an extended, useful life greater than one year, and it is usually expected that these assets would be used during more than one fiscal year. This may reflect their physical life in the case of tangible assets or, in the case of a patent, its legal life. Non-current assets are also known as capital assets (KZN Department of Human Settlements 2015:16).

2.8.1 Movable and Immovable Assets

2.8.1.1 Tangible assets can also be divided into two collections:

- i. Movable assets, and
- ii. Immovable assets.

Movable assets are assets that can be moved and portable (e.g. machinery, equipment, vehicles and furniture). All inventories and most fixed assets belong to this category. The only fixed assets that are not movable are fixed structures, such as buildings, bridges and roads. It should be noted that an asset that is bolted to some fixed structure is still considered to be a movable asset since it can be unbolted and moved. However, central air-conditioning, water and electrical reticulation components are classified as part of the infrastructural asset in which these are installed.

Immovable Assets consist of non-financial tangible assets namely land, subsoil assets, non-cultivated biological resources and water resources. Some fixed tangible assets, namely are: fixed structures e.g. bridges, buildings and roads.

2.8.2 Tangible (physical) and Intangible Assets

Secure assets include tangible and intangible assets. Tangible assets are physical in nature. These are assets that one can trace. Intangible assets include trademarks, licenses and/or the legally enforceable rights associated with copyright and patents.

2.9 Asset Delivery, Maintenance and Safeguarding

2.9.1 Delivery

- a. SCM-Movable Asset Component to ensure that delivered movable assets do correspond with information on the order document.
- b. The Responsibility Manager must ensure that assets are put into use as soon as they are received by the end users.

2.9.2 Bar-Coding

Barcoding is a common form of automatic identification using labels with imprinted data to track and monitor a particular product or object (Asset Tags & Asset Labels Glossary & Definitions of Terms 2018).

According to Horn *et al* (2014:105) barcoding is the automatic identification on asset and in a warehouse.

2.9.2.1 Bar-coding and capturing of newly procured movable assets

The SCM-Asset team will make arrangements with the responsible end-user to ensure that the end-user is satisfied with the assets delivered before barcoding the assets. Asset team will then barcode items.



Figure 3: Metal Barcode Labels (Anon., 2018)

The aluminium bar-codes are pasted to the assets and the Hardcat Asset Addition Form is completed, detailing the bar-code number, serial number (if available), description of the asset, location details (e.g. room and floor number) where it is placed and who the eventual custodian of the asset will be.

Asset official captures the information from Hardcat Asset Addition Form to Hardcat system. If all information does correspond, Asset official will print Hardcat report and file it on the copy of the order together with Hardcat Asset Addition Form for future use and audit purposes.

2.9.2.2 Purpose of a bar coding

A barcode is the sole identifier on retail merchandises that includes a sequence of lines, characters and numbers, Barcodes help tracing the portable asset throughout verification period and relate the asset with the end user,



Figure 4: The purpose of barcoding (Kokemuller, 2017)

Barcodes is an arrangement of alternating bars and spaces printed on an asset tag to identify items and enable automatic interpretation by optical scanners to avoid manual inputs, also known as automatic recognition. Barcodes enabling optical digital scanning of alphabet and numeric characters and symbols into computer databases (Asset Tags & Asset Labels Glossary & Definitions of Terms 2018).

2.9.2.3 Type of barcodes

According to Horn et al. (2014:105-106), the following are types of barcodes that are used in Public Sector as well as in Private Sector:

a. Barcode Identification

This type of barcodes are used to identify products, container's location and batch numbers. These barcodes are read by barcode readers. Examples of barcode readers are handheld

scanners, asset scanners or stationery scanners on conveyor belts, which will read the barcode on the product or package as it passes by. This asset scanner relies on accurate barcode placement on the product or packaging. The barcode should also be visible. In the future, barcode scanners would ideally be hand-free devices, attached to operator's wrist or lower arms. The barcode identification system is the most common identification system used in supply chain. It is most common due to its benefits, which are that it is simple to operate, inexpensive, accurate, high speed and update asset management system in real time.

b. Magnetic strip identification

The magnetic strip identification system consists of a magnetic strip at the back or the front of a card. The card is very similar to a bank card. A large quantity of information can be encoded onto the magnetic strip such as the content of a delivery in the truck or the travel route for a picking tour. These cards are known in the warehouse as smart cards. A smart card needs to be inserted into a smart card reader to read the information.

c. Radio frequency identification (RFID)

In the RFID system, a tag is placed on a product and a reader (antenna) read the data on the tag. Data is exchanged between the tag and the reader using the radioactive waves. The difference between the barcode and RFID system is that the RFID system can read multiple products at once whereas with barcodes, each item has to be scanned. RFID system is more expensive than barcode system.

Barcode, magnetic strip and radio frequency identification system are automotive identification systems, which allow products to be identified accurately and at high speed. There are, though, also automatic communications picking technologies available in the warehouse. The smart card stated above is an example of automatic picking technology.

d. Voice recognition

Voice recognition technology is used in the warehouse for receiving, picking and sorting products. The voice recognition system consists of a headset microphone on an employee who will receive instruction from the warehouse management system. The warehouse management system will communicate a sequence of tasks to the operator. An example is when a forklift

truck driver receives a command to pick a certain product. When a forklift truck operator has completed the task, he will speak into the microphone and say, for example 'product A145 picked.' The warehouse management system will then give the forklift truck driver another task to complete.

e. Pick-to-light system

This system is mainly used to broken case picking where carton are stored in a gravity flow rack, shelving or vertical and horizontal carousels. A light displayed at the front of each pick location indicates to the picker which parts need to be picked for a particular order. The quantity to be picked can appear on the front of the racking or shelving next to the light at the same pick location. Once the products have been picked, the picker turns off the light to confirm the completion of the task.

Amongst barcode methods mentioned above, the DoHS is using barcode identification methods, as it is more relevant in management departmental assets.

2.9.2.4 Maintenance

- a. Assets in the following categories shall be maintained/serviced as prescribed by the manufacturer/service provider/specification.
 - i. Audio-visual equipment, computer hardware, multipurpose devices and related assets;
 - ii. Domestic radio, telecommunication or firefighting equipment and kitchen appliances;
 - iii. Security equipment and systems (Fixed and movable);
 - iv. Office furniture;
 - v. Office equipment.

- b. Responsibility Managers must familiarise themselves with the operating policies and standards relevant to the assets under their control.

2.9.2.5 Safeguarding

For every asset that is recorded on the HardCat Asset Register, there is a custodian who uses it and is responsible for it. Completion of the Asset Addition Form is mandatory for custodians

of assets. All custodians of assets must ensure the safety of all assets allocated to them and that they are used for relevant Departmental purposes only. Custodians are required to state the reason and circumstances for losses and or damage to assets allocated to them. All documents for movement of movable assets within the DoHS must be safeguarded for audit purposes.

2.10 Asset Management Workflow

Atikoh, Febrian and Hendrawan (2017:676) defined Asset management as: "A continuous process-improvement strategy for improving the availability, safety, reliability, and longevity of assets; that is systems, facilities, equipment, and processes." In the implementation, asset management works on five process stages: asset inventory, legal audit, asset valuation, asset optimization and asset supervision/control. The five-level processes are interconnected and integrated.

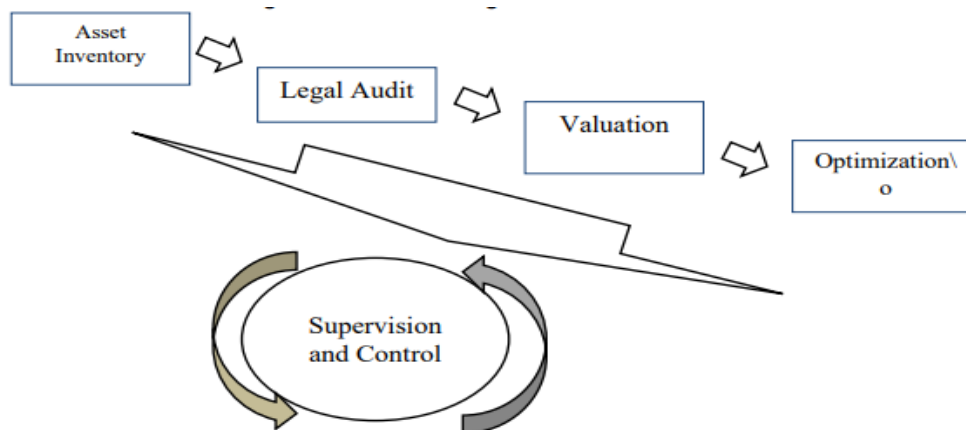


Figure 5: Asset Management Workflow, Atikoh, Febrian & Hendrawan (2017:677)

2.10.1 Asset Inventory

There are two aspects of inventory: the physical and the legal aspects. Physical aspect consists of a form, area, location, volume, type, address and others. As for the legal aspect, it consists of the acquisition process, acquisition period and others. The work processes are as follows: data gathering, labelling, grouping and administering according to asset management purpose.

2.10.2 Legal Audit

A legal audit is within the scope of asset management such as inventorying asset acquisition status, system and procedures of acquiring or transferring assets, identifying and transferring on legal issues, and strategies to resolve legal issues relating to acquisition or asset transfer.

2.10.3 Asset Valuation

Asset valuation refers to a process of conducting research on asset acquired. This usually is conducted by independent research consultants. The result of this valuation shall be beneficial in understanding the economic value or information to set price if an asset is being sold.

2.10.4 Asset Optimization

Optimizing asset refers to a process of optimizing physical, location, value, volume, legal and inherent economic potential of the asset. In this process, assets acquired by Local Government are identified and grouped by its potentials. The result of this process is the recommendation of goal, strategy and program to optimize the assets.

2.10.5 Supervision and Control

Supervision and control utilization in transferring assets is an issue that often becomes an object of mockery to the Local Government. An effective way in improving performance aspect is the development of Asset Management Information System. Through Asset Management Information System, transparency in managing assets shall be ensured without worrying about weak supervision and control.

Asset management needs to determine new steps to improve the management of adequate and effective assets.

Calomiris *et al.* (2017:163) states that Movable assets consist of all non–real estate assets (such as machinery, accounts receivable, and inventory).

2.11 Asset Management

In 2004, the State Account Department (SAD) in Sri Lanka issued a circular to all government agencies mandating a registration of movable assets (Adhikari and Kuruppu 2018:4).

2.11.1 Control of asset register

Departments are required to establish an Asset Register that will enable depreciation of individual assets (Guidelines for Infrastructure Asset Management 2009:54).

The asset register is the asset database that provides the basis for the figures in the financial statements. It includes information on asset purchase prices, asset condition and expected life. It may also include information on current replacement cost. All assets should be recorded in the asset register, regardless of the funding.

2.11.1.1 The movable assets register have a minimum detail requirements as determined by Provincial Treasury's minimum.

2.11.1.2 The following prescribed Hardcat forms must be used and Hardcat must be updated with the latest information.

- a. Asset Addition Form.
- b. Asset Transfer Form.

2.11.2 Verification of assets and updating of Hardcat register

Asset Manager should have movable asset verification plan in place which accommodates all the DoHS offices (i.e. Head office, Regional offices and District offices).

Asset team will be required to perform a minimum of one annual movable asset verification the Hardcat Asset Register. In order to perform this verification a copy of the Hardcat Asset Register can be downloaded. The verification must be done on the following fields within Hardcat:

- Bar-code number

- Asset name
- Custodian name
- Location name
- Cost Centre name
- Serial number
- Condition name
- Value

During the physical verification, whether manual asset count sheets or pocket Pc scanners are used, the condition of each asset is made. The information from the manual count sheets is then captured onto the Hardcat system or if the Pocket PC/scanner was used, the information on the scanner is imported into Hardcat by the departmental SYSCON to Provincial treasury for uploading information. Once Provincial Treasury finalised uploading of information they then inform departmental asset team. Individual inventory list is then printed, the end user will verify the inventory list according to physical assets and sign the inventory list. The inventory list will then be placed behind each office door as proof that asset verification has been conducted and for auditors' purposes. If it is identified during the annual audit that an asset is missing, the custodian of the asset would have to provide a written report explaining the whereabouts of the missing asset. If the asset cannot be accounted for through the explanation, the normal Loss Control procedures should be followed (Asset Management Framework 2018:33).

2.11.3 Movement of Assets

- a. No one is allowed to move any movable asset/s without informing SCM.
- b. The user must complete and submit the Transfer Form of SCM-Asset team.
- c. Movable Asset Register (Hardcat) must be adjusted for any move occurred.
- d. Updated inventory list must be placed behind office door.

2.11.4 Asset transfers

2.11.4.1 Transfer to another institution

The policy (Department of Health 2013:3) states that, when an asset is transferred from one department to another, the two Accounting Officers or delegated official must sign a handing over certificate. The asset retains its bar-code. The transferring department disposes the asset on the hard cat system at its carrying amount. The receiving department takes on the asset onto the hard cat system at the carrying amount.

Section 42 of the PFMA prescribes that The Accounting Officer for the transferring department must file a copy of the assigned inventory with the relevant Treasury and the Auditor-General within 14 days of the transfer. Asset Deputy Director facilitate this process.

For transfers between departments, on a restructure of functions, movable assets must initially be recorded at the value at which they were carried in the books of the transferring department. In this instance, both the gross value and accumulated depreciation should be recorded.

(a) Purchases in financial years, to 2004/2005:

Where the costs involved in obtaining a value for asset are not feasible, the asset should be recorded at a R1 value with the purchase date 31 March 2004 as per directive issued by Provincial Treasury. All assets purchased preceding 1 April 2004 shall be initially recorded in the asset inventory list at R1.00.

2.11.4.2 Internal transfers of assets

It is the movement of movable asset from one room to another, or one building to another, or one location to another, whereby proper transfer methods should be clearly implemented. Asset Controllers need to be informed and the Hardcat Fixed Asset Form for Transfers must be completed. The affected details need to be updated on Hardcat system.

2.11.4.3 External transfer

It is when movable asset is transferred from one Department to another. When an asset is transferred from one department to another, the two accounting officers of delegated official must sign a handing over certificate. The asset retains its bar-code. The transferring Department disposes the asset on the Hardcat system at its carrying amount (i.e purchase price less accumulated depreciation). The details of the receiving department are recorded in the reference field on the disposal form. The receiving Department takes the asset on charge at the carrying amount with the same barcode number (Kwa-Zulu Natal Department of Human Settlements 2013:3).

According to the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999, section 42 paragraph (3) states Accounting officers' responsibilities when assets and liabilities are transferred. The accounting officer for the transferring department must file a copy of the signed inventory with the relevant Treasury and Auditor General within 14 days of the transfer.

2.11.5 The processes of Movable Asset Management

2.11.5.1 Recording, estimation and reporting

The DoHS is liable for the physical and financial enactment of mobile assets under its monitor, operation as well as maintenance. Information about the performance and state of an asset provided by precise recording, approximation and recording procedures is critical to decisions to modify, refurbish, find an alternative use for, or dispose of a movable asset. The upkeep of a movable asset register which comprises an accurate record and estimation of mobile assets is supporting effective decision-making about movable assets utilization, barcoding and capturing of movable asset on Hardcat.

2.11.5.2 Managing in practise

Protecting facility delivery potential is of utmost importance when making decisions about movable asset use and maintenance. How the usage period of a movable asset depends on the effectiveness of maintenance and safeguarding for its purpose.

2.11.6 Effectiveness of movable asset management

According to Swanepoel (2014:32), the management of physical assets is the cornerstone of our Economy.

In order for the movable asset to be effective, movable asset management need to be considered as a comprehensive and multi-disciplinary activity that takes into account a range of factors such as:

- the movable asset life-cycle and asset management principles;
- the needs of the users of the movable asset;
- the policy and legislative environment;
- the DoHS's corporative management and planning framework;
- technical competence and commercial practicality;
- external or market factors (commercial, technological, environmental or industry implications);
- the competing demand of stakeholders (in some cases);
- the need to justify operations to improve service delivery or to improve cost effectiveness (in some cases);
- and various techniques including value management, demand management, economic assessment, life cycle costing and risk management.

2.11.7 Control of assets for officials leaving the DoHS

2.11.7.1 A report of official leaving the DoHS will be submitted by the persal controller to SCM for updating of the asset register.

2.11.7.2 All officials leaving the DoHS will be transferred to the immediate supervisor/ Manager for safekeeping until assets are reallocated.

2.11.8 Theft, losses and recovery of movable assets

Section 76(1) (b) and (f) of the PFMA states that The National Treasury must make regulations or issue instructions applicable to departments, concerning-

- (b) The recovery of losses and damages;
- (f) Liability for losses and damages and procedure for recovery.

Section 76(4) (b) further states that The National Treasury may make regulations or issue instructions applicable to all institutions to which this Act – applies concerning-financial management and internal control. Public Finance Management Act” (PFMA). 1999. *Act 1 of 1999 as amended and it's Treasury Regulations of 2000* (2000:27-28).

2.11.8.1 Theft and losses should be reported within 24 hours to the South African Police Services by an official who has suffered the losses.

2.11.8.2 Theft, losses and damages of a movable asset should also be reported by the end user to the Loss Control Section, copy of signed loss control form must be submitted to SCM asset Section.

2.11.8.3 Asset Section must provide Loss Control Section with the descriptions, prices, location or any other information required for investigation.

2.11.8.4 Loss Control Agencies will, provide the prescribed loss control forms and be required to investigate the incident and give the final report to the Head of Department or delegated person.

2.11.8.5 Losses or damages suffered by an institution/department because of an act committed or omitted by an official, must be recovered from such an official if he or she is liable, in terms of the Public Financial Management Act.

a. Custodians are required to state the reason and circumstances for losses and or damage to assets allocated to them.

b. Where insufficient supporting evidence is provided, the Department may not accept reason/s of theft/loss/damage.

2.11.9 Write-off/disposal of assets

Section 76 (1) (k) of the PFMA states that The National Treasury must make regulations or issue instructions applicable to departments, concerning the alienation, letting or other disposal of state assets.

2.11.9.1 The accounting officer through delegated officials may write off losses, damages or theft arising from criminal acts or omissions if, after a thorough investigation by the loss control, it is found that the loss or damage is irrecoverable.

2.11.9.2 The status of all losses/theft will be updated on Hardcat while investigation is in progress.

2.11.9.3 The disposal of movable assets will be in line with SCM delegations.

2.11.9.4 A pass out permit/exit form will be issued by SCM Asset Section for all disposed movable assets.

2.12 Reconciliation between Asset Register (Hardcat) and Financial System (BAS).

Reconciliation is an accounting process that uses two sets of records to ensure figures are correct and in agreement. It confirms whether the money leaving an account matches the amount that has been spent and ensures the two are balanced at the end of the recording period. (Investopedia 2019).

On monthly basis, the Assistant Director Asset Management will perform reconciliation of asset register with the Hardcat reports and financial reports obtainable from the financial system (BAS). The reconciliation between the two reports will be checked by the Assistant Director and forward documents to the Deputy Director for reporting to the Chief Financial Officer (CFO) via SCM Manager monthly. If all assets are correctly recorded on Hardcat at the correct purchase date and amount, the list of asset purchased for that month on Hardcat

should balance to the expenditure on the two above mentioned reports. Hardcat records need to be updated with payment information from finance payment documents. If the amounts from the BAS reports do not balance with records on Hardcat, the Deputy Director Asset after will have to write to the finance section for the item to be journalised.

At the end of the financial year, the expenditure reports, in respect of payments for capital assets and current assets, will be drawn for the entire financial year. The corresponding reports will also be drawn from the Hardcat asset register and the Deputy Director will reconcile the two reports for the two financial years. The reconciliation must be forwarded to the CFO for final approval. Reconciliation documents are kept for future records.

