



**Report to the Council on the interim audit of  
Auckland Council  
For the year ended 30 June 2017**

## Key messages

We have carried out a high-level assessment of the control environment, and have tested the Council's relevant key financial and non-financial systems. This work has been completed for the purpose of planning the most effective and efficient audit approach, in order to enable us to express an audit opinion on the Council's financial statements and the service performance information for the year ended 30 June 2017.

We have also completed similar systems updates and testing for those entities in the group that the Council provides shared services to. The results from this work are provided directly to the relevant council controlled organisations.

Our work to date has identified that we will need to take a substantive approach to our audit of Council's service performance reporting, either because we could not identify effective controls, or because it will be less efficient for us to rely on controls. We have made a number of recommendations for improvement particularly in the consenting, stormwater and food grading areas and we encourage the Council to address the matters raised promptly. If the matters are not addressed they could impact the Council's ability to report accurately against the relevant performance measures at year-end.

In our Review Engagement management report dated 7 April 2017, we reported that Council had experienced a breakdown of its development contributions assessment tool. We understood that this breakdown did not lead to a loss of revenue. However, we have subsequently learned that an administrative error in the Manukau legacy area led to 156 applicants mistakenly being advised that they were not liable for contributions without an assessment being made. We understand that management has now notified these applicants of the error and that they are liable for development contributions.

### **NewCore**

The final phases of the NewCore project are progressing as scheduled. This includes the roll-out of the regulatory and rates functions for the old Auckland and southern legacy council areas. We understand data cleansing has proven to be a much larger exercise than anticipated and this has created some challenges for the Council. We are aware the go-live decisions were monitored closely by senior management to ensure public confidence in regulatory functions is maintained and to ensure that reporting against performance targets is achieved. As noted above we have identified some issues that need to be addressed to enable the Council to report its year-end performance with respect to building and resource consents. We will continue to monitor progress being made by the Council embedding NewCore into business as usual, including how any residual data migration issues are resolved.

### **LTP planning process**

The Mayor's proposal is scheduled for release in late October 2017. We understand that the consultation document adoption and consultation process is scheduled to take place in the new-year to accommodate the initiatives within the Mayor's proposal and any relevant central government policy initiatives emerging post the national election. In order to meet Council's timeframes we will continue to work closely with council management to confirm that an appropriate project plan, and project management disciplines are in place and operating effectively.

**Thank you**

We would like to thank the Council, management and staff for their assistance during our interim audit. We look forward to your continued cooperation for the remainder of the audit.

Yours sincerely



**Greg Schollum**  
Deputy Auditor-General  
3 July 2017

## Contents

1	Introduction .....	5
2	Assessment of your control environment .....	5
3	NewCore .....	7
4	Service performance reporting framework, systems, and controls .....	8
5	Development contributions .....	10
6	Prior period management report items .....	10
7	Other matters .....	10
	Appendix 1: Summary of recommendations .....	13
	Appendix 2: Asset management considerations for senior managers and governing bodies....	18

## **1 Introduction**

Earlier this financial year we completed a review of the Council's interim financial statements for the six-month period ended 31 December 2016. We issued a separate management report following completion of this work. To get a full picture of our audit findings this year to date, the key findings and comments in this report should be considered together with the review engagement report.

We have now completed our second interim audit at Auckland Council (the Council) for the year ended 30 June 2017. This report sets out the findings for the Auckland Council parent.

During this visit our main focus was on:

- updating our understanding of the systems and controls the Council operates, including the monitoring of these controls, to ensure its financial and service performance information is fairly stated;
- assessing the effectiveness of these controls and of the Council's overall control environment;
- understanding the impact of the NewCore transition on core financial and non-financial systems; and
- maintaining an awareness of key issues impacting the Council.

## **2 Assessment of your control environment**

We have performed an initial high-level assessment of the Council's control environment. This assessment was performed for the purpose of planning the most effective and efficient audit approach, in order to enable us to express an audit opinion on the Council's financial statements and the service performance information. We considered the overall attitude, awareness, and actions of the Council and management in establishing and maintaining effective management procedures and internal controls.

### **2.1 Internal controls**

Internal controls are the policies and processes designed to provide reasonable assurance as to reliability and accuracy of financial and service performance reporting, as well as compliance with selected significant legislative requirements. These internal controls are designed, implemented and maintained by the Council and management, but the ultimate responsibility for the effective design, implementation and maintenance of internal control rests with the governing body.

