

ARDS AND NORTH DOWN BOROUGH COUNCIL

POLICY COVER SHEET

Policy Title	Asset Management Policy and Procedures
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Policy Summary	The purpose of this document is to provide an asset management framework, enhance corporate knowledge and allow proper accounting records to be maintained.
Responsible Officer(s)	Head of Finance
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Version	Changes made by	Date	Reason for change
0.1	Head of Finance	14/09/2022	Policy initiation
0.2	Head of Finance	06/01/2023	To HoST & SUMs for consultation
1.0	Head of Finance	31/01/2023	Consultation amendments

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Policy Statement

Overview

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Chapter 1 - Policy Statement

Introduction

Ards and North Down Borough Council exists to deliver high quality customer focused services to the people of the Borough, whilst being financially responsible.

The Chief Financial Officer of the Council is responsible for the supervision and proper administration of its financial affairs.

Asset management is fundamental to maintaining the financial health of the Council, ensuring economic, efficient and effective acquisition, maintenance and disposal of assets to enhance service delivery and fulfilling the Council's obligation to protect public monies and resources.

This Policy has been written in line with good practice on internal control and takes account of Local Government and Internal Audit recommendations.

Policy

The Council acquires, maintains and keeps secure only those assets which meet identifiable needs to facilitate the achievement of Council corporate strategies, disposing of redundant assets in a way that maximises value to Council, while maintaining adequate records in line with good practice.

Acquisition will be by made following a duly approved proportionate assessment of need or business case.

Maintenance it is the responsibility of Service Unit Mangers to put into place appropriate maintenance regimes to ensure that Council meets its legal and good practice obligations, in order to deliver its duty of care in an economic, effective and efficient way.

Replacement of assets should be made in line with duly approved replacement strategies setting out criteria by which the need for replacement is to be made and including indicative useful lives for each class of asset.

Records should be maintained, ensuring individual assets are marked with a unique reference and that registers are appropriately cross-referenced.

Security is vital. If assets cannot be permanently fixed, they should be appropriately stored in way to minimise loss.

Disposal of assets should be carried out safely and in a way that maximises value to Council.

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Right of Use Assets ie. leased assets are properly recorded on a corporate register and that Council is fully aware of its obligations under the terms of each agreement and accounts for them in accordance with proper arrangements.

Policy Objectives

The objective of the policy is to:

- Establish a collaborative approach to the allocation of responsibilities, communication and records management
 - Formalise useful life framework
 - Ensure there is adequate corporate knowledge to allow proper accounting records to be maintained
 - Document processes for acquisition, security, maintenance, redeployment, replacement and disposal.
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Associated Policies

Digital by Default Policy
Equality Action Plan
Rural Proofing
Medium Term Financial Strategy
Scheme of Delegation
Data Protection Policy
Retention and Disposal Policy
Land and Property Policy
Estates Management Strategy and Plan
Property Maintenance Strategy
Vehicle Replacement Strategy
Parks Equipment Replacement Strategy
Museum Assets policy
Interpretive Signage Policy
Roadmap to Sustainability

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Procedures

Overview

Introduction

These procedures are not part of the formal Council Policy, but set out the considerations and processes to be followed in order to achieve the objectives of the policy.

These procedures will be updated periodically by the policy owner, in consultation with HoST, but do not require Council approval.

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Chapter 2 – Acquisition of New Assets

Introduction Managers should only acquire new assets that are required to allow Council to meet identifiable needs, in an economic, efficient and effective way, in order to achieve its stated outcomes.

This requires professional judgement for small assets for which there is budget already in existence and formal business cases for larger assets, all capital assets and for all assets for which there is currently no budget.

Process

Step	Task
1	<p>Follow the decision tree below in order to determine the correct process to follow:</p> <pre> graph TD Q1[Is the acquisition for a small asset and covered by a revenue budget?] -- Yes --> P1[Professional judgement] Q1 -- No --> Q2[Is the acquisition covered by a replacement strategy?] P1 -- Yes --> P1_1[Procure] Q2 -- Yes --> P2[Complete assessment of need form] Q2 -- No --> Q3[Is the acquisition new revenue expenditure?] P2 -- Yes --> P2_1[Procure] Q3 -- Yes --> P3[complete a business case for committee approval] Q3 -- No --> P4[Complete a business case for management approval] P3 -- Yes --> P3_1[Procure] P4 -- Yes --> P4_1[Procure] </pre>
2	Business cases should be prepared in consultation with Service Units where appropriate and reviewed by Finance, where it will be entered on the business register.
3	Approved business case to be submitted to Finance.
4	Procure in line with Procurement Handbook – quotes / tender / framework
5	Liaise with Procurement Service Unit, as appropriate in order to allow adequate lead time for any tendering exercise to undertaken.
5	For purchases over £250,000 (incl VAT), inform Capital Accountant of expected delivery date in order that bank balances can be maintained at an adequate level for timely payment.
6	Issue Purchase Order Number to supplier
7	On delivery, inspect asset to ensure it meets the specification
8	Approve invoice for payment after delivery

