

## CAPITAL ASSET MANAGEMENT AUDIT

### RECOMMENDATION

That the September 22, 2023, Office of the City Auditor report OCA02046, be received for information.

#### Report Purpose

**Information only.**

### Executive Summary

This report presents the results of the Capital Asset Management audit.

### REPORT

Capital asset management is the coordinated activities of an organization to realize value from assets. The City of Edmonton owns a variety of assets which it uses to deliver services to Edmontonians. These include assets like buildings, roads, bridges, vehicles, parks and play spaces, equipment and information technology. At the end of 2022, the City had a total asset replacement value of \$34.7 billion.

The objective of the audit was to determine whether the City manages its capital assets to optimize investments in existing infrastructure.

The City has improved the average condition of its existing infrastructure since 2010. The City has an Infrastructure Asset Management Policy, an Infrastructure Strategy and Asset Management Plans to guide its asset management practices. It has also put in place a Corporate Asset Management Steering Committee and processes, procedure and systems to:

- Keep track of asset inventories;
- Regularly assess and inspect assets;
- Run sophisticated risk-based analysis to support capital asset renewal decision-making;
- Establish a continuous improvement program to enable better asset management practices; and

## **CAPITAL ASSET MANAGEMENT AUDIT**

- Increase awareness of everyone's role in asset management.

However, we found that the City can improve its asset management practices. Specifically:

- The Policy and Strategy do not fully align with some Capital Asset Management best practice criteria;
- The City has not developed the first generation of Asset Management Plans for all significant asset categories;
- The City does not have guidance for asset disposition and does not regularly review asset portfolios to identify assets it should dispose of;
- The City does not have documented guidance for asset data verification to improve the accuracy and completeness of its data; and
- The City has developed performance measures for its capital asset management practices. However, it has not yet developed a level of service framework. As well, some of these measures are poorly defined or lack supporting data.

We made the following recommendations to the Integrated Infrastructure Services Department:

1. Update the Infrastructure Asset Management Policy and the Infrastructure Strategy to better align with best practices and City objectives;
2. Guide the development, approval and regular updates of Asset Management Plans for significant asset categories;
3. Develop guidance on asset disposition including regular asset portfolio reviews to make better use of budgets;
4. As part of improving asset management governance, develop and communicate guidance for asset managers on the requirements of accurate and complete data; and
5. Improve the City's capital asset management performance measurement by:
  - Developing a level of service framework to support asset managers;
  - Clearly defining strategic performance measures.

## **POLICY**

Bylaw 16097, Audit Committee Bylaw, Section 14(d) states that, "Committee will review all reports from the City Auditor dealing with completed audit projects."

## **ATTACHMENT**

1. Capital Asset Management Audit Report