

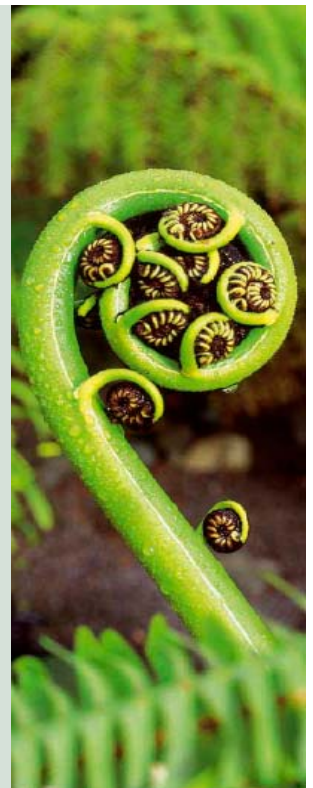


[28 April 2008

2008 SOLGM
Financial
Management
Seminar

LTCCPs – the Iceberg ahead (?)

**Bruce Robertson – Assistant Auditor-
General, Local Government**





■ Key messages

2

A council's financial management strategy is a **strategic issue** and part of the **right debate**

It must be consistent with the **concept of prudence**

A strategy is a **political** decision

Financial management strategy is **a key audit opinion objective** of the LTCCP audit



■ Is there an iceberg – the well of optimism

3

SOLGM's suite of good practice guides – *Dollars and Sense*

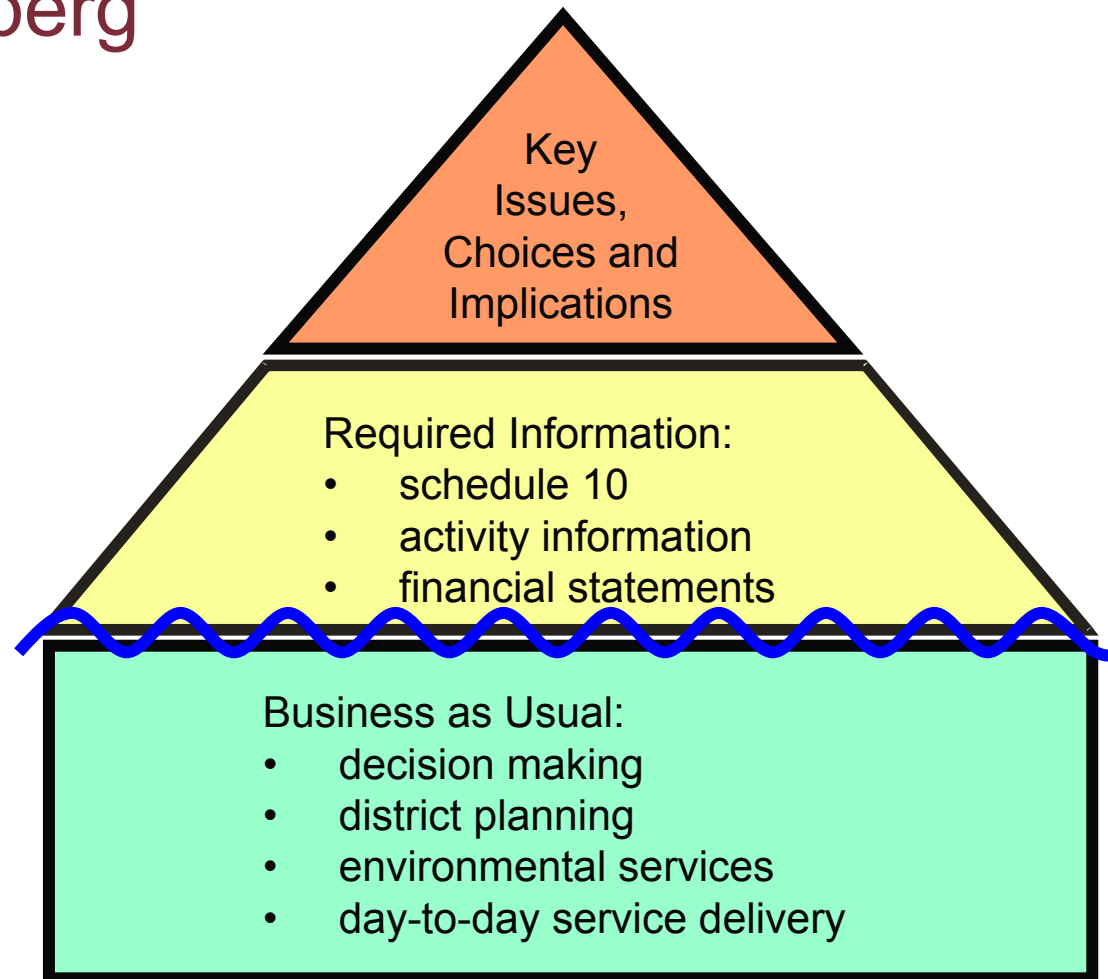
LGNZ's councillor financial management seminars

Local government building on its 2006 experience

Auditors building on its 2006 experience



■ The Iceberg





■ A paradox

5

Reasonable estimate = f (underlying information \times assumptions)



■ Financial management in the LTCCP

6

Who pays what when and why

Financial prudence



■ Information value – facilitating the right debate

7

Integrated information

Open

Transparent

Understandable



■ Financial long term plan hierarchy

8

Policies

Funding impact statement

Groups of activities

Overall financial performance and position



■ Financial prudence

9

S101 – *must manage its ... general financial dealings prudently and in a manner that promotes the current and future interests of the community*

S100 – *revenues are set at a level sufficient to meet that year's operating expenses*



■ Auditor expectation

10

Module 3.9 – financial prudence

What is the financial strategy; is it prudent and transparent

Module 3.10 – the right debate

The financial strategy is almost always a strategic issue and a major matter



■ The politician

11

It's their strategy

Get early clarity on their thinking

Management supporting their thinking with credible options

Reflect transparently their choice in the LTCCP



■ Key messages

12

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