

Information about the audit of the Application for Payment of Pensioner Concession Subsidy

1 SCOPE

Section 575 of the *Local Government Act 1993* (LG Act) allows eligible pensioners to apply for a concession on council levied rates or charges. Councils have the ability to extend this concession under section 577 of the LG Act whereby a council makes an order that a person is taken to be an eligible pensioner for the purpose of the LG Act (Division 1, Part 8, Chapter 15) to avoid hardship.

Under section 581 of the LG Act, the Minister for Local Government (the Minister) is required to reimburse councils (out of money provided by Parliament) an amount equal to half the amount the council will write off under Division 1 of Part 8 of Chapter 15.

Councils prepare an Application for Payment of Pensioner Concession Subsidy (Application) to seek reimbursement for eligible costs from the Minister under section 581 of the LG Act. The Office of Local Government (OLG) within the Department of Planning, Housing and Infrastructure requires each council to have the information it provided in its Application audited.

The Audit Office will conduct the audit with the objective of expressing an opinion on whether a council's Application has been prepared, in all material respects, in accordance with sections 575 and 577 (where applicable) of the LG Act.

The Audit Office's authority to provide the audit is in accordance with section 421E of the LG Act.

The Independent Auditor's Report will not, however, provide assurance that the council has carried out its activities effectively, efficiently and economically.

2 RESPONSIBILITIES

Auditor's responsibilities

The Audit Office will conduct the audit in accordance with Australian Auditing and Assurance Standards, in particular ASA 800 'Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks'. The standards require the Audit Office to comply with ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance the Application is free from material misstatement, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Application.

For more information about our responsibilities, refer to the Audit Office's [Terms of Engagement](#) and the Auditing and Assurance Standards Board website at www.auasb.gov.au/auditors_responsibilities/ar8.pdf.

Responsibilities of the General Manager and council management

The General Manager is responsible for:

- establishing systems and process that ensures compliance with sections 575 and 577 of the LG Act
- preparing the Application in accordance with the reporting requirements of OLG and sections 575 and 577 of the LG Act
- such internal control as the General Manager determines is necessary to enable the preparation of the Application that is free from material misstatement, whether due to fraud or error.

The council's management is responsible for:

- ensuring the full co-operation of its staff
- making all records, information and explanations available to the Audit Office for the purpose of the audit (management (and where appropriate, those charged with governance) will be asked to provide written confirmations for representations made to the Audit Office relating to the audit)
- ensuring the system(s) supporting the Application are robust and capable of providing adequate information and records for the purpose of the audit
- interpreting and understanding the LG Act and, if required, clarifying its understanding of the requirements with OLG, not the Audit Office
- confirming agreements or further guidance obtained from OLG in connection with the Application.

3 ENGAGEMENT COMMUNICATIONS

The Audit Office will issue an Independent Auditor's Report on completion of the audit. The report will be addressed to the General Manager of the council.

The Application is prepared for distribution to OLG solely for the purpose of fulfilling the council's reporting requirements to OLG. The Independent Auditor's Report will therefore advise that the Application is prepared in accordance with a special purpose framework and as a result may not be suitable for another purpose.

The following reports may also be issued addressing matters arising from the audit:

- management letter (if required)
- other letters necessary to meet our reporting obligations to those charged with governance of the council.

Section 5 of the standard [Terms of Engagement](#) provides information about each of these reports.

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR PURPOSE

To help parliament hold government accountable for its use of public resources.