

# **City of Port Phillip**

## **Councillor Expenses**

### **Internal Audit Report**

**(Extract of relevant body of report)**

***CONFIDENTIAL***

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September 2020

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# Executive Summary

We have assessed the processes and key controls relating to reimbursement of Councillor Expenses. From a maturity perspective, we have rated the process as ‘Established’ with many of the key control elements in place although improvement is required. The residual risk has been assessed as ‘High’ based on public allegations and identified non compliances/control gaps.

Apart from compliance breaches identified by Council in relation to use of Myki cards for personal travel and concerns raised publicly over specific childcare claims (our assessment is reported separately), our sample testing concluded that Councillor reimbursements were generally compliant with the Councillor Support and Expenses policy (2016). We could not confirm trips on Council Myki cards were only for Council business due to limited trip details.

Improvements are required to ensure Councillors understand expectations of them in relation to expense claims as to strengthen controls over how Council validates expense claims. Due to limitations in how Council can validate some expenses (eg Myki) there remains significant reliance on the integrity of Councillors ‘to do the right thing’ and be diligent. With junior Council staff approving claims and limited guidance in current Policy, difficulties can arise in challenging Councillors on expenses subject to interpretation.

We have assessed the updated Draft Councillor Support and Expense Reimbursement Policy (2020), and believe it reflects many of the improvements required. We have recommended some additional elements to consider in finalising the Policy.

The results from the Councillor Expenses survey (completed by 7 Councillors) highlighted that, in general the revised draft Policy (2020) was understood but with opportunities to provide additional guidance.

Once the new Policy is approved, Councillors and Council staff should be briefed on the requirements, with examples so the intent is understood and is formally acknowledged.

The key recommendations for improvement are:

| Key recommendations  |
|--|
| Policy and Training – Update Policy with improvements, link to Councillor Code of Conduct & deliver training to Councillors & Council staff.                                 |
| Claim Approvals - Implement verification of Councillor attendance at Council events; and formal approval of Cabcharge costs by Councillor’s Office prior to invoice payment. |
| Public transport expenses – Implement Councillor declarations for monthly public transport costs on Council MYKI cards and learnings from investigation of personal use.     |
| Childcare claims – Implement requirement that proof of payment be attached to claims and process to verify no duplicate claims.  |
| Implement Councillor expenses compliance program including quarterly attestation by Councillors.   |

# Context

**\$22,105**

Total expenses incurred by Councillors (2019-20 financial year - 10 months ended 30 April 2020)

**\$3,361**

Amounts refunded by the Councillors in relation to personal expenses

(relates to claims submitted 2016 to 2020)

| Expense Category  | Cab Charges | Mobile Phone | Internet Access | Public Transport | Transport Expenses | Conference and Courses | Bicycle allowance | Childcare Expenses |
|-------------------|-------------|--------------|-----------------|------------------|--------------------|------------------------|-------------------|--------------------|
| <b>Total</b>      | \$958       | \$ 2,899     | \$ 9,277        | \$ 1,192         | \$ 540             | \$ 3,907               | \$ 343            | \$ 2,972           |
| <b>% of Total</b> | 4 %         | 13%          | 42%             | 5%               | 2%                 | 18%                    | 2%                | 13%                |

Councillor expenses are governed by the City of Port Phillip Councillor Support and Expense Reimbursement Policy, 2016. The council is currently in the process of drafting a revised Councillor Expenses and Support Policy.

## Councillors' Expenses

CoPP has nine elected councillors including the Mayor. As part of fulfilling their role, councillors are eligible to receive resource support and the reimbursement of reasonable out of pocket expenditure incurred in performing duties as Councillors. *The Councillor Expense Reimbursement Policy, 2016* sets out the principles and processes to be followed when claiming for any such support.

All expenses up to the amount of \$ 10,000 are approved by the Team Leader - Executive and Councillor Services as per the Council's financial delegation of authority.

Where the policy is silent or subject to interpretation, guidance and approval is obtained from the Governance team before the expense claims / reimbursements are approved by the Team Leader.

Expenses are either reimbursed through the submission of expense forms, or paid by Council direct to suppliers (eg Cabcharge).

## Refunds for expenses identified to be of personal nature

During the year 2019-20, due to follow up by Council staff, some Councillors subsequently reviewed their Myki incurred expenses. From this review, some Councillors repaid monies to the Council in relation to expenses which were identified by the Councillors to be of a personal nature and had been previously reimbursed/paid by the Council.

These refunds covered expenses between 2016 and 2020. Refunds received by the Council as at 28 April 2020<sup>^^</sup> were:

| Councillor name     | Period covered/Type                             | Refund Amount    |
|---------------------|---|------------------|
| Cr Tim Baxter       | 2016 to November 2019 – Myki costs              | 2,803            |
| Cr Ogy Simic        | 23 September 2017 to February 2020 – Myki costs | 454 <sup>^</sup> |
| Cr Marcus Pearl     | 24 April 2019 to 22 May 2019 – Myki costs       | 22               |
| Cr Andrew Bond      | March 2019 to August 2019 – Myki costs          | 78               |
| Cr Katherine Copsey | March 2019 to August 2019 – Myki costs          | 4                |

<sup>^</sup>includes \$245 for refund of childcare reimbursements.

<sup>^^</sup> Councillor David Brand advised that he had made a refund payment of \$53.20 in late May 2020 (after the date of the refunds listed above).

Our internal audit included assessing the validity of Myki incurred expenses and improvements required to ensure accountability and integrity.

