

Asset management policy

POL-C-002

Version 3.1 26 February 2007

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ID	POL-C-002
Version	3.1
Version date	26 February 2007
Type	Council approved
Approval date	20 February 2006
File	04/1350
Availability	Public and all staff
Keywords	Assets, acquisitions, disposals, depreciation, amortisation, revaluation, stocktake
Responsible officer	Chief Finance Officer
History	Asset Management Policy version 1.0, approved by Council, February 2004 Asset Management Policy version 2.0, approved by Council, November 2004 Asset Management Policy version 3.0, approved by Audit and Finance Committee of Council, 20 February 2006
Review date	February 2008
Related procedures	Procurement Policy, July 2005
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1. Title

Asset management policy

2. Introduction

The National Museum of Australia is a major cultural institution, charged with researching, collecting, preserving and exhibiting historical material of the Australian nation. The Museum focuses on the three inter-related areas of Aboriginal and Torres Strait Islander history and culture, Australia's history and society since European settlement in 1788 and the interaction of people with the environment.

Established in 1980, the Museum is a publicly-funded institution, governed as a statutory authority in the Federal arts portfolio. The Museum's new building on Acton Peninsula, Canberra, opened in March 2001.

3. Scope

This policy covers non-financial assets which include plant, equipment, buildings, land, leasehold improvements, software, intellectual property and the National Historical Collection. The policy does not cover inventory purchases and publishing for retail sale.

This document establishes policy and procedures on asset management for non-financial assets that comply with Australian Accounting Standards, Urgent Issues Group recommendations, Finance Minister's Orders, Finance Briefs, and Australian National Audit Office instructions and better practice guidelines.

3.1 Description

Assets are a significant component of Museum resources. The Asset Management Policy promotes the effective and efficient management of assets for the delivery of the Museum's outputs and outcomes.

The key components of the policy are:

- recognition of assets
- classification of assets
- assets valuation
- revaluation of assets
- depreciation and amortisation
- asset acquisition
- monitoring, recording and reporting
- stocktake program
- loss and disposal of assets
- competencies.

3.2 Purpose

The policy establishes the requirements for asset responsibility and accountability and for delivering relevant, timely and reliable information for asset management.

4. Principles and guidelines

4.1 Recognition of assets

Assets are items acquired through purchasing, leasing, sponsorship arrangements, donations or other forms of gifting which have value and use to the Museum of more than one year. Assets can be tangible items such as property, plant or equipment. In these

instances the Museum owns or controls the use of the item. Assets can also be intangible such as software or intellectual property where the Museum holds the rights, patents or licenses for use of the item.

Assets can be acquired as a complete unit or developed and constructed in-house such as in-house developed software or specifically constructed cabinets.

A number of assets may combine to form one complex asset. Complex assets will be recorded as one asset consisting of various components. The decision whether an acquisition is a component of a complex asset will be made at the time of acquisition. As a guide the component should not materially affect the value or life of the asset and each item should be integral to the function of the asset..

In some cases large volumes of assets may be acquired at relatively low unit values but when combined represent a significant cost. In these situations it would be appropriate to record one asset with a combined total and noting the quantity as a component. Examples include recording different types of furniture or office machines that do not require each unit to be identified.

The threshold limit for recognition of assets is \$2000. Items costing less than \$2000 may be recognised as an asset cost if the item forms part of a complex asset or is part of a group of assets which cost more than \$2000. Some items less than \$2000 may be portable and attractive and require recording in the assets register. Treatment for portable and attractive items is covered in section 4.3.

4.2 Classification of assets

Assets are classified in accordance with Australian Accounting Standards, Consensus of Urgent Issues Group, Finance Minister's Orders, Finance Briefs and Australian National Audit Office directives.

The Museum classifies assets as National Historical Collection, Land, Buildings, Plant, Office Equipment, Furniture and Fittings, Exhibition Fittings, Leasehold Improvements, IT Equipment, Intangibles (including software, intellectual property and digital images). Values in the register will recognise assets at cost and at revaluation for each asset classification.

