



ATTACHMENTS

**Under Separate Cover
Ordinary Council Meeting**

6.00pm Tuesday 24 September 2019

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LOCAL GOVERNMENT INSPECTORATE: GOLDEN PLAINS SHIRE COUNCIL EXAMINATION – FEBRUARY 2019
Outstanding Actions Progress Report – Update as at 1 August 2019

NO.	AREA	ACTIONS RECOMMENDED	AGREED ACTIONS	CURRENT ACTIONS / STATUS	EVIDENCE
1.	GOVERNANCE SCHEDULE	Recommendation 1: The council develop a governance schedule to ensure key statutory requirements are met.	Accept the recommendation provided. Governance and compliance schedule to be developed taking into consideration the example provided by the Local Government Inspectorate. The schedule to be endorsed at a future Full Management Team meeting. Ongoing management of the schedule to become a responsibility of the Corporate Governance Coordinator position. A copy of the schedule to be made readily available to relevant responsible officers.	Action Status / Target Date: ITEM COMPLETED Responsible Officer: Corporate Governance Coordinator Action to Date: Agreed actions completed. Statutory Obligations & Compliance Calendar developed and implemented. Calendar provided to all Directors and Managers in June 2019. Status reporting to FMT will occur twice yearly - June and December (at a minimum). Non-compliance will be included in a non-compliance register and reported to the Audit & Risk Committee.	Evidence Provided: 1. Statutory Obligations & Compliance Calendar 2018-19 & 2019-20
2.	POLICY FRAMEWORK	No actions recommended.	Comments noted.	Action Status / Target Date: ITEM COMPLETED Responsible Officer: Corporate Governance Coordinator Action to Date: Item completed. No actions recommended.	Evidence Provided: Not applicable.



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3.	SALE OF LAND	<p>Recommendation 1: Council must ensure that sale of land transactions are at all times transparent to the community, in accordance with the Local Government Best Practice Guideline for the Sale, Exchange and Transfer of Land.</p>	<p>Accept the recommendation provided.</p> <p>Council is more likely to consider the sale of land in the future and therefore, a best practice Council Policy will be developed and implemented.</p> <p>As an interim measure, internal instructions to be developed that reference to the Local Government Best Practice Guideline for the Sale, Exchange and Transfer of Land. A copy of the instructions and guide to be made readily available to relevant responsible officers.</p>	<p>Action Status / Target Date: PARTLY COMPLETED / 31 December 2019</p> <p>Responsible Officer: Corporate Governance Coordinator</p> <p>Action to Date: Partly completed. Internal instructions developed and included in the governance manual, along with a copy of the Local Government Best Practice Guideline for the Sale, Exchange and Transfer of Land. Development of Council Policy on track for completion by action target date.</p>	<p>Evidence Provided: 1. Sale of Land Internal Instructions</p>
4.	CEO / SENIOR OFFICER CONTRACT & PERFORMANCE REVIEWS	<p>Recommendation 1: Council to ensure that the CEO performance review is conducted at the earliest convenience.</p>	<p>Accept the recommendation provided.</p> <p>The CEO performance review was presented and approved at the February 2019 Council meeting for approval.</p>	<p>Action Status / Target Date: ITEM COMPLETED</p> <p>Responsible Officer: Director Corporate Services</p> <p>Action to Date: Agreed action previously completed. No further action required.</p>	<p>Evidence Provided: Not applicable.</p>



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5.	CORPORATE CREDIT CARDS	<p>Recommendation 1: Council should ensure that as per section 6.8 of the Standard Operating Procedure, audits of procurement card usage are conducted randomly by the Finance Department, internal and/or external audit to further mitigate fraudulent activity and ensure that all procedural requirements are being met.</p>	<p>Accept the recommendation provided.</p> <p>There are current processes and practices in place to ensure monthly credit cards are reviewed and approved by the relevant supervisor. This to be further strengthened by random audits which will be included as part of the Finance Department responsibility. This will include the development of a schedule of financial activities to ensure that audits are undertaken across all areas of council.</p>	<p>Action Status / Target Date: ITEM COMPLETED</p> <p>Responsible Officer: Finance Manager</p> <p>Action to Date: Agreed actions completed. Compliance Check Register developed to indicate the checks that will be completed going forward. Every month all transactions will be reviewed for compliance and checks completed on an ongoing basis. The Finance Officer maintains a register to record any missing or non-compliant documents. All credit card transactions are reviewed for compliance and any instances of non-compliance are recorded in the register. If there is a regular occurrence the staff member is contacted to rectify the future use of the card. Any cases of non-compliance are escalated to the Finance Team Leader, Finance Manager, and Manager of staff member involved. If the incident is a serious breach the</p>	<p>Evidence Provided:</p> <ol style="list-style-type: none"> 1. Compliance Check Register 2. Register Recording Missing and Non-compliant Documents 3. Procurement Card Lost Invoice Declaration



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				Director is also advised, and card may be withdrawn with internal disciplinary action taken. The Finance Officer checks all procurement card transactions and is therefore monitoring on an ongoing basis. A review of the number of procurement cards held and financial limits will be conducted over the next six months as part of our review of the procurement processes at GPS.	
6.	INTEREST RETURNS	Recommendation 1: Council send out notification memo on the day the return period commences.	Accept the recommendation provided. Notification memos will be distributed on the day the return period commences and the governance schedule updated accordingly.	Action Status / Target Date: ITEM COMPLETED Responsible Officer: Corporate Governance Coordinator Action to Date: Agreed action completed. Process for Administering Registers of Interest Updated - June 2019. Updated process states that returns must be sent on the day the return period commences and not before, unless the day falls on a non-work day in which case	Evidence Provided: 1. Process for Administering Registers of Interest – Updated June 2019