## Scope and Results

Presented below is the scope of our work and results of our assessment of the key controls and activities associated with Councillor Expenses and adherence to the 'Councillor Support and Expense Reimbursement policy'.

| Scope Area   | Procedure  | Ref to Finding                      |
|--|--|-------------------------------------|
| <b>Councillor Support and Expense Reimbursement Policy</b> | <ul style="list-style-type: none"> <li>Assess Councillor Support and Expense Reimbursement Policy (2016) and Revised Draft Councillor Support and Expense Reimbursement Policy (2020) and identify improvements by reference to good practices and other Councils.</li> </ul>  | 1                                   |
|  | <ul style="list-style-type: none"> <li>Seek feedback from Councillors by way of a survey on their experience with the Councillor Support and Expense Reimbursement Policy 2016 (and 2020) and opportunities for improvement.</li> </ul>  | 1                                   |
| <b>Expense Reimbursement Compliance Testing</b>            | <ul style="list-style-type: none"> <li>Conduct sample testing of compliance with Councillor Support and Expense Reimbursement Policy (2016) for the period 1 July 2019 – 29 February 2020. Sample includes all Councillors and different expense types during the period.</li> </ul>   | Refer 'Policy Adherence Assessment' |
|  | <ul style="list-style-type: none"> <li>Test a sample of travel claims for all Councillors.</li> </ul> <p>Examine where Council provided Myki cards have been used for personal and Council business, and assess reasonableness of investigation and resolution processes, and recommend any process / control improvements).</p> | Refer 'Policy Adherence Assessment' |

### Scope Limitations

Whilst we have assessed the expense claim, approval and reporting processes surrounding expense reimbursements to Councillors, we have not assessed the broader accounts payable and banking processes. For some expense types (Myki cards) we were unable to validate costs related to Council business.

# Policy Adherence Assessment

Presented below are the results of our sample testing of adherence to the Councillor Support and Expense Reimbursement Policy (2016) for the period 1 July 2019 – 29 February 2020.

Our sample of 56 expenses included all 9 Councillors and included testing at least one of the following expense types from each Councillor where relevant - both expense reimbursements and expenses paid direct by Council.

| Procedure / Key Control                               | Council paid expenses     |                    |                              | Reimbursements / Paid by the Council |                     |                       |                  | Refer to Finding |
|---|---------------------------|--------------------|------------------------------|--------------------------------------|---------------------|-----------------------|------------------|------------------|
|   | Public Transport expenses | Cabcharge payments | Mobile expenses <sup>2</sup> | Training/ Conferences                | Childcare reimburse | Taxi / Uber reimburse | Bicycle expenses |                  |
| Sample Size   | 7                         | 5                  | 8                            | 6                                    | 6                   | 21                    | 3                |                  |
| Adequate supporting documentation                     | ●                         | ✓                  | ● <sup>2</sup>               | ✓                                    | ✓                   | ✓                     | ✓                | 4                |
| Expense validity (per Policy) <sup>1</sup>            | ✗                         | ✓                  | ● <sup>2</sup>               | ✓                                    | ●                   | ✓                     | ●                | 2, 4             |
| Validation of expenses by Council Staff               | ○                         | ●                  | ● <sup>2</sup>               | ✓                                    | ●                   | ●                     | ✓                | 3, 4             |
| Approval of expenses per Council Financial Delegation | -                         | ✓                  | ● <sup>2</sup>               | ✓                                    | ✓                   | ✓                     | ✓                | -                |

**Notes:**

- Expense validity per Policy includes:
  - validity of the expense type
  - whether the dollar value of the claim is within limit (if provided in the policy) or reasonable.

*\*For Public transport expenses (Myki), PTV statements do not include touch-off location for each individual trip. This limits the ability to validate if trips/expenses incurred on public transport were for Council business.*

- Mobile expenses for councillors are through a common subscription for whole of council which is paid directly by the IT team. This is a \$29 unlimited calling and 3 GB data plan per subscription with data being shared across the organisation. As previously the Councillors were on different plans, there are variations in the amounts that are costed to each of their cost centres. This should resolve when the previous plans expire. The Councillors are not requested to submit a declaration of use for Council business purposes only as the amount is considered insignificant and the plan includes unlimited calling.

| Key | Description   |
|-----|---|
| ✓   | Key control mechanisms are appropriately designed to enable adherence to policy                             |
| ●   | Most elements of the control design are appropriate with minor opportunities to improve the design.         |
| ○   | Some elements of the control design are appropriate, with considerable opportunities to improve the design. |
| ✗   | The control design is not appropriate, or control not in place.   |

# Findings and Recommendations

We have provided below recommendations to assist you in addressing the areas of systemic non-adherence identified during the procedural adherence internal audit

|          |   |                                  |
|----------|---|----------------------------------|
| <b>1</b> | <b>Councillor Expense Policy Enhancements and Oversight</b> | <b>Priority</b><br><b>Medium</b> |
|----------|---|----------------------------------|

## Finding

While the draft Councillor Support and Expense Reimbursement Policy (2020) has been significantly improved to provide clarity and address many of the shortcomings experienced in recent years, there are opportunities to further guide Councillors and Council Officers in relation to selected expense categories and also to reflect reporting requirements as per the new Local Government Act (2020).

Our assessment of the draft 2020 policy against better practice and policies of other similar councils as well as the Councillor expense survey results identified the following additional areas for improvement:

- **Internet Expenses** - Policy is to pay up to \$600 pa as an internet allowance to all Councillors. This does not allow the Council to account for the actual internet costs incurred by the Councillors or those Councillors who do not subscribe to an internet service. *One of seven survey* respondents also indicated that internet expenses should be based on reimbursement if the Councillor is using home internet, as some Councillors may not have an internet but get still the allowance. *Another respondent* indicated that Council should provide the Councillors with an unlimited data plan.
- **Documentation to support expenses** - The policy does not provide the type of supporting documentation that is required to be submitted along with each expense claim.
- **Section 40 (2) of the new Local Government Act, 2020** - requires a Council to provide details of all reimbursements to the Audit and Risk Committee. The draft policy 2020 is silent on these reporting requirements. Refer **Appendix 3** for further details.

Refer to **Appendix 1** for an assessment of the draft Councillor Expenses & Support Policy against better practices and other recommended improvements to Policy, and **Appendix 2** for the Councillor Expenses Survey results.

