Appendix one – Response from agency

Ms Margaret Crawford
Auditor-General of NSW
GPO Box 12
SYDNEY NSW 2001

Dear Ms Crawford

Thank you for your letter of 4 June 2018 providing a copy of the Performance Audit report on Fraud controls in Local Councils. The Office of Local Government (OLG) appreciates the opportunity to respond to the report and notes the findings and recommendations that have been made.

I would like to acknowledge the valuable work your Office has done to examine fraud controls within councils and to identify areas for improvement. OLG will encourage councils to examine their fraud controls in light of the audit outcomes and to assess their efficacy against the Audit Office’s Fraud Control Improvement Kit.

OLG will shortly be releasing a discussion paper to consult on the proposed regulatory framework governing internal audit for councils. Once these provisions come into effect, councils’ capacity to identify deficiencies in their fraud controls will be greatly enhanced with oversight by a mandatory audit, risk and improvement committee.

I have noted the recommendations you have made about OLG supporting councils to comply with the Public Interest Disclosures Act 1994 (PID Act) and the better use of data to provide a clearer picture of the prevalence of fraud within councils, to measure the efficacy of councils’ fraud control systems and to drive improvement. OLG will work with the sector to ensure that councils understand their obligations under the PID Act.

In relation to the collection of data on suspected fraud, OLG will pursue the need to develop a consistent approach to the collection and categorisation of council fraud complaints across the NSW public sector through the Local Government Liaison Committee, which includes representatives from your Office, OLG, the Independent Commission Against Corruption, the NSW Ombudsman and the Information and Privacy Commission.

Thank you once again for the opportunity to respond to the report and for engaging with OLG throughout the audit process.

Yours sincerely

Tim Hurst
Acting Chief Executive
Office of Local Government
19/6/18