

AGLG

March 29, 2017

AGLG Update

Regional District Chairs and CAOs

ACCESSIBILITY • INDEPENDENCE • TRANSPARENCY • PERFORMANCE

PRESENTATION OUTLINE



AUDITOR GENERAL FOR
LOCAL GOVERNMENT

➤ MANDATE AND PURPOSE OF AGLG

Vision and Our Commitment

➤ PERFORMANCE AUDITS

Performance versus financial audit

➤ BENEFITS OF PERFORMANCE AUDITS

➤ ADDING VALUE

Reports completed to date and what we found

Audits Underway – results to date

Potential Audit Topics – 2017/18 forward

➤ QUESTIONS?

MANDATE AND PURPOSE OF AGLG



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



VISION AND OUR COMMITMENT



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OUR VISION

TO BE A VALUABLE
RESOURCE FOR LOCAL
GOVERNMENTS AND
OTHER
STAKEHOLDERS

OUR COMMITMENT

TO WORK
COLLABORATIVELY
WITH LOCAL
GOVERNMENTS

NOT THIS APPROACH!



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

PERFORMANCE VS FINANCIAL AUDIT



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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



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FINANCIAL
AUDIT →



←
PERFORMANCE
AUDIT



WHAT ARE THE
BENEFITS OF
PERFORMANCE
AUDITS?

BENEFITS OF PERFORMANCE AUDITS



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- 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

ADDING VALUE



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- Positive Feedback from stakeholders on audits

 - Rating of 3.6 out of five on value in recent CAO survey

- 26 reports completed; 22 audits and 4 Perspectives booklets

 - Anticipate 2 more to complete over short term

- 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

THINGS WE FOUND...



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OPERATIONAL PROCUREMENT

- Gaps in policies & procedures.
- Improvements needed in conflict of interest policies.
- Lack of reporting on key performance indicators.
- Efforts to obtain best value were demonstrated in all local governments, but to varying degrees.

POLICING OVERSIGHT

- Reasonable levels of understanding/ awareness of the 2012 Municipal Police Unit Agreement or the Police Act in 4 of 5 Local Governments (LG's).
- Opportunities exist to strengthen planning, priority setting & performance measurement in all 5 LG's.
- Cost containment opportunities for all 5 LG's.
- Good communication & positive working relationships between LG's and Police Services.

THINGS WE FOUND...



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CAPITAL PROCUREMENT/ASSET MANAGEMENT

- Opportunities to improve oversight & information for decision-making (3 of 5 LG's) with regard to capital project risks, financing and delegation of authority.
- Business case including capital needs, alternatives and risks for significant projects (3 of 5 LG's).
- Recommendations on developing systematic approach to capital planning asset management, including an organization-wide capital asset management plan and long-term (>5 years) financial planning for capital investments (2 of 5 LG's).
- Opportunities in 3 LG's to develop a plan to ensure the availability of adequately trained staff to direct & undertake asset management activities.

INHERENT HR RISKS WITHIN SMALL LOCAL GOVERNMENTS (IN PROGRESS)



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SUMMARY OF RECOMMENDATIONS TO DATE

Role of HR Unit (1)

- more clearly define its role, expectations and responsibilities

HR Planning

- over time, implement longer range planning from 3 to 5 years
- develop more robust analysis related to request for additional staff
- identify mission critical skills and develop succession plans for this roles
- take steps to ensure recruitment and selection process are adequately documented
- ensure job descriptions reflect current requirements and qualifications

INHERENT HR RISKS WITHIN SMALL LOCAL GOVERNMENTS



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SUMMARY OF RECOMMENDATIONS

HR Management

- add more structure to orientation, training and development, and performance appraisal practices
- take steps to ensure occupational health and safety program is in full compliance with all legislative and regulatory requirements
- promote conflict of interest awareness and understanding
- improve documentation practices

HR Administration

- review policies and procedures and address key gaps
- ensure policies and procedures are readily accessible to employees
- identify a few, meaningful HR indicators and use them to enhance HR practices

INHERENT HR RISKS WITHIN SMALL LOCAL GOVERNMENTS



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GENERAL OBSERVATIONS

- Staffing requests are not treated lightly by Councils; staff are expected to provide due diligence
- OT is not a significant cost driver
- Exempt salaries are largely tied to collective agreements and there may be an inherent or perceived conflict of interest where CAOs/mgmt are responsible for the bargaining process

INHERENT HR RISKS WITHIN SMALL LOCAL GOVERNMENTS



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GENERAL OBSERVATIONS

- Workforce planning typically has an annual horizon and , over time, should extend out
- Workforce planning needs to consider workforce demographics, attrition, turnover and recruitment challenges in order to become more robust
- Centralization of some, not all, HR practices can lead to greater effectiveness (trg, dev, perf appraisal, OSH)

POTENTIAL TOPICS 2017/18 FORWARD



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RESULT OF EXTENSIVE CONSULTATION/ENGAGEMENT PROCESS IN FALL 2016

- Asset Management and Project Management
- HR Management *1 more to complete shortly*
- Governance
- Fire Protection Service
- Water Supply and Distribution *2 audits underway, add
1 more auditee and
PBooklet*
- Emergency Preparedness, business continuity, disaster recovery
- Waste and sewage treatment
- Housing development , affordable housing
- Public Consultation and Engagement
- Procurement, contract management

HOW BEST TO CONNECT WITH YOU?



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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 TO ENGAGE? WHAT WORKS?

SOCIAL MEDIA: YouTube, Twitter, Facebook

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

PRESENTATIONS: Local government events or to Councils/Boards

QUESTIONS?



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CONNECT WITH US



The AGLG welcomes your feedback and comments. Contact us electronically using our website at www.aglg.ca or email info@aglg.ca to share your questions or comments.

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