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				issue on the Friday prior. New process implemented for the 30 June 2019 return period.	
		<p>Recommendation 2: Communication with relevant staff and councillors reinforces that returns are due within 40 days after 30 June and 31 December.</p>	<p>Accept the recommendation provided.</p> <p>Notification memo to be updated to include relevant timeframes for submission.</p>	<p>Action Status / Target Date: ITEM COMPLETED</p> <p>Responsible Officer: Corporate Governance Coordinator</p> <p>Action to Date: Agreed action completed. New memo / letter templates developed. New templates state that return must not be dated earlier than 30 June or 31 December and also, when returns are due by. Use of new templates implemented for the 30 June 2019 return period.</p>	<p>Evidence Provided:</p> <ol style="list-style-type: none"> 1. Template Request for Ordinary Return 2. Template Request for Primary Return
		<p>Recommendation 3: That the responsible officer ensure that all submitted returns are reviewed for completeness but excluding content.</p>	<p>Accept the recommendation provided.</p> <p>The newly appointed Corporate Governance Coordinator to take over responsibility for Register of Interest Returns to ensure centralised oversight. Corporate Governance Coordinator to facilitate</p>	<p>Action Status / Target Date: ITEM COMPLETED</p> <p>Responsible Officer: Corporate Governance Coordinator</p> <p>Action to Date: Agreed action completed. Process for Administering Registers of Interest Updated -</p>	<p>Evidence Provided:</p> <ol style="list-style-type: none"> 1. Process for Administering Registers of Interest – Updated June 2019



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			training with support staff who assist with the administration.	June 2019. Updated process includes step to check for completeness when forms are submitted. Corporate Governance Coordinator provided explanation of new process to support staff who assist with the administration. New process implemented for the 30 June 2019 return period.	
		Recommendation 4: For any non-compliant or non-submitted returns, relevant detail must be recorded in the register.	Accept the recommendation provided. Register to be update to include a new field for recording non-compliant or non-submitted returns.	Action Status / Target Date: ITEM COMPLETED Responsible Officer: Corporate Governance Coordinator Action to Date: Agreed action completed. Process for Administering Registers of Interest Updated - June 2019 to check for and record any deficiencies / non-compliance in the register. Corporate Governance Coordinator provided explanation of new process to support staff who assist with the administration. New process implemented for the 30 June 2019 return period	Evidence Provided: 1. Process for Administering Registers of Interest – Updated June 2019



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7.	AUDIT COMMITTEE	<p>Recommendation 1: Review date included on the charter or in the governance schedule to ensure the document is routinely reviewed in line with other policies and procedures.</p>	<p>Accept the recommendations provided.</p> <p>The Audit and Risk Committee charter will be presented at the May 2019 Audit and Risk Committee meeting and in the future will be reviewed annually as part of the annual audit and risk plan.</p>	<p>Action Status / Target Date: ITEM COMPLETED</p> <p>Responsible Officer: Director Corporate Services</p> <p>Action to Date: Agreed action completed. Audit and Risk Committee Charter reviewed – May 2019. The reviewed Charter was presented to the Audit & Risk Committee Meeting 14 May 2019 for endorsement prior to adoption by Council at the Ordinary Council Meeting 28 May 2019. Review of Charter added to Statutory Obligations & Compliance Calendar.</p>	<p>Evidence Provided:</p> <ol style="list-style-type: none"> 1. Audit & Risk Committee Charter 2. Council Meeting Minutes - 28 May 2019 3. Statutory Obligations & Compliance Calendar 2018-19 & 2019-20
8.	SPECIAL COMMITTEES	<p>No actions recommended.</p>	<p>Comments noted.</p>	<p>Action Status / Target Date: ITEM COMPLETED</p> <p>Responsible Officer: Corporate Governance Coordinator</p> <p>Action to Date: Item previously completed. No actions recommended.</p>	<p>Evidence Provided: Not applicable.</p>



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9.	COUNCILLOR EXPENSES AND REIMBURSEMENT	Recommendation 1: Approval process to be formalised in the Councillor Reimbursement Policy and adhered to.	Accept the recommendation provided. Corporate Governance Coordinator to review the Councillor Reimbursement Policy and related forms. Training to be facilitated for relevant staff in the Mayor and Councillors office.	Action Status / Target Date: PARTLY COMPLETED / Amend action target date from 30 June 2019 to 31 December 2019 Responsible Officer: Corporate Governance Coordinator Action to Date: Partly completed. Councillor expenses Reimbursement Claim Form updated - June 2019 to clearly identify which positions are responsible for sign-off on the form. Updated form now in use. Council Policy 4.14 Councillor Reimbursement due for review. At its Ordinary Meeting 25 June 2019 Council resolved to extend the review date to 31 December 2019 to allow time for a detailed and informed review. On track for completion by action target date.	Evidence Provided: 1. Updated Councillor expenses Reimbursement Claim Form 2. Council Meeting Minutes - 25 June 2019 (resolution to Extend Review Due Date of Policy)



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10.	GOVERNMENT GRANTS	Recommendation 1: Where any changes to the process are agreed upon, the process documented be updated accordingly.	Accept the recommendation provided. Standard Operating Procedure –for 'Making Applications / Submissions for Funding (SOP-7049) to be amended to include briefing of Council before specified grants are applied for. Recreation Team Leader has been tasked with updating SOP-7049 and taking to a future Full Management Team meeting for adoption.	Action Status / Target Date: ITEM COMPLETED Responsible Officer: Director Community Services Action to Date: Agreed actions completed. SOP reviewed and updated and presented to FMT at it 19 June 2019 meeting.	Evidence Provided: 1. Revised SOP 7049 – Making Applications-Submissions for Funding – June 2019 2. FMT Meeting Minutes –19 June 2019 (decision for SOP)
11.	COMMUNITY GRANTS	Recommendation 1: Ensure that all relevant information is available on the council website.	Accept the recommendation provide. All relevant information is now available on website.	Action Status / Target Date: ITEM COMPLETED Responsible Officer: Director Community Services Action to Date: Agreed action completed. Documents available on the website: <ul style="list-style-type: none"> Community Grant Guidelines https://www.goldenplains.vic.gov.au/residents/my- 	Evidence Provided: 1. Community Grants Evidence Report



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				<p>community/grants/community-grants-program-201920</p> <ul style="list-style-type: none"> • 2019 Community Grant Workshop Slide Show https://www.goldenplains.vic.gov.au/residents/my-community/grants/community-grants-program-201920 • 5.1 Community Grant Policy https://www.goldenplains.vic.gov.au/residents/my-council/about-council/council-policies <p>These documents compliment information regarding key times of major steps in the process and a short brief of information explaining key priorities Council will support. This information and documents can be added to or changed at any time using the Symphony platform.</p>	



