Asset Management Accountability Framework

Implementation Guidance – March 2017 (Updated)

The Secretary

Department of Treasury and Finance

1 Treasury Place

Melbourne Victoria 3002

Australia

Telephone: +61 3 9651 5111

Facsimile: +61 3 9651 2062

dtf.vic.gov.au

Authorised by the Victorian Government

1 Treasury Place, Melbourne, 3002

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Summary of technical changes as at December 2019

|  |  |
| --- | --- |
| **Description of change** | **Page No.** |
| Appendix E updated to provide additional detail on alignment between AMAF and ISO 55000 | p. 77 - 82 |
| Appendix D updated to reflect DTF guidance on Real Options Analysis | p. 74-77 |

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* + 1. Introduction
       1. About this Guidance

This guidance is to assist agencies implement the Asset Management Accountability Framework (AMAF). It offers potential approaches and summarises some of the possible inputs and evidence that could be used to document compliance with the AMAF mandatory requirements.

The guidance is not compulsory. It outlines an approach that could be followed to manage government assets and meet the requirements of the AMAF. The guidance has been drafted to be of greatest assistance to those uncertain of where to begin.

* + - 1. What is the Asset Management Accountability Framework?

The AMAF is the Victorian Government’s policy framework for asset management. It was introduced in February 2016**[[1]](#footnote-2)** to assist Victorian Public Sector agencies properly manage their asset holdings and better support the delivery of services for Victorians.

The AMAF:

* + - is ***non-prescriptive and based on a devolved accountability model of asset management***, allowing public sector bodies to manage their assets consistent with government requirements, their own specific operational context and the nature of their asset base;
    - ***outlines government agencies’ responsibilities and obligations for asset management, and includes a set of mandatory requirements***and general expectations. Mandatory requirements relate to the asset management functions that all agencies must undertake, including establishing governance frameworks, developing asset management strategies, and setting performance standards and processes to regularly monitor and improve asset management. They also include establishing systems to maintain assets and processes to identify and address performance failures;
    - ***is enforced* *by a Standing Direction of the Minister for Finance* *2016* (4.2.3) under the *Financial Management Act 1994 (FMA)****.* This *requires* secretaries and public sector boards to attest to their organisation’s compliance with the mandatory requirements of the AMAF in their organisation’s annual report commencing 2017-18;
    - **applies to non-current assets (physical and intangible), but excludes financial assets**, controlled by government departments, agencies, corporations, authorities, and other bodies captured by the Standing Directions of the Minister for Finance 2016 made under the FMA; and
    - ***is aligned to ISO 55000***, the international standard for asset management, but has some additional and different requirements to meet the specific needs of the Victorian Government.
    1. How to use this guidance
       1. Context

This guidance is a technical supplement to the Asset Management Accountability Framework (AMAF). It is one of several key asset management publications.

|  |  |
| --- | --- |
| Document Name | Purpose |
| Standing Direction 4.2.3 – Asset management accountability | Mandates the AMAF under the *Financial Management Act 1994.* |
| The AMAF | Outlines the Victorian Government’s asset management policy, responsibilities and obligations, including mandatory requirements and general policy expectations. |
| AMAF – Implementation Guidance (this document) | Provides practical instructions to support the implementation of the AMAF. It is not compulsory. |
| AMAF Ready Reckoner (appendix to this document) | A quick reference guide outlining how agencies can address individual AMAF mandatory requirements. |

This document supersedes the AMAF Guidance Material, which was released with the framework in February 2016 and updated in June 2016. Some of the content from the previous guidance, including detail on the application of the Standing Directions, is contained in Appendix H of this document.

* + - 1. Purpose

This guidance provides assistance to public sector agencies to implement the AMAF, including practical tips to:

* + - achieve compliance with the AMAF mandatory requirements;
    - progressively build asset management capacity and capability to meet the requirements of the policy; and
    - improve asset management practice and maturity.

**This guidance is not definitive and is not intended to create any new compliance requirements**

This guidance does not prescribe how AMAF compliance must be achieved, nor all the tasks required to produce the outputs or processes required by the AMAF. Instead, it outlines the types of actions and evidence that could be used to demonstrate compliance.

**Departments and agencies are encouraged to tailor this guidance to meet their specific circumstances**

Under the AMAF’s devolved accountability model, the secretaries and boards of public sector organisations must determine the asset management practices and systems they require to attest to compliance with the framework. These should be commensurate with the scale, criticality and complexity of the organisation’s asset holdings. The Department of Treasury and Finance (DTF) acknowledges that this will be different for every organisation.

Agencies should seek to acquit their asset management obligations as they deem most appropriate and practical. Agencies can adopt the approaches to compliance outlined in this guidance, or choose alternative evidence and approaches as they deem appropriate.

All organisations will have at least some asset management practices, processes and systems in place. It is likely AMAF compliance for many organisations will simply require some modification of existing practices rather than creating whole new systems, processes and reports. Those organisations with a well-developed asset management system in place may only need to document and demonstrate how their existing practices are applied to their assets and asset decision making.

This guidance is structured to follow a logical flow for the development of materials, encompassing:

* + - collation and review of existing materials;
    - development or alignment of asset management policies with the framework;
    - documentation of strategies; and
    - operationalisation or implementation.

Not every organisation will need to follow each step. Where an organisation can demonstrate compliance with the applicable mandatory requirement, it will simply need to collate the evidence to demonstrate how it complies.

Agencies may also use the AMAF Ready Reckoner (contained in Appendix H of this guide), which describes a set of actions that could be used to comply with each mandatory requirement. However, the Ready Reckoner has less detail and follows the order of the AMAF mandatory requirements, rather than a logical flow of steps that could be followed to establish systems and processes that achieve AMAF implementation.

Agencies are encouraged to seek additional guidance or utilise the additional resources and links outlined in Section 5.

* + - 1. Audience

This guidance is to assist implementation:

Table 1: Audience

|  |  |  |
| --- | --- | --- |
| Role | Functions | Benefits of this guidance |
| Secretaries or Boards (Responsible Bodies) and Audit Committees | On an annual basis from 2017-18, attest to your organisation compliance with Standing Direction 4.2.3.[[2]](#footnote-3).  Ensure your organisation is able to provide you with the nature and degree of evidence required to support attestation and compliance with Standing Direction 4.2.3.  Ensure attestation occurs for all material assets within the departmental portfolio either by the department or portfolio agencies.  Ensure continual process improvements with a view to considering future self-assessments of asset management maturity (commencing in 2020-21).[[3]](#footnote-4) | Identifies key concepts in developing appropriate asset management systems, and aligns these to the AMAF’s mandatory requirements. |
| Secretaries or chief executive officers (Accountable Officers[[4]](#footnote-5)) | Implement actions to ensure your entity complies with Standing Direction 4.2.3; including leading, directing, delegating and reviewing the development of materials and evidence required to effectively meet the AMAF requirements.  Demonstrate asset management leadership. | Provides one possible approach for good practice asset management under the AMAF.  Assists understanding of the interaction of the AMAF with other government policies.  Provides links to other sources of guidance. |
| Organisational Staff (in roles with asset management responsibilities) | Understand the framework under which your asset management system operates and the functions that must be documented and performed to ensure AMAF compliance. | Provides information on general processes and techniques for asset management.  Outlines the possible evidence or documentation to support effective asset management planning and decision making. |

* + - 1. Guidance structure

This guidance contains:

* + - **Section 2:** How to use this guidance:
      * Getting Started
    - **Section 3:** Asset management and the AMAF operating environment:
      * Elements of the asset management system
      * Operating environment of the AMAF
      * AMAF and the asset management system
      * Integrating asset management into the investment lifecycle
    - **Section 4:** Guidance for practitioners on complying with the AMAF:
      * Six key topics structured to logically step through how organisations would develop asset management materials by topic. Each topic may inform other topics, or provide means to meet one or more mandatory requirements.
      * Each topic documents one method for good practice, applicable AMAF mandatory requirements, possible inputs, an approach to implementation and possible evidence.
      * In many cases, where your organisation already has systems and processes in place, it may be more appropriate to ensure it can demonstrate the ‘possible evidence’ suggested rather than follow the approaches set out within each topic.
    - **Section 5:** Useful resources, external links and supporting documents.
    - **Section 6:** Glossary of terms
    - **Appendixes A to C:** Examples of typical asset management outputs (document structures and contents)
    - **Appendix D:** Additional guidance on real options analysis and business cases for assets.
    - **Appendix E:** A description of the alignment between ISO 55000 and the AMAF.
    - **Appendix F:** A chart showing the alignment between the Guidance and the AMAF’s mandatory requirements
    - **Appendix G:** Additional information on compliance and attestation
    - **Appendix H:** An AMAF Ready Reckoner, which aligns the guidance in Section 4 to each mandatory requirement. The Ready Reckoner sets out the actions required to comply with each mandatory requirement

* + - 1. Getting started

This guidance provides an end-to-end example of how an asset management system (incorporating governance, practices, processes, documentation and information systems) could be established from scratch. Most organisations will not be starting from a zero base, and will have a range of practices in place to achieve or contribute to their compliance with AMAF mandatory requirements[[5]](#footnote-6).

Figure 1: Assess your current asset management practices against AMAF requirements

The actions in Figure 1 could be undertaken and documented across all of the elements of the asset management system:

* + - Organisation and people
    - Strategy and planning
    - Lifecycle delivery
    - Asset information management system (AIMS)
    - Risk and review.

The following questions are not mandatory requirements but provide useful prompts to help identify strengths and weaknesses in your organisation’s current practices.

Table 2: AMAF Readiness Review Guide

|  |  |
| --- | --- |
| Questions for Accountable Officers | Relevant guidance section  *If you answer no or maybe to any of these questions, refer to:* |
| * + 1. Can I demonstrate leadership, control and management of people, resources and assets? * I have a complete and robust organisational chart with all roles identified and filled. Authorisation limits are clear and understood. * I have robust operating frameworks and policies for finance, Human Resources, operations, and risk that are universally applied in my organisation. These policies cover how we deliver services and our assets. * I have strong reporting lines and communication for my people, services and assets. * I regularly communicate with my organisation about our services, our assets and our performance. * I regularly review our performance against standards and targets (for service, resources, and assets). I report on our performance against these standards and set actions to improve performance. * I have defined guidance on levels of responsibility, authority and the required competency necessary for staff with control of assets, to effectively manage them in accordance with all legislative, government policy and industry standards. | Section 4.1  Section 4.2  Section 4.6 |
| * + 1. Do I or my staff know what we should be doing and why at every stage of the asset lifecycle? * I have a Corporate Plan that outlines the objectives and goals of the organisation and these are communicated widely within the organisation. * I have a documented strategy in place for our assets and how we will use or change them to help us meet our operational objectives. This strategy is communicated within our organisation. * I have documented systems and processes in place that show how we plan for new assets, and operate, maintain and dispose of assets. * I am engaged in decision making and approvals and my staff understand how and why I make decisions. | Section 4.2  Section 4.3  Section 4.4 |
| * + 1. Do I have sufficient information to make robust evidence-based decisions about our assets and report relevant information? * I have a comprehensive and accurate up to date list of what assets I have, their value and how they contribute to our service. * I know what condition each of my assets is in and I can monitor their performance with consideration to service need. * I can reliably identify or forecast potential asset service failures. * I have systems and processes documented for how we manage and update asset information. I have documented systems and processes that show how our asset information interfaces with other operational and management information. * If requested, I could rapidly report on my assets (or subsets of my assets) and their performance. * I can demonstrate my organisation uses the information it has about our assets to make plans and decisions. | Section 4.5  Section 4.6 |
| * + 1. Can I demonstrate my organisation can successfully deliver on its business objectives and has a plan to manage the risks and investment needs of its resources and assets in the short, medium and long term? * I have an asset management strategy that is consistent with my Corporate Plan. * The asset management strategy has short-term (1-3 year), medium-term (4-9 years) and long-term (10+ years) goals and targets. * The asset management strategy is regularly reviewed by senior management and performance is tracked against our strategy. * Our risk management strategy considers our services and assets and we track our actions and performance. * Our budget/financial investment strategy considers our service and asset needs and we track our actions and performance against this strategy. | Section 4.4  Section 4.6 |
| * + 1. Can I confidently attest that I meet the AMAF mandatory requirements (Appendix 1 of AMAF)? * I have documented evidence (through a plan, strategy, policy, memo or other means) that shows how the organisation operates, make decisions, monitors and reports on our assets. * I have visibility and control of how my organisation operates its assets. * I am confident my organisation meets all of its requirements under other government policies and mandatory criteria in for carrying out asset management planning and activities. | Section 4.6 |

* + 1. Asset management and the AMAF operating environment
       1. Elements of the asset management system

The Asset Management Accountability Framework (AMAF) provides direction on the elements needed for a cohesive and appropriate asset management system.

An asset management system comprises a range of practices, processes, documents and information systems used to organise, direct and control asset management activities. These span the asset lifecycle, covering planning and decision making to procurement and delivery, operation and maintenance and the eventual disposal at end of life.

Key areas of an asset management system include:

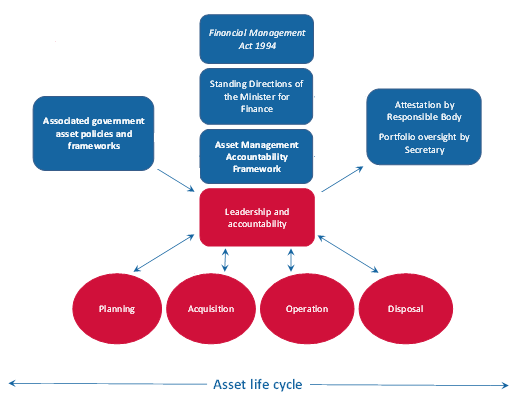
* + - governance and accountability arrangements;
    - asset planning processes and documents;
    - asset decision making processes;
    - procurement processes;
    - asset condition and performance information systems;
    - monitoring and reporting processes; and
    - processes for managing end of life.

Each of these areas is considered in greater detail in Section 4 of this guide.

* + - 1. Operating environment of the AMAF

Many AMAF requirements are derived from existing legislative requirements and government policies. Consideration of the wider environment in which the AMAF operates can be drawn upon to support compliance with the AMAF, particularly in developing and refining governance frameworks and asset management practices as outlined in Figure 2.

Figure 2: Relationship between the AMAF and other government policies



Legislation, Policies, Standards and Support Material

In developing asset management materials, consideration should be given to relevant and applicable legislation, policies, standards and support material. These references can guide, frame and assist in drafting outputs to meet the AMAF requirements. Key legislation, policies, standards and support material that should be referred to when preparing asset management outputs include:

Table 3: Legislation/Policy/Standards Guide applicable to the AMAF

|  |  |
| --- | --- |
| Legislation/Policy/Standards | Basis for AMAF alignment |
| ***Financial Management Act 1994* (Vic) (FMA)**  The FMA sets out a number of specific requirements which relate to the AMAF, in particular:   * the requirement to maintain asset registers and risk management strategies, defines Accountable Officer and establishes asset threshold; * section 8 establishes the standards for financial management accountability, governance reporting and practice for public sector bodies; and * section 44B requires a Register of Assets to be in the form, and contain the information, determined by the Minister. | The FMA establishes a range of criteria and requirements for the financial management and reporting of public assets. Clear links to the requirements in the FMA and the AMAF mandatory requirements are noted in:   * 3.1.3 Attestation requirements; * 3.1.4 Monitoring asset performance; * 3.1.4 Reporting to Government; * 3.1.5 Other requirements (Risk Management Strategies); * 3.4.3 Information Management; and * 3.4.3 Record keeping. |
| ***Public Administration Act 2004* (Vic) (PAA)**  The PAA sets out the requirements for the efficient and effective operation of the Victorian public service.  The PAA establishes a framework to ensure the effective governance of the whole of the Victorian public sector, to help government manage both the financial and non-financial risks associated with public entities carrying out functions on its behalf.  The following sections of the PAA are relevant to the AMAF requirements:   * section 7 – Determination of Public Sector Values, Accountability, Reporting arrangements and Corporate Planning Requirements; and * section 13A – Department Heads (Accountable Officers) are expected to advise the portfolio Minister if any significant asset management issues arise. | The PAA establishes governance and accountability requirements between the public service as administrators of Government entities and the State. In particular, the PAA establishes governance, responsibility and behaviour expectations for public entities and their employees and establishes a basis for how public employees should work, interact and behave to effectively operate and manage the risk of the public sector. The following mandatory requirements have clear links to the requirements and intent of the PAA:   * 3.1 Overview and key requirements; * 3.1.2 Governance; * 3.1.2 Allocating asset management responsibility; * 3.1.4 Monitoring asset performance; * 3.1.4 Asset management system performance; and * 3.1.4 Reporting to Government. |
| **Australian Accounting Standards (AAS)**  The AAS provide direction and guidance on the financial and reporting expectations of entities, to ensure a consistent approach to accounting records. AAS sections which relate to AMAF include:   * definition of Assets; * reporting and disclosure requirements; and * information management and record keeping requirements. | AAS has direct links to the AMAF mandatory requirements through:   * 3.1 Overview and key requirements; * 3.4.2 Monitoring and preventative action; * 3.4.3 Information management; * 3.4.3 Record keeping; and * 3.4.4 Asset valuation. |
| **Victorian Government Risk Management Framework**  The Victorian Government Risk Management Framework establishes the need for agencies to have a risk management framework in place consistent with ISO 31000:2009 Risk, and attest to this on an annual basis (under Standing Direction 4.5.5). | The Victorian Government Risk Management Framework establishes how organisations should plan, implement and operate a risk management framework and meet the annual attestation requirements for risk and insurance.  Risk management is central to effective asset management and therefore the asset management system established under the AMAF should be symbiotic with the requirements of the Risk Management Framework. The following mandatory requirements, in particular, align with the Victorian Government Risk Management Framework:   * 3.1.1 Resourcing and skills; * 3.1.2 Governance; * 3.1.5 Other requirements (risk management strategies); * 3.2.2 Risk management and contingency planning; and * 3.3.1 Overview (risk in acquisition). |
| **Victorian Government Purchasing Board Policies (VGPB)**  The VGPB policies apply to supply of goods and services and the disposal of goods (other than for building and construction and health-related goods, services and equipment). They apply to Victorian Government departments and entities specified under section 54AA of the FMA[[6]](#footnote-7). They are principles-based and require ‘in-scope’ entities to adopt procurement policies (consistent with the framework) that apply to goods & services procurement.  The following VGPB policies align with and could inform the development of the AMAF:   * Governance; * Market analysis and review; * Market approach policy; and * Contract management and contract disclosure.   **Ministerial Directions**  The Ministerial Directions apply to ‘public construction’ defined *Project Development and Construction Management Act*. It establishes mandatory requirements for tendering and contracting for public construction. They apply when the procurement is undertaken by, or on behalf of, any department or public body as defined in the PDCMA. | The VGPB and Ministerial Directions inform the approach to procurement activity within government.  Asset management activities regularly interface with procurement activities and therefore consideration should be given to VGPB policies and the Ministerial Directions in meeting the AMAF mandatory requirements, in particular:   * 3.1.1 Resourcing and skills; * 3.2.2 Asset management strategy; * 3.2.2 Risk management and contingency planning; * 3.3.1 Overview (acquisition); * 3.3.2 Acquisition process; and * 3.5 Disposal. |
| **DTF’s Investment Management Standard and Investment Lifecycle and HVHR[[7]](#footnote-8) Guidelines**  The Investment Management Standard can be used to undertake the following seven practices:   * shape a new investment; * prioritise investment proposals; * develop new policy; * monitor and measure the delivery of benefits; * evaluate a program of investment; * refocus an organisation to improve its effectiveness; and * monitor an organisation’s outcomes.   These practices can be used to assist some asset management functions, particularly those relating to the development of the asset management strategy and planning for new investments. The Investment Lifecycle and HVHR Guidelines also support the planning and delivery of new asset investments. | As outlined in Section 3.4, the AMAF both informs and is informed by the DTF investment guidance. In particular, asset information and decision making flowing from the asset management system helps inform where investment may be necessary and once an asset investment is made, how the benefits of that investment will be realised though appropriate long-term decision making and asset optimisation.  The following mandatory requirements broadly relate to DTF’s Investment Management Standard guidance:   * 3.2.2 Asset management strategy; * 3.3.1 Overview (Acquisition); and * 3.3.2 Acquisition process. |

* + - 1. Governance and demonstrating management and control

The AMAF requires organisations to demonstrate that they have established appropriate management arrangements, as well as systems and processes for asset planning and decision making. These should be appropriate for the size, complexity and essential nature of their asset holdings.

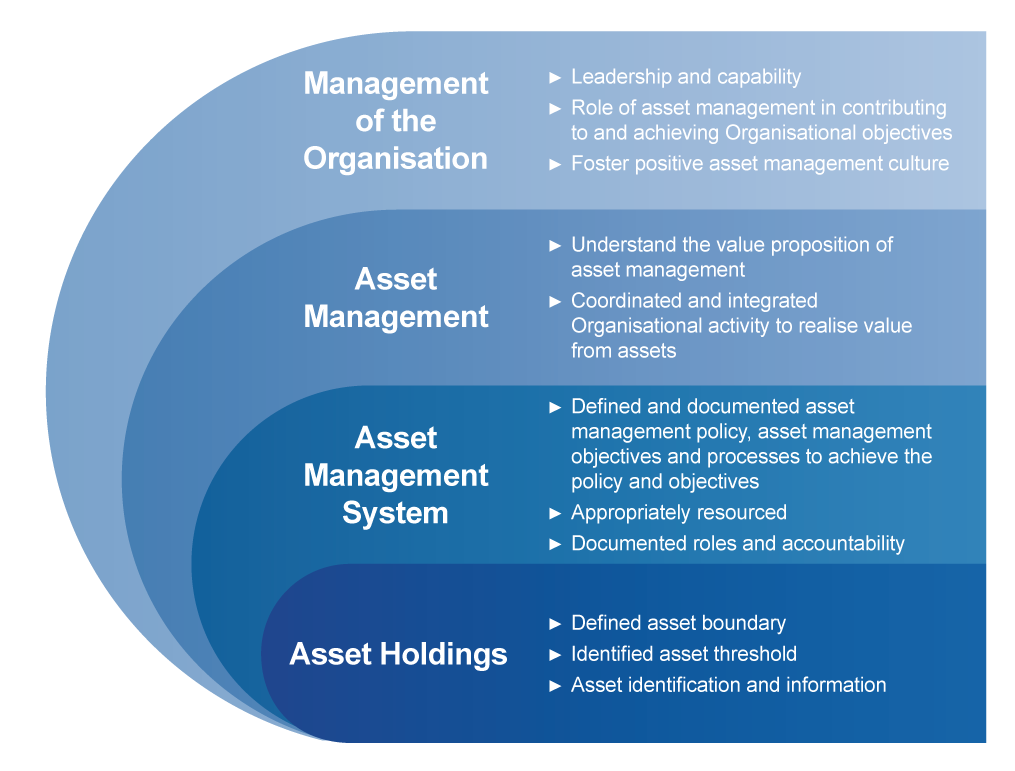
To achieve the governance outcomes required by the AMAF and move towards better practice, organisations could implement an organisation-wide governance and accountability structure. It could clearly articulate how asset management operates within the organisation and the role of asset management in achieving organisational service delivery outcomes.

The AMAF is non-prescriptive and aims to improve asset management governance and control through integrating asset management thinking into reporting lines and operating frameworks. Integration is important to reduce asset management ‘silos’ within organisations, fostering a holistic approach that balances strategic, technical and budgetary considerations through collaboration across the organisation’s operating framework.

Overarching leadership, culture and organisational objectives that recognise and promote the value of asset management through an organisation, informs and supports a robust asset management system which can optimise value from the asset holdings.

Figure 3 shows the conceptual layers of asset management within an organisation. The performance of an organisation will improve when asset management is considered through each of these conceptual layers.

Figure 3: Asset management levels



* + - 1. AMAF and the asset management system

The AMAF provides direction on establishing a cohesive and appropriate asset management system.

An organisation’s asset management system is the set of defined, specified processes that manage assets to achieve an organisation’s objectives and operating requirements. It should not be confused with the Asset Information Management System, which is a software solution for capturing, managing and analysing asset-related data.

The asset management system includes asset planning at the strategic, tactical and operational levels, as well as asset information management systems and performance monitoring regimes. Strategic asset planning is the process of defining asset management policies and principles that guide decisions on how best to manage assets to achieve long-term service delivery objectives. Tactical asset planning identifies how assets will be managed throughout their lifecycle, individually and collectively, to meet service delivery and asset needs over defined time periods. Operational asset planning involves identifying the activities to be undertaken to manage the assets in the short term in line with measurable objectives.

The asset management system should be tailored to the organisation’s objectives and structure to ensure asset management activities respond to service delivery requirements (refer Figure 4).

Figure 4: The asset management hierarchy[[8]](#footnote-9)



The outputs from the broad themes in the AMAF – organisation and people, strategy and planning, lifecycle delivery, asset information management and risk and review – could be recorded in the key asset management documents, namely:

* + - the Asset Management Strategy (Part A– Strategic)[[9]](#footnote-10);
    - the Asset Management Strategy (Part B – Tactical)[[10]](#footnote-11); and
    - the Asset Management Plan (operational)

The AMAF does not require an asset management plan to be produced, but does require an Asset Management Strategy. However, as this guidance demonstrates, separate strategic and tactical asset management strategies, combined with an asset management plan represent a comprehensive set of plans to address the strategic, tactical and operational AMAF mandatory requirements, especially for large agencies with critical assets.

The Asset Information Management System (AIMS) and performance monitoring and reporting provide the feedback necessary to ensure a holistic approach to asset management with consistency between strategy, tactics and operations.

To demonstrate sound asset management practice and AMAF compliance, organisations must be able to demonstrate clear alignment and line of sight from organisational policy and strategy to operational plans. The typical contents for potential good practice asset management artefacts are set out in the appendixes.

* + - 1. Integrating asset management into the Investment Lifecycle

DTF’s Investment Lifecycle and HVHR Guidelines provide advice to Victorian Government agencies for the development and delivery of investment proposals. Planning and procurement of new assets is a subset of asset management, and these guidelines align with the AMAF.

Asset management is both an input to, and output of, the Investment Lifecycle framework in the following ways:

* + - asset management strategies and asset information inform inputs to business case submissions;
    - outcomes from asset investments contribute to an asset strategy, planning, and management. Outcomes of investment applications (approved, rejected, deferred) should contribute to asset planning and management to ensure appropriate asset pipeline considerations, which inform and align to investment forecasts; and
    - asset information provides evidence of the nature and impact of a problem and, once the solution has been implemented, the impact of the benefits.

* + 1. Practitioner guidance

This guidance can be used as an end-to-end guide as it outlines how to establish, implement, maintain and continually improve a set of processes that are sufficiently detailed and robust to support effective asset management. These are consistent with the requirements of the AMAF.

The guidance steps through six key areas:

The areas in the guidance (y axis) align with the AMAF mandatory requirements (x axis) as follows:

Figure 5: Aligning AMAF guidance topics to AMAF mandatory requirements



|  |  |
| --- | --- |
| Necessary for mandatory requirement compliance | Contributes to mandatory requirement compliance |

Note: some mandatory requirements will be addressed through a combination of different tasks and steps. See Appendix F for the full size table.

