

# Elected Member Handbook

A guide to representing your community in local government



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# 1. Understanding local government



## Overview

This chapter covers the following topics:

1. What is local government?
2. What are each government's roles and responsibilities and how do they fit together?
3. Where does the money come from?
4. Support and guidance for Local Government.
5. Local Government Elections.
6. Working with Local Authorities.
7. [Local Government Act 2019](#)

If you are reading this book online, the link below will take you to an introductory video:

<https://www.youtube.com/watch?v=Z292t18D8Uc>

## 1.1. What is local government?

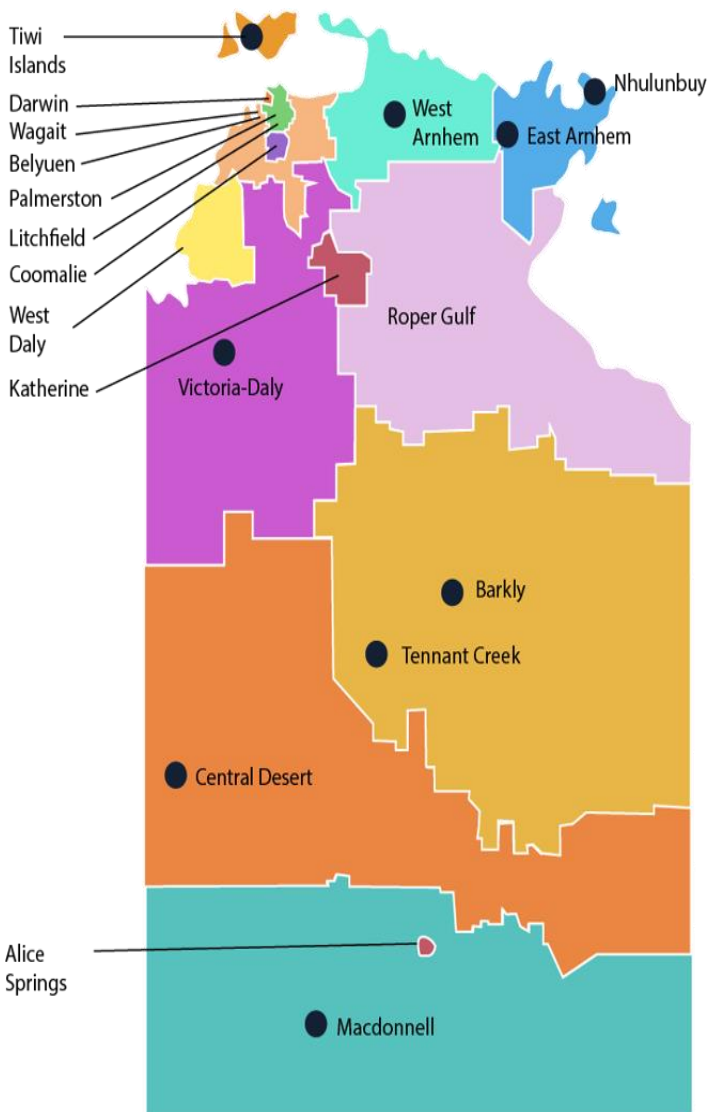
Local government is the government which is closest to the community.

It looks after the needs of local communities, provides services and facilities, plans and implements strategies and priorities for improving the quality of life of their community, and brings local concerns to the attention of the Northern Territory and Commonwealth Government.

Local government’s strength is its ability to take account of, and to respond to, local views and ideas because they are the closest to the community.

## 1.2. Local government in the Northern Territory

In the Northern Territory, there are 17 councils and 3 types of local government:



- ❖ **5 Municipal councils**
- ❖ **3 Shire councils**
- ❖ **9 Regional councils**



### 1.3. How does local government fit into the structure of Government in Australia?

Originally there were 100s of Aboriginal and Torres Strait Islander nations across Australia, with their own rules and customs and often their own languages.

White settlement saw colonies formed that were still under the control of Britain.

Eventually, these colonies, WA, SA, Tasmania, QLD, NSW and Victoria came together to form the Federation of States. They gave up some of their powers in order to have a national government, also known as the Federal or Commonwealth Government.

There are now 3 spheres of Government:

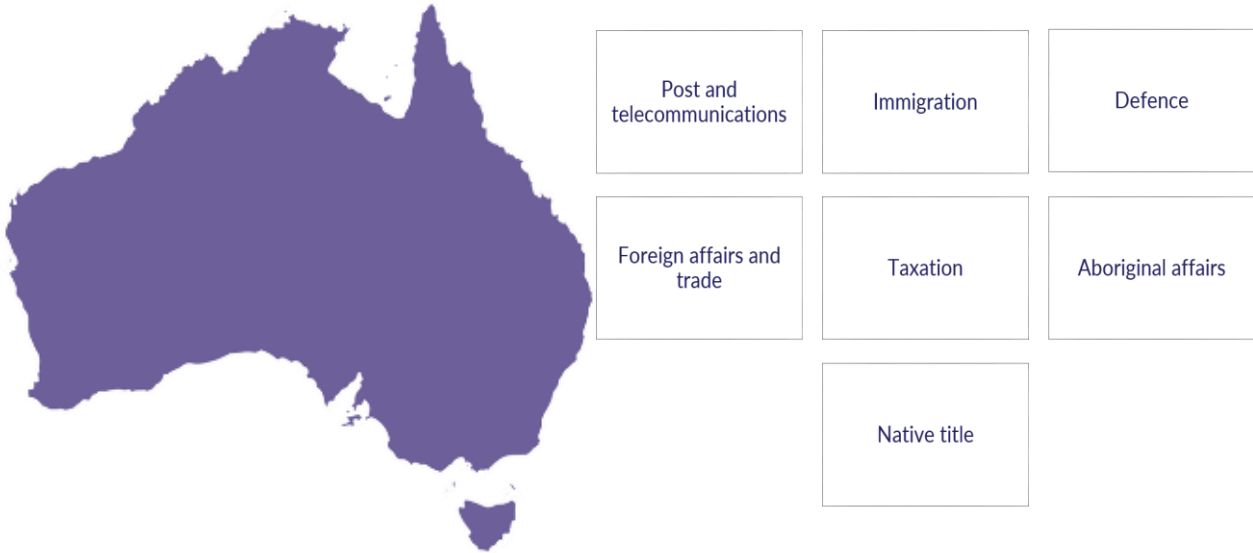
The Constitution states what powers the Commonwealth has and the rest stayed with the States.

Local government is created by laws of a state or territory and so its role differs slightly between states and territories.



# 1.4. Role of Federal / Commonwealth Government

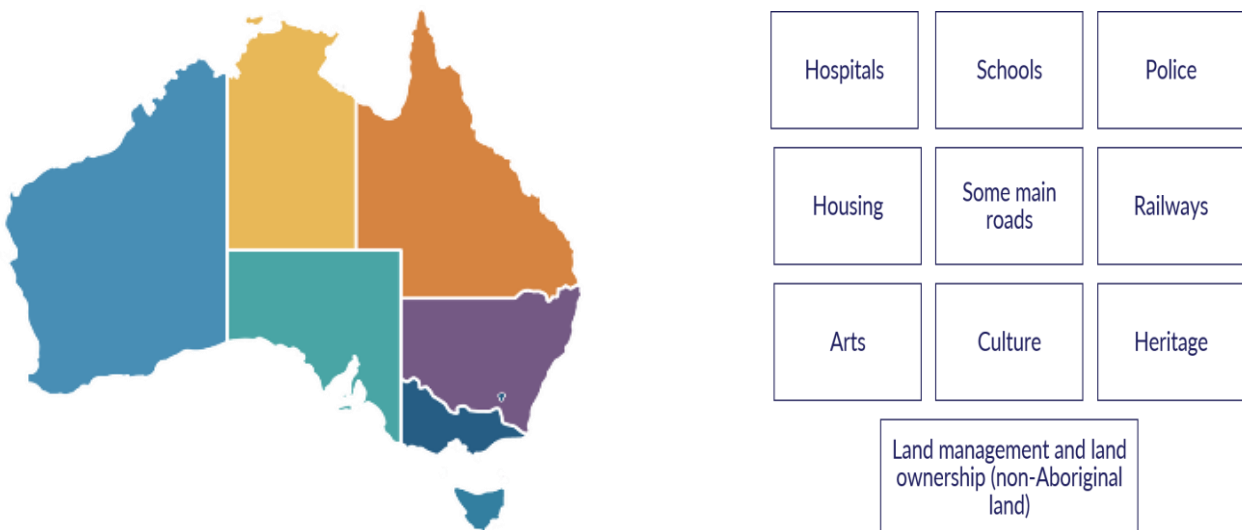
The Federal / Commonwealth Government looks after the whole of Australia and is responsible for national services.