2.13 Consequences of assets that cannot be located

According to Banyule (2014:4), the *Asset Management Policy* defines the key principles that underpin asset management and addresses the drivers (goals and objectives) and the actions required to implement asset management.

Banyule (2014:4) states that, “the Department for Victorian Communities document *Sustaining Local Assets* of December 2003 is the Victorian Government’s Local government asset management policy statement. It provides the policy framework and the high-level guidance to help councils to develop and implement their own policies and practices. Consistent with the Government’s own asset management policy, it incorporates the best internationally recognised principles, policies, and processes. *Sustaining Local Assets* forms the basis of Banyule City Council’s asset management principles.

The Victorian Auditor General (VAG), presented a report on Asset Management and Maintenance by Councils’ in February 2014. The report was about the audit which assessed whether local councils effectively manage their physical infrastructure assets or not. It examined whether they have developed and applied sound strategic frameworks for asset management and implemented efficient and effective asset management practices. It also reviewed the guidance and support provided to councils in managing these assets” (Banyule, 2014:5). The report identified significant deficiencies in asset renewal planning and practice, the quality of asset management plans, the linking of service levels to these plans, the

development of asset management information systems, and in councils' monitoring, evaluation and reporting on asset management.

The continuing growth in councils' asset renewal gap remain of considerable concern. Local Victoria Government should provide improved asset management guidance and support to councils, as outlined in the report, and work more closely with them on this, and other common issues identified.

Although the report was not specifically about Banyule Council, the points made are relevant to all councils including Banyule.

The VAG's report recommended that local councils should:

- a. Accelerate efforts to review and update their asset management frameworks, policies and strategies to meet better practice standards.
- b. Make sure they have comprehensive asset management plans covering all major asset categories.
- c. As a priority, develop a strategy for more effectively reducing their asset renewal gaps. Improve their asset management information systems and knowledge of their asset portfolios to ensure they have up-to-date information on all assets.
- d. Identify and review the skills and resources required to effectively manage infrastructure assets, including developing a skills matrix and action plan to address identified skill and resource requirements and gaps.
- e. Improve the provision of information to, and engagement with, the community on asset management.
- g. Development and implement comprehensive asset management monitoring, reporting and an evaluation system, and publicly report their progress and performance against plans and strategies, including against capital works budget (Banyule, 2014:6).

2.13.1 Policy Statements

According to Banyule (2014:6-9), the City of Banyule’s Asset Management Policy Statements have been developed and are entrenched within the framework of the City and Annual Business Plan Values, Strategies and Actions, and where appropriate, link to the asset framework established by the MAV’s Step Program, and the recommendations of the Victorian Auditor General.

Asset Management Function	Policy Statement
1. Relationship to Corporate Documents	<p>There will be cross-organisational adherence and consistency in application to the adopted Corporate Document relationships, including:</p> <ul style="list-style-type: none"> ○ Long-term strategic & financial planning; ○ Organisation visions and objectives; ○ Context and importance of asset management; ○ Sustainability of services and associated assets; ○ Banyule 5 P’s; ○ Asset management responsibilities and relationships integration of asset management into the organisation’s business processes. ○ These relationships to be incorporated into the development of Category Asset Management Plans.
2. Levels of Service	<ul style="list-style-type: none"> ○ Levels of service are to be listed in each Category Asset Management Plan. ○ Levels of service for assets used in service delivery include standards of operations and defect intervention levels, public health and safety, quality, cleanliness and responsiveness to faults and issues with the service.
3. Risk Management	<p>A Risk Management approach must be utilised when assessing levels of service to ensure Public Safety.</p>
4. Community Consultation	<p>Community consultation shall be undertaken, to an appropriate level to ensure community needs are met and that an analysis of cost is provided at the time to establish budget affordability and long-term sustainability, where:</p>

	<ul style="list-style-type: none"> ○ New, upgraded or extended community assets are proposed; ○ Determination of operational and maintenance levels of service when changes are proposed to existing historic levels of service; ○ Where assets are at the end of their useful life to ascertain if replacement is warranted, and if so, should it be to the same specification or to something that better meets current needs.
<p>5. Financial Management</p>	<p>There will be cross-organisational adherence to the adopted Financial Management processes agreed to as part of the Asset Management process.</p> <ul style="list-style-type: none"> ○ The 10-Year financial needs as developed in the individual Category Asset Management Plans will be incorporated into the Long-Term Financial Plan (LTFP); ○ LTFP will be the basis for establishing the financial strategy for the city plan, the strategic resources plan, the annual plan and budget; ○ Impacts on the Asset Management Plans arising as a consequence of changes in the budget are to be reassessed in these AM Plans and long-term financial needs modified accordingly. ○ There is to be consistency as to the application of the capital plan and strategic budget as well as valuation methodology; ○ Depreciation methodology; clarity on asset renewal, upgrade, expansion, new and expense; combined asset maintenance funding; operating budget to maintenance and renewal activities. ○ Operation & maintenance budget proposals are to be based on the levels of service listed in the Category Asset Management Plan. ○ Capital budget proposals are to focus on asset renewals rather than upgrade, expansion or new assets. ○ Capital proposals for upgrade, expansion or new assets must provide a business case when presented for budget consideration. ○ Business cases for capital funding must present the entire project cost with cash-flow requirements allocated to the various years of funding if the project is to take more than a single budget year to complete.

<p>6. Reporting Requirements</p>	<ul style="list-style-type: none"> ○ Internal and external reports on the status of Asset Management will be derived from the one data source to ensure consistency of reports to the various sources (External - National Framework, Auditor General and MAV Renewal Gap, Grants Commission, Essential Services, Internal - EMT and Council, audit and review procedures, Internal Audit Committee).
<p>7. Data Management</p>	<ul style="list-style-type: none"> ○ Council will have a single corporate asset management system or integrated application where all asset data resides. This includes asset inventories, valuations, capital and maintenance budgets, condition inspections, works programming and reporting functions. ○ Data is to be securely managed to avoid contamination. ○ Data relevant to a work area is to be made accessible to that work area for management and operational purposes.
<p>8. Relationship between Asset and Service Provision</p>	<ul style="list-style-type: none"> ○ A service that is dependent on use of an infrastructure asset is to take into account the availability and condition of an asset to meet service requirements (including Statutory Regulations) when addressing operational budget needs.

Table 2.1: Policy Statement

The DoHS have the following policies in place that guide the management of supply chain

- Supply Chain Management Policy: Amended in 2017.
- Movable Asset Management Policy: 2014 as amended in 2017/2018.
- Movable assets disposal policy: 2015.
- Risk Management Policy approved in 2015.
- KwaZulu-Natal Provincial Treasury 2013: Instruction Note no.30: Movable Asset Management.

2.13.2 Summary

Despite the advancement of knowledge and research concerning the term ‘SCM’, there are still gaps that need to be written (or researched) within the SCM field. Hence, SCM entails a diverse function (in operation); either within or outside the organizations. For instance, some scholars question the theoretical coherence of SCM and theories applied in area of research. SCM is complex and is growing. Despite the degree of vagueness and ambiguity in terms of the definition and theoretical coherence of SCM, the researcher has adopted the following theoretical framework and models in this study to solve the research problem.

2.13.2.1 Transaction Cost Economics Theory

According to Fayeza and Zomorodi (2015:319), transaction cost economic theory simple means any economic exchange should account for hidden costs that are known as non-monetary. Aggregate costs should be lesser than the aggregate benefit. In addition, if possible, costs should always be minimized but without compromising quality.

2.13.2.2 Agency Theory

Under agency theory, there are two parties involved, of which are, namely: the principal (who delegate work and gives instructions), the agent (that or who carries out the mandate in good faith). The agent is expected to perform duties of the principal with due diligence from the start (i.e. the acquisition and procurement of departmental assets up to its disposal stage). Failing to do so, the

agent becomes liable and responsible for damages and loss incurred. Bought assets are assigned to different locations and to various users who are not the owners but rather lessee of departmental assets in order to carry out their duties more efficiently and effectively. Compliance is expected at all levels from all ender-users and SCM officials. A way to mitigate some of the business risk that is associated with assets management, and to promote loyalty and hard work, the government give performance bonuses to SCM officials (Ellram and Cooper, 2014:10).

2.13.2.3 Resource-Based View Theory

Zacharia, Sanders and Fugate (2014:78) state that the Resource-Based View (RBV) explains how the unique deployment and combination of both concrete and incorporeal assets might assist companies to achieve a sustainable competitive edge.

2.14 Risk Management

This is a strategic procedure that puts emphasis on effective and well-organized processes that identify, monitor and address all risk areas and exposures that might impact negatively on the organisation and its performance. Risk refers to the uncertainty of outcomes and to the negative consequences that it may have on a firm (Bessis and O’Kelly, 2015:2). According to Merna, Al-Thani and Al-Thani (2008:2), the art of risk management is to identify risks specific to an organisation and to respond to them in an appropriate way.

Section 38 (1) (a) (i) of the PFMA states that the Accounting Officer of a department must ensure that the department has and maintains an effective, efficient and transparent system of financial, risk management and internal control. It is imperative that the department takes all necessary and reasonable steps to manage the risks to which it is exposed. A risk is anything that could prevent the DoHS from achieving its mission and objectives. Another aspect of risk is the no-exploitation of opportunities to improve the safety, effectiveness and efficiency of operations.

The DoHS considers risk management to be an essential part of its operation and a valuable management tool to assist in achieving its mission and objectives. The DoHS commits itself to a

strong risk management process designed to identify, evaluate, prioritise and manage its risk exposure.

2.14.1 Code of practice for Risk Management

The DoHS's 'Code of Practice for Risk Management' is to set out a framework to effectively manage the risks involved in all our activities, to maximise opportunities, to minimise adversity and to achieve improved service delivery outcomes and outputs. The KwaZulu-Natal Provincial Risk Management Framework is adopted as a reference document by the DoHS in managing risk within the control environment of the department. The DoHS will manage the risk and opportunities in a transparent, honest and responsible manner that will ensure a safe and conducive environment in the best interest of our department and stakeholders.

2.14.2 Risk Management Unit

Section 45 of the PFMA extends the general responsibilities for internal control, risk management and financial management to each official of a department exercising financial management responsibilities. The Risk Management unit assists management in ensuring that there are effective and efficient systems of internal control, and it facilitates the design and the implementation of such controls in line with the PFMA, Treasury Regulation and government policies and prescripts.

The main responsibilities of the Risk Management Unit are:

- Continually facilitate the identification, assessment and evaluation of risks.
- Facilitate the implementation of risk management policy and strategy.
- Facilitate the implementation of effective and efficient internal control measures.
- Monitor devotion and compliance to risk policy, standards and procedures.
- Monitor implementation of internal controls.
- Provide risk management advice to line functions.
- Co-ordinate risk reports and escalate them to the Provincial Internal Unit and relevant portfolio committees.
- Prepare Committee reports and co-ordinate committee meetings.
- Serve as a link between the Provincial Internal Audit, Risk Committee and Management.

- Monitor the implementation of recommendations by the Office of the Auditor-General, (Department of Human Settlements: Risk Management Policy, 2015:5).

The Risk Management Unit shall work with other directorates in establishing and maintaining effective risk management in their areas of responsibility. The unit shall also monitor progress and assist other directorates in reporting relevant risk information throughout the department.

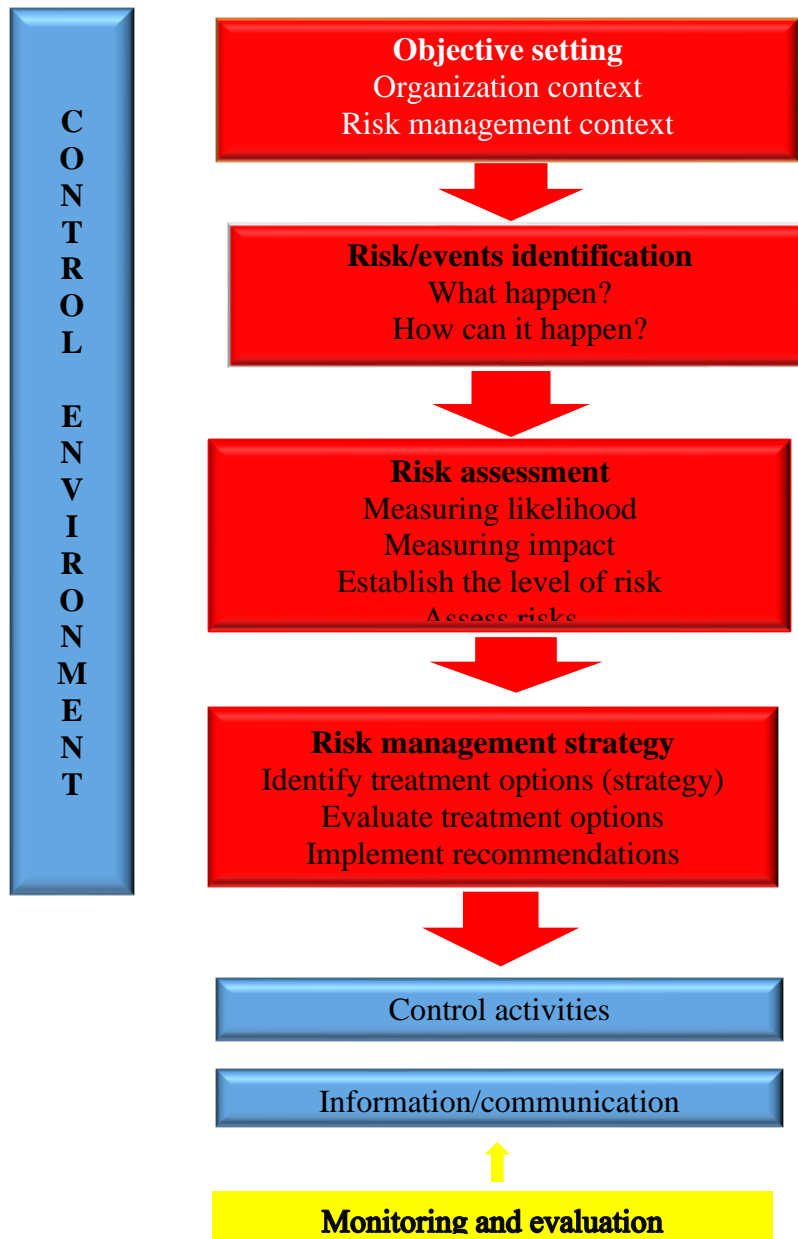


Figure 6: Eight components of Risk Management: Department of Human Settlement: Risk Management Policy (2015:6-7)

a. Control Environment

The DoHS control environment is the foundation of risk management, providing discipline and structure. The control environment influences how strategy and objectives are established, service activities are structured, and how risks are identified, assessed and acted upon. It influences the design and functioning of control activities, information and communication systems, and monitoring activities. The control environment encompasses the tone of the DoHS and sets the basis for how risks are viewed and addressed by the department's officials. The control environment consist of different layers including risk management philosophy, risk tolerance or appetite, integrity and ethical values, organisational culture and structure as well as management operating style. The DoHS will conduct an internal environment survey once every three years.

(Risk Management Policy, 2015:6)

b. Objective setting

The objective must exist before management can identify events potentially affecting their achievement. Risk management ensures that management has a process in place to both set an objective and align those objectives with the DoHS mission and vision, and is consistent with the department's risk tolerance or appetite. This objective setting process includes both the strategic and operational objectives, and it must happen annually during the strategic planning and budgetary process. (Risk Management Policy, 2015:6)

c. Events identification

Internal and external events and/or factors affecting the achievement of the department's objectives must be identified and distinguished between those with negative and positive impacts. Events or factors with a positive impact must be channelled back to management strategy or the objective setting process. During this identification phase, all financial and non-financial factors must be identified.

The department shall use various methods of identifying risks and exposures. Some of the methods are:

- interview/focus group discussion;
- audit or physical inspections;
- brainstorming and workshops;
- survey/questionnaire;
- history, failure analysis;
- examination of past experience;
- incident, accident and injury investigation;
- scenario analysis;
- strengths, weaknesses, opportunities, threats (SWOT) analysis;
- flow charting, system design review, systems.

(Risk Management Policy, 2015:6)

d. Risk Assessment

Risk assessment is a formal systematic approach to conduct a detailed examination and evaluation of risk and exposures. Risk assessment should focus on all significant areas of impact relevant to the department or its activities. In this phase, risks are assessed, considering their possibility and impact, as a basis for determining how they should be managed. Risks shall be assessed on both an essential and residual basis. (Department of Human Settlements 2015: 10-13).

Risk assessment is that part of risk management which provides a structured process that identifies how objectives may be affected, and analyses the risk in terms of consequences and their probabilities before deciding on whether further treatment is required (Popov, Lyon and Hollcroft, 2016:3). The Department shall conduct a risk assessment at least once in three years and review the assessment annually.

e. Risk Management Strategy

Management identifies risk management strategy options, which should include a fraud prevention plan, and consider their effect on event possibility and impact in relation to risk tolerances, cost

versus benefits, and thereafter designs and implements response options. The consideration of risk management strategies, such as selecting and implementing a risk management strategy, is integral to risk management and requires that management select a response that is expected to bring risk possibility and impact within the department's risk tolerance level. (Risk Management Policy, 2015:7)

Risk Management treatment options shall be classified under the following broad categories:

- **Risk Avoidance-** a decision not to be involved with a risk or in a risk situation. The decision will be to not proceed with a particular activity or project because upon assessment, the activity represents such a great risk that there is limited ability to control the risk and there is a little benefit in pursuing the activity.
- **Risk Control** – the pro-active management of the potential which is cost affective to control or treat adverse consequences of those risks by implementing preventative measures.
- **Risk Transfer/sharing** – the risk that is considered to be cost effective to transfer to third parties or otherwise sharing a portion of the risk with the third party.
- **Risk Retention** – the risk that, upon assessment, is considered to be cost effective, accepted or tolerated due to its limited impact on the department.

A broad risk management strategy shall be developed once the risk assessment has been completed, and shall include all the interventions to minimise the identified risks.

f. Control Activities

Risk responses serve to focus attention on control activities needed to help ensure that the risk responses are carried out properly and in a timely manner. Control activities are part of the process by which a directorate strives to achieve its business objectives. Directorates maintain to minimise the impact of risk and help ensure risk management strategies are properly executed. They occur throughout the department, at all levels and in all functions. (Risk Management Policy, 2015:7)

g. Information communication

Relevant information – both from internal and external sources, financial or non-financial- must be identified, captured and communicated in a form and timeframe that enable personnel to carry out their responsibilities. Effective communication occurs in a broader sense, flowing down, across and up the department, as well as the exchange of relevant information with external parties, such as suppliers, regulators and other stakeholder.

Management shall provide specific and directed communication addressing behavioural expectations and the responsibilities of personnel. This includes a clear statement of the Department’s risk management philosophy and approach, and delegation of authority.

Communication about policies, processes and procedures shall take different forms including:

- information sessions and presentations
- workshops
- circulars
- distribution of hardcopies and
- e-mail and intranet

External communication channels like IDP Roadshows, consultation on the annual budget, annual reports provide highly significant input on the plans and achievements of the department’s objectives, as well as feedback on the quality of the public services. The department shall identify key external stakeholders and their information needs and effort to meet their needs. (Risk Management Policy, 2015:7)

h. Monitoring

Risk management shall be monitored regularly by a process that assesses both the presence and functioning of its components, as well as the quality of their performance over time. Monitoring can be done in two ways: through ongoing activities or separate evaluations. This will ensure that risk management continues to be applied at all levels and across the department. It is for

Programme Managers, assisted by the Risk Management unit, to ensure that appropriate and adequate monitoring procedures are in place (Department of Human Settlements: Risk management policy, 2015: 10).