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		Recommendation 2: A provision be included on the assessment form that allows for the assessors name and sign-off to be recorded.	Accept the recommendation provide. The current process requires all awarding of grants to be by resolution of Council. This will be further strengthened by the new SmartyGrants software which has been configured to require assessors to identify themselves.	Action Status / Target Date: ITEM COMPLETED Responsible Officer: Director Community Services Action to Date: Agreed actions completed. A provision be included on the assessment form that allows for the assessors name and sign-off to be recorded.	Evidence Provided: 1. Community Grants Evidence Report 2. Community Grant 2019/2020 Assessment Form
12.	DELEGATIONS	Recommendation 1: Council must ensure that wherever a review of a delegation take place, it is authorised via a resolution of council, and the instrument of delegation is executed accordingly. This can be included in the governance schedule.	Management confirm that all reviews of delegations have been correctly administered. Accept the recommendation provided to include the review of delegations in the governance schedule.	Action Status / Target Date: ITEM COMPLETED Responsible Officer: Corporate Governance Coordinator Action to Date: Agreed action previously completed.	Evidence Provided: Not applicable.
		Recommendation 2: Council assess where there are legal and financial risk for the period in where the Instrument of Delegation were not executed.	No action required. The incorrect (incomplete) version of the instrument of delegation in question was provided to the Local Government Inspectorate. The delegation was in fact correctly executed and a	Action Status / Target Date: ITEM COMPLETED Responsible Officer: Corporate Governance Coordinator Action to Date: Item previously completed.	Evidence Provided: Not applicable.



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			copy provided to the inspectorate on the 19 March 2019. There is no legal or financial risk to Council.	No further action required.	
13.	AUTHORISED OFFICERS	No actions recommended.	Comments noted.	<p>Action Status / Target Date: ITEM COMPLETED</p> <p>Responsible Officer: Corporate Governance Coordinator</p> <p>Action to Date: Item previously completed. No actions recommended.</p>	<p>Evidence Provided: Not applicable.</p>
14.	SYSTEMS/RECORD KEEPING	<p>Recommendation 1: Council should develop an appropriate record keeping strategy to address the identified issues over an appropriate time period.</p>	<p>Accept the recommendation provided.</p> <p>The following Internal Procedures (IP) and Standard Operating Procedures (SOP) to be updated:</p> <ul style="list-style-type: none"> • IP-334 - Records Management Policy • SOP-3048 – Mail Procedures • SOP-3059 – Records Creation and Capture 	<p>Action Status / Target Date: ITEM COMPLETED</p> <p>Responsible Officer: ICT & Digital Transformation Manager</p> <p>Action to Date: Agreed actions completed. The following policy and Standard Operation Procedures (SOP) procedures reviewed and adopted by the Full Management Team at its meeting held 5 June 2019:</p> <ul style="list-style-type: none"> - Policy 344 Records Management 	<p>Evidence Provided:</p> <ol style="list-style-type: none"> 1. Records Management – Adopted Policy and SOPs - June 2019



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			<ul style="list-style-type: none"> • SOP-3060 – Records Storage, Security and Access • SOP-3061 – Records Transfer and Disposal • SOP-3083 – Archiving <p>Once IP's and SOP's have been adopted by management, a process for changing processes will commence. This will include the development of a Digitisation Policy (and associated SOP's).</p> <p>Digitisation Strategy currently being developed. The Paperlite Project which manages the change has been developed and will be presented at the Full Management Team meeting in April 2019 for adoption before then being rolled out across the organisation.</p>	<ul style="list-style-type: none"> - SOP 3048 Mail Procedures - SOP 3059 Records Creation and Capture - SOP 3060 Records Control, Storage, Access and Use - SOP 3061 Records Transfer and Disposal - SOP 3083 Archiving 	



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15.	PROCUREMENT	<p>Recommendation 1: Council, as a matter of priority, develop a strategy to address the issues identified in the management of procurement.</p>	<p>Accept the recommendation provided.</p> <p>In order to implement the recommendations and have continuous improvement in place in the best interests of the community and other stakeholders, Council is in the process of developing an Improvement Plan. The Improvement Plan will aim to:</p> <ol style="list-style-type: none"> 1. address the seven (7) issues which are highlighted in the Report and action them; and 2. develop a Procurement and Contract Management System which will support the underlying principles of: <ol style="list-style-type: none"> a. Best value for money b. Open and fair competition c. Accountability and management d. Risk management e. Probity and transparency. 	<p>Action Status / Target Date: PARTLY COMPLETED / Amend action target date from 30 June 2019 to 21 December 2019</p> <p>Responsible Officer: Manager Finance</p> <p>Action to Date: Agreed actions partly completed. Refer attached Procurement Covering Report for detail.</p>	<p>Evidence Provided:</p> <ol style="list-style-type: none"> 1. Procurement Covering Report 2. Attachments to Procurement Covering Report: <ul style="list-style-type: none"> - Procurement Policy - Exemption Procedure Under Procurement Policy - Procurement and Contract Management System - Procurement Checklist for Record Management - Procurement File Closure Checklist - Staff Survey – Development of PCM Framework - Terms of Reference Project Steering Group - Agenda for PSG Meeting – Template - Minutes of PSG Meeting - Template - Request for Exemption Form - Contract Register



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			The Procurement and Contract Management System will: <ol style="list-style-type: none"> 1. have up to date policies, procedures, tender and contract templates, a contract register, a compliance register, facts sheets and/or checklists; 2. ensure compliance with legislation, policy requirements and best practice principles; 3. be clear, simple and easy to use; 4. be understood and applied by Council employees; 5. support potential contractors engaged as a result of the procurement process; 6. provide education and training across Council; and 7. be monitored for record keeping, reporting, compliance and continuous improvement. 		<ul style="list-style-type: none"> - Educational Guidance (Superintendent) - Formal Instruments of Agreement - Governance Framework for GPCC and Heart Projects - Instruments of Appointment - Letters of Engagement - Reporting Framework for the GPCC and Heart Projects