The role of the Federal / Commonwealth Government is set out in the constitution. For example, the [Aboriginal Land Rights \(Northern Territory\) Act 1976](#) is a Commonwealth law, even though it is only about the Northern Territory. This is because the constitution says that the Commonwealth is responsible for Aboriginal Affairs.

# 1.5. State and territory governments

State and territory governments are responsible for each of their respective states and territories. The role of each state is set out in its constitution.



## 1.6. Role of the Northern Territory Government

The Northern Territory Government is not a state government but has similar powers and responsibilities. The role of the NT Government is set out in the [Northern Territory \(Self-Government\) Act 1978](#) (Cth).

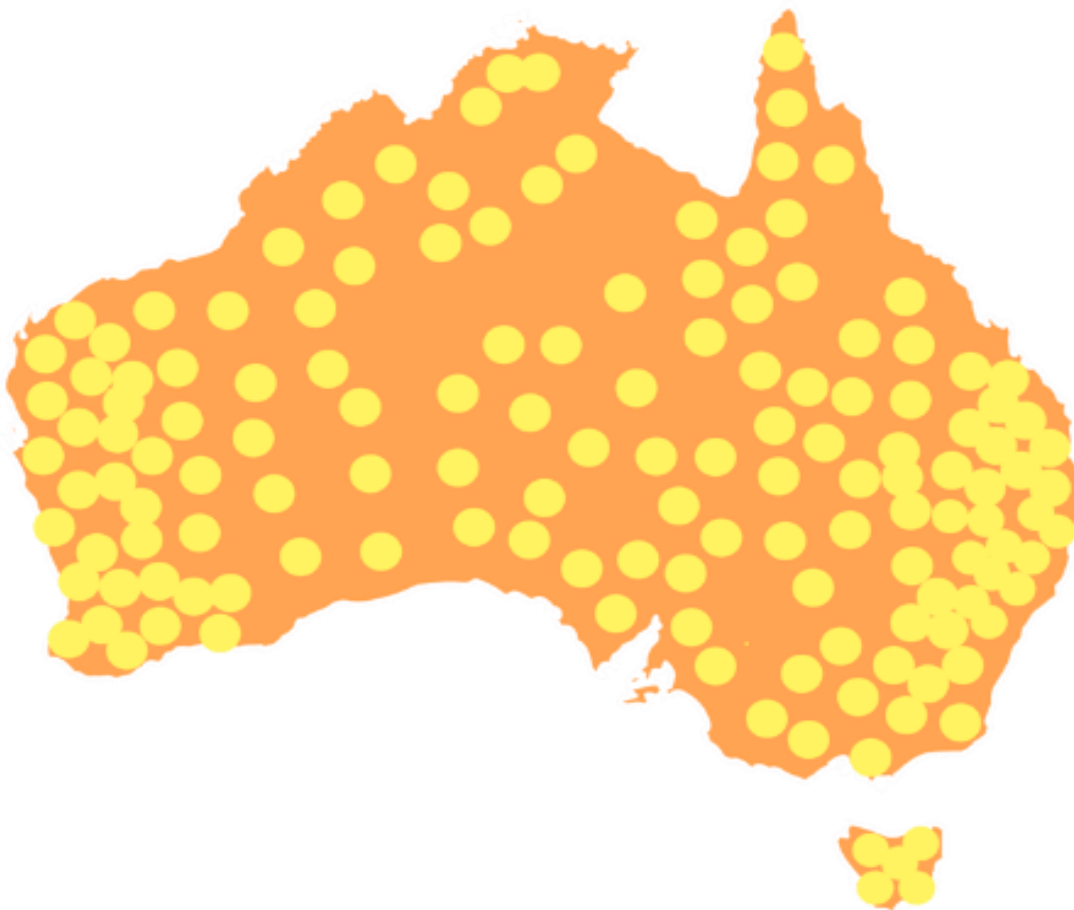
The NT Government is responsible for:



The NT has a small population with limited industry and a low tax base. Like local government, it relies on the Commonwealth for the bulk of its funding to enable it to deliver services.

## 1.7. Role of local governments

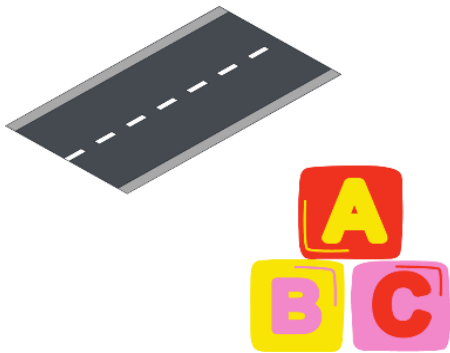
The role of local government is often referred to as roads, rates and rubbish, but it is a whole lot more. The role of local governments differ as there is flexibility in the [Local Government Act 2019](#) to respond to the needs of each community. Why is there confusion about the roles?



## 1.8. It all seems so clear... but is it?

### 1.8.1. Overlaps and gaps

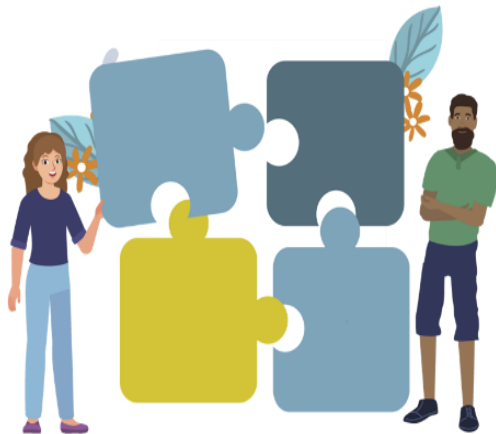
There is sometimes confusion about roles, they might overlap or there might be gaps where no- one is taking responsibility.



Roads might be the responsibility of the Commonwealth, NT, or local government or might be privately owned. It can be hard to know which is which. Councils and communities often run early childhood centres, but so does the NT through programs such as Child and Family Centres (with funds from the Commonwealth) and Families as First Teachers. The Commonwealth Government also provides grants for some of these and subsidises private child care centres.

### 1.8.2. Changes in roles

Roles can also change over time:



States and territories used to be responsible for disability services but then they contributed money to the Federal Government to run the National Disability Insurance Service (NDIS). Local government still provides disability support, either through the NDIS, or often where there are no other services as the provider of last resort.

