



**GOVERNMENT OF
WESTERN AUSTRALIA**

Country Local Government Fund Review: Government Response

Background

On 28 June 2011 the Minister for Regional Development referred a review of the Country Local Government Fund (CLGF) to the Western Australian Regional Development Trust (Trust).

The Western Australian Government welcomes the report handed down by the Trust in January 2012 and commends the Trust for this work

The Trust, chaired by Andrew Murray, undertook a comprehensive examination of the CLGF through written submissions, consultation with key stakeholders and other relevant research. As a result, the Trust prepared a detailed report making recommendations against the Terms of Reference, which is acknowledged and supported by the Government.

Cabinet noted the report, entitled *Review of the Royalties for Regions Country Local Government Fund (Review)*, on 2 April 2012 and on 20 August 2012 endorsed this Government response.

The Minister for Regional Development released the Review on 10 April 2012, inviting public comment on the findings and recommendations made in the Review. A strong response was received from the country local government (CLG) sector and other stakeholders.

In summary, the feedback indicated:

- General acceptance of the recommendations made
- Suggestions for CLGF to fund non-economic based projects along with economic development projects (Recommendation 2.2)
- Suggestions that the funding methodology should not be based on population alone
- Conditional acceptance of the funding methodology depending on the criteria to be included
- Support for the analysis of CLG infrastructure assets to gauge a baseline for the infrastructure backlog (Recommendation 7)
- Desire for the inclusion of the Local Government Managers Association (LGMA) WA as a stakeholder for liaison on capacity building activities

The messages provided as part of the public comment have been considered and are reflected in this Government response to the Review.

It is vital that public money is spent strategically with specific outcomes attached and the Government believes these recommendations will support this. Above all, Royalties for Regions expenditure must be consistent with the legislation which governs it.

This is not to take away from the benefits already seen in regional communities through local governments' investment of their CLGF grants or the important role local governments play in regional development to ensure community prosperity and well-being. The Government believes that further investment in CLG capacity, in addition to outcomes-based assessment of

CLGF grants, will ensure optimal infrastructure investment decisions and outcomes.

The Government partially accepts the Trust's recommendations on changes to the CLGF. As part of implementing these changes, the Department of Regional Development and Lands (RDL) will review other state and territories' local government infrastructure backlog policies and schemes to determine whether these initiatives could assist in delivering the outcomes the Trust has recommended.

While partially accepting the recommendations, the Government has determined different timeframes for their adoption from those recommended by the Trust. This is due to the complexity of tasks required under each of the recommendations and the anticipated timeframes required for their satisfactory completion.

Accordingly, the Government has endorsed a proposal from the RDL to defer the implementation and associated deadlines by a full year, meaning the changes to the CLGF will not occur until the 2014-15 funding round. The current CLGF administration method will remain in place until such time, with the split continuing at the current determination of 50/50 between individual and regional grouping allocations.

The Trust has endorsed this extension.

Response to Recommendations

Recommendation 1

The Trust recommends that RDL provides both the Minister [for Regional Development; Lands] and the Trust with a detailed report of progress made with respect to the recommendations of the CLGF review by 31 December 2012, and with a further update by 31 July 2013.

Response: The Government supports this recommendation with progress reports continued until the recommendations are implemented.

Recommendation 2

The Trust recommends that the Minister accept that:

1. *The purpose of the CLGF* is to satisfy the intent of sections 4 and 9(1)(a) of the Act [*Royalties for Regions Act 2009*], principally by addressing the infrastructure requirements of country local government either through individual CLGs [country local governments] or contiguous groups of CLGs;
2. That being said, CLGF spending on infrastructure that address other section 9(1) requirements by providing services, or that develops and broadens the economic base, or that creates jobs or improves career opportunities, is to be preferred over infrastructure spending that does not; and
3. *To enable the purpose of the CLGF to be realised* it is necessary to also invest in CLG capacity-building, both physical capacity and human capacity and CLG capability, provided that investment will assist in producing optimal future CLG infrastructure investment decisions, and help improve the overall financial viability of CLGs, particularly through improved asset management.

Response: The Government supports this recommendation and agrees with the evidence presented in the report. It is essential that any Royalties for Regions funding structure established prior to the Act be re-structured to meet the Act's requirements.

