Asset Management

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Canberra ACT
15 April 1998

Dear Madam President

Dear Mr Speaker

The Australian National Audit Office has undertaken a Financial Control and Administration audit in accordance with the authority contained in the *Auditor-General Act 1997.*

Financial control and administration audit findings are reported generically. The findings and recommendations contained in this report are not therefore necessarily attributable to any one entity, based as they are on a range of entity experience. The nature and delivery of these types of audits are set out in the *Financial Control and Administration Audit Charter* published in 1995.

I present this report of this audit, and the accompanying brochure, to the Parliament. The report is titled *Asset Management.*

Yours sincerely

W. G. Nelson
Acting Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the Audit Act to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

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Results in Brief

1. Overall, there has been significant acceptance by public sector organisations of the recommendations of *Audit Report No. 27, 1995-96.*

2. Despite the general acceptance of the recommendations, many of the organisations reviewed have yet to fully adopt a strategic asset management approach to maximise performance and accountability for outputs and outcomes.

Integrated planning

3. Organisations need to give more attention to asset management in the context of strategic planning. The main areas requiring attention are the development and maintenance of formal asset strategies covering all aspects of asset management; and the establishment of links between asset planning strategies and other planning strategies, for example, information technology and human resource strategies to secure better program results.

Acquisition planning

4. Acquisition planning decisions were often made without considering alternatives to asset acquisition or life-cycle costing covering all associated costs. In addition, many of the organisations reviewed did not have formal asset acquisition plans for key assets to ensure better management.

Accountability and performance

5. While most of the organisations reviewed had established accountability arrangements for key assets, including the devolution of responsibility to individual managers, few had put in place comprehensive plans for the control of asset operations and maintenance nor any mechanisms for assessing asset use in relation to required results, state of condition and actual performance.

Disposals planning

6. Most of the organisations reviewed did not have an asset disposal plan. Consequently, disposal decisions were sometimes made on an ad hoc basis often with less favourable outcomes.

Internal control structure

7. There is a general need to make improvements in policies and procedures by addressing <u>all</u> key asset management issues, particularly in relation to the operation of assets (that is, performance monitoring and reporting, and maintenance), and acquisition and disposal planning.

Asset management framework

8. The audit confirmed the limited nature of central policy advice and guidance, which is in contrast to the experience in a number of State jurisdictions. However, the Government has recently adopted, or is considering, a number of financial management initiatives with the potential to provide a positive impact on the asset management framework in the future.

Part One

Summary, Findings and Recommendations

1. Summary

Background

1.1.

1.1. The Commonwealth is a significant holder of physical and intangible assets[11]. Its total stock of such assets increased in gross terms by $15.977 billion in the last two years, to stand at $113.836 billion at 30 June 1997[2].

1.2. Most of this growth is attributed to acquisitions of $19.129 billion which more than offset disposals of $6.117 billion.

1.3. Government Business Enterprises employ around one-third of the stock of physical and intangible assets. In these enterprises the assets represent an investment which contributes directly to revenue generation and wealth creation.

General government sector

1.4. The balance of physical and intangible assets, that is, approximately $72.5 billion in gross value, is held in the 'general government' sector. This sector obtains its revenue primarily from taxation receipts and expends these receipts on goods, services, assets, subsidies, benefits and grants.

1.5. Specialised military equipment controlled by the Department of Defence accounts for $40.5 billion of the gross value, leaving $30.3 billion gross value in land, buildings, and other infrastructure, plant and equipment and $1.7 billion in intangible assets.

1.6. This report deals principally with physical assets. However, intangible assets are of growing significance and worthy of a separate audit in the future.

1.7. The assets employed by the general government sector do not necessarily generate revenue or create wealth; however, they do represent a significant cost of service delivery, as indicated by the following measures.

1.8. The annual depreciation charge on assets in this sector averaged 9% (around $3 billion annually) of total goods and services expenditure over the past two years. Depreciation is a method of allocating the cost of an asset over time. It is also an indicator of the rate at which the 'service potential' of an asset diminishes the useful life of an asset.

1.9. The average annual leasehold commitment over the next five years is $583 million. This represents future

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1 Physical assets defined as land, buildings, infrastructure, plant and equipment; intangible assets include computer software and intellectual property.

2 Commonwealth Government of Australia Consolidated Financial Statements for the years ended 30 June 1996 and 1997.

expenditure on leased assets used by organisations within the sector.

1.10. The 'return' to organisations for these costs is reflected in the contribution assets make to fulfilling program objectives and achieving the service delivery standards set by each organisation.

1.11. To maximise this contribution or return, any assets employed should result in the most efficient and operationally effective outputs and outcomes when compared with the performance of non-asset alternatives.

Previous audit coverage

1.12. It is against this background that the ANAO first examined asset management in the general government sector (other than the Department of Defence) in 1995. The outcome of that review was presented in *Audit Report No. 27, 1995-96, Asset Management* (Appendix 1 provides a summary of the audit).

1.13. In the 1995-96 audit, the ANAO found significant scope for improvement in most organisations through adoption of a strategic approach to asset management. Such an approach requires decisions about current and future asset holdings to be made as an integral part of the corporate planning processes of an organisation.

1.14. The ANAO made six specific recommendations directed to achieving this end and published an *Asset Management Handbook* which included strategic asset management principles and approaches.

1.15. The ANAO considered that, by 1997-98, organisations had had sufficient time in which to implement improvements in asset management, and accordingly, the subject was re-examined.

Objectives and criteria

1.16. The primary objectives of the current review were to:

- ascertain the degree of acceptance of the previous audit recommendations;
- establish the extent to which organisations were managing their assets in accordance with the asset management principles espoused in the *Asset Management Handbook*; and
- examine any central coordination initiatives in asset management.

1.17. Meeting these objectives permits the ANAO to express an updated opinion on the state of asset management in the general government sector other than for specialised military equipment.

1.18. To establish the *degree of acceptance* of the audit recommendations an analysis was undertaken of advice provided by organisations to the Minister for Finance and Administration in relation to the implementation of the audit recommendations made in *Audit Report No. 27, 1995-96*.

1.19. This analysis was complemented by a written self-assessment survey of twenty five organisations including departments, agencies and statutory authorities.

1.20. To assist in validation of the survey results and to obtain more detailed supporting evidence for the claims made in the questionnaires, an in-depth audit review was undertaken of six of the organisations included in the survey.