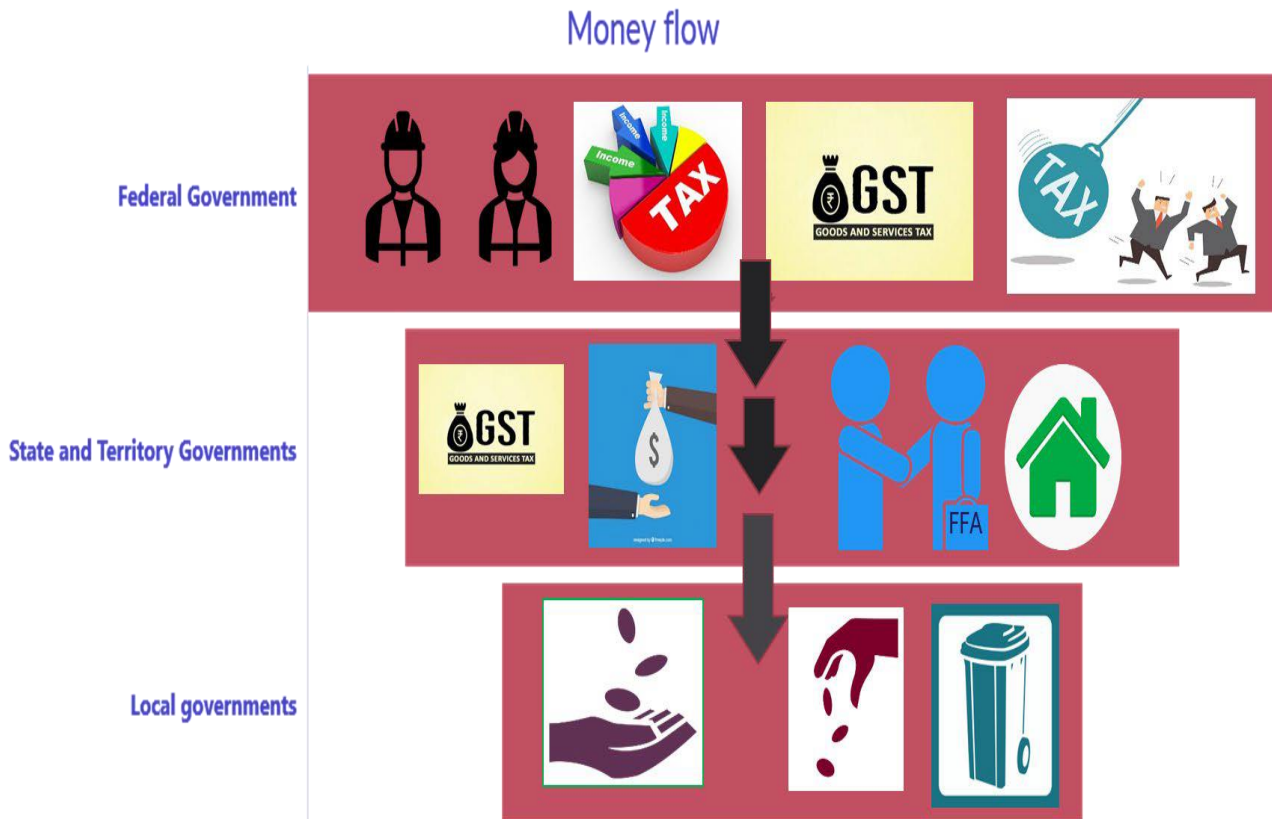
Homelands were a responsibility of the Commonwealth Government, however by agreement the responsibility was transferred to the NT Government and some other state and territory governments, along with some funding to support them.

### 1.8.3. Collaboration and coordination



And when things work well, roles and responsibilities are coordinated, so services and infrastructure work together and complement each other. For example: The Barkly Regional Deal brings together Commonwealth, NT and local governments to work together under a community governance model to improve outcomes for the region.

## 1.9. Where does the money come from?



The Commonwealth Government takes in the most money and then provides grants and funding to the states/territories and local governments. All governments also raise some money through fees and charges.

Federal and state governments have the power to raise and collect taxes and use that money to carry out their responsibilities.

The state governments gave up income tax (the tax on people’s pay) to the Commonwealth. They receive a distribution of the money raised through goods and services as well as grant funding such as Federal Funding Agreements. FFAs supplement traditional areas of state responsibility such as health, education and housing and also set out joint initiatives such as Closing the Gap.

Local governments raise money through property rates and fees and charges for services. Rates are paid by all property owners and pooled to help pay for services and infrastructure and so in this way they are a bit like a tax.

However most councils in the NT, particularly those in regional areas, are reliant on NT and Federal Government grants for the majority of their funding.

## 1.10. Support for local government



The NT Government makes recommendations for the allocation of funding from the Commonwealth through the NT Grants Commission, which is a major source of funding for local government, and also provides its own additional funding programs. The Local Government Unit of the Department of the Chief Minister and Cabinet provides information, training, advice and assistance to councils.

The Local Government Association of the Northern Territory (LGANT) also provide support and assistance to Local Government as their representative body.

## 1.11. The NT Government regulates local government



The NT Government is also responsible for making sure that councils comply with the law and the principles of good governance, including management of their money.

The [Local Government Act 2019](#) sets out the rules and standards for local governments to follow.

The Department of the Chief Minister and Cabinet provides guidance, templates and sample policies to help local governments comply with the law and demonstrate accountability.

## 1.12. Representation

Individuals nominate for council because they have ideas, interests and experience that they think will benefit the community. They often represent different views or are seeking change. The councillors all come together as a group to make decisions.

Once a person is elected to council they are no longer representing themselves, but they must come together with the rest of council and speak with one voice.



As a councillor, your community has placed its faith in you to represent them and to support thriving communities and the services and infrastructure that underpin them. This guide is to provide assistance to you in your important role and in particular to:

Be an effective representative:

- Listen to and reflecting the aspirations of your community.
- Provide guidance to the council and the community.
- Promote an understanding of the role of council.
- Develop a strategic focus in order to deliver the best outcomes.



### Make good decisions:

- Make clear, evidence-based decisions in the best interests of all the people in the council area.
- Balance your commitment to the issues you are passionate about, with the requirement to work as a part of a group of councillors that unite in their approach and purpose.
- Consider the big picture and focus on the priorities and objectives of your council.
- Engage and consult with your community.

### Know your responsibilities:

- Know your obligations under the [Local Government Act 2019](#).
- Familiarise yourself with, abide by and follow the Code of Conduct.
- Improve your governance skills and knowledge.
- Be accountable for and transparent about your activities as an elected member.

## 1.13. Local government elections

Council elections are held every **four years**.

A by-election may be held if and when a position becomes vacant.

Council members are elected to represent the interests of all people in their council area (not just their ward or their community).



## 1.14. How do councils & local authorities work together?

Local authorities provide local communities a voice to regional councils.



Regional councils must work with local authorities to establish good working relationships between the council, residents and organisations in the council area.

## 1.15. Advice to council from local authorities

A council must seek advice and recommendations from the local authority about the regional council's:

- budget;
- priorities for expenditure;
- service delivery;
- regional plans;
- strategic direction; and
- funding.



## 1.16. Local Government Act 2019



Councils are bound by the [Local Government Act 2019](#).

The Act sets out the principles for local government councils in the Northern Territory and the roles and responsibilities of council members.

It also sets out the requirements and guidance for carrying out local government functions.

## 1.17. Resources



For more information, view the following resources:

- Local government areas – section.15 of the [Local Government Act 2019](#)
- Compliance reviews & investigations - Chapter 15 of the [Local Government Act 2019](#)
- Elections and polls - Chapter 8 of the [Local Government Act 2019](#)

## 2. Roles and Responsibilities



### Overview

This chapter will assist members to:

1. Understand their roles and responsibilities.
2. Understand the business of a council.
3. Understand the additional responsibilities of a mayor or president.
4. Consider how to make the best decisions for the whole council area.

If you are reading this book online, the link below will take you to an introductory video:

<https://www.youtube.com/watch?v=X-RjOEhm4oI>

## 2.1. What is the role of a council member?



The role of a council member is to make decisions for all the people in their council area.

As a council, together you set out a strategy, policies and plan for your council. A council member also needs to ensure that the council works within the law, looks after its finances, is efficient and does not engage in too much risk.

Elected members are individually accountable, but collectively responsible for council decisions. This means you should consider all the information and form your own view, but also that you should listen to the views of others and at the end of the day come to a group decision.

### The Helicopter View

Council has a monitoring role. As a council member you need to change how you think from problem solving and action, to having a broad overview and strategic approach to delivery community outcomes.