2.14.3 Fraud and Corruption Risk

Fraud is the unlawful and intentional misrepresentation of fact or event by individuals or organisations which when acted upon may cause actual and/or potential prejudice to another.

Corruption is any conduct or behaviour where a person accepts, agrees to or offers any gratification for him/herself or for another person where the purpose is to act dishonestly or illegally. Such behaviour also includes the misuse of material information, abusing a position of authority or breach of trust or violation of duty.

Fraud and corruption risk, therefore, relates to an official acting in a corrupt or fraudulent way. The department shall maintain and implement an Anti-Corruption and Fraud Prevention Strategy to manage the risk related to fraud and corruption (Department of Human Settlements: Risk Management Policy, 2015: 11-12).

2.14.4 Physical Risk

Physical risk relates to the safeguarding of the department's property against any damage and theft, from all sources, including acts of nature and human actions. The focus is to manage and safeguard the physical assets of the DoHS, including adequate maintenance of physical assets. Asset disposal is the final phase in the life-cycle of an asset. It is the outcome of the organisation's realization that the economic life span of the asset has expired. Asset disposal has to be carefully planned and executed in the most transparent and cost effective manner (Department of Human Settlements, 2015: 13).

2.15 Accounting and Reporting

The Public Finance Department (PFD) in Sri Lanka issued detailed guidelines for the reporting of fixed and movable assets which covered various kinds of assets, i.e land, buildings, structures, plant and machineries, equipment and vehicles (Adhikari and Kuruppu, 2018:4).

The expenditure reflects on the financial system report. Payment for capital movable assets > R5000 and equipment < R5000 must balance on the value attached to assets purchased during the month on the Movable Assets Register. The monthly reconciliation between two systems must be checked and reported to the CFO each month. Discrepancies that are identified during the reconciliation process will be investigated, rectified and cleared before the following month's reconciliation is due.

At the end of each financial year, the expenditure reports for purchases of capital assets > R5000 need to be drawn for the entire financial year. The corresponding reports need to be drawn from the Movable Asset Register. Deputy Director Asset Management must reconcile the two reports of the entire financial year. These reconciliations must be forwarded to the Chief Financial Officer for final approval. It is the responsibility of the Movable Asset Manager to report on the value of the movable assets in the Annual Financial Statement. Given the cash basis of accounting, the movable assets will be disclosed in the Annual Financial Statement.

2.16 Chapter summary

This chapter has presented information pertaining to definitions, SCM process and its main components, asset management frameworks, life-cycle phase on movable assets, asset management workflow, movable asset management principles, asset register and risk management code of practice. Sound asset management controls that are based on the thorough understanding of the asset management principles and procedures is needed. Chapter 3 presents the methodology of the study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter will address and debate the study area, population and sample size of this paper. The thorough account of data collection methods, data analysis and interpretation is also presented. The validity and reliability of the study, ethical considerations and restrictions on the study will be clarified.

3.2 Study area

As stated in chapter one, the study was conducted in the Department of Human Settlements, KwaZulu-Natal Provincial Government, Durban.

3.3 Research method/design

In contrast to most methods in which researchers' hypotheses and procedures are determined a priori, the research design in qualitative research remains flexible both before and throughout the actual research, (Marshall & Rossman, 2011). Although qualitative researchers have a methodology to follow and perhaps some general research interests, the specifics of their approach evolve as they proceed, (Taylor, Bogdan and De Vault 2015:38).

Sharp *et al.* (2007:22) stated that, the researcher has to identify different and potentially applicable designs and then explain the reasons for choosing a particular methodology which may involve several different approaches.

Design sits between the research questions and the data, showing how the research questions will be connected to the data, and what tools and procedures to use in answering them. Therefore design

needs to follow from the questions, and fit in with the data. A particular research design is located in a particular research approach. Research approaches are mainly three: Qualitative, Quantitative, and Mixed methods approaches (Mlingo 2016:48-50).

Habib *et al.* (2014:8) stated that quantitative research is an inquiry into an identified problem, based on testing a theory, measured with numbers, and analyzed using statistical techniques. The goal of quantitative methods is to determine whether the predictive generalizations of a theory hold true. Quantitative research options have been predetermined and a large number of respondents are involved. Measurement must be objective, quantitative, and statistically valid.

3.3.1 Mixed-method design

According to Klenke (2016:157) the mixed method approach is a typology of different methods derived from the qualitative and quantitative paradigms. It only considers method which is but one stage in the research process.

According to Schoonenboom and Johnson (2017:107) mixed methods research is the type of research in which a researcher combines elements of qualitative and quantitative research approaches for the broad purposes of breadth and depth of understanding and corroboration.

Cameron (2015:4) further explained that mixed methods research is a research design with philosophical assumptions as well as methods of inquiry. It involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches in combination, provides a better understanding of research problems than either approach alone.

The researcher has chosen both a qualitative and quantitative method in order to obtain reliable and more accurate results.

An overview of qualitative and quantitative research

	Qualitative Research	Quantitative Research
Purpose	Descriptive and conclusive	Exploratory and no conclusive evidence
Sample size	Small samples	Large samples
Question types	Broad range of questioning	Structured questions
Interpretation	Subjective interpretation	Statistical analysis

Quantitative research usually involves collecting and converting data into numerical form so that statistical calculations can be made to draw conclusions, (Habib *et al.*, 2014:9). Qualitative research may be more concerned with the individual's personal experiences of the problem under study, (Habib *et al.*, 2014:8). It is the collection, analysis, and interpretation of data by observing what people do and say. It refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things. Contrarily, quantitative research refers to counts and measures of things. Research on philosophy, psychology, anthropology, and sociology represents qualitative research, whereas research in business administration and engineering is represented by quantitative research.

Flamez *et al.* (2017:65) emphasized the importance of a solid working relationship between the quantitative and qualitative research procedures in mixed-methods designs that begins with your introduction and continues throughout the data gathering process, data analysis, reporting of findings, and discussions of implications.

Quantitative and qualitative methods can complement each other, when used together. Combining methodologies allows the researcher to generate statistical evidence from collected data and to provide a deeper understanding of the obtained statistical results, (Elseviers *et al.*, 2016:79).

Therefore, the researcher has chosen to use both qualitative and quantitative methods.

3.4 Population

According to Greenfield and Greener (2016:121), many people and organisations seek counts and classifications of populations, and, with easier access to information over the web, interest continues to grow. Academic researchers across many disciplines use population statistics for a multitude of different projects.

Population is the broader group of people to whom you intend to generalize the results of your study, (Kendig, McDonald and Piggott, 2016:66). Herein regard, the targeted people are all permanent workforce from the KwaZulu-Natal DoHS in Durban. The office has 392 employees. The sample was drawn from 392 employees across all levels in the DoHS, KwaZulu-Natal Provincial Government. Two permanent officials from the KZN Provincial Treasury-Asset support section. That assisted the researcher, as the researcher cannot be able to see and record everything that happens.

3.5 Sampling

Fellows and Liu (2015:162) stated that the objective of sampling is to provide a practical means of enabling the data collection and processing components of research to be carried out whilst ensuring that the sample provides a good representative of the population: that is, the sample exhibits all the characteristics of the population.

According to Barker and Pistrang (2015:205) sampling refers to the process of specifying and obtaining the participants for the study.

According to Habib et al. (2014:29-31) there are two types of sampling procedures, namely probability sampling and non-probability sampling. The first one is probability test group which means each element of the population has an equal chance to be selected. The population and its characteristics are known to the researcher. The probability for every element is non-zero.

Non-probability sampling is the second type of sampling from which the sample is selected on the basis of personal judgment and the discretion of the researcher. In this technique the probability of selecting any particular member is unknown.

Two types of sampling were used, namely probability and non-probability.

a. Probability

According to Goos and Meintrup (2015:107) probability theory deals with processes and experiments whose outcome is uncertain.

To us a probability is a number used to describe how likely something is to occur, and probability is the study of probabilities (Olofsson 2015:20).

b. Non-probability

According to Robinson (2014:32) purposive sampling strategies are non-random ways of ensuring that particular categories of cases within a sampling universe are represented in the final sample of the project.

Etikan, Musa and Alkassim (2016:2) explained that, the purposive sampling technique, also called judgment sampling, is the deliberate choice of a participant due to the qualities the participant possesses.

The study used purposive sampling. According to Robinson (2014:32) purposive sampling strategies are non-random ways of ensuring that particular categories of cases within a sampling universe are represented in the final sample of a project.

Silverman (2010:141) further explains that purposive sampling allows us to choose a case because it illustrates some processes in which we are interested. For the purpose of this study, non-probability or purposive sampling method is selected since the researcher intends to ensure that components within the DoHS are represented, and there is a need for a quick decision to be taken

to eliminate qualifying reports and to implement proper strategies on the management of movable assets.

3.5.1 Sample

Martins, Martins, and Viljoen (2017:86) explained that when you develop a sample for a survey, the aim is to gather quantitative data that describes specific aspects of a given population. The sample survey provides an objective, efficient, and valid method of obtaining the characteristics of an entire population from only a small part of that population. In the case of an organizational diagnosis, the researcher needs to collect data from organizational members and therefore the data might be subjective. Sample selection depends on the population size, its homogeneity, the sample media, the cost of its use, as well as the degree of precision required. A sample is a selected portion of the population from which the findings can later be generalized back to the population. While it is often not possible to know the true population, it is critical that part of your sampling selection is to define the target population as narrowly as possible. To determine that survey sample is an ideal one, the researcher should be able to achieve the following aims:

- a. Obtaining information from large samples of the population.
- b. Gather demographic data that describes the composition of the sample.
- c. Be inclusive in the types and number of variables that can be studied require minimal investment to develop and administer, and are relatively easy for making generalizations.
- d. Produce information about attitudes that are otherwise difficult to measure by using observational techniques.

(Source: Martins, Martins, and Viljoen, 2017:87)

It is important to note that surveys only provide estimates for the true population, and not an exact diagnosis of the total population. Before the researcher decides on the sampling type that will be applied in order to perform diagnosis, the following five factors need to be considered:

- a. The desired degree of precision: A survey is used to establish that a postulated effect exists in the sample. Researcher must ensure that the number of surveys distributed is sufficient to allow for no-response and for unusable, illegible, and incomplete responses.
- b. The statistical power required: The probability exists that the practitioner or consultant might reject the unimportant hypothesis of the organizational diagnosis, given that the alternate hypothesis is true about the issue being assessed.
- c. Access to the sample: The ability of the researcher to gain access to the sample participants; sometimes it is not ideal to have a large sample that is inaccessible. The researcher need to decide who will be included in sampling and how are they going to be reached.
- d. The degree to which the population can be stratified is essential, hence determining a sample size requires that the population can be stratified according to sector, size, or technology level.
- e. The selection of the relevant units of analysis. In an organizational diagnosis the researcher must decide whether the respondents to a survey will be individuals, departments, offices, or the entire organization.

There are 392 permanent officials in KwaZulu-Natal DoHS in Durban. The sample will consist of 41 permanent officials from the government sector in the following categories:

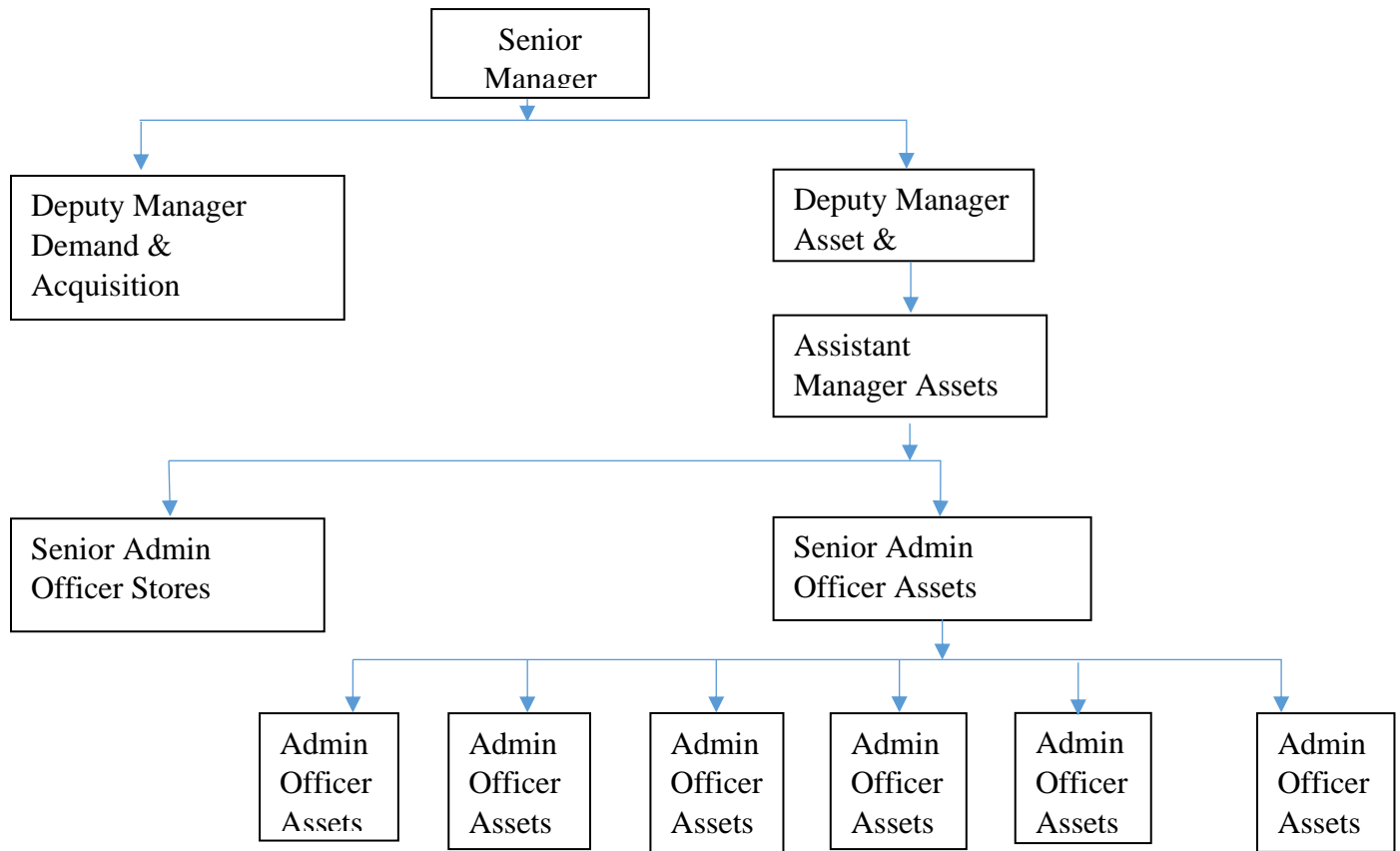
- The Senior Manager (1) for SCM for the DoHS as the person in charge of the component and entrusted with power to run the component.
- The Deputy Manager (1) for SCM: Assets Management for the DoHS as the person in charge of the section.
- SCM; Assets Management Practitioners (i.e 1 Senior Administration officer and 6 Administration Officers) for the DoHS, as they are the Assets Management implementation team.
- Departmental Assets end users (30 officials) from various components within the DoHS in Durban.

Two (2) permanent staff will be from the KZN Provincial Treasury, as the department that provides other departments with guidelines and procedures when it comes to management of assets and implementation of policies, that is;

- Deputy Manager (1) Assets Support from the KZN Provincial Treasury.
- Administrative Officer (1) Assets Support from KZN Provincial Treasury.

The organogram below is representing the SCM section that deals with the management and monitoring of movable assets. Assistant Manager- Assets and Inventory will not be interviewed as she is the researcher of this study.

Supply Chain Management (SCM) – Assets and Inventory Component Organogram



Sample selection is shown in a table below:

Sample	Number of sample
KZN DoHS Durban	
SCM Management-Assets and Inventory	2
SCM Practitioners-Assets and Inventory	7
Departmental end users	30
KZN Provincial Treasury	
Deputy Manager-Assets support	1
Administrative officer-Assets support	1
TOTAL NUMBER OF PARTICIPANTS	41

The abovementioned participants are recruited in order for the researcher to obtain different opinions on various categories within the KZN DoHS Durban, as well as the KZN Provincial Treasury regarding asset custodian.

Signed letters of request to permit the researcher to carry out the study, will be shown to all Senior Managers/Managers of the concerned components, in the KZN-DoHS where the study will take place, as well as the KwaZulu-Natal Provincial Treasury. Thereafter a formal consent letter will be given to all participants prior to conducting interviews.

Qualitative approach

Luton (2015:3) stated that Qualitative approaches involve careful planning, respectful engagement, conscientious analysis, and deliberate presentation. The researcher will conduct one-on-one interviews with the managers. The research instrument will be the semi-structured interview schedule. The researcher can also probe and get the rich data which will enable to find answers to the research questions.

Quantitative approaches

According to Fellows and Liu (2015:29) quantitative approaches tend to relate to positivism and seek to gather factual data, to study relationships between facts and how such facts and relationships accord with theories and the findings of any research executed previously (literature). Scientific techniques are used to obtain measurements – quantified data. Analyses of the data yield quantified results and conclusions derived from evaluation of the results in the light of the theory and literature. The researcher used questionnaires to cover a large number of people and it took a short period of time to administer. With the practitioners and the Departmental end users, the research method employed was quantitative and the research instrument was the questionnaire.

3.6 Data collection

The researcher used qualitative and quantitative methodology to administer questionnaires and to conduct interviews. According to Walliman (2014:133) when a researcher conducts any sort of research, data of different kinds will be collected. The researcher designed a semi-structured interview schedule as a guide to the interview.

Data was collected through responses obtained from the interviewees. The additional information received from the interviewees based on the study/research, was also recorded. The researcher will safely keep all the responses provided by the officials during the interview phase.

3.6.1 Method of collecting data

The researcher used two types of collecting data; that is questionnaires and interviews.

3.6.1.1 Questionnaires

In order to obtain quantitative data, according to Saris, and Gallhofer (2014:77) in survey research many choices have to be made to design a questionnaire.

According to O'Gorman and MacIntosh (2015:126) the data that you need to collect will vary much and be driven by what research question you are trying to answer. In its simplest form a quantitative research question will try to quantify the variables you wish to examine.

Questionnaires were handed out to the SCM-Assets practitioners, and the Departmental end-users, and were collected after three (3) days. The questionnaire was formulated in simple English language and questions were short and specific. A covering letter accompanying the questionnaire was attached to explain the intention of the study, procedure of the study and assure the respondents' anonymity. Officials completed questionnaire by filling answers themselves.

3.6.1.2 Interviews

In order to obtain qualitative data, according to Holloway and Galvin (2016:87) interviews are the most common form of data collection, though many experts advise on combining them with observation. The one-to-one interview consisting of questions and answers is the most common form of research interview.

According to Moriarty (2015:57) the qualitative research interview attempts to understand the world from the perspective of the interviewees and discover meaning within lived experiences that can enhance knowledge and develop understanding.

Semi-structured interview will be done with the SCM management in the DoHS-Durban, and also with the officials from the KZN Provincial Treasury and will spend approximately thirty (30) minutes with each interviewee. The researcher will engage in probing during the interview so that the researcher will be able to obtain rich and complete data.

The questionnaire in the study contain four sections, namely, Section A, Section B, Section C and Section D.

Section A had question on the bibliographical information of the departmental respondents. They were requested to indicate their gender and age. There were eight (8) questions, seven (7) questions

were close-ended questions whereby respondents were requested to respond strongly disagree, disagree, don't know, agree or strongly agree with a tick in the appropriate box. On the eighth question, they were asked to briefly provide input on areas to be improved by SCM-Asset Management.