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		<p>Recommendation 2: Review systems and process relating to procurement to ensure they meet the requirements of the procurement policy, the Act and the process is fair and transparent.</p>	<p>Accept the recommendation provided. The review into Councils current practices and procedures has been undertaken with the aim of identifying the areas for improvement. Council has put an action plan in place to ensure that procurement documents including conflict of interest and confidentiality forms are complete, the evaluation process and documents are compliant, the sign off process and decision making are accountable, fair and transparent, panel members are aware of, and comply with, their roles and responsibilities.</p>	<p>Action Status / Target Date: ITEM COMPLETED</p> <p>Responsible Officer: Manager Finance</p> <p>Action to Date: Agreed actions completed. Refer attached Procurement Covering Report for detail. On-going for continuous improvement.</p>	<p>Evidence Provided: As per above.</p>
		<p>Recommendation 3: Relevant training should be provided for procurement staff to ensure they are fully aware of their roles and responsibilities.</p>	<p>Accept the recommendation provided. Training of all staff will be provided to ensure clear understanding of staff responsibilities. Training for procurement staff on their responsibilities will also be provided. The education and training plan will be put in place to:</p>	<p>Action Status / Target Date: ITEM COMPLETED</p> <p>Responsible Officer: Manager Finance</p> <p>Action to Date: Agreed actions completed. Refer attached Procurement Covering Report for detail. On-</p>	<p>Evidence Provided: As per above.</p>



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			a. identify the areas for improvement in order to provide training for the procurement staff about their roles and responsibilities; b. provide training for the Management team about their roles and responsibilities in leading and supporting Council's Procurement and Contract Management System; and Provide training for all Council employees as part of their induction process with additional training provided to employees who require or use procurement services.	going for continuous improvement.	



EXECUTIVE SUMMARY

PROCUREMENT

INTRODUCTION

Golden Plains Shire Council ('Council') received a report from the Local Government Inspectorate dated 28 February 2019 making a number of recommendations about Council's governance practices and processes. The review of Council's Procurement Policy, procedures and processes was part of this review. As a result of this review three (3) recommendations were made concerning the procurement function of Council.

Council has welcomed these recommendations and has provided its responses in relation to each recommendation. This document summarises:

1. the actions taken since 5 April 2019 in order to implement the recommendations;
2. the templates which have been developed; and
3. the actions which are underway.

ACTIONS TO IMPLEMENT THE RECOMMENDATIONS (5 April 2019 to 1 August 2019)

Recommendation 1 -

"Council, as a matter of priority, develop a strategy to address the issues identified in the management of procurement."

In order to have a compliant procurement and continuous improvement in the management of procurement, Council is in the process of developing a **Procurement and Contract Management Framework** ('PCM Framework') and to date the following actions have been taken:

1. **Policies –**
 - a. Council adopted the new **Procurement Policy** on 25 June 2019 in line with section 186A of the *Local Government Act 1989* (Vic) ('Act'). The Procurement Policy had a major review as a result of a full consultation with staff and support and approval of the Management before Council adoption. The new Procurement Policy introduces new opportunities for Council such as collaborative procurement, economic, environmental and social sustainability;
 - b. Council rescinded **Tender Display and Opening Policy** on 25 June 2019. Staff were consulted in this process and approval was sought from the Management before Council decision.
2. A comprehensive **presentation and workshop** about the development and implementation of the PCM Framework and educational training about procurement was provided to the:
 - a. Full Management Team on 1 May 2019;
 - b. Procurement Team and other key stakeholders on 21 May 2019; and
 - c. Leadership Team which includes the team leaders and co-ordinators on 21 June 2019.
3. **A survey monkey** was launched to all staff on 19 July 2019 in order to consult with them in the development of the PCM Framework;
4. Council developed a **Contract Register**;

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5. A number of templates have been developed. **Attachment A** shows the list of the templates;
6. Comprehensive research was undertaken into the introduction of the **Contract Management software** to streamline the procedures and processes;
7. **Communication** – Council is advertising its public tenders on its website and this information is also advertised in Council’s internal newsletter which is called “In the Loop”. This newsletter is circulated to all staff and Councillors.
8. **Procurement and Contract Management Website** – A dedicated website both external and internal is being developed to enable a ‘one stop shop’ access for the community and for Council staff in relation to the procurement and contract management.

THE FOLLOWING ISSUES WERE ADDRESSED:

1. Documentation of processes

A review of the Policies and procedures is complete, some of them have been approved as stated above, and some of the documents are work in progress. This process includes using a new suite of templates.

2. Cumulative spend

Research into cumulative spend areas have been undertaken with the aim of ensuring the accuracy of the process to monitor cumulative spend to individual suppliers. As a result of this research Council:

- a. called for a Request for Quotation through MAV Procurement for the provision of purchase of bulk fuel and fuel tank services;
- b. have developed a Request for Tender for the provision of building maintenance. Council intends to call for a public tender in August 2019;
- c. have developed a Request for Tender for the provision of pest plant and animal control work and Council intends to call for a public tender in August 2019;
- d. other areas such as plumbing services, sports grounds maintenance services, catering services are in progress.

3. Execution of contracts

Any Contract that Council enters into either by way of Council resolution, or with the Chief Executive Officer’s approval within his delegation, are duly executed by both parties, Council and Contractor.

4. Accountability and Management

- a. Ongoing supervision and support is now provided to the Procurement Team to ensure compliance, continuous improvement and staff development;
- b. A governance framework has been put in place to ensure the major projects, the Construction of Golden Plains Community & Civic Centre and Bannockburn Heart Projects, are managed in the best interests of the community, in compliance with legal and policy requirements, and Council’s decision. This includes establishment of the Project Steering Group (‘PSG’) which meets weekly (refer to the TORs), timely reporting by the Project Manager to the PSG, Audit and Risk Committee and Council, ensuring all decisions are made in compliance with the law and Council Policy, and in the interests of the community and Council. This clearly demonstrates the strong commitment by the Management to the accountable and transparent way of conducting the business of Council.
- c. Staff and Management are working collaboratively to identify the priority tasks and are working together to address them.

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5. Training

See Council's response under Recommendation 3 below. In addition, Council has allocated a budget to provide more formal and structured training to the Procurement Team which will support them in order to provide support to Council staff, and ensure clarity about their roles and responsibilities.

6. Reporting

Council's contracts will now be managed through a Contracts Register reporting. In addition, clause 16 of the new Procurement Policy requires Management to provide performance management and reporting to Council on procurement and contract management.