The main focus areas for council are:

- strategy
- risk and compliance
- policy
- access to resources, networking and communication
- oversight, support and development of the CEO

Remember that your community see council as a whole and expect the parts of the council to work together. It is a very different role from other spheres of government, where party politics and political lines may guide decisions. Decision-making will encompass a broad range of views and perspectives. There is the challenge of coming to a group decision where there is a wide range of views, but understanding that when the group comes to a decision that the spectrum of views and information has been canvassed in order to come up with the best decision possible. It is the reason why local government is the most trusted form of government.

## 2.2. The council and the CEO

Council has a role to recruit and appoint a Chief Executive Officer (CEO) and to manage and support the CEO. The relationship with the CEO is really important because they are your principal advisor and are responsible, with the council staff, for implementing council decisions. Council members do not manage other council staff or involve themselves in the day-to-day operations of council.

## 2.3. The council and staff – “Noses in, fingers out”

Council members and staff have very different roles. It is important that the overview role does not interfere with how staff do their work. This is described as noses in, fingers out. You need to know if things are going along okay. If they are not, then work with the CEO to support solutions. **The CEO is responsible for managing the staff.**

As a council member you will get questions, and sometimes complaints about services delivered by the council. The council staff deal with these. Your council may have a special hotline or inbox for these, or alternatively refer them to your local officer or your CEO. The council should make sure there is a process for dealing with complaints and questions, and that people who make complaints or ask questions get feedback.

The council together must make decisions in the best interests of the whole community they service, not on the basis of who complains loudest or who invests the most. Being able to explain this and the reasons for a decision will support better decision-making and better understanding from your community.

Elected members	Managers / staff
Leading	Managing
Monitoring	Reporting
Governing	Implementing
Decision making	Option generation
Experience / views / representation	Skills / operational capability / organisational knowledge
Overview	Detail
Risk monitoring and legal compliance	Risk reporting, procedural and structural compliance
Set the culture	Embrace the culture
Strategic planning	Actioning and achieving
Policy setting	Policy administration
Mentoring and supporting CEO	Supporting the council

## 2.4. What is the business of council?



The business of a council in the Northern Territory includes providing services and infrastructure to your local communities such as waste collection, roads, street lighting, libraries, parks and gardens and community events. Increasingly councils are providing services that are funded by the Northern Territory or Commonwealth governments, such as aged and disability services and early childhood services.

The council can also make laws (called by-laws) that cover things like:

- animal management and control;
- poisonous weeds;
- litter and water pollution;
- local emergency management; and
- fire hazard reduction.

The council also determines rates for residents in the area and charges for waste services. This money is used to support and deliver council services.

The council inherits a foundation of functions and finances. New councillors will come in with new ideas and new priorities and the challenge is to embrace and consider these while working within the parameters of existing finances, inherited financial plans, budgets and projects and the business as usual roles of council that constituents expect.

## 2.5. What are the responsibilities of council members?



Council members are required to:

- provide leadership and guidance to your community;
- act in the best interests of your community;
- act honestly in carrying out your duties;
- ensure council monies (funds) are spent well and benefit the community;
- monitor the finances of council;
- declare any conflicts of interest; and
- complete all training in good faith.

## 2.6. What is the role of a mayor or president?

The mayor or president has the same roles and responsibilities as a council member, but they also have some additional roles. These include:

- Chairing meetings of the council.
- Speaking on behalf of council.
- Promoting high professional standards in other council members by modelling good behaviour in accordance with the Code of Conduct.
- Ensuring all voices are heard and therefore the decisions of council are based on a sound consideration of a variety of views.
- Working closely with the CEO and leading the council in undertaking regular reviews of CEO performance.

While the chair will promote standards it is up to individual members to maintain standards and also respect the chair's role.



## 2.7. What is the role of the CEO?

The CEO is responsible for:

- Managing the day to day operations and council staff.
- Ensuring the business of the council is running well and providing regular reports to the council.
- Ensuring the community is properly informed about council policies, programs and decisions.
- Ensuring that the council's assets and resources are properly managed and maintained.
- Ensuring proper standards of financial management are maintained, and that records are kept properly.



## 2.8. How can I perform my role well?



You should know what is going on in your community.

This will require you to engage and participate in everyday activities as well as events within the council area. This will create opportunities for you to talk to residents and ratepayers about their concerns and what they would like council to do for them.

In carrying out all your roles and responsibilities, you must always act in what you genuinely believe is the best interests of the people and communities in the entire council area.

**Be ready and well informed to make decisions.**

Read the council agenda and papers before the meeting. It is important to ask questions about things that are not clear and seek more information. This can be done before or during the council meeting, by speaking with the council's CEO.

Remember, other people probably have the same questions but may not want to speak up.

Ask the CEO to present things in a way that everyone can understand. Always keep in mind that you will have to explain council decisions to your community, so the information provided to council needs to be clear.

## 2.9. Resources



More information can be found through the following resources:

- Section 44 of the [Local Government Act 2019](#) describes the role of a council member and section 59 of the Act describes the role of the mayor or president.
- The role and function of councils is at Part 2.3 of the [Act](#).
- The Code of Conduct for elected members is contained at Schedule 1 to the [Act](#).

## 3. Introduction to the Code of Conduct



### Overview

The chapter will give members an understanding of:

1. What is in the Code of Conduct?
2. The behaviours expected of council members.
3. What happens if a member breaches the Code of Conduct?
4. Where to find further information?

If you are reading this book online, the link below will take you to an introductory video:

<https://www.youtube.com/watch?v=uemsY96OdgI>

## 3.1. What is the Code of Conduct?



The Code of Conduct outlines the values and standards council and local authority members are expected to follow.

The Code of Conduct is important because it guides behaviour and decision-making in performing council duties. The Code of Conduct also lets the community know what standards they can expect from council members.

As public officers, councillors will be held to account by their electorate fellow councillors, the Department of the Chief Minister and Cabinet as the local government regulator, and increasingly external bodies such as the Independent Commissioner Against Corruption (ICAC).

The [Local Government Act 2019](#) has introduced a new process for Code of Conduct breaches, placing responsibility on councils to manage behavioural matters in the first instance, unless either party wants to refer the matter to a third party. The focus is on a “restorative” approach, promoting the maintaining of relationships to enable the council to continue working together effectively. The mayor or president’s leadership role in guiding the resolution of disputes is important. It is far better for councils to manage their own issues rather than entering into an adversarial process that is splashed across the media.

ICAC has a range of powers to investigate councils, including in relation to corrupt conduct, misconduct, unsatisfactory conduct, and anti-democratic conduct.

## 3.2. Honesty and integrity



The Code of Conduct requires council members to behave with honesty and integrity when performing duties.

Examples of honesty and integrity include being transparent and open during debate, and being accountable for your behaviour and decisions.

You should act in the public interest and avoid being under any obligation to people or organisations that might try to inappropriately influence you in your role.

You must consider your interests and biases and be open about these in order to ensure decisions are made in the interests of the whole community

## 3.3. Care and diligence



Council members need to act with reasonable care and diligence in performing their duties. This includes reading the agenda ahead of the council meeting and taking into account all of the information that is available to ensure you are well informed before reaching a decision.

As a councillor in the public eye, your actions may be under increased scrutiny. Remember that your role as a council member does not stop when you leave the council chamber, so take care in relation to personal actions that may reflect on the reputation of the council. Be careful when doing things such as liking posts on social media, particularly if they are not in line with the policies and values of the council.

### 3.4. Courtesy



Be courteous towards other members, council staff, electors and the community.

You can do this by being polite and respectful, listening to what others have to say, being open to different views and perspectives, being on time to council meetings, and being considerate of others.

### 3.5. Bullying

As a council member, you are responsible for practicing good behaviour and maintaining respect towards other members.

The Code of Conduct prohibits all types of bullying behaviours, including:

- spreading rumours;
- excluding others;
- hurtful comments; and
- threats.



This also includes cyber bullying, such as:

- sending nasty messages;
- disrespectful comments on social media; and
- prank calls and harassment.

In order for the community, council staff and management to respect your leadership then the council as a whole and individual councillors must set the culture. This includes zero tolerance of bullying.

