



# Auditing the Future: 2009

## PROJECT UPDATE #3

June 2008

The Auditing the Future project was established to work with local government to put in place the resources, standards, and know-how to successfully and credibly audit Long-Term Council Community Plans (LTCCPs) from 2006 onwards. The project also aims to share and promote good practice in long-term planning.

### A word from Kevin Brady, Controller and Auditor-General

At this stage, most councils have told us they are focusing on reviewing and developing significant aspects of their underlying information such as levels of service and asset information. The audit team for your council is completing the risk assessment necessary to plan your LTCCP audit. The audit team will:

- consider your response to the self-assessment;
- review your LTCCP project planning processes and LTCCP-related system controls;
- review the issues facing your council; and
- begin to look more closely at how you are preparing underlying information, assumptions, and the performance management framework.

I acknowledge the time and effort that is required to complete the self-assessment. It is a crucial component of the auditor's planning process, and it plays an important part in assessing the size and complexity of the audit. The auditor will use this assessment to prepare the detailed audit approach and audit arrangements. I hope that it is also of value to you as you prepare your 2009 LTCCP. Many councils have said that completing the self-assessment in 2006 was a valuable exercise.

Once the auditors have had time to plan the LTCCP, including an initial review of your completed self-assessment, they will be in a position to negotiate the LTCCP audit fees with you. As indicated in our previous newsletter, our fees will be substantially higher than in 2006. A significant proportion of the LTCCP audit cost was not passed on to you in 2006. I have asked my auditors to complete negotiating the LTCCP audit fees by 31 July 2008.

At this point in the LTCCP cycle, it is important to keep the benefit of the LTCCP in mind. I agree with the sector that an audited LTCCP has to "add value". The first section of this newsletter outlines some of the benefits of the audited LTCCP.

Many of you have asked us to expand on "who did it well" in 2006. Many local authorities did aspects of the 2006-16 LTCCP well. But, in our view, none achieved this standard consistently across the whole document. We have covered many of the issues in my report to

Parliament *Matters arising from the 2006-16 Long-Term Council Community Plans*, published in June 2007.

This newsletter describes a number of councils “who did it well” that we identified in our work in 2006. I am glad to say that there are more examples, which we have not included here. This newsletter aims to give you a variety of examples throughout councils of different sizes and scale.

As we move towards 2008/09 with the actual preparation and the audit of the LTCCP, I urge you to keep close contact with your appointed auditor to ensure a good and collaborative approach to the LTCCP is maintained.

A handwritten signature in black ink, appearing to read 'Kevin Brady', with a large, sweeping flourish extending upwards and to the right.

Kevin Brady

## **A value assessment of the audit of an LTCCP**

### **Introduction**

We are entering the phase of the LTCCP audit process where you will talk to your auditor about the size and nature of the audit. Your auditor will also negotiate the audit fees with you.

Long-term planning (currently in the form of the LTCCP) generates value for local government and its communities through:

- initiating integrated long-term planning;
- providing a basis for discussion of future objectives;
- supporting continuous improvement and providing a performance management framework; and
- reducing annual plan processes and associated costs.

An audit process can provide additional value to the value inherent in robust long-term planning. However, the discussion about the value of the audit process must be broader in scope than just considering the actual audit or “checking” process. In the following sections, we discuss what we consider to be three important areas where value is added to a council’s accountability, credibility, and trust.

**Value added by the process of the audit**

*The audit process supports the credibility of the future options and funding requirements, which are necessary for genuine community consultation to occur.*

The audit report assures the wider community that the LTCCP is financially prudent and sustainable. The inclusion of an audit report in an LTCCP helps to establish the relationship of trust necessary for councils and communities to plan their future together.

A process that checks the reasonableness of the information assists and ensures transparency. It also reduces suspicions that can arise from councils taking a “just trust us” approach to financial and asset management planning.

**Value added by reporting on the audit**

*The audit of the LTCCP assures Parliament that local government’s delegated authority is used appropriately.*

The audit process presents local government with a chance to display to central government its competent use of the authority delegated to it. As such, the audit process plays a role in building and maintaining the relationship of trust between central and local government.