* + - 1. Asset holdings boundaries and threshold

Accountable Officers must apply AMAF principles and requirements to manage assets under their control. An appropriate first step in implementing the AMAF is to ensure it is applied to assets under the Accountable Officer’s direct control. Assets managed by third parties on behalf of an organisation remain under the control of the Accountable Officer, who must attest that the third party is managing the assets appropriately, usually through an appropriately managed contract with the third party.

The AMAF requires Accountable Officers to apply mandatory requirements consistent with their organisation’s asset threshold. The AMAF does not apply a prescriptive asset threshold test or limits, recognising that the type, value and significance of assets managed by organisations varies substantially across government and may vary in different portfolios. This requires Accountable Officers to self-assess the asset holdings of their organisation to determine those to be managed under this framework, consistent with portfolio requirements.

4.1.1 Determine asset ownership and holdings boundaries

**Intent:** To ensure Accountable Officers have identified the scope of assets under their direct control, and that the asset holdings self-assessment is applied to all pertinent assets.

An asset holdings’ self-assessment allows an Accountable Officer to assess their organisation’s asset holdings against typical asset holdings’ attributes. It helps determine the appropriate level of evidence and detail that will be required from their organisation to meet AMAF compliance. The boundary with other organisation’s asset holdings should be clear and defined.

**Approach:** Accountable Officers must apply the AMAF principles and requirements to manage assets under their control. All assets under the direct control of the Accountable Officer form part of the asset management system and asset management strategy.

A process to determine the asset threshold and holdings boundaries is on the following page.

Approach: Determine asset threshold and holdings boundaries

**This could potentially be as simple as:**

A single sentence stating the threshold and an excel spreadsheet listing the assets above the threshold

**Or as detailed as:**

A formal statement outlining why the threshold has been selected and how it aligns with AASB116

A documented and categorised asset register in a formal asset management software solution

* Determine appropriate asset limit under AASB116
* All items, equipment, plant above this limit to be defined as an asset
* Determine or update a list of all assets under the Accountable Officer's direct control, including assets managed by third parties on behalf of the agency
* If there is doubt about control or ownership, the respective Accountable Officers should meet and agree who is the controlling party
* The asset limit and list of included assets should be documented and registered (the boundary or scope of the asset management system).
* All assets within scope should be included in the asset management system

**Determine asset limits**

**Identify assets and control**

**Document boundary**

* List of assets
* Accounting standards
* Asset valuation data
* Organisational governance structure
* Asset definition with determined threshold
* Updated list of assets with identified controlling party

**Possible inputs**

**Possible evidence**

**Other considerations**

The AMAF states that, ‘in cases where assets are managed by multiple agencies within a portfolio, Responsible Bodies (CEOs and boards) may not need to attest to compliance with some mandatory requirements of the framework for some assets when another agency within the portfolio has a clearly defined responsibility for meeting that mandatory requirement’[[11]](#footnote-12).

An appropriate form of evidence to demonstrate this may be a departmental portfolio-wide governance framework that records asset management responsibilities or a memo signed by the parties involved, which allocates responsibility to the appropriate party (refer Section 4.2.5 for the responsibilities regarding outsourced or devolved activities).

4.1.2 Self-assessment of asset holdings complexity

**Intent:** To assist Accountable Officers determine the level of detail and evidence required to demonstrate their organisation’s compliance with the AMAF, given the nature and scope of its asset holdings.

**Or as detailed as:**

A report analysing the asset holdings including links to evidence of any of the attributes that apply.

A detailed project plan that sets out how information will be collected or collated to meet the evidence level.

**This could potentially be as simple as:**

A cross/tick of the complex and simple attributes (Figure 6), with the Accountable Officer’s signature/or signed statement from the Accountable Officer on how they determine their asset threshold.

* Refer Figure 6
* Review attributes of complex and simple holdings
* Assess your holdings for best fit (complex or simple) taking into consideration Accounting Standards and/or relevant Financial Management Directions or Guidance
* Document outcome
* Review compliance level for determined level (complex or simple)
* Establish a plan for meeting this level of compliance
* Refer Figure 6 for level of detail suggested
* List of controlled assets
* Asset demand or utilisation data
* Asset/service risk assessment
* Asset valuation
* Victorian Critical Asset Register
* Documented checklist or review of holdings attributes
* Accountable Officer sign off on determined complexity of holdings
* Project plan for developing asset management materials (specifying evidence levels and compliance requirements)

**Possible inputs**

**Possible evidence**

**Undertake self-assessment**

**Confirm level of evidence required for compliance as asset management system is established**

Approach: Self-assessing asset holdings

The detail of asset management systems, processes and documentation needed to meet AMAF requirements will vary between public service agencies due to differences in the size, scale, location, complexity and criticality of asset holdings. This guidance is designed to provoke thinking for asset managers on what level of detail is appropriate (or not appropriate) for their organisation’s asset management system to satisfy AMAF requirements.

**This could potentially be as simple as:**

A cross/tick of the complex and simple attributes (Figure 4.2), with the Accountable Officer’s signature/or signed statement from the Accountable Officer on how they determine their asset threshold.

**Or as detailed as:**

A report analysing the asset holdings including links to evidence of any of the attributes that apply.

A detailed project plan that sets out how information will be collected or collated to meet the evidence level.

For the purpose of self-assessment, an organisation’s asset holding types can be conceptualised as ranging from *simple* to *complex* in nature and scope (refer Figure 6).

**Regardless of the nature of an organisation’s asset holdings (ranging from ‘simple’ to ‘complex’), all organisations must comply with AMAF mandatory requirements.**

**However, the actions required to comply with the AMAF mandatory requirements will differ across organisations, based on the scope and complexity of their asset holdings.**

Accountable Officers should determine the nature and scope of their holdings to understand the likely level of evidence and detail they may need from their organisation to meet AMAF compliance. The type of asset holdings offers a reliable indicator of how comprehensive and detailed an AMAF compliance framework is likely to be.

While there are no prescriptive limits, organisations with complex asset holdings are expected to demonstrate their processes are commensurately robust, sophisticated and documented.

Figure 6: Self-assessment – considerations for complex vs simple asset holdings



Organisations with complex holdings (due to their size, complexity and/or devolved management) may choose to separate and create sub-strategies and/or plans by service, sub-portfolio or location, which the Accountable Officer may ‘roll up’ to a portfolio-level to demonstrate compliance with the mandatory requirement.

* + - 1. Organisation and People

4.2.1 Organisational Context

**Intent:** To document and analyse the operating context of an organisation to inform:

* + - the creation or refinement of asset management strategy; and
    - the requisite size, scale and sophistication of the asset management system.

**One approach for good practice:** An organisation should identify and describe external and internal factors relevant to its *purpose* and that affect its ability to achieve the intended outcomes of its asset management system. These include constraints and opportunities that could influence its obligations or asset decision making. Asset management objectives included in the asset management strategy (Part A – Strategic) should align with organisational objectives.

The organisation should consider reviewing its organisational context to provide evidence of contextual factors for asset management planning. This may have been partially addressed in the agency planning process. The relevant organisational context includes:

* + - long-term planning data, including service drivers;
    - applicable laws, regulations and policies that apply to an organisation and its assets;
    - accountability and governance requirements;
    - current and projected external market environment (commercial, technological, environmental or industry factors);
    - current and projected internal factors (policies, plans, strategies and goals associated with human resources, finance/ budget, risk, resourcing); and
    - current and projected trends, including forecasts and modelling that may impact service demand, asset demand or asset use.

**AMAF mandatory requirements:** There is no mandatory requirement to evaluate the organisational context. However, the outcomes would inform mandatory requirements 3.1.4 (Performance Management) and 3.2.2 (Asset Management Strategy) – refer Sections 4.3 and 4.6.

Approach: Analyse and document the operating context

**This could potentially be as simple as:**

This could be as simple as an input to the Asset Management Strategy or a simple memo outlining how the assets contribute to meeting the objectives of the Corporate Plan, legislative/regulatory requirements and how this will be managed within the organisation structure

**Or as detailed as:**

A detailed analysis of the organisational objectives, internal and external market factors and development of asset management objectives that cascade from these broader objectives.

A detailed process for review/update in line with Corporate Planning cycle

* Relevant legislation and regulations
* Accountability requirements
* Endorsed Corporate Plan including corporate objectives, targets and KPIs
* Organisational service planning information
* Create a summary of the organisational strategic context, objectives, targets and regulatory or accountability framework
* Service planning documentation
* Corporate plan
* Organisational governance structure
* Relevant legislation and regulations
* Summary of organisational context endorsed by Accountable Officer
* Asset Management Strategy (Part B – Tactical) linking asset management objectives to organisational objectives
* Asset Management Strategy (Part B – Tactical) demonstrating process for updating plan if organisational context changes

**Possible inputs**

**Possible evidence**

**Collect and review**

**Document the strategic context**

* HR
* Finance
* Risk
* Resourcing
* Evaluate opportunities and constraints in existing policies or plans that influence the approach to asset management

**Review internal policies and plans for:**

* External market factors (commercial, technological, environmental, industry and the risk or opportunity factors associated with each)
* Other relevant factors

**Review market context**

* Document a summary of findings
* Have findings endorsed by the Accountable Officer
* Input to Asset Management Strategy (Part A – Strategic) and Asset Management Strategy (Part B – Tactical)

**Outputs**

4.2.2 Stakeholders

**Intent:** To demonstrate that an organisation considers the requirements of its stakeholders in determining the objectives of the asset management system and decision making. Commitment is required at all managerial and operational levels of an organisation to develop, implement and continually improve asset management systems and outcomes.

**One approach for good practice:** Stakeholders may be internal or external to asset management (or an organisation itself) and may include government, customers, community, employees and suppliers. Organisations should identify and consider their stakeholder requirements when determining requirements for an asset management system to ensure decision making processes implemented by the organisation align with relevant stakeholder interests and may be implemented as proposed.

For example, an arts facility should consider the needs of its employees, artists, crew, audience, suppliers, sponsors and neighbours. The needs of these various groups will need to be assessed and balanced by the Accountable Officer in establishing their asset management approach and Asset Management Strategy (Part B – Tactical).

**AMAF mandatory requirements:** There is no mandatory requirement for evaluating the needs and expectations of stakeholders. However this section will input into mandatory requirement 3.1.4 (Performance Management) and should inform Accountable Officers of any issues or broader considerations they should be aware of in planning and decision making. Appropriate stakeholder analysis can assist in outlining objectives and inform decision making processes, and is a required input for a Strategic Asset Management Plan (Part B – Tactical).

Approach: consideration of stakeholder views

**This could potentially be as simple as:**

A list of stakeholders with their relationship and key issue/objectives noted

**Or as detailed as:**

A comprehensive stakeholder register outlining relationships, issues, contact register with a documented stakeholder management process

* Identify stakeholders and their relationship with the organisation
* Establish stakeholder objectives
* Confirm stakeholder issues, concerns or risks
* Establish alignment with asset needs
* Confirm the relevant stakeholder items the organisation should take into consideration in its decision making
* Stakeholder registry information
* Issues register or equivalent
* Stakeholder analysis
* Stakeholder management process

**Possible inputs**

**Possible evidence**

**Identify stakeholders**

**Engage and assess**

* Document stakeholder analysis and stakeholder management process. Align stakeholder management process with business functions and systems.
* Input outcomes into Strategic Asset Management Strategy (Part B – Tactical)

**Document and align**

4.2.3 Leadership

**Intent:** To ensure clear leadership asset management within the organisation.

The AMAF provides that asset management and accountability sits with the Secretary or Chief Executive Officer (Accountable Officer). However, it also recognises that engagement and support is required throughout an organisation to realise the development, implementation and continual improvement of asset management systems and outcomes.

Organisational leadership should demonstrate strategic commitment to asset management principles and processes. Leadership should recognise and promulgate the importance of managing assets throughout their lifecycle, not just when seeking funding or during procurement.

**One approach for good practice:** The Accountable Officer may:

* + - use knowledge of the whole organisation and its objectives to inform strategic planning for asset investments;
    - engage or have a strong presence in setting policy and establishing objectives, and communicating and promoting these throughout the organisation;
    - establish a governance structure (including responsibility, authority and accountability) that serves the strategic, tactical and operational needs of the whole organisation (including asset management needs)[[12]](#footnote-13);
    - endorse and own asset management decision making criteria and processes;
    - participate actively in asset management decision making where inputs or outcomes have a strong strategic importance, a high value or are considered high risk;
    - ensure asset management functions are established and appropriately resourced;
    - ensure integration of asset management systems and processes with strategic, tactical and operational systems and processes;
    - communicate with senior stakeholders on asset management system performance;
    - seek and evaluate reporting on processes, systems and outcomes;
    - own high-risk incidents and non-conformances and the rectification process;
    - monitor and measure performance of the asset management system and service and asset outcomes; and
    - establish and ensure alignment to organisational objectives and proactively communicate the asset management role to deliver on service requirements.

**AMAF mandatory requirements:**

|  |  |  |
| --- | --- | --- |
| **3.1** | **Overview** | Accountable Officers must apply the mandatory requirements of the AMAF consistent with their organisation’s asset threshold. |
| **3.1.1** | **Resourcing and skills** | Accountable Officers must ensure asset management functions are established and  are appropriately resourced with qualified and/or skilled staff. |
| **3.1.2** | **Governance** | Accountable Officers must establish appropriate governance frameworks to support the management of assets in their direct control, as well as being considerate of the governance frameworks that other organisations within their portfolio have to support management of assets in their control. |

Approach: Establishing asset management leadership

**Or as detailed as:**

A detailed communication strategy including forums, intranet updates, regular newsletters.

Minutes and records of engagement and endorsement meetings as well as endorsement records

**This could potentially be as simple as:**

A simple memo form communications plan

Review records/sign off by the Accountable Officer of policies, process and plans

* Determine how assets align and support achievement of organisational objectives and service planning
* Document the contribution and importance of assets to achieving the organisation’s objectives
* Align HR, finance, risk management, technical and other policies and processes to asset management processes
* Confirm alignment with organisational vision or objectives
* Secure Accountable Officer endorsement
* Enabling legislation or regulation
* Corporate plan
* Existing management and functional policies and processes including:
  + HR policy
  + Finance policy
  + Risk management policy and plan

Documented evidence of Accountable Officers’ engagement with and endorsement of:

* Establishment of Asset Management Strategy (Part A – Strategic) and processes and alignment to other corporate/functional systems/processes
* Corporate plan and objectives
* Risk management strategy and plan
* Monitoring, measurement and performance reporting of the asset management system
* Communication plan addressing asset management

**Possible inputs**

**Possible evidence:**

**Establish asset alignment to organisational objectives**

**Align existing management/function processes with asset management processes**

* Establish audience for asset management communications
* Establish frequency and type of communications
* Assign responsibility for communications

**Establish a communication strategy and plan**

Record Accountable Officer engagement and participation in:

* Developing an asset management strategy
* Management reviews of asset management and organisational policies and objectives and adoption within the asset management system
* Engagement in risk management including high level risk decision making, and owning high potential incidents and non-conformance or corrective actions
* Continuous improvement planning and delivery
* Integrating asset management with broader organisational operations and functions
* Communication of asset management objectives, value and outcomes to the communication plan

**Demonstrate/evidence of Accountable Officer engagement**

4.2.4 Resources, skills, governance and responsibility

**Intent:** To ensure sufficient and suitable governance and resources are available to implement and maintain the asset management system. Resources should have the appropriate skills, experience and availability to meet asset management objectives. Governance and resource planning documentation should align with the business and asset needs. There should be clear lines of accountability and reporting throughout the organisation.

**One approach for good practice:** Theroles andresponsibilities necessary to effectively support the establishment and ongoing operation and management of the asset management system and its outcomes are identified, assigned and documented. Authority is also allocated to give office holders the legitimacy to perform their allocated roles and tasks with technical, financial and reporting authority. Role descriptions are consistent with, and clearly articulate, the responsibilities, authorities and expectations of those engaged in asset management.

**AMAF mandatory requirements**

|  |  |  |
| --- | --- | --- |
| **3.1.1** | **Resourcing and skills** | Accountable Officers must ensure that asset management functions are established and that they are appropriately resourced with qualified and/or skilled staff. |
| **3.1.2** | **Governance** | Accountable Officers must establish appropriate governance frameworks to support the management of assets in their direct control, as well as being considerate of the governance frameworks that other organisations within their portfolio have to support management of assets in their control.  Accountable Officers must comply with all mandatory requirements under other government policies when carrying out asset management planning and activities. |
| **3.1.2** | **Allocating asset management responsibility** | Responsibility, authority and accountability for all stages of the asset lifecycle must be clearly defined and allocated within an Accountable Officer’s operating frameworks. This includes allocating, documenting and clearly communicating relevant asset management responsibilities.  All asset management activities must only be carried out under proper authorisation, including appropriate financial and other delegations.  Accountable Officers must document who is responsible for monitoring compliance with the AMAF and ensuring systems and processes to support the AMAF are in place.  Accountable Officers must document who is responsible and accountable for decision making in relation to varying stages of an asset’s lifecycle. |

**Objective:** An organisation must demonstrate it has the governance structure and resources required to meet the asset management objectives and to implement activities specified in the organisation’s asset management plans.

Approach: Establishing asset management governance

**Possible evidence**

Documented resource requirements, organisational chart, governance structure, resources competence analysis, learning and development planning documentation

* Determine the scale of resources required (staff, equipment, systems) to appropriately manage the asset holdings
* Document a resource plan
* Confirm the structure, responsibilities and delegations for decision making concerning assets including: capital investments, operational investment, operational service, financial and asset reporting and asset management
* Confirm the governance framework complies with organisation's obligations under the PAA, FMA, Accounting Standards, FRD, *Emergency Management Act 2013*, DTF Investment Lifecycle Guidelines and any other policies or regulations
* Update governance structure if required to address any items above
* Organisational governance structure
* HR policies and role descriptions
* Corporate plan
* Operating practices

**Possible inputs**

**Establish the functions/ requirements in the asset management plan**

**Review organisational governance structure. Determine where strategic and operational responsibility for   
assets sits**

* Determine whether the identified staff/resources have the knowledge and skills to achieve the results/outcomes expected in their roles
* Document the roles or responsibilities of identified resources
* Identify any actions required to address gaps including shortfalls in the quantity and/or skills of staff or contractors.

**Undertake a gap analysis**

* In documenting roles, consideration should be given to the requirements across the asset lifecycle, including identifying reporting requirements and monitoring compliance with AMAF requirements
* Document any continuous improvement, ongoing training or learning and development required for identified resources. Implement required training programs.

**Document the roles, authorities and responsibilities and align with operating frameworks**

* Resource planning should demonstrate consistency with policies, risk management, operational plans and other constraints.
* Document the skills, experience or training required for each role

**Determine whether all aspects of asset planning and operation have a suitable owner**

**This could potentially be as simple as:**

An organisation chart that shows those with asset management responsibilities and their reporting lines. Any asset management training or learning and development requirements noted in organisation’s learning and development/ training planning documents

**Or as detailed as:**

A detailed governance and resource plan which documents:

* The organisation’s resource needs to meet its asset management objectives.
* Reporting lines, accountabilities, delegations and authority limits of all roles across the asset lifecycle.
* Required competency management approach (e.g. technical, financial) that outlines skill or experience levels, training or accreditation requirements and development plans for agreed competencies.
* The required skills and competencies of the identified resources.
* The roles responsible for developing or implementing asset management plans
* Staff allocated to identified roles with position descriptions aligning to responsibilities and accountabilities associated with that role. This includes responsibilities across the asset lifecycle and responsibilities with monitoring and reporting compliance.
* Any development, competency or resource gaps that exist between the current and required resourcing state.

4.2.5 Outsourcing

**Intent:** To ensure appropriate internal management processes are established for AMAF compliance where asset management responsibilities have been devolved or outsourced to other parties. Where organisations devolve responsibility to other parties, or outsource asset management tasks or obligations, they remain accountable for the asset management process and outcomes. They must establish appropriate internal management processes to ensure their outsourced providers or entities are managing assets to meet AMAF compliance.

**One approach for good practice:** A value-for-money or risk management based approach should be taken when determining whether to outsource, what to outsource and the suitability of outsourcing activities. The assessment should incorporate an agreed strategic sourcing methodology that acknowledges both value for money and risk across the asset lifecycle. The organisation should have sufficient awareness and control over the processes used by outsourced suppliers to ensure their compliance with the requirements of the AMAF and their competence to do so.

When asset management functions are devolved to any small entities that are excluded from complying with the Standing Directions, and are therefore not subject to the AMAF, Portfolio Department Accountable Officers retain responsibility for ensuring that appropriate asset management arrangements are in place for the devolved functions. These arrangements need to consider the requirements of the AMAF and be proportionate to the collective nature of the asset management responsibilities of the entities as a class.

**AMAF mandatory requirements**

|  |  |  |
| --- | --- | --- |
| **3.1.1** | **Resourcing and skills** | Where asset management activities are devolved or outsourced, including to entities excluded from the Standing Directions, Accountable Officers must ensure that contracted service providers or entities excluded from the Standing Directions have arrangements in place to ensure their staff are appropriately skilled and trained. |
| **3.1.2** | **Allocating asset management responsibility** | Where asset management functions are devolved or outsourced, including to entities excluded from the Standing Directions, Accountable Officers must have appropriate internal management processes established to ensure they and their outsourced providers or entities excluded from the Standing Directions are maintaining and managing assets to the required standard(s) (e.g. regular performance reporting). |

**Objective:** An organisation that outsources needs to demonstrate it has an established risk management process that ensures outsourced or devolved processes and activities are controlled, consistent with achieving AMAF compliance, and integrated with an organisation’s asset management system. The Accountable Officer maintains responsibility for ensuring the outsourced entity has an appropriate level of control over the assets.

Approach: Ensuring outsourced assets are managed appropriately

**Or as detailed as:**

A contractor evaluation and management system including records of contractor reports, independent evaluations and program review records

**This could potentially be as simple as:**

Copies of contracts

Contractor performance report memo

* Determine typical need and document process
* Establish a framework for gap analysis of skills and resources
* Set conditions for risk assessment of outsourcing
* Determine process for evaluation of alterative options and scope of outsourcing activity
* Review governance structure and determine responsibility, accountability and approvals for outsourcing
* Strategic sourcing methodology
* Governance structure
* Risk management policy or plan
* Contractor or supplier KPIs or performance metrics (aligned to the asset management strategy)
* Copies of agreements that outline KPIs and contractor’s competency assessments (including where necessary certification records) etc.
* Contracted Interface Procedures Manuals or endorsed methodologies/ contractor operating manuals
* Records of minutes/change orders/audit records or similar that show the supplier’s conformance with an organisation’s asset management system
* Contractor performance assessments

**Possible inputs**

**Possible evidence**

**Establish process**

**Determine responsibilities and authorities**

* Document the necessary skills and requirements
* Establish necessary competencies

**Determine skills/ competence**

* Align with the Victorian Government procurement policies (refer glossary) and portfolio policies
* Ensure procurement brief and selected supplier are aligned to asset management objectives, performance requirements, KPIs and performance monitoring to inform the asset management system

**Procure services/ supplier**

* Establish standard reporting requirements (these may be KPIs)

**Establish monitoring and reporting**

* Document outsourcing strategy and process to be employed
* Align with governance structure and risk management plan
* Align with procurement documentation and contractor reporting requirements

**Document and endorse**

* + - 1. Strategy and Planning

4.3.1 Asset Management Strategy (Part A – Strategic)

**Intent:** To establish asset management principles, objectives and requirements derived from, and consistent with, an organisation’s strategic, long-term planning. The Asset Management Strategy (Part A – Strategic) provides a framework for developing and implementing the Asset Management Strategy (Part B – Tactical).

The Strategy should ensure asset management decisions, including ownership and retention, are appropriately driven by service outcomes and account for all stages of the asset lifecycle.

An Asset Management Strategy (Part A – Strategic) is comparable to an Asset Management Policy under the ISO 55000 series.

**One approach for good practice:** The Asset Management Strategy (Part A – Strategic) should articulate an organisation’s objectives and intent for its assets and their management, and demonstrate alignment and integration with the overall organisational objectives and management systems.

**AMAF mandatory requirements**

|  |  |  |
| --- | --- | --- |
| **3.1.2** | **Governance** | Accountable Officers must establish appropriate governance frameworks to support the management of assets in their direct control, as well as being considerate of the governance frameworks other organisations within their portfolio have to support the management of assets in their control.  Accountable Officers must comply with all mandatory requirements under other government policies when carrying out asset management planning and activities. |
| **3.1.2** | **Allocating asset management responsibility** | Responsibility, authority and accountability for all stages of the asset lifecycle must be clearly defined and allocated within an Accountable Officer’s operating frameworks. This includes allocating, documenting and clearly communicating relevant asset management responsibilities.  All asset management activities must only be carried out under proper authorisation, including appropriate financial and other delegations.  Accountable Officers must document who is responsible for monitoring compliance with the AMAF and ensuring that systemsand processes to support the AMAF are in place.  Accountable Officers must document who is responsible and accountable for decision making in relation to varying stages of an asset’s lifecycle.  Where asset management functions are devolved or outsourced, including to entities excluded from the Standing Directions, Accountable Officers must have appropriate internal management processes established to ensure that theyand their outsourced providers or entities excluded from the Standing Directions are maintaining and managing assets to the required standard(s) (e.g. regular performance reporting). |
| **3.1.4** | **Monitoring asset performance** | Accountable Officers must establish performance standards and targets for their assets, considerate of available resources that form part of their broader service planning goals. Accountable Officers must also establish and maintain management processes to regularly record, monitor and assess performance, and use those results to improve performance.  The performance and utilisation of assets must be reviewed periodically.  Asset performance monitoring must also be incorporated into the overall corporate and strategic planning framework |
| **3.2.2** | **Asset Management Strategy** | A key requirement of the AMAF is that Accountable Officers develop an asset management strategy for their organisation’s entire asset base over the whole asset lifecycle on a portfolio basis.  The strategy must outline how the Accountable Officer will use the organisation’s assets to support its service delivery objectives and incorporate planning for assets (including proposed upgrades, acquisitions and disposals) over different periods of time (e.g. short term: one to three years, medium term: four to nine years, and long term: 10 or more years). The strategy must be evaluated by senior management, and updated where applicable |

Approach to establishing an asset management strategy (Part A – Strategic)

**Or as detailed as:**

A standalone policy document that addresses each of the contents items outlined in Appendix A.

