


OFFICE OF AUDITOR-GENERAL
St. Michael's Antislake

21 September 2007
Community Plan
Conference – audit
expectations for
2009

Auditing the future! 2009-19

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21 September 2007 | Community Plan Conference – audit expectations for 2009

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Key messages 2

There is nothing new in our audit expectations; although we will outline them better this time round (a sneak preview follows)

Has good practice *raised the bar*? Yes, but look to SOLGM's *Towards 2009* initiative

What does a Council need to do? Plan to plan and gain vertical and horizontal commitment!

21 September 2007 | Community Plan Conference – audit expectations for 2009

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Health Warning 3

We are currently undertaking an extensive overhaul of our auditing process

Consequently my following comments are *draft*

However there is sufficient certainty in our comments to provide:

- an adequate lead
- matters which a council should consider in its own right – whether subject to audit or not

Approach

The 15 aspects of the 2006/16 audit of the LTCCPs

These were the matters that really counted – although not apparent in our original methodology (which primarily focused on process)

Now reduced to 10 (e.g. the aspect on IFRS no longer merits attention) and we are developing our audit approach around them

What is the 2009-19 LTCCP

A new document or incremental change?

A strategic document or a collection of business plans?

... the LTCCP articulates a local authority's strategy (informed by both community desires and the reality of the community's circumstances) and also provides an integrated view of the policies and actions required to support the strategy

#1 - the right debate

...sufficient and balanced information about the strategic issues that allows the community to evaluate the strategic choices and implications and participate in decision-making..

Emphasis on both user-centricity and relevance; not demonstrating a Council-centred view

Issues – who is the user; the need for detail; what are the strategic issue; do auditors have a role in commenting on relevance

#2 – financial prudence

.. financial matters are managed prudently and in a manner that promoted the current and future interests of the community ..

Emphasis on looking for clarity and application of policies, management strategies based on levels of service over the medium/long term and financial outturns that support financial credibility and prudence

Issues – the Rating Inquiry; relationship of revenue and financing policies to GOAs; balanced budget

#3 – legislative compliance – presentation

.. compliance with a primary focus on the public face of the LTCCP document ..

A reasonably dispassionate review of the completeness of the LTCCP document

Issue – whose the quality controller!

#4 – legislative compliance - processes

.. a key element of this aspect will be adherence to the legislative requirements associated with decision making and consultation processes ..

Emphasis recognises that the LTCCP is a collection of past decisions and decisions to be made that should take into account the Act's requirements and principles

Issue – this lends itself to a systems based assessment; the use of the self assessment; council (including elected member) attitude; evidence; sustainability principle

#5 – underlying information – assets

10

.. the focus is predominantly on linkages of asset and activity information, and the quality of linkages between information ..

Emphasis on asset information; financial data (*amps*) and conceptual data (activity plans) – with linkages recognised between asset systems, to financial policies, assumptions and financial disclosures – including opex and capex – and performance framework

Issues – levels of service; forecast of demand; command of clause 2 information requirements; sequencing development of information in development of the LTCCP

#6 – levels of service

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.. processes for identification of levels of service ..

Emphasis on the development of a key component of the "value proposition" through identification, relationship to asset information and integration with outturns and performance frameworks

Issues – sequencing of development of levels of service; driving asset management; linkages levels with expenditure – opex or capex

#7 – consistency with other plans and policies

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.. need for the LTCCP to be consistent with and integrate with other adopted/endorsed policies and plans ..

Emphasis on aspects such as s101(3) rationale established in the revenue and financing policy is reflected in the GOAs; capex linked to *amps* links to development contributions; other strategies (e.g. recreation plans, reserve development plans)

Issues – what is the evidence – is it system-based (given the substantial number of "other" plans and policies); quality control

#8 - assumptions

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.. identifying all significant assumptions and risks ..

Emphasis on relevance and completeness of assumptions – not just of the next year but of the medium/long term; the application of assumptions to underlying data and (non) financial outturns

Issues – environmental (read medium/long term) assumptions; description of uncertainty

#9 - GAAP

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.. general prospective financial information must comply with GAAP, including as a basis for future accountability ..

Emphasis on both accounting policies, financial outturns and GOAs; coherency of financial information – particularly on disclosures in GOAs, including funding

Issues – IFRS, GOAs disclosures including funding

#10 – performance framework

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.. a meaningful framework for the assessment of LOS and Council's contribution to community outcomes ..

Emphasis on the framework logic – rationale, LOS (and their linkage), completeness and meaningfulness of measures

Issues – biggest deficiency in 2006-16; expressing the rationale; the attribution of LOS to outcome contribution; identification of medium term LOS and implications

Logistics and other

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The summary – major matters

The opinions – are they user-centric?

Hot review – yes, but in what form

Project planning and *auditing as you go*

Key messages

17

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