*The audit process gives assurance to local authorities and other agencies that the local authority’s plans are soundly based.*

Poor planning of one local authority may adversely affect its stakeholders. This is particularly true where authorities share an environmental resource, or where the management of growth in one local authority will affect the infrastructure and environmental planning of the other local authorities around them.

Many local authorities already have working relationships, joint plans, and/or shared services arrangements with their neighbours and with other agencies. Therefore, the audit of the LTCCP acts as an additional assurance and provides confidence to such relationships.

**Value added by establishing an evaluation framework**

*By using a common audit methodology and good practice standards prepared by the sector, auditing the LTCCP provides a national framework for assessing quality.*

The audit framework is based on three important questions (based on the Local Government Act 2002, sections 84(4) and 94):

- Does the LTCCP have good underlying information?
- Does the LTCCP have meaningful performance measures?
- Does the LTCCP comply with the requirements of legislation?

Every local authority should ask these questions of its LTCCP. We work with other stakeholders, such as the Society of Local Government Managers, to assist in the preparation of frameworks and guidance to help all councils meet their statutory obligations. This helps to reduce the cost to the sector which would be incurred if local authorities had to prepare their own frameworks to assess quality.

Local authorities face the costs of many small enquiries, including the hidden costs of the officials' responses. The assurance to the public provided by the audit of an LTCCP could reduce these costs.

### **Conclusion**

Long-term planning through the LTCCP process generates value for the local government sector through:

- initiating integrated long-term planning;
- providing a basis for discussing future objectives;
- supporting continuous improvement and providing a performance management framework; and
- reducing annual plan processes and associated costs.

An audit process adds value to an LTCCP by:

- establishing credibility about future options and funding necessary for genuine community consultation to occur;
- providing assurance to Parliament that local authorities are appropriately using delegated authority;
- giving assurance to other local authorities and stakeholders that LTCCPs are soundly based; and
- providing a national framework for assessing the quality of LTCCPs.

## **Some good examples from the 2006-16 LTCCPs**

### **Introduction**

To support you as you prepare for the 2009-19 LTCCP we have reviewed a selection of 2006-16 LTCCPs. We provide some commentary on aspects of these LTCCPs that we consider to be good examples. We have stated publicly on many occasions that no council completed an LTCCP in 2006 that was strong in all areas. However, many local authorities had strengths in certain areas. Therefore, they are worthy of consideration as you prepare your LTCCP for 2009.

*We have not completed a comprehensive review of the whole sector for the purposes of this newsletter. Instead we have tried to provide a range of good examples covering different*

*aspects of the LTCCP from a range of types, locations, and sizes of local authorities. However, these examples should not be considered to be the only good examples.*

*We also note that good practice for LTCCPs is still evolving. These examples may be helpful while preparing the 2009-19 LTCCP. However, each local authority will need to review these examples against the evolving good practice within the sector and in terms of their own development since 2006.*

### **Auckland Regional Council**

Auckland Regional Council (ARC) is a large organisation operating in a complex and rapidly growing environment. The ARC services almost one-third of New Zealand's population in one of the smallest geographical regions in the country. The ARC has significant responsibilities for regional land transport, which it manages through its subsidiary Auckland Regional Transport Authority (ARTA). The ARC also has other responsibilities in infrastructure management, which it manages through Auckland Regional Holdings (ARH). The complexity of the funding flows of these entities adds significantly to the complexity of the planning environment for this council. It also adds to the complexity of the LTCCP document. The ARC has managed and explained this issue well, increasing the reader's understanding of the LTCCP.

ARC's LTCCP contains a summary that has two parts. One part sets out the financial issues, and the second part provides details of the major decisions the ARC requires the community to make through the LTCCP process. Four issues are set out in this section. The funding of public transport improvements dominates and is clearly the most significant issue. There is a good integration between these issues and the need to resolve them to achieve community outcomes.

The financial overview section of the summary is also a positive aspect of ARC's LTCCP. It clearly and concisely explains the relationships between the members of the ARC group and the funding flows. The ARC explains the assumptions and parameters on which the LTCCP has been based. This part includes the underlying relationships and interdependencies within the ARC group. Therefore, it provides an important context for the reader.