**This could potentially be as simple as:**

A concise paragraph that sets the vision and framework for asset management and how this aligns with organisational objectives and decision making frameworks. Note this could be integrated with the Asset Management Strategy (Part B – Tactical)

* Establish guiding principles for asset management activities e.g. service delivery objectives and principles, technical, budgetary or risk.
* Review and ensure compliance with relevant legislation and regulations (as identified in Section 4.2.1)
* Determine the decision making criteria to be used (e.g. lifecycle cost, technical drivers, benefits and risks) in making asset decisions
* Establish how it will be reviewed and evaluated. Document performance standards and measures.
* Determine timeframes and frequency of reporting on the Asset Management Strategy (Part A – Strategic) and asset system conformance
* Confirm the responsibility and approvals for Asset Management Strategy (Part A – Strategic) reporting, monitoring and updating are included in the resource plan (Section 4.2.4)
* Determine the approach to continuous improvement. Where appropriate align with existing quality systems or approaches within the organisation.
* Corporate plan and strategy
* Service plan
* Governance structure
* Applicable legislation/regulations
* Performance KPIs
* A documented Asset Management Strategy (Part A – Strategic) which has been endorsed by the Accountable Officer
* Process for establishing asset management-related performance standards
* Governance and resourcing plan (refer Section 4.2.4)

**Possible inputs**

**Possible evidence**

**Establish Asset Management Strategy (Part A – Strategic) principles**

**Determine policy reporting and performance criteria**

4.3.2 Asset Management Strategy (Part B – Tactical)

**Intent:** To identify an organisation’s service delivery and asset needs over time and plan for how assets will be managed throughout their lifecycle, individually and collectively. The asset management strategy (Part B – Tactical)[[13]](#footnote-14) must be integrated with an organisation’s overall planning framework, support clear, logical and robust decision making and address short, medium and long-term planning. It should also be consistent with portfolio requirements.

Accountable Officers should consider asset performance including the organisational context, condition, capacity, capability and usage of their organisation’s existing asset base when developing an asset management strategy. They should also consider available resources, funding constraints and competing service and asset priorities.

The Asset Management Strategy is made up of two parts:

* + - Asset Management Strategy (Part A – Strategic) (refer section 4.3.1); and
    - Asset Management Strategy (Part B – Tactical) (this part).

**One approach for good practice:** An Asset Management Strategy (Part B – Tactical) should:

* + - present actions that will determine how an organisation will manage its assets over time;
    - describe the context of an organisation and its medium to long-term objectives and how these link to corporate targets and asset management plans. The timeframe will depend upon the nature of the assets and portfolio requirements;
    - inform internal stakeholders so they understand the purpose, direction and prioritisation of an organisation’s assets;
    - assure external stakeholders that management of the assets will optimise organisational value and support medium to long-term investment priorities; and
    - demonstrate understanding of the existing asset base and its performance to inform benchmarks and what is needed for future requirements.

The Asset Management Strategy (Part B – Tactical) is comparable to a Strategic Asset Management Plan under the ISO55000 series.

**AMAF mandatory requirements**

|  |  |  |
| --- | --- | --- |
| **3.2.2** | **Asset Management Strategy** | A key requirement of the AMAF is for Accountable Officers to develop an asset management strategy for their organisation’s entire asset base over the whole asset lifecycle on a portfolio basis.  The strategy must outline how the Accountable Officer will use the organisation’s assets to support its service delivery objectives and incorporate planning for assets (including proposed upgrades, acquisitions and disposals) over different periods of time (e.g. short term: one to three years, medium term: four to nine years, and long term: 10 or more years). The strategy must be evaluated by senior management, and updated where applicable. |

Approach: Establishing an Asset Management Strategy (Part B – Tactical)

**This could potentially be as simple as:** A short document that summarises and links to the information identified in Asset Management Strategy (Part A – Strategic). It could also be integrated with this document.

Typical contents of an Asset Management Strategy (Part A – Strategic)

An Asset Management Strategy (Part A – Strategic) is comparable to an Asset Management Policy under the ISO 55000 series.

|  |  |  |
| --- | --- | --- |
| Artefact type | Guidance section | AMAF mandatory requirement |
| **Asset Management Strategy (Part A** – **Strategic)**  The Asset Management Strategy (Part A – Strategic) sets the vision and direction for asset management and therefore has an important influence on an organisation’s asset management system and activities. The asset management strategy must be consistent with organisational objectives. | 4.1.1 4.1.2 |  |
| **Intent**: The Asset Management Strategy (Part A – Strategic) should outline the policy and principles through which the organisation makes decisions about its assets to achieve its vision/organisational objectives/ service requirement. | 4.3.1 | 3.1.4 3.2.2 |
| **Typical contents** of an asset management strategy (Part A – Strategic) includes:   * a concise outline of the vision/organisational objectives and how the assets support the achievement of the vision/ objectives; | 4.2.1 |  |
| * guiding principles for asset management activities; |  |  |
| * regulatory context: legislation, regulations, rules, and other policies that the organisation must or should comply with; | 4.2.3 | 3.1 |
| * structure of the organisation (governance, delegation, authority and reporting) and the resources available; | 4.2.4 | 3.1.1 3.1.2 |
| * decision making approach; |  |  |
| * alignment/interaction of the policy with other organisational strategic and operational plans; |  |  |
| * reporting regime (on assets, asset management performance and service outcomes); |  |  |
| * stakeholder requirements; | 4.2.2 |  |
| * long-term objectives and sustainable outcomes; and |  |  |
| * approach to continual improvement. |  |  |

### Typical Contents of an Asset Management Strategy (Part B – Tactical)

**Or as detailed as:**

A significant whole of organisation strategy that links to an integrated asset management software solution

* Determine the service delivery and asset alignment – current and future demand
* Assess for condition, capacity, capability and utilisation
* Assessment should be undertaken in context of the assets’ ability to meet service requirements
* Organisational Context information (from section 4.2)
* Service planning documents
* Asset data
* Asset Management Strategy (Part A – Strategic) (from Section 4.3.1)
* Organisational policies and strategies (i.e. resources, finance, risk, environmental, OH&S)
* Service demand analysis
* Asset Management Strategy (Part B – Strategy).

This includes:

* criteria for the identification for alignment of asset management strategy to service planning
* alignment with the Asset Management Strategy (Part A – Strategic) and asset management objectives
* how the asset management strategy considers and accounts for internal and external factors
* asset holdings covered by the asset management system
* scope for the asset management system in terms of boundaries with other management systems used by an organisation (e.g. interface with finance system or HR system)

**Possible inputs**

**Possible evidence**

**Review organisational context (see section 4.2.1)**

**Evaluate organisation's existing asset base**

* Formulate and align asset management strategy with service planning
* Align with organisational policies and strategies
* Develop options to address future and current asset needs based on service demand

**Align with organisational context**

* Incorporate into asset management strategy (refer Typical Contents of an Asset Management Strategy (Part B – Tactical))

**Document**

4.3.3 Risk management strategy

**Intent:** To ensure risk management is considered in and across every stage of the asset lifecycle, and asset management practices align with a ‘whole of organisation’ risk management approach. Asset risks should be assessed, recorded and monitored effectively. Where appropriate, suitable mitigation plans should be developed and implemented. Organisation-wide management should be aware of risks and operate in a manner where risk analysis and management is present in all asset decision making.

The risk management strategy should link to, and build upon, the Victorian Government Risk Management Framework.[[14]](#footnote-15)

**AMAF mandatory requirements**

|  |  |  |
| --- | --- | --- |
| **3.1.5** | **Other requirements** | Accountable Officers must ensure appropriate risk management strategies and processes are established to support asset management, including processes to identify and maintain assets that are at risk of critical service failure. |
| **3.2.2** | **Risk management and contingency planning** | As part of their asset management strategies, Accountable Officers must incorporate asset risk management planning, which describes the risk management strategies and actions (e.g. treatment plans) to be implemented for assets under their control.  Accountable Officers must continue to monitor and evaluate the effectiveness of their risk management measures on a regular basis and, if necessary, redefine them. |

Approach: Managing asset risks

**This could potentially be as simple as:**

A table or excel sheet with identified asset risks and mitigations. Link to organisational risk policy/strategy

**Or as detailed as:**

Dedicated risk strategy and report linking through to risk management software and risk reporting

* physical failure
* operational
* financial
* service impact
* regulatory/ legal reputational/ stakeholders/ third party stakeholders
* occupational health and safety
* environmental factors
* any other risk categories relevant to the organisation’s industry
* Check policy complies with Victorian Government Risk Management Framework
* Determine if risk policy and strategy considers asset risks. If not, update.
* Review risk policy or strategy and risk methodology for completeness and the process for risk identification, risk treatment and response in the event of an incident.
* Check alignment with organisational policies and strategies (HR, finance). If not, update policies and strategies as appropriate.
* Establish and document organisation's tolerance (or risk objectives) for risk across a range of risk categories.
* Risk registers and risk management documentation
* Business continuity plans
* Victorian Government Risk Management Guidance
* Risk management process including methodology for decision making around risk
* Risk register
* Minutes of risk management meetings
* Evidence of risk policy and strategy review by Accountable Officer

**Possible inputs**

**Possible evidence**

**Locate /review organisation’s risk management policy/ strategy**

**Ensure procedures for identifying and responding to incidents**

Identify, assess and document known and likely risks, analyse cause, evaluate actions that can be taken to mitigate the risks and assess how they will reduce risk, implement the risk treatment. Give consideration to:

**Develop asset risk management strategy**

* Document and communicate risk management policy and strategy and how asset management and other organisational policies and functions interact with it
* Update asset management strategy, where necessary, to align with risk management strategy

**Document and communicate**

* Locate business continuity plan and check for compliance with Guidance Note 3.7 from the Guidance supporting the Standing Directions of the Minister for Finance 2016 (June 2016)
* Confirm alignment between the risk policy, risk strategy and business continuity plan/s
* Where necessary develop procedures for identifying and responding to incidents and emergency situations and maintaining operational continuity of critical assets

**Align with business continuity plans**

* + - 1. Lifecycle Delivery

4.4.1 Acquisition

**Intent:** To ensure asset management decisions, particularly decisions to acquire new assets, consider the service and risk implications across the whole asset lifecycle. Assets may be long-lived. Consideration needs to go beyond the immediate costs and benefits, and cover the time the asset is held (such as maintenance costs). Acquisition of new, enhanced or additional assets should be consistent with the overall asset management strategy and the Investment Lifecycle Guidelines, which require the assessment of non-asset alternatives, all costs and benefits across the asset lifecycle and operational impacts.

**One approach for good practice:** The acquisition process should support consistent and transparent evaluation of the need for an asset investment, including an assessment of other options, based on the threats and opportunities of each. The governance framework should include appropriate control over the acquisition decision-making process.

The acquisition process should allow for the assessment of non-asset options, evaluation of risks in acquiring and delivering the assets, the organisation’s objectives and capacity and the market conditions and capacity. How an acquisition contributes to, or impacts on, existing asset holdings needs to also be considered.

**Other considerations**

Organisations should ensure budget submissions for asset investment proposals align with their asset management strategy and their service needs. Budget submissions across portfolios should be prioritised with consideration to service priorities and asset risks.

**AMAF mandatory requirements:**

|  |  |  |
| --- | --- | --- |
| **3.3.1** | **Acquisition – Overview** | During the acquisition phase Accountable Officers must adequately consider, on behalf of their organisation:   * solutions to support service delivery that do not involve asset acquisitions; * risks in acquiring assets or delivering services; * the appropriate procurement method; and * the appropriate approval mechanism prior to acquisition. |
| **3.3.2** | **Acquisition process** | As part of the acquisition process, an Accountable Officer must consider the:   * organisation’s asset management strategy; * nature of the organisation’s assets to be acquired or created; * market conditions and the implications for the organisation’s asset cost (is it a buyers’ or sellers’ market?); * industry capacity (i.e. the number of potential contractors or suppliers capable of supplying the assets); * industry standard (how the assets are normally procured in the industry); * suitability of contractors or suppliers; * available resources to manage procurement of the organisation’s asset; and * relevant internal/external approval processes (e.g. Government approval processes as part of the annual State Budget). |

Approach: Asset Acquisition

**Or as detailed as:**

Dedicated procurement strategies and plans that detail the governance, market analysis, market approach, contract management and contract disclosure considerations.

**This could potentially be as simple as:**

References to signed procurement strategies and plans completed in line with the Victorian Government procurement policies (refer glossary) or Government land transactions and holdings policy and guidance.

* Review existing organisational procurement policies, Victorian Government procurement policies (refer glossary) and/or Government land transactions and holdings policies and guidance. Ensure there is sufficient guidance or direction on procuring assets.
* Policy should document and determine the decision making criteria in respect to:
  + solutions to support service delivery that do not involve asset acquisitions;
  + risks in acquiring assets or delivering services;
  + the appropriate procurement method;
  + the appropriate approval mechanism prior to acquisition
  + organisation’s asset management strategy;
  + nature of the assets to be acquired or created;
  + market conditions and the implications for the organisation’s asset cost (is it a buyers’ or sellers’ market?);
  + industry capacity (i.e. the number of potential contractors or suppliers capable of supplying the assets);
  + industry standard (how the assets are normally procured in the industry);
  + suitability of contractors or suppliers;
  + available resources to manage procurement of the asset; and
  + relevant internal/external approval processes (e.g. government approval processes as part of the annual State Budget).
* If no procurement policy exists or it is incomplete, establish a policy based on VGPB requirements and organisational context.
* Confirm the governance, resources and authorities for acquisition activities (including approvals process and authority or delegation limits).
* Align with governance and resourcing structure. Confirm the acquisition decision making criteria
* Accountable Officer sign off and communication of the acquisition process in line with the organisational communication plan.
* DTF investment guidance
* Victorian Government Purchasing Board Guidance
* Ministerial Directions
* Standing Directions of the Minister for Finance (2016)
* Victorian Government Land Transactions Policy and Guidelines
* Victorian Government Landholding Policy and Guidelines
* Risk management policy and strategy
* Asset Management Strategy (Part A – Strategic)
* Governance and resource plan
* Asset Management Strategy (Part A – Strategic)
* Risk evaluation
* Acquisition policy and strategy

**Possible inputs**

**Possible evidence**

**Develop organisational procurement processes**

**Implement procurement and acquisition process**

4.4.2 Monitoring

**Intent:** To ensure regular monitoring and assessment of the asset management system and asset plans, to assess whether asset management objectives are being met and what adjustment or intervention is required. Monitoring should establish a process to design, implement and review the asset management objectives across the asset lifecycle.

**One approach for good practice:** Monitoring of assets and the asset management system itself is achieved by reviewing both leading and lagging indicators, which are linked to the objectives. The indicators, as well as objectives themselves, should be approved by the Accountable Officer or their delegate and be accurate, reliable, unbiased and timely. The application of these indicators is illustrated in Figure 7.

A leading indicator provides insight into the status of an objective prior to a disruption to that objective. A lagging indicator provides feedback on an objective after the objective is missed or met.

**AMAF mandatory requirements:**

|  |  |  |
| --- | --- | --- |
| **3.1.4** | **Monitoring asset performance** | Accountable Officers must establish performance standards and targets for their assets, considerate of available resources that form part of their broader service planning goals. Accountable Officers must also establish and maintain management processes to regularly record, monitor and assess performance, and use those results to improve performance.  The performance and utilisation of assets must be reviewed periodically. Asset performance monitoring must also be incorporated into the overall corporate and strategic planning framework. |
| **3.1.4** | **Asset management system performance** | Accountable Officers must establish systems and processes for monitoring the performance of both:   * + their assets; and   + the overall asset management systems themselves;   to ensure the systems have been implemented and maintained, and are effective in meeting asset management requirements and responsibilities.  From 2020‑21, Responsible Bodies must, at least every three years, conduct a self‑assessment of the level of asset management maturity within their organisation, and other organisations within their annual report, and state this in their annual report. |
| **3.1.4** | **Evaluation of asset performance** | As part of the performance management process, an Accountable Officer must regularly review the performance of its organisation’s assets. They must also make any necessary changes to their organisation’s asset management and risk management processes and systems. This will allow the organisation’s asset base to continue to achieve the organisation’s service delivery objectives, within available resources |
| **3.4.2** | **Monitoring and preventative action** | Accountable Officers must establish processes to identify, monitor and record the condition of their organisation’s assets.  Accountable Officers must establish processes to proactively identify potential asset performance failures and identify options for preventive action. If a critical asset service failure incident occurs, Accountable Officers must take action to control and address it, and make any necessary changes to asset management practices to minimise the possibility of the incident reoccurring.  Accountable Officers must also review and assess the effectiveness of any corrective actions they implement and make further adjustments as required. Accountable Officers must also establish policies and procedures that securely protect their assets against fraudulent activity or improper use. |

Approach: Establishing asset monitoring practices

**Or as detailed as:**

A software solution that tracks, monitors and reports performance and allocated auditable trail of corrective actions

**This could potentially be as simple as:**

A table of SMART goals with minimum and optimal targets against each. A spreadsheet of performance against criteria.

A corrective actions register

* Review the asset management objectives and confirm or determine appropriate measures or KPIs.
* Determine frequency of measures and reporting (ensure periodic review)
* Establish a performance benchmark
* Establish process to proactively identify potential asset performance failures
* Establish corrective action process and process for evaluating the effectiveness of corrective actions
* Assess the data needs and data availability utilising the information management plan, data management plan, technical information management plan, financial management plan or other similar documents
* Where data is not available, determine suitability of collecting, recording and assessing data or evaluate alternative data options
* Where necessary, update data plans, AIMS and other documentation with updated data monitoring needs
* Asset management objectives
* Information management plan
* Data management plan
* Technical information management plan
* Financial management plan or similar
* Performance benchmarks
* Performance reports to benchmark and form targets
* Asset performance data (utilisation, cost, quality)
* Asset management plans and objectives performance (compliance, corrective actions)

**Possible inputs**

**Possible evidence**

**Establish a monitoring process**

**Align with Asset Information Management System (AIMS) other information sources**

* Collate and review data against reporting objectives
* Evaluate data against benchmarks
* Determine shortfalls and document mitigations/corrective actions
* Communicate results and performance improvement requirements

**Monitor and report**

4.4.3 Maintenance

**Intent:** To ensure the investment of resources (people, time, equipment, expenditure) in maintenance are as efficient and effective as possible, and align with the strategic objectives of the organisation and government, service delivery requirements and risk management considerations. There should be transparency in the decision making process and in reporting outcomes achieved.

**One approach for good practice:** The approach to maintenance should be set by the asset owner. The approach should balance cost, risk and required asset performance with available budget. Maintenance activities and funding should be prioritised and efficiently allocated to avoid duplicating spend or work. Removing funding from maintenance to fund other activities should be avoided.

**AMAF mandatory requirements:**

|  |  |  |
| --- | --- | --- |
| **3.4.3** | **Maintenance of assets** | Accountable Officers must establish systems and processes for undertaking their maintenance activities.  The maintenance program must be regularly reviewed by the Accountable Officer to determine whether the maintenance effort is being allocated to the appropriate assets and is providing the desired outcomes. As part of this review, the available resources for maintenance must be examined to ensure assets are maintained to the standard established by the Accountable Officer with consideration for the impacts of service delivery. |

Approach: Maintaining assets

**Or as detailed as:**

A software solution or database that establishes maintenance needs based on service, risk and lifecycle and generates works plans

**This could potentially be as simple as:**

A memo that states the policy, strategy and priorities for the coming 12 months

* Determine and document maintenance needs over the lifecycle for each asset or asset class
* Assess the criticality or risk of each asset or asset class
* Establish a method for prioritising maintenance expenditure with consideration to the available budget and align to asset management objectives
* Where necessary, align with outsourcing requirements (Section 4.2.5)
* Establish maintenance performance measures and incorporate into maintenance activities processes (Section 4.6.1)
* Document maintenance strategy and work plans
* Establish a process to review suitability, effectiveness and efficiency of maintenance activities
* Allocate responsibility (Section 4.2.4)
* Available budget
* Asset technical information
* Lifecycle cost, operation, utilisation data
* Asset risk strategy
* Maintenance policy
* Maintenance strategy or plan
* 12 month work schedules
* Previous work schedule completion

**Possible inputs**

**Possible evidence**

**Establish maintenance activities processes**

**Evaluate and assess maintenance activities**

* Evaluate maintenance strategy or plans as well as work plans for performance
* Where performance measures are not met, implement corrective actions and/or adjust maintenance plans

**Report on maintenance outcomes**

4.4.4 Disposal

**Intent:** To identify the appropriate treatment of an asset at the end of its operational life. The asset disposal process should be consistent with the overall asset management strategy and Government guidance. This requires the assessment of all options (disposal, retirement, replacement, renewal, deployment) and compliance with the relevant approval processes.[[15]](#footnote-16)

**One approach for good practice:** As an asset approaches the end of its useful life, the following should be considered to assess the cost, risk or benefit of alternative disposal options:

* + - the asset’s residual value (if any) and the basis of its residual value estimate;
    - whether there is a firm basis for costs of decommissioning prior to disposal;
    - the asset’s value (if any) as a source of spares for another asset;
    - potential for land to be repurposed;
    - the presence of hazardous materials (e.g. asbestos);
    - cost of rehabilitation or decontamination of land to render it suitable for a given land use;
    - review and/or application of lessons learnt from previous, similar asset disposals; and
    - the services the asset supplied and how this service provision will be maintained or transferred to alternate or new assets.

The disposal process should consider the associated costs, income and appropriate disposal options available to the organisation within the government guidance.

**AMAF mandatory requirements:**

|  |  |  |
| --- | --- | --- |
| **3.5** | **Disposal** | Accountable Officers must comply with relevant approval processes and, where possible, select a disposal method including retirement, replacement, renewal or redeployment, that maximises the financial benefits associated with the disposal. |

Approach: Disposal of assets

* Review Victorian Government procurement guidance and/or land transactions and holdings policies and guidance on disposal
* Establish an organisational policy and process on disposal aligned with the Victorian Government procurement requirements
* Determine a process and evaluation criteria for asset disposal
* Utilising asset information, document a plan of likely asset disposals (could consider the coming 10 years or more)
* Victorian Government procurement guidance (including VGPB Guidance and Ministerial Directions)
* Victorian Government Land Transactions Policy and Guidelines
* Victorian Government Landholding Policy and Guidelines
* Governance structure
* Asset information including condition, utilisation, service and benefit.
* Disposal policy including governance/sign off authorisation
* Disposal strategy
* Disposal options analysis (including where appropriate cost benefit and risk assessment of the disposal options)
* An endorsed disposal plan

**Possible evidence**

**Establish disposal policy and process**

**Establish disposal strategy and plan**

* Evaluate the plan of likely disposals using the process and evaluation criteria (including suitable technical, economic and financial analysis)
* Have disposal plan endorsed by Accountable Officer

**Framework for disposal analysis**

**Or as detailed as:**

Dedicated disposal strategies and plans that detail the governance, market analysis, approach, contract management and contract disclosure considerations

**This could potentially be as simple as:**

References to signed disposal strategies and plans completed in line with the VGPB guidance or land transactions and holdings policies and guidance

**Possible inputs**

* + - 1. Asset Information

Asset information needs to be collected, held, retrieved and analysed by organisations in order to assess the condition of the asset and its performance with respect to service delivery. An Asset Information Management System (AIMS) must maintain up to date asset information as well as a time series of financial and non-financial information of each core asset and the organisation’s portfolio of asset holdings over the asset lifecycle. This informs asset planning, asset performance monitoring, reporting and accountability.

Consistent, accessible and accurate data is a critical determinant of effective asset management control. Agencies should place significant emphasis on identifying, developing and maintaining their data requirements as this is a key success enabler within an asset management system.

An organisation’s asset information, knowledge management and data retention needs should inform the nature of the asset management system required. The system should be consistent with an organisation’s overall data and information system policies and support the collection, collation and analysis of relevant asset management data to support decision making and reporting.

4.5.1 Asset Information Management System (AIMS) Policy

**Intent:** To establish the organisation’s asset information management requirements, and ensure these comply with the organisation’s overall data and information and communication technology policies.

**One approach for good practice:** Data could be regarded as an asset in its own right. It could have its own strategy, plan, lifecycle management and be managed as any other (physical) asset.

**AMAF mandatory requirements:**

|  |  |  |
| --- | --- | --- |
| **3.4.3** | **Information Management, Record Keeping; Asset Valuation** | As part of the AIMS, Accountable Officers must establish appropriate record‑keeping processes, to meet operational needs and to satisfy relevant accounting standards and disclosure requirements, including for their organisation’s contingent and intangible assets. |

Approach: Establishing an AIMS Policy

**This could potentially be as simple as:**

A short memo outlining standards, expectations and policy

**Or as detailed as:**

A series of business rules embedded in a software solution and documented in an operational policy

* Establish information needs and reporting requirements
* Determine existing data and undertake a gap analysis with information needs (e.g. by type, frequency, detail)
* Establish preferred data frameworks and structures (including software options if appropriate)
* Confirm required interfaces or alignment with other systems (e.g. financial, HR, reporting)
* Document process to collect and quality control data
* Document process to monitor and update data
* Document process for evaluating and analysing data for completeness and quality
* Existing systems or processes gap, constraints analysis or interface assessment
* Governance structure
* Existing data policies and practices
* Data and information management policy
* Information systems policy
* Evaluation of any gap analysis of information requirements for asset data to inform financial analysis and reporting

**Possible inputs**

**Possible evidence**

**Determine or apply standards**

**Management process to regularly record, monitor & assess utilisation and performance**

* Allocate responsibility for data collection, monitoring and analysis (cross check that it is consistent with resource planning and governance documentation)

**Confirm reporting is allocated in governance and resourcing**

* Integrate data collection, monitoring and evaluation practices with corporate or functional processes where there is a reliance or interface
* Accountable Officer should endorse the AIMS policy and any other plans that are updated to reflect the needs of AIMS

**Collate processes and incorporate into corporate/strategic planning framework**

4.5.2 Asset Information Management System (AIMS) establishment

An AIMS holds and consolidates relevant data and information on assets controlled by the organisation in a structured, reliable and readily searchable and retrievable manner. It needs to be fit for purpose, consistent with the role of the organisation, criticality of services supported and scale and complexity of asset holdings.

The AIMS should be:

* + - complete and appropriately comprehensive;
    - designed to allow different classifications and aggregations of assets to be distinguished and treated appropriately;
    - capture asset performance attributes and key details of transactions affecting assets ideally as they occur;
    - have associated procedures, controls and audit trails to maintain the integrity of the information; and
    - include relevant financial (cost and value) and risk information.

**Intent:** To establish an appropriateand fit for purpose AIMS tailored to the organisation’s asset management responsibilities and the nature and complexity of its asset holdings.

**One approach for good practice:** Development of an AIMS generally starts with the type of information an organisation requires to deliver its service and make effective decisions. The functional requirements of an AIMS will depend on the size and nature of an organisation’s operation and asset holdings and should be configured to be, and remain, fit for purpose.

The core content of an asset register should satisfy Victorian Managed Insurance Authority requirements. Typical contents of an asset register include:

* + - up to date, complete record of assets (an asset register) held such as suitable descriptors or identifying information and attributes suitable to satisfy AMAF requirements[[16]](#footnote-17).
    - asset family or classification;
    - asset values;
    - asset performance condition (current and target to meet service delivery objectives), function and performance;
    - responsibility for the asset;
    - lifecycle cost by asset or program;
    - information required to meet financial or regulatory requirements;
    - level and frequency of asset maintenance program; and
    - transactions affecting the assets.

A good practice approach to asset information management is included in Appendix C.

Software should support the required information, not define or constrain it.