In performing our control environment assessment we considered both the "design effectiveness"<sup>1</sup> and "operational effectiveness"<sup>2</sup> of internal control. Both "design effective" and "operationally effective" internal control is important to minimising the risk of either fraud or misstatement occurring.

<sup>1</sup> Control is effective to either prevent or detect a material error in either the financial statements and/or service performance information and the control is "fit for purpose".

<sup>2</sup> Control has operated effectively throughout the period tested.

However, it is not the purpose of our assessment to provide you with assurance on internal control in its own right. As such we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control.

## **2.2 Key systems reviewed**

We reviewed the adequacy of internal controls over the following key systems:

- expenditure;
- payroll;
- revenue;
- fixed assets;
- treasury (including accounting for derivatives);
- General Ledger (GL) reconciliations and journals; and
- systems to capture and report service performance data for key Statement of Service Performance (SSP) measures.

We tested the operational effectiveness of controls over expenditure, payroll and journals. Our testing found that the key controls have operated effectively to date. We plan to rely on these controls to gain audit assurance over these account balances for the year ended 30 June 2017.

We have also reviewed significant revenue systems, identified the key controls, and completed walkthroughs to ensure the systems were operating as described. We found the systems to be design effective. We do not plan to test or rely on revenue systems and controls as it is more efficient to take a substantive audit approach.

We are satisfied that, for the purposes of our audit of the financial systems, the Council's information technology (IT) entity level controls and IT activity controls have remained design and operationally effective. Therefore we will place reliance on these IT controls where appropriate.

In performing the above assessments we identified areas where we believe the internal controls and the control environment can be improved. All key matters noted are reported in the following sections of this report. Section 4 identifies areas for improvement following our review of the systems in place to capture and report against key service performance information.

A summary of our recommendations has been included in Appendix 1 along with management's comments.

We will provide a further update on our assessment of the control environment in our final management report at the completion of the 30 June 2017 audit.

### **3 NewCore**

#### **3.1 Project**

We have continued to maintain an understanding of how the Council is managing the risks associated with the NewCore project, including those risks inherent in the current go-live phases. We have met with the Programme Director and updated our understanding of the key risks and the approach the Council is taking to managing these.

There has been a structured process of development, testing and training that has moved the Council through the final "go-live" phases. Lessons from previous releases were captured and applied to the planning for the latest releases. Key risks have been identified by the programme. Many of the key risks relate either to the wider organisation's (that is the businesses) responsibility for data cleansing, or the potential impact of other changes going on in the Council.

Independent Quality Assurance (IQA) was in place over the final go-live phases. The IQA provider was engaged for two key milestones being:

- the exit realisation phase milestone; and
- the final Go/No-go decision on 1 June.

During the course of the audit to date we have identified a number of issues related to the Council generating its non-financial performance reports for building and resource consents. For further detail on these see sections 4.1 and 4.2 below.

For building consents these issues relate principally to the recording and updating of key processing dates against the legislated timeframes. We understand that workarounds have been found and implemented for SAP system issues. However, we have not audited these. We understand that technical solutions have been developed for implementation post go-live.

For resource consents the principal outstanding issues relate to data migration and cleansing. We understand that this is an on-going activity and that workarounds are being agreed and put in place post go live.

It is important that the NewCore project issues are resolved as soon as possible to allow the benefits of the new system to be realised without compromising the ability of the Council to meet its reporting obligations.

#### **3.2 Controls**

We are yet to confirm the design or operational effectiveness of key application controls in the NewCore operating environment. Internal Audit has previously reviewed NewCore key control design, and follow up work on control effectiveness post go-live is on Internal Audit's work plan. We understand that the timing and scope of this work will be informed by the actual project roll-out timeline. We anticipate that our work on the design and operational effectiveness of key NewCore controls will be completed after internal audit has completed their work in this area.

## **4 Service performance reporting framework, systems, and controls**

We have reviewed the Council's systems and controls for reporting service performance information. We focused on understanding whether the Council has appropriate systems in place to accurately report against those measures that we believe are key to understanding the Council's overall performance. Based on our work to date we are planning to take a substantive approach to our audit of Council's service performance reporting, either because we could not identify effective internal controls in the system, or because it will be less efficient for us to rely on controls.

As a result of our interim work we would like to bring the following specific matters to your attention. We understand that Council has already begun to work on these issues and we are planning to review this work during our next interim audit.