The evidence presented in the report highlights the continued need for capacity building and support within the local government sector. The Department of Local Government (DLG) has taken significant steps towards ensuring improved planning of local governments, through the Integrated Planning Framework (IPF). The Government agrees however that CLGF still has a role to play as local government capacity is directly related to strategic investment decisions, strong governance structures and responsible asset management.

Recommendation 3

The Trust recommends that the Minister:

1. Continue the CLGF at least at the current level of budget allocation;
2. Build into his considerations that while it is vital to focus on strategic outcomes, there is still a need to continue to address relevant smaller local infrastructure requirements that are valued by CLGF communities;
3. Taking into account the evidence to the Review and the Trust's findings, consider increasing the CLGF budget allocation; and
4. Appropriate CLGF funds for allocation to categories of individual CLGs and Groups of CLGs selected and appropriated against defined criteria.

Response: The Government supports this recommendation and agrees that it is important strategic outcomes are achieved through CLGF investment.

However Royalties for Regions is subject to forecast royalty income and consequently the amount available for the four specific funds under Royalties for Regions are determined by this. The value of the Australian dollar along with other world financial events significantly influence the royalties received – as highlighted by the 2009 Global Financial Crisis. Therefore, while the Government agrees that, where possible, the current CLGF quantum remain, there may be circumstances in which this cannot be achieved.

Recommendation 4

The Trust recommends that no material change in CLGF allocation systems (unless generally welcomed by the sector) occurs earlier than 1 July 2013, to allow present CLG budgets plans and projects to be realised.

Response: The Government supports this recommendation, noting that the deferred implementation of the recommendations will ensure no material changes occur before this date.

Recommendation 5

The Trust recommends that by no later than 31 December 2012 in order to be operational by 1 July 2013, in consultation with the CLG sector and taking into account evidence to this Review and the findings of the Trust, RDL settle revised guidelines for both individual CLGs and Groups of CLGs, making clear the purpose and priorities of the CLGF, what will be funded, the outcomes that are sought and the conditions that apply.

Response: The Government conditionally supports this recommendation.

Based on the evidence presented, the Government agrees that an earlier release of the funding guidelines, prior to the financial year to which they relate, is essential to ensure improved project planning and more efficient expenditure. Given the intertwined nature of all the Trust's recommendations, it would be impractical for the initial guidelines attached to the new funding arrangement to be settled by the required timeframes.

Therefore, the Government supports this recommendation on the basis that RDL will produce the guidelines prior to the financial year in which they relate.

Recommendation 6

The Trust recommends that, by no later than 31 December 2012 in order to be operational by 1 July 2013, and taking into account evidence to this Review and the findings of the Trust, RDL after consultation with DLG and WALGA [Western Australia Local Government Association], review the basis on which CLGF funding will be provided for the amalgamation of selected CLGs, to improve the likelihood of amalgamation occurring.

Response: The Government supports this recommendation, with the deadlines deferred a year to be effective from 2014-15.

It is agreed that amalgamations are an expensive exercise and that, without support, the expense may be a barrier to undertaking amalgamation. Therefore CLGF will continue to support structural reform policy.

The evidence presented that indicates that local governments may be deciding against amalgamations due to a perceived loss of CLGF funding is also of concern. Therefore the Government welcomes a review into this matter. RDL will seek evidence and advice from appropriate stakeholders within the sector, such as DLG, WALGA and LGMA (WA) on outcomes achieved from current funding; analysis of the effectiveness of current funding mechanisms; and possible improvements.

Recommendation 7

The Trust recommends that:

1. RDL analyse all FCWPs [forward capital works plans] by 31 December 2012 in order to be operational by 1 July 2013, to ascertain the actual infrastructure status, needs and priorities of each CLG on an asset class basis to help determine CLGF desired outcomes by categories of CLGs; and
2. That RDL develop and publish improved data on the infrastructure backlog in the CLG sector.

Response: The Government supports this recommendation, with the deadlines deferred a year to be effective from 2014-15.

A more defined view of the current infrastructure backlog specific to the CLG sector will allow the program to become more accountable against its desired outcomes and improve transparency. It is noted that analysis of the FCWPs alone will not adequately address the required tasks under this recommendation. Additionally, the introduction of IPF requirements for local governments to prepare Asset Management Plans (AMPs) and a Corporate Business Plan (CBP) will assist in the required analysis for this task. As part of Recommendation 25 a transition away from FCWPs may occur.

