

## ITEM 13.19 LOCAL GOVERNMENT PERFORMANCE AUDITS

Contact Person: Daryl Hagger – Director Corporate Management

File:

### PURPOSE

To advise Council of a program of performance audits to be conducted by the Audit Office of New South Wales.

### RECOMMENDATION

That the information be noted.

### ISSUES

Recent amendments to the Local Government Act 1993 have made the Auditor General of NSW the Auditor of local Councils in NSW. In addition to auditing Councils' annual financial statements the new mandate provides for the conduct of performance audits.

Essentially, performance audits assess whether selected activities or services are carried out efficiently, effectively and economically. Funding has been provided to the Audit Office to undertake two to three performance audits annually.

The Auditor General has chosen to focus on the sector as a whole in the first year rather than any individual council with the aims of improving the Audit Offices' understanding of Local Government and support Councils to identify good practice and make improvements over time.

The first performance audit will focus on Councils' own reporting to their communities on service delivery. A desk top review of reporting in Council annual reports will be conducted and a sample of Councils will be selected to profile in greater detail.

The second performance audit will survey fraud controls in place across Councils. This analysis will be based on a self-assessment by Councils of their fraud controls against the Audit Office's *Fraud Control Improvement Kit*.

The final performance audit will examine current shared services arrangements. This audit will seek to identify key enablers and barriers to effective and efficient shared services arrangements. Such arrangements are likely to include corporate services but may include services such as waste collection, road maintenance or libraries.

The Auditor General will contact Councils directly if they are selected for more detailed examination in any audit.

A copy of the Audit Offices Performance Audit Guide for Local Government and Performance Audit Process is attached in [\(Appendix DD – Page 388\)](#).