The summary covers many aspects of ARC's financial strategy and includes a number of charts. The charts explain, for example, how rates are spent and the activities where capital expenditure is targeted. The summary also explains the fact that the LTCCP does not allow for full funding of ARTA's public transport programme over the next 10 years.

Unfunded activities are discussed in the detailed activity sections of the LTCCP, where this is relevant.

ARC's LTCCP represents a reasonable standard of performance reporting. ARC's performance reporting shows its strength in applying its performance framework consistently

across all groups of activities and in the credibility of the framework. Each section of the framework is explained in-depth, but not in overly technical terms. The framework effectively displays the links between the ARC's community outcomes and the rationale for the activities. These links continue through to the performance measures.

The framework is generally presented in a coherent manner and allows the reader to understand what the ARC is trying to achieve and why. The ARC is working on significant changes to the transport activity during the period of the LTCCP. The discussion about changes in levels of service is supported by a timeline. The use of this graphical tool highlights the programme to the reader.

### **Environment Canterbury**

Environment Canterbury (ECan) is the largest regional council in New Zealand by area. It operates in an environment with a number of high-profile issues. One of them is water quality, because of land use intensification. A second issue is air quality, because of emissions from home heating systems. ECan also faces many other issues. The need to work on issues throughout the whole region is a particular challenge for ECan (for example, the perception of rural areas that priority is given to Christchurch and urban-based issues).

ECan's LTCCP has its strength in the presentation of its activity statements. Each activity statement is clearly set out. ECan uses colour, graphs, and diagrams appropriately, and cross-referenced other relevant parts of the LTCCP well.

Each activity section begins with discussing the main issues facing the activity and identifying ECan's contribution to achieve progress on these issues.

ECan uses a range of graphics to support the majority of levels of service, performance measures, and targets. The graphics reinforce the written information and make the information more accessible for the reader.

This approach is also used successfully in the financial summary for each activity. The financial summary is supported by a pie chart that depicts the expenditure for that activity in proportion to the expenditure of the whole organisation. A bar graph is included to show the components of the income for the activity in each year of the LTCCP. This presentation makes the financial aspect of the activity statements easier for the reader to understand.

### **Hauraki District Council**

The Hauraki District Council is a small to mid-sized district council servicing three main townships and a rural area. The Hauraki District is located centrally and benefits from its proximity to Auckland and the Coromandel. Although tourism is important to the region, farming is the predominant industry of the Hauraki District.

The Hauraki District Council's LTCCP is notable for its overall clear presentation and readability. The LTCCP provides a good combination of quantity and breadth of information, and does not use overly technical terms.

The LTCCP contains good information explaining the LTCCP and the relevant legislative framework. It also explains the content of particular sections of the LTCCP well.

The LTCCP explains how the Hauraki District Council has interpreted its obligations under the Local Government Act 2002 (the Act) to address sustainability. A diagram further supports the Hauraki District Council's explanation of the relationships between sustainability, well-being, and the various parties contributing to community outcomes.

All sections of the LTCCP effectively balance the quantity and relevance of information. This balance is strongest in the groups of activities information. Some examples of this are:

- The sections providing group of activity information and detailed activity information are well structured and clear. Strategic issues, with a broader impact at the group of activities level, are articulated well. This is supported by more specific strategic issues included at the activity level. The two levels are appropriately differentiated. Graphs are also used well to help the reader understand the financial information, and also to visually present performance information.
- Comprehensive narrative explanation is included throughout the groups of activities section. This is particularly well done in the explanation of current levels of service. These explanations are supported by a further section signalling possible changes to levels of service and implications of these changes. A good example of this is included in the roading activity.

### **Hurunui District Council**

Hurunui District Council (Hurunui) is a small and predominantly rural district council with a strong focus on maximising the benefits of tourism in the district. Hurunui has expressed a desire to balance the opportunities in tourism with prudent and conservative planning to avoid increases in rates.

