

WELCOME to the second edition of the Local Government Investigations and Compliance Inspectorate (Inspectorate) newsletter of 2012.

In this issue we give you an update about the Inspectorate's operations following a recent government announcement and talk about the upcoming local council elections. We also give you the good news about council compliance and tell you about the investigation that led to the Monitor at Ararat. We hope you enjoy this edition and welcome your feedback. [Get in touch at inspectorate@dpcd.vic.gov.au](mailto:inspectorate@dpcd.vic.gov.au).

Inspectorate update

The Inspectorate will continue investigations and audits until at least the end of 2012 when its functions are set to be transferred to other state government entities.

The Chief Municipal Inspector, David Wolf, said that the recent government announcement has not affected their current operation and that preparations for the October council elections are underway.

"We are still receiving complaints for possible breaches [of the Act], and we are actively investigating those allegations," said Mr Wolf.

"We have seven matters currently before the courts including conflict of interests, misuse of position, gross misconduct and a breach of the electoral provisions. These cases will continue to be managed by the Inspectorate or the State to ensure the integrity of the legislation," he said.

Transitional arrangements for the transfer of functions from the Inspectorate are yet to be determined. The Inspectorate will provide those details to the sector as they are known.

Cultivating a compliance culture

Since commencing the compliance audit program in 2010, the Inspectorate has witnessed a shift in the way councils approach compliance with improvements noticed across the sector.

"We can see that councils are listening because they are now looking at their own operations and ways to improve practices before we arrive," said Senior Compliance Officer, Peter Brasher.

"The audit program has created a proactive compliance culture across the sector which is great," he said.

A practice that is becoming increasingly common across the sector is councils conducting their own internal audits in preparation for the Inspectorate audit.

Phil De Losa, Program Leader Governance at Kingston City Council, said the [audit preparation material available online](#) and the pre-audit information sent by the Inspectorate helped their council take a proactive approach.

"The Inspectorate provided a checklist approximately six weeks before the audit which allowed us to develop an action plan and audit our own processes - this highlighted some areas we needed to improve and we were able to discuss these with the auditors. This has led to positive change," said Mr De Losa.

Where opportunities for improvements are identified the Inspectorate makes recommendations to council. To date 100% of recommendations made have been accepted and action plans developed.

"The action plan assists councils to get back on track and improve processes and we've been pleased with the outcomes we've seen to date. Most councils have been positive about the audit process overall," said Mr Brasher.

Lisa Roberts, Manager Governance at Greater Dandenong City Council, said the Inspectorate audit has been positive for their governance and council operations.

"The recent audit provided Greater Dandenong with an objective review of its processes, applications and understanding of the [Local Government Act](#)," said Ms Roberts.

"Suggestions were made by the auditors on enhancing our processes, accountability and transparency so, overall, the exercise has added value to our governance function and given us ways to move forward with continuous improvement as a focus," she said.

Compliance audits will continue to be conducted by the Inspectorate at least until the end of the year. New [good practice examples](#) from Greater Dandenong City Council and Latrobe City Council are now available online.



Election preparation

The Inspectorate has already commenced preparations for the elections being held on Saturday 27 October where a high level of scrutiny will be placed on candidates and councils to ensure electoral laws are followed.

“Every candidate standing for council must make sure they understand their obligations and requirements under the Act,” said Chief Municipal Inspector David Wolf.

“Even if someone isn’t elected, there are significant obligations that must be met to ensure an open and transparent election process,” he said.

Part 3 of the Local Government Act stipulates the requirements of candidates and councils during election periods.

After the 2008 elections, the Inspectorate investigated and prosecuted five unsuccessful candidates for failing to lodge a campaign donation returns form, as required under section 62 of the Act.

“This form is about transparency. The public have a right to know who helped fund a person’s campaign, including unsuccessful candidates, given the importance of preferences. It’s a vital part of our democratic process,” said Mr Wolf.

“Our team is also working closely with the Victorian Electoral Commission (VEC) to ensure our work complements the VEC role to provide fair and democratic elections,” said Mr Wolf.

The VEC will shortly publish a candidate handbook for individuals thinking about nominating.

Don’t miss the Inspectorate News Election Edition for more details.

Did you know?

During the election period the CEO must certify, in writing, any council advertisements, handbills, pamphlets or notices and must not certify any election material. This will be enforced by the Inspectorate. Read section 55D of the Act for more information.

Monitoring Ararat

In January this year, the Minister for Local Government, Jeanette Powell, appointed a Monitor to oversee the activities and performance of the Ararat Rural City Council, following advice from the Inspectorate.

The Inspectorate began a complex and lengthy investigation into Ararat Rural City Council after receiving a number of serious allegations.

Chief Municipal Inspector David Wolf said the allegations related to a range of breaches of the Act by both individuals and the council as a whole.

“We had a number of investigators working on this complex case involving breaches by individuals as well as the governance and administrative practices of the council itself,” Mr Wolf said.

“It required the highly technical and specialist skills of our team to thoroughly investigate each and every allegation, one of which has resulted in a prosecution,” he said.

The investigation was conducted over a number of months and revealed governance failings, administrative and operational issues and prosecutable breaches of the Act.

“Once all allegations were thoroughly investigated and it was determined that there were serious governance failings at Ararat [Rural City Council], we were precise in our advice to the Minister, which resulted in the Monitor, former Assistant Commissioner of Victoria Police, Paul Evans, being appointed.

Three months after he was appointed as Monitor, Mr Evans revealed in his quarterly report to the Minister that there had been some improvement in council performance but noted some areas of concern still remain.

The report states that, “the CEO is progressive in providing good and proper governance and administration to the Ararat Rural City Council. Issues that have been identified are being addressed or currently reviewed by the CEO. I will continue to participate and monitor the progression of this review process.”

Mr Evans will continue in the role of Monitor until after the October 2012 elections.

Mr Wolf said the investigation, the subsequent prosecution and the appointment of the Monitor means the community can regain confidence in their council.

“We scrutinise councils to make sure they meet their legislative requirements and ensure they are operating in a transparent, lawful manner and in the interests of the community. We’re proud of the role we play in achieving that,” said Mr Wolf.

[Read the Monitor’s quarterly report here.](#)

How to make a complaint

The Inspectorate continues to hold the regulatory responsibility for the Local Government Act. Complaints or allegations of a breach of the Act can be made via the following methods.

Phone: 1800 469 359
8am – 5pm weekdays

Email: inspectorate@dpdcd.vic.gov.au

Post: Local Government Investigations and Compliance Inspectorate, GPO Box 2392 Melbourne Victoria 3001