

Circular Details	15-29 / 20 July 2015 / A422979
Previous Circular	14-16
Who should read this	Councillors / General Managers / Finance & Engineering staff/ Auditors
Contact	Performance Team / 02 4428 4100 / olg@olg.nsw.gov.au
Action required	Council's auditor to undertake an Asset Management Audit Preparedness Assessment by 30 November 2015

Auditing of the Report on Infrastructure Assets (Special Schedule 7)

What's new or changing

- The 2013/14 Local Government Code of Accounting Practice and Financial Reporting (Update 22) advised that the Report on Infrastructure Assets (Special Schedule 7) would be audited from 2015 onwards.
- In recognition of work councils are currently undertaking associated with the Fit for the Future reform process, this audit will now be phased in over three stages:
 - Stage 1: Auditors to conduct an Asset Management Audit Preparedness Assessment as part of, or immediately following, the 2014/15 financial audit.
 - Stage 2: Special Schedule 7 to be reviewed and updated by the end of 2015.
 - Stage 3: Auditors to conduct an audit of the updated Special Schedule 7 as part of the 2015/16 financial audit.
- Further information on Stages 2 and 3 will be distributed in the near future.

What this will mean for your council

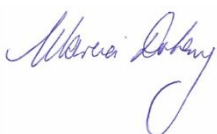
- In Stage 1, Council's auditor will assess the systems and processes that are in place to gather, manage and report on infrastructure assets.
- Councils should undertake a self-assessment using the *Asset Management Audit Preparedness Assessment 2015 Workbook* prior to the auditor's assessment.
- The auditor is required to submit their assessment to Council and to the Office of Local Government by 30 November 2015.
- The auditor's assessment should be used by councils to enhance their asset management systems and processes prior to the audit of Special Schedule 7 in 2016.

Key points

- The assessment is designed to help councils identify deficiencies in their asset management systems and processes that could impact on audit opinion in 2015/16.
- The Office will utilise the information from the assessments to identify those areas of greatest weakness and to determine any capacity building priorities.

Where to go for further information

- The *Asset Management Audit Preparedness Assessment 2015 Workbook* and the *Guidance for Councils and Auditors* is available on the Office's website at www.olg.nsw.gov.au.



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