RDL will consider any other relevant material when undertaking this task to ensure a comprehensive analysis.

Recommendation 8

The Trust recommends that RDL in conjunction with RDCo [Regional Development Council] the RDCs [Regional Development Commissions] and the CLG sector, develop methods for improving CLG leveraging ability.

Response: The Government supports this recommendation.

Recommendation 9

The Trust recommends:

1. That the CLGF continue to have an individual CLG component and a Groups CLG sub-regional and regional component; and
2. Recommends against the current intention of moving the CLGF to 100% Groups CLG funding in 2013-14.

Response: The Government supports this recommendation, to be implemented for 2014-15.

Numerous submissions indicated a perceived contradiction between recommendations 9, 12, 15 and 16, all of which directly relate and contribute to the new funding methodology. It is apparent that a portion of the CLG sector read Recommendation 9 to mean that the existing 50/50 split of funding between the individual and Groups CLG components was to continue. This is not the case. Recommendation 9 only stipulates that funding is to continue to both components, and does not determine a split between the two.

The Government wishes to highlight that the new approach to funding determines that both the individual and Groups CLG components may be eligible for the contestable funding pool, and that grant applications will be assessed based on outcomes. Accordingly, no percentage split between the two pools or components, has been determined at this time.

Therefore, given Recommendation 9 does not predetermine a split between the two components, no contradiction exists between the ratings assessments (see recommendations 12, 15 and 16) and this recommendation.

Given the 12 month deferral in implementing the recommendations, the 2013-14 funding round will continue under the current administration method. Noting point 2 of this recommendation, the Government has determined that funding will not proceed to 100% Groups funding, but rather remain at the 50/50 split between the individual and Groups components, for the final (2013-14) round of funding under the current system.

It should be noted that the deadline for Groups applications for the 2013-14 funding round will be brought forward to 31 August 2013, in order for funds to be cleared allowing the new administration to become operational from the 2014-15 funding round.

Further clarification on the issues surrounding the perceived continued split and ratings methodology, as well as the 2013-14 funding round, can be found in the Frequently Asked Questions (FAQs).

Recommendation 10

The Trust recommends:

1. That in the interests of regional development the CLGF support targeted capability and capacity-building funding for the CLG sector, with the intention of improving the financial sustainability and operating capacity of those targeted;
2. That such assistance should include supporting the amalgamation of weakly resourced and structured local governments, particularly those rated after assessment as financially unsustainable; and
3. That RDL in consultation with DLG should report annually on progress and outcomes.

Response: The Government supports this recommendation.

A significant investment in capability and capacity-building has already occurred in the CLG sector. Therefore, regular reporting from both DLG and RDL is welcomed, particularly on the outcomes of the current investment.

It is acknowledged that priority for funding capacity building projects to date has been given to local governments willing to participate in structural reform. This approach is consistent with a national approach to local government sustainability and meets the requirements of relevant funding agreements with the Commonwealth Government. RDL will work closely with DLG and other relevant stakeholders to determine future priority areas for targeted investment to continue building capacity in the sector.

An initial evaluation of the existing capacity building initiatives being implemented in the local government sector shows that improvements are occurring in local government management of finances and assets. RDL and

DLG will continue to look for opportunities to improve the outcomes of capacity building initiatives and ensure that the future capacity building aligns with the ratings matrix to be developed under Recommendation 12.

In regards to point 2 above, see response to Recommendation 6.

Recommendation 11

The Trust recommends that the Minister, noting the ongoing Commonwealth-State negotiations on the matter of adequate funding for the provision of local government services in remote Aboriginal communities and CLG concerns thereto, request advice from the State's Aboriginal Affairs Coordination Committee on consequential infrastructure capability and capacity matters affecting CLGs, that might need to be taken into account in future CLGF policy.

Response: The Government supports this recommendation.

