

Appendix one – Response from the Office of Local Government within the Department of Planning, Industry and Environment



Office of
Local Government

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Strengthening local government

Dear Auditor General

Thank you for your letter of 17 February 2020 and for the opportunity to respond to your *Report on Local Government 2019*. The Office of Local Government (OLG) has reviewed the report and liaised with Audit Office staff about the content. I would like to recognise the contribution of the Audit Office towards strengthening governance, financial management and reporting in the local government sector.

I note your recommendation on cyber security management. I understand that some councils are aware of this matter and have already taken steps to ensure that IT systems have appropriate cyber security protocols in line with the July 2019 *NSW Cyber Security Policy*. OLG commits to working with other agencies within the NSW Government and also the local government sector to identify the best way to address this issue.

I would like to acknowledge the significant work done by the Audit Office in undertaking the 2018-19 financial audits. In addition, the work completed in relation to fraud controls to date is of great importance to the sector, and it is encouraging to see that councils have improved their fraud control systems in the last year. Clearly there is still work to be done, and OLG will continue to support councils and the Audit Office in this key focus area.

I note the report this year specifically names councils which have been identified as having high risk issues in a number of audit areas. I am advised that the Audit Office has ensured that the relevant councils have been notified about these matters in management letters and are also aware that they will be mentioned within your report.

Throughout the past year OLG has worked towards addressing the recommendations from your *Report on Local Government 2018*, with particular regard to councils' compliance with asset management requirements of the *Local Government Act 1993* and Reporting Guidelines issued by OLG. OLG continues to work with councils on asset management issues and monitors comparative asset ratio performance on an annual basis. I am advised that there

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has been improvement compared to previous years in the number of councils which have in place the necessary asset management strategy, policy and plan.

I am pleased to see that the number of high-risk issues has decreased and councils have addressed the governance and internal controls recommendation from the 2018 report.

I am encouraged by the partnership between OLG and the Audit Office and look forward to continuing this important work to ensure that both local and state government work together to best serve local communities in NSW.

Yours sincerely



Tim Hurst
Deputy Secretary
Local Government, Planning and Policy

28/2/20