

GOV22	Asset Management Policy
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Policy Type:	Governance
Policy Custodian:	Chief Financial Officer
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Purpose

This policy provides the framework for the management of Council’s physical assets, including safeguarding, identification, acquisition, and disposal of assets as required under legislation and *Guideline 4: Assets*.

Scope

This policy relates to Council owned assets and portable and attractable items and their recording; the regulatory requirement for a register of assets; safeguarding; reporting of misappropriation; and writing off of money or assets.

The policy applies to all Council staff, Elected Members, and the CEO.

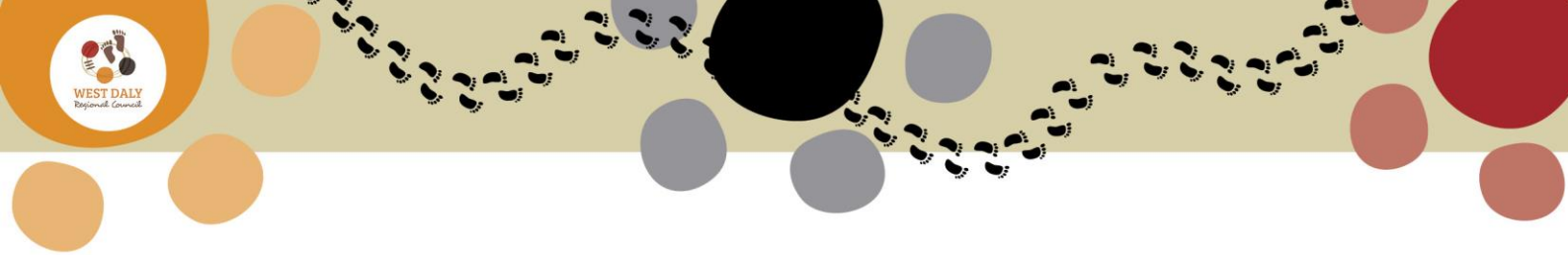
Policy Statement

1. Policy Principles

- 1.1. Council is committed to implementing a consistent approach to asset management practices to support the delivery of council services in the most efficient and cost-effective manner.
- 1.2. The following are key asset management principles and considerations under this policy:
 - a) Investment in assets will support the delivery of council services and outcomes.
 - b) Asset management needs and investment requirements will be considered when developing or reviewing council’s strategic plan, annual plan, regional plan, annual budget, and long-term financial plan.
 - c) Internal processes mitigate the risk of misuse and promote asset accountability.

2. Intent and Outcomes

- 2.1. The intent of this policy is to support the following outcomes:
 - a) All assets will be safeguarded and kept secured at all times to minimise the risk of theft, vandalism, or inappropriate or unauthorised use.



- b) Assets shall be maintained and repaired as required (subject to budget availability) to ensure their physical condition is maintained at a standard appropriate for their use.
- c) Council records will accurately represent its asset information, including information maintained in an asset register.
- d) Current and future environmental, economic, cultural and social outcomes will be considered when making investment decisions in relation to acquiring high-value assets.

3. Financial Provision for Assets

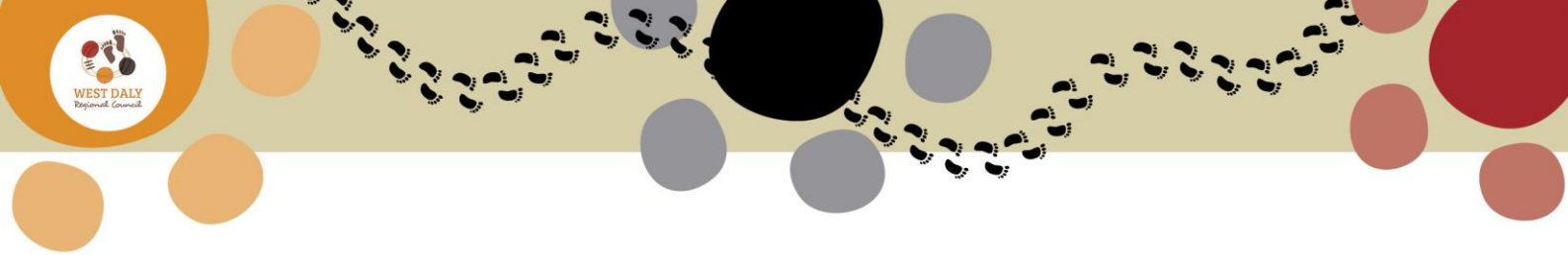
- 3.1. Council's budget must provide for asset management, including for the purchase of additional assets that are not considered replacements.
- 3.2. The capital reserve accumulates funds for additional assets and the future replacement of Council's existing physical assets.
- 3.3. A withdrawal from the capital reserve for the acquisition of a new, an addition to, or a replacement asset is to align with the Council's annual plan and budget and be approved by council resolution. If not already in the Council's annual budget, an amendment to the budget will be made.

