

WELCOME to the third edition of the **Local Government Investigations and Compliance Inspectorate** newsletter. In this issue we update you on the compliance audit program, take a look at the budget audit results and talk about our presentation opportunities. We hope you find this informative and engaging, and welcome your feedback on the current content and future topics via inspectorate@dpcd.vic.gov.au

Compliance Team in Action

The Inspectorate compliance team commenced its field audits in June and has audited 10 per cent of Victorian councils as part of the rolling audit schedule. The plan will see all 79 Victorian councils participate in the comprehensive audit program over the next three years.

A key priority of the audit program is to assist local governments by providing insight into common compliance issues affecting councils. Senior compliance officer Patti Thyssen said of the program: "We've been promoting the program and many councils see the audit process as an opportunity to work together to create better organisations that serve communities."

The audit testing items were derived from the Local Government Act 1989 (Act) and address areas identified as potential risks to council. The process encourages a voluntary compliance culture by providing a consistent interpretation of legislative requirements and opportunities to improve compliance with the Act.

Jason Young, the Inspectorate's manager of compliance, also emphasised the Inspectorate's role in working collaboratively with councils: "Councils will be notified of an upcoming audit with four to six weeks notice. Once the audit date is confirmed, the council will be asked to collate a range of information to assist the process. A visit of up to five days will be scheduled at each council office to work together with staff to complete the testing schedule."

At the conclusion of the audit, the Inspectorate team has a discussion with council administration to provide initial feedback on findings and considerations. Formal advice is then provided to identify any regulatory requirements or improvements to achieve best practice.

The Inspectorate looks forward to working with councils to assist them in achieving the highest standards of accountability and transparency in governance in order to best serve all Victorian communities.

Audit - Council Budgets

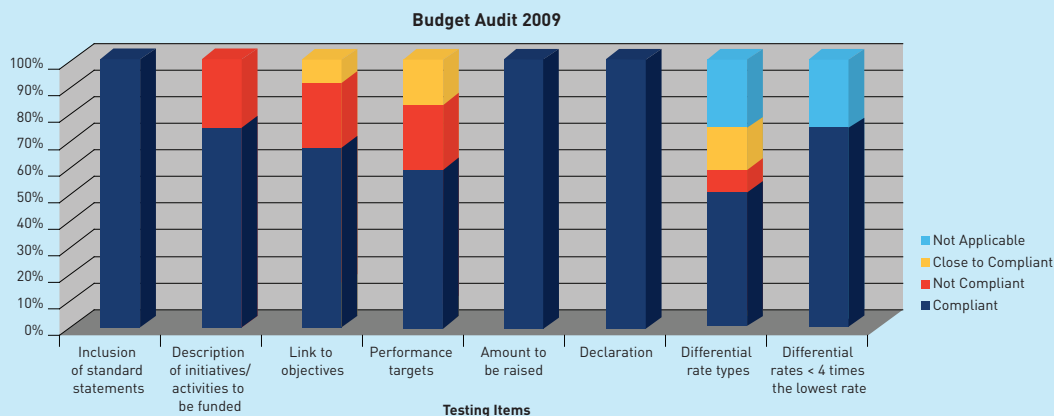
This information follows an audit by the Inspectorate of the council budget process in accordance with the Act. The chart illustrates council compliance levels for eight criteria from the council budget audit. The audit involved the Inspectorate reviewing a sample of council budgets for compliance with the relevant sections of the Act.

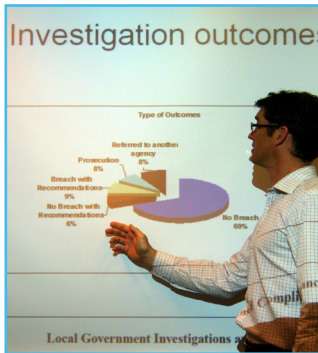
The audit identified an overall high level of compliance with all budgets submitted within the required time frame, however some consistent issues were found in the second part of the audit.

Where budgets did not provide enough detail for the descriptions, they were also likely to be rated not compliant for the link to objectives and performance targets. Where common themes were identified, the Inspectorate has worked with those councils to address the specific issues.

The follow up audit of the 2009-10 budgets revealed a pleasing 100 per cent compliance achievement.

For further information concerning budgets, councils can refer to the Victorian City Council Model Budget 2010-11 or [click here](#) for the Inspectorate's information bulletin based on this audit.





Inspectorate Information

Staff from the Inspectorate have recently presented to councillors and governance groups at various conferences and networking sessions. The presentations outline the Inspectorate's role and overall objectives, and can be tailored to cover different subjects of

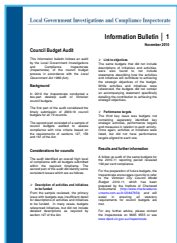
interest. Recent presentations have focused on the audit process, individual audit areas or have provided a general overview of the Inspectorate's objectives and achievements.

The presentations are an excellent opportunity for councillors and council staff to extend their knowledge of the Inspectorate and ask any questions they may have about the Inspectorate audit and investigation functions. Councils are encouraged to contact the Inspectorate for further information regarding the presentations.

Bulletins

The first two council information bulletins have been distributed to councils and are available on the Inspectorate website. The bulletins provide councils with audit observations and considerations for councils in relation to regulatory requirements or opportunities for best practice.

Click on either bulletin below to read in full.



How to make a complaint to the Inspectorate

One of the primary functions of the Inspectorate is to provide an avenue for people to raise matters they feel should be investigated.

The process for making a complaint of this nature to the Inspectorate is outlined below. Before putting a complaint forward it is important to have considered all steps in this process.

1. If there is an issue you have concerns about, seek to engage internal complaint mechanisms within the council where appropriate.
2. As a guide, use the following questions to assist you in deciding if your complaint is within the jurisdiction of the Inspectorate:
 - Is it a potential breach of the Local Government Act?
 - Is it regarding actions of councillor(s), senior council officer(s) or people with responsibilities under the Act?
 - Does it relate to council operations or elections?

It is important that you provide any information or material you may have to support the allegation.

3. Proceed with the complaint by submitting the details in writing. You can lodge it anonymously if you wish. The Inspectorate accepts complaints via post: GPO Box 2392, Melbourne, VIC 3001 or via email, inspectorate@dpd.vic.gov.au
4. You will receive an acknowledgment letter from the Inspectorate upon receipt of your correspondence and if more information is required from you, you will be contacted.
5. Finally, be aware that the investigation process can sometimes take longer than expected. All relevant parties are advised when an investigation is complete.

Case Study: Primary and Ordinary Returns

During the course of a recent investigation, the Inspectorate uncovered what appears to be a common compliance issue for councils: the correct completion and submission of primary and ordinary returns.

The investigation required a review of councillor primary and ordinary returns as part of the investigation process. While the initial complaint was not about returns, the observation that some councillors had not correctly lodged their primary and ordinary returns prompted the Inspectorate to examine the returns for all councillors, nominated officers and special committees at the particular council.

Further enquiry into the returns process at a selection of other councils revealed that less than 50 per cent of the primary and ordinary returns were being completed and submitted in accordance with section 81 of the *Local Government Act 1989* (Act).

The snapshot of results for councillors and nominated officers reveals that overall returns are completed satisfactorily, but are often submitted outside the timeframe prescribed in section 81 of the Act. With respect to special committees, however, the Inspectorate has identified issues with the submission of primary and ordinary returns.

In section 81, the Act stipulates that any member of a special committee, unless exempted by council, is required to submit both primary and ordinary returns within the prescribed timeframes. For further information regarding best practice, refer to Local Government Victoria.