

LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

COMMON GOOD FUNDS AND ASSETS

FURTHER COMMENTS BY AUDIT SCOTLAND

1. As part of its consideration of petitions on common good funds and assets, the Local Government and Transport Committee invited Audit Scotland to provide oral evidence at its meeting on 21 November 2006. During the meeting, Audit Scotland offered to provide an additional note on asset management and asset registers.
2. Scotland's councils control and manage a substantial portfolio of assets in delivering public services. The total value of capital assets alone is over £20 billion and includes schools and other buildings, roads, parks and leisure facilities as well as vehicles and equipment. Asset management has been given new impetus by Best Value which requires councils to demonstrate the sound use of assets in their control.
3. Each year we publish an overview report which summarises the main issues arising from the range of local authority work we undertake. The most recent report in March 2006 highlighted some progress in developing asset management plans but that many councils were still compiling basic information about their assets, by establishing comprehensive asset registers and undertaking condition surveys of properties.
4. Asset registers are records of all assets held and used by a council. Up to date and accurate registers are essential for proper accounting, the efficient management of assets and as a basis for financial and service planning. There is no 'off-the-shelf' solution to setting up an asset register; each council must do what fits best with its requirements. However, the key role of the register in a council's overall asset management arrangements needs to be recognised. We will continue to emphasise this through our audit work and in our public reports, including in our overview reports and Best Value audit reports. Asset registers should identify common good assets as such, as distinct from the general body of assets under council control, and we will emphasise this.
5. Councils are stewards of common good assets and need to be able to demonstrate to the public and others that their arrangements for recording and managing assets are sound. In keeping with our overall aim of promoting openness and transparency, we would encourage councils to ensure that their asset registers are accessible to members of the public, generally and in response to specific requests for access to records underpinning councils' annual accounts and under the Freedom of Information legislation.
6. In our previous submission and during our oral evidence we highlighted that the Local Authority (Scotland) Accounts Advisory Committee has decided to undertake a review with the intention of producing guidance on the operation of and accounting for common good in Scotland. This has potential to make a significant contribution to this topic by setting out key practical issues for councils to address in operating common good funds. Among other points, this could be used to underline the need for effective asset management and comprehensive asset registers in relation to the common good.
7. We hope that these additional comments together with our previous written submission and our oral evidence will assist the Committee in its further consideration of this matter. We would be pleased to offer any further assistance which the Committee may wish.