4. Acquisition of Assets

- 4.1. The acquisition of a physical asset must be in accordance with the procurement provisions of the Local Government Act and Local Government (General) Regulations, Council's procurement policy, and approved delegations.
- 4.2. Prior to any acquisition, there must be an approved budget for the purchase of the asset covering its full cost (including freight, installation and if applicable, stamp duty, and operational registration costs).
- 4.3. Details of all acquisitions are to be recorded in the relevant asset register.

5. Identification and Recording of Assets

- 5.1. All Council's 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.
- 5.2. By allocating and maintaining a unique identification for each council asset, the asset verifier (who may be the Council's external 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. Council's asset register is regularly updated and includes information in accordance with the requirements of the Local Government Act and Regulations.
- 5.4. All assets must be recorded in the Council's asset register, with the exception of some attractable items. In making the decision to include attractable items, if any of the follow apply then the asset should be registered:
 - a) Risk of the item being stolen.



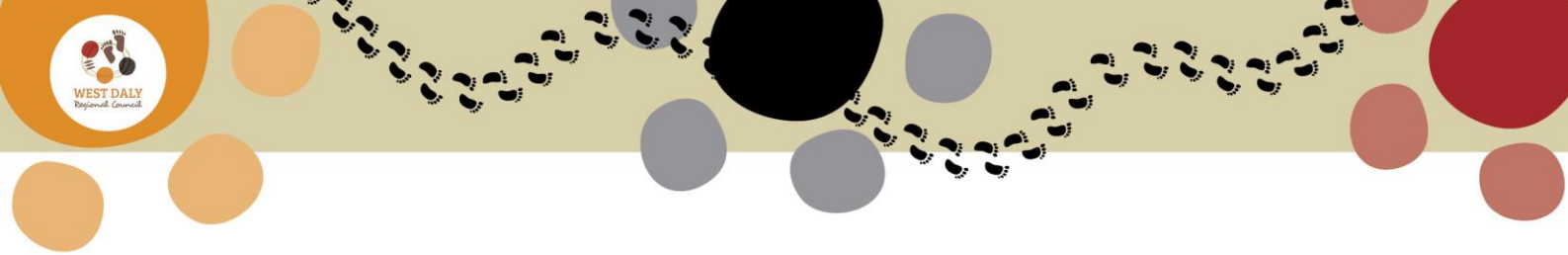
- b) Whether the location in which the item is stored is locked after business hours or when not in use.
 - c) Whether the item is easily movable.
 - d) Whether the item needs to be manually verified as part of stocktaking.
- 5.5. Council will use a balanced approach when identifying portable and attractable items to record, considering the administrative costs of recording each item versus the risk of loss, and benefits associated with greater control (see NT Treasurers Directions Accounting – Assets (S: A2.2: Property, Plant and Equipment)).
- 5.6. In addition to keeping a record of major and minor assets, portable and attractable items, records of funded assets will be maintained and include any grant conditions and a copy of the original funding agreement between Council and the funding provider to facilitate compliance at the time of asset disposal.

6. Safeguarding of Assets

- 6.1. Safeguarding assets aims to mitigate the risk of asset or item loss or damage. It includes maintaining physical security over assets and items, and the conduct of systematic stocktaking.
- 6.2. The frequency of stocktake for different assets or items will take into account such factors as the risk profile and degree of physical security associated with different assets and items.
- 6.3. Where possible, the stocktake process will be carried out by employees not directly responsible for asset management and among other things, ensure that assets are secured and maintained in a satisfactory condition.
- 6.4. Council will take adequate steps to locate recorded assets or items that are not initially located as a part of the stocktake process. Depending on the relative value (cost or written down value) of the asset or item, this could include a thorough investigation and report detailing recommendations to protect similar assets. In situations where assets or items cannot be located, write-off action should not occur until it is clear that the asset or item in question has been lost or stolen (see NT Treasurers Directions Accounting – as above).

7. Insurance Cover

- 7.1. Appropriate insurance cover will be maintained for all insurable Council assets. The level of insurance cover taken will be based on the asset location, attributes, and a risk assessment of the likelihood of an event occurring that would cause the insurance cover to be activated.
- 7.2. 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.



