Lifecycle approach – Cradle to grave

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What is facility management?

“Facility or facilities management (FM) is a profession dedicated to supporting people. It ensures the functionality, comfort, safety, sustainability and efficiency of the built environment - the buildings we live and work in and their surrounding infrastructure” - IFMA.

Assets lifecycle

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Facilities management principles

- **People, place & process** — integrate facilities and services with the core business
- **Stakeholder focus** — meet the needs of staff, suppliers, regulators and community
- **Whole-life asset stewardship** — manage assets from planning through to disposal
- **Preventive & predictive maintenance** — extend asset life and reduce downtime
- **Sustainability & compliance** — reduce environmental impact and meet standards
- **Technology & continuous improvement** — use data to audit, measure and refine performance

Functions of FM

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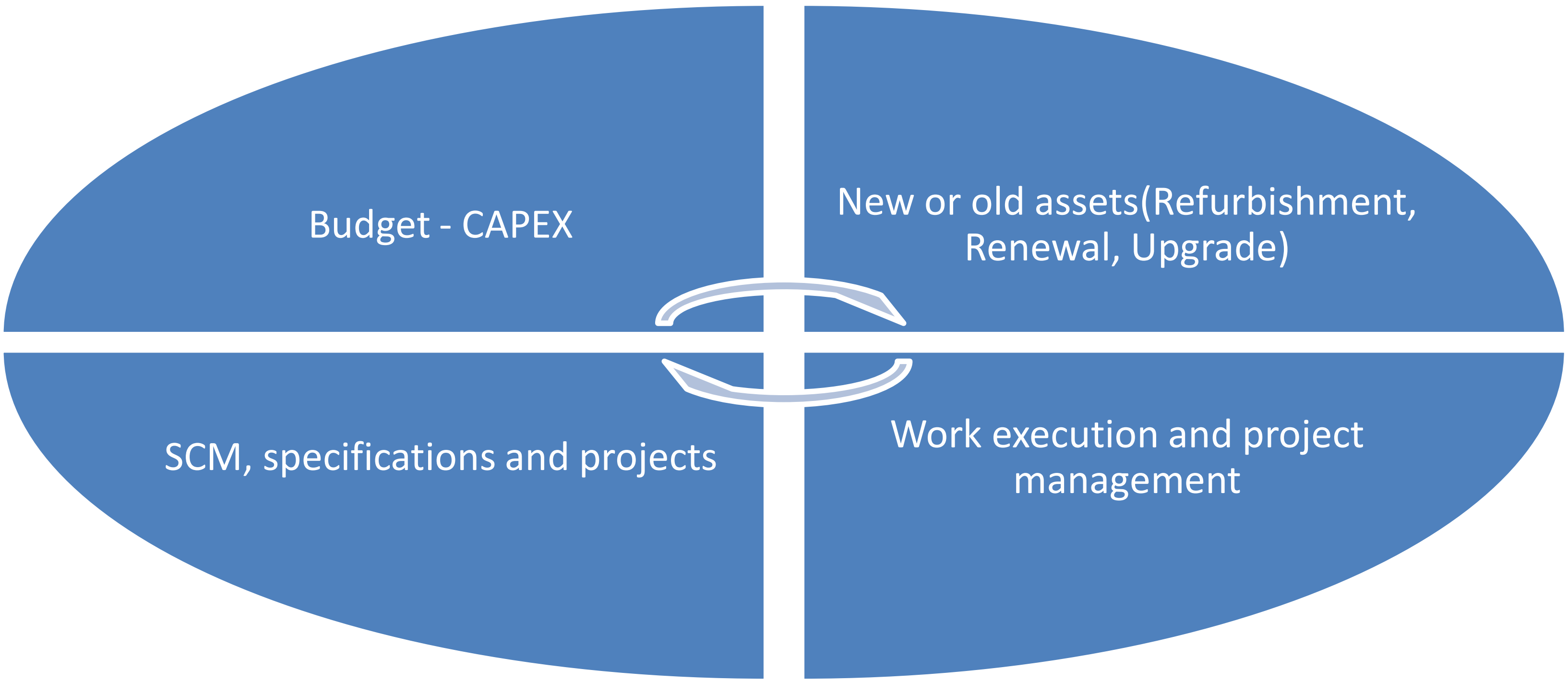
- ✓ **Building operations like cleaning, security, maintenance and grounds management**
- ✓ **Emergency and disaster mitigation and response**
- ✓ **Sustainability planning**
- ✓ **Project management and budgeting**
- ✓ **Real estate management and space planning**
- ✓ **Business continuity planning**

Relevance

- ✓ Contribute to operational efficiencies – day to day?
- ✓ Plan and deliver infrastructure needs to support productivity
- ✓ Manage risks including those to facilities, employees, suppliers and business reputation
- ✓ Mitigate and reduce environmental impact
- ✓ Promote sustainable tactics for long-term cost management
- ✓ Leverage technological solutions
- ✓ Mitigate and overcome effects of natural disasters
- ✓ Guarantee compliance
- ✓ Leverage security