**AMAF mandatory requirements:**

|  |  |  |
| --- | --- | --- |
| **3.4.3** | **Information Management; Record Keeping and Asset Valuation** | Accountable Officers are required to establish an asset information management system (AIMS), which includes asset registers.  An AIMS must maintain up‑to‑date asset information as well as an historical record of both financial and non‑financial information over each asset’s lifecycle. |

Approach: Establishing an AIMS

**Or as detailed as:**

An integrated software solution

**This could potentially be as simple as:**

An excel spreadsheet

* Implement endorsed AIMS policy (refer section 4.5.1)
* Locate and evaluate current data for gaps to the desired data requirements
* Data structure should also be checked for suitability
* AIMS policy
* Existing data
* Data/information model
* Data collection methodology
* Asset data stakeholders: connect siloed sections to beneficial data within an organisation (e.g. identify data requirements for the same asset for finance and for the operations team)
* AIMS system
* Input data
* Audit records
* AIMS output reports

**Typical inputs**

**Possible evidence**

**Determine AIMS policy (see section 4.5.1)**

**Undertake a data gap analysis**

* Undertake data collection and/or cleaning process to address identified gaps in data completeness or structure
* Data gaps may be addressed through condition audits, analysis of existing records (financial, asset, resources etc.), data transformation, primary or secondary data collection

**Address data gaps**

* Record and track updates and new data and incorporate into a suitable (fit for purpose) asset information system
* Implement the policy/approach to keep data up to date and align financial and non-financial data generated and held across an organisation’s systems

**Document**

4.5.3 AIMS record keeping and asset attributes (including value)

**Intent:** To ensure organisations own and hold relevant information and data, and analyse and utilise this data to make informed, evidenced based decisions. The processes and procedures associated with how data is created, held, analysed and utilised must be documented.

The AIMS should assist an organisation in meeting all the monitoring and reporting requirements outlined in Sections 4.4.2 and 4.6.1.

**One approach for good practice:** Asset data should be recorded, monitored and evaluated in a consistent manner, which allows tracking over time and informs evidenced based decisions to support fulfilment of the asset management strategy and plans and asset management (and hence corporate) objectives. The AIMS should keep a robust and reliable record of all pertinent asset data and information and should be kept acceptably up to date consistent with the decisions supported. Records should be searchable and auditable (including with meta data of when updates occur and by whom. Data and records should have formal processes around access and control.

Valuation data should be collected and updated in accordance with Accounting Standards, *Standing Directions of the Minister for Finance (2016)* and specific portfolio policies.

**AMAF mandatory requirements:**

|  |  |  |
| --- | --- | --- |
| **3.1.4** | **Reporting to Government** | Through its asset information management system (AIMS), an Accountable Officer must also ensure the organisation can provide relevant asset information and performance data to government/central agencies as required, and is flexible enough to respond to reasonable information reporting requests by the Government. |
| **3.4.3** | **Information management** | * Accurate recording, identification, valuation and reporting procedures must be established. * Accountable Officers are required to establish an asset information management system (AIMS), which includes asset registers. * Information in the AIMS must be readily accessible to individuals who are accountable for the control and management of a nominated asset or group of assets. * An AIMS must maintain up‑to‑date asset information as well as an historical record of both financial and non‑financial information over each asset’s lifecycle. * Accountable Officers must define their minimum information requirements, based on what is outlined in Section 3.4.3 [of the AMAF]. They must also implement effective processes to generate the required information and establish necessary controls.   The information in the AIMS must be regularly reviewed, to ensure all of the Accountable Officer’s organisation’s asset‑related information is up to date. |
| **3.4.3** | **Record keeping** | As part of the AIMS, Accountable Officers must establish appropriate record‑keeping processes, to meet operational needs and to satisfy relevant accounting standards and disclosure requirements, including for their organisation’s contingent and intangible assets. |
| **3.4.4** | **Asset valuation** | As part of asset valuation, Accountable Officers must document policies and procedures for the revaluation of assets |

Approach: AIMS record keeping and utilising asset data

**This could potentially be as simple as:**

An excel spreadsheet and memo of the AIMS data rules

**Or as detailed as:**

A series of business rules embedded in a software solution and documented in an operational policy, which could include:

* Technical information management plan
* Configuration management plan
* Document management plan
* Financial management plan
* Valuation policies and procedures
* Determine frequency and sources of data updates
* Allocate responsibility
* Establish record-keeping program and implement
* Review and quality control incoming data for completeness and correctness before incorporating into the AIMS
* Load into the AIMS along with suitable meta data (author, date and nature of updates/ changes)
* AIMS policy
* AIMS structure, solution and specification
* Finance Reporting Direction (FRD) 103
* Valuation guidance including AASB 116 Property, Plant and Equipment
* Information or data management plan

**Possible inputs**

**Possible evidence**

**Establish a record keeping/data management plan**

**Review and evaluate**

* Establish the processes and program for data analysis and outputs and align with Performance Monitoring and Reporting (refer Section 4.6.1)
* Where data issues are identified, create a corrective action to rectify

**Analyse**

* Record and track all updated and new data and incorporate into a suitable (fit for purpose) AIMS
* Implement the policy/approach to keep data up to date and align financial and non-financial data generated and held across the organisations systems

**Document**

* + - 1. Risk and Review

4.6.1 Performance monitoring and reporting

**Intent:** To ensure an organisation has processes in place to be able to measure and document the performance of its asset base and its asset management system in an objective manner.

**One approach for good practice:** Performance monitoring and reporting should allow the Accountable Officer to assess asset performance, contribution to organisational objectives and asset risks. It is critical to identify what needs to be monitored and the methods to monitor, report and communicate the outcome and follow up actions required.

Performance monitoring and reporting should allow organisations to identify unacceptable non-conformity and implement action required. It should also support the application of preventative action and continuous improvement to inform management of relevant information to support effective decision making.

Performance standards and targets should be developed to consider the asset and monitor and assess the asset and the asset management system for effectiveness. Consideration should be made to assess assets for:

* + - service delivery needs;
    - physical condition;
    - utilisation;
    - functionality; and
    - financial performance.

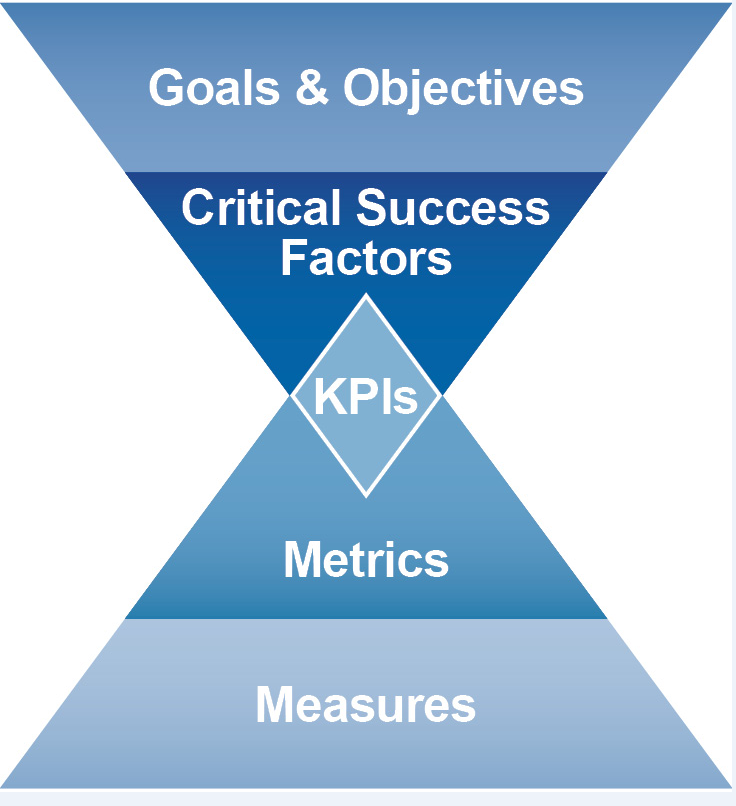
The asset management system should be assessed to ensure it addresses:

* + - resource performance;
    - adherence to the asset plan; and
    - monitoring and intervention of issues.

In developing performance standards, clear reference should be made to: organisational goals and objectives; the preferred or optimal operating standard; and/or industry or sector benchmark targets an organisation should seek to meet or better.

KPIs are calculated measures that quantify the critical success factors and enable the measurement of strategic performance. Therefore, KPIs should ideally form a clear and coherent linkage between the goals and objectives of an organisation and the measures and metrics available.

Figure 7: KPI inputs and outcomes



KPIs may consider items and issues such as:

* + - operational performance of the asset to service delivery objectives (i.e. quality of service delivered using the asset, user satisfaction);
    - asset effectiveness/utilisation (e.g. capacity, survivability, functionality, public health and safety compliance, condition, run times, etc.); and
    - operating costs (e.g. cleaning, energy costs, maintenance expenditure).

Additional resources for guidance on the development of Performance Standards and KPIs are in Chapter 5.

**AMAF mandatory requirements:**

|  |  |  |
| --- | --- | --- |
| **3.1.4** | **Monitoring asset performance** | Accountable Officers must establish performance standards and targets for their assets, considerate of available resources that form part of their broader service planning goals. Accountable Officers must also establish and maintain management processes to regularly record, monitor and assess performance, and use those results to improve performance.  The performance and utilisation of assets must be reviewed periodically.  Asset performance monitoring must also be incorporated into the overall corporate and strategic planning framework. |
| **3.1.4** | **Evaluation of asset performance** | As part of the performance management process, an Accountable Officer must regularly review the performance of its organisation’s assets. They must also make any necessary changes to their organisation’s asset management and risk management processes and systems. This will allow the organisation’s asset base to continue to achieve the organisation’s service delivery objectives, within available resources. |
| **3.2.2** | **Risk management and contingency planning** | As part of their asset management strategies, Accountable Officers must incorporate asset risk management planning, which describes the risk management strategies and actions (e.g. treatment plans) to be implemented for assets under their control.  Accountable Officers must continue to monitor and evaluate the effectiveness of their risk management measures on a regular basis and, if necessary, redefine them. |
| **3.1.4** | **Reporting to Government** | Through its asset information management system (AIMS), an Accountable Officer must also ensure the organisation can provide relevant asset information and performance data to government/central agencies as required, and is flexible enough to respond to reasonable information reporting requests by the Government. |

Approach: Establishing performance monitoring and reporting

**This could potentially be as simple as:**

A reporting plan that summarises what reports on asset performance will be done, when and by whom

**Or as detailed as:**

A series of business rules embedded in a software solution and documented in an operational policy

* External requirements, internal requirements, structure, frequency, format, distribution
* Establish performance standards or measures and/or KPIs
* Establish standard report formats/structures
* Confirm or document the organisational goals or objectives
* Establish the critical success factors to achieving these objectives
* Determine how often goals and critical success factors should be evaluated, and by whom
* AIMS report data
* Asset management objectives
* Corporate and strategy planning and associated reports
* Schedule of reporting requirements
* Reporting program with allocated responsibilities
* Standardised report structures
* Program of report reviews, with minutes or other record of actions from the report review outcomes

**Possible inputs**

**Possible evidence**

**Determine standards**

**Develop the management process**

* Confirm or determine available measures of critical success factors
* Establish if industry sector or benchmarks exist. If not establish target
* Document the data needs, measures, and targets
* Cross check data required is included in the AIMS policy, if not determine plan to collate and report on data (incorporate into AIMS)

**Establish data needs to monitor/report and confirm available through AIMS**

* Align reporting requirements with corporate and strategy planning frameworks.
* Where possible, identify and align reporting to support integrated asset management decision making with broader organisational decision making

**Document processes and incorporate into corporate/strategic planning framework**

* Develop and document a performance monitoring and reporting program
* Schedule reviews and outcome evaluation of reporting
* Determine preventative or corrective actions and implement

**Establish a program for reporting, review and action**

4.6.2 Maturity assessment

**Intent:** To assess or determine where an organisation sits in the development of its asset management capability and identify areas for improvement. This supports improvement towards better practice asset management and appropriate long-term governance and stewardship of assets.

**One approach for good practice:** The current International Standard ISO 55001 advocates a holistic approach to asset management within an organisation. ISO 55001 could be used to carry out a maturity and performance self-assessment against the required criteria.

**AMAF mandatory requirements:**

|  |  |  |
| --- | --- | --- |
| **3.1.4** | **Asset Management System Performance** | Accountable Officers must establish systems and processes for monitoring the performance of both:   * + their assets; and   + the overall asset management systems themselves;   to ensure the systems have been implemented and maintained, and are effective in meeting asset management requirements and responsibilities.  From 2020‑21, Responsible Bodies must, at least every three years, conduct a self‑assessment of the level of asset management maturity within their organisation, and other organisations within their annual report, and state this in their annual report. As part of this self‑assessment, Responsible Bodies must evaluate:   * + the maturity of their asset management systems and practices;   + the maturity of their systems and practices against their aspirational target; and   + their path towards achieving their aspirational target. |

Approach: Undertaking a maturity assessment

**Or as detailed as:**

A detailed report that highlights performance gaps and strengths across a range of areas.

Corrective actions embedded in operational practices.

**This could potentially be as simple as:**

A print out of the self-assessment results

A list of areas for improvement and corrective actions

* Accountable Officer and Responsible Bodies to determine program for securing, reviewing, commenting and endorsing the asset management system
* Review and confirm mandatory requirements and maturity assessment criteria
* Seek information required to undertake the maturity assessment
* Asset Management Strategy (Part A – Strategic)
* Asset Management Strategy (Part B – Tactical)
* Asset management plan
* AIMS
* Audit
* Self-assessment result
* Maturity assessment of asset management systems and practices
* Gap analysis to aspirational target
* Corrective actions

**Possible inputs**

**Possible evidence**

**Establish program for review and self-assessment**

**Review criteria and seek information**

* Complete DTF’s online assessment (when available, prior to   
  2020-21)
* Receive and review results
* Identify areas on non-conformance or low maturity
* Establish an improvement plan
* Submit maturity assessment results

**Undertake maturity assessment (every 3 years minimum)**

4.6.3 Attestation

**Intent:** To ensure the Accountable Officer can demonstrate a high degree of engagement and oversight for the asset management strategies, processes and outcomes that occur within their organisation.

**One approach for good practice:** Develop and implement a strategy and process to review the asset management system against AMAF requirements and ensure this review recognises and supports action on non-conformities, monitoring and measuring results, auditing the system and establishing a culture and process for continuous improvement.

**AMAF Mandatory Requirements:**

|  |  |  |
| --- | --- | --- |
| **3.1** | **Key requirements** | Accountable Officers must apply the mandatory requirements of the AMAF consistent with their organisation’s asset threshold. |
| **3.1.3** | **Application and Attestation** | The Responsible Body’s audit committee, or an alternative review mechanism when there is no audit committee[[17]](#footnote-18), must verify the Responsible Body’s attestation of compliance with requirements of the Standing Direction on asset management prior to finalising the attestation in the annual report. Agencies are also subject to any other requirements under the Directions to ensure compliance and support the attestation. |

Approach: Attestation

* Review mandatory requirements for currency and completeness
* Determine records and information required to evidence compliance within the organisation
* Review records, reports and information to determine they adequately demonstrate compliance
* Document/brief or summarise and submit to the audit committee and Responsible Body
* Asset Management Strategy (Part A – Strategic)
* Asset Management Strategy (Part B – Tactical)
* Asset management plan
* AIMS
* AMAF mandatory requirements
* Audit Committee expectations and requirements
* Mandatory requirements checklist and evidence
* Responsible Body or Audit Committee review and outcomes summary
* Attestation in the Annual Report from 2017-18

**Possible inputs**

**Possible evidence**

**Review AMAF’s mandatory requirements**

**Review and assess the system**

* Document outcomes and correct any shortfalls following feedback from the audit committee and Responsible Body
* Identify any remaining shortfalls or corrective actions and report on them
* Attest and submit for inclusion in the Annual Report

**Document and report**

More information about attestation with the Standing Directions can be found at: http://www.dtf.vic.gov.au/Government-Financial-Management/Standing-Directions-of-the-Minister-for-Finance/Standing-Directions-of-the-Minister-for-Finance-2016

* + 1. Useful Resources
       1. Organisational documents

Some key planning documents an organisation may draw on to inform the development of their AMAF response include:

Table 4: AMAF Organisational Documents Guide

|  |  |
| --- | --- |
| Informing Document | AMAF Alignment |
| **Service Strategy or Vision documents with 10+ horizon** | Service strategies are long term planning documents used to inform asset decision making and an understanding of community demand for services, current service delivery methodology and performance and anticipated future service delivery needs. Service strategies inform the following AMAF mandatory requirement:   * 3.2.2 Asset management strategy. |
| **Corporate Plan**  (as required under section 95 (or section 96 for small entities) of the PAA)[[18]](#footnote-19) | Public entities and organisations are required to develop Corporate Plans (or an equivalent) that outline their objectives and directions over a five year period. These organisational objectives should inform and drive the asset management objectives and asset management strategy over the medium term, particularly through the following AMAF mandatory requirements:   * 3.1.4 Monitoring asset performance; * 3.2.2 Asset management strategy; and * 3.3.1 Overview (acquisition).   It is acknowledged there are limitations on the extent to which the Corporate Plan can steer asset planning given its five year time horizon. |
| **Governance Plan** | The following mandatory requirements align with the Governance Strategy/Plan:   * 3.1.2 Governance |
| **Human Resources Plan** | The following mandatory requirements align with the Human Resources Policy/Plan:   * 3.1.1 Resourcing and skills |
| **Corporate Risk Management Policy and Plan**  Developed in line with Victorian Government Risk Management Framework | The following mandatory requirements align with the Corporate Risk Management Policy and Plan:   * 3.1.1 Resourcing and skills; * 3.1.2 Governance; * 3.1.5 Other requirements (risk management strategies); * 3.2.2 Risk management and contingency planning; and * 3.3.1 Overview (risk in acquisition). |
| **Performance indicators**  Key performance indicators (KPIs) can be financial or non-financial, qualitative or quantitative, leading or lagging.  Organisational performance indicators, asset management system and asset indicators should be aligned with, inform and guide management on performance and areas for action/improvement.[[19]](#footnote-20) | The following mandatory requirements align with organisational performance indicators:   * 3.1.4 Monitoring asset performance; * 3.1.4 Asset management system performance; * 3.1.4 Evaluation of asset performance; * 3.2.2 Risk management and contingency planning; * 3.4.2 Monitoring and preventative action; and * 3.4.3 Information management. |

* + - 1. External resources

Attestation and the Standing Directions

*Standing Directions of the Minister for Finance 2016* (under the *Financial Management Act 1994* (Vic)), Victorian Government, 2016.

*Comparison of 2003 and 2016 Standing Directions*, Victorian Government, 2016.

*Compliance attestation checklist 2016-17 for the Standing Directions of the Minister for Finance 2016,* Victorian Government, April 2016.

*Guidance supporting the Standing Directions of the Minister for Finance 2016,* Victorian Government, February 2016.

*Instructions supporting the Standing Directions of the Minister for Finance 2016*, Victorian Government, 2016.

*Publication of Standing Directions 2016 – Fact Sheet,* Victorian Government, April 2016.

*Summary of consultation on 2016 Standing Direction*, Victorian Government, 2016.

Financial

Australian Accounting Standards Board (AASB), located at [www.aasb.gov.au](http://www.aasb.gov.au)

Australian Accounting Standards, located at <http://www.aasb.gov.au/Pronouncements/Current-standards.aspx>

Department of Treasury and Finance Financial Reporting Directions (FRDs) that relate to asset management, namely:

* + - FRD 103D – Non‑financial physical assets;
    - FRD 106 – Impairment of assets;
    - FRD 109 – Intangible assets;
    - FRD 115 – Non‑current physical assets – First time adoption; and
    - FRD 117 – Contributions of existing non‑financial assets to third parties.

The FRDs are located at:[www.dtf.vic.gov.au/Publications/Government‑Financial‑Management‑publications/Financial‑Reporting‑Policy/Financial‑reporting‑directions‑and‑guidance](http://www.dtf.vic.gov.au/Publications/Government-Financial-Management-publications/Financial-Reporting-Policy/Financial-reporting-directions-and-guidance)

Valuation guidance on the methodology and requirements for the measurement and valuation of non-financial physical assets can be found at:

Valuer-General Victoria, Department of Environment, Land, Water and Planning, *Fair value measurement of non-financial physical assets: Guidance Note*, July 2015, located at <http://www.dtpli.vic.gov.au/property-and-land-titles/valuation/government-valuations/asset-valuations-for-government>

Legislation

*Financial Management Act 1994* (Vic)

*Public Administration Act 2004* (Vic)

Investment Guidance

*Investment Management Standard: A guide for Victorian government departments and agencies (version 5)*, Department of Treasury and Finance, 2012, located at <http://www.dtf.vic.gov.au/Investment-Planning-and-Evaluation/Understanding-investment-planning-and-review>

*Investment Lifecycle and High Value High Risk Guidelines*, Department of Treasury and Finance, February 2015, located at <http://www.dtf.vic.gov.au/Publications/Investment-planning-and-evaluation-publications/Lifecycle-guidance/Investment-lifecycle-and-High-Value-High-Risk-guidelines-Overview>

Risk Management Framework

*Victorian Government Risk Management Framework*, Department of Treasury and Finance, March 2015, located at <http://www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Victorian-risk-management-framework-and-insurance-management-policy>

Risk Management and Insurance Standing Directions (4.5.5),*Standing Directions of the Minister for Finance 2016* (under the *Financial Management Act 1994* (Vic)), Victorian Government, 2016.

Service Planning, Corporate Planning

*Corporate Planning and performance reporting requirements: Government Business Enterprises*, Department of Treasury and Finance, October 2009, located at: <http://www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Corporate-planning-and-performance-reporting-requirements>

Governance Guidelines

Guidance on establishing a governance structure (including responsibility, authority and accountability) that serves the strategic, operational and functional needs of the whole organisation (including the asset management needs):

*Governance Guidelines: Project Governance*, Department of Treasury and Finance, 2012, located at <http://www.dtf.vic.gov.au/files/c6110626-430c-4339-9ba0-a1cc00ff4b1d/Governance-Guideline.pdf>

Performance monitoring and measurement

Guidance and support on establishing performance measures and indicators:

*Chapter 1: The Approach to Performance Measurement*, [*Report on Government Services 2016,* Australian Government, 2106, located at: http://www.pc.gov.au/research/ongoing/report-on-government-services/2016/approach-to-performance-reporting/chapter-1-the-approach-to-performance-measurement](file://C:\Users\jst\AppData\Roaming\Microsoft\Word\Report%20on%20Government%20Services 2016,%20Australian%20Government,%202106,%20located%20at:%20http:\www.pc.gov.au\research\ongoing\report-on-government-services\2016\approach-to-performance-reporting\chapter-1-the-approach-to-performance-measurement)

Procurement

**The Victorian Government Purchasing Board’s** five policies cover the end-to-end procurement activity from identifying needs, planning, and market research through to contract management, namely:

* + - Governance policy;
    - Complexity and capability assessment policy;
    - Market analysis and review policy;
    - Market approach policy; and
    - Contract management and contract disclosure policy.

These apply to the supply of goods and services and the disposal of goods (other than for building and construction and health-related goods, services and equipment).

Each policy is supported by good practice guides, tools and templates to ensure consistency across government. The policies are located at: <http://www.procurement.vic.gov.au/Buyers/Policies-Guides-and-Tools>

**The Ministerial Directions** apply to ‘public construction’ as defined in the Project Development and Construction Management Act. These establish mandatory requirements for tendering and contracting for public construction and apply when the procurement is undertaken by, or on behalf of, any department or public body as defined in the PDCMA. Resources to assist with applying the Ministerial Directions are located at: http://www.dtf.vic.gov.au/Infrastructure-Delivery/Public-construction-policy-and-resources/Practitioners-Toolkit.

Asset Management

Asset Management Council (Australia), *Asset Management Body of Knowledge*, available at http://www.amcouncil.com.au/knowledge/asset-management-body-of-knowledge-ambok.html

Global Forum on Maintenance and Asset Management, *Asset Management Landscape*, (2nd edition), March 2014, available at: <http://gfmam.org/files/ISBN978_0_9871799_2_0_GFMAMLandscape_SecondEdition_English.pdf>

Institute of Public Works Engineering Australasia, *International Infrastructure Management Model* (5th edition), 2015. Available for purchase at http://www.ipwea.org/publications/bookshop/ipweabookshop/iimm

Lafraia, João and Hardwick, John, *Living Asset Management*, Engineers Media, 2013.

International Standard ISO55000 Series: ISO55000, ISO55001, ISO55002, BSI Group, 2014, available for purchase at http://www.iso.org/iso/catalogue\_detail?csnumber=55088assetmanagementstandards.com/

The Institute of Asset Management, *An Anatomy of Asset Management*, 2015, available at <https://theiam.org/what-is-asset-management/anatomy-asset-management>

The Institute of Asset Management, *Asset Information, Strategy, Standards and Data* *Management* (version 1.1), October 2015.

The Institute of Asset Management, *Asset Management Policy, Strategy and Plans* (version 1.1), October 2015.

The *National Asset Management Assessment Framework* is a methodology currently utilised by local government to assess the maturity of a Council's asset management practices and processes. Further information can be found at: [www.lgam.info/national-asset-management-assessment-framework](http://www.lgam.info/national-asset-management-assessment-framework).

