

Asset Management Policy

FA11-CP (Superseded DCS027) (Amendments will be made subject to the enactment of the Local Government Act (General) Regulations, guidelines and any updated MRC document names)

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1. Purpose

To provide a framework for the appropriate management of council physical assets, including safeguarding, identification, acquisition and disposal of assets as required under legislation and as per *Guideline 4: Assets* and the *Local Government Act 2019* (The Act).

2. Scope

This policy applies to all of MRC's assets.

3. Objectives

3.1. To ensure adequate provision is made for the management of assets within Council resources by:

- 3.1.1. Provide a systematic approach to the governance and recognition of value over the life cycle of an asset whilst meeting legislative requirements.
- 3.1.2. Safeguarding MRC's assets and employees by implementing responsible and transparent asset management strategies and practices.
- 3.1.3. Ensuring that the MRC is obtaining and disposing of assets in a way that is transparent, accountable and meets the requirements of the Act.

4. Definitions

Assets	In accordance with section 3 of the <i>Local Government (General) Regulation</i> , an asset includes land, leases, buildings, infrastructure, plants and machinery, motor vehicles, furniture and fittings, intangible assets and inventory.
Major Asset	In accordance with section 25 (5) of the <i>Local Government (General) Regulation</i> , a major asset refers to an asset with a value of or above \$5,000 (exclusive of GST) as determined by resolution by the council.
Portable and attractive assets	In accordance with section 25 (5) of the <i>Local Government (General) Regulation</i> , a portable and attractive item refers to an item with a value below the value of a major asset.

5. Statement

5.1. General

- 5.1.1. Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of the organisation. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.
- 5.1.2. Council owns and uses non-current assets to support its core business of delivery of service to the community.

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- 5.1.3. Asset management practices impact directly on the core business of the organisation and appropriate asset management is required to achieve our strategic service delivery objectives.
- 5.1.4. Adopting asset management principles will assist Council in achieving its FA11-G1 Fleet Plan 2021-2025 objectives.
- 5.1.5. A strategic approach to asset management will ensure that the Council delivers the highest appropriate level of service through its assets. This will provide positive impact on:
 - a. Members of the public and employees
 - b. Council's financial position
 - c. The ability of Council to deliver the expected level of service and infrastructure
 - d. The political environment in which Council operates; and
 - e. The legal liabilities of Council
- 5.1.6. All council physical assets are to be appropriately stored, kept in a secure environment and maintained to ensure the Council gets the best use and value from its assets.
- 5.1.7. Appropriate insurance cover will be taken on all insurable council assets. The level of insurance cover taken will be based on the asset location, attributes (e.g. brick or cladding, near new or poor condition etc.) and a risk assessment of the likelihood of an event occurring that would cause the insurance cover to be activated.
- 5.1.8. Following an insurable event where an asset is damaged, the insurer is to be promptly advised by the responsible council employee and an insurance claim is to be made as soon as practicable, within the claim timeframe.
- 5.1.9. Where Council decides not to replace the damaged asset, but instead accepts the insurer's payout in lieu, the money is to be banked until a replacement asset, according to the business needs of the council, is to be acquired.

5.2. Principles

- 5.2.1. All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- 5.2.2. Asset management principles will be integrated within existing planning and operational processes.
- 5.2.3. Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.
- 5.2.4. An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- 5.2.5. Asset renewals required to meet agreed service levels and identified in adopted asset management plans and long term financial plans will be fully funded in the annual budget estimates.
- 5.2.6. Service levels agreed through the budget process and defined in adopted Fleet Capital Replacement Plan and will be fully funded in the annual budget estimates.
- 5.2.7. Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- 5.2.8. Systematic and cyclic reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.

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- 5.2.9. Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.
- 5.2.10. Future service levels will be determined in consultation with the community.
- 5.2.11. Training in asset and financial management will be provided for councillors and relevant employees.

5.3. Asset Management Records

- 5.3.1. The CEO is responsible for safekeeping of all council assets.
- 5.3.2. The CEO must ensure that adequate records are kept of council assets.
- 5.3.3. A council must keep the following registers in electronic form:
 - a. A register of the council's major assets; and
 - b. A register of the council's portable and attractive items.
- 5.3.4. The register for a major asset must contain the following for each asset:
 - a. a description;
 - b. the date the council obtained control of the asset;
 - c. the value of the asset;
 - d. the condition of the asset;
 - e. the location of the asset
 - f. the date of disposal of the asset (if applicable)
- 5.3.5. All council physical assets must be clearly identified and, where appropriate, the name of the Council should be displayed (i.e. through signage, labelling etc.) as the owner of the asset.
- 5.3.6. By allocating and maintaining a unique identification for each council asset, the asset verifier (who may be the Council's auditor, the insurer, the asset valuer, the service mechanic or the responsible council employee) will then have the ability to review the Council's associated asset management records and registers to ensure records are kept up-to-date.
- 5.3.7. Council will keep and maintain appropriate asset records (i.e. ensure information in relation to essential public assets is no more than 4 years old) in order to support a Disaster Recovery Funding Arrangement (DFRA) claim and be eligible for DRFA funding assistance.