Section B had information on bibliographic information of the Supply Chain Management only. They were requested to indicate their gender and age. There were seven (7) questions which were intended to determine their management knowledge on asset management systems, processes and prescripts. One-on-one interviews were also conducted to obtain more information.

Section C was aimed at collecting data on SCM-Asset practitioners. They were requested to indicate their gender, age, highest qualification obtained, number of years in the working sphere and number of years in SCM-Asset Management. Eleven (11) questions which were aimed at determined their knowledge and work experience in SCM-Asset Management.

Section D contain questions aimed at determining the strategies used by KZN Treasury in ensuring that polices and guidelines in relation to movable assets are clearly communicated to the DoHS. Seven questions from section D intended to quantify the accuracy of support they provide to the DoHS. It is always vital to evaluate the study by asking the participants relevant and valid questions; and they need to be formulated with diligence. In addition, they should answer the research questions of the study. Control is another important element in the study for accuracy sake thus when routings and standard questions become vital in the questionnaire (Saris and Gallhofer 2014:9). The gathering of the required data using quantitative methods was made possible through usage of questionnaires. On the contrary, a qualitative method was used to collect data through interviews. Data was obtained from the officials of the DoHS, KwaZulu-Natal Provincial Government as well as KZN Treasury officials as the supporting department.

3.7 Validity and reliability of data collection instrument

3.7.1 Reliability

The structured questionnaire was conducted with few individuals to check for any vagueness with the questions and confirm its reliability before it was directed to the sample population. The reliability of any measurement, and of psychological test scores in particular, is neither absolute nor immutable (Urbina 2014:131). The questionnaires did not ask names and sections where they are placed in the department, in order for the respondents to be fair and honest in their responses. This encouraged free expression to their views in response to the questions. The biasness was minimized in the research by the researcher being the only one to administer the questionnaire.

3.7.2 Validity

According to Urbina (2014:166), validity is an integrated evaluative judgment of the degree to which empirical evidence and theoretical rationales support the adequacy and appropriateness of inferences and actions based on test scores or other modes of assessment. Questions were based on the knowledge of respondents on the existence of PFMA, KZN Treasury regulations, asset management policy, guiding principles and compliance to the prescripts. The questions were also based on the information that was gathered on the literature review on movable asset management principles and compliance. Questions were formulated in simple language for ease of understanding to ensure that they can have the same understanding at all levels of the questions.

3.8 Data analysis

According to Shukla (2014:25) data analysis is the essential art of gathering and examining pieces of information to suit a variety of purposes.

Sharp *et al.* (2007:113) stated that analysis is the ordering process of knowledge and structuring of data to produce knowledge.

As the researcher collected qualitative data by means of interviews, a tape recorder was used. The tape recorder stores information that will be useful later to the researcher. The researcher listened to the tape recorder several times to ensure that biased data and the data that does not add meaning or value is not included.

Quantitative data was collected by means of questionnaires that were distributed to officials, statistics was used to analyse data. This is presented in tabular and graphical form. The data was checked to ensure that, there are no errors.

The researcher recorded particulars of officials issued with questionnaires, and informed officials the dates of collecting questionnaires. When the researcher collected questionnaires, the researcher checked and ticked on the check list on every questionnaire returned to her.

3.9 Ethical considerations

Written permission was obtained from the DoHS KwaZulu-Natal Provincial Government (See annexure 1). Conducting a research, does need a high degree of thoroughness and honesty and it is essential that the researcher fully comply with these requirements through determination of secrecy and confidentiality. A signed cover letter was attached to all questionnaires explaining the purpose of the study, ensuring respondents' anonymity. The questions asked in the research were checked by the supervisor for reliability and alignment to the purpose of the study. Confidentiality was maintained by keeping collected data confidential and not disclosing the respondents' identities during reporting and publishing phase. The final research report will be made available from the Durban University of Technology library.

3.10 Chapter summary

The chapter involved the methodology used to conduct the research. Population, sample, data collection method and process as well as reliability of the data collection are discussed. Examination of results and ethical standards are stressed. The next chapter presents and discusses the data.

CHAPTER 4

FINDINGS, INTERPRETATION AND DISCUSSION OF DATA

4.1 Introduction

This chapter presents the results and discusses the findings obtained from the questionnaires in this study. The data were collected and processed in response to problems specified in chapter 1 of the study. The sections of this chapter contain a Demographic Profile of the Respondents, knowledge of staff on asset management, knowledge of Management in managing assets, guidelines and processes on asset management, outcomes of correlations analysis of asset management compliance and other variables based on factors of compliance with asset management principles and guidelines. Thematic coding was used to examine the qualitative data. Outcomes are presented in a narrative layout.

4.2 Presentation of data from the Quantitative Study

The questionnaire was the primary tool that was used to collect data and was distributed to permanent officials from the government sector and also to KZN Provincial Treasury as a supporting department when it comes to management of assets. The data collected from the responses was analysed using SPSS version 26.0.

The results will present the descriptive statistics in the form of graphs, cross tabulations and other figures for the quantitative data that was collected. Inferential techniques include the use of correlations and chi square test values; which are interpreted using the p-values.

4.2.1 The Sample

In total, forty-one participants were selected using different selection criteria. Thirty of the participants were assets end users within the department of Human Settlement. Any person had the equal opportunity and chance to participate. The second category were assets practitioners

within the department, of which there were seven in total. The last category were two SCM managers and two officials from Treasury Department who are HARDCAT specialists (the software and system used to manage assets). The researcher used both quantitative and qualitative tools as means of gathering data. Thirty questionnaires were dispatched and returned which gave a 100% response rate. The sample was retrieved from the population, which is the Department of Human Settlement employees and Treasury Department.

4.2.2 The Research Instruments

Research Instruments are measurement tools designed to obtain data on a topic of interest from research subjects (Ebsco 2018).

The research instrument that was issued to end users consists of ten questions in total. Seven questions of them are measured using ordinal scale, and the remaining three are measured with a nominal scale. The primary objective of question is to assist the researcher to achieve the objectives of this study.

4.2.3 Biographical Data

This section summarises the biographical characteristics (of which are gender analysis, age analysis and age gender cross tabulation) of the respondents and focuses on the interpretation of data collected.

4.2.3.1 Gender Analysis

The below table displays the demographic profile which contains gender variable of thirty end-users in terms of frequencies and percentages. The descriptive analysis for the gender was as follows: fourteen male respondents, comprising 46.7% and sixteen female respondents, comprising 53.3%. Added all together is equivalent to 100% respondents; and there were no

questionnaires that had discrepancies. There was marginally more female respondents than male respondents.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	14	46.7	46.7	46.7
	Female	16	53.3	53.3	100.0
	Total	30	100.0	100.0	

Table 4.1: Gender Analysis

4.2.3.2 Age Analysis

The below charts displays the demographic profile which contains age variable of thirty end-users in terms of frequencies and percentages. The descriptive analysis for the age was as follows:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 – 30	3	10.0	10.0	10.0
	31 – 40	9	30.0	30.0	40.0
	41 – 50	11	36.7	36.7	76.7
	51+	7	23.3	23.3	100.0
	Total	30	100.0	100.0	

Table 4.2: Age Analysis

From the sample size of 30 employees, the least number of respondents belonged to the group 18 to 30 years old at 10%, with the group 41 to 50 years old having the most respondents of 36.7%. This shows that the respondents are employees that are very experienced (hence they have worked longer periods compared to other age groups) and displays greater responsibility and maturity. The second highest age group is between 31 to 40 years old consisting of 30% respondents and 23.3% of respondents are from 51 years old age group upwards.

4.2.3.3 Age Gender Cross Tabulation

The table below describes the overall gender distribution. Overall, the ratio of males to females is approximately 1:1 (46.7 %: 53.3%) ($p = 0.715$). The p-value indicates that there was no significant difference between the number of males and females. Within the age category of 41 to 50 years, 54.50% were male and within the category of males (only), 42.9% were between the ages of 41 to 50 years. This category of males between the ages of 41 to 50 years formed 20.0% of the total sample.

Within the age of 31 to 40 years, 66.7% were females. Within the category of females (only), 37.5% were between the ages of 31 to 40 years. This category of females between the ages of 41 to 50 years formed 20% of the total sample.

Age		Gender		Total
		Male	Female	
18 - 30	Count	2	1	3
	% within Age	66.7%	33.3%	100.0%
	% within Gender	14.3%	6.3%	10.0%
	% of Total	6.7%	3.3%	10.0%
31 - 40	Count	3	6	9
	% within Age	33.3%	66.7%	100.0%
	% within Gender	21.4%	37.5%	30.0%
	% of Total	10.0%	20.0%	30.0%
41 - 50	Count	6	5	11
	% within Age	54.5%	45.5%	100.0%
	% within Gender	42.9%	31.3%	36.7%
	% of Total	20.0%	16.7%	36.7%
51+	Count	3	4	7
	% within Age	42.9%	57.1%	100.0%
	% within Gender	21.4%	25.0%	23.3%

	% of Total	10.0%	13.3%	23.3%
Total	Count	14	16	30
	% within Age	46.7%	53.3%	100.0%
	% within Gender	100.0%	100.0%	100.0%
	% of Total	46.7%	53.3%	100.0%

Table 4.3: Age Gender Cross Tabulation

Overall, the ratio of males to females is approximately 1:1 (46.7%: 53.3%) (p = 0.715). The p-value indicates that there was no significant difference between the numbers of males and females.

Within the age category of 31 to 40 years, 66.7% were females. Within the category of females (only), 37.5% were between the ages of 31 to 40 years. This category of females between the ages of 31 to 40 years formed 20.0% of the total sample.

Within the age group of 41 to 50 years, 54.5% were males. Within the group of males, 42.9% were between the ages of 41 to 50 years. The group of males between 41 to 50 years formed 20.0% of the total sample.

In terms of the group outlined on females, the least number of respondents belonged to female group between 18 to 30 years at 33.3%. Within the category of females 6.3% were between ages 18 to 30 years. This group of females between 18 to 30 years formed 3.3% of the total sample.

The female group between 31 to 40 years have the most respondents of 66.7%. Within the category of females, 37.5% were between the ages of 31 to 40 years. This category of females between the ages of 31 to 40 years formed 20.0% of the total sample.

In terms of the category outlined of males, the least number of respondents belonged to male category between 18 to 30 years at 66.7%. Within the category of males 14.3% were between the ages of 18 to 30 years. This category formed 6.7% of the total sample.

The male group between 41 to 50 years have the most respondents of 42.5%. Within the group of males 42.9% were between the ages of 41 to 50 years. The category of males between ages 41 to 50 years formed 20.0% of the sample.

When comparing males and females, the most number of respondents belonged to the female group with the total count of 16 respondents at 53.3%. Within the group of females the response was 100.0% in compliance. The category of females formed 53.3% of the sample.

Males had fewer number of respondents at 46.7%. Within the group of males, the response was 100.0% in compliance.

4.2.4 Reliability Statistics

The two most important aspects of precision are **reliability** and **validity**. Reliability is the degree of consistency of a measure. A test will be reliable when it gives the same repeated result under the same conditions (Wilson and Shuttleworth, 2019). Reliability is computed by taking several measurements on the same subjects. A reliability coefficient of 0.70 or higher is considered as “acceptable”.

The table below reflects the Cronbach’s alpha score for all the items that constituted the questionnaire.

Cronbach's Alpha	N of Items
0.724	7

Table 4.4: Reliability Statistics

The reliability score for Q3 exceeds the recommended Cronbach’s alpha value. This indicates a degree of acceptable, consistent scoring for the sections of the research.

4.2.5 Factor Analysis

Why is factor investigation important?

Factor Analysis can be described as a process in which the values of observed data are expressed as functions of a number of possible causes in order to find which the most important are (Oxford, 2019). Factor analysis is a statistical technique whose main goal is data reduction. A typical use of factor analysis is in survey research, where a researcher wishes to represent a number of questions with a small number of hypothetical factors. For example, as part of a national survey on political opinions, participants may answer three separate questions regarding environmental policy, reflecting issues at the local, state and national level. Each question, by itself, would be an inadequate measure of attitude towards environmental policy, but *together* they may provide a better measure of the attitude. Factor analysis can be used to establish whether the three measures do, in fact, measure the same thing. If so, they can then be combined to create a new variable, a factor score variable that contains a score for each respondent on the factor. Factor techniques are applicable to a variety of situations. A researcher may want to know if the skills required to be a decathlete are as varied as the ten events, or if a small number of core skills are needed to be successful in a decathlon. You need not believe that factors actually exist in order to perform a factor analysis, but in practice the factors are usually interpreted, given names, and spoken of as real things.

4.2.6 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.606
Bartlett's Test of Sphericity Approx. Chi-Square	77.568
Df	21
Sig.	0.000

Table 4.5: KMO and Bartlett's Test

The matrix tables is preceded by a summarised table that reflects the results of KMO and Bartlett's Test. The requirement is that Kaiser-Meyer-Olkin Measure of Sampling Adequacy should be greater than 0.50 and Bartlett's Test of Sphericity less than 0.05. In all instances, the conditions are satisfied which allows for the factor analysis procedure.

Factor analysis is done only for the Likert scale items. Certain components are divided into finer components. This is explained below in the rotated component matrix.

All of the conditions are satisfied for factor analysis. That is, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy value should be greater than 0.500 and the Bartlett's Test of Sphericity sig. value should be less than 0.05.

4.2.7 Rotated Component Matrix

	Component	
	1	2
I understand the role of Supply Chain Management (SCM)?	0.619	0.479
I understand what movable assets are.	0.283	0.739
Workshop on SCM policies regulating the use and management of movable assets in the department are conducted. questions	-0.067	0.755
Asset team conduct auditing of movable assets in the Department	0.534	0.429
I receive inventory list for assets allocated to me?	0.917	-0.144
Do you understand the term "Custodian" when utilising departmental movable assets?	0.842	0.166
I know the processes to follow if the movable asset allocated to me is missing Q, broken or stolen.	0.144	0.812

Table 4.6: Rotation Component Matrix

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Component 1: Resemble the control of moveable assets.

Component 2: Resemble the effectiveness of procedures and policies of moveable assets.

Factor analysis is a statistical technique whose main goal is data reduction. A typical use of factor analysis is in survey research, where a researcher wishes to represent a number of questions with a small number of hypothetical factors. With reference to the table above:

- The principle component analysis was used as the extraction method, and the rotation method was Varimax with Kaiser Normalization. This is an orthogonal rotation method that minimizes the number of variables that have high loadings on each factor. It simplifies the interpretation of the factors.
- Factor analysis/loading show inter-correlations between variables.
- Items of questions that loaded similarly imply measurement along a similar factor. An examination of the content of items loading at or above 0.5 (and using the higher or highest loading in instances where items cross-loaded at greater than this value) effectively measured along the various components.

It is noted that the variables that constituted Q3 loaded along 2 components (sub-themes). This means that respondents identified different trends within the section. Within the section, the splits are colour coded. Component 1 of the table above (highlighted in yellow) resembles the control measures of moveable assets within the department and component 2 (highlighted in green) resembles the policies and procedure that are governing moveable asset and its custodian.

4.2.8 Section Analysis

The section that follows analyses the scoring patterns of the respondents per variable per section. The results are first presented using summarised percentages for the variables that constitute each section. Results are then further analysed according to the importance of the statements. The primary focus of this section is the response of the end user to questions and valuating the correlation between questions.

The table below summarises the scoring patterns.

		Strongly Disagree		Disagree		Don't know		Agree		Strongly Agree		Chi Square
		Coun t	Row N %	Coun t	Row N %	Coun t	Row N %	Cou nt	Row N %	Coun t	Row N %	p-value
I understand the role of Supply Chain Management (SCM)?	A3.1	0	0.0%	0	0.0%	1	3.3%	13	43.3%	16	53.3%	0.002
I understand what movable assets are.	A3.2	0	0.0%	0	0.0%	0	0.0%	9	30.0%	21	70.0%	0.028
Workshop on SCM policies regulating the use and management of movable assets in the department are conducted.	A3.3	2	6.7%	6	20.0%	3	10.0%	15	50.0%	4	13.3%	0.001
Asset team conduct auditing of movable assets in the Department	A3.4	0	0.0%	0	0.0%	0	0.0%	15	50.0%	15	50.0%	1.000
I receive inventory list for assets allocated to me?	A3.5	1	3.3%	0	0.0%	0	0.0%	8	26.7%	21	70.0%	0.000
Do you understand the term "Custodian" when utilising departmental movable assets?	A3.6	0	0.0%	1	3.3%	0	0.0%	11	36.7%	18	60.0%	0.001
I know the processes to follow if the movable asset allocated to me is missing, broken or stolen.	A3.7	0	0.0%	0	0.0%	3	10.0%	17	56.7%	10	33.3%	0.007

Table 4.7: Scoring patterns

For A3.1, the 53.3% “Strongly Agree” of participants showed that they understand the role of Supply Chain Management (SCM). This specifies that the majority of officials within the department are aware of what SCM is all about.

More than 50% of respondents indicated that they have extensive knowledge and understanding of the role of supply chain management within the department. While on another side 33.3% are aware of procedures to follow should the asset allocated to them get lost, broken or stolen. Yet 70% of respondents indicated that they have knowledge and understanding of what movable assets

are and they receive inventory list for assets allocated to them. Fifty per cent of respondent indicated that the audit of moveable asset within the department is conducted.

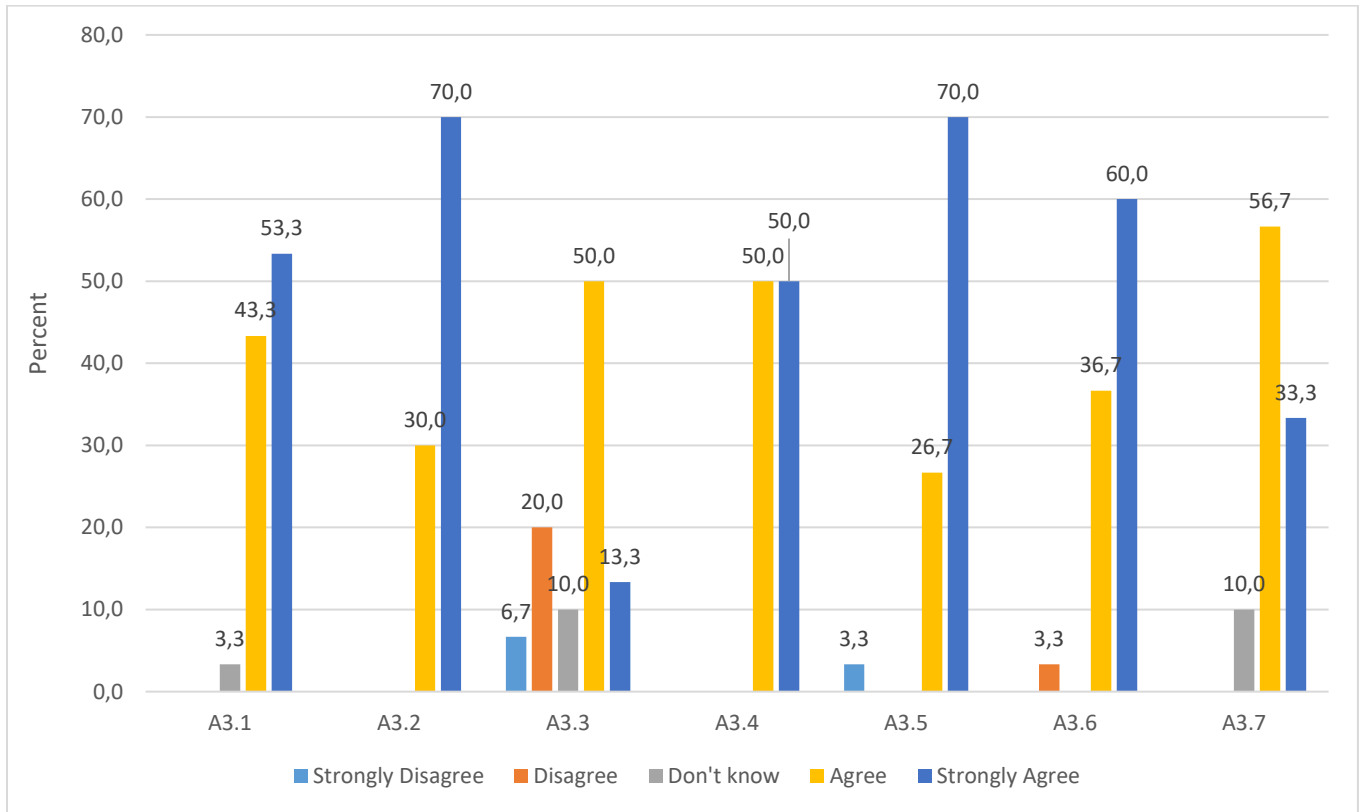


Figure 7: Bar Graph

The following patterns are observed:

- Some statements show (significantly) higher levels of agreement whilst other levels of agreement are lower (but still greater than levels of disagreement)
- There are no statements with higher levels of disagreement
- The significance of the differences is tested and shown in the table above.

