

Local Government Inspectorate Compliance Audit

FinPro Presentation

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‘So you have a review coming up...’

- Who is the Inspectorate? (*Functions*)

- Investigate allegations against councillors and senior council officers concerning breaches of the Local Government Act 1989
- Conduct compliance audits with all Victorian local councils for requirements under the Local Government Act 1989
- Monitoring corporate governance of councils
- Monitoring electoral provisions
- Undertaking prosecutions for breaches of Local Government Act 1989 or recommendations for matters to VCAT
- Provide recommendations to councils for continuous improvement
- Provide advice through Secretary of the Department of Planning and Community Development to Minister for Local Government where serious failure of corporate governance



‘So you have a review coming up...’

- Advance notice of visit.
- What will they be looking at?
 - Councillor Code of Conduct (Section 76C)
 - Election of Mayor (Section 71)
 - Staff Code of Conduct (Section 95AA)
 - Local Laws (Sections 111 & 119)
 - Special Meetings (Sections 84 and 93)
 - Council Plan (Sections 125 & 126)
 - Insurance (Section 76A)
 - Senior Officer Contracts (Section 95A)
 - Budget (Sections 127 and 130)
 - Oath of Office (Sections 63 and 64)
 - Rates and Charges (Sections 154 to 167)
 - Delegations (Section 98)
 - Authorised Officers (Section 224)



‘So you’ve got a review coming up...’

- What will they be looking at? (*Continued*)
 - Audit Committee (Section 139)
 - Assembly of Councillors (Sections 76AA and 80A)
 - Councillor and Mayoral Allowances (Section 74)
 - Special Committees (Sections 81, 86, 87 98)
 - Procurement (Sections 186,186A and 208G)
 - Restriction on Power to Sell Land (Section 189)
 - Power to Accept Gifts (Section 188)
 - Primary and Ordinary Returns – Nominated Officers (Section 81)
 - Primary and Ordinary Returns – Councillors (Section 81)
 - Councillor Reimbursement Policy (Sections 75A & 75B)
 - Sale of Land to Recover Unpaid Rates or Charges (Section 181)
 - Documents Available for Public Inspection (Regulation 11)
 - Annual Report (Sections 131 & 134 and Regulation 17)
 - Restriction on Power to Lease Land (Section 190)



‘It’s all in the preparation...’

- Before the Inspectors arrive...
 - *Mindset check* – see it as an **opportunity**.
 - *CEO check* – communicate **promptly and constructively!**
 - Closely review the questions provided in advance.
 - Appoint the **right person** to lead your preparations.
 - Get the right people involved – ownership and accountability.
 - Have a clear strategy – who, when, how?
 - Implement a peer review system.
 - *Learn from others...* draw on others’ experiences.



- Before the Inspectors arrive... *(continued)*
 - *Keep it simple.* Produce exactly what is requested – current term only – nothing more, nothing less.
 - If it does not already exist, produce it.



'They've arrived... now what'

- *On Arrival*

- Meet with CEO and others
- Re-assuring, supportive environment
- Continuous improvement focus

- *During the review...*

- *Down to business* – allow 4-5 days.
- *Access and timeliness* is important. Provide access to relevant practitioners. Don't take 24 or 48 hours to produce information; tell them 'as it is'
- Traditional audit framework used



- During the review... *(continued)*
 - *Our experience...*
 - Put us at ease, friendly, reassuring, genuineness
 - ‘There’ll be no surprises by end of the week’
 - Exit interview helpful
- Provided suggestions around what they consider as best practice
- Outlined contents of draft Audit Report



‘Here’s what we found...’

- The Inspectors have their say
 - *Rating across 27 audit areas*
(compliant, close to compliant, not compliant)
 - ‘Culture of compliance’
 - Promoting ‘best practice’
 - *Number of comments and considerations, one formal recommendation*
 - *Delivered on their promise and expectations – no surprises*
 - *Opportunity to comment on draft Audit Report*
 - *CEO required to sign-off Action Plan with timelines, etc.*
 - *If the organisation or individuals had breached the Act, there would be a referral for investigation*



‘We learned a lot...’

- What Knox learned...
 - *Plan well, be prepared*
 - *Be mindful of what the Act requires (eg. Travel Register specifics)*
 - *Consider the Audit as an opportunity*
 - *Be responsive*
 - *We can all learn from others experiences*
 - *A culture of compliance can be as important as good proactive policy and procedure*
 - *As CEO, can take confidence / comfort in compliance levels with the LGA*



Questions ?





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