

March 28, 2008

CIRCULAR TO ALL AUDITORS

Compliance with Public Sector Accounting Board Reporting for Municipal Audits

Beginning in 2009, all municipalities across Canada including Newfoundland and Labrador municipalities are required to comply with the financial reporting standards as recommended by the Public Sector Accounting Board (PSAB). This reporting is a requirement under the Federal Gas Tax Agreement.

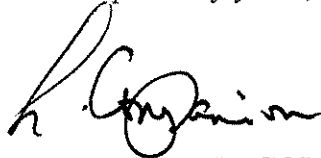
PSAB implementation is a significant undertaking as it will affect reporting and practices for municipalities. For that reason, the Department of Municipal Affairs recommends establishing strong coordinated efforts and communications with auditors and municipalities at your earliest opportunities. Municipalities are encouraged to involve auditors in the early development of their work plans and in the development of accounting policies and practices. Therefore, it is recommended that auditors of municipalities make themselves available to provide assistance to municipalities whenever possible.

It is expected that by 2009, **ALL** auditors performing municipal audits will have completed the necessary professional development to audit and report on municipalities' financial statements in accordance with PSAB Standards.

You may recall that in May 2007, the Department of Municipal Affairs delivered a PSAB workshop for auditors and town clerks. In that workshop, 21 auditors attended of the total 36 auditors engaged to audit over 280 municipalities. We encourage all auditors to contact your professional associations for any training and updates relating to PSAB standards.

Thank you for your cooperation in this matter. If you have any questions, please contact me or Sol Modesto, Municipal Finance Director at 729-5381 or email solmodesto@gov.nl.ca

Respectfully yours,



LORI ANNE COMPANION
Assistant Deputy Minister