

Slide 1

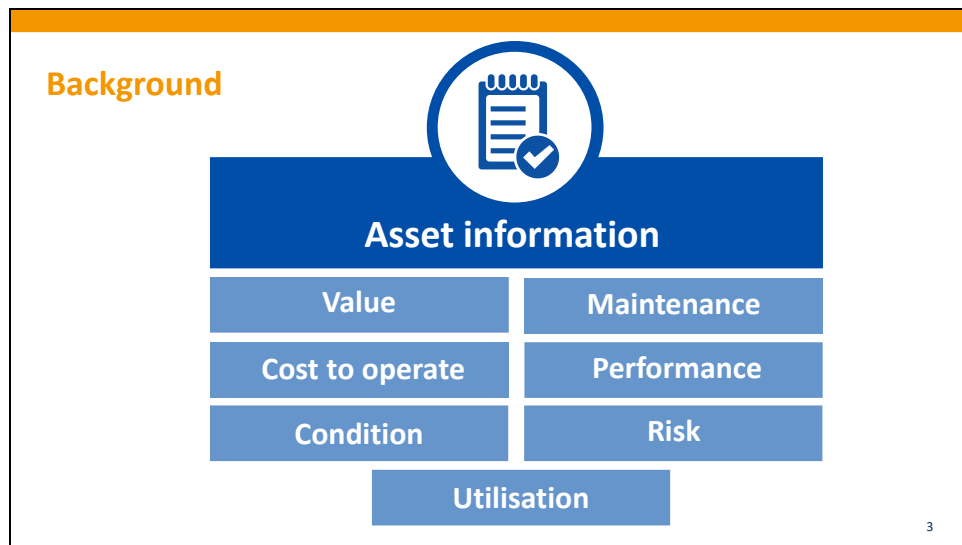


This presentation provides an overview of the Victorian Auditor-General's report Local Government Assets: Asset Management and Compliance.



Victoria’s 79 councils control more than \$102.1 billion in assets and infrastructure. Council assets typically include roads, bridges, footpaths, drains, libraries, town halls and recreational centers.

Councils need to understand and manage their assets well, as they are integral to delivering high-quality services to their communities.



Effective asset management includes collecting appropriate information and using it to make decisions on planning and managing assets.

Councils need to collect information on their assets, such as their value, cost to operate, condition, maintenance, performance, risk and utilisation.

What we looked at



Whether local councils accurately document infrastructure assets in their information systems and use this information in their asset management and planning

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This audit assessed whether local councils accurately document infrastructure assets in their information systems and use this information in their asset management and planning.

We did not audit large specialised assets—such as airports and landfills—as these are generally operated as separate business units and council asset teams do not manage them.

Who we looked at




| Five councils | |
|----------------------------|---------------|
| Colac Otway Shire Council | large shire |
| Darebin City Council | metropolitan |
| Hindmarsh Shire Council | small shire |
| Mildura Rural City Council | regional city |
| Nillumbik Shire Council | interface |

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We audited five councils of varying size and geography:

- Colac Otway Shire Council
- Darebin City Council
- Hindmarsh Shire Council
- Mildura Rural City Council, and
- Nillumbik Shire Council.

What we found

-  Councils do not consistently use asset information to support planning and decision-making
-  Asset information is not comprehensive or accurate
-  Due to asset information gaps, decision-making depends on experience and judgement of individual staff


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We found that councils do not consistently use asset information to support planning and decision-making.


While councils maintain basic data about their assets, the information is not comprehensive or accurate enough. For example, councils do not always include asset maintenance and failure data.

Due to information gaps, asset decision-making at the audited councils heavily depends on the experience and judgement of individual staff. This creates a risk that councils will not make evidence-based decisions.


Availability of asset information



Asset information needs not comprehensively document



Complex and unintegrated asset information management systems



Information registers separate → difficult for staff to find and update information when they need it

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All audited councils have governance arrangements for asset information management within their asset management policies.

All of the audited councils have asset management plans—either final or draft—that identify and prioritise asset information needs. Despite these plans, councils have not comprehensively documented their asset information needs.


The audited councils have complex and unintegrated asset information management systems, which make it difficult for staff to find the asset information they need to support decision-making.

Identifying and effectively documenting legal obligations relating to asset information will assist councils to ensure they collect the right type of information. For example, we found that all but one of the audited councils keep information about essential safety measures and asbestos registers separate from their asset information management systems.