4.3 Portable and attractive items

Portable and attractive items are those that cost less than \$2000 (i.e. not classified as assets and are expensed in the year of acquisition) but by their nature, represent a high level of risk of loss or theft and/or are critical to the Museum's business needs.

Portable and attractive items include digital cameras, photographic equipment, conservation equipment, tools, IT equipment less than \$2000 such as PDAs, and other items deemed attractive by Senior Executive.

All Business Unit Managers are accountable and responsible for the controlling and recording of portable and attractive items. The Asset Management System will be the register used to record portable and attractive items. The register will include sufficient detail to identify each item and its location. Details should include make, model, serial number, bar code or other identifying number and the location or person holding the item. Business Unit Managers controlling portable and attractive items will ensure staff have appropriate access and training to maintain the Asset Management System.

4.4 Assets values

Asset recognition and valuations is to be in accordance with Australian Accounting Standards.

Acquisition values in the Asset Management System will be recorded at actual original costs. The actual cost will be determined from invoices received and be exclusive of GST. The cost of the asset includes development, construction, installation and ancillary costs such as freight and any staff costs directly related to the development.

Costs for major capital projects including building construction and leasehold improvements or assets developed in-house such as software will be recorded in a Work In Progress account. When the project is completed asset details will be recorded in the Asset Register and will include the total cost of the project.

Assets acquired through a sponsorship arrangement will be valued according to the cost attributed by the supplier and confirmed by the Museum. The value will include any installation and ancillary costs.

Assets donated to the Museum with a value greater than \$5000 will be valued by a suitably qualified independent valuer.

4.5 Revaluations

The Museum is required to report non-financial assets at their fair value. The fair value is the amount an asset can be exchanged for in the market place. For newly acquired assets the invoiced cost is the fair value.

Periodically the Museum is required to revalue assets. Revaluation is the adjustment of an asset's value to reflect market changes. Periodic revaluations are required for asset values to reflect the appropriate fair value.

Non-financial assets are to be revalued in accordance with Australian Accounting Standards, Consensus of Urgent Issues Group, Finance Minister Orders and Finance Briefs and Australian National Audit Office directives. The Chief Finance Officer shall have responsibility for the revaluation program.

All revaluations will be undertaken by a suitably qualified independent valuer.

4.6 Depreciation and amortisation

Depreciation recognises the 'wearing out' and technical obsolescence of assets. Depreciation and amortisation is the progressive reduction of an asset's value over its useful life to the Museum. Under Commonwealth arrangements depreciation expenses are funded through appropriations to be used for the replacement of assets.

Assets are depreciated to their estimated residual value over their estimated useful life to the Museum using the straight line method of depreciation unless otherwise determined. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed annually and any necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

The default useful life of each asset class are as follows:

<i>Asset class</i>	<i>Useful life</i>
National Historical Collection	as per depreciation policy agreed with DOFA
Leasehold improvements - fit out	length of lease/licence
Leasehold improvements – buildings	length of lease/licence

<i>Asset class</i>	<i>Useful life</i>
Computer equipment	3-4 years
Computer software, not including Permanent Exhibition multimedia	expected number of years till next major upgrade
Office Equipment	5-10 years
Furniture and Fittings	10 years
Plant	5-100 years
Permanent Exhibition fittings including multi media	8 years or life of expected life of specific module
Temporary Exhibition fittings and multi media	Length of temporary exhibition furniture including for other exhibitions
Building	100 years
Land	Unlimited

Individual asset depreciation rates can be varied from the above list with the approval of the Chief Finance Officer including as part of the annual review of useful lives.

4.7 Asset purchases

Purchase of new assets are made from approved capital budgets. The request for asset purchases commences with submitting a bid in the Museum's budget process.

Decisions and procedures to purchase new assets must be consistent with the Museum's procurement policies. This includes an evaluation of the alternatives to purchasing, giving consideration to life-cycle costs, costs/benefits analysis, lease/buy options, job process redesign or outsourcing.

An asset replacement program will outline the options for replacing assets that form part of the Museum's ongoing operating requirements and need to be replaced at the end of their useful life. The program will include whole of life costing for assets, possible alternatives to purchasing and the expected cash flows for the purchases.

