

NSW Local Government sector

ABOUT PERFORMANCE AUDITS



The Audit Office of New South Wales conducts performance audits on behalf of the Auditor-General, to determine the effectiveness, economy, efficiency and compliance of NSW local government entities, specific programs or broad sector issues.

Why are performance audits conducted?

Performance audits provide independent assurance to the NSW Parliament and the people of New South Wales.

Recommendations seek to improve government service delivery so that the community receives better value for money. They also serve to hold agencies to account for their performance.

Performance audits do not question the merits of council or government policy objectives.

How are performance audit topics chosen?

Performance audits are selected by the Auditor-General, who seeks input from parliamentarians, the public, state and local government entities and Audit Office research.

Audits may examine specific programs, part or all of an entity or broad sector issues. The ultimate objective is to identify trends, good practices and improvement opportunities.

Does the Audit Office check to see if recommendations have been implemented?

After a report is tabled in NSW Parliament, audited entities should advise the Audit Office of actions taken or proposed for each recommendation made.

Audit, Risk and Improvement Committees monitor the implementation of recommendations at the council level, and the parliament's Public Accounts Committee (PAC) reviews matters raised a year after a report is tabled. Findings are available on the PAC website.

Who pays for performance audits?

Performance audits are funded by the NSW Parliament.

What happens during a performance audit?

Performance audits can take up to nine months to complete and generally include three key phases - planning, fieldwork and report writing.

- *Planning:* the audit team develops an understanding of the local government entity and its activities. The objectives and scope of the audit are outlined, and criteria (standards of performance against which the agency or program activities are assessed) are agreed. Criteria may be based on best practice, government targets, benchmarks or published guidelines.
- *Fieldwork:* the audit team conducts the audit by analysing relevant data and documents, interviewing relevant people, assessing evidence against the audit criteria. The audit team meets with the entity's management to discuss significant matters arising out of the audit.
- *Report writing:* a draft performance audit report is presented to the entity's management to check for accuracy and to verify recommendations are practical.

The Auditor-General provides a final report to the General Manager or Chief Executive of the Office of Local Government, the councils concerned and the Minister for Local Government. Any submissions or written comments made by the Chief Executive or councils are included in the report when it is tabled in parliament and published on the Audit Office website.

Who audits the auditors?

Performance audits by the Audit Office are subject to internal and external quality reviews against relevant Australian and international standards. Other Audit Offices regularly assess our work against best practice.

The PAC oversees our overall performance and reviews operations every four years. The PAC is required to present its review findings in a report to the NSW Parliament and publish it on its website.

For further information, including copies of performance audit reports and details of audits currently underway, visit www.audit.nsw.gov.au.



Generating Insights
FOR LOCAL GOVERNMENT

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