The main strength of Hurunui's LTCCP is in the area of community outcomes. The LTCCP clearly sets out the process Hurunui used to establish the community outcomes. The LTCCP also clearly shows how the community outcomes will be achieved and measured. The community outcomes and the process described to arrive at the six high-level outcomes reflect the requirements of section 91 of the Act. Hurunui used an initial phase of consultation to establish its priorities. It then used a second phase of consultation to provide confirmation of the indicated priorities. This seems to be an effective process.

In our view, Hurunui has effectively indicated how the community outcomes will be approached at a ward level. It has set out priorities, major challenges, important assumptions, and the main projects.

### **Kapiti Coast District Council**

Kapiti Coast District Council (KCDC) is a larger-sized district council on the edge of a major metropolitan area. During the last 30 years it has developed from a series of coastal towns to a residential (and retirement) area. Therefore, KCDC has experienced an increased need and demand for infrastructure development and recreational services.

KCDC has taken a unique approach to the presentation of its LTCCP by using its summary to present the content requirements of the LTCCP. Additional information is effectively attached as a series of individual documents.

The summary is a lengthier document than many councils may wish to prepare. However, it demonstrates a strong sense of integration and focus on results. We thought this approach was very positive because of its focus on the needs of the reader.

KCDC also focused on articulating how it takes account of sustainable development. As a result, the issue of sustainability is present throughout the LTCCP summary:

- at the level of strategic overview, for example in the Mayor's foreword;
- in discussing significant issues that clearly reflect concern about impacts on future generations; and
- through the structuring of its performance information and the link from community outcomes and well-being to activity measures and standards.

For its performance framework, KCDC uses a matrix to relate its groups of activities to the community outcomes. A range of indicators for progress on outcomes are identified. Two measures for each well-being are selected from these indicators to serve as a genuine progress index for assessing the overall well-being.

Each group of activity includes relevant indicators for long-term progress and crucial milestones. Beside these, a series of measures of effectiveness or impact are identified. We think these measures are particularly interesting as they form a logical link between the state of outcomes and delivery of council services. The main areas of activity and associated service standards are identified in the summary with more detailed information. The detailed appendices (referred to as Volume 2) expand on the service standards.

### **Porirua City Council**

Porirua City Council (Porirua) is a moderate-sized city council located close to a large metropolitan centre. A major feature of Porirua city is its recent development. Therefore, it has fairly new infrastructure.

The most interesting feature of Porirua's LTCCP is its forecast of successive deficits in the Statement of Financial Performance during the period of the LTCCP. Porirua asserts that fully funding all operational expenses (including depreciation) is not required. This is based on its asset planning and on recognising that most of its large infrastructure assets are relatively new. Therefore, Porirua will face little significant renewals or investment until about 2025.

This has been covered in paragraphs 7.55-7.62 of our report to Parliament *Matters arising from the 2006-16 Long-Term Council Community Plans*, published in June 2007.

Porirua's LTCCP includes a substantial section that explains its approach to demonstrating financial prudence and its resolution not to meet the balance budget requirement of section 100 of the Act. Important features of their extensive disclosures include:

- full disclosure and analysis of Porirua's circumstances – including disclosure of asset information on renewals and investment profiles for major asset systems;
- future impact on rates – in this case, when the proposed financial strategy will affect future generations; and
- disclosure of indicators of prudence – such as solvency indicators over the life of the LTCCP.

The disclosures made about Porirua's response to feedback on its draft Statement of Proposal are another good feature. The disclosures include an analysis of submissions and information about the resulting changes to the 2006-16 LTCCP. It also indicates other actions to be carried out by management. For example, Porirua and its management will continue to find ways of better presenting important financial data, including the effects of inflation.

In our view, Porirua's LTCCP addresses the disclosure of strategic direction and intended priorities in response to expressed community outcomes effectively. Among its contents are two helpful examples:

- Porirua used the LTCCP process to propose a new sports and event centre. The final adopted LTCCP described the proposal including the options considered. This provides useful information as Porirua proceeds with the project, with a record of intention and a financial projection.
- The LTCCP includes a diagram outlining the major financial trends for rates revenue and expenditure, public debt, and capital expenditure. The information also shows the final impact on rates including the increase in rates during the previous year – starting with 2005/06 – and the forecast average effect on ratepayers. The difference in rate analysis and effects is briefly explained.