Further, none of the audited councils had identified the asset information they need to support claims for funding under the Disaster Recovery Funding Arrangements. As a result, councils risk not having the right information to satisfy claims for funding in the event of a natural disaster.

Accuracy and completeness of asset information



Incomplete and inaccurate asset information

Some councils did not have:

- processes for documenting new assets
- adequate asset handover processes

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We asked councils to self-assess the completeness of their asset information as well as their confidence in it.

We then tested the assessments by reviewing a sample of asset records from roads, drainage and building asset classes. Nillumbik Shire Council had the highest asset information completeness across all asset classes, with an average completeness of 89 per cent, compared to an average of 41 per cent across all other audited councils. Those councils also reported low confidence that their asset information was accurate and complete.

There are a number of issues that contribute to incomplete and inaccurate asset information. For example, some councils did not have processes for documenting new assets, and some councils did not have adequate asset handover processes.

Councils need to be confident that their asset information is accurate and complete, so they can use it to make evidence-based decisions.

Using asset information for decision-making

The infographic consists of four horizontal bars, each with a circular icon on the left and a text box on the right. The bars are colored blue, orange, teal, and purple from top to bottom. The icons represent: a notepad and pencil, a document with a checklist, a document with an exclamation mark, and a person with a question mark.

- Councils are not effectively documenting and using asset information to support evidence-based decision making
- Lack of sufficient documentation on capital planning or operational planning processes
- Inconsistent use of risk information in decision-making across all asset classes
- Councils' need to identify who is responsible for using asset information for planning and decision-making

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Audited councils are not effectively documenting and using asset information to support evidence-based decision-making.

For example, they do not have sufficient documentation on capital planning or operational planning processes.

They also do not consistently use risk information in their decision-making across all asset classes—although all audited councils use more risk information when planning for road and drainage assets.

Further, the councils' resource capability plans do not identify the need for skills in analysing asset information. Nor did the councils clearly identify who is responsible for using asset information in asset planning and decision-making

Recommendations

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Recommendations
for all audited councils

We recommend that councils:

- improve their asset identification, data collection, information systems and governance
- integrate asset management into financial planning cycles
- evaluate their staff asset management capabilities, skills and training

All councils involved have accepted all recommendations

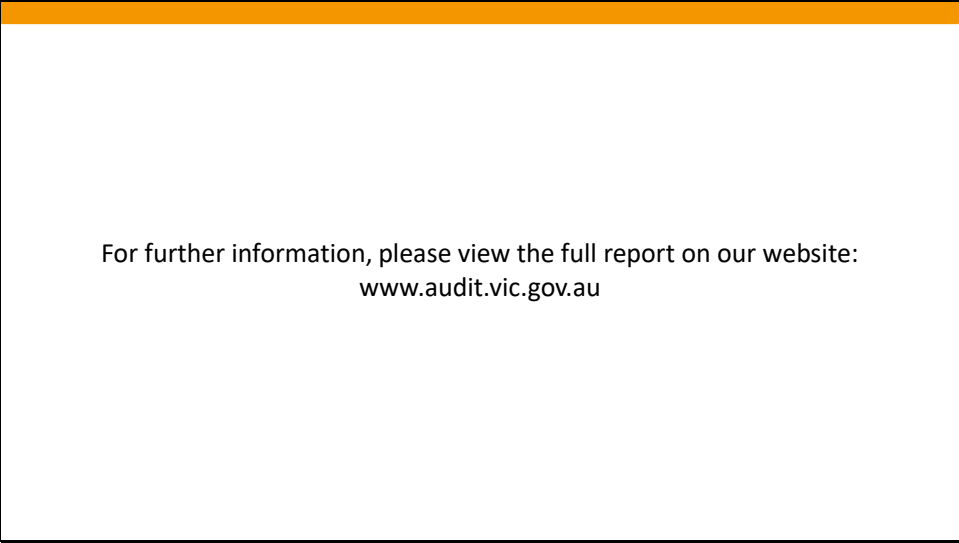
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We made seven recommendations to Victorian councils.

To support evidence-based decision-making, we recommended councils improve their asset identification, data collection, information systems and governance.

We also recommended that councils integrate asset management into financial planning cycles and that councils evaluate their staff asset management capabilities, skills and training.

The councils involved in this audit accepted all recommendations.



For further information, please view the full report on our website:
www.audit.vic.gov.au

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