## Recommendation

Assess benefits and update as appropriate the draft Councillor Support and Expense Reimbursement Policy (2020) to include:

- **Internet Allowance:** Substantiation required to be submitted by Councillors for claiming the allowance. Consider using the data plan provided with the mobile phone subscription or provide reimbursement for a portion (up to 75%) of their private internet plans.
- **Examples of supporting documentation required:** Provide a matrix of supporting documentation required to be submitted for each expense category.
- **Reporting to Audit and Risk Committee:** Include a clause in the policy that states the frequency of reporting of Councillor expenses and reimbursements to the Audit and Risk Committee.
- **Claims approval** - Implement requirement that all claims for selected expenses are approved by a senior Council Officer.
- **Expense Documentation** – requirement for proof of payment made by Councillors to be attached to claim submission (eg receipt or statutory declaration that cost has been incurred)

Refer to **Appendix 1** for an assessment of the draft Councillor Expenses & Support Policy against better practices and other recommended improvements to Policy.

| <b>Agreed Management Actions</b>   | <b>Responsibility</b>     | <b>Date for completion</b>  |
|--|---------------------------|---|
| <p>i. Develop new Interim Councillor Expenses and Support Policy to include all policy enhancements identified in the audit – internet allowance, examples of required supporting documentation, frequency of reporting to Audit &amp; Risk Committee, Claims approval process, expense documentation requirements.</p> <p>ii. Present the Interim Councillor Expenses and Support Policy to Council for endorsement which is required to be adopted by 1 September 2020 under the Local Government Act 2020.</p> <p>iii. Undertake a community engagement process prior to the commencement of the Caretaker period – with feedback received through this process to be presented to the new Council for consideration before reviewing and adopting the Councillor Expense Policy.</p> | <p>Head of Governance</p> | <p>i. Completed</p> <p>ii. Completed</p> <p>iii. 28 February 2021</p> |



2

**Compliance testing**

Priority

Medium

**Finding**

Our sample testing identified the following instances of non-compliance with the Councillor Expenses and Support Policy (2016) and some opportunities to ease the administrative efforts required of the Council staff in enforcing the current policy.

- **Bicycle Maintenance Allowance** - Our testing identified 'Ziener Dixon gloves' (\$51) were claimed as part of annual bicycle maintenance which is inconsistent with Policy. Council management will rectify this upon discussion with the Councillor. The policy does not provide details of the type of expenses that can be claimed under this expense category.
- **Babysitter/child care expenses** – Our sample testing identified 3 expense reimbursement claims where "minimum 3 hours" were charged by the baby-sitter despite the actual council business / activity running shorter than three hours. Council staff advised that the Governance team had provided approval for these claims can be approved. The 2016 policy does not provide guidance on Council's position with respect to minimum payments charged by childcare service providers.

*The updated draft Councillor Expenses & Support Policy (2020) addresses this matter.*

- **Timeliness in submitting claims** - The policy is silent on the time-frame within which claims for reimbursements need to be submitted by the Councillors.

From our sample of 60 expense reimbursements tested, four expense claims were submitted more than 60 days after the date the expense was incurred, which is a significant delay.

*The updated draft Councillor Expenses & Support Policy (2020) requires expense claims be submitted with 30 days from the date of expense.*

**Recommendation**

- a. Bicycle maintenance allowance: Update Policy to include examples of the type of expenses that can be claimed under this category.
- b. Follow up Councillor and recover the \$51 for the Ziener Dixon gloves.

| Agreed Management Actions   | Responsibility     | Date for completion |
|---|--------------------|---------------------|
| a. Agree. Update the new Interim Councillor Expenses and Support Policy to include details of the type of expenses that can be claimed under Bicycle maintenance allowance – refer section 4.19.3 | Head of Governance | Completed           |
| b. Follow up Councillor and recover the \$51 for the Ziener Dixon gloves.   | Head of Governance | 31 October 2020     |

## 3

## Council validation of expenses

Priority

Medium

**Finding**

While some checks of Councillor expenses are performed by the Councillors' Office to ensure the validity of the expenses / claims (eg. cross check to Councillor diaries) prior to processing by Finance, we noted the following checks are not conducted which could result in invalid claims being processed.

**a. Verification of Councillor attendance**

There is no verifying of attendance records (where relevant) to confirm the Councillor actually attended the specified event. Calendar entries are however verified to confirm the date and time of the Council business for validating childcare reimbursement claims, taxi reimbursement claims and Cab charge expenses.

**b. Approval of Council funded expenses (Cabcharge, Training)**

For Council funded expenses (eg cabcharge) there is no requirement for the staff from the Councillor's office to formally confirm validity of expenditure to the Finance team prior to processing payments. Specifically:

- **Cab charge** – The monthly invoice received monthly by the Finance team is forwarded to the Team Leader - Councillor Office for validation of individual trips to calendar entries of the Councillor. There is however no requirement for the team leader to confirm approval to pay with the Finance team (they only respond if there is a discrepancy). The Councillors' office raises any discrepancies with the Councillor and the clarification obtained is maintained on record.
- **Training and events** – while the Councillors Office provides approval for the expense if it is within their financial delegation limit, there is no requirement to obtain additional approval from the Mayor or the CEO to attend these training / events (unless it exceeds the annual limit per Councillor).

However for the expense claims we tested, we noted that practice is for approval to be obtained from the Mayor before enrolling for any training.

**For events** - this is by invitation from the organisation or decided jointly by the Councillors in their Councillor Only Time. However, there is no record of approval obtained / decision made to attend these events.

*The draft Councillor Expenses & Support Policy (February 2020) now requires approval from the CEO or their delegate before registering for the event (conferences, events, seminars or workshops).*

**Recommendation****a. Verification of Councillor Attendance (Childcare, Cab charge, taxi/Uber)**

Implement standard procedure requiring that the staff from the Councillor's Office also verifies attendance by the Councillor at the meeting/event (e.g. attendance records / minutes of meeting) prior to approving expense claims. Where there are no attendance records available, require the Councillor to provide details of time they were in attendance at the respective session / meeting.