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Informal Assessment

It is adequate for managers to acquire small assets, such as tools, equipment such as lawn mowers or phones, based on their knowledge of the requirements of service delivery without a need for formal assessment.

Nonetheless they are expected to follow the same principles when carrying out that assessment as they would do in a formal business case:

1. What is the need?
 2. What are the options and their associated costs, benefits and risks?
 3. What is the most cost-effective means of purchase?
 4. Is there adequate budget?
 5. How does the acquisition affect the Council's net zero carbon ambitions?
 6. Should other Service Units be involved in helping to specify requirements?
-

Formal Assessment

Formal assessment should be undertaken in the following circumstances:

1	Capital expenditure on construction projects with a value of £500,000 or more in conjunction with Strategic Capital Development Service, using the project management handbook available on their ANDi site.
2	Capital expenditure <ul style="list-style-type: none">- Individual item is worth £5,000 or more- Collectively small items are worth £5,000 and individually are worth £500 or more.
3	Revenue expenditure for which there is no approved budget

Business case templates are available on the Finance ANDi site for these purposes.

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Chapter 3 – Maintenance

Introduction In order for Council to discharge its duty of care to both employees and members of the public, and to ensure that services are delivered effectively, efficiently and economically it is essential that assets are maintained to an appropriate standard.

Process It is the responsibility of each manager, within their area of responsibility to:

Step	Task
1	Ensure they have adequate procedures to ensure the maintenance of the assets under their control. These may take the form of maintenance strategies (which would replace the need for business cases for large expenditure such as refurbishments) or standard operating procedures. These should set out, among other things, objective criteria to allow this assessment to be carried out efficiently and effectively.
2	Ensure those procedures are carried out.
3	Periodically evaluate assets to ensure they are still fit for purpose.

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Chapter 4 Replacement

Introduction This differs from the acquisition of assets, in that the business case has largely been previously established, including the ongoing management case.

Process

Step	Task
1	Each asset should be assigned an expected useful life, in order to allow management to plan for the timing of replacements or refurbishments.
2	Managers may find it useful to develop replacement strategies for their assets which will allow replacements to be obtained without the need for a full business case, which would be required in line with the requirements set out in Chapter 2. Such strategies should be developed in conjunction with the Capital Accounting Service Unit and other appropriate stakeholders.
3	Where no replacement strategy exists please use the process set out in chapter 2, to determine how to proceed.
4	Assets should be reviewed against set criteria on a regular basis to ensure they are fit for purpose. Where it appears that assets may fail this assessment, managers may wish to consider recording the assessment formally.
5	Assessments of need for any assets needing replaced should be documented and approved by an appropriate manager before procuring. It is essential that appropriate lead time is allowed when carrying out the assessments to allow proper procurement of the replacement equipment
6	Assets should be procured in line with the procedures set out in the Procurement Handbook

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Chapter 4 Replacement, Continued

Useful Lives The following initial useful lives will be used for the purposes of determining the economic life of each category of asset

Category	Years
Land – freehold	None
Land - leasehold	Term of lease
Buildings	10 – 40
Business Tech equipment	4
Equipment	3 – 10
Vehicles	5 – 10

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Chapter 5 Records

Introduction In order to allow proper physical auditing and accounting it is essential that adequate records are maintained.

Process	Step	Task	When
	1	Tag asset	Before 1 st use
	2	Enter details in Service Unit Asset Register	Before 1 st use
	3	Liaise with Finance and other Service Units to ensure adequate cross referencing of registers.	Within a month of purchase
	4	Maintain records to ensure adequate legislative compliance audit trail.	As appropriate
	5	Audit assets	Annual basis
	6	Record transfers and disposals	End of Use

Componentisation Assets may be componentised on the Finance Fixed Asset Register when

- the total value is greater than £1,000,000; and
- A component could be replaced independently of the other components.