For A3.1, the 53.3% “Strongly Agree” of participants showed that they understand the role of Supply Chain Management (SCM). This verifies that the majority of officials do understand that, since the department has procured assets to be utilised by officials to perform their day to day functions, then it is essential to have Supply Chain Management Component to manage such assets.

I understand the role of Supply Chain Management (SCM).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Don't know	1	3.3	3.3	3.3
	Agree	13	43.3	43.3	46.7
	Strongly Agree	16	53.3	53.3	100.0
	Total	30	100.0	100.0	

Table 4.8: Role of Supply Chain Management

For A3.2, the 70% “Strongly Agree” of participants showed that they understand what movable assets are. This verifies that the majority of officials do have movable assets as part of their day to day working tools in the department.

I understand what movable assets are.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	9	30.0	30.0	30.0
	Strongly Agree	21	70.0	70.0	100.0
	Total	30	100.0	100.0	

Table 4.9: Movable Assets

For A3.3, the 50% “Agree” of participants showed that Workshop on SCM policies regulating the use and management of movable assets in the department was conducted. This indicates that most officials have an opportunity to attend workshop on SCM policies.

Workshop on SCM policies regulating the use and management of movable assets in the department are conducted.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	6.7	6.7	6.7
	Disagree	6	20.0	20.0	26.7
	Don't know	3	10.0	10.0	36.7
	Agree	15	50.0	50.0	86.7
	Strongly Agree	4	13.3	13.3	100.0
	Total	30	100.0	100.0	

Table 4.10 : Workshop on SCM Policies

For A3.4, by combining the responses “Agree + Strongly Agree”, 50% of the respondents showed that the Asset team conduct auditing of movable assets in the Department. This indicates that 100% of the respondents are satisfied with the role of Asset team for the department.

Asset team conduct auditing of movable assets in the Department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	15	50.0	50.0	50.0
	Strongly Agree	15	50.0	50.0	100.0
	Total	30	100.0	100.0	

Table 4.11: Asset Team Conduct Auditing

For A3.5, the 70% “Strongly Agree” of participants showed that they receive inventory list for assets allocated to them. This indicates that, the participants are proud of the Asset team performance.

I receive inventory list for assets allocated to me?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	3.3	3.3	3.3
	Agree	9	30.0	30.0	33.3
	Strongly Agree	20	66.7	66.7	100.0
	Total	30	100.0	100.0	

Table 4.12: Receive Inventory List for Assets

For A3.6, the 60% “Strongly Agree” of participants showed that they do understand the term "Custodian" when utilising departmental movable assets. This indicates that SCM-Assets have taught officials about the importance of safeguarding the assets.

Do you understand the term "Custodian" when utilising departmental movable assets?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	3.3	3.3	3.3
	Agree	10	33.3	33.3	36.7
	Strongly Agree	19	63.3	63.3	100.0
	Total	30	100.0	100.0	

Table 4.13: Understanding the Term Custodian

For A3.7, the 56.7% “Agree” I know the processes to follow if the movable asset allocated to me is missing, broken or stolen. This indicates that SCM-Asset Component is committed to educating officials on management of assets assigned to the officials.

I know the processes to follow if the movable asset allocated to me is missing, broken or stolen.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Don't know	3	10.0	10.0	10.0
	Agree	17	56.7	56.7	66.7
	Strongly Agree	10	33.3	33.3	100.0
	Total	30	100.0	100.0	

Table 4.14: Understanding Process of Allocation

More than 68% of respondent agreed (A3.2 and A3.5) that they have reasonable knoweldge of what moveable assets are and they receive inventory list. This is due to workshop facilitation within the departments, and secondly, to asset audit that take place. Having said that, 20 % of respondents disagreed that asset workshop is conducted whereas 10% do not know. This could be attributed to communication channels and some employees being on leaves (or do not read emails) and also that officials who have a long service in the department did have the privilege of being workshopped and officials with few years in the department may have not been exposed to such workshops.

What would you like to see improved in SCM / Assets?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	9	30.0	30.0	30.0
Better dissemination of information	1	3.3	3.3	33.3
Conduct workshops for all staff on all issues that affect them	12	40.0	40.0	73.3
Improve marketing; Better dissemination of information	1	3.3	3.3	76.7
Improve marketing; Better dissemination of information; Conduct workshops for all staff on issues that affect them	1	3.3	3.3	80.0
Improve processes and response times	4	13.3	13.3	93.3
On the right track	1	3.3	3.3	96.7
Reduce irregular expenditure; Tender processes should be fair	1	3.3	3.3	100.0
Total	30	100.0	100.0	

Table 4.15: Improving SCM

For example: factor analysis shows that the following two statements form a sub-theme:

- I understand what movable assets are.
- Workshop on SCM policies regulating the use and management of movable assets in the department are conducted.

These relate to “Effectiveness of Policies and Procedures of movable assets”.

Component Matrix^a

	Component	Component
	1	2
I understand the role of Supply Chain Management (SCM)?	0.779	-0.089
I understand what movable assets are.	0.716	0.322
Workshop on SCM policies regulating the use and management of movable assets in the department are conducted.	0.484	0.596
Asset team conduct auditing of movable assets in the Department	0.679	-0.078
I receive inventory list for assets allocated to me?	0.506	-0.790
Do you understand the term "Custodian" when utilising departmental movable assets?	0.776	-0.408
I know the processes to follow if the movable asset allocated to me is missing Q, broken or stolen.	0.671	0.477

Table 4.16: Component Matrix^a

Extraction Method: Principal Component Analysis

a. 2 components extracted.

4.2.9 Hypothesis Testing

To determine whether the counting patterns per statement were significantly different per selection, a chi square test was conducted. The null hypothesis claims that similar numbers of respondents scored across each choice for each statement (one statement at a time). The alternate states that there is a noteworthy difference between the levels of agreement and disagreement.

The results are shown in the table that follows. The highlighted sig. values (p-values) are less than 0.05 (the level of significance); this implies that the distributions were not comparable. These are the values emphasised with an*. That is, the differences between the way respondents scored (agree, uncertain, disagree) were significant.

	Chi-Square	Df	Asymp. Sig.
Gender	.133a	1	0.715
Age	3.867b	3	0.276*
Workshop on SCM policies regulating the use and management of movable assets in the department are conducted.	18.333d	4	0.001*
Asset team conduct auditing of movable assets.	.000a	1	1.000
I receive inventory list for assets allocated to me.	18.200c	2	0,000
Do you understand the term “Custodian” when utilising departmental movable assets?	16.200c	2	0.000
I know the processes to follow if the movable asset allocated to me is missing, broken or stolen,	9.800c	2	0.007*

Table 4.17: Hypothesis Testing of Levels of agreement and disagreement

4.2.10 Cross tabulations

Cross tabulation is a method to quantitatively analyse the relationship between multiple variables. Also known as contingency tables or cross tabs, cross tabulation groups variables to understand the correlation between different variables (Aprameya, 2016). The traditional approach to reporting a result requires a statement of statistical significance. A **p-value** is generated from a **test statistic**. A significant result is indicated with "p < 0.05".

Chi-Square Tests: I understand the role of Supply Chain Management (SCM)" Gender

The p- value between “I understand the role of Supply Chain Management” and “Gender” is 1.00 which is more than 0.005. “This means that, there is no significant relationship. The gender of the respondents did not play a role in terms of how respondents view their” understating of the role played by Supply Chain Management in monitoring of assets.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	.948 ^a	2	0.623	1.000		
Likelihood Ratio	1.330	2	0.514	1.000		
Fisher's Exact Test	0.939			1.000		
Linear-by-Linear Association	.409 ^b	1	0.523	0.751	0.377	0.208
N of Valid Cases	30					

Table 4.18: I understand the role of Supply Chain Management (SCM)" Gender

Chi-Square Tests: I understand the role of Supply Chain Management (SCM)? * Age

The p- value between I understand the role of Supply Chain Management and “Age” is 0.982 which is more than 0.005. This means that, there is no significant relationship. The age of the respondents did not play a role in terms of how respondents view their understating of the role of Supply Chain Management.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	2.672 ^a	6	0.849	0.937		
Likelihood Ratio	2.753	6	0.839	0.982		
Fisher's Exact Test	3.492			0.982		
Linear-by-Linear Association	.118 ^b	1	0.731	0.866	0.431	0.126
N of Valid Cases	30					

Table 4.19: I understand the role of Supply Chain Management (SCM)? * Age

Chi-Square Tests: I understand what movable assets are. * Gender

The p-value between “I understand what movable assets are” and “Gender” is 0.017 which is less than 0.005. This means that, there is a significant relationship between the variables highlighted in yellow. That is, the gender of the respondent did play a significant role in terms of how respondents viewed their understanding of movable assets.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	6.531 ^a	1	0.011	0.017	0.013	
Likelihood Ratio	4.649	1	0.031			
Likelihood Ratio	7.266	1	0.007	0.017	0.013	
Fisher's Exact Test				0.017	0.013	
Linear-by-Linear Association	6.313 ^c	1	0.012	0.017	0.013	0.013
N of Valid Cases	30					

Table 4.20: I understand what movable assets are. * Gender

Chi-Square Tests: I understand what movable assets are. * Age

The p- value between “I understand what movable assets are” and “Age” is 0.694 which is more than 0.005. This means that, there is no significant relationship. The age of the respondents did not play a role in terms of how respondents view their understating of movable assets.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	1.772 ^a	3	0.621	0.697		
Likelihood Ratio	1.835	3	0.607	0.738		
Fisher's Exact Test	1.909			0.694		
Linear-by-Linear Association	1.203 ^b	1	0.273	0.301	0.190	0.093
N of Valid Cases	30					

Table 4.21: I understand what movable assets are. * Age

Chi-Square Tests: Workshop on SCM policies regulating the use and management of movable assets in the department are conducted. * Gender

The p- value between Workshop on SCM policies regulating the use and management of movable assets in the Department of Human Settlements are conducted and “Gender” is 0.896 which is more than 0.005. This means that, there is no significant relationship. The gender of the respondents did not play a role in terms of how respondents view their understating of familiarizing themselves with Supply Chain Management in order to be able to manage their assets.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	1.272 ^a	4	0.866	0.896		
Likelihood Ratio	1.320	4	0.858	0.896		
Fisher's Exact Test	1.639			0.896		
Linear-by-Linear Association	.112 ^b	1	0.738	0.759	0.429	0.116
N of Valid Cases	30					

Table 4.22: Workshop on SCM policies regulating the use and management of movable assets in the department are conducted. * Gender

Chi-Square Tests: Workshop on SCM policies regulating the use and management of movable assets in the department are conducted. * Age

The p- value between Workshop on SCM policies regulating the use and management of movable assets in the department are conducted and “Age” is 0.783 which is more than 0.005. This means that, there is no significant relationship. The age of the respondents did not play a role in terms of how respondents view their understanding of adapting to SCM policies in order for them to be able to safeguard assets allocated to them.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	9.387 ^a	12	0.670	0.743		
Likelihood Ratio	10.555	12	0.567	0.827		
Fisher's Exact Test	8.994			0.783		
Linear-by-Linear Association	.008 ^b	1	0.928	0.935	0.500	0.066
N of Valid Cases	30					

Table 4.23: Workshop on SCM policies regulating the use and management of movable assets in the department are conducted. * Age

Chi-Square Tests: Asset team conduct auditing of movable assets in the Department * Gender

The p- value between “Asset team conduct auditing of movable assets in the Department” and “Gender” is 0.272 which is less than 0.005. This means that, there is a significant relationship between the variables highlighted in yellow. That is, the gender of the respondent did play a significant role in terms of how respondents viewed their understanding of movable assets. The gender of the respondents did play a role in terms of how respondents view the auditing of movable assets.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	2.143 ^a	1	0.143	0.272	0.136	
Continuity Correction ^b	1.205	1	0.272			
Likelihood Ratio	2.170	1	0.141	0.272	0.136	
Fisher's Exact Test				0.272	0.136	
Linear-by-Linear Association	2.071 ^c	1	0.150	0.272	0.136	0.103
N of Valid Cases	30					

Table 4.24: Asset team conduct auditing of movable assets in the Department * Gender

Chi-Square Tests: Asset team conduct auditing of movable assets in the Department * Age

The p- value between “Asset team conduct auditing of movable assets in the Department” and “Age” is 1.00 which is more than 0.005. This means that, there is no significant relationship. The age of the respondents did not play a role in terms of how respondents view their understanding of conducting audit of movable assets.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	.678 ^a	3	0.878	1.000		
Likelihood Ratio	0.686	3	0.877	1.000		
Fisher's Exact Test	0.875			1.000		
Linear-by-Linear Association	.149 ^b	1	0.699	0.849	0.424	0.141
N of Valid Cases	30					

Table 4.25: Asset team conduct auditing of movable assets in the Department * Age

Chi-Square Tests: I receive inventory list for assets allocated to me? * Gender

The p- value between “Asset team conduct auditing of movable assets in the Department” and “Gender” is 0.840 which is more than 0.005. This means that, there is no significant relationship. The gender of the respondents did not play a role in terms of how respondents view their understating of having records of their assets.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1- sided)	Point Probability
Pearson Chi-Square	1.183 ^a	2	0.553	0.840		
Likelihood Ratio	1.565	2	0.457	0.840		
Fisher's Exact Test	1.169			0.840		
Linear-by-Linear Association	.750 ^b	1	0.387	0.606	0.313	0.148
N of Valid Cases	30					

Table 4.26: I receive inventory list for assets allocated to me? * Gender

Chi-Square Test: I receive inventory list for assets allocated to me? * Age

The p- value between “I receive inventory list for assets allocated to me?” and “Age” is 0.060 which is more than 0.005. This means that, there is no significant relationship. The age of the respondents did not play a role in terms of how respondents view their understanding of receiving asset inventory list.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1- sided)	Point Probability
Pearson Chi-Square	11.710 ^a	6	0.069	0.073		
Likelihood Ratio	11.656	6	0.070	0.059		
Fisher's Exact Test	10.218			0.060		
Linear-by-Linear Association	.352 ^b	1	0.553	0.656	0.337	0.081
N of Valid Cases	30					

Table 4.27: I receive inventory list for assets allocated to me? * Age

Chi-Square Test: Do you understand the term "Custodian" when utilising departmental movable assets? * Gender

The p- value between “Do you understand the term "Custodian" when utilising departmental movable assets?” and “Gender” is 0.840 which is more than 0.005. This means that, there is no significant relationship. The gender of the respondents did not play a role in terms of how respondents view their understating of the link between custodian and assets assigned to them.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	1.325 ^a	2	0.516	0.840		
Likelihood Ratio	1.708	2	0.426	0.840		
Fisher's Exact Test	1.289			0.840		
Linear-by-Linear Association	.253 ^b	1	0.615	0.815	0.414	0.175
N of Valid Cases	30					

Table 4.28: Do you understand the term "Custodian" when utilising departmental movable assets? * Gender

Chi-Square Test: Do you understand the term "Custodian" when utilising departmental movable assets? * Age

The p- value between “Do you understand the term "Custodian" when utilising departmental movable assets?” and “Age” is 0.630 which is more than 0.005. This means that, there is no significant relationship. The age of the respondents did not play a role in terms of how respondents view their understanding of the term custodian.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	5.462 ^a	6	0.486	0.485		
Likelihood Ratio	5.966	6	0.427	0.479		
Fisher's Exact Test	5.215			0.630		
Linear-by-Linear Association	1.673 ^b	1	0.196	0.258	0.129	0.055
N of Valid Cases	30					

Table 4.29: Do you understand the term "Custodian" when utilising departmental movable assets? * Age

Chi-Square Test: I know the processes to follow if the movable asset allocated to me is missing, broken or stolen. * Gender

The p- value between “I know the processes to follow if the movable asset allocated to me is missing, broken or stolen.” and “Gender” is 0.562 which is more than 0.005. This means that, there is no significant relationship. The gender of the respondents did not play a role in terms of how respondents view their understating of reporting if the asset is missing, stolen or broken.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	1.134 ^a	2	0.567	0.562		
Likelihood Ratio	1.141	2	0.565	0.562		
Fisher's Exact Test	1.220			0.562		
Linear-by-Linear Association	1.027 ^b	1	0.311	0.388	0.237	0.142
N of Valid Cases	30					

Table 4.30: I know the processes to follow if the movable asset allocated to me is missing, broken or stolen. * Gender

Chi-Square Test: I know the processes to follow if the movable asset allocated to me is missing, broken or stolen. * Age

The p- value between “I know the processes to follow if the movable asset allocated to me is missing, broken or stolen” and “Age” is 0.336 which is less than 0.005. This means that, there is a significant relationship between the variables highlighted in yellow. The age of the respondents did play a role in terms of how respondents view their understanding of processes to follow in reporting the missing, stolen or broken assets.

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	5.793 ^a	6	0.447	0.472		
Likelihood Ratio	7.524	6	0.275	0.399		
Fisher's Exact Test	6.180			0.366		
Linear-by-Linear Association	.449 ^b	1	0.503	0.540	0.308	0.100
N of Valid Cases	30					

Table 4.31: I know the processes to follow if the movable asset allocated to me is missing, broken or stolen. * Age

A second Chi square test was performed to determine whether there was a statistically significant relationship between the variables (rows vs columns).

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	.948 ^a	2	0.623	1.000		
Likelihood Ratio	1.330	2	0.514	1.000		
Fisher's Exact Test	0.939			1.000		
Linear-by-Linear Association	.409 ^b	1	0.523	0.751	0.377	0.208
N of Valid Cases	30					

Table 4.32: Chi-square between the variables (rows vs columns)

The null hypothesis states that there is no association between the two. The alternate hypothesis indicates that there is an association. None of the other biographic interaction were significant. Gender and age did not play a role when it comes to scores.

4.2.11 Correlations

Correlation is a statistical measure that indicates the extent to which two or more variables fluctuate together. A positive correlation indicates the extent to which those variables increase or decrease in parallel; a negative correlation indicates the extent to which one variable increases as the other decreases (Rouse, 2016). A valid correlation is specified by the correlation coefficient that is close to either +1 or -1. A correlation coefficient is a statistical measure of the degree to which changes to the value of one variable predict change to the value of another (Rouse, 2016).

Bivariate correlation was also performed on the (ordinal) data. The results are summarized in a table below.