7. Collaboration

Where practical, Council collaborates with other Council/s in the procurement of goods, services or works. Below are recent examples of this collaboration:

1. **Joint Public Tender** for the provision of an electronic document records management system with Buloke Shire Council, Loddon Shire Council and Yarriambiack Shire Council. GPSC is in the process of evaluating the submission from a preferred Tenderer.
2. **Request for Quotation** with City of Ballarat for the provision of e-waste collection and processing services. This process is currently underway.

Intended date to complete actions under Recommendation 1 is 21 December 2019.

Recommendation 2 -

"Review systems and process relating to procurement to ensure they meet the requirements of the procurement policy, the Act and that the process is fair and transparent."

Since 28 February 2019, the date of the Report, Council has put an action in place to ensure that 8 issues which were identified in relation to this recommendation are addressed in the procurement of goods, services and works in compliance with the Act, the Procurement Policy and fundamental procurement principles which are value for money, probity, transparent and accountable processes, a fair and open competition environment, and mitigating the risks for the Council. **Attachment B** to this Report identifies the contracts that Council has entered into in compliance with section 186 of the Act and the Procurement Policy.

Recommendation 3 -

"Relevant training should be provided for procurement staff to ensure they are fully aware of their roles and responsibilities."

1. In-house refresher training with the E-Procure representative for the Procurement Team for the use and administration of the E-Procure portal took place on 6 May 2019.
2. An external specialist had one on one meeting with each Management Team member including the Chief Executive Officer, the Procurement Team members and the key internal stakeholders (10 May -24 May 2019).
3. Staff training about the implementation of the new Procurement Policy took place over 3 weeks after the Council's decision on 25 June 2019.
4. Ongoing support is given by the external specialist to the Procurement Team and other staff members.
5. Clause 27.1 of the new Procurement Policy now requires Council to provide training to the Procurement Team, the Management Team, and induction training to new employees.

Actions under Recommendations 2 and 3 will be on-going for continuous improvement.

1 August 2019

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ATTACHMENT A – NEW AND/OR REVISED TEMPLATES UP TO DATE

1. Formal Instrument of Agreement;
2. Governance Framework for major construction works;
3. Reporting Framework for major construction works for the Audit and Risk Committee and Council;
4. Terms of Reference for the Project Steering Group or Committee;
5. Educational guidance about the roles, functions and responsibilities of a Superintendent;
6. Exemption Procedure under the Procurement Policy which also includes a Request for Exemption Form and a simple guidance for staff members about the process;
7. Contracts Register;
8. Letter of Engagement – where Council acts as an agent for a group of Council's under section 186(5)(b) of the Act;
9. Letter of Engagement – where Council engages another Council to act as its agent – section 186(5)(b) of the Act;
10. Instrument of Appointment to the internal Committees or Working Groups;
11. Instrument of Appointment of Superintendent;
12. Instrument of Appointment of Superintendent – Advice to a Contractor;
13. Procurement File Closure Checklist;
14. Agenda and Minutes Templates for the Committee or Working Groups meetings;
15. Procurement Checklist for Record Management.

Note: Some of the documents are work in progress as Council is continuing revision and development of its procurement and contract templates. The documents in this Attachment A are the completed templates.



ATTACHMENT B – REQUEST FOR TENDERS

(26 FEBRUARY 2019 – 23 JULY 2019)

No	Contract Number	Contract Name	Contract Price (Exc of GST)	Date Awarded
1	GPSC- RFT- 21-2018	Construction of Golden Plains Community & Civic Centre	\$7,249,790.00	26 February 2019
2	GPSC-RFT-22-2018	Construction of Bannockburn Heart Project (Stage 1)	\$2,359,063.99	26 February 2019
3	GPSC-RFT-02-2019	Teesdale- Lethbridge Road- Road Widening Works	\$403,008.73	26 March 2019
4	GPSC-RFT – 03 - 2019	Wall Bridge Replacement – Teesdale	\$573,276.00	23 July 2019
5	GPSC- RFT- 11-2019	Construction of Victoria Park Recreation Reserve Sports Lighting –Oval 1 and Oval 2	\$439,840.00	23 July 2019
6	GPSC- RFT- 12-2019	Construction of Bannockburn Soccer Pitch No 2	\$416,312.20	23 July 2019

1 August 2019

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Local Government Inspectorate

GPO Box 2392
Melbourne, Victoria 3001
Telephone: +61 3 7017 8212

Mr Eric Braslis
Chief Executive Officer
Golden Plains Shire Council
PO Box 111
BANNOCKBURN Vic 3331

Dear Mr Braslis

Governance Examination

I refer to the recent governance examination undertaken by the Local Government Inspectorate. The purpose of this letter is to provide you, in the attached report, with the outcomes of the examination and any issues identified and where appropriate, provide the council with recommendations for further action.

As highlighted in our original communication, the aim of this work is to promote higher standards of governance and encourage better practice across the sector. The Inspectorate would like to thank you and your staff for their cooperation throughout the examination.

Council is requested to respond to the matters raised in this letter by **Friday 5 April 2019**

Should you have any queries in relation to the matters raised please contact Senior Compliance Officer Peter Brasher on (03) 7017 8211 or inspectorate@lgici.vi.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ross Millard'.

Ross Millard
Manager Operations

12 / 03 / 2019





Golden Plains Examination 28 February 2019

Local Government Inspectorate

Encouraging higher standards of integrity, accountability and transparency in local government
email inspectorate@lgi.vic.gov.au website www.lgi.vic.gov.au tel 1800 469 359



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Golden Plains Shire Council Examination

Scope of the examination

The Inspectorate is the dedicated integrity agency for local government in Victoria. The Chief Municipal Inspector (CMI) leads the Inspectorate and has powers as set out in the Local Government Act 1989 (Act) to enable the Inspectorate to examine, investigate and prosecute any matter relating to a Council's operations and any breaches of the Act.

The Inspectorate undertook the examination following some concerns raised in relation to procurement practices in the Shire. The work had a particular focus on procurement as well as general governance arrangements. The examination was undertaken against the requirements of the Local Government Act and considerations of better practice across the sector.

Good governance is important for several reasons. It not only gives the local community confidence in its council, but improves the faith that elected members and officers have in their own local government and its decision making processes. It also leads to better decisions, helps local government meet its legislative responsibilities and importantly provides an ethical basis for governance.