Recommendation 12

The Trust recommends:

1. That by 31 December 2013 in order to be operational by 1 July 2013, the CLGF be distributed through two funding pools, one of which is allocated to qualifying grantees who will be rated prior to allocation as entitled to receive funding; and one of which is a contestable grants pool to which applications may be made by potential grantees rated as eligible;
2. That the CLGF funding quantum determined by the Minister and Cabinet be informed by the evidence to the Review and the findings of the Trust, and in particular by the sum of the recommendations in the Review;
3. That by 31 December 2012 in order to be operational by 1 July 2013, that all CLGs should be able to be rated on prospects, capability, capacity and risk, which rating shall identify those qualifying or not qualifying for the various categories of the two CLGF funding pools; and, that rating should be done on a publicly defensible professional basis; and
4. That taking into account evidence to the Review and the findings of the Trust, the required CLG rating systems are to be agreed by a committee which shall take professional input and advice as required; and, the committee should be chaired by RDCo [Regional Development Council] and include but not necessarily be limited to representatives of RDL, DLG [Department of Local Government], WAPC [Western Australian Planning Commission]/DoP [Department of Planning] and WALGA [Western Australia Local Government Association].

Response: The Government partially supports these recommendations noting that implementation will be deferred until the 2014-15 funding round.

The Government will adopt the two pool distribution method recommended by the Trust however the allocation pool will continue to be provided to all local governments, through the current formula (which will be adjusted to reflect current population figures and recent Local Government Grants Commission changes). The split between the two pools will be determined prior to the 2014-15 funding round and transitioned to a reduced proportion for automatic allocations in the out-years. The contestable pool will be subject to the eligibility set by the ratings methodology, recommended by the Committee and approved by the Minister and Cabinet.

RDL will not be limited to the Committee membership recommended in the report. While still needing independence and professionalism and to be chaired by the RDCo, RDL will structure the Committee in accordance with its experience in delivering other Royalties for Regions funding and for that which will deliver the best outcomes for the CLGF.

The Royalties for Regions premise of local decision-making will continue to apply. Therefore, while RDL may determine thematic areas for investment, it will remain the local governments' decision as to which projects to fund through CLGF within these specific themes.

In regards to point 3 above, see response to Recommendation 9 and the FAQs.

Recommendation 13

The Trust recommends:

1. That RDL investigate the feasibility of CLGF funding from 1 July 2013 not being on a budget-year basis but on a project-time basis, so that such issues as the northern wet season affecting project delivery, or trying to force longer time-scale projects into a financial year framework, fall away; and
2. That, subject to the feasibility study being positive and the Minister agreeing to RDL's proposals, that the CLGF operate on this funding system from 1 July 2013.

Response: The Government supports the recommendations noting that implementation will be deferred by 12 months as per the adopted approach, and the standard Government budgetary processes, the Act budget requirements and other factors are taken into account when conducting the feasibility study. Additionally, RDL will investigate whether it is feasible to reallocate funds within the Royalties for Regions program, rather than carry forward allocations, in situations where there are significant expenditure delays or no project commitments made.

Recommendation 14

The Trust recommends that RDL and RDCo assess the relevant evidence and findings of this Review, and determine for the Minister's approval by no later than 31 December 2012 in order to be operational by 1 July 2013, the manner in which the RDCs role in the CLGF can be adjusted to facilitate and maximise CLGF outcomes.

Response: The Government supports this recommendation, with the deadlines deferred a year to be effective for the 2014-15 funding round, especially in light of the recent review into the RDCs. It would be expected that such assessment would link into the findings and work being done surrounding the RDC review. The role of the RDCs will also be influenced by the funding methodology, funding distribution mechanisms and administration structure established attached to other recommendations.

The Government confirms that this recommendation does not necessarily seek to grant additional decision making powers to the RDCs with regard to the allocation of the CLGF. It simply aims to clarify their role with regards to the CLGF, in order to ensure they are most effectively contributing towards the desired outcomes of the fund.

Recommendation 15

The Trust recommends that by no later than 31 December 2012 in order to be operational by no later than 1 July 2013, RDL introduce a CLG risk rating system for its CLGF grantees, so that:

1. Higher risk grantees might be assessed and thereafter a judgement made as to whether they should be excluded from the CLGF, so helping protect the integrity of the Fund; and
2. Reduced governance requirements and compliance costs for both RDL and the grantees can thereafter be applied for those rated lower risk.

Response: The Government partially supports this recommendation, noting that implementation will be deferred by 12 months as per the adopted approach.

The Government believes the current processes around non-compliant grant recipients along with the reviews by departments, such as DLG, are more than adequate to highlight any potential risk with proponents. It does not agree that a new CLG risk rating system is required.