### 3.6. Conduct towards council staff

As a council member, you must not interfere in the management of council staff.

Council members do not have authority to direct, manage or reprimand council staff (other than the CEO). For example, a member should not criticise or say something bad about council staff in the open section of council meetings or get involved in complaints about council staff.



The CEO is responsible for managing council staff, employees and contractors. If you wish to speak to a council staff member about any issues, you must talk to the CEO. The council together is responsible for managing the CEO and will work through the mayor or president to do so.

Council should be seen to working in unity with council staff in order to deliver the best outcomes for the community. Undermining or demeaning of council staff reflects badly on the council as a whole.

### 3.7. Respecting cultural diversity

You must always be respectful of other people's beliefs and practices. You must not discriminate against others based on their cultural background.

For example, people from different cultures may use different ways of expressing themselves and communicating or there may be issues that prevent them communicating, such as avoidance relationships.



Councillors come to the table with different experiences and backgrounds and all of them can contribute to better decisions. It is important that different points of view are encouraged rather than just deferring to the loudest voices or the most prolific contributors.

## 3.8. Conflict of Interest



- ❖ Council members need to avoid conflicts of interests when undertaking official functions and responsibilities.
- ❖ Conflicts of interest include actual conflicts and also perceived conflicts, where a reasonable person might expect that a conflict exists.
- ❖ A conflict of interest is when your duty as a council member conflicts with another interest that might mean you, or someone close to you, gets a benefit or is otherwise impacted by a decision.
- ❖ It is your responsibility to declare any conflicts of interests before taking part in a council decision. If you do not declare your conflict of interest and participate in a council decision, you could be in breach of the [Local Government Act 2019](#) and penalised. It also may result in the council decision being declared void, or of no effect.



## 3.9. Accountability



- ❖ Council members have an important role to represent the community. They should talk to people in their community regularly, talk at council meetings about what the community wants, and report back to the community about what council is doing.
- ❖ Council meetings are held in public, and papers and decisions are publically available. There are few limited exceptions to the requirement that council business is open and transparent.
- ❖ Councillors have promised in their election campaign to deliver on certain things. For example, you may have committed to advocating for more green spaces for the community, however in council chambers this may need to be weighed against income that might be made through using land for other priorities.
- ❖ It is important to provide feedback to the community about these things, not just by saying you disagree with decisions properly made but by demonstrating a commitment to council processes and indicating that decisions are made weighing up all the factors, some of which might not have been known to you at the time.

### 3.10. Confidential information



As a council member, you will occasionally receive information that is considered confidential. Confidential information must be kept private and not talked about with others who are not part of the confidential session of the meeting. You must not use confidential information in a manner that could gain a private benefit or to cause harm to another person. You have a professional duty to maintain the integrity and security of confidential information.

### 3.11. Gifts



You must not accept or encourage gifts or private benefits from someone that may be interested in receiving a benefit from the council.

This is because it may raise the perception of bias or favouritism, especially if that person could benefit from or influence a council decision.

Look to your council's gifts policy or talk to the CEO for further information.

### 3.12. Putting the interests of people in your council area first

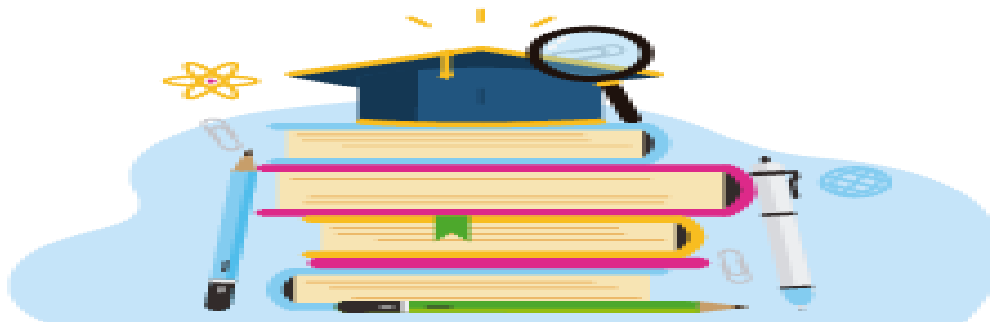


As a council member, you must always act in accordance with the best interests of the people who live in your communities. While you will represent the people in your ward and immediate community (you know them best), you make decisions for all residents in your entire council area.

When making council decisions, always consider how this will affect the entire council area and whether this would be in the long-term interests of all residents.

You must seek to ensure your decisions and actions are based on an honest, reasonable and properly informed judgment about what is in the best interests of the people living in the council area.

### 3.13. Training



As a council member, you will have opportunities to undertake training in relation to your council.

There are some training courses that you must do so you understand your role as a councillor and can represent your community well. If you are offered training, you should do it if you can and try and apply the training to help you perform your duties as a councillor.

The Code of Conduct states that you must undertake training in good faith, which means genuinely participating in opportunities to improve your skills and knowledge.

### 3.14. What happens if a council member breaches the Code of Conduct?

If someone thinks that a council member has breached the Code of Conduct, a complaint can be submitted with the CEO of the council within 3 months of the alleged breach.

The council may decide the complaint, or refer the complaint to a council panel for decision, or to a third party (including an independent panel, referred to as the standards panel) for advice. The member complained about can also ask the Council to refer the complaint to a third party. The council must make a decision on the complaint within 90 days of the complaint being lodged. The decision on a breach of the Code of Conduct might include issuing a reprimand, or recommending that the council member attend training or mediation.

Decisions may be appealed to the panel for recommendations. Non-compliance with these recommendations may be appealed to the Northern Territory Civil and Administrative Tribunal (NTCAT), who have the power to make a wide range of orders. Non-compliance with an NTCAT order is an offence. However, the more significant consequences are the potential to adversely affect the reputation of, and erode public confidence in, the council.

A breach of the Code of Conduct may also be improper conduct under the [Independent Commissioner Against Corruption Act 2017](#).



## 3.15. Resources



The following resources are available for more information:

- Code of Conduct - Schedule 1 of the [Local Government Act 2019](#)
- Code of Conduct complaints process - Part 7.4 of the [Local Government Act 2019](#)

Sample Code of Conduct policies can be found at the link below:

<https://cmc.nt.gov.au/supporting-government/local-government/secure-lg/local-government-and-community-development-resources/sample-documents-and-explanatory-papers>

## 4. Managing conflicts of interest



### Overview

The chapter will give members an understanding of:

1. Identifying potential conflicts of interest.
2. Understanding different types of conflicts of interest.
3. Knowing what to do if you have a conflict of interest.
4. How to find further information and resources on conflicts of interest.

If you are reading this book online, the link below will take you to an introductory video:

<https://www.youtube.com/watch?v=qZM-ige8ZNI>

## 4.1. What is a conflict of interest?



A conflict of interest is when your duty as a council member conflicts with another interest that might mean you, or someone close to you, gets a benefit.

Having a conflict of interest raises a question of whether your actions, judgments or decisions can be unbiased. If a member has a personal or financial interest in a decision, they need to declare their conflict of interest and not participate in the decision. This applies to a council member, local authority member or a council committee member.

Interests cover personal interests and those of someone close to you.

This can include:

- Involvement in an organisation that deals with council or does work for the council.
- Any benefits, concessions or discounts that you receive that may conflict with your public duty.
- Gifts received that may influence or be designed to influence your decision making.
- Interests in land, property, housing, infrastructure that may be subject to council decisions.

Council members have a duty to declare a conflict of interest. Not declaring is an offence under the [Local Government Act 2019](#) and breaches the Code of Conduct. It may also be improper conduct under the [Independent Commissioner Against Corruption Act 2017](#).

## 4.2. How do I identify a conflict of interest?

If you are unsure of whether you have a conflict of interest, always ask yourself whether you, or someone close to you, has an interest in a council decision. Someone close to you might include a family member or relative, roommate, friend, business partner or business relationship (like a company you regularly do business with). If the answer is yes, you have a conflict of interest.