## **Ruapehu District Council**

Ruapehu District Council is a small district council. It has fewer resources than many other councils, a wide geographical area, and a number of small discrete communities. With Mt Ruapehu and associated National Parks within or on its boundaries, it faces substantial demand to provide services in an environmentally appropriate way. It also needs to provide support for a growing tourism industry.

The Ruapehu District Council's LTCCP focuses on structured responses to its community expressed desires ("outcomes") and its legislative responsibility.

The LTCCP's strengths are:

- a sound explanation of the conceptual framework the Ruapehu District Council considers necessary for a future-focused long-term plan;
- a good link to other crucial planning documents and processes; and
- a structured approach to linking community outcomes to Ruapehu District Council's own strategic goals, assessed levels of service, and performance indicators and targets. It appropriately differentiates between Ruapehu District Council's contributions and outcomes that other relevant organisations will also contribute to.

The LTCCP contains two useful summaries of the planning process. The first summary is about the link between community outcomes, strategic goals, and council work programmes. The second summary is an introduction to council activities. The summaries are supported by a thorough explanation of how the group of activities statements operate. This explanation emphasises the link of the groups of activities to the performance management framework and community outcomes.

A series of schedules that map the 42 community outcomes by well-being and activity (including a description of Ruapehu District Council's role - provider, partner, funder, regulator, facilitator, or advocate) also support the reader's understanding. In addition, the schedules note other stakeholders important in the delivery of each outcome.

To reinforce the contribution of Ruapehu District Council's planned activities, it has organised its groups of activities by the four well-beings. This demonstrates a good understanding of the purpose of local government as set out in the Act. Clearly, judgement is required to decide which well-being each activity primarily relates to. Importantly, Ruapehu District Council recognises that, for example, an activity focusing on environmental outcomes is important to achieve other well-beings and outcomes.

The groups of activities information achieves a reasonable balance between being succinct and comprehensible for the reader yet providing sufficient detail. A detailed review in 2005 informed the levels of service information. An appropriate and useful level of detail for the

user is also provided on major capital projects, with an analysis into renewal expenditure, levels of service development, and new capital expenditure components.

### **South Waikato District Council**

South Waikato District Council is a small to mid-sized district council, serving a population of about 24,000. Forestry and agricultural industries dominate the district, with almost half of the district covered in forest. With three main townships in the district, the South Waikato District Council must manage the tensions of providing for both rural and urban needs.

South Waikato District Council's LTCCP has a comprehensive introductory section that provides a good context for the reader. The introduction provides helpful disclosures that set out the strategic context to the South Waikato District Council's intended actions described in the LTCCP. The main features are:

- the relationship of the South Waikato District Council's intended strategy implementation to district, regional, national, and even international drivers; and
- a district "report card" that includes a useful summary of how the community feels and perceives its strengths and the issues it faces.

The introduction to the LTCCP also includes other useful disclosures that provide background and context for the reader of the LTCCP. These are:

- high-level progress against the main issues that were identified in the 2004-14 LTCCP; and
- a summary of the results of consultation on the 2006-16 Statement of Proposal containing the draft LTCCP and how it affected the final adopted LTCCP.

The LTCCP summarises the major projects and programmes the South Waikato District Council intends to carry out during the period of the LTCCP. It analyses whether physical works projects and non-asset based programmes constitute maintenance, increase in levels of service, or a new project or programme. The South Waikato District Council further defines the projects or programmes it intends to carry out and how these contribute to the identified community outcomes. The LTCCP also notes other agencies and organisations that contribute to achieving these outcomes. The LTCCP states how the South Waikato District Council intends to monitor the achievement of the outcomes.

The South Waikato District Council recognises the ethnic mix of the community in its LTCCP through noting its relationship with Māori and the separate outcomes sought by the Raukawa Trust Board.

The group of activity statements contain detailed and important information. They contain information about asset use and levels of service, and also valuably outline the strategic

issues and specific factors affecting each activity. Other good features of the group of activity statements are:

- the intention to use a broad range of measures to assess levels of service and activity dimensions during the period of the LTCCP; and
- reasonably detailed analysis of the negative effects on the four well-beings and mitigation strategies.