**b. Approval of Council funded expenses (Cabcharge)**

Implement standard councillor expense approval procedure for Cab Charge, requiring the Team Leader-Councillor's Office provides approval of the cab charge expenses to Finance before the Finance team processes the invoice for payment.

| <b>Agreed Management Actions</b>   | <b>Responsibility</b>                    | <b>Date for completion</b> |
|--|--|----------------------------|
| a. Agree. Update standard procedure for verification of Councillor attendance (eg Childcare, Cab charge, taxi/Uber) and operationalise with Council staff and Councillors. | Head of Councillor and Executive Support | 31 October 2020            |
| b. Agree. Update standard Councillor approval procedure for Cab Charge expenses and operationalise with Councillors' Office and Finance team.                              | Head of Councillor and Executive Support | 31 October 2020            |

4

## Public Transport expenses – validation process

Priority

High

### Finding

As reported in the Audit and Risk Committee report (March 2020) Council staff responsible for managing Councillors transport costs highlighted that some Councillors had far higher costs for transport than others using the Council funded MYKI card.

Council staff reviewed the MYKI transactions statements for all Councillors, and identified one Councillor that was potentially using the Council provided MYKI card for business as well as personal travel. Council staff discussed Myki card expenses with all Councillors, which resulted in five Councillors making refunds of \$3,116 as at 28<sup>th</sup> April 2020 (refer **Appendix 4** for refunds by Councillor) and another Councillor advising he subsequently refunded \$53.20 in late May 2020. The remaining three Councillors advised that all Myki spend was Council business. We noted the following improvements to the Council investigation and Councillor Myki review process:

- Two of the six Councillors made refunds based on a sample of 7 months Myki statements; and not their full term (three Councillors reviewed their full term statements). One Councillor made a refund based on the Myki statement from 1 July 2019;
- Full term Myki statements could have been provided to all Councillors for review and confirmation of Myki travel being all business related; and
- For the refunds, Councillors have not provided any workings to support which trips are valid Council business (including events, dates/times) and which were personal travel (and refunded).

There has also been limited Council verification of Myki expenses previously, specifically:

- Myki PTV statements do not include touch-off locations for each individual trip. This limits the ability to validate if trips/expenses incurred on public transport were for Council business. Without a requirement for an individual to touch-off when they complete the trip, the journey cannot be easily mapped to entries in the Councillor calendars.
- The Council funded MYKI card is auto-topped up whenever the balance falls below \$20. Although Council commenced in January 2020 sending quarterly Myki statements to the Councillors for their review, there is no requirement for the Councillors to formally confirm that all trips are for Council business or provide details of events/dates/times.

Consequently from our sample testing, we were not able to identify if the trips on the Myki statements were for personal travel.

### Recommendation

- a. Update Councillor Expenses Policy to include formal procedure requiring:
  - Councillors review their monthly PTV statements and submit a statutory declaration that all trips for the month were for Council business. In the exceptional situation where any trips are not related to Council business, submit a refund with details of the trip;
  - For all trips, require the Councillors to include the details of the dates; times and event by trip in the statutory declaration.
  - Council staff to match Myki trips to Councillor calendar entries to confirm reasonableness.
- b. Assess option to remove Council funded Myki cards and request Councillors claim reimbursements with supporting details of Council events attended.



| <b>Agreed Management Actions</b>   | <b>Responsibility</b>  | <b>Date for completion</b>  |
|--|--|-----------------------------|
| <p>for their full term, confirming either all business use, or advise personal use (with details) and;</p> <ul style="list-style-type: none"> <li>• Refunds should be based on review of Myki or other card statements for the full-term.</li> </ul>   |  |                             |
| <p>d. Agree. Briefing sessions with all current Councillors reinforcing their obligations regarding the use of Council funded Myki Cards have been undertaken through the new policy.</p> <p>As part of the new Councillor induction process, conduct detailed briefing and education of all Councillors and relevant Council staff in relation to ALL elements of the new 2020 Policy for all expenses, and including:</p> <ul style="list-style-type: none"> <li>▪ obligations on Councillors and Council staff, requirements, expectations and intent of the Policy, including scenarios;</li> <li>▪ reinforcing Councillor’s obligation that Council funded Myki Cards and any other Council issued cards must only be used for Council business; and</li> <li>▪ signed acknowledgement from Councillors and Council staff on Policy understanding.</li> </ul> | <p>Manager<br/>Governance and<br/>Organisational<br/>Performance</p> | <p>31 December<br/>2020</p> |
| <p>e. Agree. Update claims processing procedure to include a quarterly attestation process sign off by all Councillors that ALL their Councillor expense reimbursements and the expenditure funded by Council adhere to the Policy and are only for Council business.</p> <p>Implement quarterly Councillor attestation process with Councillors and Council staff.</p>  | <p>Manager<br/>Governance and<br/>Organisational<br/>Performance</p> | <p>31 October<br/>2020</p>  |
| <p>f. Agree. Develop and implement a compliance monitoring program over Councillor expenses and include in the claims processing procedure and Policy. Conduct briefing of Council staff and Councillors on requirements and expectations as appropriate.</p>  | <p>Manager<br/>Governance and<br/>Organisational<br/>Performance</p> | <p>31 October<br/>2020</p>  |
| <p>g. Agree. Investigate linking the Councillor Expense and Support Policy to the Councillors’ obligations under the Councillor Code of Conduct.</p>   | <p>Manager<br/>Governance and<br/>Organisational<br/>Performance</p> | <p>28 February<br/>2021</p> |

# Appendix 1 - Councillor Expenses Policy Assessment

The following table includes an assessment of the draft Councillor Expenses & Support Policy (February 2020) against better practices for those sections of the policy where we have suggested enhancements for consideration.