8. Disaster Recovery Funding Arrangements (DRFA)

- 8.1. When a natural disaster occurs, disaster recovery measures must be taken for the protection of the community and to restore local government service delivery and infrastructure as soon as practical.
- 8.2. 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 DRFA claim and be eligible for DRFA funding assistance.
- 8.3. Council will ensure all DRFA claims to the NT Government are submitted within the required timeframe.

9. Reporting Misappropriation, Loss, or Damage of Assets

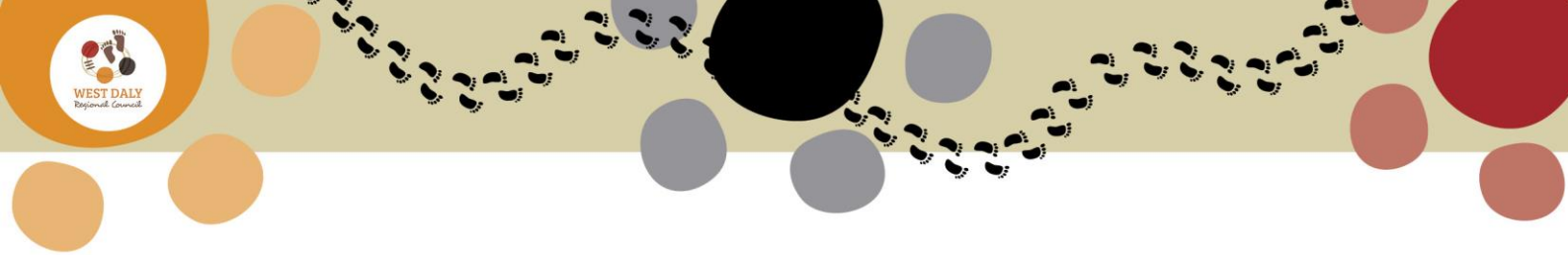
- 9.1. Council will comply with the Ministerial Guidelines requirements in relation to thresholds for reporting misappropriation, loss or damage to police, and requirements in relation to certifications before writing off money or assets.
- 9.2. Following a council resolution that accepts that an asset cannot be located or has been misappropriated, destroyed, damaged beyond economical repair, the Council may authorise the writing off of the asset in Council's accounting records.
- 9.3. On receipt of the appropriate Council authorisation, the lost or damaged asset is to be written off and removed from the relevant asset register.

10. Hire Out and Private Use of Assets

- 10.1. Council assets are not to be used for private purposes unless part of an employment contract or agreement.
- 10.2. The Council may hire out council assets (plant, vehicles, land and premises). When determining the length of the hire / rental agreement and the fee to be charged, the Council must consider the general benefit and / or loss to the community.
- 10.3. Such an agreement should have a regular renewal / reconsideration date.

11. Disposal of Assets

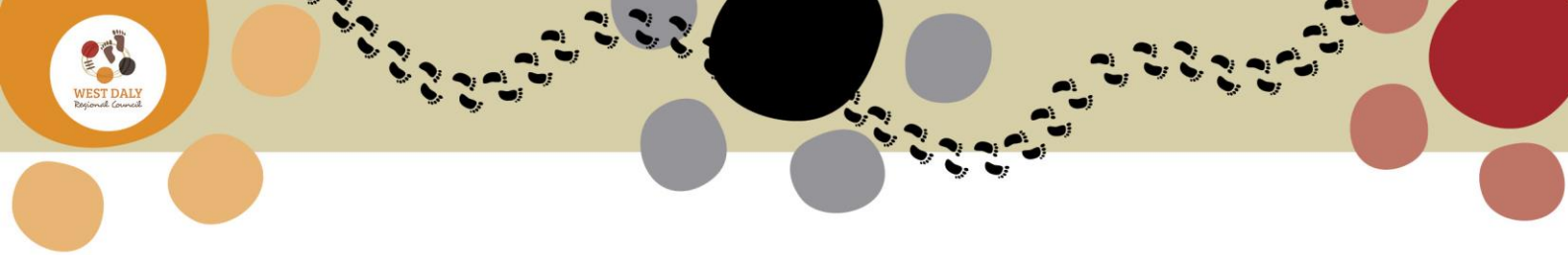
- 11.1. Disposal of assets will occur in accordance with applicable Ministerial Guidelines, and may be based on one or more of the following:
 - a) The asset has become obsolete, or repair is uneconomical.
 - b) The asset does not conform with health and safety standards.
 - c) The asset is no longer required or has not been used for a period of at least 6 months.
 - d) A maximise return threshold over time is reached for the asset.
- 11.2. Council will dispose of property in a manner that:
 - a) Is fair, accountable, and transparent.
 - b) Meets the objectives of Council's strategic and regional plans.
 - c) Meets the requirements of the Local Government Act.