1.21. The *extent* to which organisations were using the asset management principles was judged by comparison of each surveyed organisation's stated approach against the principles developed by the ANAO in the *Asset Management Handbook*.

1.22. In those organisations where in-depth audits were undertaken, the above comparison was supplemented by examination of primary and supporting asset records, and interviews with key asset management personnel.

1.23. Central coordination initiatives in asset management were examined at the Department of Finance and Administration.

1.24. Further information on the audit objectives, criteria and approach is provided in Appendix 2.

Opinion

1.25. Based on the audit work undertaken it is considered that effective strategic asset management remains a challenge for many government organisations.

1.26. While the gap between what has been achieved and best practice has narrowed in the past two years, particularly for 'core' government organisations, more will need to be done with the introduction of accrual budgeting, a capital charge[3] and the new centrally-based insurance arrangements[4].

Findings

1.27. The above opinion is based on the findings summarised below. These findings are discussed in detail in Chapter Two of this Report.

1.28. The ANAO found there has been general *acceptance* of the recommendations made in *Audit Report No. 27, 1995-96*, and hence a recognition by organisations of the need to improve their asset management performance.

1.29. However, the audit found that a significant number of organisations is yet to *implement* the recommendations.

1.30. In particular, many organisations have yet to:

- adopt a strategic approach to the management of assets by effectively integrating their asset planning decisions into their corporate and resource planning frameworks;
- formalise, and systematically analyse, 'whole of life' cost

[3] The introduction of a capital charge from 1998-99 is being considered by the Government.
[4] The new insurance arrangements become effective at 1 July 1998; they will cover all organisations in the General Government Sector and will take the form of a managed fund called ComCover, which will cover all normal insurable risks.

concepts in major asset acquisition, operational use or divestment decisions;

- establish baseline cost and performance standards for key assets and to monitor outcomes against these standards;
- implement financial management and asset management systems which facilitate the routine capture and reporting of performance information for management purposes; and
- integrate disposal decisions into an overall planning framework which monitors the outcome of disposal processes.

1.31. The audit also confirmed the limited nature of central policy advice and guidance which is in contrast to the experience in a number of State jurisdictions.

Recommendations

1.32. The ANAO **recommends** organisations:

- develop an appropriate asset strategy for all key assets in the lead up to the use of full accrual accounting for management purposes and for budgeting in accordance with Government policy (paragraphs 2.26 to 2.39 refer);
- formalise a systematic approach to the evaluation of key asset acquisition proposals in relation to the outcomes that are to be achieved (paragraphs 2.40 to 2.48 refer);
- establish appropriate performance standards for key assets and monitor and report against those standards (paragraphs 2.49 to 2.61 refer);
- formulate a disposal plan for all key assets, as part of an overall asset strategy, and review and update the plan as necessary, as part of the strategic planning cycle (paragraphs 2.62 to 2.72 refer); and
- incorporate an evaluation of available asset management systems as part of the processes of implementation or renewal of their financial management systems (paragraphs 2.73 to 2.81 refer).

2. Detailed Findings And Recommendations

1.

Context

1.1.

2.1. This chapter provides detailed findings which support the opinion reached in the Summary.

2.2. It commences with an analysis of the context within which the audit was undertaken and then discusses the performance of organisations against each of the asset management principles. Finally, it examines the role of the Department of Finance and Administration in relation to the Commonwealth's asset management framework.

Previous audit coverage

2.3. The ANAO last reviewed asset management in the general government sector in late 1995 and early 1996; and tabled *Audit Report No. 27 of 1995-96* on the outcome of that review in June 1996.

Main findings

2.4. That audit found organisations had progressively improved *control* over their assets by developing more reliable asset records and introducing better procedures for capturing asset transactions.

2.5. However, it was noted that organisations had yet to take a strategic approach to asset management. In particular:

- decisions on the purchase, operational use and disposal of assets had not been effectively integrated into strategic resource planning processes, for example, capital expenditure planning was still largely treated as a separate exercise;
- insufficient regard was given to alternatives to asset acquisition or ownership (ie non-asset solutions);
- the focus of asset decisions was the capital cost of an asset rather than the total life-cycle costs associated with its acquisition, use and disposal;
- accountability for asset condition, use and performance had not been effectively established at program level—one result being that the full cost of program delivery was not transparent to the users of the assets; and
- disposal decisions were generally made in isolation from asset planning frameworks.

2.6. The recommendations arising from the audit were directed towards implementing asset management principles that had been developed by the ANAO in response to the audit findings.

External environment

2.7. The previous audit also considered the external environment within which public sector organisations operated, particularly as it related to asset management.

2.8. One matter raised in the earlier audit was the lack of authoritative central policy or procedural guidance on the application of asset management principles. Other matters considered included the effectiveness of the budgetary, funding and accounting arrangements at that time and their apparent impact on asset management.

Government initiatives

2.9. While there has been a number of recent initiatives which have the potential to impact positively on asset management (discussed below) these have not been specifically directed towards establishing a broad strategic asset management framework.

2.10. In recent times the Government has:

- introduced new financial management legislation;
- implemented new strategies and principles for Commonwealth property management;
- reinforced the regime of competitive tendering and contracting;
- announced a move to full accrual budgeting and a move away from program budgeting to an outputs and outcomes focus;
- foreshadowed the introduction of a capital charge and will introduce new centrally administered insurance arrangements shortly; and
- published audited accrual-based consolidated financial statements of the Commonwealth Government for the 1996-97 financial year.

Financial management legislation

2.11. The financial management legislation, which became effective from 1 January 1998, places clear responsibility on chief executive officers to promote efficient, effective and ethical use of the resources under their control.

Property management policy

2.12. The Government adopted a whole-of-government property management strategy for all organisations other than Government Business Enterprises (GBEs) at the time of the 1996-97 Budget.

2.13. Under this strategy, property is to be owned only where the rate of return exceeds the social opportunity cost of capital or where it is otherwise in the public interest to do so. All property decisions are to conform with a set of Commonwealth property principles. The principles outline the basis for the continued ownership and development of property.