It is sometimes hard for individuals to see a conflict of interest themselves, so seeking advice can give you a better idea of how it might be perceived by someone else. All types of conflicts of interests need to be declared, including perceived, actual and potential conflicts. It is your responsibility to check through all of the agenda items before the meeting, and ask yourself if you have a conflict of interest.

## 4.3. Direct conflict of interest – financial

The following is an example of a direct conflict of interest:

Bernie is a council member. He also runs a gardening business. The council wants to employ someone to mow the grass in town and asks for quotes for the work. Bernie submits a quote to do the job.



When council is considering who to give the job to, Bernie should remove himself from the room and should not be part of the decision. Bernie has a conflict of interest because he benefits from that decision if he wins the job.

After the other council members have made a decision, Bernie can return to the meeting room. He must not make comments or ask questions about their decision, as the council may not have reached a decision yet and moved to the next agenda item. Bernie will be able to view the decision from the meeting minutes.



## 4.4. Direct conflict of interest – personal benefit

The following is another example of a conflict of interest:

Mary is a council member. At the council meeting, the council needs to decide which roads to improve this year. One of the roads to be considered is the road to Mary's family's homeland. Mary has a **conflict of interest** because the road would provide a benefit to her family.



However, if the road also serviced *other* homelands or other parts of the community then Mary **does not** have a conflict of interest because the road will also benefit the wider community and not just to Mary's family.

## 4.5. Indirect interest

The following is an example of an indirect interest:

Angela is a council member. Her term expires in a month and she will then take up a position as a receptionist at ABC maintenance.

ABC have put in a tender to the council to provide maintenance for the public toilets in the park.

Angela has a conflict of interest because she will be employed by ABC in the future and may benefit from the company's success in winning the contract. This is called an indirect financial interest.

Angela must leave the room and not take part in any decision making.



## 4.6. Perceived conflict of interest



Sometimes, you might not have an actual conflict of interest, but it may be perceived that way to other people (reasonably, of course). This is called a ‘perceived conflict of interest’ and is just as significant as having an actual conflict of interest.

For example, if your friend is tendering for a contract with the council, you might not have an actual conflict of interest. But it might be perceived that way by others (for example, members in the community, stakeholders or the media). In this situation, it is always safest to declare a conflict of interest, leave the room and not participate or make comments on the council’s decision.

These situations are difficult because you may not get any benefit, however how people perceive the workings of the council is important. In short, if someone is likely to make a complaint it is worth considering whether a perceived conflict of interest might exist and, if so, removing yourself from decision making.

## 4.7. What should I do if I have a conflict of interest?



Don't be embarrassed if you have a conflict of interest. Councillors have good connections with the community and usually have a variety of family, social, sporting and business relationships and so conflicts of interest often arise.

Every year a council member must provide information about their interests in an annual return. Gifts and interests will then be put on a register which is available to the public.

As soon as you become aware of a conflict you should declare it. You can choose to declare it before the meeting to the CEO or at the start of a meeting. If you don't realise you have a conflict until later in the meeting, you need to declare as soon as you realise.

The [Local Government Act 2019](#) is very strict about conflicts of interest. When the item with which you have a conflict comes up for discussion you should leave the room. When the discussion has finished, you may re-enter the room. Remember, you cannot take part in any decision making in relation to that item.

If you are unsure about whether you have a conflict of interest, it is better to declare it anyway. Council may decide it is not a conflict and then it should be minuted and you can stay in the room. You must not make any comments on the decision before or after you leave the room, as the matter may still be in question and you are potentially influencing the decision.

## 4.8. Who can I talk to?

If you are unsure about whether you have a conflict of interest, you can talk with your CEO or the chair.

If you think another member has a conflict of interest you should talk to them or to the chair.



## 4.9. What happens if I don't disclose a conflict of interest?



Not disclosing a conflict of interest is an offence in the [Local Government Act 2019](#) and breaches the council's Code of Conduct. It may also be improper conduct under the [Independent Commissioner Against Corruption Act 2017](#).

Disclose the conflict as soon as you realise it. If you forget to disclose a conflict at the start of the meeting, disclose it as soon as you remember.

If you do not disclose a conflict of interest or do not leave the meeting room, the decision made can be questioned by a court and overturned or cancelled.

Your reputation in the community may be damaged if you are seen to be getting benefits for yourself, your family, friends or business partners because of your role as a council member.

It is always safest to declare a conflict of interest and not participate in council's discussion or decision. This will help to ensure that decisions are made in the best interests of the whole community.

## 4.10. When it's not a conflict of interest



In some circumstances you do not have a conflict of interest, if the interest is shared with other people in the community or residential area.

For example, you might need to make a decision about whether to upgrade the footy oval in your residential area or increase rates. These situations are not conflicts of interest, as the interest is shared by others in the community.

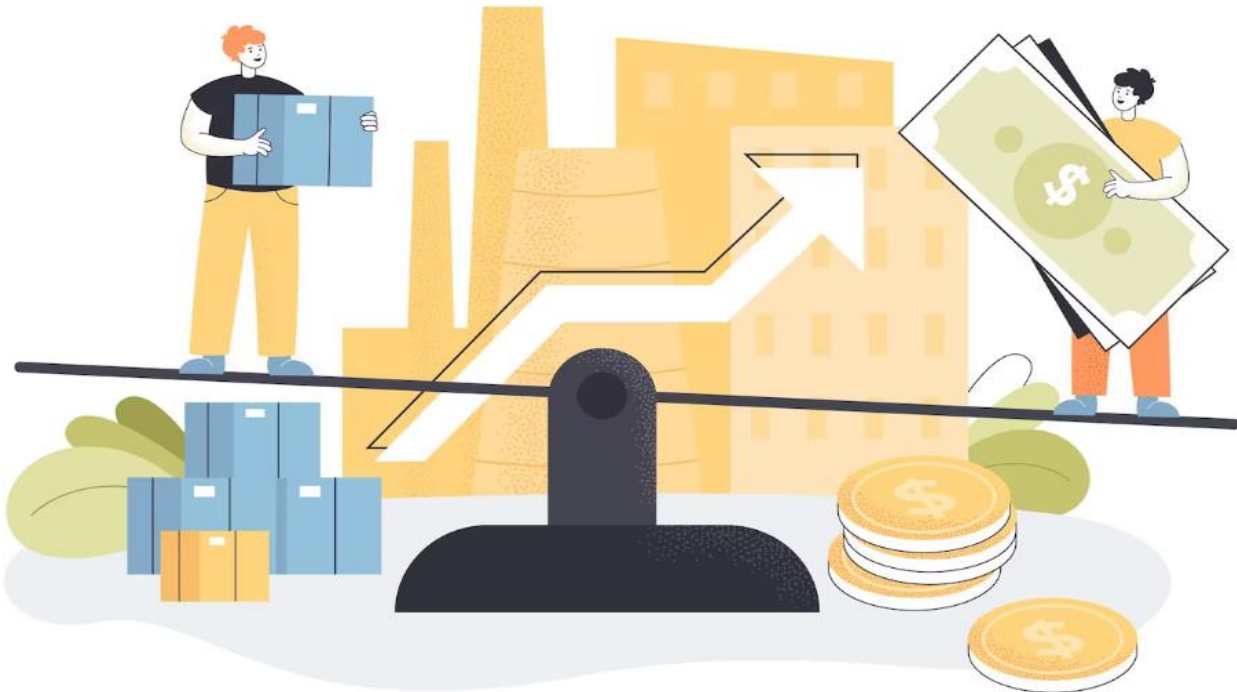
## 4.11. Resources



For more information, visit the following resources:

- The [Local Government Act 2019](#) at Part 7.2 talks about declaring interests, conflict of interests, and gifts and benefits.
- The Code of Conduct is contained at Schedule 1 to the [Act](#) and also covers the areas in this module.

## 5. Introduction to council finances



### Overview

This chapter covers the following topics:

1. What is a budget and why is it important?
2. What is in a council's financial plan?
3. What to look for in the financial reports?
4. What will help keep council finances on track?