- d) Will provide maximum return to Council.
 - e) Will be capable of withstanding public scrutiny.
- 11.3. When undertaking to dispose of an asset the following are taken into account:
- a) The disposal process will comply with Council's *Conflict of Interest Policy*.
 - b) Funded Assets must be disposed of in accordance with any conditions of the original funding agreement between council and the funding provider.
 - c) Property with an estimated sale value of under \$100,000 will be disposed of as agreed by the Chief Financial Officer, and based on the principal of transparency and openness. When choosing a method of sale or disposal, Council must take into account the following matters:
 - a. The current and possible preferred use of the asset
 - b. The total estimated value of the asset
 - c. The potential for the council to obtain the best price for the asset
 - d. The number of known potential purchasers for the asset
 - e. The existence of local purchasers for the asset
 - f. The opportunity to promote local economic growth and development
 - g. Appropriate delegation limits to achieve accountability, responsibility, operational efficiency and considering the urgency of the sale
 - h. Compliance with legislative requirements and other council obligations.
 - d) An asset with a value of or above \$100,000 will be sold, and where required reported on in the annual report, in accordance with Ministerial Guidelines (i.e. public auction, seeking public tenders, etc.).
- 11.4. Council recognises that the disposal of an asset requires environmental, optimum time for replacement, and risk considerations. Council will develop asset management plans including disposal plans, approved by Council resolution. Asset management plans will consider Council's objectives in the strategic plan and how the disposal can provide benefit to the communities of West Daly Region.

12. Write-off of Assets

- 12.1. Council assets are to be written off and removed from the relevant asset register when one of the situations listed in the applicable Ministerial Guidelines occurs.
- 12.2. 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 the Guidelines will first be satisfied.
- 12.3. A write off report will not be required if an asset has been written off due to normal wear and tear.



13. Responsibilities

- 13.1. In accordance with the provisions of the Local Government Regulations, Council's CEO will ensure:
 - a) That records are kept of major and minor assets (using the register of assets), portable and attractable items.
 - b) The safekeeping of all Council assets and portable and attractable items.
 - c) The regular stocktaking of all assets and portable and attractable items.
- 13.2. The Chief Financial Officer is responsible for:
 - a) The implementation and review of systems and processes for asset management that enable Council to comply with legislation, accounting standards and Council's commitment to effective stewardship of assets.
 - b) Delegating responsibility for the maintenance of the asset register and related documentation.
- 13.3. Employees are responsible for:
 - a) The care and management of assets within their responsibility.
 - b) Providing required reports on the status of assets, including in relation to the impairment and revaluation of assets, and transfer or disposal of assets.
- 13.4. Relevant delegations are set out in Councils' delegations manual.

References

Local Government Act (NT)

Local Government General Regulations and Ministerial Guidelines

NT Treasurer's Directions Accounting – Assets (Section A2.2: Property, Plant and Equipment)

Australian Accounting Standards

Definitions

In the context of this policy the following definitions apply:

An **asset** is a resource (property, plant, or equipment) controlled by the Council as a result of past events and from which future economic benefits are expected to flow to the Council. An asset is defined by Council's Asset Management Policy as an item with a purchase price of over \$10,000 and a useful life of more than one financial year.

The **major assets register** is a dynamic recording of assets and represents the approvals made by Council when a new asset is acquired, or an asset is disposed of.

A **funded asset** is defined as an asset purchased with a grant from a funding provider and subject to conditions set out in a funding agreement between Council and the funding provider.

A **major asset** is defined by the Regulations as an item with a value of \$10,000 or above.

A **minor asset** is defined by the Regulations as having a purchase price of below \$10,000.



Portable and attractable items are defined as having a value of below \$10,000 and at increased risk of loss or damage due to the portability, usage, or obsolescence of the asset (for example a computer or mobile phone).

Council property and **Council assets** are used interchangeably to refer to assets owned by Council.

Related Documents

Conflict of Interest Policy


Accounting and Policy Manual

Delegations Manual

WDRC Asset Register

Asset Management Plans

For more information, contact the Policy Custodian.

Signature of Endorsement:	
Name:	Matthew Eastham ASM
Position:	Chief Executive Officer