Competitive tendering and contracting

2.14. Under the performance improvement cycle, organisations are required to systematically review their activities and consider whether they are primarily Commonwealth responsibilities or best devolved to another level of government, privatised or discontinued. Organisations are then required to consider ways in which performance improvement tools, such as benchmarking, business process re-engineering, purchaser/provider arrangements and *competitive tendering and contracting (CTC),* can be used to improve efficiency and effectiveness. CTC is the process of selecting the most preferred provider of goods and services following evaluation of offers from a range of bidders.[5] *

Accrual budgeting project

2.15. In April 1997 the Government decided to adopt full accrual principles as the basis for an integrated budgeting, resource management and financial reporting framework. The full accrual framework is intended to be in operation from 1999-2000. The Department of Finance and Administration has established an Accrual Budgeting Project Team to develop and implement the accrual framework.

[5] The Department of Finance and Administration issued 'guidance for managers' booklets titled *Competitive Tendering and Contracting* and *The Performance Improvement Cycle,* in March 1998.

2.16. Accrual accounting will facilitate timely reporting and monitoring of the full cost of program delivery, including the costs associated with consumption of assets in program delivery. However, this approach provides a historical perspective of actual achievement against past plans; it does not necessarily provide an insight into future asset needs.

2.17. A *capital charge* is an example of an external incentive which encourages organisations to manage their assets actively, disposing of surplus assets and making greater use of existing assets. It is a charge applied to all organisations to cover the interest expense of borrowing or the interest forgone on cash reserves, which is centrally funded. This cost of asset ownership is presently not transparent to budget-funded organisations acquiring assets. A capital charge has been proposed in conjunction with the accrual budgeting project.

2.18. Accrual budgeting will require balance sheet planning, and a capital charge and the insurance arrangements will act as incentives to identify, correctly value, and perhaps to rationalise, asset holdings.

Consolidated financial statements - valuation of assets

2.19. The guidelines for financial statements of individual organisations which form the basis of the consolidated financial statements, require the application of the 'deprival' model for valuation of assets. Organisations are required to progressively value all property, plant and equipment by 1 July 1999 in accordance with the deprival method, and re-value progressively on that basis every three years. The fundamental question to be addressed by managers in the application of the deprival model is whether the service potential embodied in the asset would be replaced if the organisation were deprived of the asset. Requiring managers to focus on this issue in meeting their accounting and financial reporting obligations provides strong encouragement for effective asset acquisition planning.

ANAO comment

2.20. These initiatives will *facilitate* better asset management by creating an environment within which strategic asset management principles can be applied. However, they will not, of themselves, guarantee better asset management. Nor will they necessarily ensure that assets held are appropriately matched in terms of functionality and performance with relevant service delivery standards or outcome objectives. For example, the ownership or lease of buildings under the property management policy, while an important issue, is not the only consideration; it will not necessarily lead to strategic decisions, such as whether the property is required at all for efficient and effective program delivery.

2.21. Competitive tendering and contracting may ultimately result in transfer of ownership of certain assets to the private sector. On the other hand, it may create a large pool of surplus assets in government hands with little commercial value.

2.22. The challenge for organisations over the next two years is to be prepared for these initiatives as they arise. This can be done by anticipating change through the introduction now of a strategic asset management approach.

2.23. Consequently, the adoption of a strategic asset management approach is the central theme of this report and the focus of its recommendations.

Audit findings

2.24. The audit findings are framed against the asset management principles developed by the ANAO in 1996 so that organisations can more readily discern where improvements can and/or need to be made. They are based on both the survey and subsequent detailed examination. Detailed results of the survey are separately provided at Appendix 3.

2.25. The findings are listed under the following major headings:

- integrated planning;
- acquisition planning;
- accountability;
- disposal planning
- control framework; and
- Commonwealth asset management framework.

Integrated planning

Principle

2.26. Decisions in regard to assets employed in program delivery should be integrated into the strategic planning processes of an organisation.

2.27. This can be achieved by first establishing linkages between corporate (and program) objectives, service delivery strategies and standards, and the assets required to best meet these objectives, strategies and standards.

2.28. The assets presently employed by the organisation (including leasehold assets) can then be compared to the asset requirements and strategic decisions taken in terms of future acquisitions, disposals, repairs and maintenance.

2.29. The linkages and decisions should be formally documented in an overall asset strategy available to all relevant staff.

Findings

2.30. Eleven (44%) of the twenty five surveyed organisations indicated they had a formal asset strategy. Seven of these had significant property and/or specialised assets ranging in total value from $50 million to $1 billion.

2.31. Five of the fourteen organisations without strategic asset plans each had responsibility for assets valued in excess of $50 million.

2.32. The detailed examination carried out in six organisations confirmed that the majority had yet to integrate effectively asset decisions into their strategic planning processes.

2.33. Consideration of asset requirements was primarily undertaken in the annual budget context as part of formulation of bids for planned capital expenditures.

2.34. Where funding of acquisitions had been devolved to program level there was no evidence to suggest that this led, as a matter of course, to consideration of the best alignment of assets with functional needs.

2.35. In two organisations where an internal review of asset holdings was undertaken, surplus assets were able to be identified and disposed of satisfactorily. In one organisation the review also indicated that assets were being held beyond their useful lives, which impacted on the ability of the organisation to efficiently and effectively meet its program objectives. The useful life of an asset is the period of time over which a depreciable asset is able to be used, or the benefits represented by the asset are able to be derived.

Recommendation 1

2.36. The ANAO **recommends** organisations develop an appropriate asset strategy for all key assets in the lead up to the use of full accrual accounting for management purposes and for budgeting in accordance with Government policy.

2.37. Key assets may be defined by reference to their value relative to the total assets of the organisation; by reference to the relative contribution of asset depreciation charges and lease charges to the total operating costs of the organisation; or by reference to the impact on the cost of program delivery, or on the standard, continuity or quality of service if the organisation were deprived of the assets.

2.38. The *asset strategy* should be forward looking and take into account the strategic directions of the organisation. To achieve this the development of the strategy should coincide, and be integrated, with major corporate and business planning arrangements.

2.39. The strategy should address the impact of any known or proposed changes to service delivery strategies or program objectives arising from government policy initiatives, the competitive tendering and contracting regime, technological advancements and other relevant developments or issues.

Acquisition planning

Principle

2.40. Asset acquisition decisions should be based on a systematic evaluation of alternatives which incorporates analysis of life-cycle costs.

2.41. Alternatives include non-asset solutions associated with out-sourcing or the influencing of the demand for assets and services. They also encompass consideration of upgrades to existing assets and improving utilisation levels through sharing or redeployment of assets. Finally, organisations should explore alternatives to legal ownership, such as leasing, based on the relative risks and benefits attaching to ownership.