The Executive in consultation with Business Unit Managers is responsible for the development of the Museum's broad asset acquisition program, which supports the Museum's forward estimates. A five year asset acquisition program will be developed to support the Museum's contribution to the Portfolio Budget Statements. The Chief Finance Officer shall have responsibility for facilitating the development of the acquisition program.

Delegations for asset acquisitions and disposal are set out in the Council approved Financial Delegations. The Museum's purchasing policy is detailed in the Council approved Procurement Policy.

4.8 Monitoring, recording and reporting

The Chief Finance Officer is responsible for the overall integrity of data in the asset register. Business Unit Managers are accountable for the condition, uses and safeguarding of the assets under their control. Business Unit Managers are responsible for implementing policies and procedures relating to asset management.

The Museum's asset register will be maintained on the Asset Management System. The system will record details of all assets excluding the National Historical Collection. Items in the National Historical Collection will be maintained in the Collection Management System. All assets purchased or gifted will be entered into the appropriate asset register in a timely manner to meet appropriate Commonwealth and internal management reporting and control requirements.

The following managers are responsible for ensuring details for all non-National Historical Collection assets purchased which they manage are recorded in the asset register:

- Manager Facilities and Risk Management
- Manager Media Operations
- Director Information Services
- Manager Multimedia Development
- Manager Exhibitions
- Manager Registration
- Manager Conservation

Asset details entered into the asset register must include:

- date of acquisition
- cost (excluding GST)
- description (including make, model and serial number where appropriate)
- supplier (including invoice number)
- individual and Business Unit responsible for asset
- asset number
- barcode number
- location
- depreciation rate
- classification code (e.g. computer equipment, office equipment etc)
- warranty details (where appropriate)
- number of licenses for software

The asset register will maintain details of accumulated depreciation, written down values, proceeds from sales of assets and profit or loss on disposal of assets.

Values in the asset register will be reconciled monthly to expenditure and depreciation recorded in the Museum's financial management and information system. Records of reconciliations are to be maintained with the Museum's financial records. The Chief Finance Officer is responsible for the reconciliations.

The Manager Registration is responsible for recording items that belong to the National Historical Collection.

4.9 Risk management

Risk management is a key part of the Museum's operations and through the Risk Management Plan the Museum seeks to minimise and effectively control risk to the public, staff, volunteers, the Museum building, the National Historical Collection and the Museum's other assets.

The Risk Management Framework including the risk management policy, plan, register and fraud control plan is located on the Risk Management page on the intranet.

Risk Management is the responsibility of all staff. The implementation and monitoring is the responsibility of the policy of the Safety and Risk Manager.

4.10 Asset security and maintenance

The Security Coordinator is responsible for the physical security of Museum. The security includes buildings and property. Business Unit Managers are responsible for the

safeguarding and use of assets located in their area or assigned to their Unit on a day-to-day basis.

The Museum Security policy is available on the Museum's intranet.

The Director Information Services is responsible for information technology security.

4.11 Custody of property

Staff must not remove property from the Museum's premises without the permission of the manager responsible for safeguarding the asset.

Staff taking possession of Museum property do so on the basis that:

- the property is to be used for official purposes only
- the officer is to take strict care of the property at all times
- the officer becomes the custodian of the property until it is returned
- if the property is lost, destroyed or damaged while the officer has custody of it, the officer will be liable to pay the Commonwealth for the amount of the loss unless they can show that they took reasonable steps in all the circumstances to prevent the loss.

4.12 Stocktake of assets

The Chief Finance Officer in consultation with asset managers will coordinate a regular stocktake of controllable assets and portable and attractive items. The stocktake program will be in accordance with government policy, Australian Accounting Standards and follow the guidelines at Appendix A.

A report on each stocktake shall be prepared for the Director and a copy provided to the Museum's Audit and Finance Committee.

4.13 Loss or damage of Museum property

Any loss of or damage to property must be reported to the Security Coordinator.

