

FinPro Annual Conference

1 March 2013

**Ellen Holland
Assistant Auditor-General
Victorian Auditor-General's Office**

Overview

1. Reflections on audits 2006-12
2. The future:
 - Performance reporting in local government
 - Annual plan
 - New Auditor-General
3. Questions

1. Reflections on audits 2006-12

Reflections on audits 2006-12

1. Planning and delivery of services and infrastructure

Business Planning for Major Capital Works and Recurrent Services in Local Government (September 2011) – Councils could not show that:

- their service mix was appropriate
- services were efficiently and effectively meeting community needs

2. Quality information for decision-making

Fees and Charges – cost recovery by local government (April 2010) – Councils examined were not basing their fees and charges on:

- clear understanding of costs of services provided
- other societal, economic and legal factors that must be taken into account.

Reflections on audits 2006-12

3. Real governance and effective oversight

Local Community Transport Services: the Transport Connections program (March 2011) –

- While DPCD had designed a sound governance and accountability framework, it did not effectively implement it
- Limited cross-government coordination hindered achievement of objectives.

4. Measuring and communicating performance

Performance Reporting by Local Government (April 2012) –

- Performance reporting by councils offered little insight into the impact of services and the achievement of objectives.

Reflections on audits 2006-12

5. Procurement and contract management

Tendering and Contracting in Local Government (February 2010) –

- Council oversight of procurement activities was inadequate.
- All but one of the five councils had no procedures to systematically monitor whether probity standards had been met.

6. Managing information transparently and securely

Use of Development Contributions by Local Government (April 2012) –

- None of the councils examined had a complete record accurately linking all development contributions collected with those expended
- Councils were unable to demonstrate that all the funds had been used effectively.

2. Performance reporting by local government

Performance reporting by local government

Establishment – To date VAGO has focused on auditing whether performance reports:

- Complied with legislative requirements
- Fairly presented performance.

2011 – Auditor-General indicated the intention to also express an opinion on the ***relevance and appropriateness*** of performance

2012 – Performance audit report on *Performance Reporting by Local Government* recommended a framework that provides a holistic picture of financial and non-financial performance that is:

- outcome focused
- based on established models.

Performance reporting by local government

Timeframe for auditing relevance and appropriateness:

- **Years ending June 2013 and June 2014** – VAGO will provide comment on relevance and appropriateness via management letters.
- **Year ending June 2015** – VAGO's audit opinion will address fair representation of performance and relevance and appropriateness of performance indicators.

Councils should:

- Critically review their strategic and service objectives so that they are clearly expressed, aligned and measurable.
- Critically review the performance information in their annual reports so that it is relevant, balanced, appropriate and clearly aligned with their objectives.

(Local Government: Results of the 2011-12 Audits)

3. Annual Plan

2012-13 published Annual Plan: Forward program

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Proposed areas of Financial Audit focus (local government)

2012-13 audits (November 2013 Report)

- Rate revenue
- Audit committees

2013-14 audits (November 2014 Report)

- Credit card security and usage
- Management of creditors
- Risk management

2014-15 audits (November 2015 Report)

- Asset revaluation reserve
- Management of employee leave

2012-13 published Annual Plan: Forward program

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Proposed performance audits (local government):

- Organisational sustainability of small councils (2012-13)
- Asset management and maintenance by councils (2013-14)
- Effectiveness of councillor training and support (2013-14)
- Shared services in local government (2013-14)

New Auditor-General

4. Questions

More information

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All of our tabled audits and information on upcoming audits is available at www.audit.vic.gov.au

Level 24, 35 Collins Street Melbourne

Victoria 3000

Australia

+61 3 8601 7000