2.42. The evaluation of alternatives should take account of all significant life-cycle costs, discounted as necessary, associated with the acquisition, installation, operation, maintenance and disposal of the assets.

Findings

2.43. Eleven (44%) of the surveyed organisations indicated they had an acquisition plan for key assets.

2.44. However, these organisations advised that limited attention was given to evaluating alternatives to asset acquisition, particularly consideration of whether existing assets were being fully utilised and of out-sourcing the activity or function with which the assets were associated.

2.45. The in-depth audit review confirmed this finding. It also confirmed that most organisations are yet to adopt a systematic approach to life-cycle costing of proposed acquisitions. The focus of management proposals supporting planned acquisitions remains the initial capital outlay.

Recommendation 2

2.46. The ANAO **recommends** organisations formalise a systematic approach to the evaluation of key asset acquisition proposals in relation to the outcomes that are to be achieved.

2.47. The evaluation should document and demonstrate that non-asset alternatives have been fully canvassed and that all significant life-cycle costs have been identified, analysed and compared with such alternatives.

2.48. Discounted cash flow techniques should be employed where appropriate. The implicit interest rate of any proposed lease solutions should be benchmarked against the appropriate Government discount rate.

Accountability

Principle

2.49. An effective framework should be in place which identifies the persons responsible for key assets.

2.50. In particular the framework should include mechanisms which establish accountability for asset condition, operational use and performance.

2.51. Standards (performance information) should be established for asset condition, operation and performance, and appropriate monitoring and reporting arrangements put in place.

2.52. Standards (performance information) can be incorporated into an operating and maintenance plan. In this regard, for example, a key standard against which to measure performance is the variance between proposed and actual operating and maintenance expenditure over the life of each asset class.

2.53. It is desirable that those who are accountable for assets are the same people that use (or consume) the assets in program delivery. In this way the full cost of program delivery is made more transparent and those responsible for program outcomes have greater control over the costs involved.

Findings

2.54. Nearly all of the surveyed organisations had devolved most key asset management functions to program/sub-program managers and/or specially designated asset managers.

2.55. Devolution included transfer of budgetary responsibility for the cost of acquisition, operation and maintenance of assets.

2.56. However, there was little evidence that organisations had specifically assigned accountability for the performance of assets, either at the program level or at a corporate level, including matters such as their condition, the level of utilisation, their continued fitness for purpose (or functionality), or their operational efficiency.

2.57. Few organisations had developed appropriate performance standards or benchmarks in relation to such performance criteria.

2.58. As a result, monitoring of assets and reporting to executive management were generally limited to provision of data on capital expenditure and depreciation expense against budget.

2.59. One organisation undertook a review of its assets against the above criteria. In terms of usage, the organisation noted a more than two to one ratio of personal computers per staff member. This led to identification of a number of obsolete personal computer assets which could be disposed of to the advantage of the organisation.

2.60. The same organisation also undertook a review of maintenance needs for its property assets and was able to establish a 'backlog' maintenance cost schedule. This was used as one standard against which it measured achievement of programmed maintenance.

Recommendation 3

2.61. The ANAO **recommends** organisations establish appropriate performance standards for key assets and monitor and report against those standards.

Disposal planning

Principle

2.62. A clearly specified framework for the asset disposal process should be in place. This should incorporate consideration of alternatives for the disposal of surplus, obsolete, under-performing or unserviceable assets. It should also ensure major asset disposal decisions are based on a formal, systematic analysis of the methods which achieve the best net return to the organisation.

2.63. The framework should be used to set appropriate performance standards against which to measure disposal performance. These should include, as a minimum, standards for useful lives and salvage (residual) values for asset classes.

Findings

2.64. The general government sector received proceeds of $954 million last financial year from the disposal of assets and $416 million in the previous year. The disposal of assets could therefore be a significant source of revenue to an organisation.

2.65. The twenty five organisations included in the survey received proceeds of $52 million last year from asset disposals. However, the book value of the assets disposed of was recorded at $93 million, resulting in a book loss of $41 million (for the whole of Government, the book loss last year was $147 million).

2.66. The mis-match between sale proceeds and book value reflects either an inappropriate depreciation rate or an incorrect salvage valuation, or both. This has a direct impact on the allocation of costs to services between financial years and may lead to organisations retaining assets past the optimum point for disposal.

2.67. As an example, one organisation undertook a review of its disposal performance and identified a category of assets that had been depreciated as part of a larger class over a ten year period. Disposal statistics revealed assets in this category were generally disposed of less than six years after acquisition when they became technically obsolete, but well before the end of their physical lives. The organisation was able to adjust its depreciation rate through redefinition of useful life to take account of technical obsolescence.

2.68. Only seven (29%) of the surveyed organisations indicated they had a formal disposal plan for their key assets.

2.69. Detailed examination of selected organisations revealed that most do not plan the disposal of their assets until close to, or after, the decision has been taken to dispose of assets. Nor do they routinely measure or assess disposal performance.

2.70. As such, disposal decisions were not necessarily taken in a strategic context, nor was information on disposals fed back into the relevant planning processes.

Recommendation 4

2.71. The ANAO **recommends** organisations formulate a disposal plan for all key assets, as part of an overall asset strategy, and review and update the plan as necessary, as part of the strategic planning cycle.

2.72. The *disposal plan* should establish key benchmarks which can be used to monitor disposal performance, particularly for assets that will be replaced over time.

Control framework

Principle

2.73. The support of executive management is critical to the success of all asset management activities. This support is most visibly demonstrated by management's attitude to the control framework for the organisation.

2.74. As it relates to asset management an effective internal control structure will exhibit key features including the promulgation and ready availability of comprehensive asset policies and procedures and an asset management system capable of providing the information necessary for effective asset management.

2.75. Comprehensive asset management systems will store financial and non-financial performance and management data ranging from warranty information and licence conditions through to maintenance histories and current replacement cost.

Findings

2.76. Most of the surveyed organisations indicated they had specified asset policies, procedures and recording systems.

2.77. However, only ten organisations (40%) indicated their policies and procedures addressed all of the asset management principles discussed in this report.

2.78. The detailed examination of organisations' asset systems revealed that most were more correctly classified as asset *accounting* systems rather than asset *management* systems.

2.79. Many of the asset systems were not designed to provide non-financial performance data or management data, nor do they facilitate monitoring against performance standards.