### **4.1 Consenting activities: systems and controls**

We have updated our understanding of the service performance systems for measuring Council's compliance with statutory timeframes for resource and building consent processing.

As in prior years, we could not find effective controls over Council's reporting of compliance with statutory timeframes. This is primarily because processing dates and supporting information are input into the system manually, with limited independent oversight over the accuracy of that data. We understand Council's Internal Auditors are also reviewing these systems and finding similar issues.

We recommend Council continue to work on improving the systems and controls in place over consent processing in order to enhance the accuracy of reported information and reduce inefficiencies due to the use of manual processes.

### **4.2 Consenting activities: NewCore reporting and migration**

From our discussions with operational staff we understand that, following the migration of the north and west legacy council information into NewCore in 2016, the departments have had difficulty generating reliable reports to measure compliance with statutory timeframes.

We have also been informed of matters which could indicate issues with underlying data within the NewCore system. These include potential inconsistencies in the way resource consent data from the different legacy systems was migrated into NewCore, and potential errors in the way building consent processing dates are captured and updated in the NewCore system.

We recommend Council identify and resolve all reporting and data problems related to consenting activities in the NewCore system well in advance of year-end. As part of this, we would expect Council to perform checks to verify the quality of the service performance information in NewCore related to the consenting activities prior to our final audit.

We also recommend that the Council ensure they have a system in place that will enable at year-end the identification and reporting of the required information against the housing accord targets agreed with the Government.



### **4.3 Stormwater mandatory measures**

Extreme weather events during this financial year have put pressure on the city's stormwater system and led to a number of reported localised flood events. While these weather events were more severe than the network is designed for, they have highlighted issues with the city's ageing infrastructure and are likely to attract increased public interest when the Council reports on the performance of the network in the 30 June 2017 Annual Report.

During our audit planning we identified the following LTP performance measures as being significant for this year's audit:

- the median response time to attend a flooding event, measured from the time that Auckland Council receives notification to the time that service personnel reach the site. As defined by the Department of Internal Affairs (DIA), a "flooding event" is an overflow of stormwater from the Council's stormwater system that enters the floor of a habitable building (including a basement); and
- the number of flooding events that occur and the associated number of habitable floors affected per 1000 properties connected to Auckland Council's stormwater network.

These measures are both required to be reported under the Non-Financial Performance Measures Rules 2013 and schedule 10 of the Local Government Act 2002.

From discussions with staff from the Council's Healthy Waters activity, we understand calls received by Council that relate to flooding events (as defined by DIA) are referred to the New Zealand Fire Service. We also understand Council currently has no system to subsequently collect information from the Fire Service on the number of flooding events that have occurred or on response times to requests for service.

We recommend Council considers how and what it reports against the mandatory stormwater performance measures at 30 June 2017. This includes consideration of how Council's reporting will fairly and accurately present the performance information and overall performance story to the public.

We also recommend the Council ensure the condition of the stormwater assets has been accurately assessed when these assets are valued for inclusion in the 30 June 2017 financial statements.

### **4.4 Food grading**

In previous years, we have highlighted weaknesses in Council's systems and controls for food grading. At the time of this report our testing of the systems for this activity has yet to be completed.

We are aware that the Council's internal auditors have been performing work in this area and have identified some issues. We understand further work is being completed to get a fuller picture of how the systems are operating. Given the risks associated with weaknesses in the food grading systems, including the risk that incorrectly certified food suppliers are operating, creating a potential public health risk, we continue to recommend that the Council address any weaknesses identified at the earliest opportunity.

## **5 Development contributions**

In our Review Engagement management report dated 7 April 2017, we reported that Council had experienced a breakdown of its development contributions assessment tool, which meant new consent applications were unable to be assessed for development contributions (DCs) for a period of time. Through discussions with operational staff and management, we understood that this breakdown did not lead to lost revenue as all assessments could be issued once the tool was back in operation.

However, we have subsequently learned that, during the period the tool was not operational, an administrative error in the Manukau legacy area led to 156 applicants being mistakenly advised that they were not liable for DCs without an assessment being made.

We understand that management has now notified these applicants of the error and that they are liable for development contributions.

We recommend Council satisfy itself that these errors did not occur in any other legacy areas and that there is no underlying cause for these issues that needs to be addressed.

## **6 Prior period management report items**

There has been a fairly short time period between the issuing of the detailed management reports following completion of the 30 June 2016 audit and the issuing of this report. We have therefore not included an update of the progress made against each of the prior year recommendations still outstanding. An update will be included in the reports issued following completion of our final audit for the year ended 30 June 2017.