| Section     | Description                           | Comments on CoPP Draft Policy (2020)   | Suggested better practice  |
|-------------|---------------------------------------|--|--|
| 1           | Purpose                               | <p>The policy does not define:</p> <ul style="list-style-type: none"> <li>▪ If the Council will reimburse expenses that are:                             <ul style="list-style-type: none"> <li>a. Not explicitly covered by the policy</li> <li>b. Incurred on/by the families of the Councillors</li> </ul> </li> <li>▪ The procedure to claim for such expenses if they are incurred in the course of performing Council Business.</li> </ul> | <p>Include the following clauses in this section:</p> <ol style="list-style-type: none"> <li>1. A clause on how the following expenses will be treated:                             <ul style="list-style-type: none"> <li>○ Expenses which are not explicitly included in the policy but are incurred by the councillors - whether these require special approval from CEO or will not be reimbursed.</li> <li>○ Expenses which are incurred on/by the families of Councillors.</li> </ul> </li> <li>2. Clause on responsibilities of the councillors in regard to not submitting false / altered claims, not utilising council resources for personal benefit, or to further personal business or interests. <i>(Refer to Council's previous policy)</i></li> <li>3. Reference text from the relevant sections of the new Local Government Act, 2020. <i>(Sections 40 to 42 of the LGA, 2020)</i></li> </ol> |
| 4.1         | Office Equipment                      | <p>The policy does not mention whether office equipment provided to the Councillors is required to be returned to the Council at the end of Council term.</p>  | <p>Include a clause in the policy that office equipment provided to the Councillors is to be returned to the Council upon completion of council term.</p>  |
| 4.2         | Parking                               | <p>Policy does not include what respite Councillors may receive if they receive any infringement notice despite displaying the parking permit.</p>   | <p>Investigation options available to Councillor if displaying an 'all areas parking permit' and receives an infringement. Assess inclusion of appropriate process that if a Councillor on Council business receives a parking infringement notice for:</p> <ul style="list-style-type: none"> <li>▪ leaving a vehicle standing for longer than is permitted or</li> <li>▪ leaving a vehicle standing in a residential permit parking area without a permit or</li> <li>▪ leaving a vehicle standing in a residential permit parking area with a permit incorrectly displayed,</li> </ul> <p>the councillor may apply for an internal review of the parking infringement notice. The application must describe the Council business engaged in or the functions the Councillor was performing at the time. The parking infringement notice will be reviewed by the Council.</p>                                |
| 4.3 and 4.4 | Carer Expenses and Childcare expenses | <p>Further clarity needs to be provided in the policy on how the council intends to administer the condition clauses. For instance:</p> <ol style="list-style-type: none"> <li>a. Councillor may need to submit a statutory declaration with each claim that the claim</li> </ol>  | <p>Include a table as an appendix to the policy which lists the required supporting documents to be submitted against each type of claim.</p>  |

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| Section | Description                                      | Comments on CoPP Draft Policy (2020)   | Suggested better practice   |
|---------|--|--|---|
|         |  | <p>adheres to the requirements of clauses 4.3.4 such as the claim only relates to care and no other domestic duties, cost of care is not being covered by any other entitlements, the in-home carer (if engaged) is not a family member, relative or household member.</p> <p>b. Details of certification (Level 2 First Aid qualification, working with children) and proof of registration of business in Australia needs to be attached to the invoice of the carer.</p>  |   |
| 4.11    | Mayor and Councillor Allowances                  | The policy does not clarify the taxability of the allowance and the amount paid in lieu of superannuation.   | Include a clause that states:<br><i>'Allowances and amounts paid in lieu of superannuation are taxable income and Councillors should put in place their own processes for documenting claimable expenses. Personal taxation is the responsibility of each Councillor.'</i>  |
| 4.15    | Technology                                       | <p>This section does not clarify:</p> <ol style="list-style-type: none"> <li>1. whether a Councillor may request all three devices (iPad, Laptop and Mobile phone) or just one</li> <li>2. whether the devices will be provided and maintained by the Council; and</li> <li>3. whether the devices need to be returned to the Council at end of term.</li> </ol> <p>The policy is unclear:</p> <ul style="list-style-type: none"> <li>▪ if a mobile phone subscription will be provided to the Councillors.</li> <li>▪ for mobile phone subscription - there is no mention how it will administer if the usage goes over the defined limit.</li> </ul> | <p>Include in this section:</p> <ul style="list-style-type: none"> <li>▪ whether the council will provide all or one of the devices to the Councillors.</li> <li>▪ include that the devices need to be returned to the Council upon completion of the Council term</li> <li>▪ Guidelines in relation to usage can be included, if necessary.</li> </ul> |
| 4.16    | Attendance at Conferences, Seminars or Workshops | No requirement for providing Council with a written report after attending conferences, seminars or workshops unless they are interstate or international.   | Require the Councillor to provide a report back to the Council after attending conferences, seminars or workshops on the benefits that were derived and the application of these to further Council business.   |
|         | Professional Membership                          | Meaning of "Collective memberships" held by the Council need to be elaborated further.   | Include the following clause from the 2016 Councillor Expenses policy:<br><i>Council will pay for collective Council memberships for peak bodies such as the Municipal</i>  |