The examination covered the following areas:

- Governance culture
- Governance schedule
- Policy framework
- Sale of land
- CEO/Senior Officer performance reviews
- Corporate credit cards
- Interest returns
- Audit Committee
- Special Committees
- Councillor expenses and reimbursement
- Government grants
- Community grants
- Delegations
- Authorised officers
- Procurement

Governance culture

It is imperative that councils as public institutions responsibly manage public assets, exercise financial responsibility and good governance, and comply with all legislative requirements.

Governance arrangements are the necessary procedures and monitoring systems in place to ensure that council is performing all of its functions to the required standard and in accordance with legal obligations. Good decision making processes and therefore good governance share several characteristics. All have a positive effect on various aspects of local government including consultation, policies and practices, meeting procedures, service

quality protocols, councillor and officer conduct role clarification leadership and good working relationships.

In discussions with key council staff, it was indicated staff were generally aware of their roles and responsibilities, and were provided with sufficient information/tools to ensure poor behaviours or breaches of legislation were mitigated.

The interaction between staff and councillors is an important indicator of good governance and it was advised that there had been no known instances of inappropriate behaviour between councillors and/or council staff, indicating that robust processes were in place to deal with councillor/staff interactions.

It is acknowledged the council has recently made a commitment to improved governance through the appointment of fulltime governance staff in a centralised unit.

Governance schedule

As part of meeting governance obligations, many councils maintain governance schedules to facilitate accountability for key dates throughout the year such as annual reporting and budgeting, interest return deadlines and other relevant time-critical legislative requirements.

While council considered they were meeting statutory obligations, it was acknowledged that there had been a reliance on key personnel to ensure tasks were undertaken within legislative requirements.

It is vital that governance staff are aware of their statutory obligations, and have a structured approach to meeting these obligations. As part of the review, staff provided a governance schedule to demonstrate that a structured approach was being taken, however it did not capture a large number of the statutory requirements, and did not take a whole of organisation approach.

A copy of a [recently-developed governance schedule](#) compiled by Hobsons Bay City Council was made available to governance staff to assist in the development of a Golden Plains-specific template.

Recommendation

- The council develop a governance schedule to ensure key statutory requirements are met.

Policy framework

Every organisation requires up to date policies and procedures to function efficiently and effectively. They are particularly important for local government, as they promote consistency across the organisation and maintain transparency for council officers, councillors and residents. Sound policies mitigate the risk to council, and provide a framework that promotes accountability across the organisation.

The responsibility for ensuring that council policies are appropriately developed, adopted and subsequently kept up to date through timely reviews resides with the Director of Corporate Services.

It was confirmed that until recent times the process had been ad hoc, lacking formal structure, however the process is now formally managed with adequate oversight. Policy

reviews are the responsibility of individual departments and are conducted in a manner that ensures currency and appropriateness.

Monthly reports are provided to the management team, detailing policies that have recently been reviewed, and those due for review.

A random sample of a number of policies were reviewed. The results indicated that each of the policies were current, having been reviewed within the stated time period.

Sale of land

Compliance with the legislation is mandatory and a failure to meet these requirements may be sufficient to invalidate a sale. Transparency to the community is an essential part of the advertising and sale process.

Council advised that no contracts to sell council-owned land had been entered into since 2010.

However, it was confirmed that as council infrequently sells land, it would utilise relevant best practice guidelines in conjunction with the requirements of the Act.

Recommendation

- Council must ensure that sale of land transactions are at all times transparent to the community, in accordance with the [Local Government Best Practice Guideline for the Sale, Exchange and Transfer of Land](#).

CEO/Senior Officer contract/performance reviews

The successful management of human resources is one of the key pillars of councils supporting a harmonious and productive workforce. A key element is the provision of consistent and timely staff performance reviews.

Employment contracts were reviewed for the Director of Corporate Services, the Director of Assets and Amenity and the CEO.

The contracts were reviewed to ensure they were for a fixed term not in excess of five years, contained performance criteria at the point of execution, and did not contain clauses contrary to the requirements of the Act. Each satisfied the requirements.

Both directors had performance reviews completed in accordance with section 97A of the Act. However, as the CEO commenced in December 2017, a performance review had not been completed at the time of the examination. It was noted that council had recently sought tenders for an independent external consultant to administer the process. The preferred tenderer was scheduled to attend a councillor briefing on 19 February 2019, with an intention to have the review completed by the end of February 2019.

Recommendation

- Council ensure that the CEO performance review is conducted at the earliest convenience.

Corporate credit cards

The misuse of corporate credit cards can expose councils to potential financial and reputational risk therefore, it is important that internal controls are in place to mitigate this risk.

In response to carrying a large book of creditors with low values a number of years ago, it was advised that an increased number of staff were provided with procurement cards. Council staff confirmed that the introduction of the procurement cards had streamlined the purchasing process.

Credit card usage is currently governed by the Procurement Card Use – Standard Operating Procedure. There generally appears to be adequate controls within the policy to mitigate the risk to council of unauthorised expenditure, including the requirement for cardholder statements to be reconciled monthly by the cardholder and approved by the next level manager. However, while the transactions/statements are overseen by the Finance Department, there is currently no random, independent checking of card transactions.

It was noted that CEO transactions are appropriately overseen/approved by the Director of Corporate Services.

A review of card transactions of Senior Officers for the previous 18-month period did not identify any anomalies.

Recommendation

- Council should ensure that as per section 6.8 of the Standard Operating Procedure, audits of procurement card usage are conducted randomly by the Finance Department, internal and/or external audit to further mitigate fraudulent activity and ensure that all procedural requirements are being met.

Interest returns

Councillors, members of the audit committee and special committees, and nominated officers are required to submit interest returns twice yearly to the CEO. The submission of interest returns is the responsibility of the individual and they are liable for any breaches of the legislation.

Adequately meeting legislative requirements ensures that persons responsible for submitting returns can participate in council decision making, free from concerns of having bias or a conflict of interest.

Council demonstrated that a robust, documented process has been implemented to manage interest return submissions with the process broken into planning, preparation and finalisation stages.

However it was noted that the notification memo is forwarded two weeks prior to the commencement of each return period.

An examination was conducted on the three most recent returns for councillors, nominated officers and audit committee members. It was identified that a number had been submitted prior to the commencement of the return period, some did not contain the name of the witness, one return was not witnessed at all, and one councillor did not submit a return. The Inspectorate will communicate directly with the individuals who have not met their legislative responsibilities.

