

**Chairperson and Subcommittee Members**  
AUDIT AND RISK SUBCOMMITTEE

29 SEPTEMBER 2015

Meeting Status: **Public**

Purpose of Report: For Information

**AUDITOR-GENERAL'S REPORT ON LOCAL AUTHORITIES'  
CONSULTATION DOCUMENTS FOR 2015/35 LONG TERM  
PLANS**

**PURPOSE OF REPORT**

- 1 To update the Audit and Risk Subcommittee on the key findings of the Office of the Auditor-General (OAG) in its audits of local authority consultation documents, prepared as part of the 2015/35 long term plan (LTP) process.

**DELEGATION**

- 2 The Audit and Risk Subcommittee has delegated authority to consider this report under the following delegation in the Governance Structure, Section C.3 – *Internal Reporting*
  - 7.4 *To review the processes for ensuring the completeness and quality of financial and operational information, including performance measures, being provided to Council.*

**BACKGROUND**

- 3 Every local authority is required to prepare an LTP which sets out the authorities' vision for the future. In the past, local authorities published draft LTPs as a way of consulting with communities on their vision. However it was considered that draft LTPs were long and complex documents that were difficult for most of the community to respond to.
- 4 Consultation with the community is a fundamental part of the LTP process to make community engagement easier. An amendment to the Local Government Act (LGA) 2002 in August 2014 introduced LTP consultation documents, which effectively replaced draft LTPs.
- 5 Consultation documents are intended to concisely and clearly present to communities the significant issues, plans, and projects to be included in their LTPs. The LGA 2002 amendments were also intended to reinforce the fact that elected members are responsible for leading the planning and consultation.
- 6 The report by the OAG sets out matters arising from its audit of the 2015/35 LTPs and also suggests how local authorities can improve future consultation documents and is attached as Appendix 1.

## CONSIDERATIONS

- 7 The Kāpiti Coast District Council received a “clean” audit report on its consultation document for the 2015/35 LTP, with the auditors expressing the following view:
- *the consultation document provides an effective basis for public participation in the Council’s decisions about the proposed content of its 2015/35 long term plan, because it:*
    - *fairly represents the matters proposed for inclusion in the long term plan, and*
    - *identifies and explains the main issues and choices facing the Council and Kāpiti, and the consequences of those choices; and*
  - *the information and assumptions underlying the information in the consultation document are reasonable.*
- 8 The OAG’s report does not include any specific views or data on the Kāpiti Coast District Council. Instead it describes general themes arising from its audits of all New Zealand local authority consultation documents, case studies from five particular local authorities, instances of non-standard audit reports and the general view of the Federated Farmers in their capacity as a regular submitter to 65-70 annual plans.
- 9 This report summarises the key findings of the OAG’s report and is analysed under the following three headings:
- overall quality of local authorities’ consultation documents;
  - opportunities for improving local authorities’ consultation documents; and
  - local authorities’ response to the requirement to prepare an infrastructure strategy.

### Overall quality of local authorities’ consultation documents

- 10 While all the consultation documents were considered sufficiently “fit for purpose” for the auditors to issue an unmodified audit opinion, it was felt that there is considerable room for improvement. In the OAG’s view, the better consultation documents:
- provided a good summary of the main elements of a local authority’s financial and infrastructure strategies as context for LTPs;
  - highlighted the significant issues, options, and implications and how they would affect members of the public and communities; and
  - had specific questions about the options facing members of the public.
- 11 However, the OAG felt that many local authorities missed the opportunity to engage effectively with their communities about the significant issues facing them because their consultation documents often:
- included too much background or other unnecessary information, leading to a loss of focus;
  - contained poor discussion of the infrastructure and financial strategies, so it was difficult to understand what the strategies were and how they related to the significant issues;

- were unclear about which issues the local authority had already consulted on and which were new issues for consultation; and
  - had poorly drafted consultation questions, making it difficult for the community to understand what the local authority was seeking a response on.
- 12 In addition, the short timeframe (between amendments to the LGA 2002 and the deadline for producing consultation documents) and a lack of resource allocation by some local authorities resulted in time pressures which were evident in the quality of some of the consultation documents.
- 13 With regard to the presentation of options, implications and consequences for each identified issue, the OAG noted the effectiveness of providing a table for each option and then setting out how each option would affect rates, debt levels, and levels of service.

### **Opportunities for improving local authorities' consultation documents**

- 14 In the OAG's view, local authorities might consider the following areas for improvement when developing their next consultation documents:
- having a clearer introduction to the significant issues facing the local authority;
  - providing enough information to allow the community to properly understand, consider, and assess the significant issues;
  - making the consultation documents as concise as possible;
  - using plain English and not assuming that readers understand technical terms; and
  - using specific consultation questions.

### **Local authorities' response to the requirement to prepare an infrastructure strategy**

- 15 In the OAG's view, many infrastructure strategies and discussions about infrastructure strategies in consultation documents had one or more of the following weaknesses:
- They had no clear link to the significant issues raised in consultation documents.
  - They often read like summaries of asset management plans rather than of strategic direction.
  - They had little discussion of the optimal balances between maintenance and renewal of assets or about the life-cycle management of assets.
  - They had little discussion and / or disclosure of the condition and performance of assets – some appeared to have no assessment of the reliability of asset data.
  - They had little discussion and / or disclosure of uncertainties about data on asset conditions and performance, and the potential risks and costs of assets failing.
  - They did not respond enough to issues of affordability, which was an important objective in many consultation documents.

- They could not be read as standalone documents – for example, many discussed changes to levels of service but did not say what the current level of service was.

### **Kapiti Coast District Council specific comments on Long Term Plan process including the Consultation Document**

- 16 We have also recently received a letter from the Council's auditors (Ernst and Young) summarising their findings from the audit they undertook on the Long Term Plan, consultation document and associated consultation process.
- 17 The letter commends the Council on the good practice approach it took to the development of its Long Term Plan.
- 18 In particular they noted the community focused communication and engagement approach that was taken and commended the Council for considering how the look and feel of the Consultation Document would help maximise the opportunity for members of the community to engage with the submission process.
- 19 A copy of the letter from our auditors is attached as Appendix 2.

### **Financial Considerations**

- 20 There are no financial considerations.

### **Legal Considerations**

- 21 There are no legal considerations at this time.

### **Policy Implications**

- 22 There are no policy implications to be considered.

### **Tāngata Whenua Considerations**

- 23 There are no tāngata whenua considerations.

### **Publicity Considerations**

- 24 There are no publicity considerations at this stage.

## **SIGNIFICANCE AND ENGAGEMENT**

### **Degree of significance**

- 25 This matter has a low level of significance under the Council Policy.

## **RECOMMENDATIONS**

- 26 That the Audit and Risk Subcommittee note the matters raised by the Office of the Auditor-General in its report on 'Consulting the community about local authorities' 10-year plans'.

- 27 That the Audit and Risk Subcommittee note the matters raised by the Office of the Auditor-General in its report did not include any specific views or data on the Kapiti Coast District Council.

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## **APPENDICES**

Appendix 1: Consulting the community about local authorities' 10-year plans

Appendix 2: Audit of the Kapiti Coast District Council Long Term Plan for the period 1 July 2015 to 30 June 2035.