## **7 Other matters**

### **7.1 Long Term Plan 2018-28**

We have had preliminary discussions with Council management about the upcoming audit of the Council's 2018-28 Long Term Plan (LTP). The LTP project is a substantial undertaking for both the Council Group and ourselves as auditor and your early assessment of Council's readiness for this exercise will be valuable.

We recommend that the Council finalise the project plan and milestones for the upcoming Consultation Document (CD) and LTP as soon as possible to ensure clarity about what steps need to be completed, by who and by when.

While we will be issuing a separate engagement letter for the LTP, we suggest you consider the following matters.

### **7.1.1 LTP project management**

The development of the CD and LTP is a significant and complex project. A comprehensive project plan that aligns with the timing of the Council's decision making, is required for a successful CD and LTP process. It is also important that the Council has agreed what options are going to be consulted on early on in the process of drafting the CD.

The Mayor's proposal is scheduled for release in late October 2017. This is later than in previous years and as a result we understand that the CD adoption and consultation process will take place in the new-year. This timing will help to accommodate the initiatives within the Mayor's proposal and any relevant central government policy initiatives emerging post the national election. We will continue to work closely with the Council and management to ensure the project plan is finalised at the earliest opportunity. We would also like to emphasise the importance of maintaining project management disciplines and incorporating key legal and communication department personnel into the project team.

In the coming months we will discuss with you and your staff the approach to be taken to prepare and complete the CD and LTP. We will agree dates for key deliverables and for our audit visits with management, recognising that our audit work must closely shadow the project timetable in order for you to obtain the most value from timely audit feedback. The success of this "auditing as you go" approach will largely depend on Auckland Council Group's project management of the overall LTP process which should include time for audit at appropriate points in the process

In the past we have confirmed the operation of a number of key controls throughout the LTP project and this year we will again work with management to ensure that these controls are both applied and then monitored on a regular basis.

### **7.1.2 LTP asset management planning**

Good asset management makes an essential contribution to the governance and management of a public entity's business and is an integral part of an organisation's wider service and financial planning process.

We have already had initial discussions with the Head of Internal Audit about the work the Council is having completed on the asset management plans. We will maintain an awareness of the work being completed and the findings from this work. We do not intend to repeat the work the Council is undertaking rather we will be focussing on the linkage through to the Council's other strategic and operational plans, including the Unitary Plan, the 30 year infrastructure strategy and the Council's financial strategy. Our work will also specifically consider the Council's alignment with government agency plans including the draft Auckland Regional Land Transport Plan (consulted on and updated in parallel with the LTP) and the Auckland Transport Alignment Project.

To help local authorities assess the sophistication of their asset management planning, we have prepared a set of questions that management and governing bodies should be asking themselves about their asset management practices. Please refer to Appendix 2.

**We also refer you to our recent publication “Asset management and long-term planning: Learning from audit findings 2015 to 2017” available on the OAG and Audit New Zealand websites.**

## Appendix 1: Summary of recommendations

Paragraph reference	Recommendation	Management comment
4.1	<b>Consenting activities: systems and controls</b>	
	<p>We recommend Council continue to work on improving the systems and controls in place over consent processing in order to enhance the accuracy of reported information and reduce inefficiencies due to the use of manual processes.</p>	<p><i>To enhance the accuracy of reported information and to reduce inefficiencies the council is implementing the Consenting Made Easy programme. The programme consists of a number of initiatives and is a review which is expected to enhance processes across all regulatory activity.</i></p> <p><i>One initiative is to move to digital processing and this will improve the customer experience and consenting processes. A future programme of work will integrate the upfront digital process with the NewCore database.</i></p> <p><i>Consenting Made Easy initiatives have started to be implemented, including the implementation of NewCore across the region. The full benefits of the programme will be realised towards the end of 2017 as other council-wide projects are fully implemented.</i></p> <p><i>As with the previous systems used, the NewCore database has been designed to only capture the necessary key dates, milestones, checklist steps and associated documents.</i></p>
4.2	<b>Consenting activities: NewCore reporting and migration</b>	
	<p>We recommend Council identify and resolve all reporting and data problems related to consenting activities in the NewCore system well in advance of year-end. As part of this, we would expect Council to perform checks to verify the quality of the financial and service performance information in NewCore related to the consenting activities prior to our final audit.</p>	<p><i>The Council acknowledges that there are issues with the accurate reporting of consenting data.</i></p> <p><i>To address the issues, as part of the migration of data to SAP as issues are identified in relation to reporting, cleansing or SAP setup they are raised and appropriate plans and strategies are developed.</i></p> <p><i>We have identified historic legacy data issues and are working to cleanse the data and perform checks to verify the accuracy of the non-financial information prior to presenting this to Audit New Zealand.</i></p>

