

local government integrity matters



Finally, on behalf of the Inspectorate team, I wish you a very happy and safe holiday season and look forward to working with many of you in the new year.

David Wolf
Chief Municipal Inspector

Message from the Chief Municipal Inspector

Welcome to the final edition of our newsletter for this year. 2017 has been incredibly busy for the Inspectorate team as we finalised major investigations and responded to an ever increasing number of enquiries and formal complaints. The year has produced many positives as we engage with councils and representative bodies to use the lessons of our work to improve the system and the sector.

In this edition we will look at a recent investigation outcome that identifies a common conflict of interest allegation that my office deals with and also some learnings from our investigation report into Central Goldfields Shire Council which was released in August.

In keeping with the theme of using our work to raise awareness and provide guidance in the sector, I have been fortunate to be able to speak at local, regional, state and national forums in recent months about the Inspectorate's role and recent outcomes.

From a national perspective and based on these outcomes, there is general consensus on the value that a dedicated integrity agency for local government provides with other states now considering replicating the Victorian model.

I also want to mention the release of the exposure draft of the Local Government Bill. This represents a significant piece of work to reform the existing Local Government Act and modernise the legislative framework. My office will closely watch the progress of this Bill and prepare to operationalise the important governance and integrity changes.

Community grants and conflicts of interest

In a recently completed investigation, a metropolitan councillor was found to have failed to declare a conflict of interest on two occasions in relation to awarding community grants, constituting an offence under section 79 of the Local Government Act 1989.

The councillor took part in several council meetings where the decision to award public funding to community grant applicants occurred. The Inspectorate received information that the councillor was connected to one of the grant applicants and on investigating, found the applicant was a family member of the councillor.

That family member held the position of treasurer for a not-for-profit entity applying for the grant. The councillor had a conflict of interest due to the family member's role as part of the controlling body who submitted the grant application.

The Inspectorate does not prosecute all offences under the Act and takes into account the circumstances of the matter. In this case, the Inspectorate considered the impact and level of offending, the councillor's previous good record and how the public interest would be best served.

It was deemed appropriate to issue a formal warning to the councillor and use this example as guidance for all councillors to be vigilant in the decisions to award public funds and their conflict of interest obligations.

3

COMMUNITY GRANT APPLICATION FORM
SECTION 2 - PURPOSE OF GRANT

Note: The City Council will support community activities at neighbourhood level promoted by voluntary groups eg. festivals, environmental activities, older persons activities, heritage/historical projects etc. The City Council under its Community Grants Scheme will not support sports activities eg. football clubs nor will it provide funding for the employment of staff. For further advice and information please discuss your proposal with your local community development staff member.

What is the purpose of the Grant?

Who is going to participate in this project and how many participants will be involved?

Where will this project take place?

Commencement Date _____ Completion Date _____

Description of the Activity

An example of a community grant application form.

Conflict of interest is a commonly discussed but often not greatly understood across the public sector. The varying interpretations of 'conflict of interest' across levels of public and private sector contribute to this, however the Local Government Act differs with a clear legislative conflict of interest framework for council officials and staff. The framework enables elected representatives to participate in community decision making on issues that may affect them except in specific circumstances.

This previous example identifies where an elected official's behaviour was one of these circumstances and constituted an offence.

Guidance and education program continues



The Inspectorate's guidance and education program involves speaking at a range of local, state and national forums.

David Wolf joined Victorian Local Governance Association (VLGA) CEO Kathryn Arndt and Darebin City Council CEO Sue Wilkinson (pictured above) on a panel discussing local government integrity issues at the Independent Broad-based Anti-Corruption Commission's Corruption Prevention and Integrity Conference in October.

At the recent Australian Public Sector Anti-Corruption Conference in Sydney, David spoke on the Inspectorate's 2016 council election work and the learnings for other jurisdictions.

Inspectorate staff will be available to visit councils for presentations to CEOs, senior staff and/or councillors, particularly to discuss existing and proposed conflict of interest provisions of the Act. To arrange a visit, please contact Michelle Day at inspectorate@lgici.vic.gov.au or on 7017 8212.

This allowed for risk issues such as conflicting duties for staff with secondary employment and situations of no separation of duties between ordering work, engaging contractors and approving invoices to be common. In one case, the Inspectorate found that a council departmental manager had submitted private invoices to council for work that was in effect part of their role as a council employee.

Another departmental manager approved invoices for their spouse for work carried out at a council facility. These and many more examples demonstrated a lack of internal controls and human resource oversight at council.

The investigation also revealed an inadequate performance management framework where many staff had not participated in any structured performance appraisals for two years or longer. In the Inspectorate's view, the culture of the organisation and the morale of staff were adversely affected by this under investment in their people. The Inspectorate encourages councils to look at their own organisation to see if there are warning signs and as a guide provides a [simple checklist](#) as a start point to look at people management in their organisation.

	YES	NO
Are my organisation's policies for risk issue up to date?	<input type="checkbox"/>	<input type="checkbox"/>
Are they being followed?	<input type="checkbox"/>	<input type="checkbox"/>
Is there enough focus or priority placed on governance?	<input type="checkbox"/>	<input type="checkbox"/>
Is the internal/external audit delivering value?	<input type="checkbox"/>	<input type="checkbox"/>
Can staff speak up?	<input type="checkbox"/>	<input type="checkbox"/>

More information and advice on reviewing internal controls is available by contacting the Inspectorate at inspectorate@lgici.vic.gov.au or on 1800 469 359.

Draft Local Government Bill released



Last week the Minister for Local Government released the Local Government Bill 2018 for public consultation. The exposure draft is open for public comment from 12 December 2017 until 23 February 2018, with feedback to be used to shape any final changes before the Bill is legislated later in 2018.

For more information: <http://www.yourcouncilyourcommunity.vic.gov.au/exposure-draft>

The implications of poor staff management practices for councils

A previous report on the Central Goldfields Shire Council investigation, released in August 2017, has prompted enquiries from councils about various aspects of mismanagement uncovered in that investigation. In this edition we discuss the implications of inadequate staff management practices for councils.

Effective staff management is fundamental to the operation of any organisation including councils. It is important for councils to manage employees and external contractors and ensure that procedures and policies are in place, up to date and followed.

In the recent Central Goldfields Shire Council investigation, it was found that mismanagement in several areas, including unadopted, incomplete or non-existent policies relating to human resource activities. Where there were policies in place, they were routinely ignored.

What's on

Events

23 December 2017 - 1 January 2018

Inspectorate office closed

20 January 2018

VLGA Mayoral briefing (Inspectorate panel presentation)

Reminders

31 December 2017

Ordinary returns of interest for councillors to be lodged with council CEO or within 40 days

23 February 2018

Closing date for submissions to the Local Government Bill

Questions or comments on this newsletter or our website? Please fill out our feedback survey at <http://svy.mk/2ckfkCo> or email media.comms@lgici.vic.gov.au (please note: this form is only for feedback on the newsletter or website – we cannot accept complaints about local government on this survey form).

Should you wish to submit a complaint via our online form, visit the 'Complaints' page on our website.

For more information about our work: www.lgici.vic.gov.au



Follow us on Twitter: @CMI_Vic