If you are reading this book online, the link below will take you to an introductory video:

<https://youtu.be/fi3ol25oPRE>

## 5.1. Understanding council finances

The council is responsible for making good financial decisions. This means making sure the council has enough money to provide services to the community and being careful about how much money is spent and what it is used for.

## 5.2. Budget

*A budget is telling your money where to go, instead of wondering where it went.<sup>1</sup>*

A budget is a plan (or estimate) of how much the council expects to receive and spend in the next year. It also gives an indication of what are the priorities for council and how much should be spent on them. A budget is important because it helps keep track of the council's financial position and guides spending according to priorities.

- The CEO of the council will present a draft budget to the council for consideration.
- The council will need to agree to a budget in advance for each financial year.

## 5.3. What is the council's role in the budget process?

When developing the budget, the council must:

- Make sure there is money in the budget set aside for council priorities, as well as providing for business as usual.
- It is important to have money in the bank as there will always be bills and wages to pay, services to provide and infrastructure to maintain. This is the business as usual. And then there are the projects and priorities in your regional plan and financial plan to provide for.
- Make sure that money going out will not exceed money coming in.<sup>2</sup>
- Review the budget at least twice a year as sometimes changes are required. For example, additional grants come in, savings are made or priorities change.
- Finalise and adopt the annual budget by **30 June** each year.



There is also some money that can only be spent on certain things, often referred to as restricted or tied funds. Council should ensure that this money is kept separate and only spent on those things or in accordance with those restrictions.

<sup>1</sup> David Lawrence Ramsey III, Personal finance consultant, radio show host, author.

<sup>2</sup> The Act at s202 states the Council should not budget for a deficit- However this may be allowed where the deficit is to do with depreciation, amortisation, asset write-downs, expenditure of tied grant funding recorded as income in a prior year and any non-cash item.

## 5.4. How does council monitor the budget?

The council will consider the financial report at every meeting. Council's role is to ensure that the money spent and money owed is on track.

Councils who only meet every 2 months have a finance committee as well. Regulation 17 of the [Local Government \(General\) Regulations 2021](#) requires that financial reports are to be provided to the council monthly and the finance committee receives the reports in the month between council meetings, the finance committee acts as the council in monitoring the financial position of council.

If there is a big difference between the amounts in the financial reports and the amounts in the budget (this is called the **variance**) this should be explained in the financial reports and councillors should ask questions to understand why.

### Budget Example

Description	Income	Expense	Allocations	Total
Income Rates and Charges	2,586,958	0	0	2,586,958
Income Council Fees and Charges	1,137,450	0	0	1,137,450
Income Operating Grants Subsidies	6,933,750	0	0	6,933,750
Income Investments	42,000	0	0	42,000
Income Contributions Donations	0	0	0	0
Income Reimbursements and Others	9,000	0	0	9,000
Income Agency and Commercial Service	1,250,000	0	0	1,250,000
Inc Sale of Assets	45,000	0	0	45,000
<b>Total Income</b>	<b>12,004,158</b>			<b>12,004,158</b>
Employee Expenses	0	7,188,278	0	(7,188,278)
Contract and Material Expenses	0	4,203,322	0	(4,203,322)
Finance Expenses	0	4,380	0	(4,380)
Communication Expenses	0	420,860	0	(420,860)
Asset Expense	0	2,021,025	0	(2,021,025)
Miscellaneous Expenses	0	2,139,975	0	(2,139,975)
<b>Total Expenditure</b>		<b>15,977,840</b>		<b>(15,977,840)</b>
Net Surplus/(Deficit)	12,004,158	15,977,840	0	(3,973,682)
Add Back Depreciation	0	(2,021,025)	0	2,021,025
Net Cash Surplus/(Deficit)	12,004,158	13,956,815	0	(1,952,657)
Grants Carried Forward	1,959,724	0	0	1,959,724
Restricted Cash brought forward	1,959,724	0	0	1,959,724
Reserve Funds	0	0	0	0
<b>Total Surplus/(Deficit)</b>	<b>13,963,882</b>	<b>13,956,815</b>	<b>0</b>	<b>7,067</b>



## 5.5. Long term financial plan

A council must prepare a long term financial plan that covers at least four financial years. This is in addition to the annual budget.



A long term financial plan must contain:

- a statement of major initiatives or activities that the council will spend money on; and
- a statement of what the council is likely to spend and likely to receive over at least four years.

## 5.6. Understanding the finance reports

If you are not used to reading financial reports, ask the CEO/Finance Officer to explain the information, to present the information in a different way, or to explain key issues in the report.

### 5.6.1. Income statement / profit and loss statement

- **Income** is money that had come in or is expected
- **Expenditure** is money going out or money that is owed
- It will show if the council has made a profit (**surplus**) or a loss (**deficit**) and **variance / difference** against the budget.



### If the council is in deficit you should ask why?

The income and expenditure statement is sometimes called the **profit** and **loss** statement or the statement of financial performance.

*ABC Council Income (Income or Loss Statement) for the period ending 31/8/21*

<b>OPERATING INCOME</b>				
	<b>Actual YTD</b>	<b>Budget YTD</b>	<b>Variance</b>	<b>%</b>
<b>Rates</b>	\$ 100,000.00	\$200,000.00	-\$100,000.00	50%
<b>Fees and charges</b>	\$ 50,000.00	\$ 20,000.00	\$ 30,000.00	250%
<b>Grants</b>	\$ 500,000.00	\$600,000.00	-\$100,000.00	83%
<b>Interest income</b>	\$ 5,000.00	\$ 5,000.00	\$ -	100%
<b>TOTAL OPERATING INCOME</b>	<b>\$ 655,000.00</b>	<b>\$825,000.00</b>	<b>-\$170,000.00</b>	<b>79%</b>
<b>OPERATING EXPENSES</b>				
<b>Employee expenses</b>	\$ 300,000.00	\$200,000.00	\$ 100,000.00	150%
<b>Lease expenses</b>	\$ 50,000.00	\$ 50,000.00	\$ -	100%
<b>Telephone and IT</b>	\$ 10,000.00	\$ 10,000.00	\$ -	100%
<b>Motor vehicle expenses</b>	\$ 3,000.00	\$ 3,000.00	\$ -	100%
<b>Materials and contracts</b>	\$ 100,000.00	\$ 50,000.00	\$ 50,000.00	200%
<b>Elected member allowances</b>	\$ 5,000.00	\$ 5,000.00	\$ -	100%
<b>Local authority allowances</b>	\$ -	\$ 2,000.00	-\$ 2,000.00	0%
<b>Interest expenses</b>	\$ 3,000.00	\$ 3,000.00	\$ -	100%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 471,000.00</b>	<b>\$323,000.00</b>	<b>\$ 152,000.00</b>	<b>146%</b>
<b>OPERATING SURPLUS / DEFICIT (Income - Expenses)</b>	<b>\$ 184,000.00</b>	<b>\$502,000.00</b>	<b>-\$318,000.00</b>	<b>273%</b>

## *How to read the profit and loss statement:*

In the profit and loss statement example, there are a number of areas which vary or are different from the budget. This is not unusual as it is hard to know exactly when money is coming in and going out.

Early in the year, there is likely to be more of a difference (**variance**). At the end of the year, money received (**income**) and money spent (**expenditure**) should line up closely to the budget.

It is important to watch for areas where the income is lower than expected (in this case grants and rates). Sometimes grants are slow to come into the bank or that rates are just late or people have been given more time to pay.

It is also important to check if expenses are higher than expected. In this case materials and contracts have gone over the budget but there is often a lot of expenditure early in the year to get things underway. Also we can see employee expenses have gone over the amount expected in the budget – ask why this is so – maybe employees taking a lot of leave in August and blocks of leave are being paid in advance, or it could mean there was a need to pay more overtime to get important projects completed.

Also note that there has been no expenditure for local authority allowances this month. Why is this? Does this mean that the local authorities did not meet?

### 5.6.2. Balance sheet / statement of financial position:

The balance sheet presents a snapshot of what the organisation **owns**, (assets including cash, buildings and equipment), and what it **owes** (liabilities).