The interest return register did not contain any detail in regard to the above deficiencies.

Recommendations

- Council send notification memo on the day the return period commences.

- Communication with relevant staff and councillors reinforces that returns are due within 40 days after 30 June and 31 December.
- That the responsible officer ensure that all submitted returns are reviewed for completeness but excluding content.
- For any non-compliant or non-submitted returns, relevant detail must be recorded in the register.

Audit Committee

An independent Audit Committee is a vital component of an effective corporate governance structure. In the context of local government, the committee is an advisory body that typically:

1. focuses on issues relevant to the integrity of financial reporting
2. monitors risk management systems, the internal control framework, compliance and audit activities, and
3. liaises between internal and external auditors and management.

This examination was to ensure the council has a suitably functioning committee that operates in adherence to the adopted Audit and Risk Committee Charter.

A copy of the charter was provided, however it could not be established if or when it had been adopted by council as it was not dated and no review date was recorded. The charter appropriately outlined the responsibilities of the committee, which are a broad-ranging mix of tasks relating to risk management, financial management, control and regular reporting to council.

Overall, the committee appears well organised, operates effectively and adds value to the good governance of the council. The independent members are suitably experienced and qualified. In recent times they have improved the methods of reporting and emphasised the importance of taking a risk-based approach.

A review of the last four audit committee meeting minutes (to January 2019) contained sufficient detail of what had been reviewed and clearly outlined any subsequent actions to be taken.

Recommendation

- Review date included on the charter or in the governance schedule to ensure the document is routinely reviewed in line with other policies and procedures.

Special Committees

Councils create special committees to assist in the management of specific projects, initiatives and selected municipal assets. Special committees are required to have current, authorised Instruments of Delegation to ensure they act within their regulated powers, are properly constituted and limited to their purpose.

Council confirmed it does not currently have any active special committees. In a review several years ago, it was decided to transition to alternative governance arrangements.

Councillor expenses and reimbursement

The purpose of an effective councillor expenses policy is to provide guidance to promote consistency, transparency, ethical behaviour, control over expense reimbursements and demonstrate accountability to the community.

Council manages the reimbursement of councillor expenses through its Councillor Reimbursement Policy dated July 2015. While the policy is brief, it outlines the process for reimbursement to councillors and includes the types of expenses that may be claimed.

A review of recent councillor expenses indicates they are in accordance with the policy. It was noted that while the policy states that councillors are to forward claim forms to the Council Support Officer for verification, it does not provide any clarification on the designated approver for a submitted claim form.

The Inspectorate was advised that the CEO is responsible for authorising payments. However a review of three randomly selected completed claim forms did not support this. The forms were signed off variously by the Director Corporate Services, the Administrative Support Officer, and the Executive Assistant to the CEO.

Recommendation

- Approval process to be formalised in the Councillor Reimbursement Policy and adhered to.

Government grants

Councils are responsible for the management of public funds, which include federal and state government grants and ratepayer contributions. The importance of responsible administration of council grants cannot be overstated.

The examination identified that there are operational standards to be followed in the management of recurrent grants. Performance criteria, acquittals, and regular meetings with the grantors form part of the governance requirements.

Similarly in regard to non-recurrent grants there appears to be an appropriate process in place to manage the process. Although council is always actively seeking opportunities for grants, applications are required to be strategically aligned to the corporate plan and budget with appropriate sign off or approval from directors or managers.

The CEO recently recommended that councillors should be briefed prior to the council applying for a grant. If this is to be the case, it is to be included in the process documentation.

Recommendation

- Where any changes to the process are agreed upon, the process document be updated accordingly.

Community grants

Council must manage its processes for the distribution of grants across the community in a fair and transparent manner.

A review of the council website identified that detailed information is provided regarding grant funding opportunities and eligibility. While the grant information was updated from the 2018 period to the 2019 period during the examination, the guidelines document that includes online application information no longer appeared to be available.

The Community Grants Program policy adequately details the process to be followed, however it does not specifically indicate who is responsible for ensuring applications meet the criteria, who makes the recommendations, and who is responsible for sign-off on the recommendations prior to going to council.

A review of three randomly selected grants confirmed that an assessment sheet had been appropriately completed, however there was no means of identifying which staff member had completed the assessment, with no name or sign-off included on the form.

Recommendations

- Ensure that all relevant information is available on the council website.
- A provision be included on the assessment form that allows for the assessors name and sign-off to be recorded.

Delegations

Under the Local Government Act and a wide range of other Acts and Regulations, council, the CEO and the municipal building surveyor can delegate powers, duties and functions to special committees and council staff. The delegation process is essential to ensure actions and functions are lawfully exercised.

The examination identified that the delegation from the council to the CEO had been reviewed in accordance with legislative requirements, at the March 2017 council meeting. The delegation from the council to council staff was also reviewed in accordance with legislative requirements at the July 2017 council meeting, however the Instrument of Delegation was not executed at this time. It was noted that the delegations were subsequently reviewed in April 2018, at which time the Instrument of Delegation was correctly executed. Operating without correctly-executed delegations raises potential legal and financial risks for the council.

It was confirmed that the council subscribes to the Maddocks model for updating delegations, receiving half-yearly updates of any legislative amendments that may affect the statutory powers of the council. A process document was also provided that outlines the necessary steps when a delegation review is required.

Recommendations

- Council must ensure that whenever a review of a delegation takes place, it is authorised via a resolution of council, and the instrument of delegation is executed accordingly. This can be included in the governance schedule.
- Council assess whether there are legal and financial risk for the period in which the Instrument of Delegation were not executed.

Authorised officers

Section 224 of the Act and various other Acts and Regulations allow for council staff and contractors to be appointed as authorised officers. Authorisations enable staff, particularly those with enforcement responsibilities, to undertake their roles. The authorisations allow for powers of entry and the institution of proceedings

To demonstrate adherence to the appointment process, council provided minutes of council meeting 26 June 2018, whereby a resolution of council was passed appointing and authorising members of council staff in accordance with the Planning and Environment Act 1987. The Instrument of Delegation contained the common seal of council, and was appropriately signed by the mayor.

Three identification cards were reviewed to ensure compliance with the Act. Each was found to contain a photo of the officer, the signature of the officer, and the signature of a member of council staff (in these cases, the CEO) as required by the legislation. It was also

confirmed that council maintains a register containing the names of all current authorised officers.