Paragraph reference	Recommendation	Management comment
		<p><i>As a result of the additional work the council needs to perform, we have agreed with Audit New Zealand that we will delay the delivery of the non-financial information until mid-July to allow time to check the data.</i></p>
<b>4.2</b>	<b>Consenting activities: NewCore reporting and migration</b>	
	<p>We recommend that the Council ensure they have a system in place that will enable at year-end the identification and reporting of the required information against the housing accord targets agreed with the Government.</p>	<p><i>The housing accord KPI reporting is continuing to be reported on a monthly basis.</i></p> <p><i>In the Annual Report we intend to report results for the full financial year.</i></p> <p><i>Council will provide the proposed Annual Report wording to Audit New Zealand before 30 June 2017 for review.</i></p>
<b>4.3</b>	<b>Stormwater mandatory measures</b>	
	<p>We recommend Council considers how and what it reports against the mandatory stormwater performance measures at 30 June 2017. This includes consideration of how Council's reporting will fairly and accurately present the performance information and overall performance story to the public.</p>	<p><i>We are unable to report on the mandatory stormwater measures. This is because, they rely on source information based on calls from the public about flooding. If a residence is flooded, Auckland Council refers callers to the fire service. However, the number of calls that Auckland Council receives is only a subset of total calls, as some people call the NZ Fire Service directly.</i></p> <p><i>In addition whilst Auckland Council is able to access information from the NZ Fire Service, the relevant information is sourced from individual NZ Fire Service call-out records. These records often do not note down a specific address, nor the number of floors flooded, nor time to respond. It is also a very manual method to collate the required information.</i></p> <p><i>Given we cannot measure this accurately; in our Annual Report we will note that we have been unable to measure it. We will instead provide information on the number of flooding events reported to Auckland Council. The proposed wording will be provided to Audit New Zealand by 30 June 2017.</i></p>

Paragraph reference	Recommendation	Management comment
		<p><i>To address this measurement issue going forward, we have contacted the Department of Internal Affairs regarding the issues we experience as the same measurement issue will affect other councils. We have suggested that DIA relook at this measure, to develop an alternative measure that can be measured and reported accurately and completely. We have offered to assist DIA in the development of a new measure.</i></p> <p><i>Alternatively we have suggested that DIA work with the NZ Fire Service to develop data capture systems to accurately and efficiently capture the information that is required to report this measure.</i></p>
<b>4.3</b>	<b>Stormwater mandatory measures</b>	
	<p>We recommend the Council ensure the condition of the stormwater assets has been accurately assessed when these assets are valued for inclusion in the 30 June 2017 financial statements.</p>	<p><i>The Healthy Water Department has a comprehensive asset condition survey assessment and forward renewals programme in place. Each year it aims to complete 200km of critical pipe inspections to identify and better manage high risk assets. The Healthy Waters Asset Management Plan performance targets are:</i></p> <ul style="list-style-type: none"> <li><i>• 100% Critical assets with identified structural condition grade 4 (poor) are renewed or repaired within five years of identification.</i></li> <li><i>• 100% Critical assets with identified structural condition grade 5 (fail) are repaired or renewed within 24 months of identification.</i></li> <li><i>• 95% Critical assets are surveyed at least once every five years to assess their condition.</i></li> </ul> <p><i>The Healthy Waters Department's assets are revalued every three years in accordance with the requirements of the accounting standards and council policy. Asset value and depreciation between valuations is calculated at asset class level from capitalised projects.</i></p>

