

# Fact sheet: Governance examinations

Governance is the system for making and implementing decisions and ensuring staff are held to account for those decisions.

Good governance provides the community with confidence that decisions are being made by their council in a transparent and accountable manner and are in the community's best interests.

The Local Government Inspectorate conducts governance examinations of Victorian local councils to assess compliance with the *Local Government Act 2020* and make recommendations for future improvements.

This program aims to give councils tools to improve compliance, transparency and develop best-practice processes.

## Types of governance examinations

We typically conduct two types of governance examinations:

- examine an individual council across a range of governance processes and practices
- examine a particular topic or theme across all councils or a selected group of councils

## Governance examinations of individual councils

The program aims to:

- provide an independent assessment of key council practices
- review the effectiveness and efficiency of selected governance processes
- assist councils to achieve clear and transparent governance, mitigating the risk of possible breaches of the Act.

## The examination process

### STEP 1

We'll contact you to propose a date for the examination.

### STEP 2

You'll receive information on how to prepare for the examination.

### STEP 3

We'll confirm the examination date with you and discuss any other arrangements.

### STEP 4

The examination is conducted at the council office over three to four days, and includes:

- initial meeting with council CEO and nominated representatives to outline the examination process
- review of requested materials or documents
- discussions with relevant council staff
- exit meeting to briefly discuss preliminary findings.

### STEP 5

We will prepare an examination outcome report, including enforceable recommendations and suggested process improvements where identified.

After the examination:

- Your council will receive a draft governance examination report, including our recommendations.
- You are to review our findings, and respond with an action plan that details how you will address our recommendations
- We will consider your comments and your proposed action plan.
- A final agreed audit report and action plan will be forwarded to council.

### STEP 6

At an agreed date 6-12 months after the examination, we will re-visit the examination to confirm that the agreed actions have been completed.

### STEP 7

Outcome of review provided to council.

### STEP 8

Examination closed.

## Topic or theme-based examinations

We can do broad governance examinations across all councils, or a selection of councils looking at a particular theme or topic. The aim of these examinations is to test council compliance, with an aim to improve compliance generally across the sector. We will also work with individual councils where significant issues are identified.

We choose the theme of our examinations based on information we receive from our investigations, councils

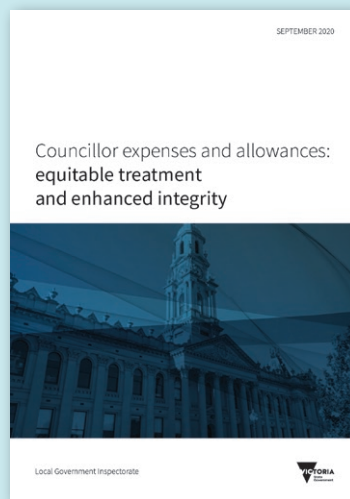
or the public which may suggest there are systemic issues across the sector. We also respond to legislative change.

Our findings, including any recommendations, are made known to the sector through our reports, newsletters, or in a small number of cases, directly back to an individual council.

Our recommendations may also be directed to council peak bodies, Local Government Victoria or the Victorian Government.

### Some of our recent governance examinations include:

- a review of personal interest declarations of councillors
- a review of councillor expenses and allowances
- a review of employment arrangements of council chief executive officers.



The reports on our governance examinations are available on [the reports section](#) of our website.

When we conduct an examination, we aim to identify examples of good governance, that can be shared across the local government sector in Victoria. We publish these example examples of council policies on our website to help councils learn from each other.

We also publish [case studies about common breaches](#) of the Local Government Act.

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### Local Government Inspectorate

Encouraging higher standards of integrity, accountability and transparency in local government

Level 27, 1 Spring Street, Melbourne, Vic 3000 | [✉ inspectorate@lgi.vic.gov.au](mailto:inspectorate@lgi.vic.gov.au) | [📞 1800 469 359](tel:1800469359) | [🌐 www.lgi.vic.gov.au](http://www.lgi.vic.gov.au)