

**ORDINARY COUNCIL MEETING
24 AUGUST 2009**

9.	OMBUDSMAN VICTORIA REPORT
LOCATION/ADDRESS:	N/A
EXECUTIVE DIRECTOR:	CATHY HENDERSON, ACTING EXECUTIVE DIRECTOR ORGANISATION SYSTEMS & SUPPORT
PREPARED BY:	CATHY HENDERSON
FILE NO.:	
ATTACHMENTS:	1. IMPLEMENTATION OF OMBUDSMAN VICTORIA RECOMMENDATIONS 2. OMBUDSMAN VICTORIA – A REPORT OF INVESTIGATIONS INTO THE CITY OF PORT PHILLIP

1. EXECUTIVE SUMMARY

- 1.1 Ombudsman Victoria has released a report about a range of procurement, governance, conflict of interest and misconduct matters at the City of Port Phillip, and made a series of recommendations. The report was tabled in Parliament on 12 August 2009.
- 1.2 The Mayor has publicly indicated that all recommendations of the Ombudsman's report will be implemented.
- 1.3 This council report summarises how implementation of the Ombudsman's Recommendations will occur.

2. RECOMMENDATION

That Council:

- 2.1 Receives the Ombudsman Victoria report 'A report of investigations into the City of Port Phillip'.
- 2.2 Endorses the implementation of all recommendations set out in the Ombudsman Victoria report.
- 2.3 Requests that regular progress reports on implementation be provided to the Audit Committee and to the Council.

3. BACKGROUND AND CONTEXT

- 3.1 The Ombudsman conducted investigations into the City of Port Phillip as a result of whistleblower disclosures in 2007 and 2008 and also as part of an 'own motion' enquiry into procurement commenced in July 2008.
- 3.2 The Ombudsman's report is included here as Attachment 2.

- 3.3 Wider context for the report includes:
- 3.3.1 The council elected in November 2008 has a strong commitment to be transparent and accountable in its decision making. New governance principles have been adopted which sets out the council's commitment to good governance.
 - 3.3.2 In the time since the period which was investigated in the report, significant personnel and structural changes have taken place. The Council appointed a new Chief Executive Officer, who commenced on 18 May 2009. Four new General Managers are commencing in late August and September 2009.
 - 3.3.3. In 2009 the Council has strengthened Audit Committee's terms of reference with clearer process and accountability requirements.
 - 3.3.4 The CEO has appointed a Manager Internal Audit who will coordinate reviews and improvements to a range of council's processes, systems and overall control environment.
 - 3.3.5 The Council commissioned an external review of tendering processes, practices and documentation which was received in August 2008. Nineteen of the actions recommended in that report have been completed, with three actions well underway.
 - 3.3.6 Tendering has been centralised with a new Contracts Unit created within the Governance & Risk department in February 2009. A new tendering policy was adopted in April 2009 setting out a strong accountability framework and new tendering processes. This policy was subject to internal audit immediately after its development and was assessed as "strong" in policy, procedures and control environment.
 - 3.3.7 An array of staff training has taken place, as part of a comprehensive staff training approach. Training sessions in the past six months have included training in compliance, conflict of interest and tendering.
 - 3.3.8 Restrictions in the purchasing system have been strengthened, including a requirement that each purchase order raised must now be authorised by the initiating officer's supervisor.

4. DISCUSSION

The Ombudsman's report sets out 21 recommendations. Commentary on the implementation of each of these recommendations is set out at Attachment 1.

4.1 ALIGNMENT TO COUNCIL PLAN

- 4.1.1 The Council Plan 2009-2013 addressed the anticipated Ombudsman report as part of Council's key direction of "Engaging and governing the City" and Council's commitment to good governance and transparent decision-making.
- 4.1.2 The Council Plan, under strategy 1.4.2, commits to "ensuring a strong commitment to ethical behaviour and a culture of compliance with

legislation". One of the actions associated with this strategy is "Respond to any issues arising from the Ombudsman's report".

4.2 POLICY IMPLICATIONS

4.2.1 The Ombudsman's recommendations include recommendations to review and amend purchasing and tendering policies.

4.3 FINANCE / RESOURCE IMPLICATIONS

4.3.1 A range of organisational changes have taken place since the last Council election in November 2008 including the engagement of the Manager Internal Audit.

4.3.2 Additional resources have already been allocated to the centralised tendering unit (Contracts Unit).

4.3.3 Further resource reallocations may be required in order to support the implementation of the Ombudsman's recommendations.

4.4 LEGAL & RISK IMPLICATIONS

4.4.1 The Ombudsman Victoria report outlines a range of areas where the Council needs to take action. There are significant legal and reputation risks.

5. OFFICER DIRECT OR INDIRECT INTEREST

5.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.