Recommendation 5

2.80. The ANAO **recommends** organisations incorporate an evaluation of available asset management systems as part of the processes of implementation or renewal of their financial management systems.

2.81. The evaluation of any system should be undertaken after the organisation has established a strategic approach to asset management, as discussed earlier in this report, and defined its information needs accordingly.

Commonwealth asset management framework

Previous audit

2.82. Chapter 2 of *Audit Report No. 27, 1995-96*, titled 'Next Steps', reported that state government administrations throughout Australia had developed asset management frameworks with specific requirements and guidelines for constituent organisations to manage their assets. In contrast, the ANAO reported that the Commonwealth's financial management framework did not deal directly with asset management. As a result, the ANAO considered that Commonwealth asset management could be improved through the promulgation of policy guidance, the revision and extension of funding arrangements, and the introduction of other incentives, such as a capital charge. Accordingly, the ANAO suggested that consideration be given to each of these matters.

2.83. In addition, *Audit Report No. 27, 1995-96* **recommended** that a structured training program be developed for asset management (paragraph 1.29 refers). The report suggested that the strategic and policy aspects of such training be developed by the central coordinating organisations.

Department of Finance and Administration

2.84. The Department of Finance and Administration is responsible for the Commonwealth financial management framework. The Department advised that its role in relation to the asset management framework is to facilitate quality asset management through establishment and maintenance of a financial management framework which gives appropriate incentives to managers to implement sound resource management practices, including planning, monitoring and evaluation of the use of assets.

2.85. Recent Government initiatives in relation to the financial management framework were discussed at paragraphs 2.9 - 2.23. Aspects relating to policy and guidance, funding, and training are discussed below.

Policy and guidance

2.86. In the 1995-96 report, the ANAO found that there was no specific over-riding policy or guidance on asset management. At that time, the only major document on asset management was the MAB/ MIAC report *Improving Asset Management in the Public Sector*[6]; the only guidance material available related mainly to cost-benefit analysis.[7]

Asset Management Handbook

2.87. Subsequent to the publication of *Audit Report No. 27, 1995-96*, the Department of Finance and Administration issued Finance Circular No.1996/9 in September 1996 encouraging organisations to adopt the asset management principles espoused in the *Asset Management Handbook.*

2.88. The Department also requested organisations to advise of action taken in response to the recommendations of *Audit Report No.27, 1995-96*, in line with its role of administering the six-monthly follow-up of Auditor-General's Reports by the Minister for Finance and Administration. Officials and managers responsible for asset management within their organisations were encouraged to take advantage of the information and suggested practices in the ANAO publications. The final model set of Chief Executive Instructions issued by the Department of Finance and Administration in December 1997 incorporated reference to the ANAO publications.

2.89. The Department of Finance and Administration recently advised that it considered the *Asset Management Handbook* to represent a key source of general guidance to organisations on asset management principles and practice. The Department also advised that as the major proportion of physical assets have been assigned to specialist organisations, it would not be appropriate for the Department to promulgate guidelines which attempt to be specific in relation to matters which come within the responsibilities of specialist asset managers such as the Department of Defence and Government Business Enterprises.

2.90. Our previous audit report noted that State Government administrations were able to distinguish between providing high level strategic asset management principles and guidance on specific asset management which is the responsibility of individual organisations. This audit confirmed the continuing advantages for central sponsorship of Strategic Asset Management within the Commonwealth sector consistent with the approach adopted by some States.

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6 AGPS, May 1991.

7 Department of Finance's *Handbook of Cost-Benefit Analysis*, AGPS, 1991 and *Introduction to Cost-Benefit Analysis for Program Managers*, March 1992.

Funding

2.91. While overall funding arrangements affecting asset management have been reformed over the years, through, for example, gradual changes to running costs arrangements, the introduction of resource agreements, and retention of receipts from asset disposals, the ANAO considered in its 1995-96 report that there was scope for further enhancing Commonwealth asset funding arrangements. The enhancements suggested included:

- the approval of capital works proposals requiring life-cycle cost analyses; and
- operating costs of new asset acquisitions being treated as part of the funding bid and not separately in the budget context.

2.92. Although there have been some changes in funding arrangements in recent years, the Department of Finance and Administration advised that current funding arrangements do not assist in meeting best practice asset management principles. As an example, the Department advised that there were inconsistent approaches to life-cycle cost analyses and inconsistent reporting of operating cost implications. The Department expects that these weaknesses will be addressed through the accrual budgeting framework.

Training

2.93. The Department of Finance and Administration no longer provides formal training for organisations on asset management. Its overall strategic approach to training in relation to the financial management framework is to support the understanding of major policy, legislative and structural changes across organisations.

2.94. The Department advised that asset management should be seen as one area of financial or resource management practice for which organisations have primary responsibility in relation to developing and implementing training strategies and adapting training resources that link to and support the organisation's business.

2.95. The former Department of Administrative Services in conjunction with Deakin University developed a complex procurement program for Commonwealth employees involved in complex procurement as practitioners, policy providers or trainers, supervisors/managers. The program addresses the National Training Board (NTB)-endorsed Procurement Competencies for the Australian Public Service - Complex Procurement. The training program consists of 17 core modules and one extension module selected from five extension modules. The modules include a number with direct relevance to asset management, for example 'Strategies for Disposal of Assets'.

2.96. The Department of Finance and Administration advised that, as at December 1997, approximately four thousand employees have achieved competencies in modules of the program.

Part Two

Appendices

Appendix 1

Summary of *Audit Report No. 27, 1995-96*

The subject of the audit was non-current physical assets, categorised as property, plant and equipment in organisations' financial statements.

Audit objectives

The objectives of the audit were to assess how well public sector organisations were managing their assets to produce better outcomes and to identify or develop better practice in asset management.

Audit opinion

The ANAO concluded that:

- sound principles of asset management dealing with strategic planning, acquisition, operation and disposal were not being applied in most organisations and, where they were, they could be significantly improved; and
- in relation to management control and monitoring of assets, organisations had generally developed basic asset policies and procedures and implemented adequate asset accounting systems.