* + 1. Glossary of terms

Table 5: Glossary of terms

|  |  |
| --- | --- |
| Term | Description |
| **Accountability** | The attribution of responsibility for asset management activities. |
| **Accountable Officer** | As defined in section 3 of the *Financial Management Act 1994*. Unless the Minister otherwise determines:  the Accountable Officer for a department is the department head of that department; and  the Accountable Officer for a public body is the chief executive officer, by whatever name called, of that body. |
| **Agency** | Any public body or Department. |
| **Artefact** | Typical document in which the mandatory requirement may be evidenced. |
| **Asset** | An item or thing that has potential value to an organisation, and for which an organisation has a responsibility. For the purposes of the Asset Management Accountability Framework, asset does not include financial assets. |
| **Asset Data Stakeholders** | Those people or groups within an organisation or related entity that hold, manage, analyse or rely on asset data to complete their work, report or make decisions. |
| **Asset Information Management System (AIMS)** | A system to collect, hold and analyse asset performance data. |
| **Asset information Management System Policy** | A policy of business rules that identify asset data requirements for the AIMS. |
| **Asset Management** | The coordinated activities of an organisation to realise lifecycle value from assets in delivery of its objectives.  Realisation of value will normally balancing costs, risks, opportunities and performance benefits. When asset outputs or required service levels are pre‑determined and non‑negotiable, or when value is negative (e.g. dominated by risks or liabilities), ‘realise lifecycle value’ may represent minimising the combination of costs and risks. |
| **Asset Management Plan** | A document/s specifying the activities, resources, responsibilities and timescales for implementing the asset management strategy and delivering an organisation’s asset management and asset linked service objectives. |
| **Asset Management Strategy Part A – Strategic** | A set of asset management principles, objectives and requirements derived from, and consistent with, an organisation’s long-term strategic planning. It provides a framework for developing and implementing the Asset Management Strategy (Part B – Tactical) and setting asset management objectives. |
| **Asset Management Strategy Part B – Tactical** | A set of agreed principles and actions that determines how an organisation manages its assets over defined periods of time (e.g. short term: one to three years, medium term: four to nine years, and long term: 10 or more years). Where the AMAF refers to an asset management strategy (Part B- Tactical), a comparable document would be referred to as a Strategic Asset Management Plan (or SAMP) in the ISO 55000 series. |
| **Asset Management System** | A set of defined, specific processes that manage assets to achieve the organisation’s objectives and operating requirements. This is not a software system in and of itself. |
| **Asset Holdings** | Assets that fall within the scope of an organisation’s asset management system. |
| **Asset Risk Strategy** | An organisation’s response and overarching approach to uncertainty on objectives as they relate to assets. |
| **Asset Threshold** | A boundary/value above which an item will be considered an asset for the purposes of the asset management system. The Asset Threshold should be determined for each organisation in line with the requirements of AASB116. |
| **Asset Holdings Complexity Self-Assessment** | Refer to Figure 6 (Page 20). A test that allows an Accountable Officer to assess their organisation’s asset holdings against typical asset holdings attributes and determine a possible level of evidence and detail required from their organisation to meet AMAF compliance. |
| **AAS** | Australian Accounting Standards. |
| **AASB** | Australian Accounting Standards Board. |
| **Business Continuity Plan** | A formal document that outlines the threats and risks facing an organisation and the actions or mitigations the organisation has in place to ensure operations could continue in the event of a disaster. |
| **Configuration Management Plan** | A systems engineering process for establishing and maintaining consistency of a system or product’s performance, functional and other attributes with its requirements, design and operational information throughout its life. In the context of the AIMS, the Configuration Management Plan is the plan for how tasks and data will be tracked and controlled within the software or data management approach. |
| **Continual Improvement** | An ongoing effort to improve performance. |
| **Corrective Action** | Action to eliminate the cause of a non-conformity or failure and prevent occurrence or recurrence. |
| **Criticality** | Assessment of the importance or priority to achieving the objectives. |
| **Data Management Plan** | A formal document that outlines how an organisation will manage, update and handle data both through a project and/or through ongoing operation. Can be developed in parallel with an information management plan. |
| **FMA** | *Financial Management Act 1994 (Vic)* |
| **FRDs** | Financial Reporting Directions |
| **Functionality** | The range of activities and functions an asset delivers or supports. |
| **Information Management Plan** | A formal document that outlines the acquisition, custodianship, accessibility and distribution of information to those who need it. Can be developed in parallel with the data management plan. |
| **Information Systems Policy** | A policy that outlines the software, hardware, people and other infrastructure required, and how these tools will operate and interface to plan, control, coordinate and make decisions regarding information within an organisation. |
| **Lifecycle** | The period of value realisation from an asset by an organisation. There may be a number of lifecycles within an asset’s whole life. Lifecycle represents an organisation’s view of an asset, whereas whole life covers an asset’s continuing life history through potentially multiple cycles of ownership or responsibility (i.e. an asset for successive organisations). |
| **Lifecycle Costing** | A key asset management tool that factors in the whole of life impacts of planning, acquiring, operating, maintain and disposing of an asset. It is a process that analyses the known costs over an asset or non‑asset’s life to reflect the true overall cost of acquiring an asset. |
| **Lifecycle Processes** | Processes that Include identification of needs, creation or acquisition, utilisation, care and disposal, decommissioning or renewal. |
| **Maintenance Policy** | A set of organisational rules that define the thresholds and basis for making decisions about the activities required to conserve the service potential of an asset without extending its life. |
| **Maintenance Strategy** | A documented strategy that outlines the elements and sequence of planned actions an organisation will take in order to conserve assets under its control without extending their life. The maintenance strategy should include general scheduling information and include planning, information gathering, repair, monitoring and other tasks relevant to the organisation. |
| **Non-physical assets** | Are identifiable non‑monetary assets without physical substance. They are generally long‑term resources of an organisation and derive their value from intellectual or legal rights, and from the value they add to the other assets. Common examples include patents, copyrights, trademarks and designs. |
| **Organisation** | Any public body or Department. |
| **PAA** | *Public Administration Act 2004* (Vic). |
| **Performance Standards** | Observable behaviours, actions and outcomes that explain required outcomes expected. Performance Standards should be Specific, Measurable, Assignable, Realistic and Time based (SMART). |
| **Performance Targets** | The outcomes of performance standards an organisation is seeking to achieve in order to meet its objectives. Performance targets are often defined in terms of a benchmark (a standard or point or reference against which things may be compared). |
| **Physical Assets** | Comprise land, buildings, infrastructure, plant and equipment, cultural collections, natural resources and ICT assets. |
| **Public Entity** | Has the meaning as defined in the *Public Administration Act 2004*. |
| **Real Option** | The right – but not the obligation – for an investor to undertake certain business initiatives and actions in the future to optimise the opportunities and risks of an investment over its lifecycle and mitigate the risks that an investment will be regretted. Real options do not eliminate the change of regret but seeks to limit the extent of the regret. |
| **Resource Competence Analysis** | An evaluation of the ability of an individual to do the job/role assigned to them properly (i.e. meet all of the role/job requirements). Competencies evaluated should include all the related knowledge, skills, abilities, behaviours and attributes that comprise a person’s role. In order to complete a resource competence analysis, the required elements and outcomes of the job/role should be known and documented. Individuals should then be assessed against the role requirements and areas for improvement identified and acted upon. |
| **Risk** | The effect of uncertainty on objectives. |
| **Risk management** | The coordinated activities to direct and control an organisation with regard to risk. |
| **Responsible Body** | Has the meaning as defined by the Standing Directions of the Minister of Finance. ‘Responsible Body’ means:   * + - * in a government department, the Accountable Officer; and       * every other public sector agency, the board. |
| **Should** | Within the AMAF document, denotes actions organisations may consider in the process of achieving AMAF compliance. |
| **SMART** | Goals or standards which are Specific, Measurable, Assignable, Realistic and Time based (SMART). |
| **Strategic sourcing methodology** | An organisation’s approach/process that evaluates and seeks to continuously improve purchasing activities. The process should include: data collection and analysis, market research, market strategy (development of a sourcing strategy including where to purchase, demand/supply factor analysis and procurement risk assessment and EOI/tender or other purchasing arrangement), negotiations, contracting (including contract management approach) and implementation of continuous improvement. |
| **Substitution** | In the event of asset/s failure, the ability of that asset/s to be substituted by another asset/s to provide analogous service. |
| **Technical Information Management Plan** | A document that outlines how an organisation will manage its technical and engineering drawings and documents. The Technical Information Management Plan should be consistent with the requirements and approach of the Data Management Plan, Configuration Management Plan and Information Systems Policy. |
| **Useful Life** | The period over which an asset is expected to provide an organisation with service. |
| **Utilisation** | How intensively an asset is being used to meet the Accountable Officer’s service delivery objectives for the asset’s potential capacity. |
| **Victorian Government procurement policies** | Procurement policies issued by the Victorian Government. These include the supply policies issued by the Victorian Government Purchasing Board (VGPB) which relate to the procurement of goods and services, the Ministerial Directions for public construction issued by the Minister responsible for Part 4 of the *Project Development and Construction Management Act 1994* (PDCMA) and the Standing Directions of the Minister for Finance including Direction 4.2.1. |

# Appendix A: Typical Contents of an Asset Management Strategy

The Asset Management Strategy (Strategic and Tactical) should align with the current and future needs of an organisation. This assessment should draw on the organisation’s context and service planning. It should be reviewed and updated at regular intervals (e.g. as part of the annual review of the asset management system, or 3-5 yearly and when major policy directional changes occur to keep integrity with the long-term direction of the portfolio). When current and future needs change, consider how this may impact the Asset Management Strategy (Parts A and B) and asset management plan, and update them as required.

To determine current and future asset needs, organisations should undertake an analysis of current/future service needs, how assets contribute to meeting these needs, if non-asset options are available, and then determine any gaps between present assets (in type, quantity, location, performance etc.) and future needs. To do this successfully organisations should:

* have relevant information on their existing assets;
* know current service demand and trends in service demand; and
* know the strategic direction and objectives of their organisation and any organisations that will significantly impact on demand for their services.

This knowledge can then be used to plan, manage, monitor and update the Asset Management Strategy (Strategic and Tactical) and Asset Management Plan.

### Typical contents of an Asset Management Strategy (Part A – Strategic)

An Asset Management Strategy (Part A – Strategic) is comparable to an Asset Management Policy under the ISO 55000 series.

|  |  |  |
| --- | --- | --- |
| Artefact type | Guidance section[[20]](#footnote-21) | AMAF mandatory requirement |
| **Asset Management Strategy (Part A** – **Strategic)**  The Asset Management Strategy (Part A – Strategic) sets the vision and direction for asset management and therefore has an important influence on an organisation’s asset management system and activities. The asset management strategy must be consistent with organisational objectives. | 4.1.1 4.1.2 |  |
| **Intent**: The Asset Management Strategy (Part A – Strategic) should outline the policy and principles through which the organisation makes decisions about its assets to achieve its vision/organisational objectives/ service requirement. | 4.3.1 | 3.1.4 3.2.2 |
| **Typical contents** of an asset management strategy (Part A – Strategic) includes:   * a concise outline of the vision/organisational objectives and how the assets support the achievement of the vision/ objectives; | 4.2.1 |  |
| * guiding principles for asset management activities; |  |  |
| * regulatory context: legislation, regulations, rules, and other policies that the organisation must or should comply with; | 4.2.3 | 3.1 |
| * structure of the organisation (governance, delegation, authority and reporting) and the resources available; | 4.2.4 | 3.1.1 3.1.2 |
| * decision making approach; |  |  |
| * alignment/interaction of the policy with other organisational strategic and operational plans; |  |  |
| * reporting regime (on assets, asset management performance and service outcomes); |  |  |
| * stakeholder requirements; | 4.2.2 |  |
| * long-term objectives and sustainable outcomes; and |  |  |
| * approach to continual improvement. |  |  |

### Typical Contents of an Asset Management Strategy (Part B – Tactical)

|  |  |  |
| --- | --- | --- |
| Artefact type | Guidance section[[21]](#footnote-22) | AMAF mandatory requirement |
| **Asset Management Strategy (Part B** – **Tactical)** would be comparable to a Strategic Asset Management Plan (SAMP) for agencies that are applying ISO55000. | 4.3.2 | 3.2.2 |
| **Intent:** To document the strategic context, how asset management will operate for an organisation to support service delivery outcomes, determine the scope of the asset management system and the integration of asset management and other business functions (finance, risk, procurement, HR). |  |  |
| **Typical contents** of the Strategic Asset Management Strategy (Part B – Tactical) include: |  |  |
| * introduction (context, purpose, scope); |  |  |
| * plan development (relationship to the Asset Management Strategy (Part A – Strategic)), stakeholder management approach, asset management objectives development, alignment to service delivery objectives and functional objectives, internal and external factor identification, development process for asset management plans - technical basis, risk basis, financial basis, service/performance basis); | 4.2.1 |  |
| * organisational overview (organisational purpose, stakeholders, internal and external factors/considerations); | 4.3.2 | 3.2.2 |
| * objectives (setting asset management objectives, communication of objectives, monitoring and reporting of objectives, data and information requirements); | 4.3.3 | 3.1.5 3.2.2 |
| * scope of the asset management system (criteria, assets within scope, functional requirements, resource requirements, data and information requirements, risk assessment criteria); | 4.2.4 | 3.1.2 3.1.1 |
| * asset management integration (objectives of other functional areas, asset management interaction with functional areas, relationships/reporting with functional areas); | 4.2.3 | 3.1.2 3.1.4 |
| * decision making (decision making approach, decision making criteria, asset management risk approach, integration with organisational risk approach); | 4.2.3 | 3.1.2 3.1.4 |
| * leadership (role of leadership in asset management, policy alignment to organisational objectives and asset management objectives); | 4.2.3 4.2.4 | 3.1.1 3.1.2 3.1.4 |
| * organisational roles (roles, responsibilities, authorities and accountabilities, approval and delegation flows, roles through the asset lifecycle including review roles); | 4.4.3 4.3.2 | 3.1.4 3.2.2 |
| * asset management processes (implementation process, application process, monitoring process, review process, data and information requirements); | 4.5.1 4.5.2 4.5.3 | 3.4.2 3.4.3 |
| * performance evaluation (monitoring of system, data and information requirements, audit and sign off requirements); and | 4.6.1 | 3.4.4 3.1.4 3.2.2 |
| * appendices may include a SWOT (strengths, weaknesses, opportunities, threats) analysis of internal and external issues, a prioritisation/risk ranking of service objectives, risk evaluation and mitigation of policies, resources, integration and/or leadership. |  |  |

In preparing the Asset Management Strategy (Part B – Tactical) the Accountable Officer should consider:

* the policy, legal and accountability environment the organisation operates in;
* the organisation’s service delivery goals and objectives;
* current and forecast demand for service delivery
* the organisation’s corporate management and planning framework;
* the asset management systems and process;
* performance monitoring, risk management processes and skills needed by staff;
* external or market factors (commercial, technological, environmental, or industry implications) and risks to those factors;
* the asset lifecycle, and how assets will be managed throughout the cycle, including the ability to scale up, delay acquisition or dispose of assets;
* lifecycle costs of the assets;
* resource availability;
* private sector delivery options;
* stakeholder needs;
* non asset alternatives to service delivery;
* the need to rationalise operations to improve service delivery or enhance cost effectiveness;
* continuous improvement of asset management and adaptive learning within the organisation;

# Appendix B: Typical Contents of an Asset Management Plan

## Asset Management Plan

**Intent**: The Asset Management Plan defines the activities undertaken on the assets. It is the operational plan for the activities and actions over the short term to deliver the Asset Management Strategy (Strategic and Tactical).

**Typical contents** of the asset management plan include:

* scope;
* organisational/business drivers;
* description of assets;
* management activities;
* asset condition/performance;
* operating requirements;
* capital requirements;
* resources to be used;
* asset reporting requirements;
* performance measures;
* assurance requirements; and
* approvals.

# Appendix C: Asset Information Management System contents

|  |  |  |
| --- | --- | --- |
| Artefact type | Guidance section[[22]](#footnote-23) | AMAF mandatory requirement |
| **Asset Information Management System (AIMS)**  The AIMS must maintain up to date asset information as well as time series records of both financial and non-financial information over each asset’s lifecycle for asset planning, asset performance monitoring, and reporting and accountability.  Intent: hold and consolidate relevant data and information about the assets under an organisation’s control in a structured, reliable and readily searchable manner. The AIMS should be appropriately comprehensive; designed to allow different classifications and aggregations of assets to be distinguished and treated appropriately; capture asset performance attributes and key details of transactions affecting assets ideally as they occur; have associated procedures, controls and audit trails to maintain the integrity of the information; and include relevant financial (cost and value) and risk information.  **Typical contents** of an AIMS include:   * up to date (and a time series record) of the asset held including suitable descriptors or identifying information including: name, type/make/model, age (either by date of install or time since install), location, design life (in year), expected end of life (by year); * asset family or classification; * asset valuation; * asset condition (current) and target to meet service delivery objectives; * responsibility for the asset; * lifecycle cost by asset or program; * any information required to meet financial or regulatory requirements; * level and frequency of asset maintenance program; and * transactions affective the assets.   Please note development of an AIMS should start with the type of information the organisation requires to deliver its service and make effective decisions. Software should support the required information, not define it. | 4.5.1  4.5.2  4.5.3 | 3.4.3  3.4.4 |

### One potential good practice approach for an AIMS[[23]](#footnote-24):

|  |  |
| --- | --- |
| Asset Information Management System | * An overall system is established to control asset information * The system receives senior stakeholder involvement * The system is reviewed on a periodic basis to ensure alignment to asset management objectives |
| Governance | * A governance group of senior stakeholders meets regularly to oversee the usage and management of asset information * The governance group ensures an Asset Information Strategy is agreed and ongoing activities conform to the strategy |
| Asset Information Strategy | * The AIS is clearly aligned to the asset management strategy * The current state of asset information management is stated * Agreed target end state is clearly defined * A roadmap for delivery of strategy is defined |
| Standards, Specifications and Requirements | * Clear specifications and requirements for asset information are agreed and defined * An Asset Data Dictionary stating these requirements is available to all relevant staff * Internal and external standards that must be complied with are clearly stated |
| Information Lifecycle | * The current state of asset data has been assessed * Required improvement actions have been defined and agreed * Data storage is clearly defined and conforms to an organisation’s approach to master data * Effective processes exist to ensure new asset data is acquired and stored efficiently * Rules have been clearly defined for the archiving and deletion of data |
| Monitoring | * A comprehensive set of data quality rules are defined * The data quality rules include assessment of the accuracy, validity, completeness, uniqueness, consistency and timeliness of data * Regular monitoring of data stores against these data quality rules is undertaken |
| Audit and Assurance | * Audits are used to provide an in-depth assessment of the data, processes and standards in use * A specific responsibility to provide ongoing assurance of asset information * Processes will have been established to provide assurance that company standards are being followed and appropriate controls are in place to maintain compliance |
| Benchmarking | * Periodic assessments of an organisation’s performance against relevant external comparator organisations are undertaken * The results of benchmarking may be used to instigate changes to strategy standards or requirements |
| Organisation | * The organisation has been structured to support good asset management and asset information practices * The capability of an organisation is clearly defined and understood * The individual competences required to support good asset management/asset information management are defined and influence the training/development plans of individual staff members * Staff understand the importance of data and how their behaviour can affect data quality |
| Business Process | * Processes are clearly defined, mapped and followed * The data inputs and outputs from processes activities are clearly understood * Critical data required to support business process are understood * Process metrics defined and utilised appropriately |
| Software | * A clear strategy for the software to be utilised to enable asset management objectives has been defined as part of an overall Enterprise Architecture approach * The overall data model for an organisation has been defined and is used to assess the suitability of change projects * Software requirements consider the importance of good asset data * A clear approach to data mastering has been defined and supports ongoing business activities * Data migration activities are business led projects * Appropriate controls embedded for support e.g. data quality validation * Project methodologies, specific data requirements and clearly specified business reporting requirements has been developed * Where data has to be duplicated across multiple systems, it should be clear which is the primary system |
| Managing Change | * The organisation recognises change can arise in many forms and change management processes include impact assessments for data and reporting * Change management is a business led activity supported by the IT department * There is close collaboration and good communications between the asset management and IT departments. |

# Appendix D: Real options and business cases

### Real options analysis

**Intent:** Internal or external organisational factors may give rise to uncertainties, impacting market conditions such as the demand for services and the market’s capability and capacity to supply a solution. This in turn can affect an organisation’s service delivery requirements and asset management responsibilities. In this evolving service delivery environment, Government needs flexible and resilient service delivery and asset management strategies that can anticipate change and allow it to respond advantageously to prevailing conditions.

A **real option** provides the capability to take a different course of action, coupled with the choice to act or not. It can provide Government with the managerial flexibility to alter its service delivery and asset management strategy when demand and supply conditions change and a different response would lead to improved outcomes.

Accountable Officers should consider the value of acquiring and/or preserving real options that could be exercised to enable them to respond to the prevailing conditions. Types of real options that can support an organisation to plan for and achieve its service delivery and asset management responsibilities include, but are not limited to:

* Incorporating flexible design elements into an asset to improve operational resilience and to support alternative output capability;
* Establishing and preserving the right to expand or contract an operation in response to demand for services;
* Establishing and preserving the right to temporarily or permanently shut down an operation in response to demand for services; and
* Enabling alternative input capability (for example alternative energy sources).

**One approach for good practice: Consider uncertainty, and the value of having flexibility to adapt to change, within your strategic and tactical asset management strategies:**

****

Some initial steps to including and managing real options in your portfolio are:

* + 1. **Identify any real options or other types of flexibility already embedded in your existing asset portfolio:** The value of investment flexibility is usually built in during the planning stage but often not realised until the operational stage. Optionality can be lost or forgotten as an asset transitions from the delivery stage to operation when asset responsibility transfers from the project delivery team to the service operator. It is important that any optionality is explicitly captured in asset management plans.
    2. **Monitor conditions affecting your asset portfolio, and exercise or leverage optionality and flexibility when appropriate:** Monitor any changes to market conditions, including demographics, economic and environmental conditions, legislative and policy changes and technology disrupters and consider their potential impact on your service delivery and asset management obligations. Assess the value of exercising any available optionality or flexibility. Exercise options appropriately if / when trigger conditions eventuate.
       - Don’t let options identified in the business case and preserved in procurement expire.
    3. **Plan for unknown and changing market conditions:** Triage your portfolio and identify any uncertainties that could impact your future service delivery and asset management obligations. Plan how you might need to adapt your asset base if different sets of conditions prevail in the future and ensure this type of thinking informs your asset strategy (e.g. through structured scenario planning).
    4. **Identify opportunities to build real options into new assets:** As the end operator / asset manager, it may be appropriate for you to provide advice during the asset investment and planning stage on future use requirements, including design flexibility options to future-proof assets and enable their re-adaptive use.

**AMAF mandatory requirements:** There is no mandatory requirement to apply ROA. However, Accountable Officers are required to make *informed decisions*, even in environments where there is a high degree of uncertainty. Effective asset management requires identifying and assessing uncertainty, and Accountable Officers should be encouraged to quantify the value of acquiring alternative or ‘real’ options as a response to uncertainty.

Business cases

**Intent:** When developing business cases for asset investments, organisations should utilise DTF investment guidance and methodologies to demonstrate the need for the investment.

The AMAF does not propose any changes to the existing budget management processes and organisations are encouraged to continue:

* prioritising asset management needs within their resource budget;
* determining if existing funds are adequate; and
* making a case for additional funds, when existing funds are not adequate.

**The use of evidence from an organisation’s AIMS and Asset Management Strategy strengthens the investment rationale in a business case seeking budget funding.**

**One approach for good practice:** Business cases for funding should address a well-defined, policy-relevant and urgent problem with the most effective and efficient means available. As articulated in DTF guidance[[24]](#footnote-25), business cases:

* should compare *strategic approaches* to address a policy-relevant problem before considering project-specific solutions. The strategic approaches are compared in terms of their effectiveness and foreseeable cost;
* should consider both asset-based and non-asset responses to the problem (such as changes in pricing, access or utilisation);
* must consider the whole of life costs of any agreed direction, compared against the whole of life costs of a realistic base case; and
* must present a case for delivery of the intended benefits, including approaches to risk management, governance, procurement and ongoing project evaluation.

The problem, solution and benefits in the business case should align with the Asset Management Strategy. As should the governance, resourcing and program information. Where appropriate, the Asset Management Plan can inform asset acquisition and disposal information in the business case.

**AMAF Mandatory Requirements:** The AMAF does not have mandatory requirements that specifically address business cases. However, asset management process gives rise to organisations seeking additional funding from government. Where organisations seek funding from government, these requests should have regard to DTF investment guidance such as the Investment Management Standard and the Investment lifecycle Guidelines.

# Appendix E: AMAF alignment with ISO 55000

In 2014, ISO 55000 was introduced as the International Standard for Asset Management. ISO 55000 evolved from the Publicly Available Specification for Asset Management, PAS 55.

PAS 55 established a 28-point checklist of good practice in physical asset management and incorporated specification and guidelines for application. ISO 55000 sought to further develop PAS 55 into a formal International Standard to increase international and cross-sector participation.

ISO 55000 broadened the scope of asset management, moving from management of physical assets to the optimal management of any and all assets. Although the structure of PAS 55 and ISO 55000 varies, they address similar issues and requirements. Similar to PAS 55, ISO 55000 addresses the needs of an asset management system under 27 general topics across the following areas:

* context of the organisation;
* leadership;
* planning;
* operation;
* performance evaluation;
* improvement; and
* support.

Figure 8: PAS 55

|  |
| --- |
|  |

Figure 9: ISO 55000

|  |
| --- |
|  |

In particular, ISO 55000 goes beyond the requirements of PAS 55 and has a particular focus on:

* development of a clear and concise asset management policy, strategy and approach to strategic planning (these generally correspond with the AMAF’s Asset Management Strategy (Strategic and Tactical));
* defining levels of service and linking these to interventions and desired outcomes;
* evidence of proactive external stakeholder engagement and management;
* integrating outsourced activities with the asset management system;
* implementing strategic and asset risk management, and demonstrating its use in influencing asset management decision making;
* asset management planning over multiple time horizons;
* financial and non-financial implications of the asset management plans over the intended life cycle of the asset; and
* governance.

Although the AMAF demonstrates consistency with the principles of ISO 55000 (and PAS 55), it has a different structure that aligns with the policy and operations of the Victorian Government. In particular, the AMAF establishes 40 mandatory requirements across five areas:

* leadership and accountability;
* planning;
* acquisition;
* operation; and
* disposal.

There are key areas of the AMAF that directly align with both ISO 55000 and PAS 55, in particular:

* **Line of sight/alignment:** Asset management activities that are informed by and support organisational objectives and whole of organisation strategies and plans via a holistic governance structure (asset management embedded in an organisation’s governance framework);
* **Risk management:** Both ISO 55000 and the AMAF (through the Victorian Government Risk Management Framework) adopt ISO 31000 as the basis for risk management. ISO 55000 provides core guidance on risk management within the asset management system;
* **Roles and accountabilities:** The identification, allocation and confirmation of competence of all people holding roles and accountabilities is critical to both the AMAF and ISO 55000. The alignment of the roles to overall organisational governance and operating structures is also consistent; and
* **Information management, data records, monitoring and evaluation:** Both the AMAF and ISO 55000 set a clear agenda around the need to collect, analyse, store and utilise data in asset management operations and decision making. Both the AMAF and ISO 55000 clearly set out the agenda for evidence-based decision making. ISO 55000 goes beyond the requirements of the AMAF and suggests asset information be treated as an asset in and of itself, which is planned and managed with appropriate systems and controls.

More broadly, the general alignment between ISO 55000 and the AMAF is set out in table 6.

