

WELCOME to the first edition of this quarterly newsletter designed to keep you updated with the Local Government Inspectorate. We hope you find this informative and engaging, and we welcome your feedback on the current content and future topics via inspectorate@dpcd.vic.gov.au.

What is the Inspectorate and why do we exist?

We are an independent administrative office that reports to the Secretary of the Department of Planning and Community Development. We exist to assist local councils to continually become better organisations for their communities and council employees.

How do we do this? - Inspectorate fast facts

- By investigating allegations against councillors and senior council officers concerning breaches of the *Local Government Act 1989* (the Act) [<click here>](#)
- By conducting compliance audits with all Victorian local governments for requirements under the Act
- By utilising our team's specialist skills in policy development, education, law, accounting, IT, auditing, training and fraud investigations
- By being dedicated solely to investigations and compliance for the 79 separate Victorian councils, and more than 600 elected councillors
- By acting on information for investigations from a variety of sources including councillors, council employees, members of the community and referrals from other government agencies
- By encouraging higher standards of accountability and transparency in governance practices

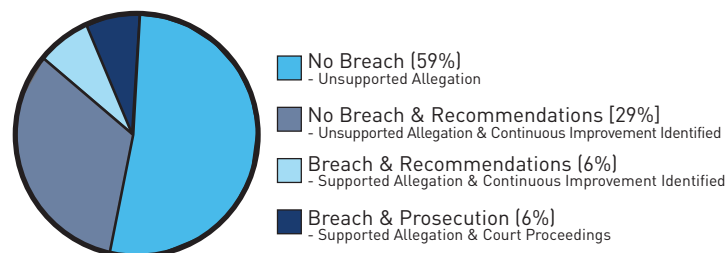
The story so far

The Inspectors of municipal administration date back to the original 1958 Local Government Act, with the responsibility of investigation lying with Local Government Victoria (LGV). In September 2009 the creation of the Inspectorate separated the policy leadership and enforcement roles of LGV with the Inspectorate focusing on investigation and compliance functions.

Since inception, the Inspectorate has received an increasing volume of complaints regarding council activities. All complaints are thoroughly assessed and those falling within the jurisdiction of the Inspectorate are investigated.

Illustrated in the chart below is a summary of investigations completed by the Inspectorate. From September 2009 to March 2010, more than 90% of the matters investigated have resulted in no prosecution.

Closed Investigations Sep '09 – Mar '10



What the chart demonstrates is that in 35% of completed investigations, the Inspectorate has provided councils with recommendations for continuous improvement in governance arrangements. This is in keeping with the Inspectorate's commitment to encourage higher standards.

Introducing our Compliance Team and Audit Plan

In January 2010 we welcomed our new compliance team, who bring with them valuable experience from public and private sector compliance. Their main aim over the next three years is to deliver a compliance program to all 79 Victorian councils.

The team has developed an audit framework and completed a consultation program which is the beginning of regular communication with key local government stakeholders.

The audit framework has focused on areas of risk to councils and the community in relation to the Act.

Topics include, but not restricted to:

- Conflict of interest
- Budgets
- Code of conduct
- Councillor and mayoral allowances
- Delegations
- Local Laws
- Procurement processes
- Chief executive officer appointment process
- Primary/ordinary register of interests

Profile: Ross Millard, Manager Investigations



Ross has over 20 years experience with the local government sector and is the manager of investigations with the Inspectorate. He has a background in finance and accounting with Nissan and the Law Department.

First role in local Government sector?

My first role in local government funnily enough was as a trainee municipal inspector!

How did you become an Investigator?

Essentially I was asked due to my experience.

Why do you like it?

I enjoy the interaction with such a wide variety of people and the fact that no two days are the same. There are always challenges to meet and puzzles to be solved.

What is the main challenge for the Inspectorate?

To be able to undertake complex investigations in a timely and efficient manner as well as meet stakeholder expectations.

What is the biggest change you've seen?

The number of councils and the amount of legislative prescription. When I started the Act was twice the size and there were 211 councils.

Most admired/respected person in local government?

There have been quite a number of individuals over the years that provided great leadership to the sector. In general I admire the work that is undertaken by local councils. They often receive a bad rap from many avenues and people do not appreciate the good job they do and the wide variety of services they deliver that are integral to the functioning of a modern and caring society.

Case Study:

Failing to Declare a Conflict of Interest

The Act relating to Conflict of Interest (COI) states that a councillor or member of special committee with a COI must disclose it when voting on council-related business. Failure to disclose this and abstain from voting is an offence and results in a ban on that person becoming or continuing to be a councillor for seven years after the conviction.

In 2009 two Greater Geelong City Councillors, David Saunderson and Cameron Granger, acknowledged they had failed to declare a COI on two occasions in relation to a planning application.

After an investigation both were charged with failing to declare their COI and for failing to leave the room while the vote was taken on a planning permit.

How to make a complaint to the Inspectorate

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

The process for making a complaint of this nature to the Inspectorate is outlined in the attached chart [<click here>](#). 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) or senior council officer(s)?
 - Do you have information/material to substantiate the allegation?

If you cannot answer **yes** to each question it is most likely your complaint will need to be directed to a more appropriate agency.
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@dpcd.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.

Cr Granger subsequently pleaded guilty to both charges and was fined \$1,000 without conviction and had costs of \$3,000 awarded against him. As he was not convicted the seven-year disqualification did not apply. Cr Saunderson pleaded not guilty to both charges however was found guilty and convicted on both charges, fined \$3,000, ordered to pay costs of \$15,000 and banned from becoming or continuing to be a councillor for seven years from date of conviction.

In passing sentence, the Magistrate noted that councils now deal with large developments and councillors therefore need to pay close attention to possible COI involving planning matters and that the community expected councillors to be diligent, honest and meticulous in carrying out their functions.

On issues such as this conflict of interest, a further function of the Inspectorate is to work closely with LGV to assist them in education and policy advice to local councils.