Major findings

The major audit findings were:

- most organisations would benefit from the development of comprehensive asset management strategies that were integrated into other strategic planning processes;
- greater consideration of the alternatives to asset acquisition and replacement was generally required;
- life-cycle costing methodologies needed to be introduced;
- improved asset management would result from the effective attribution of costs for the use and consumption of assets to the program level; and
- asset disposal decisions needed to be made within a management framework which included the regular monitoring of the condition and performance of assets and planning for replacement, and maximised the return to the Commonwealth.

Major recommendations

The ANAO recommended that organisations:

- compare and assess their asset management practices against the asset management principles outlined in the *Asset Management Handbook* which was published in conjunction with the audit report;
- review arrangements for establishing accountability for the use of assets at the program level;

- review asset policy and procedure manuals to ensure that they address all aspects of the asset life-cycle; and
- have regard to the non-financial asset management information required to effectively monitor and control assets from a life-cycle perspective.

In addition, the ANAO suggested there was a need for:

- provision of central guidance on the application of asset management principles; and
- external mechanisms (incentives or penalties) to encourage improvement in asset management; particularly by organisations which operate on a non-commercial basis.

Asset Management Handbook

The ANAO published a better practice guide and an *Asset Management Handbook* in conjunction with the report.

The better practice guide and handbook was based on five asset management principles[8], namely:

- asset management decisions are integrated with strategic planning;
- asset planning decisions are based on an evaluation of alternatives which consider the 'life-cycle' costs, benefits and risks of ownership;
- accountability is established for asset condition, use and performance;
- asset disposal decisions are based on analysis of the methods which achieve the best available net return within a framework of fair trading; and
- an effective internal control structure is established for asset management.

[8] These principles were developed by the ANAO in 1996 in conjunction with *Audit Report No. 27, 1995-96, Asset Management*. They are sourced from the MAB/MIAC report *Improving Asset Management in the Public Sector* and various other publications.

Appendix 2

Audit objectives, criteria, approach and cost

Background

During 1995-96, the ANAO undertook a review of asset management across a wide cross-section of public sector organisations. The audit, titled *Asset Management*, was reported in *Audit Report No. 27, 1995-96*. It was the first in a series of Financial Control and Administration (FCA) audits to be undertaken across a range of public sector organisations and aimed at improving the management and administration of selected systems and procedures used to support the delivery of organisation programs through the publication of better practice guides. A summary of the audit report is at Appendix 1.

The main outputs of the *Asset Management* audit, in addition to the report, were a better practice guide and accompanying handbook to assist asset managers interpret and implement the asset management principles developed during the audit. These documents were distributed and promoted throughout the public sector.

In view of the findings of the 1995-96 audit, the ANAO programmed a further review of asset management in 1997-98.

Audit objectives

The objectives of the 1997-98 audit were to:

- ascertain the degree of acceptance of implementation of the recommendations *of Audit Report No. 27, 1995-96*
- establish the extent to which organisations were managing their assets in accordance with the asset management principles espoused in the asset management handbook, and
- examine central coordination initiatives in asset management.

The main emphasis of the audit was on identifying the improvements in asset management across organisations as a result of the 1995-96 audit. Accordingly, the audit concentrated on the application of the asset management principles and the implementation of the recommendations of the audit report within particular organisations.

The main areas of interest at central coordinating organisations were policy, funding, maintenance and training; among other things, this involved follow-up of the suggestions in Chapter 2 of *Audit Report No. 27* at the Department of Finance and Administration.

Audit criteria

The main audit criteria for assessing organisations were as follows:

- *asset management planning* - is expected to be made within an integrated service and financial framework and in the context of the Government's overall resource allocation policies and priorities;
- *asset acquisition decisions* - are expected to be made on the basis of considering alternatives and life-cycle costs;
- *asset operation and maintenance* - are expected to be controlled and monitored within an accountability framework;
- *asset disposal decisions* - are expected to be made on a cost-benefit basis.

These criteria represent four of the five asset management principles developed as part of *Audit Report No. 27, 1995-96*; the fifth principle, namely, the establishment of an effective internal control structure, while also a criterion, was given less attention than the other four, as it is a main criterion for financial statement audits of assets.

Audit approach

The audit was conducted in accordance with ANAO Auditing Standards and was undertaken during the period October 1997 to March 1998. The main elements of the audit were:

- review and analysis of organisation responses to the Minister for Finance and Administration follow-up on Auditor-General's Reports
- review of organisation responses to the original management letters
- research into recent developments in asset management both within the Commonwealth public sector and at a broader level
- development of survey questions based on the asset management principles
- issue of the survey to a representative group of 25 organisations (including at least five from the original audit)
- analysis and verification of survey results
- in-depth fieldwork and analysis in, at least, five organisations
- liaison and inquiry with relevant central coordinating organisations
- issue of management letters as appropriate
- preparation and release of a report on the survey to the Joint Committee of Public Accounts and Audit (JCPAA)
- drafting of an audit report, and
- issue of reports to Ministers as appropriate.

The survey

The survey was intended to ascertain the current status of asset management across the Commonwealth and to elicit information on the application of the asset management principles and the recommendations contained in *Audit Report No. 27, 1995-96.*

The survey was conducted amongst a wide cross section of organisations, most of which were not included in the original audit. The organisations included departments, agencies, departmental commercial undertakings and statutory authorities.

The survey was issued to organisations in late September 1997; it sought information about:

- the context of each organisation and its non-financial assets (physical and intangible)
- recent reviews of asset management arrangements, and
- the extent of implementation of the recommendations in *Audit Report No. 27, 1995-96* and the degree of application of the asset management principles.

The total value (net after depreciation) of non-financial assets reported by the surveyed organisations at 30 June 1997 totalled $4.6 billion ($4.4 billion at 30 June 1996) - that is, approximately 32 % of the Commonwealth's 'general government' sector non-financial assets (other than Defence). A total of 211,000 assets were reported, although a number of organisations were unable to advise the number of assets that they control and therefore the actual number is likely to be as high as 250,000.

Detailed audit at selected organisations

Following the analysis of the survey responses, the ANAO undertook detailed examination at six of the 25 organisations. The detailed examination was supplemented by particular enquiries at several of the other organisations.

Performance Information

Cost of audit

The total cost of the audit was $190,000. The average cost of the field work undertaken at each of the six organisations was $11,000; the cost of the survey was $32,000. The remaining costs relate to planning, analysis and reporting.