However local governments will still be rated on capability and capacity as per the ratings matrix recommended. This rating will be informed from more than one source; independently endorsed by the Committee structure established under Recommendation 12 and then approved by the Minister and Cabinet.

In establishing the capability/capacity criteria, the Committee will seek advice from sources such as RDL, DLG, WALGA, LGMA (WA) and others it deems appropriate. Given the Committee will be responsible for determining the capability/capacity and prospect assessment mechanisms, it will also be responsible for approving the integration of the individual ratings into a distribution methodology for CLGF grantees.

It is also important that those deemed to have a low capability and capacity be afforded the opportunity to improve its rating.

The Government notes that Royalties for Regions has a detailed Risk Management Strategy and therefore any change in governance requirements (point 2 above) must be informed by this strategy. Such arrangements would also need to satisfy governance standards and be agreed to by relevant agencies.

Recommendation 16

The Trust recommends that by no later than 31 December 2012 in order to be operational by no later than 1 July 2013, RDL take into account the CLG prospects-assessment for its CLGF grantees, in order that the quantum and destination of CLGF grants can be better directed for optimal regional development outcomes.

Response: The Government supports this recommendation, with the deadlines deferred a year to be effective for the 2014-15 funding round. See response to recommendations 12 and 15.

The Committee will seek advice, as per Recommendation 15, as to what criteria will determine 'prospectivity' and on what basis this will be applied. When developing the prospect assessment population will not be the sole factor.

Recommendation 17

The Trust recommends that taking into account the evidence and findings of the Review, that RDL reassess the outcomes sought, and the resourcing, administrative structure, and operational systems of the CLGF, including greater engagement with CLGs by administrators and decision-makers on the ground; and report its recommendations to the Minister for approval by no later than 30 June 2012.

Response: The Government supports this recommendation noting that implementation will be deferred as per the adopted approach.

Given the new framework and methodology for CLGF it is likely that a new administration structure will be required. Additionally the need for CLGF administrators and decision-makers to have increased engagement with local governments complements the Government's policy to increase the

Government's presence within the regions. RDL will review whether such structures should include regionally-based officers.

Recommendation 18

The Trust recommends:

1. That to facilitate CLGF investment that is strategic and prioritised, and to fulfil the purposes of the Act, from not later than 31 December 2012 in order to be operational by 1 July 2013, CLGF spending should be outcomes-based;
2. That taking into account the findings of the EAC [Economic Audit Committee], evidence to the Review, and the findings of the Trust, RDL must establish the principles methodology and operational systems for making CLGF projects and programs outcomes-based; and
3. That from no later than 1 July 2013, the Minister require as a condition of grant that CLGF grantees comply with relevant outcomes required by the Act, expanded where applicable by specific outcomes expressed in the CLGF guidelines, and where applicable specific outcomes by program or projects or in the FAA [Financial Assistance Agreement]; and that wherever practicable and relevant the outcomes achieved shall be measured and reported.

Response: The Government supports this recommendation, noting that implementation will be deferred by 12 months as per the adopted approach, and welcomes an outcomes-based approach that links and delivers on local, regional, state and national priorities as identified in local planning, Regional Investment Blueprints, State planning frameworks and other relevant documents.

RDL will investigate implementation of a principles methodology and operational system/s to support this.

Recommendation 19

The Trust recommends that by no later than 31 December 2012 in order to be operational by 1 July 2013, RDL in consultation with DLG and the CLG sector and taking into account evidence to the Review and the findings of the Trust, develop a practical means for collecting and reporting the necessary data while minimising compliance costs, so that benchmarks for CLGF infrastructure and capacity-building can be set, against which the results of CLGF investment can be measured.

Response: The Government supports this recommendation, noting that implementation will be deferred by 12 months as per the adopted approach, see response to Recommendation 7.

Recommendation 20

The Trust recommends that RDL, taking into account evidence to the Review and the Trust's findings, further consult with local government to identify opportunities to refine streamline and simplify current CLGF reporting processes on a preferred 'report once' basis wherever possible, but which ensures relevant information can still be captured and reported, and that necessary accountability is not compromised.

Response: The Government supports this recommendation in principle, noting that current CLGF reporting is required only once a year (as compared to quarterly reporting required by all other Royalties for Regions recipients) and has been developed to ensure it is as simplistic as possible. RDL will however continue to review and where possible streamline reporting requirements, in consultation with the CLG sector.