Assets lifecycle

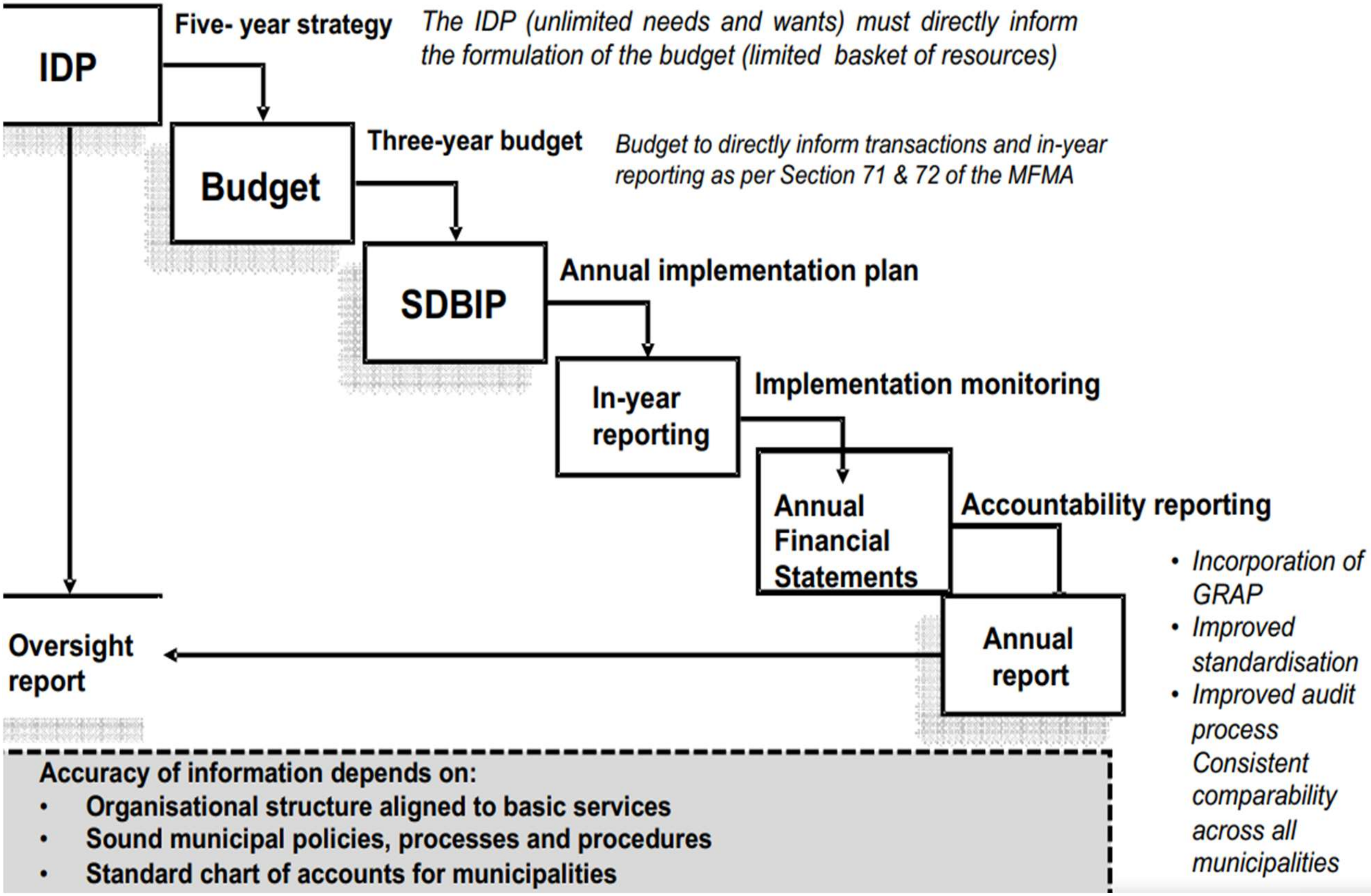


Assets lifecycle

Cradle to grave – the asset journey

- **Plan & budget** — identify needs, prioritise and fund assets through CAPEX and the IDP
- **Acquire & create** — procure, construct or build new assets through SCM, specifications and projects
- **Operate & maintain** — run assets day to day and apply preventive and predictive maintenance
- **Renew & refurbish** — upgrade, refurbish or renew assets to extend their useful life
- **Monitor & account** — record in the assets register, audit and report on condition
- **Dispose & decommission** — retire and dispose of assets responsibly at end of life

MODULE 1 – *m*SCOA Fundamentals
The LG Reform Agenda



RECORDING & Audit

- ✓ **"The Standards of Generally Recognised Accounting Practise (GRAP) stipulates the accounting treatment of transactions while mSCOA specifies the standard (classification) format in which to account for these transactions (when applying GRAP)."_ National Treasury**

Property, plant & equipment note

R'000	Land	Buildings	Infrastructure	Machinery & equipment	Total
Opening carrying amount	50,000	120,000	300,000	25,000	495,000
Additions	–	15,000	40,000	8,000	63,000
Disposals	–	(2,000)	(5,000)	(1,500)	(8,500)
Depreciation	–	(6,000)	(18,000)	(4,500)	(28,500)
Closing carrying amount	**50,000**	**127,000**	**317,000**	**27,000**	**521,000**

- **Recognition & measurement** — PP&E is carried at cost less accumulated depreciation and impairment losses (GRAP 17).
- **Depreciation** — charged on a straight-line basis over each class's useful life; land is not depreciated.
- **Reconciliation** — the note reconciles opening to closing carrying amounts via additions, disposals and depreciation.
- **Why it matters** — underpins the asset register, audit assurance and compliance with accounting standards.