	I understand the role of Supply Chain Management (SCM)?	I understand what movable assets are.	Workshop on SCM policies regulating the use and management of movable assets in the department are conducted.	Asset team conduct auditing of movable assets in the Department	I receive inventory list for assets allocated to me?	Do you understand the term "Custodian" when utilizing departmental movable assets?	I know the processes to follow if the movable asset allocated to me is missing Q, broken or stolen.
Spearman's rho	I understand the role of Supply Chain Management (SCM)?	Correlation Coefficient	1.000				
		Sig. (2-tailed)					
		N	30				
		Correlation Coefficient	.575**	1.000			

I understand what movable assets are.	Sig. (2-tailed)	0.001						
	N	30	30					
Workshop on SCM policies regulating the use and management of movable assets in the department are conducted.	Correlation Coefficient	0.307	0.357	1.000				
	Sig. (2-tailed)	0.098	0.053					
	N	30	30	30				
Asset team conduct auditing of movable assets in the Department	Correlation Coefficient	.413*	.364*	0.195	1.000			
	Sig. (2-tailed)	0.023	0.048	0.303				
	N	30	30	30	30			
I receive inventory list for assets allocated to me?	Correlation Coefficient	.368*	0.281	-0.124	.430*	1.000		
	Sig. (2-tailed)	0.046	0.133	0.514	0.018			
	N	30	30	30	30	30		
Do you understand the term "Custodian" when utilising departmental movable assets?	Correlation Coefficient	.680**	.519**	.405*	0.357	.395*	1.000	
	Sig. (2-tailed)	0.000	0.003	0.026	0.053	0.031		
	N	30	30	30	30	30	30	

I know the processes to follow if the movable asset allocated to me is missing, broken or stolen.	Correlation Coefficient	.393*	.490**	.501**	.514**	-0.038	.432*	1.000
	Sig. (2-tailed)	0.032	0.006	0.005	0.004	0.842	0.017	
	N	30	30	30	30	30	30	30

Table 4.33 Bivariate correlation on (ordinal) data

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The results indicate the following patterns;

A total of six correlations were identified, tabulated and debated. Positive values indicate a directly proportional relationship between the variables and a negative value indicates an inverse relationship. All significant relationships are indicated by a * or **.

	Statement A	Statement B	Correlation Strength
a	I understand the role of Supply Chain Management (SCM).	I understand what movable assets are.	.575**
b	I understand the role of Supply Chain Management (SCM).	Asset team conduct auditing of movable assets in the Department	.413*
c	I understand the role of Supply Chain Management (SCM).	I receive inventory list for assets allocated to me?	.368*
d	I understand the role of Supply Chain Management (SCM).	I know the processes to follow if the movable asset allocated to me is missing, broken or stolen.	.393*
e	I understand the role of Supply Chain Management (SCM).	Do you understand the term "Custodian" when utilising departmental movable assets?	.680**
f	I understand what movable assets are.	Asset team conduct auditing of movable assets in the Department	.364*
g	I understand what movable assets are.	Do you understand the term "Custodian" when utilising departmental movable assets?	.519**
h	I understand what movable assets are.	I know the processes to follow if the movable asset allocated to me is missing, broken or stolen.	.490**
i	Workshop on SCM policies regulating the use and management of movable assets in the department are conducted.	I know the processes to follow if the movable asset allocated to me is missing, broken or stolen.	.501**

j	Asset team conduct auditing of movable assets in the Department.	I receive inventory list for assets allocated to me.	.430*
k	Asset team conduct auditing of movable assets in the Department.	I know the processes to follow if the movable asset allocated to me is missing, broken or stolen.	.514**
l	I receive inventory list for assets allocated to me.	Do you understand the term "Custodian" when utilising departmental movable assets?	.395*
m	Do you understand the term "Custodian" when utilizing departmental movable assets?	I know the processes to follow if the movable asset allocated to me is missing, broken or stolen.	*.432*

Table 4.34: Correlations

The correlation value between “I understand the role of Supply Chain Management (SCM)” and “I understand what movable assets are” is 0.575. This is the directly related proportionality. Respondents indicate that the better understanding of the role of SCM, the better understanding of the term movable asset, and vice versa.

The correlation between “I understand the role of Supply Chain Management (SCM)” and “Asset team conducting auditing of movable assets in the Department” is 0.413. This output connotes a less strong relationship between the variables since it is less than a 0.5. It is either the end-user don’t understand role of Supply Chain Management as far as the management of movable assets are or they don’t understand the role of auditing the movable assets of the Department.

The correlation between “I understand the role of Supply Chain Management (SCM)” and “I receive inventory list for assets allocated to me?” is 0.368. This output connotes a less strong relationship between the variables since it is less than a 0.5. It either the end-user don’t understand the role of Supply Chain Management in issuing the inventory list after conducting the asset verification or they don’t have an understating of having inventory list with assets assigned to them.

The correlation between “I understand the role of Supply Chain Management (SCM)?” and “I know the processes to follow if the movable asset allocated to me is missing, broken or stolen” is 0.393. This output connotes a less strong relationship between the variables since it is less than a 0.5. It is either the end-users do not have an idea as to why Supply Chain Management exist in the department or they do not have an understanding the SCM accounts to auditors for every asset that is missing and or stolen.

The correlation value between “I understand the role of Supply Chain Management (SCM)” and “Do you understand the term "Custodian" when utilising departmental movable assets?” is 0.680. This is a directly related proportionality. Respondents indicate that the better the understanding of the role of supply chain management, the better the understanding of the term custodian, and vice versa.

The correlation value between “I understand what movable assets are” and “Asset team conduct auditing of movable assets in the Department” is 0.364. This output connotes a less strong relationship between the variables since it is less than 0.5. It is either the end user they do not understand the importance of safeguarding movable assets assigned to them or they do not understand the accountability that lies with the department in safeguarding assets that are procured by the department.

The correlation value between “I understand what the movable assets are” and “Do you understand the term “Custodian” when utilizing departmental movable assets?” is 0.519. This is a direct related proportionality. Respondents indicate that, the better the understanding what the movable assets are, the better the understanding that they are the custodians of assets allocated to them.

The correlation value between “I understand what movable assets are” and “I know the processes to follow if the movable asset allocated to me is missing, broken or stolen” is 0.490. This output connotes a less strong relationship between the variables since it is less than 0.5. It is either the end-user do not understand what movable assets are or they do not know the processes and the procedure to follow in reporting the missing, broken or stolen movable assets.

The correlation value between “Workshop on SCM policies regulating the use and management of movable assets in the department are conducted” and “I know the processes to follow if the movable asset allocated to me is missing, broken or stolen” is 0.501. This is a direct related proportionality. Respondent indicate that, the better understanding on workshop conducted on SCM policies that guide on how to use and manage the departmental movable assets and the better understanding on processes and procedure to follow when assets allocated to them is missing, broken or stolen.

The correlation value between “Asset team conduct auditing of movable assets in the Department” and “I receive inventory list for assets allocated to me?” is 0.430. This output connotes a less strong relationship between the variables since it is less than 0.5. It is either the audit team do not explain to end users the reason for conducting audit on movable assets or end users do not understand the importance of having and keeping inventory list of assets allocated to them.

The correlation value between “Asset team conduct auditing of movable asset in the Department” and “I know the processes to follow if the movable asset allocated to me is missing, broken or stolen” is 0.514. This is a direct related proportionality. Respondents indicate that, the better understanding on audit conducted by Asset team on movable assets and better understanding on processes to follow if the movable assets allocated to them is missing, broken or stolen,

The correlation value between “I receive inventory list for assets allocated to me” and “Do you understand the term “Custodian” when utilising departmental movable assets?” is 0.395. This output connotes a less strong relationship between the variables since it is less than a 0.5. It either end user do not understand what inventory list is it for or they do not understand the meaning of term “Custodian” or vice versa.

Furthermore, the correlation between “I know the processes to follow if the movable asset allocated to me is missing, broken or stolen” and “Do you understand the term "Custodian" when utilizing departmental movable assets” is 0.432*. This output connotes a less strong

relationship between the variables since it is less than a 0.5. It is that either end-user do not understand the procedure to follow when they experience difficulties with the asset allocated to them or they do not understand the responsibility of the custodian whenever they experience a problem with the asset allocated to them.

4.2.12 Summary of the Analysis of Reports

The information received from the analysis reports from end-users showed that end users do not have an understanding on what is expected of them on how to manage their assets. Furthermore, end users do not have an understanding of processes and procedures to follow if assets assigned to them are missing, broken or stolen. Even though some end users did attend workshop on SCM policies regulating the use and management of movable assets in the department, but the majority of end users are unable to exercise such policies in safeguarding assets allocated to them. This confirms that there is a gap between SCM-Asset component and end users as far as management of assets is concerned.

4.3 Data presentation from the Qualitative Study

Qualitative research is a process of naturalistic inquiry that seeks in-depth understanding of social phenomena within their natural setting. It focuses on the why rather than the what of social phenomena and relies on the direct experiences of human beings as **meaning-making** agents in their everyday lives (Rothwell, Clark and Morse, 2019). Qualitative research is a type of social science research that collects and works with non-numerical data and that seeks to interpret meaning from these data that help understand social life through the study of targeted populations or places (Crossman, 2019). This section summarises the biographical characteristics (which are gender analysis and age analysis) of the respondents and is focusing on the interpretation of data collected.

4.3.1 Gender analysis on quantitative study

The table below displays the demographic profile which contains gender variable of seven SCM Practitioners, two managers and two officials from KZN Provincial Treasury which makes a total of eleven participants in terms of frequencies and percentages. The descriptive analysis for the gender was as follows: males comprises of 81.82% out of eleven responded and females comprises of two responded- of which is 18.18%. Added all together is equivalent to 100% responded; and there were no spoilt responded and questionnaires that had discrepancies. Males were the highest responded in comparison to males.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	9	81.82	81.82	81.82
	Female	2	18.18	18.18	100.0
	Total	11	100.0	100.0	

Table 4.35: Gender analysis

4.3.2 Age analysis on qualitative study

The charts below display the demographic profile which contains age variable of seven SCM Practitioners, two managers and two officials from KZN Provincial Treasury which makes a total of eleven participants in terms of frequencies and percentages. The descriptive analysis for the age was as follows:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 30	3	27.27	27.27	27.27
	31 - 40	5	45.46	45.46	72.73
	41 - 50	3	27.27	27.27	100.00
	51+	0	00.00	00.00	100.00
	Total	11	100.0	100.0	

Table 4.36: Age analysis

From the sample of eleven officials, the least number of respondents belonged to age group 18 to 30 years and 41 to 50 years both at 27.27%. With the group 31 to 40 years old having the most respondents of 45.46%. No one responded at 51+ years which is 0%. This shows that respondents between 31 to 40 years of age are the active and experienced officials with long working periods compared to other age group. They also display greater responsibility and maturity. The 18 to 30 years of age indicates that, they are still new in the department and are possibly not familiar with all the departmental processes and procedures; they need to be more capacitated on departmental work procedures and ethics. The 41 to 50 years old indicate that, they have been in the department for a long time, and taking for granted that they know almost everything within the working sphere, forgetting that policies and procedures are reviewed and amended timeously. The 51+ years old indicates that, they have taken work severance packages maybe because they have been doing one and the same duties over years and are bored or vacated the space in order for new graduates or the younger generation to be hired.

4.3.3 Qualitative Analysis

Qualitative analysis uses subjective judgment based on non-quantifiable information, such as management expertise, industry cycles, and strength of research and development and labour relations. Thus, then one may define qualitative analysis using subjective judgment based on unquantifiable information it also deals with intangible and inexact information that can be difficult to collect and measure (Smith, 2019).

Thematic coding is a form of qualitative analysis which involves recording or identifying passages of text or images that are linked by a common theme or idea allowing you to index the text into categories and therefore establish a framework of thematic ideas about it (Gibbs 2007).

Whilst there are a variety of different approaches to thematic analysis each option is still a form of thematic coding. These include: Grounded theory; Interpretative phenomenological analysis; Template analysis; and Framework analysis (Mountain, 2019).

One can conclude from the aforementioned extracts that the qualitative analysis can be described as an in-depth form of questioning in order to allow the respondent to give more detailed and elaborative answers. Through qualitative information usage the researcher attained in-depth knowledge from participants regarding the subject. This leads to a great contribution of knowledge and constructive findings. This form of questioning tests the cognitive way of thinking and therefore, it's a good way to spark an educational and informative outcome. Therefore this leads to informative decision making due to this type of questioning.

4.3.4 Qualitative Results

Thematic data analysis was used to analyse the obtained qualitative data. Seven SCM Practitioners, two SCM managers from the DoHS and two officials from KZN Treasury were interviewed using interpretive approach. The data was presented as per the theme of each of the interview questions. Practitioners labelled P1 to P7, managers were labelled D1 to D2 and officials from KZN Treasury were labelled T1 to T2. This was done to ensure anonymity. Five

themes for SCM practitioners were construed from the data, six themes for SCM managers were construed from the data and five themes for KZN Treasury were construed from the data.

4.3.5 The following Themes for SCM Practitioners have been identified and shall be discussed:

4.3.5.1 Theme 1: What problems do you encounter when conducting asset audit?

The unauthorized movement of assets happens often within the department which leads to the accumulation of unaccounted assets, according to five respondents who participated in a study. The primary purpose of assets audit during the year is to verify the completeness, existence, and the level of accuracy of the department asset register and the level of asset control. Hence, what is on the floor should correspond with what is on the asset register; for financial statement regarding moveable assets information to be reliable and relevant and not materially misstated.

According to Economic Times (2019), “audit is the examination or inspection of various books of accounts by an auditor followed by physical checking of inventory to make sure that all departments are following documented system of recording transactions. It is done to ascertain the accuracy of financial statements provided by the organisation.”

P1: Fallen barcodes from the assets, which leads to some assets being omitted by the scanners during the audit process.

P2 and P6: Assets being lost without any reporting to the Asset Management Component, Loss Control Section and or South African Police Services. Such issues happened after the verification has been conducted and are discovered by Auditor General when they conduct their verification and it becomes an audit query to the department.

P4: Technical problems on scanners whereby the version installed by the departmental

IT section on computers does not match to the version on the scanners. This leads to information being incompletely transferred from scanners to computers for data processing.

Problems encountered by asset controllers vary from falling of barcodes to loss of asset and failure of asset custodians to report to asset controllers and technical problems on scanners used to conduct moveable assets verification. In addition, respondents also mentioned that:

- End-users are non-compliant in safe keeping the assets allocated to them.
- The texture of the asset does not allow the barcode to be applied which leads to barcodes falling off.
- Scanners which contain outdated programming lead to faulty outcome.

This finding highlights the essential point of this study which leads to the department receiving reports on lack of proper management of asset from the Auditor General and the Internal Audit Unit.

4.3.5.2 Theme 2: How do you identify assets due for disposal?

Respondents mentioned that assets become due for disposal once they are damaged, obsolete and redundant and or when they have reached its useful life. Asset disposal is the removal of assets from the company's accounting records. It is an important concept because it primarily relates to the company's capital assets that are essential to the success of business operation. Moreover, the proper accounting of the disposal of an asset is critical to maintaining updated and not material misstated accounting records (Corporate Finance Institute, 2019).

Loss assets are disposed after receiving Loss Control report informing SCM Asset team that the investigation has been conducted and is permitting that the asset be disposed.

P3: When SCM Asset team conducting assets verification, they identify all assets that are due for disposal whether an asset is broken, redundant or obsolete and the status quo of the asset is updated same time on the scanner.

P5: SCM Asset team use the previous asset verification report to identified assets that needs to be part of the disposal process.

P6: End users inform SCM Asset team of damaged assets that need to be removed from their working areas. If the warranty of such assets has expired, those assets are moved to the storeroom to be included on the next disposal to be conducted.

The respondents all agree that assets which are no longer conducive to be utilised by officials are to be removed from working stations and stored for disposal. This is done in line with the SCM delegations. Some assets are included in more than one disposals based on the fact that they remain on passages while waiting for disposal to take place. According to KZN Treasury (2013:15) disposal is the final phase in the lifecycle of an asset. At this phase the asset is identified as being unserviceable, redundant or obsolete and requires to be disposed of.

Once the disposal process has been finalized, the equipment that has been removed from the Department needs to be disposed on the Hardcat system. The pass out permit/exit form is issued for all disposed movable assets by SCM-Asset Section. The system does not delete the asset that has been disposed of but it is greyed out for future references (KZN Asset Management 2019:21). This finding highlights that unavailability of storeroom to place assets awaiting for disposal causes officials to reallocate such assets to themselves for further usage.

4.3.5.3 Theme 3: What system do you use to ensure that all departmental assets are monitored/recorded?

All seven respondents stated that they are using Hardcat system. Hardcat is an electronic system that was introduced by KZN Treasury to be used by various departments to store valid information of an asset such as barcode, asset description, person's name, price and other information patterning the asset.

P1 to P7: We agreed that Hardcat system which is the electronic Asset register is the only system that is recommended and used by the Department of Human Settlements to capture assets.

All respondents agreed that Hardcat is the reliable system to be used to keep the most required information associated with the identification of an asset and its whereabouts which consist of location, person's name, price and other relevant information.

SCM-Asset team are able to print Hardcat reports in various ways, depending on the information required in that particular point in time, however, there is a delay in processing data after conducting verification of assets which amongst other things is caused by:

- The clashing of Information Technology versions used by the DoHS and KZN Treasury.
- Unavailability of plug points on site for SCM-Asset Practitioners to connect and have access to departmental servers in order to retrieve information from scanners and transfer to their laptops.

4.3.5.4 Theme 4: Should you discover the missing asset from one of the officials, what action would you take?

It has been discovered that lots of missing items have not been reported by end users of which some officials have left the department without SCM-Asset team being aware of their departure. This is causing the imbalance between the physical assets and asset register of the department.

Four respondents agreed that the missing assets should be reported to Loss Control Section for investigation. Loss Control must have records of all losses reported.

P1, P3 and P6: We agreed that, end users are advised to report the matter to Loss Control Section, whereby the end user has to fill the Loss Control Form giving details of the missing asset. Furthermore, end users must also report to the South African Police Services. Loss Control officials to make follow up on missing assets.

P7: Engaged the end-user. If the asset has moved to another office, the affected officials has to fill transfer form with the new location where the asset is. The transfer form to be signed by the new user and placed behind the door.

The respondents agreed that if there is a missing asset, end user needs to be engaged. Failing to provide a proper response by the end user, the matter must be forwarded to Loss Control Section for investigation since Loss control is a risk management technique that seeks to reduce the possibility that a loss will occur and reduce the severity of those that do occur (The Texas Department of Insurance 2019).

Loss Control Agents are to conduct investigations and provide it to the Loss Control Committee to scrutinise such information and come out with the recommendations to be implemented once they have been approved by the Accounting Officer. Loss Control Agents are to inform SCM Asset Team on their findings and recommendations.

4.3.5.5 Theme 5: How do you make the end-user to be aware that he/she is the custodian of the assets?

For every asset that is recorded on the Hardcat Asset Register, there is a custodian who uses it and is responsible for it. Completion of the Asset Addition Form is mandatory for custodians of assets. Explanation is communicated through Asset management policies and circulars to all custodians of movable assets that, they must ensure the safety of all assets allocated to them and that they are used for relevant Departmental purposes only.

Six respondents agreed that once the verification of asset has been conducted, end users have to check their asset inventories against their physical assets, sign the inventory list and place it behind their office doors.

Section 45 (e) states that an official in the department, trading and entity or constitutional institution is responsible for the management, including the safeguarding, of the assets and the

management of the liabilities within that official's area of responsibility (Public Finance Management Act 1999:53).

P1 to P2 and P4 to P6: After conducting asset audit, we print inventory list showing all assets allocated to end user together with the location. We verify the inventory list with the end user and let the end user sign the inventory list before placing it behind the office door.