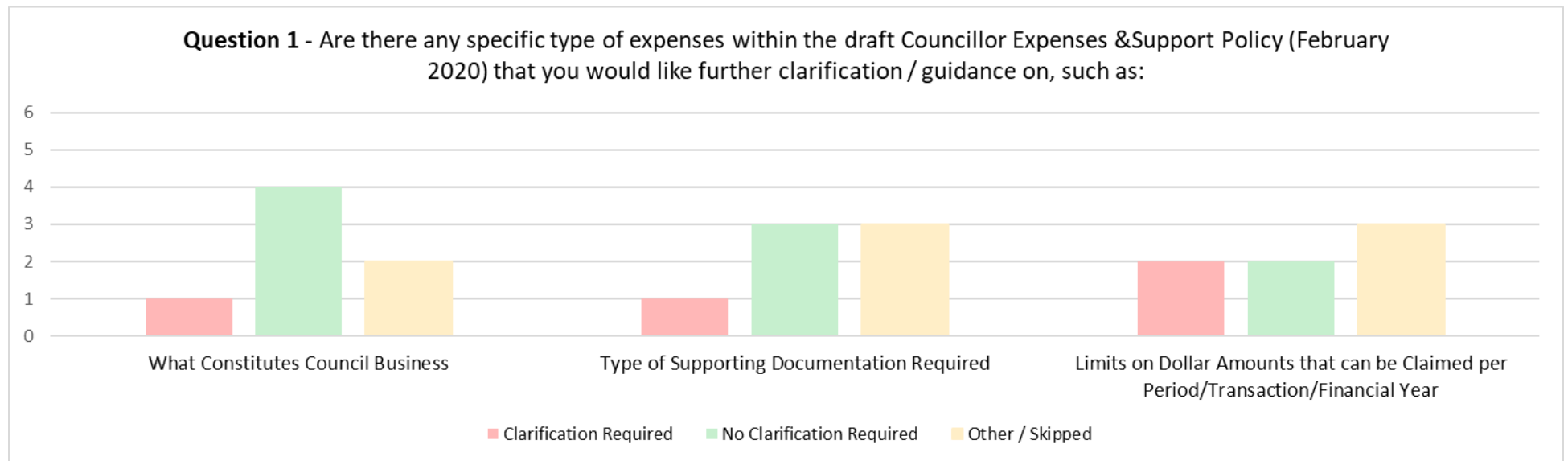
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| Section | Description                  | Comments on CoPP Draft Policy (2020)   | Suggested better practice  |
|---------|------------------------------|--|--|
|         |                              |  | <i>Association of Victoria (MAV), the Victorian Local Governance Association (VLGA), the Australian Local Government Women's Association (ALGWA) and the Institute of Public Administration Australia (IPAA).</i>  |
| 4.17    | Transport                    | While the Council has chosen to include a monetary limit per annum travel expenses, we have not seen this practice in other councils.  | Revisit the limit determined for transportation expenses per councillor and consider the reasonableness of these limits.   |
| 4.18    | Administration of the policy | The policy does not clarify if the budgetary limits prescribed in the policy per expense category are mutually exclusive.  | Include the following clauses in this section:<br>Mention that the budgetary limits for different type of expenses are mutually exclusive and if a Councillor does not claim a particular expense or use a particular facility, this cannot be offset against a claim for an additional amount of some other expense or facility.  |
|         |                              | Policy does not mention what needs to be done in the scenario where the Councillor has lost the tax invoice / receipt or has failed to obtain one at the time of transaction.  | Include the following clause in the policy: <ul style="list-style-type: none"> <li>▪ Receipts and/or tax invoices are to be submitted with the Expense Reimbursement Form. If tax invoices/receipts cannot be produced, the councillor will need to submit a statutory declaration that they incurred the expense while on Council business and provide additional evidence to substantiate the claim.</li> </ul>                          |
| 4.19    | Reporting requirements       | This section does not clarify: <ol style="list-style-type: none"> <li>1. Whether the council conducts any internal audit / annual review of expenses.</li> <li>2. Whether the council will provide details of all reimbursements under this section to the Audit and Risk Committee</li> </ol> | Under section 40(2) of the LGA, 2020 it is a requirement that - <i>A Council must provide details of all reimbursements under this section to the Audit and Risk Committee.</i><br><br>Include a clause in the policy that states the frequency of reporting to the Audit and Risk Committee and the frequency of internal audit / review of expenses to be undertaken by the Council. This should be undertaken at least every two years. |
| 6.3     | Expense reimbursement form   | The policy does not provide the key supporting documentation that is acceptable for each expense category; or<br>In case of loss of tax invoice / receipt, the evidence required as substitute evidence.   | Include an additional appendix in the policy under this section with a table elaborating on examples of the key supporting documentation / substitute evidence required for each expense category.   |
|         | Internet Allowance           | The policy provides for an allowance of up to \$600 per annum to the Councillors. This does not take into consideration the actual spend by the Councillors on internet allowance which may vary.  | Provide required substantiation when claiming the internet allowance of up to \$600.<br><br>Consider requiring the Councillors to use the data plan provided with the mobile phone subscription or provide reimbursement for a portion (up to 75%) of their private internet plans. Other similar councils either provide the Councillors a data plan or reimburse the Councillors a portion (up to 75%) of their private internet plans.  |

## Appendix 2 - Councillor Survey Responses

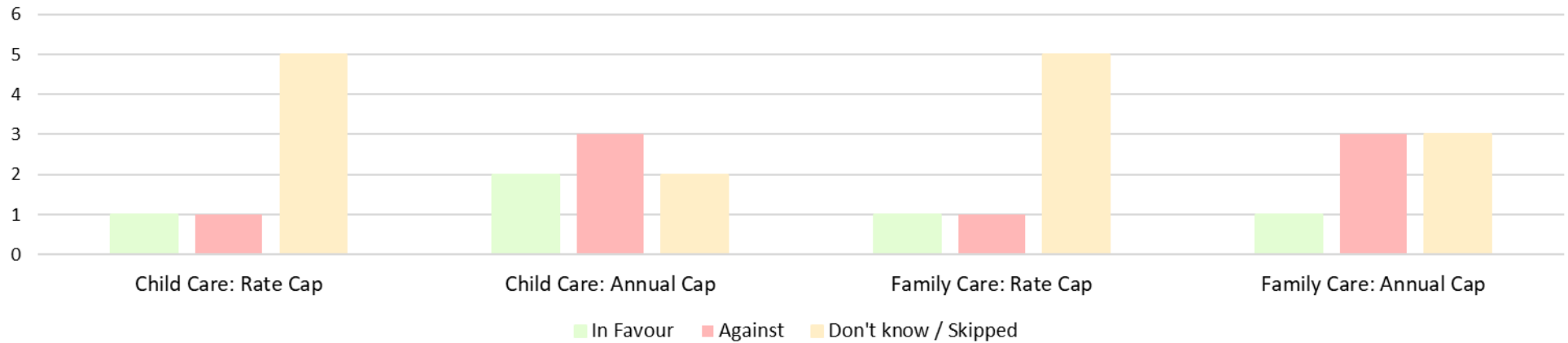
A survey containing nine questions was sent to all the nine Councillors on 11 May 2020. The questions were framed to seek feedback from the Councillors in relation to the draft Councillor Expenses and Support Policy (February 2020) and the Council’s process of Expense Reimbursements. The survey was anonymous.

We received seven responses. Responses to some key questions are summarised below. Where relevant, these have also been included in our findings and policy assessment. The complete set of questions and the responses are provided to the management.