The Security Coordinator must:

- a) record the details of the loss or damage and include details such as:
 - date
 - file reference
 - barcode number, and description of item
 - value
 - brief description of the circumstances and action taken e.g. recovered, repaired, recommended for write-off, etc
- b) investigate the loss to determine the cause and take what action is necessary to prevent similar loss or damage in the future
- c) report the details to the General Manager Operations, including:
 - what remedial action has been taken
 - recommendations about whether any recovery action should be taken against an official(s) or any person
 - whether write-off is recommended.

The General Manager Operations must review the report and be satisfied with the remedial action taken.

Any recommendation for write off must be forwarded to the Director or Chief Finance Officer for approval.

4.14 Write-off approvals

The delegation to approve the disposal or write-off of all non-National Historical Collection assets is limited to the Director and Chief Finance Officer. (Refer Council approved financial delegations). This includes the disposal and write off of Museum property not included in the Asset Management System.

The disposal or write-offs of items from the National Historical Collection must be approved by the Council of the Museum.

4.15 Disposals

The following managers are responsible for coordinating the disposal of surplus, obsolete or unserviceable non-National Historical Collection assets:

- Manager Facilities and Risk Management
- Manager Media Operations
- Director Information Technology Services
- Manager Multimedia Development
- Manager Exhibitions
- Manager Registration
- Manager Conservation.

Any staff member who is aware of damaged, surplus or obsolete assets should notify the appropriate manager so disposal of the property can be considered.

Approval from the Chief Finance Officer must be obtained before commencing disposal action for any item that does not belong to the National Historical Collection. The submission to the Chief Finance Officer seeking approval should set out briefly:

- description of items to be disposed of, including condition
- reason for disposal
- proposed disposal method
- estimated cost and return from disposal
- bar code number.

The Chief Finance Officer must be satisfied that the proposed disposal will obtain the best net outcome for the Commonwealth and that it will stand up to scrutiny in terms of value for money, probity and ethical considerations

Manager Registration is responsible for coordinating the deaccessioning and disposal of any item from the National Historical Collection.

The Council approved Deaccessioning and Disposal Policy provides guidelines for the disposal of National Historical Collection items. Items recommended for disposal from the National Historical Collection must have approval from the Council of the Museum prior to any action commencing.

Disposal of assets in the form of trade-in will involve a disposal and purchasing process. The disposal action will require approval from the Chief Finance Officer and the purchase of the new item will be in accordance with the procurement guidelines and delegations.

The Asset Register and General Ledger will be updated after the disposal action is completed. Details of profit or loss of the disposal will be kept with the Museum's financial records.

4.16 Asset management competencies

The Business Unit Managers must ensure that staff who are assigned asset management duties are competent in all aspects of asset management policy and procedures and in the use of the assets management system.

5. Definition of responsibilities

Chief Finance Officer

The Chief Finance Officer is responsible for the development and implementation of the Museum's asset management policies in accordance with Council directives.

Manager Facilities & Risk Management

The Manager Facilities & Risk Management is responsible for:

- the maintenance of all assets other than information technology, exhibition multimedia and collection assets
- recording all asset acquisitions excluding information technology, exhibition multimedia and National Historical Collection items
- coordinating the disposal all assets, other than multimedia, information technology or National Historical Collection items, that are surplus, obsolete or unserviceable.

Director Information Services

The Director Information Services is responsible for:

- ensuring details for all assets purchased from their budgets are recorded in the asset register
- the maintenance of all information technology assets excluding exhibition multimedia equipment and exhibition multimedia content
- the security and proper management of information technology assets
- the disposal of all information technology equipment assets other than exhibition multimedia equipment and exhibition multimedia content assets.

Manager Media Operations

The Manager Media Operations is responsible for:

- ensuring details for all assets purchased from their budgets are recorded in the asset register
- the maintenance of installed exhibition multimedia equipment
- coordinating the disposal of surplus, obsolete or unserviceable exhibition multimedia equipment assets

Manager Multimedia Development

The Manager Multimedia Development is responsible for:

- ensuring details for all assets purchased from their budgets are recorded in the asset register
- the maintenance of installed exhibition multimedia content
- coordinating the disposal of surplus, obsolete or unserviceable exhibition multimedia content assets.