All respondents agreed that end user has to sign inventory list after asset verification however, SCM Asset Practitioners are experiencing problems with officials who left the department without SCM team being aware of the departed officials. Other officials are not available when inventory lists are delivered to end users, which results in inventory lists not being signed for and that leads to an audit query.

4.3.6 The following Themes for SCM Managers have been identified and shall be discussed:

4.3.6.1 Theme 1: Do you have a Departmental strategy on the management of movable assets of the Department?

Asset verification plan is in place which is updated on annual basis. Printing of updated inventory lists is done after asset verification has been conducted and pasted behind each door after it has been signed by the relevant official. Electronic asset register which is updated timeously is in place. Newly procured assets are barcoded within two weeks after it has been delivered.

The respondents provided different responses on the strategy of management of movable assets.

D1: Yes, we do have a strategy in place. In terms for strategy for the management of a movable assets in the department, we have processes in place, procedure manuals and

a three year strategy plan. We also have policy that governs the movable of assets in the department and legislation that comes from the KZN Treasury.

D2: No, at the moment there is no pre-determined strategy on asset management besides the policy but not pertaining to asset life cycle that is determination of the total cost of ownership.

One respondent agreed that, the Department does have a strategy in place and supported the statement. The other respondent disagreed and stated that there is no strategy in the department. This finding emphasises the crucial point of this study, which is to assess the current asset management processes of the organisation and identify the problem areas that need to be addressed in implementing the asset management process. This evidences that not all officials have access to information when it comes to the Departmental strategy and the management of movable assets. SCM-Asset structures have not been reviewed yet the department has expanded offices but using the current staff.

4.3.6.2 Theme 2: What strategies do you have to ensure that risk is effectively and efficiently managed?

Section 38 (1) (a) (i) of the PFMA states that the Accounting Officer of a Department must ensure that the Department has and maintains effective, efficient and transparent system of financial and risk management and internal control.

The DoHS commits itself to a strong risk management process designed to identify, evaluate, prioritise and manage its risk exposure. Risk Management section deals with the departmental risk matters and ensures that risk policies are e-mailed to all staff are made available to the departmental website.

All respondents agreed that risk strategies are in place and are reviewed regularly as this is where they have a grip of the organisation. This is consistent with the view expressed by Rouse (2019) that risk management is the process of identifying, assessing and controlling threats to an organization's capital and earnings.

D1 and D2: Risk management is very broad. In terms of PMFA, there is a requirement for every department to ensure that they implement the system in risk management and they have a departmental wide risk strategy and risk plan for the management of all the assets. We have developed risk register with remedies to mitigate the identified risk. It is continuously reviewed to identify new risks. From time to time Treasury will monitor. Specifically speaking to asset management, risk is shared amongst the different people in the department. There is a responsibility for the end user to make sure that they safeguard the asset within their control. As asset management, we have implemented various control measures to manage the risk, for example we sign asset transfer forms to ensure that people who are managing assets would know who the assets are assigned to. We do regular audit of assets to ensure what we have on our records is also available physically and that it linked to assets showing that the risk is effectively and efficiently managed.

All respondents agreed that risk is managed in the Department and it is important to implement a risk management plan and considering the various potential risks or events before they occur, (Rouse 2019). Updated monthly reports are compiled by SCM-Asset Section to Risk Management informing and updating Risk Management team on areas that need their attention and updated issues that were raised by Risk Management for SCM-Asset team to deal with.

4.3.6.3 Theme 3: Explain the system and processes you have put in place to ensure that Supply Chain Management cycle in relation to movable assets is effectively controlled.

Since the cost cutting measures were introduced to departments by KZN Treasury together with the KZN Premier's office, DoHS before procuring movable assets for officials, they ensure that there are no movable assets that are under-utilised. Should such assets be discovered and are of the level of the requesting official, SCM-Asset team makes proper transfer of such assets to the requesting official for further usage. This saves government funds in procuring furniture while there is an unused asset that is in good working condition.

The respondents all agreed that the department does have systems namely, Hardcat and BAS which is procured for the department to ensure that asset related information is captured.

It is the responsibility of each Asset Manager from respective departments to meet the minimum requirements as required by the Auditor-General whereby appropriate processes and controls must be documented to ensure that they work effectively and efficiently (KZN Asset Management 2019:21).

D1 and D2: Supply Chain Management end to end has different elements starting with demand management, we compile demand plan for the purchase of goods and movable assets will fall in to that plan for the acquisition of assets. Before we enquire about an asset we need to ensure that the asset is required and there is a user e.g. when we buying the replacement of computers, we check against the officials that are replacing computers if they are in the establishment of a department. There is also a segregation of duties that a planning for the acquisition of assets, management of assets and the disposal of assets is managed by different people within the Supply Chain in order to eliminate any risk in that place. The department has procured asset management systems that is Hardcat and BAS to assist with control measures such as reconciliation. In terms of the control that we have in place, when we need to dispose asset, that goes via the disposal committee so that it's not an individual taking all decisions in disposing an asset. With Information Technology (IT) assets, we obtain technical reports before the asset is disposed.

All respondents agreed that the systems (Hardcat and BAS) are in place, however the segregation of duties is not implemented properly due to insufficient staff which led to overlapping of duties. Management do not have Hardcat and or BAS system on their computers, which defeat the managers in monitoring these systems. Managers rely on the information provided by SCM Practitioners.

4.3.6.4 Theme 4: Briefly discuss the role played by Loss Control Management in dealing with cases related to movable assets.

Theft and losses to be reported to the South African Police Services by an authorised personnel who has suffered the losses within 24 hours and must also reported to Loss Control Section. Copy of signed loss control form to be submitted to SCM-Asset Section.

Both respondents agreed that Loss Control will ascertain if the loss is the result of negligence and also to determine future preventative measure so that losses do not re-occur. Safeopedia (2019) stated that loss control management refers to the process of managing the level of safety risk within a workplace.

D1 and D2: There is different individuals that play a roles in asset management. When it comes to control, each individual is responsible for the assets assigned to them. When assets have been lost, that is where Loss Control (LC) intervene where cases are reported to them and the investigations are conducted to check if there was a negligent official or the official was robbed or hijacked. They keep the register for all losses and manage the whole process to see to it that the official is liable or not. If the official is liable, the claim will be processed so that the money can be recovered from the official.

All respondents agreed that LC function is vital in the department. There is a functional Loss Control Committee in place which is formed by officials from various components within the department. Loss Control policy is reviewed on annual basis and opened for the officials to have inputs. However, there is a lack in providing SCM-Asset team with finalized assets cases, in order for SCM-Asset team to update Hardcat system by flagging and or disposing assets that are approved for write offs. For officials that are reporting loses after the stipulated reporting period has lapsed (unless there is a valid reason for reporting late), disciplinary action is taken against those officials as stipulated on the Loss Control policy.

4.3.6.5 Theme 5: Discuss strategies you have put in place to ensure that policies and procedures in relation to movable assets of the department, are clearly communicated and adhered to by the employees.

The department has the following policies in place that guides the management of Supply Chain

- Supply Chain Management Policy: Amended in 2017.
- Movable Asset Management Policy: 2014 as amended in 2017/2018.
- Movable Assets Disposal Policy: 2015.
- Risk Management Policy approved in 2015.
- KwaZulu-Natal Provincial Treasury 2013: Instruction Note no.30: Movable Asset Management.

SCM policies including Asset management policies are reviewed on an annual basis and e-mailed to staff once they have been approved by the Accounting Officer. They are also made available on the departmental website.

All respondents agreed that the department has annual reviews which are circulated to all staff for inputs and comments. Policies are posted on the departmental website and also circulated to all staff.

D1 and D2: In terms of the policies and procedures, all policies are communicated to staff through the communication's directorate. Policies are also placed on the departmental website where they can be accessed by all staff. We had awareness campaigns for asset management and also through our asset verification processes where we visit various offices to verify assets. As much as it's not a formal engagement, but it happens through that process to say the inventory list that we're giving you are under your name and what is expected of you in terms of those assets. There is an ongoing communication with officials. When we cannot find assets, we write to the officials and alert them to the provision of a policy, in that way they get educated. Even though it's not a final stage of where we have to deal with the issues of laws but, we communicate with them in terms of the policy. It makes them more accountable and it

proves in the management of assets because going forward, if you've been issued with a letter and you've been charged or you are expected to pay for the loss of asset, you become more aware and you turn to follow the processes.

The respondents all agreed that policies and procedures are made available to all officials through emails and also uploaded on the departmental website for an easy access. Some officials failed to comply with the processes and procedures even though they are made available for officials to refer and adapt to such prescripts.

4.3.6.6 Theme 6: Provide your monitoring and evaluation strategy in relation to management and control of movable assets of the Department.

Compliance is expected at all levels within the department from all end-users and SCM officials. This is the way to mitigate some of the departmental risk that is associated with assets management and promote loyalty and hard work among government employees. Monthly reconciliation of BAS and Hardcat is done whereby we ensure that what has been procured on Hardcat has been paid for on BAS. Annual financial reports are also provided for Annual Financial Statement (AFS).

All respondents agreed that Hardcat reports, printing of inventory lists and other various methods are used as part of monitoring the management and control of movable assets of the Department. According to Hobson, Hamilton and Mayne, (2014), monitoring is the collection and analysis of information about a project or programme, undertaken while the project/programme is ongoing. Evaluation is the periodic, retrospective assessment of an organisation, project or programme that might be conducted internally or by external independent evaluators.

D1 and D2: We have a master asset register that is kept on system which is a Hardcat system. We then on a continuous basis do verifications of assets that are assigned to individuals and match what we found on the ground with what is contained on the system, to make sure that we have accurate records. We use a tagging system so that

we are able to follow the movement of an asset and be able to identify and monitor those assets. We update the condition of an asset when we are doing our verification to ensure that they are still usable. That is how we also identify assets that need to be disposed. We monitor and make sure that what we paid for through BAS, are with us in the asset register so that there are no discrepancies.

All respondents agreed that control does take place as far as monitoring of assets is concerned. They request various kind of Hardcat and BAS reports on monthly basis from SCM-Asset Practitioners and or if and when reports are needed. Managers rely on the information provided by SCM Practitioners hence they do not have Hardcat and BAS systems installed on their computers.

4.3.6.7 Theme 7: Do you have any information that you would like to add on this study?

The department do have strategic processes in place but lack to take firm decisions in disciplining and making officials who are failing to safeguard assets allocated to them when the asset is missing. This has a great impact for the department in obtaining qualified reports from the Auditor General.

The respondents provided different responses on adding information on this study.

D1:*No.*

D2: Yes, the world is changing. There is fourth industrial revolution and as government, we need to evolve. Asset management is a support function but it is taking away much time which is supposed to go to core function. Therefore, government should consider things such as outsourcing the function to the companies with necessary expertise to deal with this function effectively. Government does not have resources to manage risk associated with keeping assets such as theft and losses. The systems are old and outdated and not integrated. The procurement of assets does not consider value for money. Assets are purchased at exorbitant prices.

Both respondents provided different responses whereby the first respondent stated that there is nothing to be added. The second respondent stated that government should consider outsourcing the function of movable assets to companies with necessary expertise can solve the problem of improper management of assets of the department. It is suggested that the department rather upgrade their systems to match the latest technology used in industries than outsourcing this function as this will cost government and the department a tremendous amount of money and will have a negative impact of officials losing their jobs.

The departmental Information Management System Technology (IMST) also need to be upgraded for their versions to link with the latest international version.

4.3.7 The following Theme for KZN Treasury Officials have been identified and shall be discussed:

4.3.7.1 Theme 1: What strategies you have put in action to guarantee that policies in relation to movable resources are clearly communicated and adhered to by the DOHS.

KZN Treasury Asset Management Policies, Regulations and Practice notes are provided and are workshopped by KZN Treasury as our supporting Department on management of movable assets.

Both respondents agreed that strategies to ensure that policies in relation to movable assets are in place and they are clearly communicated.

T1 and T2: We agree that forums are conducted, departments are taken through asset management initiatives and what is expected of them in terms of adherence and reporting requirements. Yearly review of asset policies documents. Conduct site visits to monitor compliance to policies. Workshops on asset management are conducted to develop a project and set milestones and progress monitoring mechanism. Generic policies and procedure guides are published on Treasury's website.

The above point of view highlights that, since KZN Treasury is the custodian of Hardcat, they conduct forums and workshops to SCM- Assets Component Officials who are Hardcat users only and not to the entire Department. Even though KZN Treasury provide SCM-Asset Officials only with various types of workshops, they also published their generic policies and procedure guides on their website which is KZN Treasury's website for the individuals to be able to access their information on management of assets.

4.3.7.2 Theme 2: Which guidelines have you provided the DoHS on management of movable assets?

KZN Provincial Treasury policies, regulations and practice and instruction notes are provided to the DoHS as a guide for the department to develop its own policies. On site visit when SCM Asset team is conducting asset verification of asset is done by KZN Treasury to monitor and ensure that proper means of verification are followed.

All respondents agreed that, proper guidance and support is provided to the DoHS.

T1 and T2: Provided the department with various Practice and Instruction Notes, Asset Policies drafted in line with Asset Management Framework, Asset Management Procedure Guides on acquisition, maintenance and disposal of general assets, computer equipment and vehicles. This is done to assist the departments to develop their own policies provided the department with Asset Management System (Hardcat).

KZN Treasury visit the department to ensure if policies relating management of movable are in place and that are reviewed annually. Auditors from KZN Treasury also visit the department on annual basis to monitor that departmental policies are in place, processes and prescripts are followed and to check if the departmental policies are viewed on annual basis. The department has never been in charge of the SCM policies since they are complying to process.

4.3.7.3 Theme 3: Which workshops have you conducted on Hardcat to ensure that the system is correctly implemented by the DOHS?

Onsite trainings are provided by KZN Treasury. They assist the department with inputs when amending their manual guides like Hardcat- System Controller (SYSCON) procedure guide.

All respondents agreed that various workshops are conducted to offer assistance to the department and offer clear guidance in using Hardcat system.

T1 and T2: We have conducted System Controller Forum to discuss system challenges and provide on the job training on system usage, Modification Control Forum and other Classroom Training Interventions.

Certificates of attendance are issued to officials who attended workshops on various Hardcat modules. Some Hardcat modules have assessment tests at the end of sessions. This is done to measure the understanding of officials on workshop or modules conducted.

4.3.7.4 Theme 4: How do you monitor and evaluate compliance in relation to management of movable assets in the DOHS.

The section has a System Controller (SYSCON) whose function is to monitor all the departmental Hardcat users if they are still existing in the department and also still active on Hardcat.

The respondents all agree that monitoring is done in various ways in the department including reports that are submitted on monthly basis to KZN Treasury.

T1 and T2: Monitoring is done through making the departments to complete and submit monthly progress reports to Treasury, inspecting that the department has the approved Asset Management Policy and whether they adhere to the approved policies and follow

proper Business Procedures. Auditor General Reports for the department is also examined. Reports are generated on Hardcat.

All respondents agreed that monitoring is used as an instrument to measure the section's compliance in managing of movable assets. The study revealed that, the newly appointed SYSCON is not provided with SYSCON training which can cause SYSCON to retrieve incorrect reports.

4.3.7.5 Theme 5: Does KZN Treasury have a strategy in place to conduct audit on movable assets of the DoHS?

Both respondents agreed that they do have a strategy in place to conduct audit on movable assets.

T1 and T2: Yes, the exercise is conducted using hand held scanners to verify assets reflected on Hardcat system visas the actual inspection of assets in various Locations. Reports are generated, where discrepancies exist, they are corrected on the system.

The respondents all agree that compliance is achieved through usage of Hardcat and usage of scanners in verifying assets.

4.4 Chapter summary

This chapter provided evidence from semi-structured interviews and questionnaires, as well as knowledge gathered from previous researchers, to provide a better sense of what could be done to effectively answer the problem statement. The findings showed that information on asset management compliance by end users, SCM practitioners, managers and KZN Provincial Treasury officials influence directly the performance of the KZN DoHS. The results also showed that, as experienced officials leave the department through various reasons and new officials are hired, alertness of asset management objectives, strategies and guidelines should be dealt with timeously.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The final chapter provides a summary, conclusion and recommendations of the findings of the study on Management of Movable Assets and the Application of Supply Chain Management policies in the Department of Human Settlements, KwaZulu-Natal Provincial Government.

The concept of management of movable assets and application of Supply Chain policies has been studied from numerous perspective including the government sectors and their varying definitions. This chapter explains the key enablers which will assist the department in improving on the management of their movable assets. These enablers have been identified from the research conducted.

Recommendations on how to manage movable assets and application of SCM policies will be made available to the department. These improvements will have a constructive impact on future management of the departmental movable asset.

5.2 Summary and Conclusion

In order to improve and implement a proper movable asset management in the KwaZulu-Natal Department of Human Settlements, all the guidelines and frameworks need to be fully applied and monitored. The main findings of the study showed a direct correlation between understanding the role of SCM and knowing the processes to follow if the movable asset for the department is missing, broken or stolen. The DoHS in KwaZulu-Natal needs to enforce disciplinary action to ensure proper management and controlling in movable assets of the department. The department must “pinpoint” the challenges and plan a way to exploit opportunities that could deliver ethical audit reports. This should be tabled at the strategic level and be circulated in the form of operational plans to all components in the department. SCM-Asset Component needs to conduct workshop create and awareness on an annual basis to

ensure that proper SCM processes on management of movable assets are implemented to ensure compliance of staff at all levels is met. Asset Management Component needs to position themselves to reinforce their asset management compliance. The current structure needs to be reviewed as it has some limitations on the SCM-Asset team incurring their daily duties. The department has expanded their offices but using the current staff. Increasing staff members was not considered. This study offers the department an opportunity to accomplish an improved management of movable assets as well as attain unqualified audit reports.

5.3 Recommendations

5.3.1 Recommendations regarding end-users knowledge on processes to follow if the movable asset is missing or stolen.

The findings of this study discovered that 56.7% of end-users had knowledge on processes to follow on missing or stolen assets. This indicates that the SCM-Asset Component is committed in educating officials on management of asset assigned to the officials. It is also recommended that the SCM-Asset include on their Asset Management Policy disciplinary actions to be applied if the end-user failed to report within the stipulated period to the respective organs of state if he/she has lost the government asset.

This study has shown that the correlation between, “I understand the role of Supply Chain Management (SCM)?” and “I know the processes to follow if the movable asset allocated to me is missing, broken or stolen” is 0.393. This output connotes a decreased strength in the relationship between the variables since it is less than a 0.5. Section 45 of the PFMA and chapter 10.1.1 of the Treasury Regulations are contained in the Asset Management Policy of the department as supporting phrases on how asset should be safeguarded. However, they are not effective since the department hardly receives a clean audit. It is recommended that the department should ensure that prescripts are implemented accordingly.

5.3.2 Recommendation regarding conducting workshop on SCM policies in managing of movable assets in the department.

This study discovered that 50% of participants showed that workshops on SCM policies regulating the use and management of movable assets in the department was conducted. More than 68% of respondents agreed (A3.2 and A3.5) that they have reasonable knowledge of what moveable assets are and they receive inventory list due to workshop facilitation within the departments. However, there are 20% of respondents who disagree that workshop on movable assets was conducted and 10% that do not know. This shows that there will always be employee movement from one department to the other. Therefore, the department should ensure that there is a programme of continuous development of staff on asset management. It is recommended that:

5.3.2.1 An annual workshop plan be drawn up and implemented. It must also be e-mailed to all staff once it has been approved by the Accounting Officer. This will assist and accommodate officials that are newly hired by the department and also work as a reminder to the existing officials on the safeguarding of movable assets of the department.

5.3.2.2 The DoHS ought to conduct workshops annually on management of movable assets.

An attendance register is to be signed by all officials attending the workshop. This will work as proof that the official was capacitated on management of movable assets when disciplinary action is taken against non-compliant officials.