Paragraph reference	Recommendation	Management comment
<b>4.4</b>	<b>Food grading</b>	
	<p>Given the risks associated with weaknesses in the food grading systems, including the risk that incorrectly certified food suppliers are operating, creating a potential public health risk, we continue to recommend that the Council address any weaknesses identified at the earliest opportunity.</p>	<p><i>A new quality management system was implemented in mid-2016, which addressed the risks associated with incorrectly certified food suppliers and the associated public health risks.</i></p> <p><i>The system's design was reviewed by Internal Audit prior to implementation. Internal Audit updated their review of this system in April 2017. Internal Audit are currently completing testing. They have also noted that the new system continues to bed in.</i></p> <p><i>Management is very aware that the successful implementation of the system is premised on effecting cultural change, and is continuing to monitor and manage the risks associated with the bedding in of the new system.</i></p>
<b>5</b>	<b>Development contributions</b>	
	<p>We recommend Council satisfy itself that these errors did not occur in any other legacy areas and that there is no underlying cause for these issues that needs to be addressed.</p>	<p><i>Following the identification of the issue, a working group was established that investigated how the issue had occurred, how to prevent a reoccurrence in the future, whether this issue was limited to the Manukau area and confirm the action to invoice and seek payment from the 156 customers incorrectly advised that a development contribution was not required on their application.</i></p> <p><i>Amended processes have been implemented to prevent a reoccurrence.</i></p> <p><i>It was established that the issue was limited to the Manukau area only.</i></p> <p><i>We have contacted the 156 customers advising them of the error and advising them of the requirement to pay a development contribution. As a result we have received a small number of phone calls regarding the issue, however we are confident that payment will be received once actual invoices are issued.</i></p>



Paragraph reference	Recommendation	Management comment
7.1	<b>Long Term Plan 2018-28</b>	
	We recommend that the Council finalise the project plan and milestones for the upcoming CD and LTP as soon as possible to ensure clarity about what steps need to be completed, by who and by when.	<i>A draft copy of the Project execution plan for the Long-term Plan 2018-2028 was sent to Audit New Zealand on the 25 May 2017. Any recommendations will be incorporated and then finalised with the Project Sponsor. We plan to finalise this plan by end of June 2017. The final version will also be shared with Audit NZ.</i>

## **Appendix 2: Asset management considerations for senior managers and governing bodies**

Based on our reviews of asset management processes across the sector, the following ten questions should be priority considerations for every senior manager and member of a governing body.

As the Auckland Council group owns and operates a significant asset base, and the Council's service delivery is highly reliant on assets, you should be considering the following:

### **Key questions to ask on strategy and policy**

**1 Have you got a strategy for the long term sustainability of your assets?**

This should set out your approach to owning and managing assets in support of service delivery. The levels of service you have committed to should be clear. The strategy should match the work that the assets require to meet these service levels and a funding strategy that ensures that this work is affordable.

**2 Have you set an asset management policy?**

This should cover what you are trying to achieve; who is responsible; what you need in order to be successful; the appropriate level of sophistication for your planning; an assessment of whether you are already there or need to improve some things; a clear definition of when plans should be updated, by whom, and who approves them.

**3 Do you have good quality up-to-date asset management plans for achieving your strategy?**

The plans should cover all assets, detail their life cycle management strategies and explain how to put these into practice. They should include detailed financial forecasts and budgets.

### **Key questions to ask on asset management responsibilities**

**4 Does your organisation have appropriate asset management skills and experience?**

You should be assured that you have appropriately qualified and experienced staff responsible for all asset categories. Staff should have access to continuing professional development. You should access external expertise when needed.

### **Key questions to ask on asset information**

**5 Do you know the reliability of your asset information?**

You should have formally assessed the reliability of asset information so that you understand the implications for your planning. With less reliable information you may make less well-informed decisions and face more unplanned work. You should be working to improve the reliability of your data.

**6 Do you have a structured approach to assessing the condition and performance of your assets?**

This information should be up-to-date, reliable, and captured in an asset information system.

**7 Have you defined a clear and comprehensive set of service levels to be delivered or supported by the assets?**

They should be clearly expressed and cover technical standards and levels of performance as well as customer expectations of service delivery.

**8 How well do you forecast future demand for the services that are delivered or supported by your assets?**

Current and future demand for your assets should be clear, including an assessment of alternatives and substitutes that people can choose, as well as changes in demographics and patterns of use.

**9 Do you have a backlog of repairs, maintenance, and asset renewals? If so, what are you doing about it?**

You should be aware of any deferred work, and have made a well-informed decision to defer it. You should understand the risks and knock-on implications. You should have a strategy of divesting assets that cannot be maintained, or catching up with the backlog for assets you need to keep.

**10 Do you report, and get reports on, achievement of your asset management plan(s)?**

Reporting should cover performance against service levels, delivery of planned work and actual expenditure against financial forecasts.