



Internal Audit Report

Operational Services Department

Review of Asset Management

May 2009

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1. INTRODUCTION

This report has been prepared as a result of the Internal Audit review of *Asset Management* as part of the 2008/09 Internal Audit programme.

Asset Management has in recent years become a high profile aspect of Public Sector management and local authorities have been subjected to increasing government pressure to ensure good practice in this area. Within Argyll and Bute Council the 2007/08 Internal Audit plan included a major capital audit to identify general good practice, compare this to current practice and set out a list of actions required to achieve a good practice performance.

In January 2008 a report entitled Scottish Government Asset Management Review was prepared for the Cabinet Secretary for Finance and Sustainable Growth. This report on Scottish Government controlled organisations contained 8 recommendations the first 2 being the requirement to have an asset management plan in place by end of April 2008 and to maintain a mandatory, single comprehensive database of asset information. It was noted that the implementation dates for all recommendations were relatively short dated.

2 AUDIT SCOPE AND OBJECTIVES

Following upon the Review of Major Capital by internal audit issued in 2008 the Asset Management Strategic Board wishes to bring structure to the various strands of asset management work within the Council. Appendix 2 of that review listed a large number of actions and matters for consideration and the objective of this review is to set out a structured action plan that can be assessed and timescales, targets and resources set to complete the plan.

To achieve this end the actions to achieve good practice were reconfigured as:

- Corporate Issues
- Specific Asset Type or Service Issues

These were subdivided further in both cases as:

- Annual and /or recurring actions
- One Off actions but which may require review from time to time.

3 RISK ASSESSMENT

Due to the nature of this audit no risk assessment was carried out.

4 CORPORATE GOVERNANCE

There are no Corporate Governance issues to be reported as a result of this audit.

5 MAIN FINDINGS

Due the nature of this review there are no findings as these were all identified within the previous year's Major Capital Audit. However to classify and manage the actions/recommendations within the report Appendix 1 detailed Findings has been used to provide a guide to the number of actions set out in the various appendices.

6 RECOMMENDATIONS

Using the Listing of Key Issues as set out in Appendix 2 of the Major Capital Audit – Overview Report as our starting point and adopting the headings for Planning and Performance Management Framework (PPMF) as indicated in Brian Barker's e-mail of 23 January we created initially 4 programme formats viz:-

1. Corporate Action Plan – Annual and/or Recurring Items (see Appendix CR)
2. Corporate Action Plan – One-Off Actions [may require a future review] (see Appendix COF)
3. Specific Asset Type Action Plan – Annual and/or Recurring Items (see Appendix SR)
4. Specific Asset Type Action Plan – One-Off Actions [may require a future review] (see Appendix SOF).

To keep these four programmes as clean and uncluttered as possible (1 Outcome, 1 Action) and where further work or detail is involved we created a series of sub plans. For example in 3 above Outcome Ref. SR001 requires Service Asset Management Plans to be prepared for each type of asset within each service. Outcome Ref SSR001 is then a Sub Programme with 1 outcome but a whole series of actions or requirements. This particular programme addresses an Asset Management Plan for Fleet Assets. It may be that the programme needs to be slightly less specific (to reduce number of programmes) or that a programme for each service with any form of asset responsibility will be required. It is too early to make such a decision.

7 AUDIT OPINION

While Argyll and Bute Council has made progress in identifying requirements and in some cases achieving success there remains a substantial workload to achieve good practice in asset management. This is now the third audit report highlighting predominantly the same issues and requiring a programme of implementation, identification of resources and management commitment and coordination. If good practice in asset management is to be achieved within the next three years it is essential that the rate of progress is accelerated dramatically.

The recommendations arising from the audit work and contained in Appendices 1-4 should be considered by the Asset Management Strategic Board. Further consultation with Services will be necessary to identify resources required and available and thereafter a programme of implementation prepared by confirming or readjusting the dates in the aforementioned appendices. This will be part of a long term project and will require strong management and inspired leadership and drive. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

8 ACKNOWLEDGEMENTS

Thanks are due to the Development Services and Strategic Finance staff for their co-operation and assistance during the Audit and the preparation of the report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

APPENDIX 2

ACTION PLAN

Action Plan no..	Paragraph	Grade	Weakness Identified	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	Appendix 1 1.1	High	There is a lack of definitive/detailed strategic or policy statements/procedures to expect Services to react positively to asset management requirements.	The actions set out in the Report appendices should be reviewed and an appropriate timetable prepared for each desired outcome having regard to the overall resources needed to address the issues by identifying individuals to have responsibility ensuring compliance for all asset types.	Asset Management Strategic Board	Progressively but not later than 31 March 2010
2	Appendix 1 1.2	High	Services require instruction and guidance to implement asset management requirements	The actions set out in the Report appendices should be reviewed and an appropriate timetable prepared for each desired outcome having regard to the overall resources needed to address the issues by identifying individuals to have responsibility ensuring	Asset Management Strategic Board	Progressively but not later than 31 March 2010

Action Plan no..	Paragraph	Grade	Weakness Identified	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
				compliance for all asset types.		
3	Appendix 1 1.3	Low	Some aspects of treasury management and capital accounting processes do not provide evidence of review of compliance with Council Policy or Codes of Practice	The actions set out in the Report appendices should be reviewed and procedures prepared for each desired outcome.	Finance Manager, Development Services.	Progressively but not later than 31 March 2010