Examples of componentised assets include: Castle Park, Ward Park, Aurora, Ards Blair Mayne WLC and Bangor Harbour and Marina.

Each service unit should document on their procedures when assets may be componentised.

Registers Service Unit asset registers should include the following information at the very least:

Field
1 Unique ID number
2 Appropriate description
3 Purchase date
4 Serial number
5 Storage location
6 Compliance History (eg. legionella monitoring)
7 Date last verified
8 Cross reference to Fixed Asset Register, if listed.
9 Purchase Cost
10 Responsible Owner

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Chapter 5 Records, Continued

Software

Finance have software available to use for barcoding, maintaining register and auditing assets. Please liaise with the Capital Accounting Team if you would like to use this to assist your record keeping.

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Chapter 6 Security

Introduction It is vital that Service Unit Managers have in place adequate procedures and practices to ensure the security of any moveable equipment or asset, whether or not it has been capitalised.

Considerations

1	Tagging or other unique identification.
2	Equipment locks
3	Key safe
4	Locked storage
5	Periodic auditing by each Service Unit
6	Maintenance of up-to-date records
7	The Capital Accounting Team will circulate during March or April of each year, annual asset verification returns for Service Unit Managers to complete
8	The Capital Accounting Team will carry out random physical verifications each year on assets listed on the Fixed Asset Register

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Chapter 7 Disposal

Introduction As an asset approaches the end of its use for a Service Unit it is important that appropriate plans are made for its transfer or disposal.

- Considerations**
- Could the asset be put to another use within the Service Unit?
 - Could the asset be put to another use within another Service Unit?
 - For end-of-life assets, how can the Council realise maximum value while ensuring disposal is carried out in a sustainable way?
-

Process Once it has been determined that disposal is the required action the following process should be followed:

Step	Task
1	<p>Determine most timely and economically advantageous method of disposal – consider sale on open market, trade in, auction, demolition (if building to be replaced or it is not viable to refurbish).</p> <p>For items of significant value, disposal should be by competitive tender or public auction. For land and building sales, refer to other Council policies.</p> <p>It would be unsatisfactory and inefficient for the cost of disposal of assets to outweigh their benefits.</p>
2	<p>Disposals of obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and regulations of Council in line with sustainability commitments.</p> <p>Seek advice, if necessary, from Business Technology (ICT equipment), Data Protection (equipment containing personal data) or Waste Services for recycling, WEEE requirements etc</p>
3	<p>Liaise with the Income Collection Team regarding the method of payment.</p>

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Chapter 7 Disposal, Continued

Process, continued	Step	Task
	4	Obtain appropriate evidence of disposal (including transfer of ownership for property or vehicles) and in the case of sales or auctions, ensure that proceeds are received and that adequate documentation is provided to Income Collection team to record the sales proceeds.
	5	Update Service Asset Register
	6	Complete an Asset Disposal form found on Finance ANDi team site to allow the Capital Accounting team to update the Finance Fixed Asset Register as appropriate. This should be submitted via the SharePoint Submitted Forms folder.

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Chapter 8 Right of Use Assets ie. leased assets

Introduction It is important that Council has appropriate corporate knowledge of right of use assets ie. leased assets that are under its control in order to appropriately:

1. discharge its obligations under the terms of agreement with the owner;
 2. discharge any duty of care obligations both to employees and to the public; and
 3. account for these assets correctly in the Council's accounting records.
-

Definition Right of use assets are those assets, which legally belong to another organisation, but which are employed substantially for all their useful lives by another organisation.

Typical examples are photocopiers, lease vehicles, plots of land etc.

Process

1	Consider if reason for acquiring right of use assets is appropriate and most cost-effective method. Equipment leasing arrangements should be reviewed by Finance before confirming.
2	Corporate register to be maintained recording all assets which the Council has a right to use. https://ardsandnorthdown-my.sharepoint.com/personal/stephen_grieve_ardsandnorthdown_gov_uk/Documents/FIN58%20Policies%20%20Procedures/Assets%20Policy/ROUA%20Register.xlsx?web=1 Acquiring Service Unit Manager is responsible for ensuring their items on the register are up to date.
3	Agreements to be filed centrally on SharePoint (as these need reviewed by the Capital Accounting team for accounting purposes). Agreements should all be appropriately signed and saved as PDFs in the style Register number + asset description (eg. ROUA0001 Photocopier) Location to be set up
4	Update register when asset returned to owner.