### **Southland District Council**

Southland District Council (SDC) is a mid-sized district council comprised of a number of towns. SDC needs significant infrastructural development and renewal in the coming years.

We were impressed with how SDC set out the range of issues it was considering in its LTCCP Statement of Proposal (SOP). In its adopted LTCCP, SDC provides information on the consultation it carried out on the LTCCP and the decisions it made on the main issues. SDC also provides commentary on other issues and projects.

SDC clearly outlines its financial strategy and highlights the trends that will affect the district in the next 10 years, including:

- the change in rates as a proportion of SDC's total revenue and the reasons for the change during the period of the LTCCP;
- the accumulation and use of surpluses supported by more detailed information within the Balanced Budget Statement;
- capital expenditure plans and loan funding expectations; and
- a detailed commentary within the Balanced Budget Statement on how sources of funding are managed to achieve smooth rates increases over time.

In our view, this section provides a good level of information about the financial strategy of the SDC. The SDC presented the information in a way that made it accessible to the reader.

### **Timaru District Council**

Timaru District Council (TDC) is a mid to large-sized district council. Most of its population of about 43,000 people live in or around the four main towns. Two-thirds of the population live in the main centre of Timaru. The district's population is expected to be fairly static during the period of the LTCCP. Agriculture plays a significant part in the local economy, but a number of significant manufacturing operations are also in the district.

TDC's LTCCP includes a good section that explains capital expenditure and operating expenditure included in the LTCCP. It explains the difference between each type of expenditure, and is supported by the use of some good graphs.

It also includes a short but clear explanation of the use of debt, which covers the concept of intergenerational equity at a basic level.

The LTCCP includes a section on rates that sets out the average rates in each location for years one to three of the LTCCP. A graph shows how the average weekly cost is spent by the various activities of the TDC. The value proposition is also supported by a table that compares average weekly rate costs to other common household costs. This is not an in-depth analysis but it is clear and straightforward.

The strength of TDC's LTCCP is in the performance framework area. The LTCCP presents an overall framework that begins with describing the activity and continues with the levels of service depictions and performance measures. The links between these elements and how they fit together are clear.

In addition, the LTCCP is well set out and includes several features to enhance the reader's understanding of the document. These include:

- A good illustrative description of the format used in the LTCCP for each group of activities section is provided at the beginning of that section of the LTCCP. This shows a "mock" activity section and explains the purpose of each of the components that are presented in each section of the LTCCP.
- Each group of activities statement includes a pie chart divided into segments representing each community outcome. The chart highlights the outcomes to which the activity makes a primary and a secondary contribution. The pie chart is supported by a table that provides further details of the activity's specific contribution to each outcome. This presentation assists the reader's understanding of the link between outcomes and council activities.
- The TDC has established an effective format to convey levels of service and the related performance targets, particularly for detailed targets for years one to three of the LTCCP. We emphasise that, while the format is effective, changes in targets during the period can still be reflected more accurately.

It is important to note that our overall audit opinion on the Timaru District Council's LTCCP SOP was qualified because the prospective financial information did not include the effect of price changes during the 10 years of the LTCCP. While, in our view, this was significant enough to qualify the audit opinion on the final adopted LTCCP, we recognise that the non-financial dimension of the performance framework was useful.

### **Waikato District Council**

Waikato District Council is a mid to large-sized district council. Waikato is an area that is expecting a reasonably high level of growth in coming years. This district has the challenge of

balancing the costs and benefits of growth against affordability for the significant proportion of the population that earn below average incomes.

The Waikato District Council's LTCCP includes a number of good elements, including:

- a summary of key issues;
- a description of links to other regional community outcome processes;
- a description of the levels of service review programme; and
- a presentation of the main project information in group of activities statements.

The LTCCP has a two-page summary of major consultation issues. It covers a number of important capital projects, their rating implications, some policy issues, and a summary of the Waikato District Council's financial strategy. In the final adopted LTCCP this summary is supplemented by a commentary on the decisions made on each issue in response to submissions that were received. This is an effective way to record the consultation processes of the LTCCP.