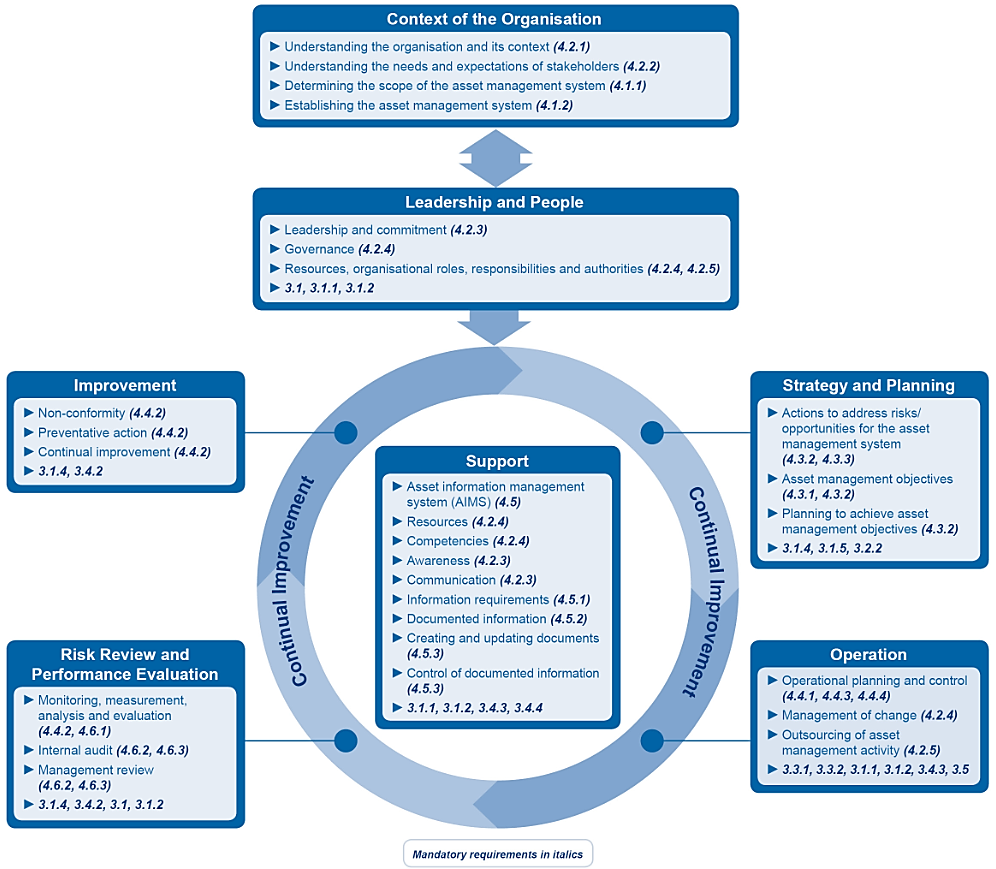
The AMAF provides that additional guidance and advice can be sought from ISO 55000 to develop asset management systems/processes and support AMAF compliance. Where this advice and guidance is utilised, organisations are still required to meet the AMAF mandatory requirements where those requirements diverge from or go beyond the requirements of ISO 55000.

Table 6 outlines the basic chapter/mandatory requirements alignment between PAS 55, ISO 55000 and the AMAF.

Table 6: AMAF mandatory requirement alignment with ISO 5500

|  |  |
| --- | --- |
| AMAF (mandatory) | ISO 55000 |
| **3.1 Leadership and Accountability**  3.1.1 Resourcing and skills  3.1.2 Governance  3.1.2 Allocating asset management responsibility  3.1.3 Attestation requirements  3.1.4 Monitoring asset performance  3.1.4 Asset Management System performance  3.1.4 Reporting to Government  3.1.4 Evaluation of asset performance  3.1.5 Other requirements (risk) | **5 Leadership**  5.1 Leadership and commitment  5.2 Policy  5.3 Organisational roles, responsibilities and authorities  **6 Planning**  6.1 Actions to address risks and opportunities for the asset management system  6.2 Asset management objectives and planning to achieve them  **7 Support**  7.1 Resources  7.2 Competence  7.3 Awareness  7.5 Information requirements  **8 Operation**  8.1 Operation planning and control  8.2 Management of change  8.3 Outsourcing  **9 Performance evaluation**  9.1 Monitoring, measurement, analysis and evaluation  9.2 Internal audit |
| **3.2 Planning**  3.2.2 Asset management strategy  3.2.2 Risk management and contingency planning | **4 Context of the organisation**  4.1 Understanding the organisation and its context  4.2 Understanding the needs and expectations of stakeholders  4.3 Determining the scope of the asset management system  4.4 Asset management system  **5 Leadership**  5.1 Leadership and commitment  **9 Performance evaluation**  9.3 Management Review  **6 Planning**  6.1 Actions to address risks and opportunities for the asset management system  6.2 Asset management objectives and planning to achieve them  6.2.1 Asset management objectives  6.2.2 Planning to achieve asset management objectives  **9 Performance evaluation**  9.3 Management Review |
| **3.3 Acquisition**  3.3.1 Overview (acquisition)  3.3.2 Acquisition process | **7 Support**  7.1 Resources  **8 Operation**  8.1 Operation planning and control  8.2 Management of change  8.3 Outsourcing |
| **3.4 Operation**  3.4.2 Monitoring and preventative action  3.4.3 Maintenance of assets  3.4.3 Information management  3.4.3 Record keeping  3.4.4 Asset valuation | **5 Leadership**  5.1 Leadership and commitment  **6 Planning**  6.2 Asset management objectives and planning to achieve them  6.2.1 Asset management objectives  6.2.2 Planning to achieve asset management objectives  **8 Operation**  8.1 Operation planning and control  8.2 Management of change  8.3 Outsourcing |
| **9 Performance evaluation**  9.1 Monitoring, measurement, analysis and evaluation  9.2 Internal audit  9.3 Management Review  **10 Improvement**  10.1 Nonconformity and corrective action  10.2 Preventative action  10.3 Continual improvement  **6 Planning**  6.2 Asset management objectives and planning to achieve them  6.2.1 Asset management objectives  6.2.2 Planning to achieve asset management objectives  **8 Operation**  8.1 Operation planning and control |
| **3.5 Disposal** |

Figure 10 – ISO55000 AMAF implementation guidance alignment



# Appendix F: Aligning the Guidance to AMAF mandatory requirements

The following table outlines how the AMAF mandatory requirements (the horizontal axis) and the AMAF Guidance topics (vertical axis) align to show the relationship between Guidance subjects and AMAF subject areas. Given the iterative nature of the AMAF, often an organisation will be required to review and address a number of Guidance subjects to fully resolve the mandatory requirements. The following table outlines the Guidance subjects that are key to addressing a mandatory requirement as well as Guidance subjects that inform or generally contribute to addressing a mandatory requirement. This is further outlined in Table 7 below.

Table 7: AMAF mandatory requirements alignment to AMAF Guidance



# Appendix G: Additional information

## Compliance and attestation

### Application of the Standing Directions

From 1 July 2016, the requirement to comply with the AMAF will be enforced by Standing Direction 4.2.3 ‘asset management accountability’ under the *Standing Directions of the Minister for Finance (2016).* This Direction mandates the AMAF.

When the AMAF became operational in early 2016 it was to be mandated by a new Standing Direction 3.4.9 – ‘Managing Assets’. This proposed Standing Direction was released for information only, and was scheduled to come into effect from 1 July 2016 under the 2003 Standing Directions that applied at the time. This was superseded when the Minister for Finance released the new set of Standing Directions (2016) with the comparable Direction, 4.2.3 ‘asset management accountability.’

### Application and attestation

The Standing Direction strengthens accountability for asset management through annual attestation of compliance with the AMAF in annual reports. This attestation is part of the attestation to compliance with the Standing Directions more generally. Attestation will help ensure that all stages of an asset’s life cycle are appropriately reviewed, monitored and managed. The attestation was modelled on the approach taken for risk and insurance to maintain consistency in attestation processes.

When the AMAF became operational in February 2016, it was planned that it would require a standalone attestation on compliance with the AMAF in annual reports. However, the revised Standing Directions (2016), which come into effect on 1 July 2016, require one attestation covering all mandatory Directions and Instructions. This includes attesting to Direction 4.2.3, which mandates the AMAF.

The attestation requirement is subject to a transitional period, so the first attestation would be made in annual reports in around September 2018 and relates to compliance at 30 June 2018. Agencies that are not able to fully attest can note compliance deficiencies.

Audit committees are required to verify attestation.

### Compliance reporting

The revised Directions build on the previous compliance reporting requirements for the Standing Directions.

The Accountable Officer of a Portfolio Agency must provide a compliance report, detailing compliance with the entire set of mandatory Standing Directions including the one mandating the AMAF, to its portfolio department by September following the end of the financial year.

Portfolio departments must provide a portfolio compliance summary to the DTF Deputy Secretary by October for the previous financial year. This must include:

* the levels of compliance achieved across the portfolio;
* key areas of compliance across the portfolio, including planned and completed remedial actions and timeframes of the Agencies and Portfolio Departments; and
* an assessment of the significant compliance risk facing the portfolio, including key strategies of the Agencies and the portfolio department to mitigate these risks.

Compliance reporting is expected to be undertaken using an online tool administered by the Department of Treasury and Finance.

Compliance with the AMAF under the Directions must:

* be part of the agency’s financial management compliance framework;
* be subject to an annual assessment of compliance by the Responsible Body, that is reviewed by the Audit Committee;
* be subject to a detailed periodic review of compliance by the internal audit function, over a rolling period of three or four years;
* be reported to the Portfolio Department or, for Portfolio Departments, to DTF;
* must include the Accountable Officer taking remedial action to address compliance deficiencies;
* involve reporting and public disclosure of material compliance deficiencies.

See the Standing Directions, Instructions and Guidance for more detail.

### Transitional arrangements (before attestation is mandated for 2017-18 annual reports)

The AMAF commenced on publication in early 2016. However, it is acknowledged that agencies will need to transition to compliance.

For **2015-16** financial year, it is expected that agencies will begin transitioning from commencement, with a view to achieving compliance in a timely manner.

For the **2016-17** financial year, agencies are required to assess their compliance with the AMAF and include a trial attestation in relation to compliance in their compliance reporting to their Portfolio Department or DTF (as relevant). See the Directions and Instructions, and in particular Instruction 5.1, clause 5.

For the **2017-18** financial year, agencies are required to assess their compliance with the AMAF and, in their annual report, attest to compliance and disclose material compliance deficiencies. Compliance is assessed as at 30 June 2018.

For the **2018-19** financial year, and on an **ongoing basis into the future**, agencies are required to assess their compliance with AMAF and, in their annual report, attest to compliance and disclose material compliance deficiencies. Compliance is assessed in relation to the entire financial year.

The AMAF commenced with the publication of the policy document in early 2016. However, it is acknowledged that agencies will need a transition period prior to full compliance.

The AMAF does not require attestation until the 2017-18 annual report. Internal certification processes will need to be undertaken in the preceding year to ensure that the systems and processes established are robust and effective. This is intended to encourage Responsible Bodies to both test compliance with the AMAF, and to prepare for the attestation process as part of their 2017-18 annual report.

DTF has developed this guidance material to help Responsible Bodies transition to the new attestation requirements in the AMAF, including requirements to establish internal certification processes. DTF will also ensure there will be forums to support the implementation of AMAF. This will include:

* using existing forums such as the Infrastructure Policy Reference Group to discuss implementation issues that Departments are experiencing; and
* convening the AMAF working group for asset management practitioners to discuss and address AMAF implementation issues that have been raised in their portfolios.

### Disclosure of material compliance deficiencies

The Directions require agencies to disclose in their annual report ‘material compliance deficiencies’, defined as a deficiency of compliance that a reasonable person would consider has a material impact on the Agency or the State's reputation, financial position or financial management. The absence or failure of a system or control, or a systemic failure for a certain system, is likely to be material.

In disclosing any material compliance deficiency, the agency must also disclose the reasons for it, and planned and completed remedial actions.

Material compliance deficiencies must also be notified to the Responsible Minister and Portfolio Department.

### Oversight under the Public Administration Act 1994

The portfolio relationship provision contained in 3.1.3 (Attestation) of the AMAF reiterates existing requirements under the PAA and Standing Directions. This provision is a reminder that portfolio departments have existing responsibilities for working with, and providing guidance to portfolio agencies and supporting their minister for their portfolio entities. These will continue irrespective of the attestation process.

Under section 13A of the PAA, the Department Head (Secretary) has responsibilities for advising the portfolio Minister on matters relating to relevant portfolio agencies, including that they meet their responsibilities as a public entity, and for working with and providing guidance to these public entities. As this Section of the PAA indicates, these responsibilities are primarily advisory. Portfolio agencies will still be accountable for their own compliance.

### Assets managed by entities excluded from the Standing Directions

When asset management functions are devolved to any small entities that are excluded from complying with the Standing Directions and therefore not subject to the AMAF, Portfolio Department Accountable Officers retain responsibility for ensuring that appropriate asset management arrangements are in place for the devolved functions. These arrangements need to consider the requirements of the AMAF and be proportionate to the collective nature of the asset management responsibilities of the entities as a class.

### Assets managed by multiple agencies

In cases where assets are managed by multiple agencies within a portfolio, Responsible Bodies may not need to attest to compliance with some mandatory requirements of the framework for some assets when another agency within the portfolio has a clearly defined responsibility for meeting that mandatory requirement.

### DTF’s role in monitoring

As part of its role providing advice to Government on investment decisions, DTF will always consider the robustness of supporting information. In the case of asset funding proposals, this may include information derived from asset management systems and strategies (e.g. a case for funding where there is existing asset stock may include information on the stock condition and how the proposal is consistent with the agency’s asset management strategy). This includes for budget submissions and, particularly for government business enterprises, other major threshold investment decisions requiring the Treasurer’s approval. Other information requests may be generated by Cabinet and its sub committees, the Treasurer and other Ministers. Should this occur, DTF will endeavour to provide reasonable lead times and take account of the unique differences in processes, procedures and documentation between departments.

The AMAF and Standing Directions provide scope for DTF to request information from Accountable Officers on their asset management processes and practices through, for example, section 3.1.4 (Performance Management Reporting to Government), which states:

‘Through its asset information management system (AIMS), a Responsible Body must also ensure that it can provide relevant asset information performance data to government and central agencies as required, and is flexible enough to respond to reasonable information reporting requests by Government.’

## Asset definitions and thresholds

### Definition of assets

The Asset Management Accountability Framework (AMAF) uses a definition of ‘asset’ largely consistent with the current ISO 55000 Standards on asset management and the Australian Accounting Standards. This definition of assets is based on the concept of: ‘an item or thing that has potential value to an organisation, and for which the organisation has a responsibility’. The AMAF does not apply to financial assets (discussed below).

The Australian Accounting Standards Board also provides further detail on what may or may not be considered an asset through the paper ‘*Framework for the preparation and presentation of financial statements’*:

‘89. An asset is recognised in the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

90. An asset is not recognised in the balance sheet when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead, such a transaction results in the recognition of an expense in the income statement. This treatment does not imply either that the intention of management in incurring expenditure was other than to generate future economic benefits for the entity or that management was misguided. The only implication is that the degree of certainty that economic benefits will flow to the entity beyond the current accounting period is insufficient to warrant the recognition of an asset.’

Source: http://www.aasb.gov.au/admin/file/content105/c9/Framework\_07-04\_COMPdec07\_01-09.pdf

The AMAF is flexible and scalable to suit the different types and values of assets defined by different agencies. Given this broad definition of assets and in line with Victoria’s devolved accountability model, Accountable Officers have the discretion to define precisely what constitutes an asset to suit particular operational needs.

### Asset thresholds

The AMAF does not prescribe the asset thresholds required for its mandatory requirements as the type, value and significance of assets managed by agencies differs substantially. It would be reasonable for Accountable Officers to consider setting their own thresholds subject to any relevant accounting standards and /or relevant financial management directions or guidance.