Systems/record keeping

The Public Records Act requires the effective management of records made or received by a [public officer](#) – which includes council staff - in the course of their duties. Record keeping practices that meet legislative requirements ensure records are kept secure and allows for them to be made readily available to the public and other government entities, which is an important function of councils.

The importance of these issues was highlighted in 2017, when an Inspectorate investigation revealed that record keeping at Central Goldfields Shire Council had a major impact on the council's ability to function effectively for the community.

During the course of our examination and in discussion with the IT and Digital Transformation Manager, a number of key issues were identified.

These include:

- The significant number of physical records that are held off site at Linton that was not an approved site.
- The software currently utilised by the council is not compliant with the Victorian Electronic Records Strategy (VERS)
- The number of physical records that are stored in desks and offices
- The large number of documents maintained on personal network drives that are not readily accessible.
- The lack of record system training. It was indicated by the transformation manager that the ALTUS system was not as bad as most people believed it was, rather it was the lack of training that was the major obstacle to it being utilised to the maximum.

It is acknowledged that the council is exploring an option for a shared IT platform with eight other councils that ultimately would, amongst other things, include records management.

Recommendation

- Council should develop an appropriate record keeping strategy to address the identified issues over an appropriate time period.

Procurement

Procurement is an important function for council in expending public funds and obtaining best value for the community. Procurement is a potentially significant governance risk for councils. The intent of the legislation applying to procurement in Victorian local government is to ensure councils and their communities achieve value for money through open and fair competition and in the context of high standards of probity, transparency accountability and managed risks.

The procurement review was twofold: the first involved a series of procurement related questions that focused on the processes generally undertaken by the council, the second being the physical review of a random sample of procurement files/projects.

It was identified that the council had a procurement policy that had been reviewed in accordance with legislative requirements, most recently adopted at the 22 May 2018 council meeting. The policy was considered to be sufficiently detailed, including clear instructions for purchases with values below the legislative thresholds.

At the outset, the Inspectorate was made aware of some concerns raised by the former Procurement Officer. The concerns related to:

- the failure of the council to execute formal contracts with suppliers
- a lack of historical data being maintained in council systems
- completed files not being reviewed from a probity perspective
- failure to monitor cumulative spend to suppliers
- relevant guidance material not being updated since 2014
- a failure to review/improve governance controls, including policies, procedures, and systems.

It should be noted that a request was made to council on 22 November 2018 for the provision of a list of lump sum contracts awarded by council in excess of \$25,000 for the previous two-year period.

Council was not in a position to provide the information as requested, as record keeping practices were inadequate.

It is acknowledged that the procurement area has had difficulty in attracting/retaining experienced staff in recent times.

Below are the issues raised through interviews with staff, which essentially confirm the issues previously highlighted.

1. Documentation of processes

Standard procurement processes were not documented or updated. The procedure manual was outdated as was the Standard Operations Procedure. Procurement documentation that did exist lacked suitable version control. This provided minimal guidance to staff.

2. Cumulative spend

It was established that until recently, the council had no mechanisms in place to monitor the cumulative spend to individual suppliers. As a result, council made payments to suppliers in circumstances that should have been subject to an open tender process when payments to individual suppliers exceeded the legislative threshold.

3. Execution of contracts

It was established that successful tenderers were not required to execute a formal contract, with the council only requiring them to sign a 'letter of agreement'. Examples were given of a roadside slashing project, a cleaning project, and the ongoing purchasing of bulk fuel as instances where payments were being made without a formal contract.

4. Accountability and management

There was limited oversight of the work undertaken by procurement staff. Poor practice was not identified or dealt with, exposing the council to significant risk. Process risks were rarely managed or mitigated. This is particularly significant given the community centre and shire office capital works projects currently underway.

It was noted that there was inconsistency between the views of staff and that of management. While management acknowledged there were improvements that could be made, and needed to be made going forward, there was a view from staff that management didn't give priority to improving general procurement practices.

5. Training

Sourcing specific procurement training was the responsibility of individual staff members. Structured and formal training was ad-hoc and did not appear to be promoted or supported.

6. Reporting

Reporting was produced on an ad-hoc basis, and did not capture important information such as contracts that were due for review/renewal. Reports that were produced could not be relied upon due to a combination of factors including poor procurement/finance systems.

7. Collaboration

There is a view that council would benefit through cooperation with other organisations in the area such as council networks in providing procurement services.

Recommendations

- Council, as a matter of priority, develop a strategy to address the issues identified above in the management of procurement.

Documentation review

The Inspectorate, as part of the review, randomly selected five files to assess the end-to-end evaluation process undertaken by council. Documentation was requested to demonstrate adherence to the council procurement policy, section 186A of the Act, and that fair, honest and transparent evaluation practices had been carried out.

As the list of contracts was not available, the Inspectorate identified a number of recent procurement files to review. Relevant documentation was requested from council for the following tenders:

- Supply of Motor Graders x 2 GPS - RFT20-2018
- Construction of the Victoria Park Netball Courts Upgrade GPS-RFT24/2018
- Construction of Linton Recreation Reserve Football Lighting GPS-RFT24/2018
- Internal Auditing Services GPS-RFT11-2018
- Bitumen Emulsion GPS-T9/2017

1. Process issues identified

- Not all completed files contained a detailed procurement plan.
- Not all completed scoring matrix documents contained the sign-off of any/all of the tender evaluation members to confirm individual or consensus ratings.
- Scoring matrix was completed, where not all of the panel members participated in the evaluation process, but no explanation was given as to why.
- Instances where tender evaluation panel members listed in the report were not those that conducted the evaluation. No explanation to outline why panel members were substituted.
- Not all tender evaluation reports contained the sign off on the tender evaluation panel members in support of the panel recommendation.
- One of the evaluation processes was finalised without a written tender evaluation report being completed.
- Tender evaluation reports did not contain the signature of a suitable delegate (CEO or Director) in support of the recommendation of the tender evaluation panel prior to the report going to council for formal approval.
- Not all files contained signed conflict of interest and confidentiality agreements by panel members.

Recommendations

- Review systems and process relating to procurement to ensure they meet the requirements of the procurement policy, the Act and that the process is fair and transparent.
- Relevant training should be provided for procurement staff to ensure they are fully aware of their roles and responsibilities.