Appendix 3

Report on the Results of the Asset Management Survey - September/October 1997

1. *Introduction*

1.1 The survey was issued to organisations in late September 1997; it sought information about:

- the context of each organisation and its non-financial assets (physical and intangible)
- recent reviews of asset management arrangements, and
- the extent of implementation of the recommendations in *Audit Report No. 27, 1995-96* and the degree of application of the asset management principles.

2. *About the participating organisations and their assets*

2.1 The population of the participating organisations is shown in Table 1.

Table 1: Population of participating organisations

Organisation Type	**No.**
Department	11
Departmental Commercial Undertaking (s. 41D)	2
Non Commercial Statutory Authority	10
Commercial Statutory Authority	1
Other	1
Total	**25**

2.2 Twenty-three of the organisations (92%) have decentralised operations. Of those that operate within a formal program/sub program structure, eighteen (78%) maintain more than one program/sub program.

2.3 The organisations were selected to obtain a representative view which covered each asset reporting category (with the exception of specialised military hardware) of non-financial assets as set out in the Minister for Finance and Administration's Financial Statement Guidelines.

2.4 The total value (net after depreciation) of non-financial assets reported by the surveyed organisations at 30 June 1997 totalled $4.6 billion ($4.4 billion at 30 June 1996). A total of 211,000 assets were reported, although several organisations were unable to advise the number of assets that they control as a result of asset management systems not producing the information.

2.5 The average level of investment per organisation in relation to each non-financial asset category is shown in Table 2.

Table 2: Average level of investment by category

Category	1997 ($ m)	1996 ($ m)
Buildings & infrastructure	142	135
Other plant & equipment[1]	67	67
Land	34	35
Finance Leases	6	8
Intangibles	6	4

[1] *predominantly computers, office equipment and motor vehicles*

2.6 The largest number of items is in the "Other Plant and Equipment" class, which had an average of 7700 items per organisation, for those organisations that were able to provide details of asset numbers.

2.7 The survey indicated the following levels of activity in the organisations during 1996/97:

- *total value of asset acquisitions* - $341 million (19,000 items where numbers were provided);
- *total written down value of asset disposals* - $93 million (15,000 items where numbers were provided); and
- *total value of proceeds from disposals* - $52 million.

3. Review of asset management arrangements

3.1 Twenty-three of the organisations (92%) had recently reviewed their asset management arrangements. These reviews were held in the following periods:

- within the last year - 17 (74%)
- within the last two years - 4 (17%)
- between two and five years ago - 2 (9%)

3.2 The reasons provided for conducting the reviews were:

- management initiative - 16 (70%)
- part of strategic planning cycle - 9 (39%)
- Audit Report No. 27 - 7 (30%)

(note: adds to more than 100% as some organisations provided more than one reason).

3.3 Audit Report No 27 was the sole reason for review in only one organisation (4%) - six organisations cited Audit Report No. 27 as one of two or more reasons for undertaking review.

4. Audit recommendations and asset management principles

4.1 The *Asset Management Handbook*, published in conjunction with *Audit Report No. 27, 1995-96, Asset Management*, identified five principles which underpin the asset management framework. The first recommendation of the audit report *recommended* that organisations review their current asset management arrangements against the five principles outlined in the handbook.

4.2 Fifteen organisations (60%) indicated that this recommendation had been implemented. One organisation indicated that it considered adequate procedures were already in place and five (20%) indicated that the review was in progress or the matter was under consideration.

4.3 The survey indicated that generally Statutory Authorities have paid more attention to asset management principles than Departments. Statutory Authorities with asset holdings in excess of ($100 million) were more likely to have addressed the asset management principles than those with smaller asset holdings. The responses for Departments suggest that attention to the principles was applied independently of the level of their asset holdings.

4.4 More detailed analysis of the responses in relation to each principle are outlined below.

5. *Integrated planning*

5.1 Principle - Asset management decisions are integrated with strategic planning. This is achieved by establishing clear links between assets, corporate objectives and program or service delivery standards.

Asset strategy

5.2 Only eleven organisations (44%) indicated that they have a *formal asset strategy* and while most of these (91%) were integrated with financial/budgetary arrangements, only 55% and 36% respectively were integrated with the organisation's information system and human resources strategies. This result suggests that planning for asset management decisions remains informal and fragmented.

Asset life-cycle assessments

5.3 All the organisations reporting asset strategies indicated that their strategies addressed the asset acquisition phase. Nearly all of these organisations indicated that their strategies also addressed the other stages of the asset life-cycle (that is, operations, maintenance and disposal).

5.4 The term of these strategies varied but the majority (55%) were for a period of three years.

6. *Acquisition planning*

6.1 Principle - Asset planning decisions are based on an evaluation of alternatives to ownership, including 'non-asset' solutions and 'demand management'. The evaluations should include a comparison of 'life-cycle' costs, benefits and risks.

6.2 Only eleven organisations (44%) indicated that they have a formal *asset acquisition plan*; 64% of these cover all acquisitions while a small number provide specific measures particular to the circumstances of the organisation.

6.3 The term of these plans varied with three years being the most common (36%).

6.4 The extent to which key acquisition considerations (taken from the Handbook) were addressed in the acquisition plan of these organisations, are shown in Table 3.

planning costs and only eleven of them (73%) addressed disposal costs.

Table 3: Content of acquisition plans

Consideration	No	%
Rationale/justification for acquisition	11	44
Program/service delivery requirements	9	36
Consideration of non-asset solutions	5	20
Alternative methods of acquisition	7	28
Details of asset life-cycle costs	8	32
Personnel involved with acquisitions	8	32
Timing and amount of capital outlays	11	44

ANAO comment/analysis

6.5 Table 3 indicates that while some aspects are well covered, there is scope for improvement in acquisition planning. In particular, organisations are not sufficiently evaluating alternatives to acquisition of assets. Alternatives include non-asset solutions (eg. increasing the utilisation of existing assets or outsourcing) or an alternative to ownership (eg. leasing the equipment).

6.6 Fifteen organisations (60%) advised that they use life-cycle costing assessments as part of acquisition planning (including some without a formal acquisition plan). However, only nine of the fifteen organisations (60%) addressed planning costs and only eleven of them (73%) addressed disposal costs.

7. *Accountability*

7.1 Principle - An effective framework to identify those responsible for assets. In particular, the framework should include mechanisms which establish accountability for asset condition, use and performance.

7.2 The audit report *recommended* that organisations review arrangements for the accountability of assets at program level (paragraph 1.23 refers).