# Appendix H: AMAF Ready Reckoner

The Ready Reckoner aligns the narrative guidance in Section 4 to each AMAF mandatory requirement. It sets out the actions suggested to achieve compliance with each mandatory requirement and summarises the possible inputs and evidence that may relate to complying with each mandatory requirement. The possible inputs and evidence are by no means exhaustive and applicable in every circumstance.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| AMAF Chapter | AMAF Theme | | AMAF mandatory requirement | | Potential Approach | Possible Inputs | Possible Evidence | |
| **Leadership and accountability** | | | | | | |  | |
| **3.1** | **Overview and key requirements** | | Accountable Officers must apply the mandatory requirements of the AMAF consistent with their organisation’s asset threshold. | | * + 1. **Determine asset limits** * Determine appropriate asset limit or value under AASB116 * All items (e.g. property, plant, equipment) above this limit will be defined as an asset   + 1. **Identify assets and control** * Identify and list all assets under the Accountable Officer’s direct control * If there is doubt in control or ownership, the respective Accountable Officers should meet and agree who is the controlling party   + 1. **Document boundary** * The asset limit and list of included assets should be documented (the scope of the asset management system) * All assets within scope should be included in the asset management system   + 1. **Undertake asset holdings complexity self-assessment test** * Review attributes of the complex and simple holdings using asset holdings complexity self-assessment test (refer section 4.1.2) * Assess your asset holdings for best fit (complex or simple) against this test taking into consideration Accounting Standards and/or relevant Financial Management Directions or Guidance * Document outcome   + 1. **Confirm level of evidence that could be expected for compliance as asset management system is established** * Review compliance level for determined level (complex or simple) * Establish a plan to meet this level of compliance | * List of controlled assets * Asset valuation data * Accounting Standards * Organisational governance structure * Asset/s service risk assessment * Victorian Critical Asset Register * Asset demand/utilisation data. | * Updated list of assets with identified controlling party * Documented checklist/review of asset holdings attributes * Accountable Officer sign off of holdings as complex or simple * This could potentially be as simple as: A cross/tick of the Complex and Simple Attributes (Figure 6), with the Accountable Officer’s signature. Or as detailed as:   + A report analysing the asset holdings including links to evidence of any of the attributes that apply.   + A detailed project plan that sets out how information will be collected/ or collated to meet the evidence level. | |
| **3.1.1** | **Resourcing and skills** | | Accountable Officers must ensure asset management functions are established and are appropriately resourced with qualified and/or skilled staff. | | * + 1. **Establish the functions/requirements in the a management plan or other document** * Determine the scale of resources required (staff, equipment, systems) to appropriately manage the asset holdings * Document resourcing requirements   + 1. **Review organisational governance structure. Determine where strategic and operational responsibility for assets resides** * Confirm the structure, responsibilities and delegations for decision making concerning assets including: capital investments, operational investment, operational service, financial and asset reporting and asset management * Confirm the governance framework complies with organisation's obligations under the PAA, FMA, Accounting Standards, FRD, *Emergency Management Act 2013*, Investment Lifecycle Guidelines and any other policies or regulations. * Update governance structure if required to address any items above   + 1. **Determine whether all aspects of asset planning and operation have a suitable owner** * Resource planning should demonstrate consistency with policies, risk management, operational plans and other constraints. * Document the skills, experience and training required for each core role   + 1. **Undertake a gap analysis** * Determine whether the identified staff or resources have the knowledge and skills to achieve the results expected in their roles * Document the roles or responsibilities of identified resources * Identify any actions required to address gaps including shortfalls in the quantity or skills of staff or contractors.   + 1. **Document the roles, authorities and responsibilities and align with operating frameworks** * In documenting roles, consideration should be given to the requirements across the asset lifecycle, including identifying reporting requirements and monitoring compliance with AMAF requirements * Document any continuous improvement, ongoing training or learning and development required for your identified resources. Implement required training programs. | * Organisational governance structure * HR policies and role descriptions * Corporate plan * Operating practices * Staff training plan. | A governance and resource plan or equivalent that documents:   * The organisation’s resource needs to meet its asset management objectives * Reporting lines, accountabilities, delegations and authority limits of all roles across the asset lifecycle * Required competency management approach (e.g. technical, financial) that outlines skill/experience levels, training/ accreditation requirements and development plans for agreed competency levels * The required skills and competencies of the identified resources * The roles responsible for developing/ implementing asset management plans * Staff allocated to identified roles with position descriptions that align to the responsibilities and accountabilities associated with that role including responsibilities across the asset lifecycle and responsibilities with monitoring and reporting compliance. * Any key development, competency or resource gaps that exist between the current resourcing state and the required resourcing state. | |
|  |  | | Where asset management activities are devolved or outsourced including to entities excluded from the Standing Directions, Accountable Officers must ensure contracted service providers or entities excluded from the Standing Directions have arrangements in place to ensure their staff are appropriately skilled and trained. | | **For devolved or outsourced assets**   * + 1. **Determine which asset management activities have been devolved or outsourced** * Review governance structure and determine outsourced responsibilities and approvers for these assets * Document the necessary skills and competencies required for these activities   + 1. **Procure services or supplier** * Ensure procurement objectives and strategy are aligned with asset management objectives, and selected suppliers have the capability and capacity to deliver these objectives * Confirm contracts require personnel involved in asset management are appropriately skilled and trained * Ensure departmental standard form contracts consider asset management objectives, including requirements for appropriately trained staff.   + 1. **Establish monitoring and reporting arrangements** * Monitor performance as required and undertake corrective action as required * Review and update future contracts to take account of this requirement, as appropriate   **For entities within the portfolio that are excluded from the Standing Directions**   * + 1. **Determine asset management responsibilities of portfolio entities excluded from the Standing Directions** * Document the skills and competencies required for these responsibilities.   + 1. **Review financial management requirements that have been established for these entities in accordance with Standing Direction 2.3.5 and the associated Instructions and Guidance** * Confirm arrangements to ensure staff in these entities are appropriately skilled and trained to perform their asset management responsibilities * Confirm arrangements and accountabilities are appropriate given the scale and criticality of the assets collectively managed by the group of entities excluded by the Directions.   + 1. **Establish monitoring and reporting arrangements** * Monitor performance and undertake corrective action as required | * Standing Direction 2.3.5 and associated Instruction and Guidance * Strategic sourcing methodology * Governance structure * Risk management plan * Contractor/ supplier KPIs/ performance metrics (aligned to asset management strategy) * Procurement evaluation plan (documenting contractor selection) Contractor management plan | * Copies of agreements that outline KPIs and contractors competency assessments (including where necessary certification records). * Contracted Interface Procedures Manuals or endorsed methodologies/ contractor operating manuals * Records of minutes, change orders, audit records or similar that show the suppliers conformance with an organisation’s asset management system. * Contractor performance assessments * This could potentially be as simple as:   + Copies of contracts   + Contractor performance report memo * Or as detailed as:   + A contractor evaluation and management system including records of contractor reports, independent evaluations and program review records | |
| **3.1.2** | **Governance** | | Accountable Officers must establish appropriate governance frameworks to support the management of assets in their direct control, as well as being considerate of the governance frameworks that other organisations within their portfolio have to support management of assets in their control. | | * + 1. **Establish the asset management functions/requirements in the asset management strategy and plan**     2. **Ensure asset management functions/requirements are reflected in the governance framework** * Determine where strategic and operational responsibility for assets resides * Confirm the structure, responsibilities and delegations for decision making concerning assets including: capital investments, operational investment, operational service, financial and asset reporting and asset management * Align HR, finance, risk management, technical and other policies and processes to asset management process * Confirm the governance framework complies with organisation's obligations under the PAA, FMA, Accounting Standards, FRD, *Emergency Management Act 2013*, Investment Lifecycle Guidelines and any other policies or regulations.   + 1. **Clearly define responsibilities for assets managed by multiple entities** * Review asset management governance frameworks of other organisations within the portfolio to ensure asset management responsibilities are clearly understood by others. * Update or develop a portfolio-wide governance framework that records asset management responsibilities or produce a memo signed by the parties involved which allocates responsibility   + 1. **Confirm all aspects of asset planning and operation have a suitable owner** * Update organisational and portfolio-wide governance frameworks accordingly * Secure Accountable Officer sign off | * Enabling legislation/ regulations * Corporate Plan * Communication plan * Performance review strategy * Existing management and functional policies and processes such as: * HR policy * Finance policy * Risk management policy and plan | * Establishment of asset management strategy (Part A - Strategic) and asset management processes and alignment to other corporate/functional systems/processes * Corporate Plan and objectives * Risk management strategy and plan * Monitoring, measurement and performance reporting of the asset management system * Communication plan addressing asset management | |
|  |  | | Accountable Officers must comply with all mandatory requirements under other government policies when carrying out asset management planning and activities. | | * + 1. **Identify policies, regulations and standing orders that apply to the organisation**     2. **Identify mandatory requirements under the applicable policies, regulations and Standing Directions**     3. **In developing asset management planning activities, consider and where appropriate align with other mandatory requirements**     4. **Check asset management planning and activities for conflicts with other mandatory requirements. Where identified adapt/adjust process to ensure mandatory requirement/s are addressed** | * Enabling legislation * Policies, regulation, Standing Directions | * No separate evidence required. | |
| **3.1.2** | **Allocating asset management responsibility** | | Responsibility, authority and accountability for all stages of the asset lifecycle must be clearly defined and allocated within an Accountable Officer’s operating frameworks. This includes allocating, documenting and clearly communicating relevant asset management responsibilities. | | * + 1. **Establish the functions/requirements in the organisation’s asset management plan** * Determine the scale of resources required (staff, equipment, systems) to appropriately manage the asset holdings * Document resource requirements   + 1. **Review organisational governance structure. Determine where strategic and operational responsibility for assets resides** * Confirm the structure, responsibilities and delegations for decision making concerning assets including: capital investments, operational investment, operational service, financial and asset reporting and asset management * Confirm the governance framework complies with organisation's obligations under the PAA, FMA, Accounting Standards, FRD, *Emergency Management Act 2013*, Investment Lifecycle Guidelines and any other policies or regulations. * Update governance structure if required to address any items above   + 1. **Determine whether all aspects of asset planning and operation have a suitable owner** * Resource planning should demonstrate consistency with policies, risk management, operational plans and other constraints. * Document the skills, experience and training required for each core role   + 1. **Document the roles, authorities and responsibilities and align with operating frameworks** * In documenting roles consideration should be given to the requirements across the asset lifecycle, including identifying reporting requirements and monitoring compliance with AMAF requirements * Document any continuous improvement, ongoing training or learning and development required for your identified resources. Implement required training programs.   + 1. **Establish a communication strategy and plan** * Establish audience for asset management communications * Establish frequency and type of communication * Assign responsibility for communication and ensure appropriate or allocated roles to complete this task (communicate and disseminate) | * Organisational governance structure * HR policies and role descriptions * Corporate plan * Operating practices * Communication strategy * Financial delegation matrix | * Documented resource requirements, organisational chart, Governance structure, resources competence analysis, learning & development plan, communication plan * This could potentially be as simple as:   + An organisation chart that shows those with asset management responsibilities, their reporting lines   + Any asset management training or learning and development requirements noted in organisation’s learning & development or training documentation * Or as detailed as a detailed governance & resource planning documentation that outlines:   + The organisational resource needs required to meet its asset management objectives   + Reporting lines, accountabilities, delegations and authority limits of all roles across the asset lifecycle   + Required competency management approach (e.g. technical, financial) that outlines skill or experience levels, training or accreditation requirements and development plans for agreed competency levels   + The required skills and competencies of the identified resources   + The roles responsible for developing/implementing asset management plans   + Staff allocated to identified roles with position descriptions that align to the responsibilities and accountabilities associated with that role including responsibilities across the asset lifecycle | |
| All asset management activities must only be carried out under proper authorisation, including appropriate financial and other delegations. | | * + 1. **Review organisational governance structure. Determine where strategic and operational responsibility for assets resides** * Confirm the structure, responsibilities and delegations for decision making concerning assets including: capital investments, operational investment, operational service, financial and asset reporting and asset management * Confirm the governance framework complies with organisation's obligations under the PAA, FMA, Accounting Standards, FRD, *Emergency Management Act 2013*, Investment Lifecycle Guidelines and any other policies or regulations Update governance structure if required to address any items above * Check or review activities for decisions, approvals and activities and confirm within authority and delegation levels set within governance structure. | * Organisational governance structure * HR policies and role descriptions * Legislation, policy and Standing Directions * Financial delegation matrix | * Documented resource requirements, organisational chart, governance structure, resources competence analysis, learning and development plan, communication plan * This could potentially be as simple as:   + An organisation chart that shows those with asset management responsibilities, their reporting lines   + Any asset management training or learning and development requirements noted in organisation’s learning and development/training plans * Or as detailed as a governance and resource planning documentation that documents:   + The organisational resource needs required to meet its asset management objectives   + Reporting lines, accountabilities, delegations and authority limits of all roles across the asset lifecycle   + Required competency management approach (e.g. technical, financial) that outlines skill or experience levels, training or accreditation requirements and development plans for agreed competency levels   + The required skills and competencies of the identified resources   + The roles responsible for developing/implementing asset management plans   + Staff allocated to identified roles with position descriptions that align to the responsibilities and accountabilities associated with that role including responsibilities across the asset lifecycle | |
|  |  | | Accountable Officers must document who is responsible for monitoring compliance with the AMAF and ensuring that systems and processes to support the AMAF are in place. | | 1. **Establish a function or requirement to monitor overall AMAF compliance in the asset management plan or other document**  * Determine the scale of resources required (staff, equipment, systems) to appropriately monitor AMAF compliance * Document resource requirements  1. **Review organisational governance structure. Determine where strategic and operational responsibility for monitoring AMAF compliance sits**  * Determine the role/s responsible for monitoring compliance with the AMAF and ensuring systems/processes to support the AMAF are in place * Confirm the governance framework complies with organisation's obligations under the PAA, FMA, Accounting Standards, FRD, *Emergency Management Act 2013*, Investment Lifecycle Guidelines and any other policies or regulations Update governance structure if required to address any items above  1. **Identify means or method to monitor AMAF compliance and ensure systems or processes are appropriate to support compliance**  * Resource planning should demonstrate consistency with policies, risk management, operational plans and other constraints * Identify, document and implement the means or method to monitor AMAF compliance , including frequency of reviews and method of undertaking corrective actions (e.g. periodic reports to Accountable Officer)  1. **Document the roles, authorities and responsibilities and align with operating frameworks**  * In documenting roles consideration should be given to the requirements across the asset lifecycle, including identifying reporting requirements | * Organisational governance structure * HR policies and role descriptions * Corporate plan * Operating practices * Asset management system audit strategy | * Operating practices * Monitoring/ reporting plan * Governance and resource planning documentation | |
| Accountable Officers must document who is responsible and accountable for decision making in relation to varying stages of an asset’s lifecycle | | 1. **Review organisational governance structure. Determine where strategic and operational responsibility for assets sits (at each stage of the asset lifecycle)**  * Confirm the structure, responsibilities and delegations for decision making concerning assets across the asset lifecycle including: capital investments, operational investment, operational service, financial and asset reporting and asset management * Confirm the governance framework complies with organisation's obligations under the PAA, FMA, Accounting Standards, FRD, *Emergency Management Act 2013*, Investment Lifecycle Guidelines and any other policies or regulations. * Confirm personnel in these decision making roles are capable and competent to make these decisions * Update governance structure if required to address any items above  1. **Document the roles, authorities and responsibilities and align with operating frameworks**  * In documenting roles consideration should be given to the requirements across the asset lifecycle, including identifying reporting requirements | * Organisational governance structure * HR policies and role descriptions * Corporate plan * Operating practices | * Operating plans or similar * Monitoring or reporting plan * Governance and resource planning documentation | |
| Where asset management functions are devolved or outsourced including to entities excluded from the Standing Directions, Accountable Officers must have appropriate internal management processes established to ensure that they and their outsourced providers or entities excluded from the Standing Directions are maintaining and managing assets to the required standard(s) (e.g. regular performance reporting). | | 1. **Determine responsibilities and authorities**  * Review governance structure and determine outsourcing responsibility and approvals  1. **Procure services or supplier**  * Align with the Victorian Government Procurement policies (defined term in glossary) and portfolio policies * Ensure procurement objectives and selected suppliers are aligned with asset management objectives, performance requirements and that the performance monitoring informs the asset management system  1. **Establish monitoring and reporting**  * Establish standard reporting requirements (including KPIs) to ensure assets are maintained and managed to the required standard (e.g. regular performance reporting). * Monitor performance as required  1. **Document and endorse**  * Document outsourcing strategy and process to be employed * Align with governance structure and risk management plan * Align with procurement documentation and contractor reporting requirements * Document reporting requirements, monitor and undertake corrective action as required * Review and update future contracts to take account of this requirement, as appropriate | * Strategic sourcing methodology * Governance structure * Risk management plan * Contractor or supplier KPIs/ performance metrics (aligned to asset management strategy) * Procurement evaluation plan (documenting contractor selection) | * Copies of agreements that outline KPIs and contractors competency assessments (including where necessary certification records). * Contracted interface procedures manuals or endorsed methodologies/contractor operating manuals * Records of minutes/change orders/audit records or similar that show the suppliers conformance with an organisation’s asset management system. * Contractor performance assessments * This could potentially be as simple as:   + Copies of contracts   + Contractor performance report memo * Or as detailed as:   + A contractor evaluation and management system including records of contractor reports, independent evaluations and program review records | |
| **3.1.3** | **Attestation requirements** | | The Responsible Body’s audit committee, or an alternative review mechanism when there is no audit committee[[25]](#footnote-26), must verify the Responsible Body’s attestation of compliance with requirements of the Standing Direction on asset management prior to finalising the attestation in the annual report. Agencies are also subject to any other requirements under the Directions to ensure compliance and support the attestation. | | 1. **Review the AMAF mandatory requirements**  * Review the mandatory criteria for currency and completeness * Determine the records and information required to evidence compliance within your organisation  1. **Review and assess the system**  * Review the records, reports and information to determine that they adequately demonstrate compliance * Document or summarise and submit to the Responsible Body’s (Secretary or Board) audit committee for audit  1. **Document and report**  * Document the outcomes and correct any shortfalls following feedback from the audit * Identify any remaining shortfalls/corrective actions and report * Attest in the Annual Report from 2017-18 | * Asset management Strategy (Part A – Strategic and Part B – Tactical. Refer Section 4.3.1 and 4.3.2) (see Appendix A for example) incorporating: * Asset management plan * Asset Information Management System * AMAF mandatory requirements * Asset management system audit strategy | * Mandatory requirements checklist and evidence * Responsible Body or Audit Committee review and outcomes summary * Attestation in the Annual Report | |
| **3.1.4** | **Monitoring asset performance** | | Accountable Officers must establish performance standards and targets for their assets, considerate of available resources that form part of their broader service planning goals. Accountable Officers must also establish and maintain management processes to regularly record, monitor and assess performance, and use those results to improve performance. | | 1. **Determine standards**  * External and internal requirements, structure, frequency, format, distribution * Establish performance standards and measures and/or KPIs * Establish standard report formats or structures  1. **Develop the management process**  * Document the organisational goals/objectives * Establish the critical success factors to achieving these objectives * Determine how often these goals and critical success factors should be evaluated, and by who  1. **Establish data needs to monitor/report and confirm available through AIMS**  * Determine available measures of critical success factors * Establish if industry sector or benchmarks exist. If not, establish targets * Document the data needs, measures, and targets * Cross check data required is included in the AIMS policy, if not determine plan to collate and report on data (incorporate into AIMS)  1. **Document processes and incorporate into corporate/strategic planning documents**  * Align reporting requirements with corporate and strategy planning documents and where possible identify and align reporting to support integrated asset management decision making with broader organisational decision making  1. **Establish a program for reporting, review and action**  * Develop and document a performance monitoring and reporting program * Schedule reviews and outcome evaluation of reporting * Determine preventative or corrective actions and implement  1. **Establish a monitoring process**  * Review the asset management objectives and determine appropriate measures/KPIs * Determine frequency of measures/reporting * Establish a performance benchmark * Establish process to proactively identify potential asset performance failures * Establish corrective action process and process for evaluating the effectiveness of corrective actions  1. **Align with AIMS and other information sources**  * Assess the data needs and data availability utilising the information management plan, data management plan, technical information management plan, financial management plan or other similar documents. * Where data is not available, determine suitability of collecting, recording and assessing data or evaluate alternative data options * Where necessary, update data plans, AIMS and other strategies/plans for updated monitoring data needs  1. **Monitor and report**  * Collate and review data against reporting objectives * Evaluate data against benchmarks * Determine shortfalls and document mitigations/corrective actions * Communicate results and performance improvement requirements | * AIMS report data * Asset management objectives * Corporate and strategy planning and associated reports * Schedule of reporting requirements * Asset management objectives * Information management plan * Service plans * Data management plan * Technical information management plan * Financial management plan * Performance benchmarks * Quality management plan | * Reporting program with allocated responsibilities * Standardised report structures * Program of report reviews, with minutes or other record of actions from the report review outcomes * This could potentially be as simple as a reporting plan that summarises what reports will be done, when and by whom * Or as detailed as a series of business rules embedded in a software solution and documented in an operational policy * Performance reports with benchmarks and targets * Asset performance data (e.g. utilisation, cost, quality) * Asset management plan and performance of objectives (e.g. compliance, corrective actions) * This could potentially be as simple as:   + A table of SMART goals with minimum and optimal targets against each   + A spreadsheet of performance against criteria   + A corrective actions register * Or as detailed as a software solution which tracks, monitors and reports performance and allocated auditable trail of corrective actions. | |
|  |  | | The performance and utilisation of assets must be reviewed periodically. | | 1. **Establish a monitoring process**  * Review the asset management objectives and determine appropriate measures/KPIs. * Determine frequency of measures/reporting to ensure performance and utilisation of assets is reviewed periodically (determine appropriate period/timeframe) * Establish a performance benchmark * Establish process to proactively identify potential asset performance failures * Establish corrective action process and process for evaluating the effectiveness of corrective actions  1. **Align with AIMS and other information sources**  * Assess the data needs and data availability utilising the information management plan, data management plan, technical information management plan, financial management plan or other similar documents. * Where data is not available, determine suitability of collecting, recording and assessing data or evaluate alternative data options * Where necessary, update data plans, AIMS and other strategies/plans for updated monitoring data needs and ensure AIMS is designed to facilitate period review of asset utilisation and performance  1. **Management process to regularly record, monitor and assess utilisation and performance**  * Document a process for the collection and quality control of data * Document process for the monitoring and updating of data * Document process for evaluating and analysing data for completeness and quality  1. **Confirm reporting is allocated in governance and resourcing**  * Allocate responsibility for data collection, monitoring and analysis (cross check that it is consistent with resource and governance planning documentation) | * Organisational governance structure * HR policies and role descriptions * Corporate Plan * Operating practices * Communication strategy * Financial delegation matrix | * Asset reliability/availability reports * Failure mode analysis reports * Performance reports to benchmark and form targets * Asset performance data (e.g. utilisation, cost, quality) * Asset management plan and objectives performance (e.g. compliance, corrective actions) * This could potentially be as simple as:   + A table of SMART goals with minimum and optimal targets against each   + A spreadsheet of performance against criteria   + A corrective actions register * Or as detailed as a software solution which tracks, monitors and reports performance and allocated auditable trail of corrective actions. | |
|  |  | | Asset performance monitoring must also be incorporated into the overall corporate and strategic planning framework. | | 1. **Document and endorse performance monitoring**  * Align with governance structure and risk management plan * Align with procurement practices and contractor reporting requirements * Document reporting requirements, monitor and undertake corrective action as required  1. **Confirm reporting is allocated in governance and resourcing**  * Allocate responsibility for data collection, monitoring and analysis (cross check that it is consistent with resource and governance planning documentation)  1. **Collate processes and incorporate into corporate/strategic planning framework**  * Integrate data collection, monitoring and evaluation practices with corporate/functional processes where there is a reliance or interface * Confirm the responsibility and approvals for Asset Management Strategy (Part A – Strategic) reporting and monitoring. * Ensure updates are included in any resource planning documentation (Section 4.2.4) | * Organisational governance structure * HR policies and role descriptions * Corporate plan * Operating practices | * Governance and resourcing documentation and/or information management policy * Information systems policy * Evaluation gap analysis of information requirements for asset data to inform financial analysis and reporting * Resource planning documentation, organisational chart, governance structure | |
| **3.1.4** | **Asset management system performance** | | Accountable Officers must establish systems and processes for monitoring the performance of both:  their assets; and  the overall asset management systems themselves;  to ensure the systems have been implemented and maintained, and are effective in meeting asset management requirements and responsibilities. | | **1. Establish a monitoring process for assets and the asset management system itself**   * Review the asset management objectives and determine appropriate measures or KPIs. * Determine frequency of measures and reporting (ensure periodic review) * Establish a performance benchmark * Establish process to proactively identify potential asset performance failures * Establish corrective action process and process for evaluating the effectiveness of corrective actions   **2. Align with AIMS and other information sources**   * Assess the data needs and data availability utilising the information management plan, data management plan, technical information management plan, financial management plan or other similar documents. * Where data is not available, determine suitability of collecting, recording and assessing data or evaluate alternative data options * Where necessary, update data plans, AIMS and other documentation for updated monitoring data needs   **3. Monitor and report**   * Collate and review data against reporting objectives * Evaluate data against benchmarks * Determine shortfalls and document mitigations/corrective actions * Communicate results and performance improvement requirements | * Asset management system audit strategy * Asset management objectives * Information management plan * Service plans * Data management plan if relevant * Technical information management plan if relevant * Financial management plan * Performance benchmarks * Quality management plan if relevant | * Asset reliability/availability reports * Failure mode analysis reports * Performance reports to benchmark and form targets * Asset performance data (e.g. utilisation, cost, quality) * Asset plans and objectives performance (e.g. compliance, corrective actions) * This could potentially be as simple as:   + A table of SMART goals with minimum and optimal targets against each   + A spreadsheet of performance against criteria   + A corrective actions register * Or as detailed as a software solution which tracks, monitors and reports performance and allocated auditable trail of corrective actions. | |
| From 2020‑21 Responsible Bodies must, at least every three years, conduct a self‑assessment of the level of asset management maturity within their organisation, and other organisations within their annual report, and state this in their annual report. As part of this self‑assessment, Responsible Bodies must evaluate:  the maturity of their asset management systems and practices;  the maturity of their systems and practices against their aspirational target; and  their path towards achieving their aspirational target. | | **Establish program for review and self-assessment**   * Accountable Officer and Responsible Bodies to determine program for securing, reviewing, commenting and endorsing the asset management system   **Review criteria and seek information**   * Review and confirm mandatory requirements and maturity assessment criteria * Seek information required to undertake the maturity assessment   **Undertake maturity assessment (minimum every 3 years)**   * Complete DTF’s online assessment when available closer to 2020-21 * Receive and review results * Identify areas on non-conformance or low maturity * Establish an improvement plan * Submit maturity assessment results | * Asset management Strategy (Part A – Strategic and Part B – Tactical) * Asset management plan * AIMS * Asset Management System Audit Strategy | * Self-assessment result * Maturity assessment- asset management systems and practices * Gap analysis to aspirational target * Corrective actions * This could potentially be as simple as:   + a print out of the self-assessment results   + a list of areas for improvement and corrective actions * Or as detailed as a series of business rules embedded in a software solution and documented in an operational policy | |
| **3.1.4** | **Reporting to Government** | | Through its asset information management system (AIMS), an Accountable Officer must also ensure the organisation can provide relevant asset information and performance data to government/central agencies as required, and is flexible enough to respond to reasonable information reporting requests by the Government. | | 1. **Confirm any likely asset reporting requirements to government** 2. **Align with AIMS and other information sources**  * Assess the data needs and data availability utilising the information management plan, data management plan, technical information management plan, financial management plan or other similar documents. * Where data is not available, determine suitability of collecting, recording and assessing data or evaluate alternative data options   Where necessary, update data plans, AIMS and other documentation for updated monitoring data needs   1. **Monitor and report**  * Collate and review data against reporting objectives * Evaluate data against benchmarks * Determine shortfalls and document mitigations/corrective actions * Produce and provide reports as required | * Asset management system audit strategy * Asset management objectives * Information management plan * Service plans * Data management plan * Technical information management plan * Financial management plan * Performance benchmarks * Quality management plan | * Asset reliability/availability reports * Failure mode analysis reports * Performance reports to benchmark and form targets * Asset performance data (e.g. utilisation, cost, quality) * Asset plans and objectives performance (e.g. compliance, corrective actions) * This could potentially be as simple as:   + A table of SMART goals with minimum and optimal targets against each   + A spreadsheet of performance against criteria   + A corrective actions register * Or as detailed as a software solution that tracks, monitors and reports performance and allocated auditable trail of corrective actions. | |
| **3.1.4** | **Evaluation of asset performance** | | As part of the performance management process, an Accountable Officer must regularly review the performance of its organisation’s assets. They must also make any necessary changes to their organisation’s asset management and risk management processes and systems. This will allow the organisation’s asset base to continue to achieve the organisation’s service delivery objectives, within available resources. | | 1. **Establish a monitoring process for the asset management system and for the assets themselves aligned with the service delivery and organisational objectives** 2. **Determine the frequency timelines of the review** (determine what constitutes ‘regular’ for an organisation) 3. **Identify and report on asset or asset management system shortfalls and corrective actions required** (assessment may be based on performance reports produced etc.) 4. **Implement corrective actions or performance improvement actions** (including updating processes, risk management etc.) | * Organisational governance structure * HR policies and role descriptions * Corporate plan * Operating practices * Asset management system audit strategy * Asset management objectives * Information management plan * Service plans * Data management plan * Technical information management plan * Financial management plan * Performance benchmarks * Quality management plan * Risk register | * Operating practices * Monitoring and reporting information * Governance and resource planning documentation * Return on investment assessment analysis * Asset reliability or availability information * Failure mode analysis reports * Performance reports with benchmarks and targets * Asset performance data (e.g. utilisation, cost, quality) * Asset management plans and objectives performance (e.g. compliance, corrective actions) * Risk register * This could potentially be as simple as:   + A table of SMART goals with minimum and optimal targets against each   + A spreadsheet of performance against criteria   + A corrective actions register * Or as detailed as a software solution that tracks, monitors and reports performance and allocated auditable trail of corrective actions. | |
| **3.1.5** | **Other Requirements** | | Accountable Officers must ensure there are appropriate risk management strategies and processes to support asset management established, including processes to identify and maintain assets that are at risk of critical service failure. | | 1. **Locate and review organisation’s risk management policy and strategy**  * Check policy complies with Victorian Government Risk Management Framework * Determine if risk policy and strategy consider asset risk. If not, arrange to update  1. **Ensure procedures for identifying and responding to incidents**  * Review risk policy or strategy and risk methodology for completeness and the process for risk identification, risk treatment and response in the event of an incident. * Check alignment with organisational policies and strategies (HR, finance). If not, update the policies and strategies as appropriate * Establish and document organisation's tolerance (or risk objectives) for risk across a range of risk categories  1. **Develop asset risk management strategy**  * Identify, assess and document known and likely risks, analyse cause, evaluate actions that can be taken to mitigate the risks and assess how they will reduce risk and implement the risk treatment. * Give consideration to:   + physical failure   + operations   + financial   + service impact   + regulatory/legal reputational/stakeholder   + third party stakeholders   + occupational health and safety   + environmental factors   + any other risk categories relevant to the organisation’s industry  1. **Align with business continuity planning**  * Locate any business continuity planning information and check for compliance with Guidance Note 3.7 from the Guidance supporting the *Standing Directions of the Minister for Finance 2016 (June 2016)* * Confirm alignment between the risk policy, risk strategy and business continuity planning documentation * Where necessary develop procedures for identifying and responding to incidents and emergency situations and maintaining operational continuity of critical assets  1. **Document and communicate**  * Document and communicate risk management policy and strategy and how asset management and other organisational policies and functions interact with it * Update where necessary asset management strategy to align with risk management strategy | * Risk management framework * Corporate risk policy and strategy * Business continuity planning documentation Victorian Government Risk Management Guidance and portfolio policies | * Business continuity planning documentation * Risk register * Risk management process including methodology for decision making around risk * Minutes of risk management meetings * Evidence of risk policy and strategy review by Accountable Officer * This could potentially be as simple as:   + A table/excel sheet with identified risks and mitigations. Link to organisational risk policy/ strategy * Or as detailed as a dedicated risk strategy and report linking through to risk management software and risk | |
| **Planning** | | | | | | | | |
| **3.2.2** | **Asset management strategy** | | A key requirement of the AMAF is for Accountable Officers to develop an asset management strategy for their organisation’s entire asset base over the whole asset lifecycle on a portfolio basis. | | 1. **Review organisational context**  * Determine the service delivery and asset alignment  1. **Evaluate organisation's existing asset base**  * Assess for condition, capacity, capability and utilisation * This assessment should be undertaken in context of the assets’ ability to meet service requirements  1. **Align with organisational context**  * Formulate and align asset strategy with service planning * Align with organisational policies and strategies * Check against each state of the asset lifecycle including planning, operation and disposal  1. **Document**  * Incorporate a statement of the desired position and approach into asset management strategy (see Appendix B for typical contents) | * Organisational context (from Section 4.2.1) * Service planning information * Existing asset data * Asset management strategy (Part A – Strategic. Refer Section 4.3.1) * Organisational policies and strategies (i.e. resources, finance, risk, environmental, OH&S) * Stakeholder analysis strategy | * Asset management strategy (Part A – Strategic and Part B – Tactical. (Refer Appendix A for example) incorporating:   + criteria for identification of applicable assets   + alignment of asset management strategy to service planning information   + asset management objectives   + how the asset management strategy considers and accounts for internal and external factors   + asset holdings covered by the asset management system   + scope for the asset management system in terms of boundaries with other management systems used by an organisation (e.g. interface with finance system, or HR system)   + Internal and external Stakeholder identification report | |
|  |  | | The strategy must outline how the Accountable Officer will use the organisation’s assets to support its service delivery objectives and incorporate planning for assets (including proposed upgrades, acquisitions and disposals) over different periods of time (e.g. short term: one to three years, medium term: four to nine years, and long term: 10 or more years). The strategy must be evaluated by senior management, and updated where applicable. | | 1. **Review asset management strategy** 2. **Confirm it appropriately outlines how the organisation’s assets will be used to support its service delivery objectives and incorporate planning for assets (including proposed upgrades, acquisitions and disposals)** 3. **Confirm it appropriately considers service across short, medium and long timeframes** 4. **Establish a schedule/program for senior management to review, comment and update** | * Organisational context (Refer Section 4.2.1) * Service planning information * Existing asset data * Asset management strategy (Part A – Strategic. Refer Section 4.3.1) * Organisational policies and strategies (i.e. resources, finance, risk, environmental, OH&S etc.) | * Asset management strategy (Part A – Strategic and Part B – Tactical. Refer Section 4.3.1 and 4.3.2 and Appendix A for example) incorporating:   + Governance and resource plan | |
| **3.2.2** | **Risk management and contingency planning** | | As part of their asset management strategies, Accountable Officers must incorporate asset risk management planning, which describes the risk management strategies and actions (e.g. treatment plans) to be implemented for assets under their control. | | 1. **Locate and review organisation’s risk management policy and strategy**  * Check policy complies with Victorian Government Risk Management Framework * Determine if risk policy and strategy considers asset risk. If not, update.  1. **Ensure procedures for identifying and responding to incidents**  * Review risk policy or strategy and risk methodology for completeness and the process for risk identification, risk treatment and response in the event of an incident. * Check alignment with organisational policies and strategies (HR, finance). If not, update the policies and strategies as appropriate. * Establish and document organisation's tolerance (or risk objectives) for risk across a range of risk categories  1. **Develop asset risk management strategy or update existing risk management strategy**  * Identify, assess and document known and likely risks, analyse cause, evaluate actions that can be taken to mitigate the risks and assess how they will reduce risk, implement the risk treatment. * Give consideration to:   + physical failure   + operations   + financial   + service impact   + regulatory/legal reputational/stakeholder   › third party stakeholders  › occupational health and safety  › environmental factors  › any other risk categories relevant to the organisation’s industry   1. **Align with business continuity planning documentation**  * Locate any business continuity planning documentation and check for compliance with Guidance Note 3.7 from the Guidance supporting the *Standing Directions of the Minister for Finance 2016 (June 2016)* * Confirm alignment between the risk policy, risk strategy and business continuity planning documentation * Where necessary develop procedures for identifying and responding to incidents and emergency situations and maintaining operational continuity of critical assets  1. **Document and communicate**  * Document and communicate risk management policy and strategy and how asset management and other organisational policies and functions interact with it * Update where necessary asset management strategy to align with risk management strategy | * Corporate risk policy and strategy * Business continuity planning documentation * Victorian Government Risk Management Guidance and portfolio policies | * Risk register * Risk management process including methodology for decision making around risk * Minutes of risk management meetings * Evidence of risk policy and strategy review by Accountable Officer * This could potentially be as simple as:   + A table/excel sheet with identified risks and mitigations. Link to organisational risk policy/ strategy * Or as detailed as:   + Dedicated risk strategy and report linking through to risk management software and risk | |
|  |  | | Accountable Officers must continue to monitor and evaluate the effectiveness of their risk management measures on a regular basis and, if necessary, redefine them. | | 1. **Establish a monitoring process for the asset management risk management measures** 2. **Determine frequency** 3. **Identify and report on shortfalls in the risk management system and measures** 4. **Implement corrective actions or performance improvement actions (including updating processes and risk management practices)** | * Risk register and risk management documentation * Asset management objectives * Information management plan * Service plans * Data management plan * Technical information management plan * Financial management plan * Performance benchmarks * Quality management plan | * Risk register and risk management documentation * Operating practices * Monitoring/reporting plan * Governance and resource plan * Asset reliability/availability reports * Failure mode analysis reports * Performance reports to benchmark and targets * Asset performance data (e.g. utilisation, cost, quality) * Asset plans and objectives performance (e.g. compliance, corrective actions) * This could potentially be as simple as:   + A table of SMART goals with minimum and optimal targets against each   + A spreadsheet of performance against criteria   + A corrective actions register * Or as detailed as a software solution that tracks, monitors and reports performance and allocated auditable trail of corrective actions. | |
| **Acquisition** | | | | | | | | |
| **3.3.1** | **Overview** | During the acquisition phases Accountable Officers must adequately consider, on behalf of their organisation:   * + solutions to support service delivery that do not involve asset acquisitions;   + risks in acquiring assets or delivering services;   + the appropriate procurement method; and   + the appropriate approval mechanism prior to acquisition. | | | 1. **Develop organisational procurement processes**  * Review existing procurement policies in place and Victorian Government procurement policies (including VGPB Guidelines and Ministerial Directions). Ensure there is sufficient guidance/ direction on procuring assets  1. **Acquisition policy should document and determine the decision making criteria in respect of:**     * solutions to support service delivery that do not involve asset acquisitions;    * risks in acquiring assets or delivering services;    * the appropriate procurement method;    * the appropriate approval mechanism prior to acquisition;    * organisation’s asset management strategy;    * nature of the organisation’s assets to be acquired or created;    * market conditions and the implications for the organisation’s asset cost (is it a buyers’ or sellers’ market?);    * industry capacity (i.e. the number of potential contractors or suppliers capable of supplying the assets);    * industry standard (how the assets are normally procured in the industry);    * suitability of contractors or suppliers;    * available resources to manage procurement of the organisation’s asset; and    * relevant internal/external approval processes (e.g. Government approval processes as part of the annual State Budget)  * If no procurement policy exists or it is incomplete, establish a policy based on VGPB requirements and organisational context  1. **Implement procurement and acquisition process**  * Confirm the governance, resources and authorities for acquisition activities (including approvals process, authority and delegation limits) * Align with Governance and Resourcing Structure. Confirm the acquisition decision making criteria * Accountable Officer or delegate sign off and communication of the acquisition process in line with any organisational communication plan | * DTF investment lifecycle guidelines * Victorian Government Purchasing Board Guidance or Ministerial Directions (as relevant) * Standing Directions * Risk management policy and strategy * Asset Management Strategy (Part A – Strategic) * Governance and resource planning documentation | | * This could potentially be as simple as references to signed off procurement strategies and plans completed in line with the Victorian Government procurement policies (including VGPB Guidelines and Ministerial Directions) * Or as detailed as dedicated procurement strategies and plans that detail the governance, market analysis, market approach, contract management and contract disclosure considerations * Procurement policy and strategy |
| **3.3.2** | **Acquisition process** | As part of the acquisition process, an Accountable Officer must consider the:  organisation’s asset management strategy;  nature of the organisation’s assets to be acquired or created;  market conditions and the implications for the organisation’s asset cost (is it a buyers’ or sellers’ market?);  industry capacity (i.e. the number of potential contractors or suppliers capable of supplying the assets);  industry standard (how the assets are normally procured in the industry);  suitability of contractors or suppliers;  available resources to manage procurement of the organisation’s asset; and  relevant internal/external approval processes (e.g. Government approval processes as part of the annual State Budget). | | | 1. **Develop organisational procurement processes**  * Review existing procurement policies in place and Victorian Government procurement policies (including VGPB guidance and Ministerial Directions). Ensure there is sufficient guidance/ direction on procuring assets  1. **Policy should document and determine the decision making criteria in respect of:**     * solutions to support service delivery that do not involve asset acquisitions;    * risks in acquiring assets or delivering services;    * the appropriate procurement method;    * the appropriate approval mechanism prior to acquisition;    * organisation’s asset management strategy;    * nature of the organisation’s assets to be acquired or created;    * market conditions and the implications for the organisation’s asset cost (is it a buyers’ or sellers’ market?);    * industry capacity (i.e. the number of potential contractors or suppliers capable of supplying the assets);    * industry standard (how the assets are normally procured in the industry);    * suitability of contractors or suppliers;    * available resources to manage procurement of the organisation’s asset; and    * relevant internal/external approval processes (e.g. Government approval processes as part of the annual State Budget)  * If no procurement policy exists or it is incomplete, establish a policy based on Victorian Government procurement policies (see defined term in glossary) and organisational context  1. **Implement procurement and acquisition process**  * Confirm the governance, resources and authorities for acquisition activities (including approvals process, authority and delegation limits) * Align with Governance and Resourcing Structure. Confirm the acquisition decision making criteria * Accountable Officer or delegate sign off and communication of the acquisition process in line with any organisational communication plan. | * DTF investment lifecycle guidelines * Victorian Government Purchasing Board Guidance and portfolio policies * Risk management policy and strategy * Asset Management Strategy (Part A – Strategic) * Governance and resource planning documentation | | * This could potentially be as simple as references to signed off procurement strategies and plans completed in line with the VGPB procurement guidance * Or as detailed as dedicated procurement strategies and plans that detail the governance, market analysis, market approach, contract management and contract disclosure considerations * Procurement policy and strategy * Risk management information |
| **Operation** | | | | | | | | |
| **3.4.2** | **Monitoring and preventive action** | | Accountable Officers must establish processes to identify, monitor and record the condition of their organisation’s assets. | | 1. **Establish a program for reporting, review and action**  * Develop and document a performance monitoring and reporting program * Schedule reviews and outcome evaluation of reporting * Determine frequencies * Determine preventative or corrective actions and implement  1. **Establish and document processes and incorporate into asset management system**  * Align reporting requirements within asset management system * Record in resource and governance planning documents  1. **Establish a monitoring process**  * Review the asset management objectives and determine appropriate measures or KPIs * Determine frequency of measures and reporting * Establish a performance benchmark * Establish process to proactively identify potential asset performance failures * Establish corrective action process and process for evaluating the effectiveness of corrective actions  1. **Align with AIMS and other information sources**  * Assess the data needs and data availability utilising the information management plan, data management plan, technical information management plan, financial management plan or other similar documents. * Where data is not available, determine suitability of collecting, recording and assessing data or evaluate alternative data options * Where necessary, update data plans, AIMS and other documentation for updated monitoring data needs  1. **Monitor and report**  * Collate and review data against reporting objectives * Evaluate data against benchmarks * Determine shortfalls and document mitigations or corrective actions * Identify and report on asset condition and shortfalls * Communicate results and performance improvement requirements * Implement corrective actions or performance improvement actions | * Asset audit strategy * Data management plan * Document management practices * Financial management plan * Performance benchmarks * Quality management plan * Resource and governance planning documentation | | * Asset reliability/availability reports * Failure mode analysis reports * Performance reports to benchmarks and form targets * Asset performance data (e.g. utilisation, cost, quality) * Asset plans and objectives performance (e.g. compliance, corrective actions) * This could potentially be as simple as:   + A table of SMART goals with minimum and optimal targets against each   + A spreadsheet of performance against criteria   + A corrective actions register * Or as detailed as a software solution which tracks, monitors and reports performance and allocated auditable trail of corrective actions. |
|  |  | | Accountable Officers must establish processes to proactively identify potential asset performance failures and identify options for preventive action. | | 1. **Establish a monitoring process for assets**  * Review the asset management objectives and determine appropriate measures or KPIs * Determine frequency of measures and reporting (ensure periodic review) * Establish a performance benchmark * Establish process to proactively identify potential asset performance failures * Establish corrective action process and process for evaluating the effectiveness of corrective actions  1. **Align with AIMS and other information sources**  * Assess the data needs and data availability utilising the information management plan, data management plan, technical information management plan, financial management plan or other similar documents. * Where data is not available, determine suitability of collecting, recording and assessing data or evaluate alternative data options * Where necessary, update data plans, AIMS and other documents for updated monitoring data needs and ensure AIMS is designed to facilitate periodic review of asset utilisation and performance, and asset management system performance  1. **Monitor and report**  * Collate and review data against reporting objectives * Evaluate data against benchmarks * Determine shortfalls and document mitigations or corrective actions * Communicate results and performance improvement requirements | * Asset condition audit strategy * Data management strategy * Document management strategy * Asset management system audit strategy * Asset management objectives * Information management plan * Service plans * Data management plan * Technical information management plan | | * Asset reliability/availability reports * Failure mode analysis reports * Performance reports to benchmark and form targets * Asset performance data (e.g. utilisation, cost, quality) * Asset plans and objectives performance (e.g. compliance, corrective actions) * This could potentially be as simple as:   + A table of SMART goals with minimum and optimal targets against each   + A spreadsheet of performance against criteria   + A corrective actions register * Or as detailed as a software solution that tracks, monitors and reports performance and allocated auditable trail of corrective actions. |
| If a critical asset service failure incident occurs, Accountable Officers must take action to control and address it, and make any necessary changes to asset management practices to minimise the possibility of the incident reoccurring. | | 1. **Monitor and report**  * Collate and review data against reporting objectives * Evaluate data against benchmarks * Determine shortfalls and document mitigations/corrective actions  1. **Communicate results and performance improvement requirements** 2. **Allocate corrective actions to responsible party** 3. **Monitor implementation of corrective action** 4. **Where necessary, change asset management practices/processes or other practices to avoid recurrence.** | * Asset reliability/availability reports * Failure mode analysis reports * Performance reports to benchmark and form targets * Asset condition audit strategy * Asset management objectives * Continuous improvement strategy * Communication strategy | | * Asset reliability/availability reports * Failure mode analysis reports * Performance reports to benchmark and form targets * Asset performance data (e.g. utilisation, cost, quality) * Asset plans and objectives performance (e.g. compliance, corrective actions) * This could potentially be as simple as:   + A table of SMART goals with minimum and optimal targets against each   + A spreadsheet of performance against criteria   + A corrective actions register * Or as detailed as a software solution which tracks, monitors and reports performance and allocated auditable trail of corrective actions. |
| Accountable Officers must also review and assess the effectiveness of any corrective actions they implement and make further adjustments as required. | | 1. **Monitor and report**  * Collate and review data against reporting objectives * Evaluate data against benchmarks * Determine shortfalls and document mitigations/corrective actions  1. **Communicate results and performance improvement requirements** 2. **Allocate corrective actions to responsible party** 3. **Monitor implementation of corrective action and report on progress where necessary** 4. **Where necessary change asset management practices/processes or other practices to avoid recurrence.** | * Asset reliability/availability reports * Failure mode analysis reports * Performance reports to benchmarks/targets * Continuous improvement strategy * Communication strategy | | * Asset reliability/availability reports * Failure mode analysis reports * Performance reports to benchmark and form/targets * Asset performance data (e.g. utilisation, cost, quality) * Asset plans and objectives performance (e.g. compliance, corrective actions) * This could potentially be as simple as:   + A table of SMART goals with minimum and optimal targets against each   + A spreadsheet of performance against criteria   + A corrective actions register * Or as detailed as a software solution that tracks, monitors and reports performance and allocated auditable trail of corrective actions. |
| Accountable Officers must also establish policies and procedures that securely protect their assets against fraudulent activity or improper use. | | 1. **Review organisational policies, processes and delegations** 2. **Undertake risk assessment for likely fraudulent activity or improper use** 3. **Update policies or processes to mitigate any identified gaps** 4. **Monitor for compliance** 5. **Where any fraudulent or improper use is identified, corrective action must be undertaken immediately** | * Corporate risk management strategy | | * Endorsed fraudulent activity/improper use policy * Compliance report |
| **3.4.3** | **Maintenance of assets** | | Accountable Officers must establish systems and processes for undertaking their maintenance activities. | | 1. **Establish maintenance activities processes**  * Determine and document maintenance needs over the lifecycle for each asset or asset class * Assess the criticality/risk of each asset or asset class * Establish a method for prioritising maintenance investment with consideration to the available budget and align to asset management objectives * Where necessary, align with outsourcing requirements (refer Section 4.5.4) * Establish maintenance performance measures and incorporate into operating processes, practices or plans (refer Section 4.4.2) * Document the maintenance process, strategy and work plans | * Available budget * Asset technical information * Lifecycle cost/operation/utilisation data * Asset risk strategy * Financial investment strategy | | * Maintenance policy * Maintenance strategy * 12 month work schedules * Previous work schedule completion * This could potentially be as simple as a memo that states the policy, strategy and priorities for the coming 12 months * Or as detailed as a software solution that establishes maintenance needs based on service, risk and lifecycle and generates works plans |
|  |  | | The maintenance program must be regularly reviewed by the Accountable Officer to determine whether the maintenance effort is being allocated to the appropriate assets and is providing the desired outcomes. As part of this review, the available resources for maintenance must be examined to ensure assets are maintained to the standard established by the Accountable Officer with consideration for the impacts of service delivery. | | 1. **Evaluate and assess maintenance activities**  * Establish a process to review suitability, effectiveness and efficiency of maintenance activities * Review available resources for maintenance to ensure assets are maintained appropriately given the available budget and are producing desired outcomes * Adjusting resourcing as necessary to ensure adequate maintenance resourcing * Allocate responsibility (refer Section 4.2.4)  1. **Report on maintenance outcomes**  * Evaluate maintenance and work schedules for performance * Where performance measures are not met, implement corrective actions and/or adjust maintenance plans | * Available budget * Asset technical information * Lifecycle cost/operation/utilisation data * Asset risk strategy | | * Maintenance policy * Maintenance strategy * 12 month work schedules, if relevant * Previous work schedule completion * This could potentially be as simple as a memo that states the policy, strategy and priorities for the coming 12 months * Or as detailed as a software solution that establishes maintenance needs based on service, risk and lifecycle and generates works plans |
| **3.4.3** | **Information**  **management** | | Accurate recording, identification, valuation and reporting procedures must be established. | | 1. **Determine or apply standards**  * Establish information needs and reporting requirements * Determine existing data and undertake a gap analysis with information needs (e.g. by type, frequency, detail) * Establish preferred data frameworks and structures (including software options if appropriate) * Confirm required interfaces/alignment with other systems (financial, HR, reporting etc.)  1. **Establish management process to regularly record, monitor and assess utilisation and performance**  * Document process to collect and quality control data Document process to monitor and update data  1. **Document process for evaluating and analysing data for completeness and quality**  * Confirm reporting is allocated in the governance and resourcing plan * Allocate responsibility for data collection, monitoring and analysis * Cross check governance and resourcing with Section 4.2.4  1. **Collate processes and incorporate into corporate/strategic planning framework**  * Integrate data collection, monitoring and valuation practices with corporate/functional processes where there is a reliance or interface * Accountable Officer should endorse the AIMS policy and any other plans that are updated to reflect the needs of AIMS | * Existing systems, the processes gap, constraints * analysis/interface assessment * Governance structure * Existing data systems and practices * AIMS policy * AIMS structure/solution * Valuation guidance including AASB 116 Property, Plant and Equipment | | * Data and/or information management policy * Information systems policy * Evaluation of any gap analysis of information requirements for asset data to inform financial analysis and reporting * This could potentially be as simple as a short memo outlining standards, expectations and policy * Or as detailed as a series of business rules embedded in a software solution and documented in an operational policy |
| Accountable Officers are required to establish an asset information management system (AIMS), which includes asset registers. | | 1. **Determine policy**  * Implement endorsed AIMS policy  1. **Undertake a data gap analysis**  * Locate and evaluate current data for gaps to the desired data requirements * Data structure should also be checked for suitability  1. **Address data gaps**  * Undertake data collection and/or cleaning process to address identified gaps in data completeness or structure. * Data gaps may be addressed through condition audits, analysis of existing records (financial, asset, resources etc.), data transformation, primary or secondary data collection  1. **Document**  * Record and track updates and new data and incorporate into a suitable (fit for purpose) asset Information System * Implement the policy/approach to keep data up to date and align financial and non-financial data generated and held across the organisations systems | * AIMS policy * Existing data * Data collection methodology * Enterprise data management strategy * Asset data stakeholders: connect ‘siloed’ sections to beneficial data within an organisation (e.g. identify data requirements for the same asset for finance and for the operations team) | | * AIMS, including asset register * This could potentially be as simple as an excel spreadsheet * Or as detailed as an integrated software solution |
| Information in the AIMS must be readily accessible to individuals who are accountable for the control and management of nominated asset or group of assets. | | 1. **Review organisational governance structure. Determine where strategic and operational responsibility for assets sits** 2. **Establish a data access regime under AIMS (including levels of access and view/edit/administrate rights)** 3. **Document access and reporting levels in the data and/or information management policy and/or in the AIMS business rules** | * AIMS policy * Existing data * Data collection methodology * Data management strategy * Governance and resourcing plan | | * AIMS, including asset register * Input data * Access and reporting levels policy/process |
| An AIMS must maintain up‑to‑date asset information as well as an historical record of both financial and non‑financial information over each asset’s lifecycle. | | 1. **Determine AIMS policy (refer section 4.5.1)**  * Implement endorsed AIMS policy  1. **Undertake a data gap analysis**  * Locate and evaluate current data for gaps to the desired data requirements * Data structure should also be checked for suitability  1. **Address data gaps**  * Undertake data collection and/or cleaning process to address identified gaps in data completeness or structure * Data gaps may be addressed through condition audits, analysis of existing records (financial, asset, resources etc.), data transformation, primary or secondary data collection  1. **Document**  * Record and track all updated and new data and incorporate into a suitable (fit for purpose) asset information system * Implement the policy/approach to keep data up to date and align financial and non-financial data generated and held across the organisations systems | * AIMS policy * Existing data * Data collection methodology * Enterprise data management strategy | | * AIMS * AIMS output reports * This could potentially be as simple as an excel spreadsheet * Or as detailed as an integrated software solution |
| Accountable Officers must define their minimum information requirements, based on what is outlined in section 3.4.3. They must also implement effective processes to generate the required information and establish necessary controls. | | 1. **Establish a record keeping/data management plan**  * Define minimum information requirements * Determine frequency and sources of data updates * Allocate responsibility * Establish a program and implement  1. **Review and evaluate**  * Review incoming data for completeness and correctness before incorporating into the AIMS * Load into the AIMS along with suitable meta data (author, date and nature of updates/ changes)  1. **Analyse**  * Establish the processes and program for data analysis and output (align with Performance Management and Reporting (refer Section 4.6.1)) * Where data issues are identified, create a corrective action to rectify | * AIMS policy * AIMS structure, solution and specification * Existing data * Data collection methodology | | * Information/data management plan or recorded processes * This could potentially be as simple as an excel spreadsheet and memo of the AIMS data rules * Or as detailed as a series of business rules embedded in a software solution and documented in an operational policy, which could include:   + Technical information management plan   + Configuration management plan   + Document management plan   + Financial management plan   + Valuation policies and procedures |
| The information in the AIMS must be regularly reviewed, to ensure all of the Accountable Officer’s organisation’s asset‑related information is up to date. | | 1. **Establish a record keeping/data management plan**  * Determine frequency and sources of data updates * Allocate responsibility * Establish a program and implement  1. **Review and evaluate**  * Review incoming data for completeness and correctness before incorporating into the AIMS * Load into the AIMS along with suitable meta data (author, date and nature of updates/ changes)  1. **Analyse**  * Establish the processes and program for data analysis and output (align with Performance Management and Reporting (refer Section 4.6.1) * Where data issues are identified (e.g. information is outdated), create a corrective action to rectify and implement | * AIMS policy * Existing data * Data collection methodology | | * Information/data management plan or recorded processes * This could potentially be as simple as an excel spreadsheet and memo of the AIMS data rules * Or as detailed as a series of business rules embedded in a software solution and documented in an operational policy, which could include:   + Technical information management plan   + Configuration management plan   + Document management plan   + Financial management plan   + Valuation policies and procedures |
| **3.4.3** | **Record Keeping** | | As part of the AIMS, Accountable Officers must establish appropriate record‑keeping processes, to meet operational needs and to satisfy relevant accounting standards and disclosure requirements, including for their organisation’s contingent and intangible assets. | | 1. **Establish a record keeping/data management plan**  * Determine frequency and sources of data updates * Allocate responsibility * Establish a program and implement  1. **Review and evaluate**  * Review incoming data for completeness and correctness before incorporating into the AIMS * Load into the AIMS along with suitable meta data (author, date and nature of updates/changes)  1. **Analyse**  * Establish the processes and program for data analysis and output (align with Performance Management and Reporting (refer Section 4.6.1) * Where data issues are identified, create a corrective action to rectify | * AIMS policy * Existing data * Data collection methodology | | * Information/data management plan or recorded processes * This could potentially be as simple as an excel spreadsheet and memo of the AIMS data rules * Or as detailed as a series of business rules embedded in a software solution and documented in an operational policy, which could include:   + Technical information management plan   + Configuration management plan   + Document management plan   + Financial management plan   + Valuation policies and procedures |
| **3.4.4** | **Asset Valuation** | | As part of asset valuation, Accountable Officers must document policies and procedures for the revaluation of assets. | | 1. **Establish a process for asset valuation** 2. **Determine the frequency for update** 3. **Align with AIMS** 4. **Implement the valuation policy and incorporate data into AIMS and reporting as appropriate** | * VGPB Guidance and Ministerial Directions * Governance Structure * Asset information and AIMS (condition, utilisation, service benefit) * Australian Accounting Standards * AASB 1616 | | * Asset valuation policy including governance/sign off authorisation * Endorsed asset valuation plan and strategy (may be a subset within the asset management plan or strategy) * AIMS policy |
| **Disposal** | | | | | | | | |
| **3.5** |  | Accountable Officers must comply with relevant approval processes and, where possible, select a disposal method including retirement, replacement, renewal or redeployment, that maximises the financial benefits associated with the disposal. | | Establish disposal policy and process  Review Victorian Government procurement guidance on disposal and any other relevant internal disposal processes/policies  Establish an organisational policy and process on disposal aligned with the Victorian Government procurement guidance (refer to glossary)  Determine a process and evaluation criteria for asset disposal, which includes mandatory consideration (e.g. a checklist) of disposal methods such as retirement, replacement, renewal or redeployment and an assessment as to whether it maximises the financial benefits associated with the disposal and if not, why not  Establish disposal strategy and plan  Utilising the established disposal processes and asset information document a plan (should consider at least the coming 10 years) of likely asset disposals  Framework for disposal analysis  Evaluate the plan of likely disposals using evaluation criteria (including suitable technical, economic and financial analysis)  Have disposal plan endorsed by the Accountable Officer or delegate | | * VGPB Guidance * Governance Structure * Asset information (condition, utilisation, service benefit etc.) * Asset disposal policy | | * Disposal process including governance/sign off authorisation * Disposal options analysis (including where appropriate cost benefit and risk assessment of the disposal options) * An endorsed disposal plan * This could potentially be as simple as references to signed disposal strategies and plans completed in line with the Victorian Government procurement guidance * Or as detailed as dedicated disposal strategies and plans that detail the governance, market analysis, approach, contract management and contract disclosure considerations |

