

AGLG

March 23, 2018

AGLG Update

Public Administration 202
Local Government Finance in BC

ACCESSIBILITY ● INDEPENDENCE ● TRANSPARENCY ● PERFORMANCE

PRESENTATION OUTLINE



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

➤ MANDATE AND PURPOSE OF AGLG

Vision and Commitment
Governance

➤ PERFORMANCE AUDITS

Performance versus financial audit
What to expect from a performance audit
Four phases of a performance audit

➤ BENEFITS OF PERFORMANCE AUDITS

➤ ADDING VALUE

Audit Topics – 2017/18 forward
Pre-session work: Class Input

➤ QUESTIONS?



Follow us on Twitter: @BC_AGLG

MANDATE AND PURPOSE OF AGLG



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

- Conduct performance audits of local government operations
- Provide objective information and relevant advice *to assist* local governments...



VISION AND OUR COMMITMENT



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

OUR VISION

**TO BE A VALUABLE
RESOURCE FOR LOCAL
GOVERNMENTS AND
OTHER STAKEHOLDERS**

OUR COMMITMENT

**TO WORK
COLLABORATIVELY
WITH LOCAL
GOVERNMENTS**



➤ Oversight by Audit Council

Advisors

Provide input and guidance

Currently six members with diverse backgrounds

Completes performance review of AGLG

➤ AGLG Act

Authority

Substantive Autonomy from Government

PERFORMANCE VS. FINANCIAL AUDIT



AUDITOR GENERAL FOR
LOCAL GOVERNMENT



FINANCIAL AUDIT:

- ▶ Focused on accuracy of financial statements (including notes)
- ▶ Legislated requirement
- ▶ Based on generally accepted accounting principles and standards
- ▶ Approach is standardized
- ▶ Educational background of auditors = accounting
- ▶ Output: opinion and management letter



PERFORMANCE AUDIT:

- ▶ Focused on efficiency, effectiveness, economy, compliance
- ▶ Authority under AGLG Act
- ▶ Unique; criteria developed by auditor, based on research and best practices
- ▶ Approach varies for each topic
- ▶ Educational background of performance auditors is varied
- ▶ Output: report on findings and recommendations

AREAS COVERED



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

FINANCIAL
AUDIT →



← PERFORMANCE
AUDIT

WHAT TO EXPECT FROM A PERFORMANCE AUDIT



AUDITOR GENERAL FOR
LOCAL GOVERNMENT



FOUR (4) PHASES OF AN AGLG PERFORMANCE AUDIT



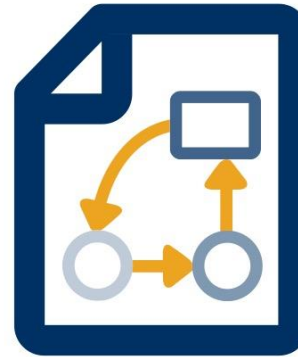
AUDITOR GENERAL FOR
LOCAL GOVERNMENT

1



INITIATING THE AUDIT

2



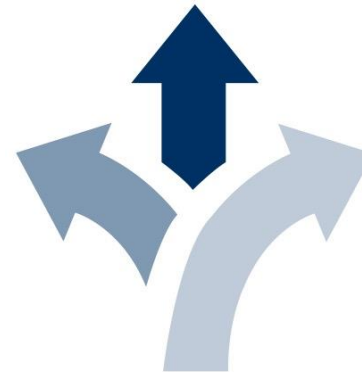
PLANNING

3



EXAMINATION

4



REPORTING

INITIATING THE AUDIT



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

- Contact Mayor/Chair and CAO followed by Notification Letter to Council/Board
- Publicly release name of auditees
- Set initial meeting with elected representatives and/or senior staff
- Address “Confidentiality” requirements

NOT THIS APPROACH!