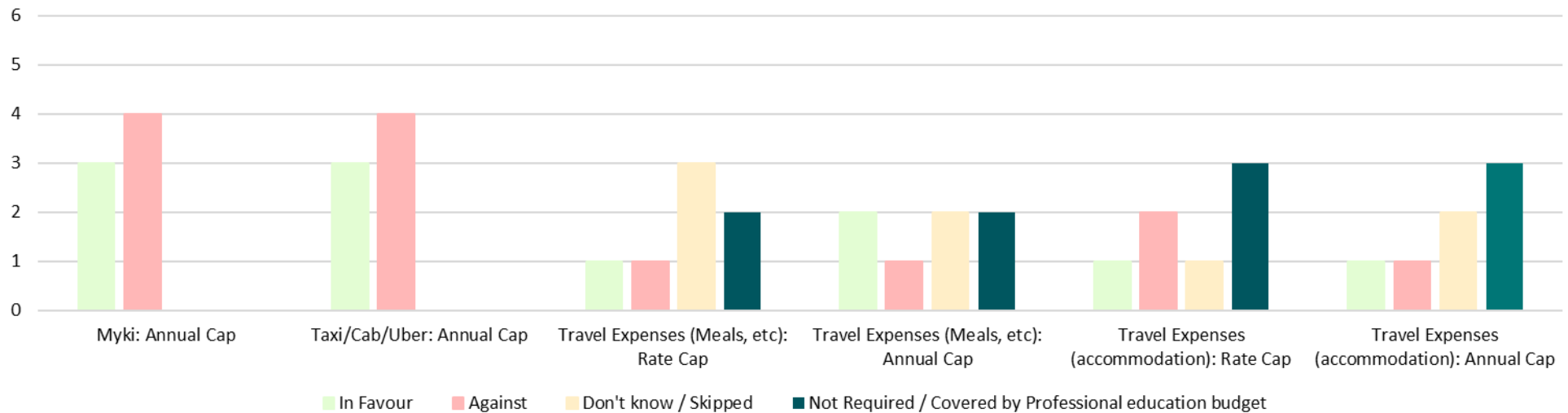


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**Question 2** - In your opinion, for Child care and Family care expenses, what do you believe to be a reasonable dollar limit per transaction/per financial year to support the needs of Councillors and the community.

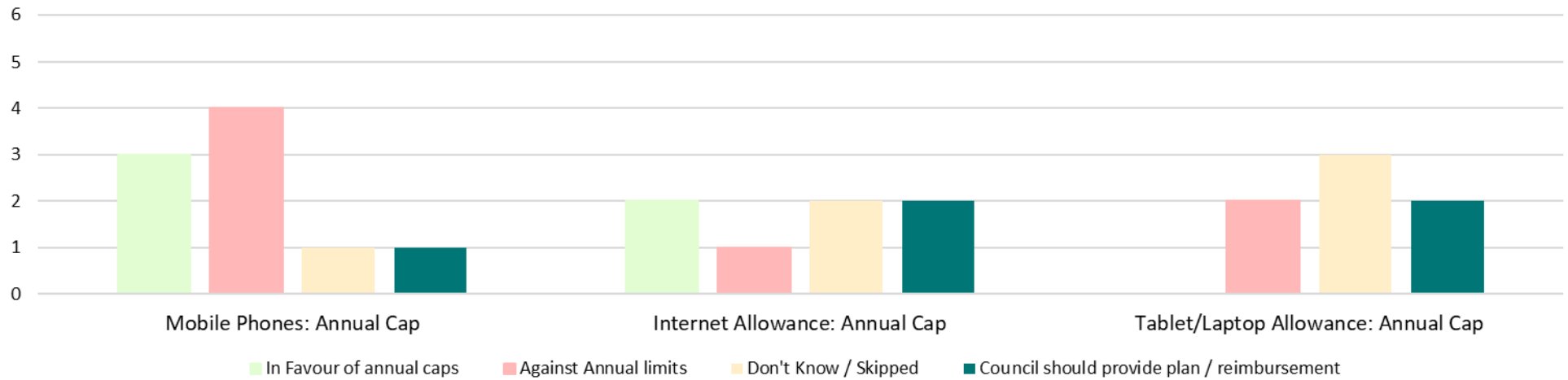


**Question 3** - In your opinion, for transportation and travel expenses, what do you believe to be a reasonable dollar limit per transaction/per financial year to support the needs of Councillors and the community.

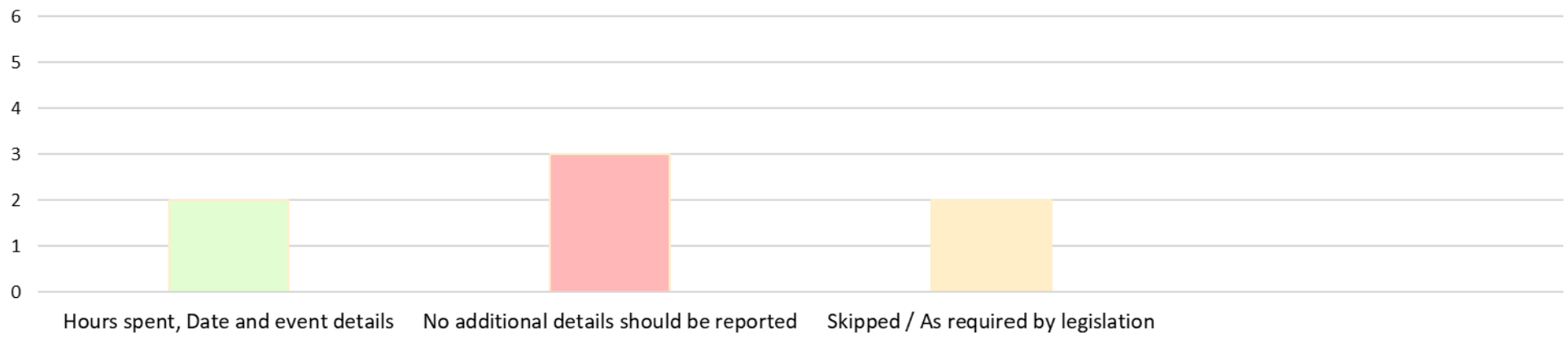


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**Question 4** - In your opinion, for communication expenses, what do you believe to be a reasonable dollar limit per transaction/per financial year to support the needs of Councillors and the community.

