

9. Audit of the LTCCP

Introduction

The audit process generates a report to the readers of the plan that attests to the robustness of the underpinning information and assumptions that went into developing the plan. The report also comments on the performance measures. The intent is that the opinion gives your community confidence that the future oriented information in the LTCCP is 'fit for purpose' which of course is having *the right debate*.

Why is the audit of the LTCCP so important?

The process is intended to benefit the local community by reporting on the quality of the LTCCP information¹.

Experience from the 2006-16 LTCCPs suggests that local media will focus on an adverse opinion and most likely portray this in a negative light. Those local authorities receiving adverse opinions experienced a range of community and central government responses.

How does the audit relate to the legislation?

Both the statement of proposal and final LTCCP must include a report from the auditor on:

- the extent to which the plan complies with the requirements of the Act
- the quality of the information and assumptions underlying the forecast information provided in the statement or plan, and
- the extent to which the forecast information and proposed performance measures will provide an appropriate framework for the meaningful assessment of actual levels of service provision.

Who is involved in the audit process?

The audit process is undertaken by an audit service provider (ASP) on behalf of the Office of the Auditor-General². During the 2006-16 LTCCP process the ASP provided a copy of their draft opinion and the draft plan to the Office for review (the so-called 'hot review' of 2006), the main purpose of which is to ensure consistency of approach and judgement across the country. Consistency is important and some version of hot review will remain in place for the audit of the 2009-19 LTCCP. As with the actual audit, the hot review process needs to be allowed for in the project plan.

In undertaking the audit process, the ASP will need access to the information that underpinned the development of the LTCCP, including asset/activity management plans, forecasting assumptions and financial projections. The ASP will need to talk to a wide range of individuals within your local authority. There are advantages for both parties in identifying a principal point of contact between ASP and your local authority as this will aid communication and make it easier to evaluate progress against project plan timelines. The project manager should be the point of contact.

¹The audit process was not primarily designed to be a tool that would generate benefits for the local authority (although feedback from the 2006 process suggests that between 70 and 80 percent of local authority managers found the process useful). The opinion is to the "readers" of the LTCCP (ie the community) not to your local authority.

²The ASP is the decision maker; although the auditor will be consulting substantially with colleagues and the OAG prior to the delivery of the opinion.

What other processes are linked to the LTCCP?

The Act requires an opinion covering the forecasting assumptions (including growth and demand information), the performance management framework, and legislative compliance. But in doing this the auditor will review systems which involves investigation of virtually all of the other process and content pieces.

What were the weaknesses apparent in the 2006 LTCCP audit process?

Some local authorities used the audit process as their only form of quality assurance. This prolonged the audit process (it was more costly), focused the audit work on compliance rather than the overall reasonableness of the LTCCP and its 'fitness' for purpose for the reader and raised questions about the professionalism and ownership of the preparers of LTCCPs within your local authority.

Slippage in overall project schedules but fixed dates for adoption and commencement of the consultation process meant the audit process and time to respond to queries and/or recommendation from 'hot review' was compressed into a limited time frame. There was less time available to amend the plan following audit and this put pressure on all involved.

The underlying information base being put in place on a 'just in time' basis meant that in some cases auditors were asking for underlying information and finding this was still in development rather than being presented with complete information at the start of the audit.

The auditors' 'hot review' process was designed to promote and achieve consistency of approach and standards of audit judgement across the country. A number of local authorities did not factor sufficient time for the 'hot review' into the project plan.

No single point of contact in the local authority meant that auditors on occasion received conflicting messages or spent time finding the right person.

What good practice information is available?

Office of the Auditor-General, (2007), Matters Arising from the 2006-16 Long-Term Council Community Plans. This report sets out the Auditor-General's findings with respect to LTCCPs and highlights the areas for improvement for 2009. Their findings also serve a reasonable basis for understanding their future expectations in relation to the 2009-19 LTCCP. The Office is reviewing its methodology, approach and expectations and will progressively make the results of this review public prior to 2008/09.