AUDITOR GENERAL FOR
LOCAL GOVERNMENT



**"We're going to parachute in and do a surprise audit,
but I want to keep the whole thing low key."**

PLANNING (this phase may be extensive – e.g. months)



**AUDITOR GENERAL FOR
LOCAL GOVERNMENT**

GATHER KNOWLEDGE ON SUBJECT MATTER

EXTENSIVE TOPIC REVIEWS:

- Publications, media, results of similar audits in other jurisdictions
- Stakeholders with subject matter expertise and background
- Subject matter experts and or advisors for expertise

ASSESS LOCAL GOVERNMENT

- Council/Board materials, annual reports, budget materials, news media
- Meet with local government staff; request for documentation

DEVELOP AUDIT PLAN

- Finalize the audit objective, scope and lines of enquiry
- Develop audit methodology and audit programs
- Acknowledgement letter to local government

EXAMINATION



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

EVIDENCE GATHERING AND ANALYSIS

- ▶ Audit team sets interviews with local government staff/elected officials; requests information
- ▶ Collaborative approach — try to be flexible and as **un-intrusive** as possible
- ▶ Confirm and validate facts; ***no surprises, everyone kept in the loop***
- ▶ May spend additional time on analysis after the fieldwork at the local government is complete

EXIT MEETING

- ▶ Participate in audit team/local government exit meeting if required; review and validation
- ▶ If topic is complex, review and validation may be done through a follow-up process
- ▶ May be further follow up or requests for information to support changes — if needed



1



WRITE REPORT

2



REVIEW REPORT

3



PUBLISH REPORT

REPORTING



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

PROPOSED FINAL AUDIT REPORT TO LOCAL GOVERNMENT

- Preliminary findings, fact clearance completed
- Local government has 45 days to review and provide feedback on report
- Local government provides comments and action plan to be summarized in report

PROPOSED FINAL AUDIT REPORT TO AUDIT COUNCIL

- Provides comments to AGLG on proposed report

FINAL (PUBLISHED) AUDIT REPORT

- Edits made to Proposed Final Audit Report – if required
- Copy sent to Audit Council along with the local government's comments for additional input - if any
- Final audit report sent to local government **prior** to publication
- Final report and related materials sent to Minister, published on AGLG website



WHAT ARE THE
BENEFITS OF
PERFORMANCE
AUDITS?

BENEFITS OF PERFORMANCE AUDITS



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

- **We may identify areas of:**

 - Strength in a local government

 - Areas where there are opportunities for improvements

- **A performance audit can be used by any local government as part of a process to address the:**

 - The principle of ECONOMY: keeping the cost low.

 - The principle of EFFICIENCY: getting the most out of available resources.

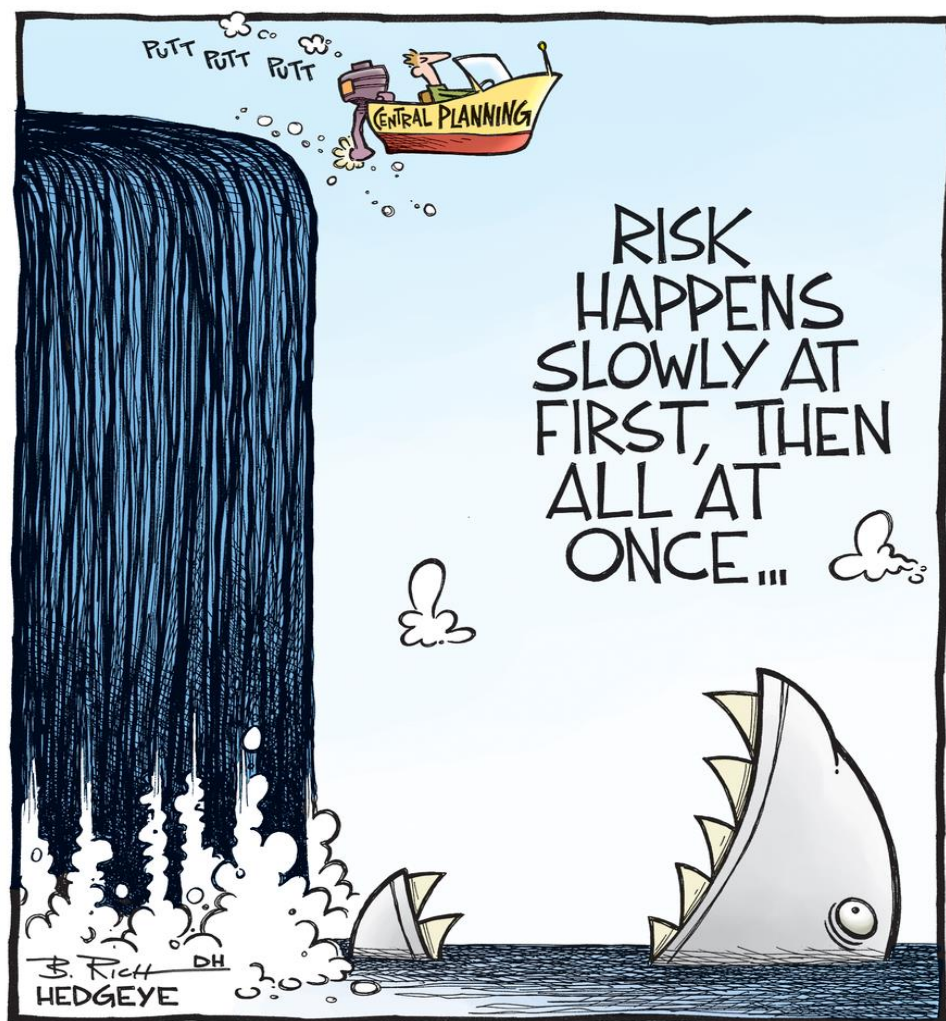
 - The principle of EFFECTIVENESS : meeting the objectives set.

