



Internal Audit Report

FINAL

Operational Services

Review of Asset Management

March 2010

1 INTRODUCTION

This report has been prepared as a result of the Internal Audit review of Asset Management, Facility Services as part of the 2009-10 Internal Audit programme.

The internal audit report on asset management for 2008/09 was issued in May 2009 and at the same time a new Chairman was appointed to the Asset Management Strategic Board (AMSB). On 22 June 2009 the scope and terms of reference of the new board were agreed by the Strategic Management Team (SMT).

2 AUDIT SCOPE AND OBJECTIVES

The overall objective of this review will be to verify and confirm the progress in achieving the required actions set out in the Scope and Terms of Reference Report to SMT.

The broad objectives of the review were to confirm the progress achieved against each of the following terms of reference:

- Develop, introduce and fully establish asset management performance, planning and governance systems by the end of the 2nd Quarter 2010
- Introduce the assessment of draft Service Asset Management Plans and scrutiny of IBCs/OBCs within 2009/10 Budget Process;
recognising that these will be at an early development stage only at this time.
- Revise the Council's Asset Management Strategy and Plan by April 2010. Prepare a Corporate Asset Management Strategy for approval by March 2010
- Provide objective appraisal of Initial Business Cases (IBC), Outline Business Cases (OBC) and Service Asset Management Plans (SAMP).
- Oversee the standardisation and future development of asset specification and procurement.
- Undertake a full review of Asset Management IT systems held by the Council and the development of a strategic approach towards future system integration.

In addition to the foregoing the AMSB has agreed to review the Capital Programme Planning and Management Guide and issue a final version of the Guide.

3 CORPORATE GOVERNANCE

Corporate governance issues relating to asset management are being dealt with in the ongoing process currently being driven by the AMSB consequently there are no Corporate Governance issues to be reported as a result of this audit.

4 MAIN FINDINGS

Of the six objectives listed in 2 above three have been completed or have procedures in place for their ongoing implementation and development. A further two objectives are currently being worked on and will achieve the foregoing status by the end of October 2010. One scope has not yet been addressed "Oversee the standardisation and future development of asset specification and procurement" and to assist this process the Council's Procurement Manager has been co-opted to the Board.

5 RECOMMENDATIONS

Seven recommendations were identified as a result of the audit, 5 are regarded as high priority while 2 are considered medium. All of the recommendations had already been considered by the AMSB and 6 of the 7 are detailed in the AMSB implementation plan which is shown at Appendix 4. The remaining action has yet to be developed by the AMSB and the Council's Procurement Manager has been co-opted to the Board for this purpose. The recommendations are shown in the action plan below at Appendix 2.

6 AUDIT OPINION

The auditor is satisfied that the AMSB has achieved the objectives required by 31 March 2010 as set out in its terms of reference in an appropriate manner. In addition a matrix (see appendix 3) showing the position in the process at various points in time including future plans has been prepared. This matrix is augmented by a twelve month implementation plan from 1 April 2010 (see appendix 4).

Based on the findings we can conclude that the extremely disappointing progress commented upon in the previous year's Internal Audit report has been reversed with a new vision in place and significant strides being taken toward that vision.

All recommendations arising from the audit work have been included in the implementation plan and Internal Audit has accepted the plan and its timescales incorporating the implementation plan dates with its recommendations. 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.

7 ACKNOWLEDGEMENTS

Thanks are due to the members of the AMSB 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

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	See appendix 1 Sections 1.1 to 1.10	<i>High</i>	The capital planning process for 2010-11 be utilised in future years with further development of the business case templates and revenue maintenance templates. In addition the assessment and independent scoring process will require resourcing.	Asset Management Strategic Board	October 2010.
2	See appendix 1 Sections 2.1 to 2.8	<i>High</i>	Services are required to devise the means of assessing and collating performance information in respect of each individual asset for condition, suitability and risk as an absolute minimum and include this in future SAMP's. In addition plans will require to comment upon performance levels achieved and improvements	Asset Management Strategic Board	October 2010.

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
			targeted.		
3	See appendix 1 Sections 3.1 to 3.3	<i>High</i>	The CAMP should be prepared on an annual basis with the Plan providing Services with Guidelines on the longer term priorities for asset management.	Asset Management Strategic Board	31 March 2011 and ongoing
4	See appendix 1 Section 4.1	<i>High</i>	The Corporate asset Management Strategy should be continued on an annual basis with the development of the document to provide a strategic view of Corporate asset management.	Asset Management Strategic Board	31 March 2011 and ongoing
5	See appendix 1 Sections 5.1 to 5.3	<i>Medium</i>	The Capital Planning and Management Guide should be reviewed annually for continued relevance to systems and procedures as well as development and improvement of templates.	Asset Management Strategic Board	31 March 2011 and ongoing

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
6	See appendix 1 Sections 6.1 to 6.4	<i>High</i>	This is a development process which will span at least 2 to 3 years and in the meantime it is important that AMSB continues to progress the improvement of existing records and the reconciliation of the various records in use throughout the Council in the immediate short term.	Asset Management Strategic Board	30 June 2010 and ongoing.
7	See appendix 1 Section 7.1	<i>Medium</i>	The AMSB should review existing asset specification and standards and set a programme for the completion of the review and agreement of outcomes.	Asset Management Strategic Board	31 March 2011