Manager Exhibitions

The Manager Exhibitions is responsible for:

- ensuring details for all assets purchased from their budgets are recorded in the asset register
- the maintenance of exhibition assets.
- coordinating the disposal of surplus, obsolete or unserviceable exhibition assets

Manager Conservation

The Manager Conservation is responsible for:

- ensuring details for all assets purchased from their budgets are recorded in the asset register
- the maintenance of non-National Historical Collection assets they manage
- coordinating the disposal of surplus, obsolete or unserviceable non-National Historical Collection assets they manage.

Manager Registration

The Manager Registration is responsible for:

- ensuring details for all assets purchased from their budgets are recorded in the asset register
- recording items that belong to the National Historical Collection
- the maintenance of the National Historical Collection and non-National Historical Collection assets they manage
- coordinating the disposal of surplus, obsolete or unserviceable assets that they manage
- coordinating the disposal of surplus, obsolete or unserviceable non-National Historical Collection assets they manage
- the deaccessioning and disposal of any item from the National Historical Collection.

6. References

The relevant legislation, regulations and accounting standards applicable to the asset management policy include:

- Auditor-General's Instructions (A-model) and Better Practice Guides
- Approved Australian Accounting Standards
- Urgent Issues Group guidelines
- Finance Minister's Orders
- Finance Briefs
- *National Museum of Australia Act 1980*
- *Commonwealth Authorities and Companies Act 1987*
- Commonwealth Protective Security Manual
- Australian Communication – Electronic Security Instructions (ACSI 33)

7. Implementation

The revised policies and procedures set out in this paper were implemented in February 2004 following approval by the Museum's Audit and Finance Committee.

7.1 Exclusions

This policy does not cover financial assets as recognised in the Museum's balance sheet, nor inventory purchases and publishing for retail sale.

7.2 Monitoring

The policy will be monitored by the Audit and Finance Committee of Council, with the expectation that it will be reviewed biannually.

Appendix A

Asset stocktake

A1. Introduction

A1.1 The critical success factors for the effective management of assets depends upon the recognition and adoption of the following principles:

- planned cyclic stocktaking of all controllable assets
- accurate recording and reporting of assets
- clear lines of accountability for the control and accounting for assets
- well defined asset management policy and procedures.

A2. Stocktake policy

A2.1 A stocktake of controllable assets shall be undertaken in accordance with the stocktake program.

A2.2 The stocktake program will be coordinated by the Chief Finance Officer.

A2.3 All irregularities, with regard to the recording of assets, shall be reported together with notation of all inquiries made into discrepancies and their outcomes to the Chief Finance Officer.

A2.4 Assets that are listed as missing on completion of the stocktake will require further investigation. On completion of any investigation, a written report shall be submitted to the Director and copied to the security coordinator detailing the missing items, action taken and a recommended course of action.

Responsibilities

A2.5 The Chief Finance Officer in consultation with the Audit and Finance Committee, Internal Audit and Australian National Audit Office is responsible for the development of the stocktake program and the coordination of the stocktake. The program shall give regard to ensuring a clear separation of duties, with staff undertaking the stocktake being independent of those responsible for asset recording and accounting functions and with due regard to best practice arrangements.

A2.6 The Chief Finance Officer is required to review stocktake report findings and make recommendations for further investigation or approve the write-off action.

A3. Reporting

A3.1 On completion of the stocktake, the Chief Finance Officer is to prepare a report for the Director and Audit and Finance Committee. The report is to provide the following information:

- (i) date(s) the stocktake was performed
- (ii) discrepancy reports and the investigating officer's findings
- (iii) deficiencies and proposed action to be taken to reconcile these discrepancies
- (iv) an analysis of circumstances which gave rise to the discrepancies and suggestions for corrective action
- (v) any comments associated with the stocktake
- (vi) any recommendations.

A3.2 The Director will consider the findings of the report and approve any further action to be taken. A copy of each of the above documents is to be retained on the relevant stocktake file.