Recommendation 21

The Trust recommends that in the context of evidence to the CLGF Review and the Trust's findings, RDL review the outcomes sought and the resources needed for a better information flow to and from the CLGF with respect to three issues: communication by RDL to stakeholders; a response protocol or system to issues raised by stakeholders; and an automatic web-based information system.

Response: The Government supports this recommendation, as it agrees that communication surrounding CLGF could be improved to deliver greater awareness and understanding of the program. RDL will consider this issue in its review of the administration structures and processes surrounding CLGF.

Recommendation 22

The Trust recommends that RDL, taking into account evidence to the Review and the Trust's findings, assess the Commonwealth Roads to Recovery website and administrative system with a view to using desirable features of that system to improve the CLGF, but without compromising the administrative outcomes required for the CLGF.

Response: The Government supports this recommendation in principle. RDL has previously reviewed the Roads to Recovery administration system for potential areas of strength to incorporate into its own reporting.

Noting the above, RDL will continue to investigate alternative reporting mechanisms, in consultation with the sector, and if necessary implement any changes that will increase efficiency and cost-effectiveness.

Recommendation 23

The Trust recommends that the Minister, in the interests of CLG capacity-building:

1. Require RDL to have discussions with DLG and WALGA and whomever else though appropriate, on the matter of standardising accounting systems for local government, with a view to determining if such a project should proceed, with what timelines, and on what basis; and
2. If a decision to proceed is made, to agree on the funding and methodology for a scoping and consultation exercise, including consideration of the suitability of the Local Government Accounting Manual, software, hardware, network connectivity and workforce upskilling; and subsequently, if standardisation is found feasible and desirable, for the implementation of a standard system for the local government sector.

Response: The Government supports the recommendation.

Regulations which require local governments to undertake IPF and to value all physical non-current assets on a fair value basis are recognised as supportive of this work. The DLG continues to address this issue through regular engagement with local governments and through a consultation group established to address financial reform in the local government sector.

The consideration of standardised accounting systems will include legislative requirements, existing accounting standards, cost-benefit analysis and regional differences.

Recommendation 24

The Trust recommends that the Minister, in the interests of CLG capacity-building:

1. Taking into account evidence to the Review and the Trust's findings, examine whether additional CLGF investment in housing and amenity for particular CLG permanent staff is warranted, particularly in locations remote from regional or metropolitan centres; and
2. Task the RforR [Royalties for Regions] Directors General Reference Groups, taking into account evidence to this Review and the Trust's findings, to explore options for staff attraction and retention across the CLG sector, particularly as they relate to the more remote areas of the State, including but not limited to housing, amenity, family and social requirements, professional development, special allowances and incentives.

Response: The Government supports this recommendation, and recognises that it is directly related to a core objective of the Royalties for Regions program, being increasing amenity and attraction of regional areas.

Significant Royalties for Regions expenditure has already been invested in regional housing through projects such as Government Regional Officer Housing, Pilbara Cities and CLGF. However the Government agrees that further investigation into attraction and retention strategies, specific to the CLG sector, could be undertaken, if it has not already been completed.

Recommendation 25

The Trust recommends that the Minister require RDL to engage with DLG and WALGA to ensure that CLG asset management, depreciation systems and forward capital works plans are integrated or harmonised as systems in the most practical efficient and useable manner.

Response: The Government supports this recommendation and notes that this process will be assisted by the new IPF requirement (as referenced in response to Recommendation 7) that all local governments develop AMPs and a CBP by

30 June 2013. Work undertaken as part of the Government's response to Recommendation 23 will also contribute to addressing this recommendation.

The new IPF requirements may result in AMPs replacing FCWPs.

Recommendation 26

The Trust recommends:

1. That the Minister for Local Government review the *Local Government Act 1995* to determine whether the provisions governing the auditing of local government could or should be enhanced; and
2. That until the DLG review of the audit provisions of the *Local Government Act 1995* is completed, RDL work with DLG to examine options for and a process for increasing the consistency and general alignment of local government audit practices and grantee audit requirements with the existing audit provisions of the *Local Government Act 1995*.

Response: The Government supports the recommendation and notes that DLG is currently examining options to improve the quality of audits in the sector, including liaison with the Auditor General.