Figures are illustrative.

RECORDING & Audit

- ✓ **ASSETS REGISTER**
- ✓ **ACCOUNTING STANDARDS**
- ✓ **POLICIES**
- ✓ **TREASURY GUIDELINES**

- ✓ **But are things actually working, or are they in a position to work?**

Accounting Group	Accounting Sub-group	Asset Class	Asset Group Type	Asset Group Name	Asset Group sub-name 1	Asset Group sub-name 2	Asset type	Component type	Movable	Descriptor Type	Descriptor Type trim	Descriptor Size	Descriptor Size Measure	Descriptor Class	Descriptor General	Descriptor General 2	Grouping	Extent
Property, plant and equipment	Infrastructure Assets	Sanitation Infrastructure	Waste water treatment works	WWTW:Seshego Waste Water Treatment Works	None	None	Metal work	Fabricated Steel	Index P0151	Mild steel	Mild steel	0.00	None	Mild exposure	Handrails	None	Per item	400.00

FAR: CLASSIFICATION

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Accounting Group	Accounting Sub-group	Asset Class	Asset Group Type
Property, plant and equipment	Infrastructure Assets	Sanitation Infrastructure	Waste water treatment works

Accounting Group	Accounting Sub-group	Asset Class	Asset Group Type	Asset Group Name	Asset Group sub-name 1	Asset Group sub-name 2	Asset type	Component type	Movable	Descriptor Type	Descriptor Type trim	Descriptor Size	Descriptor Size Measure	Descriptor Class	Descriptor General	Descriptor General 2	Grouping	Extent
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FAR: DESCRIPTIONS

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Asset type	Component type	Descriptor Type	Descriptor Type trim	Descriptor Size	Descriptor Size Measu	Descriptor Class	Descriptor General	Descriptor General 2	Grouping	Extent	Extent Unit
Metal work	Fabricated Steel	Mild steel	Mild steel	0.00	None	Mild exposure	Handrails	None	Per item	400.00	kg

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FAR: OPERATIONAL CLASS

Responsible Department	Location - Address	Latitude	Longitude	Treasury Code	Cost Centre	General Ledger Code

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FAR: CONTINUITY

Year first constructed	Component Start Y	Funding typ	Funding Source	Basis of recognit	Leased	Suburb	Suburb	Ward Numb	Related Project Reference	Insurance Cover No

Accounting Group	Accounting Sub-group	Asset Class	Asset Group Type	Asset Group Name	Asset Group sub-name 1	Asset Group sub-name 2	Asset type	Component type	Movable	Descriptor Type	Descriptor Type trim	Descriptor Size	Descriptor Size Measure	Descriptor Class	Descriptor General	Descriptor General 2	Grouping	Extent
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FAR: LIFECYCLE

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Is Basic Municipal Service	Condition Grade	Updated Condition Grade	Forecast Replacement Year	Annual Maintenance Percentage Nee

Accounting Group	Accounting Sub-group	Asset Class	Asset Group Type	Asset Group Name	Asset Group sub-name 1	Asset Group sub-name 2	Asset type	Component type	Movable	Descriptor Type	Descriptor Type trim	Descriptor Size	Descriptor Size Measure	Descriptor Class	Descriptor General	Descriptor General 2	Grouping	Extent
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FAR: LIFECYCLE

2022 Carrying amount 2022	Additions 2023	Depreciation 2023	Impairment 2023 but depreciation 2023	Derecognition cost	Derecognition accumulated depreciation	Derecognition accumulated impairment	2023 Cost closing	2023 Accumulated depreciation	2023 Accumulated impairment	2023 carrying amount before revaluation	Increase in revaluation

RECORDING & AUDIT

- ✓ Contribute to operational efficiencies – day to day?
- ✓ Plan and deliver infrastructure needs to support productivity – At IDP level, do we have assets registers?
- ✓ Manage risks including those to facilities, employees, suppliers and public reputation and confidence – Do we keep risk registers and are they alive?
- ✓ Mitigate and reduce environmental impact – What do we say about illegal dumps, ineffective transfer stations, full landfill sites, smelling sewer plants?

RECORDING & AUDIT

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- ✓ **Promote sustainable tactics for long-term cost management – Lifecycle costing – Do we know all that was repaired and maintained**
- ✓ **Leverage technological solutions – Are we still on paper**
- ✓ **Mitigate and overcome effects of natural disasters**
- ✓ **Guarantee compliance**
- ✓ **Leverage security - Safeguarding**

INSPIRATION - Amsterdam

Thank You!

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