

# AUDITOR GENERAL

Halifax Regional Municipality

Audit & Finance Standing Committee


## A Performance Review of the Management of Small Equipment – Halifax Regional Municipality ©

July 20, 2016

- This presentation is not complete without commentary.
- To appreciate the full intent of presentation the slides should be taken in context of the appropriate section(s) of the report.

# Objective

Review if  
processes  
and  
procedures  
in place for  
acquisition  
and use of  
small  
equipment



Evaluate management  
processes in place around small  
equipment ensure effective  
service delivery (i.e. asset  
listings, physical access controls)

Review if criteria are in place to  
evaluate total cost of  
ownership

# Scope/Methodology

GL expense accounts were scanned for small equipment acquisitions over a five year review period (2010/11 to 2014/15)

Entities included Police, Fire, Transit, TPW, Ops Support, P&R, HRWC

Issued a questionnaire to business units

# Report Highlights

No defined or measurable program outcomes

Approximately \$17 million expensed over 5-year period (2010/11 to 2014/15)

Accounting definition of small equipment

No consistent operational definition

Inconsistent business unit processes

One business unit estimates \$40 - \$45 million in small equipment

Business units **unable** to determine **quantity** and **value** of small equipment on hand

# Report Highlights

Subject to risk of misappropriation or loss due to size (easily movable)

Little in the way of corporate asset management practices

Lack of corporate-wide culture to risk awareness to identify vulnerable assets

State of Washington recognizes small equipment as “Assets that do not meet the state's capitalization policy but that an agency considers particularly vulnerable to loss, thus subject to special property control.”

# Report Highlights

A properly developed small equipment control framework may include the following components:

Documented  
**policy** for small  
equipment including a  
**standard  
definition**

Documented  
**strategy**  
determining operational  
needs of HRM

Communication plan  
to inform staff

Clear, concise **asset  
management  
practices**

Budgeting and maintenance  
**responsibilities** for  
small equipment

- A total of 10 recommendations for 'A Performance Review of the Management of Small Equipment – Halifax Regional Municipality<sup>©</sup>'
- The OAG is pleased with the Acting CAO's acceptance of the report and direction to be undertaken by the Administration



# Report Recommendations

No defined or  
measurable  
program  
outcomes

Accounting  
definition of small  
equipment

No consistent  
operational  
definition

Establish an overarching  
program which  
defines small equipment  
and specific program  
outcomes, guidelines and  
criteria

# Report Recommendations

Business units  
unable to  
determine  
quantity  
and value of  
small equipment  
on hand

Multiple items  
exist for use

Review and record all  
small equipment  
owned by HRM to evaluate  
current  
organizational  
requirements

# Report Recommendations

Subject to risk of misappropriation or loss due to size (easily movable)

Establish a process to identify high risk small equipment assets

Lack of corporate-wide culture to risk awareness to identify vulnerable assets

Report amount spent annually small equipment acquisitions and maintenance

# Report Recommendations

Little in the way  
of corporate  
asset  
management  
practices

Improve management over small  
equipment with respect to  
control, governance and  
accountability

Incorporate TCO criteria in to  
acquisition decisions

Leverage existing systems to  
manage and track small equipment

Consider flexible disposal  
methods of small equipment for unique  
circumstances