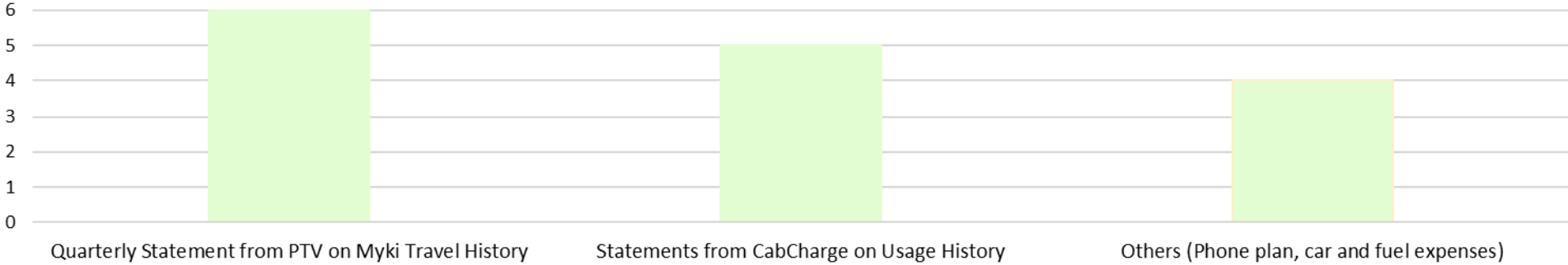


**Question 7** - In terms of quarterly reporting of Councillor Expenses on the Council website (i.e. expense type and value by Councillor), what additional details do you believe need to be included in the quarterly report to enhance transparency of the expen



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**Question 8** - Do you require any additional information or data to support you in your review and confirmation that all expenses reimbursed or incurred using Council cards (e.g.: Cabcharge, Myki) are for Council business?



## Appendix 3 - Assessment against LGA, 2020

The following table summarises our assessment of the draft Councillor Expense and Support Policy (February 2020) against S40 to S42 of the new Local Government Act (2020).

| Section  | Local Government Act Requirements  | Overall Assessment | Reference to Finding |
|--|--|--------------------|----------------------|
| <b>S40 Reimbursement of expenses of Councillors and members of a delegated committee</b> |  |                    |                      |
|  | (1) A Council must reimburse a Councillor or a member of a delegated committee for out-of-pocket expenses which the Council is satisfied -<br>(a) are bona fide expenses; and<br>(b) have been reasonably incurred in the performance of the role of Councillor or member of a delegated committee; and<br>(c) are reasonably necessary for the Councillor or member of a delegated committee to perform that role.  | ✓                  |                      |
|  | 2. A Council must provide details of all reimbursements under this section to the Audit and Risk Committee.  | ○                  | 1                    |
| <b>S41 Council Expenses Policy</b>   |  |                    |                      |
|  | (1) A Council must adopt and maintain an expenses policy in relation to the reimbursement of out-of-pocket expenses for Councillors and members of delegated committees.   | ✓                  |                      |
|  | (2) A policy adopted by a Council under this section must—<br>(a) specify procedures to be followed in applying for reimbursement and in reimbursing expenses; and<br>(b) comply with any requirements prescribed by the regulations in relation to the reimbursement of expenses; and<br>(c) provide for the reimbursement of child care costs where the provision of child care is reasonably required for a Councillor or member of a delegated committee to perform their role; and<br>(d) have particular regard to expenses incurred by a Councillor who is a carer in a care relationship within the meaning of section 4 of the Carers Recognition Act 2012. | ✓                  |                      |
| <b>S42 Resources and facilities for the Mayor and Councillors</b>                        |  |                    |                      |
|  | (1) A Council must make available to the Mayor and the Councillors the resources and facilities reasonably necessary to enable them to effectively perform their role.   | ✓                  |                      |
|  | (2) Without limiting the generality of subsection (1), a Council must—<br>(a) consider the support that may be required by a Mayor, Deputy Mayor or Councillor because of a disability; and<br>(b) have particular regard to the support that may be required by a Councillor who is a carer in a care relationship within the meaning of section 4 of the Carers Recognition Act 2012.  | ✓                  |                      |

## Appendix 4 - Refunds by Councillors

Details of the amounts refunded by the Councillors in relation to public transport trips identified to be of a personal nature by the Councillors as at 28<sup>th</sup> April 2020. +

| Councillor         | Period of expense / Date expenses incurred | Refund \$        | Refund Date |
|--------------------|--|------------------|-------------|
| Cr. Tim Baxter     | 2016-2017                                  | 815.09           | 4/12/2019   |
|                    | 2018                                       | 877.10           | 11/12/2019  |
|                    | January to March 2019                      | 270.00           | 11/12/2019  |
|                    | April to June 2019                         | 368.80           | 11/12/2019  |
|                    | July to Sept 2019                          | 270.00           | 30/10/2019  |
|                    | October 2019                               | 131.20           | 4/12/2019   |
|                    | November 2019                              | 70.40            | 4/12/2019   |
|                    | <b>Sub-total</b>                           | <b>\$2803.00</b> |             |
| Cr Ogy Simic       | 23 Sept 2017 to 17 Sept 2019               | 148.70           | 16/10/2019  |
|                    | Oct 2019 - Feb 2020                        | 59.82            | 28/04/2020  |
|                    | <b>Sub-total</b>                           | <b>\$209.00</b>  |             |
| Cr M Pearl         | 24 April, 7 May, 8 May and 22 May 2019     | \$17.60          | 11/09/2019  |
|                    |  | \$4.20           | 23/04/2020  |
|                    | <b>Sub-total</b>                           | <b>\$22.00</b>   |             |
| Cr A Bond          | March to August 2019                       | \$78.40          | 11/10/2019  |
|                    | <b>Sub-total</b>                           | <b>\$78.00</b>   |             |
| Cr K Copsey        | March to August 2019                       | \$4.40           | 8/10/2019   |
|                    | <b>Sub-total</b>                           | <b>\$4.00</b>    |             |
| <b>Grand Total</b> |  | <b>\$ 3,116</b>  |             |

+ Councillor David Brand advised that that he had made a refund payment of \$53.20 in late May 2020 (after the date of the refunds listed above).