5.3.2.3 After the workshop has been conducted, officials are to be issued with survey forms for them to write their comments compliments or complaints. This will assist SCM-Asset unit to evaluate themselves, especially on areas that need their attention for improvement.

5.3.3 Recommendations on problems encountered when conducting asset audit.

This study showed that 50% of respondents agreed that the SCM-Asset team do conduct auditing of movable assets and they are satisfied with the role of the SCM-Asset team in the

department as far as asset verification is concerned. On the other side, this study discovered that the SCM-Asset team is experiencing various issues when conducting verification of assets which leads to the department obtaining reports on lack of proper management of movable assets from the Auditor General and the Internal Audit Unit. In order for the SCM-Asset team to achieve an unqualified audit report, it is recommended that:

5.3.3.1 Asset barcodes be marked with permanent marker in order for movable asset to be easily identified and related to its original barcode number even if the metal barcode has fallen. This will assist the SCM-Asset team to punch the written barcode manually on the asset scanner and by doing so, the movable asset information would be updated and reflect as verified asset.

5.3.3.2 SCM-Assets component should clearly explain and implement disciplinary action that would be taken against non-compliant officials on unauthorised movement of assets and must be tabled in the Asset Management Policy. In addition, section 45 of the PFMA to ensure enhanced knowledge of staff on asset management.

5.3.3.3 Circulars pertaining to safeguarding of movable assets to be pasted next to elevators and foyers in order to be accessible to officials who do not have access to computers. This circular must include contact particulars for officials to be contacted when they need to move their assets.

5.3.3.4 The Human Resources for the department should inform the SCM asset team on a monthly basis of official who will be leaving the department prior to the official departing in order for asset count to be conducted in the presence of the leaving official, and be made accountable if there is a missing asset.

5.3.3.5 For officials who are not available during signing of inventory lists, an e-mail with the inventory list attached is to be sent to the concerned officials. They are to sign and e-mail the list and copy his/her supervisor on e-mails. This will serve as proof to auditors.

5.3.3.6 The Department to have a suspense register to disclose all unfound assets.

5.3.3.7 KZN Treasury to identify standardised asset scanners to be used by the departments and to inform the departmental IT section on the latest or upgraded version to be installed for Hardcat usage.

5.3.4 Recommendations on system used to ensure that all departmental assets are monitored/recorded

Hardcat is the system that was recommended by the KZN Provincial Treasury to be used to capture information related to movable assets. It is used as an electronic asset register. Most KZN departments are using this system, including the DoHS.

It is recommended that:

5.3.4.1 The DoHS IT section install plug points on site in order for SCM Asset Practitioners to have access to the departmental server and be able to retrieve information from scanners to their laptops. This will help SCM-Asset Practitioners to be able to deal with and rectify discrepancies they discovered on site during the verification process.

5.3.4.2 The KZN Provincial Treasury to inform DoHS IT section of the latest version used in order for DoHS IT officials to be able to upgrade their server to meet the required standard and avoid hindrance on Asset Management side when conducting asset verification.

The department has a System Controller whose function is to monitor all the departmental Hardcat users, if they are still active and exist in the department; and also to submit monthly progress reports to the KZN Provincial Treasury. This forms part of monitoring and evaluating the compliance on the management of the departmental movable assets. It is recommended that training and refresher courses be provided to a SYSCON user to ensure that they familiarise themselves with various ways of retrieving information on Hardcat, related to Hardcat users, and various reporting formats to the KZN Provincial Treasury.

5.3.5 Recommendation on the strategy of managing movable assets in the department

Asset management compliance has been an audit qualification over the past years in the DoHS. The SCM-Assets Component is led by a Director: Supply Chain Management; one Deputy Director: Assets and Inventory; one Assistant Director: Assets and Inventory; one Senior Administration Officer: Asset Management and six Administration Officers dealing with asset management. The department has increased the working stations with eight district offices and that are provided with movable assets as part of working tools. This has increased the workload the on SCM-Asset Component, since they have eight more district offices to conduct verification of asset with. It is recommended that, the department review the SCM-Asset Management structures to accommodate the increased number of district offices the department has created.

An asset verification plan is in place and is updated on an annual basis. Updated inventory lists are printed after an asset verification has been conducted and are displayed behind each office door after it has been signed by the relevant official. An electronic asset register is in place and is updated timeously. Newly procured assets are barcoded within two weeks after it has been delivered. End-users sign the asset addition form once they have confirmed the correctness of items delivered. Thereafter, such items are captured on an electronic asset register. For example, Hardcat system.

This study discovered that respondents have different views on the strategy of management of movable assets. One respondent agreed that the Department does have a strategy in place and supported the statement, whilst the other respondent disagreed and stated that there is no strategy in the department. This finding emphasises the crucial point of this study, which is to assess the current asset management processes of the organisation and identify the problem areas that need to be addressed in implementing the asset management process. This evidences that not all officials have access to information when it comes to the departmental strategy and the management of movable assets. There is an improvement in the asset management through the appointment of Personal Assistants (PAs) to work as cost centre clerks in various offices. It is recommended that DoHS should ensure that all sections have appointed coast centre clerks and ensure that the function form part of their job description.

Based on different opinions obtained from the respondents and the appointment of PAs, it is recommended that proper training be provided to:

1. all levels of SCM-Asset officials in order for them to have a common understanding of what is expected of them,
2. all PAs in order for them to know the role they should play to ensure that the departmental assets are correctly managed, and
3. all managers for all components, as managers are the ones who authorise budget for assets to be procured in their sections.

The department has the following policies in place that guide the management of supply chain;

- Supply Chain Management Policy: Amended in 2017.
- Movable Asset Management Policy: 2014 as amended in 2017/2018.
- Movable Assets Disposal Policy: 2015.
- Risk Management Policy approved in 2015.
- KwaZulu-Natal Provincial Treasury 2013: Instruction Note 30: Movable Asset Management.

SCM policies, including asset management policies, are reviewed on an annual basis and e-mailed to staff once they have been approved by the Accounting Officer. They are also made available on the departmental website. This study has revealed that although the procedures, processes and guidelines are in place and are made available to all officials, some officials “turn a blind eye” in familiarising themselves with such prescripts and act against the prescribed prescripts. This, amongst other things, has led the department to obtain qualified reports from the AG. It is recommended that section 45 of the PFMA and section 10.1.1 of the Treasury Regulations be enforced, workshops be conducted with detailed information on management of movable assets and strict disciplinary action be imposed on non-compliant officials.

5.3.6 Recommendation on the role played by Loss Control Management in dealing with cases related to movable assets.

There are different individuals that play different roles in asset management. When it comes to control, each individual is responsible for the assets assigned to them. When assets have been deemed lost, Loss Control (LC) intervene. Cases are reported to them and the investigations are conducted to check if there was negligence or the official was robbed or hijacked and decide whether the official is liable or not.

Even though LC is vital in the department with LC policy in place, it is recommended that LC provide the SCM-Asset team with finalised asset related cases in order for the SCM-Asset team to:

5.3.6.1 Flag uncompleted cases on suspense register.

5.3.6.2 Update Hardcat system by disposing assets that are approved for write offs.

Section 38 (1) (a) (i) of the PFMA states that the Accounting Officer of a department must ensure that the department has and maintains an effective, efficient and a transparent system of financial, risk management and internal control.

The DoHS commits itself to a strong risk management process designed to identify, evaluate, prioritise and manage its risk exposure. The Risk Management section deals with the departmental risk matters and ensures that risk policies are e-mailed to all staff and are made available to the departmental website. With cases where theft has been detected, LC engaged Risk Management for forensic investigation.

5.3.7 Recommendation on KZN Provincial Treasury on strategy to conduct audit on movable assets of the DoHS?

The KZN Provincial Treasury is the custodian of the Hardcat system, which is used by the DoHS. Hardcat is the electronic asset register used to capture information related to movable assets. Even though the Hardcat system is reliable in keeping information on the assets, this study has revealed that, audit scanners used by the DoHS are failing to upload information from scanners to the departmental computers/laptops. This is caused by different versions from both government sectors (DoHS and KZN Provincial Treasury), which leads to information being incomplete in processing. It is recommended that the KZN Provincial Treasury identify standardised asset verification scanners to be used by the departments and to inform the departmental IT section on the latest or upgraded version to be installed on Hardcat for Hardcat users.

5.4 Summary

The objective of this study was to investigate the Management of Movable Assets and the Application of Supply Chain Management policies in Department of Human Settlements in Kwa-Zulu Natal Provincial Government. This was done to detect any faults, good practices or development that can be obtained from government prescripts and be implemented in the department. To achieve the objective, the study, focused on two practical contributory factors which are the control of moveable assets, and the effectiveness of procedures and policies of moveable assets. These two factors are critical in ensuring the proper safeguarding of mobile assets and the implementation of proper prescripts in the department. The results showed that the department still has to improve on control measures in safeguarding of movable assets, compliance with movable asset management principles and guidelines and working conditions. These phases would significantly improve the management of movable assets of the department and ensure efficient service delivery by enforcing movable asset management principles and guidelines. All this will bail out the department from receiving qualifying audit reports.

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Annexure 1- Permission Letter

F737 Fraser Shamase Crescent
P.O. UMLAZI
4031

The Head of Department
Department of Human Settlements
203 Church Street
PIETERMARITZBURG

PERMISSION TO CONDUCT RESEARCH AS PART OF MASTERS OF TECHNOLOGY
DEGREE IN PUBLIC MANAGEMENT QUALIFICATION.

I Jabulile Rachel Kunene, (20152593) student at Durban University of Technology, studying towards Masters of Technology Degree in Public Management, request a permission to conduct a study in the Department of Human Settlements under the following topic:

*"Research on movable assets and Supply Chain Processes in the
Department of Human Settlements: Government of the Province of KwaZulu-
Natal"*

This project will be a "practical problem solving" exercise, and will use data gathering methods of questionnaires and interviews.

Your assistance in permitting access to the department for the purpose of conducting the research will be mostly appreciated. All the information gathered from the research will be treated with high confidentiality. Furthermore, should you wish any result/s or findings from the research "to be restricted" for an agreed period of time, this can be arranged. The confidentiality of information and anonymity of officials will be strictly adhered to by student.

Should you need any clarification about this study, please contact:

Dr. S Govender (Supervisor) 082 375 7722 or wyebanksec@telkomsa.net

Kindly use the column provided below to confirm permission for the student to conduct the study.

Yours sincerely

15/04/2014

Date

Signature of
Student

Approved/Not approved

Comment Approval is based on the conditions
in the submission on this same request
dated 25/4/14

Ms G. Apelgren-Narkedien

Date 25/04/14

Head of Department

Department of Human Settlements

203 Church Street

PIETERMARITZBURG

Addendum D

Department of Public Management and Economics
 Durban University of Technology
 P.O. Box 1334
 DURBAN
 4000

27 March 2014

LETTER OF INFORMATION AND CONSENT (QUESTIONNAIRE)

Title of study: Management of movable assets and the application of Supply Chain Management (SCM) policies: A case study of the Department of Human Settlements, KwaZulu-Natal Provincial Government.

Dear respondent,

I am currently doing research project on management of movable assets and application of Supply Chain Management (SCM) policies: A case study of the Department of Human Settlements (DoHS) KwaZulu-Natal Provincial Government.

I would like to engage you in completing the questionnaire, which will take a few minutes. Participation is voluntary and you are free to withdraw from the study at any time. The information you provide will only be used for research purposes, and your identity and answers will remain confidential as your ideas are more important.

Should you wish to discuss this further, please feel free to contact me or my supervisor; **Dr S. Govender at 082 375 7722.**

Your assistance will be much appreciated.

Yours faithfully

JR Kunene (0627427957)
 Jabu.kunene@kzndhs.gov.za/jabukunene@telkomsa.net

The declaration

I hereby confirm that, I understand the contents of this document and the nature of the research project, and I consent to participate in this research project. I understand that I am at liberty to withdraw from the project at any time should I so desire.

.....
 SIGNATURE OF PARTICIPANT

.....
 DATE

F737 Fraser Shamase Crescent
P.O. UMLAZI
4031

The Head of Department
KZN Provincial Treasury
145 Chief Albert Luthuli Street
Treasury House
PIETERMARITZBURG

PERMISSION TO CONDUCT RESEARCH AS PART OF MASTERS OF TECHNOLOGY
DEGREE IN PUBLIC MANAGEMENT QUALIFICATION.

I Jabulile Rachel Kunene, (20152593) student at Durban University of Technology, studying towards Masters of Technology Degree in Public Management, request a permission to conduct a study in the Department of Human Settlements under the following topic:

"Research on movable assets and Supply Chain Processes in the Department of Human Settlements: Government of the Province of KwaZulu-Natal"

This project will be a "practical problem solving" exercise, and will use data gathering methods of questionnaires and interviews.

Your assistance in permitting access to the department for the purpose of conducting the research will be mostly appreciated. All the information gathered from the research will be treated with high confidentiality. Furthermore, should you wish any result/s or findings from the research "to be restricted" for an agreed period of time, this can be arranged. The confidentiality of information and anonymity of officials will be strictly adhered to by student.

Should you need any clarification about this study, please contact:

Dr. S Govender (Supervisor) 082 375 7722 or wyebanksec@telkomsa.net

Kindly use the column provided below to confirm permission for the student to conduct the study.

Yours sincerely

24/04/2014

Kunene JR
Student

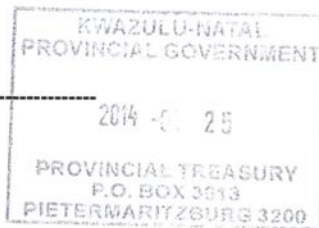
Date

Approved/Not approved

Comment

Mr M. Mpanza
Deputy Manager: Asset Management
KZN Provincial Treasury
Treasury House
PIETERMARITZBURG

Date



Annexure 2

Section A

QUESTIONS ADDRESSED TO THE DEPARTMENTAL END USERS ONLY

INSTRUCTION: Please mark with an X in one block only.

A1. What is your gender?

Male	1
Female	2

A2. What age group are you in?

Age	Select one column
18 – 30	
31 – 40	
41 - 50	
51 – above	

A3. Mark your answer with a cross (X).

		1	2	3	4	5
Sequence	Question	Strongly disagree	Disagree	Don't know	Agree	Strongly agree
A3.1	I understand the role of Supply Chain Management (SCM)?					

A3.2	I understand what movable assets are.					
A3.3	Workshop on SCM policies regulating the use and management of movable assets in the department are conducted.					
A3.4	Asset team conduct auditing of movable assets in the Department					
A3.5	I receive inventory list for assets allocated to me?					
A3.6	Do you understand the term “Custodian” when utilising departmental movable assets?					
A3.7	I know the processes to follow if the movable asset					

	allocated to me is missing, broken or stolen.					
--	---	--	--	--	--	--

A4. What would you like to see improved in Supply Chain Management- Asset Section?

THANK YOU FOR COMPLETING THIS QUESTIONNAIRE. YOUR CO-OPERATION IS HIGHLY APPRECIATED.

Section B

QUESTION ADDRESSED TO SUPPLY CHAIN MANAGEMENT ONLY

INSTRUCTION: Please mark with an X in one block only.

B1. What is your gender?

Male	1
Female	2

B2. What age group are you in?

Age	Select one column
18 - 30	
31 - 40	
41 - 50	
51 - above	

<p>B3. Do you have a Departmental strategy on the management of movable assets of the Department?</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>YES</p>	<p>NO</p>
<p>B4. What strategies do you have to ensure that risk is effectively and efficiently managed?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>		
<p>B5. Explain the systems and processes you have put in place to ensure that Supply Chain Management cycle in relation to movable assets is effectively controlled.</p>		

.....
.....
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.....

B6. Briefly discuss the role played by Loss Control management in dealing with cases related to movable assets.

.....
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.....
.....
.....

B7. Discuss strategies you have put in place to ensure that policies and procedures in relation to movable assets of the department, are clearly communicated and adhered to by the employees.

.....
.....
.....
.....
.....

B8. Provide your monitoring and evaluation strategy in relation to management and control of movable assets of the Department.

.....
.....
.....
.....
.....

B9. Do you have any information that you would like to add on this study?

.....
.....
.....

Section C

QUESTIONS TO SCM-ASSETS PRACTITIONERS

INSTRUCTION: Please mark with an X in one block only.

C1. What is your gender?

Male	1
Female	2

C2. What age group are you in?

Age	Select one column
18 - 30	
31 - 40	
41 - 50	
51 - above	

C3. Highest qualification obtained.

Standard 10/ Grade 12	Diploma	Degree	Honours	Masters	Doctorate	Other
1	2	3	4	5	6	7

C4. Number of years in the working sphere.

0-3years	4-10years	11-18years	19- 25years	26- 35years	36years and above
1	2	3	4	5	6

C5. Number of years (experience) in SCM-Asset Management.

0-3years	4-10years	11-18years	19-25years	26-35years	36 years and above

C6. Do you have Asset Management Policies in place?

Yes	No	Don't know
1	2	3

C7. Do you conduct asset audits?

Yes	No
If yes, how many times a year?	
.....	
.....	

C8. What problems do you encounter when conducting asset audit?

.....
.....
.....

C9. How do you identify assets due for disposal?

.....
.....

C10. What system do you use to ensure that all departmental assets are monitored/recorded?

.....
.....

C11. Should you discover the missing assets from one of the officials, what action would you take?

.....
.....
.....
.....

C12. How do you make the end-user to be aware that he/she is the custodian of the assets?

.....
.....
.....

THANK YOU FOR COMPLETING THIS QUESTIONNAIRE. YOUR CO-OPERATION IS HIGHLY APPRECIATED.

Section D

QUESTION TO KZN TREASURY OFFICIALS

INSTRUCTION: Please mark with an X in one block only.

D1. What is your gender?

Male	1
Female	2

D2. What age group are you in?

Age	Select one column
18 - 30	
31 - 40	
41 - 50	
51 - above	

D3. What strategies you have put in place to ensure that policies in relation to movable assets are clearly communicated and adhered to by the DoHS.

.....
.....
.....
.....

D4. Which guidelines have you provided the DoHS on management of movable assets?

.....
.....
.....
.....

D5. Which workshops have you conducted on Hardcat to ensure that the system is correctly implemented by the DoHS?

.....
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.....
.....

D6. How do you monitor and evaluate compliance in relation to management of movable assets in the DoHS?

.....
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.....
.....

D7. Does KZN Treasury have a strategy in place to conduct audit on movable assets of the DoHS?

Yes	No
If yes, how is compliance achieved in the DoHS?	
.....	
.....	
.....	
.....	

End

Annexure 3

[Skip to Main Content](#)

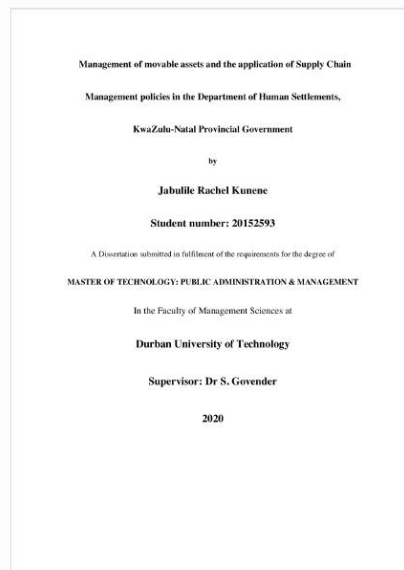


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To Whom it may concern

Editing of Masters: JR Kunene (20152593)

***Management of movable assets and the application of Supply Chain Management policies
in the Department of Human settlements***

This letter serves as confirmation that the aforementioned thesis has been language edited.

Any queries may be directed to the author of this letter.

Regards

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