5.4. Hire out of council assets

- 5.4.1. Council may hire out fleet vehicles and other plant and equipment for particular activities to organisations where there is a general benefit to the community supporting Council's service delivery intent.
- 5.4.2. Plant and equipment will only be hired out with an operator as per the Fees and Charges Schedule detailed in the Regional Plan.
- 5.4.3. The Council may hire out premises for short-term accommodation.
- 5.4.4. Fees and charges associated with the hiring of councils assets is reviewed and renewed annually when the Council Regional Plan is adopted.

5.5. Acquisition of Assets

- 5.5.1. Acquisitions of assets will be made in line with FA01-CP Procurement Policy.
- 5.5.2. Details of all acquisitions are to be recorded in the relevant asset register.
- 5.5.3. The recording of information pertaining to obtaining of a major or portable attractive asset must be completed as soon as practicable.

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5.6. Disposal of Assets

- 5.6.1. Subject to the Minister's guidelines, MRC may a deal with or dispose of property of which the council is the owner.
- 5.6.2. Assets valued less than \$5,000 will be disposed of as agreed by the Director based on the principle of transparency and openness.
- 5.6.3. All asset disposals must be according to a transparent and open process. Auction or tender is required for sale of assets with an estimated disposal value of over \$5,000.
- 5.6.4. All assets with an estimated value of up to \$100,000 must be approved by the Director of Technical Services prior to sale or trade-in in accordance with section 10 of the *Ministerial Guideline 4: Assets*.
- 5.6.5. Other assets require CEO approval if within the budget or Council approved if not.
- 5.6.6. Funded assets are to be disposed of in accordance with the funding agreement.
- 5.6.7. Disposal of fleet assets will be based on the MSC Fleet Plan, 'Total Cost of Ownership' analysis as well as national and local industry indicators and benchmarks. Fleet will normally be disposed of when depreciation begins to have adverse effects on the sale price of an item.
- 5.6.8. Fleet assets must be sold by auction at an established auction organisation in Alice Springs.
- 5.6.9. When assets are disposed of, relevant details accompanied by an invoice will be supplied to the appropriate employee in the finance department.
- 5.6.10. The recording of information pertaining to disposal of a major or portable attractive asset must be completed as soon as practicable.

5.7. Proceeds from Sale of Assets

- 5.7.1. Income from funded assets will be treated in accordance with the funding agreement.
- 5.7.2. Income from disposed fleet items will be returned to the fleet replacement reserve.
- 5.7.3. Income from disposal of other assets will go back to corporate revenue and be spent in a manner that Council determines.

5.8. Reporting misappropriation, loss, destruction or damage and write offs

- 5.8.1. In accordance with section 26 of *the Local Government (General) Regulations 2021*, the CEO must report the following to a police officer if the CEO considers the loss or damage is attributable to fraud, theft, misappropriation or the commission of an offence:
 - a. A loss of money that exceeds \$500;
 - b. Loss or damage to an asset or assets that exceeds \$2000.
- 5.8.2. If a council is satisfied, on certification in writing from the CEO, that money or an asset has been misappropriated, or cannot be found, the council may authorise the writing off of the relevant amount in the accounts of the council.
- 5.8.3. A certificate from the CEO under regulation 27 of *the Local Government (General) Regulations 2021*, must be accompanied by:
 - a. a report detailing the improvements to internal controls to avoids the write off of money or assets of the type detailed in the certificate in the future; and
 - b. If required to be reported under 5.8.1- a statement that the misappropriation, loss, destruction or damage has been reported to a police officer.
- 5.8.4. The report mention in item 5.8.3 is not required if an asset has been written off because of normal wear and tear of the asset.

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- 5.8.5. In accordance with the Guideline 4: Assets section 8, assets are to be written off in the following situations:
 - a. Loss of the asset;
 - b. Theft of the asset;
 - c. The asset has become unserviceable;
 - d. The asset has become obsolete;
 - e. The asset has been condemned.
- 5.8.6. For the purposes of writing off the asset, the value of the asset is:
 - a. The carrying amount- including any residual value or recognised assets; or
 - b. The fair value- where fair value provides a better estimate of the current value of the asset.
- 5.8.7. An asset with a zero written down value in Council's accounting records is not to be written off and removed from the relevant asset register if the asset is still in use. For an item to be removed from the register, the write-off criteria provided in item 5.8.5 must first be satisfied.

5.9. Additional assets and upgrades

- 5.9.1. Council's budget must provide for additional assets that are not considered replacements.
- 5.9.2. A replacement that has upgraded functionality will be appropriately approved and follow delegations from the Council.

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6. Policy Details

Replaces Policy No: (if applicable)	DCS027 Asset Management Policy
Responsible Directorate/Department:	Corporate Services - Finance
Approval Date:	28 May 2021
Minutes Reference and Resolution number:	Item # 15.2 Resolution OCM2021-064
Review Cycle:	May 2025 - Review in 4 years or as required by changes in legislation or council policies.

7. Legislation and References

Related Legislation:	Local Government Act 2019 Local Government (General) Regulations 2021 Guideline 4 - Assets
Related Policies:	FA01-CP Procurement Policy
Associated Documents:	FA11-G1 Fleet Plan 2021-2025

8. Version Control

Version No.	Approval Date	Policy No.	Minutes reference and Resolution number
1.	23 May 2014	DCS027	OCM Item # 13.2 - OCM2017-014
2.	28 May 2021	FA11-CP	OCM Item # 15.2 - OCM2021-064