7.3 Thirteen organisations (52%) indicated that this recommendation had been implemented. Three organisations (12%) indicated that they considered adequate procedures to already be in place and five organisations (20%) indicated that a review was in progress or the matter was under consideration.

Monitoring of assets

7.4 Most organisations (96%) indicated they monitor and report asset details to executive management. Many of these organisations indicated assets are monitored and reported at more than one level. In the majority of cases (70%) analysis was done at the corporate (or whole organisation) level with the analysis done on a functional basis in 52% of organisations and on a program/sub-program and geographic basis in 35% of organisations.

Accountability

7.5 Nearly all organisations indicated that either program/sub program and/or specially designated asset managers are responsible for key asset management functions. Details of the levels of responsibility for asset management in the respondent organisations are shown in Table 4.

Table 4: Level of responsibility

Asset measurement	Program managers	Designated asset managers
Physical condition	15 (60%)	8 (33%)
Functionality	16 (64%)	6 (25%)
Utilisation	17 (68%)	6 (25%)
Operational costs	17 (68%)	7 (29%)
Maintenance costs	17 (68%)	7 (29%)

(note: some organisations provided more than one answer).

Performance assessment

7.6 Twenty organisations (80%) indicated they undertake assessments of asset performance and report these results to management. Table 5 shows the aspects of performance that are evaluated and reported by these organisations.

Table 5: Aspects of performance evaluation

Measure	Result
Physical condition	13 (65%)
Functionality	11 (55%)
Utilisation	11 (55%)
Financial (eg costs of operation)	15 (75%)

ANAO comment/analysis

7.7 Performance evaluation processes have not been sufficiently adopted by organisations. In particular, only four organisations (20%) indicated that their performance assessment arrangements addressed each of the key measures of asset performance. Nine organisations (45%) indicated that they addressed only one or two of the measures and the balance (35%) indicated that they addressed three of the measures.

8. Disposal Planning

8.1 Principle - A framework for the disposal process should be in place. In particular, disposal decisions should be based on an analysis of the methods which achieve the best net return; and disposal performance should be monitored for effectiveness.

8.2 Only seven organisations (29%) indicated that they had a *formal disposal plan*. Comments provided suggest that disposal arrangements are more likely to be ad hoc or considered on a case by case basis. The main reasons offered by organisations for not having a disposal plan were that there were detailed procedures which addressed these matters and that disposal decisions were made on an item by item basis reflecting cost/benefit considerations.

8.3 Organisations with disposal plans indicated they generally addressed each of the key aspects of disposal planning outlined in the Handbook, with the exception that only four (57%) addressed expected disposal proceeds and only two (29%) addressed the need for a review of disposal activity.

8.4 There was considerable variance in the time frame of the disposal plans, only two (29%) were actually for set periods, while the others varied according to individual circumstances.

ANAO comment/analysis

8.5 This result highlights that formal disposal planning is generally not undertaken by organisations and that there is considerable scope for improvement.

9. *Control Framework*

9.1 Principle - an effective internal control structure is established for asset management, including asset policies and procedures and use of appropriate information systems

Policy and procedures

9.2 The audit report *recommended* that organisations review their policies and procedures to ensure they address the asset life-cycle and include consideration of management issues.

9.3 Twenty-one organisations (84%) responded positively to this recommendation. Thirteen organisations (52%) indicated that the recommendation had been implemented. Two organisations (8%) indicated that they considered adequate procedures were already in place, while a further six organisations (24%) indicated that the review was in progress or the matter under consideration.

9.4 Organisations were asked to indicate if their policies addressed the main strategic and operational aspects of asset management (as outlined in the Handbook). The responses are set out in Table 6 which shows how many organisation policies covered each aspect.

Table 6: Contents of policy and procedure manuals

Aspect	No.	%
Asset life-cycle	16	76
Acquisition planning	15	71
Control and accountability arrangements	21	100
Performance monitoring and reporting	13	62
Maintenance planning	13	62
Disposal planning	15	71

ANAO comment/analysis

9.5 A breakdown on the individual responses shows that 42% of organisations addressed all six aspects, 34% addressed more than half of the aspects and 24% covered three aspects or less.

9.6 Policies covering the operation of assets (that is, performance monitoring and reporting and maintenance) need to be developed. Furthermore, as outlined elsewhere in this report, disposal planning is in need of improvement.

Recording and control systems

9.7 The audit report *recommended* that organisations review controls and procedures in relation to:

- recognition and recording of assets and the capture of information about asset transfers;
- finalisation of stocktake discrepancies; and
- authorisation of asset disposals.

9.8 Sixteen organisations (64%) indicated that the recommendation was implemented. Two organisations (8%) indicated that, in each case, they considered adequate procedures were already in place and the balance of respondents indicated that the review was in progress or the matter was under consideration.

9.9 The audit report *recommended* that organisations address asset management information and performance when replacing existing accounting and management systems.

9.10 Sixteen organisations (64%) indicated that this recommendation had been accepted and a further four (16%) indicated that a review was in progress or the matter was under consideration.

9.11 60% of organisations indicated that they have specialised asset management packages while 40% indicated that they use a fully integrated module of their FMIS. Of the organisations using specialised asset management packages, only five (33%) were integrated with the FMIS.

ANAO comment/analysis

9.12 Although the responses indicate that asset recording systems generally contain the information necessary for good asset management as outlined in the Handbook, only half the organisations were able to provide a split between operational costs (for example, cleaning and utilities) and maintenance costs. Furthermore, a number of organisations were unable to provide details of the number of assets in their control (on hand, acquired and disposed). The inability to split costs and readily identify numbers of assets suggests that organisations may not have comprehensive asset management systems in place.

9.13 Responses indicated that asset performance data was captured by only fifteen organisations (60%) and that disposal data was captured by eighteen organisations (72%). This highlights that practices associated with the evaluation of asset performance and disposal need to be improved.

Training

9.14 The report *recommended* that organisations develop a structured training program for asset management to address the skills needed at the management and operations levels.

9.15 Only eleven organisations (44%) indicated that they have an asset management training program.

This training was restricted to managers and/or staff with asset functions in most cases (73%), although 18% of organisations indicated that training was available to all staff.

9.16 Seven organisations (28%) indicated that a review was in progress or the matter was under consideration and three organisations (12%) indicated that they considered existing training arrangements to be adequate.

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Acting Auditor-General

Canberra A.C.T.
15 April 1998