The Waikato District Council has been involved in two community outcome processes as well as the process which focused solely on its own district. These processes were the regional "Choosing Futures Waikato" process and the "Waikato-Tainui live" community outcomes process. The LTCCP includes some reasonable links between the broader regional outcomes and the district outcomes. However, these links could be improved further.

The Waikato District Council's LTCCP contains a good explanation of what a level of service is. It explains clearly the process the Waikato District Council has used to identify and assess levels of service. The LTCCP explains that not all levels of service have been specifically reviewed and includes a table that sets out the proposed consultation programme. This programme addresses all main levels of service of the Waikato District Council. In our view, it helps the reader to understand the concept of levels of service.

In each of the two groups of activities that have significant infrastructural assets, the LTCCP sets out a table of major projects. The information presented by the Waikato District Council is a clear tabular presentation identifying the nature of the capital expenditure. It differentiates between growth, levels of service, legislative change, maintenance, or renewal-related works. We consider this to be an effective way of providing the information required by Schedule 10 of the Act.

### **Western Bay of Plenty District Council**

Western Bay of Plenty District Council describes itself as a rural district council. It is experiencing substantial growth, similar to its neighbour Tauranga City Council.

The Western Bay of Plenty District Council's LTCCP usefully reflects the main decisions that resulted from the consultation process on the draft 2006-16 LTCCP. The "Summary of Decisions on Consultation Highlights" covers the impacts on activities (such as projects and programmes) and funding decisions. It also covers the implications of the funding decisions, such as the cost that resource consent applicants will bear. Importantly, this section also records consultation matters that were not actioned.

Generally, the Western Bay of Plenty District Council's LTCCP is a compact and well-prepared document. It deserves recognition for its approach to bringing all matters associated with each activity into one location. The groups of activities statement includes the usual components, such as an overview of the activity, the activity's relationship to community outcomes, what the Western Bay of Plenty District Council seeks to achieve with the activity, and financial information. It also includes:

- a summary of capital expenditure (often by individual activity);
- key assumptions by activity, including an analysis of the consequence of errors in the assumptions; and
- the revenue and financing policy approach by activity.



The group of activities also introduces a split in the performance management framework between:


- a description that includes performance measures and targets for each outcome; and
- a level of service description with their own measures and tests.

Rather than necessarily focusing on a "corporate" view, this approach emphasises each group of activities (such as water supply or natural environment) with its own separate analysis (such as funding responsibility). The corporate view is provided, but is de-emphasized. In our view, this approach may be useful for councils with dispersed communities.

## An update on phases of the 2009 LTCCP audit

Following on from the timeline provided in our second newsletter, below we set out the broad phases of the audit and show where we are up to at the moment.

<b>To 31 July 2008</b>		
<b>Planning the audit</b>	Self-assessment sent to councils for completion.	<input checked="" type="checkbox"/>
	Formal audit arrangements established including fee negotiations.	
	Completion of planning and risk assessments.	
	Auditors submit a selection of audit plans for hot review by OAG to support auditors in consistent risk identification across the sector.	<input type="checkbox"/>
<b>August 2008 to February 2009</b>		
<b>“Auditing as you go”</b>	Based on project plan of council audit work carried out where appropriate and possible.	<input type="checkbox"/>
<b>To June 2009</b>		
<b>LTCCP SOP audit</b>	Audit fieldwork on the SOP (the draft LTCCP), the summary of the SOP.	<input type="checkbox"/>
	Hot Review of all SOPs for consistency.	<input type="checkbox"/>
	Delivery of SOP opinions.	<input type="checkbox"/>
<b>Final LTCCP audit</b>	Audit fieldwork on the final LTCCP.	<input type="checkbox"/>
	Hot Review of all final LTCCPs.	<input type="checkbox"/>
	Delivery of final LTCCP opinions.	<input type="checkbox"/>

 = phase is underway now

= phase completed

= yet to commence

**For more details contact Bruce Robertson on (04) 917 1601 or Sarah Lineham on (04) 917 3096.**