- **We also share learnings with others: both at the Elected and Staff level**

MAY IDENTIFY RISKS BEFORE AN ISSUE



AUDITOR GENERAL FOR
LOCAL GOVERNMENT



ADDING VALUE



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

- Positive Feedback from stakeholders on audits
- 29 reports completed; 25 audits and 4 Perspectives booklets
- Each audit has several recommendations, almost all were accepted

Positive response from almost all auditees

Local governments provided Actions Plans

Several 'informal' local government requests for an audit

- Positive feedback from stakeholders on Perspectives Series

Internal audit shared with Council and Staff

Municipal Auditor – shared with clients (government, *et al*)

LGMA and GFOA – “procurement” tools built off Perspectives booklets

FOLLOW-UP ON COMPLETED AUDIT WORK



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

- Objective of a follow-up audit is to assess the progress made in implementing the recommendations/ local government action plan
- Looking to implement a process in 2018/19 for audits completed in previous years

POTENTIAL TOPICS 2017/18 FORWARD



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

- Asset Management and Project Management
- HR Management*
- Governance
- Fire Protection Services
- Water Supply and Distribution*
- Emergency Preparedness, Business Continuity, Disaster Recovery*
- Liquid Waste and Sewage Treatment
- Housing Development, Affordable Housing and Homelessness
- Public Consultation and Engagement
- Procurement, Contract Management and Shared Services

**completed/currently underway*

YOUR PRE-SESSION WORK



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

- 1) Describe and define the topic from your point of view.
- 2) What are some of the challenges Local Governments face with this topic?
- 3) What should the AGLG pay attention to if we do an audit in this area?
- 4) On a scale between 1 (low) to 10 (high), please rate the value of an audit or best practices booklet on this topic.

HOW CAN WE CONNECT WITH YOU?



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

FINAL AUDIT REPORT TO LOCAL GOVERNMENT

- ▶ On AGLG website: 40+ pages, but value in details and context

PERSPECTIVE SERIES BOOKLETS – LEADING PRACTICES

- ▶ On AGLG website: 30-50 pages in each report

OTHER WAYS WE ENGAGE

SOCIAL MEDIA: Twitter, LinkedIn, YouTube(In future)

PARTNERSHIPS: Webinars (In future?) and joint presentations (e.g. GFOA, LGMA)

PRESENTATIONS: Local government events or to Councils/Boards

QUESTIONS?



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

CONNECT WITH US



The AGLG welcomes your feedback and comments.

WEB: www.aglg.ca

EMAIL: info@aglg.ca

PHONE: 604-930-7100

FAX: 604-930-7128

MAIL: 201-10470 152nd Street Surrey BC V3R 0Y3



Follow us on Twitter: @BC_AGLG