1. The Asset Management Accountability Framework supersedes the Victorian Government’s previous asset management policy, *Sustaining our Assets*, 2000, and the *Asset Management Framework*, 2005. [↑](#footnote-ref-2)
2. Standing Direction 4.2.3 mandates the Asset Management Accountability Framework [↑](#footnote-ref-3)
3. For a government department the Accountable Officer is the secretary, and every other public sector agency, the Board. [↑](#footnote-ref-4)
4. As defined under the *Financial Management Act 1994* (FMA), unless the Minister otherwise determines is for a Department, the Department Head or for a public body is the Chief Executive Officer by whatever name called, of that body. [↑](#footnote-ref-5)
5. As a good starting point, organisations are encouraged to undertake a stocktake and assessment of the appropriateness of existing processes, and identify areas where additional effort may be required to successfully implement the AMAF. Once you understand gaps in your organisation’s compliance with the AMAF, you can consider options achieving compliance. [↑](#footnote-ref-6)
6. There are currently 29 departments and specified entities, referred to in the policies as ‘in-scope’ entities that must apply VGPB policies. List is available here: http://www.procurement.vic.gov.au/About-the-VGPB/Scope-of-Policies [↑](#footnote-ref-7)
7. HVHR: Refers to DTF’s High Value High Risk framework [↑](#footnote-ref-8)
8. The terms ‘strategic, tactical and operational’ are conceptualised as ‘policy, strategy and operation’ in the ISO 55000 Standard. Under the Standard, the Asset Management Strategy (Part A – Strategic) is broadly referred to as an Asset Management Policy while the Asset Management Strategy (Part B – Tactical) is known as the Strategic Asset Management Plan. [↑](#footnote-ref-9)
9. Where the AMAF refers to an Asset Management Strategy (Part A – Strategic), a comparable document would be referred to as an Asset Management Policy in the ISO 55000 series. [↑](#footnote-ref-10)
10. Where the AMAF refers to an Asset Management Strategy (Part B – Tactical), a comparable document would be referred to as a Strategic Asset Management Plan (or SAMP) in the ISO 55000 series. [↑](#footnote-ref-11)
11. *Asset Management Accountability Framework*, Department of Treasury and Finance, Victorian Government, February 2016, 11. [↑](#footnote-ref-12)
12. For additional advice see *Investment Lifecycle and High Value High Risk Guidelines*: *Project Governance*. [↑](#footnote-ref-13)
13. Where the AMAF refers to Asset Management Strategy (Part A – Strategic) this is a comparable document to what is referred to as an Asset Management Policy in the ISO 55000. Where AMAF refers to an Asset Management Strategy (Part B – Tactical), a comparable document would be referred to as a Strategic Asset Management Plan (or SAMP) in the ISO 55000 series. [↑](#footnote-ref-14)
14. For additional guidance on developing a risk management strategy see: Victorian Government Risk Management Framework, Department of Treasury and Finance, March 2015, located at <http://www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Victorian-risk-management-framework-and-insurance-management-policy> [↑](#footnote-ref-15)
15. See VGPB policy three: *Market Analysis and Review* at <http://www.procurement.vic.gov.au/files/6ae9ead1-efa5-4e1f-8323-a63900c963bc/VGPB-Policy-Four-Market-approach.docx> [↑](#footnote-ref-16)
16. For example, name, type/make/model, age (either by date of install or time since install), location, design life (in year), expected end of life (by year). [↑](#footnote-ref-17)
17. Refer to provisions in the Standing Directions on the role of the Responsible Body when the agency has been exempt from audit committee requirements. [↑](#footnote-ref-18)
18. Guidance at: *Corporate Planning and performance reporting requirements: Government Business Enterprises*, Department of Treasury and Finance, October 2009, located at: <http://www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Corporate-planning-and-performance-reporting-requirements> [↑](#footnote-ref-19)
19. Guidance and support on establishing performance measures is available at: *Chapter 1: The Approach to Performance Measurement*, [*Report on Government Services 2016,* Australian Government, 2016, located at: http://www.pc.gov.au/research/ongoing/report-on-government-services/2016/approach-to-performance-reporting/chapter-1-the-approach-to-performance-measurement](file://C:\Users\durnanze\AppData\Roaming\Microsoft\Word\Report%20on%20Government%20Services%202016,%20Australian%20Government,%202016,%20located%20at:%20http:\www.pc.gov.au\research\ongoing\report-on-government-services\2016\approach-to-performance-reporting\chapter-1-the-approach-to-performance-measurement) [↑](#footnote-ref-20)
20. Please note, outputs from guidance may input to multiple documents (asset management policy, strategy, plan or AIMS). The documents and contents build upon each other and therefore instead of repeating material, referencing between or combining documents is acceptable. [↑](#footnote-ref-21)
21. Please note, outputs from guidance may input to multiple documents (Strategy, Plan or AIMS). The documents and contents build upon each other and therefore instead of repeating material, referencing between or combining documents is acceptable. [↑](#footnote-ref-22)
22. Please note, outputs from guidance may input to multiple documents (asset management policy, strategy, plan or AIMS). The documents and contents build upon each other and therefore instead of repeating material, referencing between or combining documents is acceptable. [↑](#footnote-ref-23)
23. The Institute of Asset Management, *Asset Information, Strategy, Standards and Data* *Management* (version 1.1), October 2015. [↑](#footnote-ref-24)
24. *Investment Lifecycle and High Value High Risk Guidelines*, Department of Treasury and Finance, February 2015, located at <http://www.dtf.vic.gov.au/Publications/Investment-planning-and-evaluation-publications/Lifecycle-guidance/Investment-lifecycle-and-High-Value-High-Risk-guidelines-Overview> [↑](#footnote-ref-25)
25. Refer to provisions in the Standing Directions on the role of the Responsible Body when the agency has been exempt from audit committee requirements. [↑](#footnote-ref-26)