If you take away the liabilities from the assets then you can see what the council is worth or its financial position (*equity*).

However, remember that a council is often asset rich, for example, buildings, roads, and vehicles. These things are often a drain on finances and cannot be converted to cash quickly.

*Has your council got working capital (money available to keep it going)?*

## How to Calculate Your Working Capital

The infographic illustrates the calculation of working capital. At the top, it shows the formula: **Current Assets** minus **Current Liabilities** equals **Working Capital**. Below this, a specific example is provided: **\$1.75 million in assets** minus **\$550,000 in liabilities** equals **1.2 million** in working capital. The assets are represented by a building and a stack of money labeled 'INVENTORY'. The liabilities are represented by a list of debts totaling 180 and an 'ACCOUNT PAYABLE' note. A calculator icon is also present, showing simple arithmetic: 100 - 50 = 50, 100 - 20 = 80, and 100 - 40 = 60. The logo 'the balance' is in the bottom left corner.

## ABC Council Balance Sheet to 31 August 2021

	YTD \$
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash at Bank	4281000
Term Deposit	1000000
Accounts receivable/debtors	500000
<b>TOTAL CURRENT ASSETS</b>	<b>5781000</b>
<b>NON-CURRENT ASSETS</b>	
Property, plant and equipment	10000000
Motor vehicles	100000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>10100000</b>
<b>TOTAL ASSETS</b>	<b>15881000</b>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable/debtors	500000
Payroll liabilities (wages, provision for leave, etc)	2000
Interest/bank fees	3000
Unexpended grants	4000000
<b>TOTAL CURRENT LIABILITIES</b>	<b>4505000</b>
<b>NON-CURRENT LIABILITIES</b>	
Finance costs (long term)	10000
Provisions for employee entitlements beyond the next 12 months (redundancy/long service leave)	50000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>60000</b>
<b>TOTAL LIABILITIES</b>	<b>4565000</b>
<b>EQUITY</b>	
Reserves	30000
Current year earnings	4525000
<b>TOTAL EQUITY</b>	<b>4565000</b>

This council has equity of \$4,565,000. It seems a lot, however most of the council's worth is tied up in non-current assets, for example roads, machinery, buildings and cars. These are things that cannot be transferred into cash easily, often go down in value, and require monies to be set aside for maintenance and replacement.

The balance sheet gives an indication about whether the council has working capital (this is total current assets and total liabilities) and in this case is \$1,276,000.

A good measure about whether the council is in a healthy financial position is called the **current ratio**, which is current assets divided by current liabilities. In this case the ratio is 1.28.

What is current ratio?

The current ratio shows if the council is able to pay its debts as and when they fall due or how many dollars the council has for every dollar it owes.

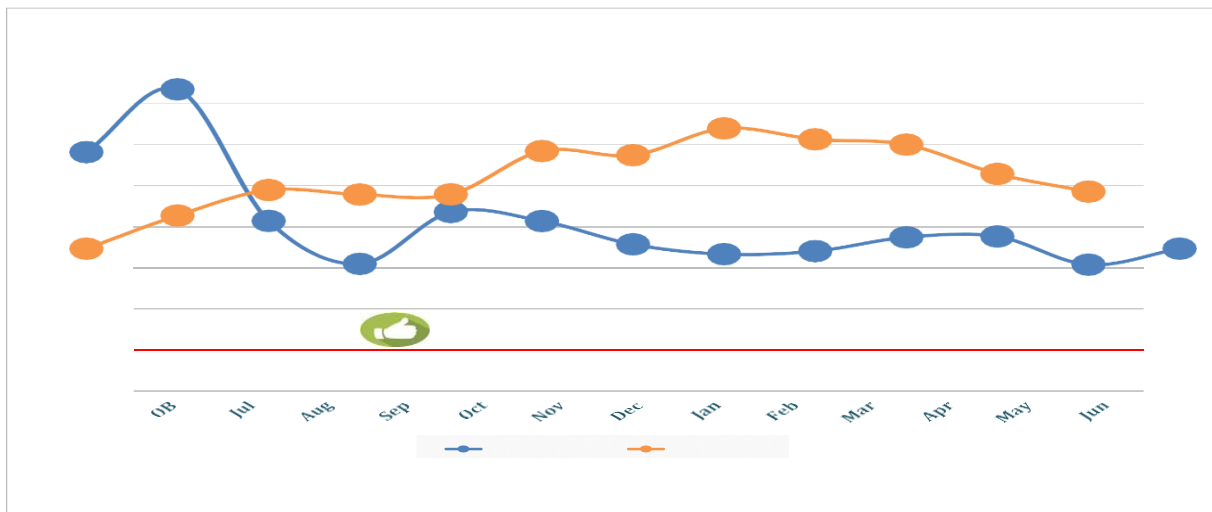
# Current Ratio

$$\text{CURRENT RATIO} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}}$$

<b>&lt;1</b>	<b>1.5 to 3</b>	<b>&gt;3</b>
		
<b>Too Low</b>	<b>Excellent</b>	<b>Too High</b>

Less than 1 means that the council may not be in a position to pay debts when they fall due.	1.5 to 3 is a good ratio. It means council has more than enough to pay debts but is not hanging onto too much either.	More than 3 means the council is not spending its money on services and infrastructure for the community.
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A council's current ratio will vary throughout the year. At the start of the year it may be too high but it should come back into line at the end of the financial year. It is also useful to compare the current ratio with the last year or over a period of years so that it is easier to predict when in the year it is likely to fluctuate.



## 5.7. Keeping council finances on track

A council that takes responsibility for money matters should:

- have good policies and procedures in place;
- make sure that reports show what money the council has, where the money has gone and whether council is within budget;
- ask questions; and
- make sure that the reports are provided and explained in a way that council members can understand.



### 5.7.1. Audit committee

The council must have an audit committee. The role of the audit committee is to:

- monitor and review the integrity of the council's financial management;
- monitor and review internal controls; and
- make recommendations to the council about issues the council should consider.

The audit committee provides an extra set of eyes to look over the finances and is able to focus on making sure there are good rules in place to keep things on track, and that council has the information that it needs to make decisions. One of the main roles of the audit committee is to provide suggestions and recommendations to council about improving financial governance.

Council appoints the audit committee. The audit committee is chaired by an independent person and can include other people that are not members of council or staff. It is good to include people who understand financial management.

The audit committee provides advice to council. Council makes the decisions.



## Terms of reference, roles and rules for the audit committee:

The council sets out the terms of reference, the role of the audit committee and members, and the rules for the audit committee (sometimes called an audit committee charter). The council can also abolish an audit committee (provided it establishes another one). Subject to the rules set by council, the audit committee can establish its own procedures.

## What does an audit committee do?

The following are functions likely to be carried out by the audit committee:

- Checking financial records are accurate.
- Making sure transactions are authorised.
- Checking invoices are real.
- Making sure asset records are up to date.
- Ensuring there is a segregation of duties so it is not just one person or division responsible for all finances.
- Making sure that council is following the requirements of the [Local Government Act 2019](#) Guidelines and Regulations and the Australian Accounting Standards.
- Considering whether policies are being followed (for example environmental, economic, cultural and social outcomes from investment decisions).
- Considering implications for the budget of council decisions.
- Recommending new financial policies and procedures.
- Ensuring council is receiving timely, accessible and useful financial reports.
- Considering and recommending the navigation tools, benchmarks and ratios that are used to monitor council finances (such as current ratios and asset reserve benchmarks).
- Working with the external auditor to review records and practices, prepare annual financial statements, ensure the Council addresses any concerns, and seek and implement recommendations and advice from the auditor to strengthen financial management.
- The audit committee may also manage risks such as business continuity, stakeholder relationships, infrastructure maintenance and public safety.

## Examples of audit committee work:

- ❖ Elected members have trouble understanding the monthly financial reports or would like the reports presented in a different way. The audit committee provides some options for council, looking at best practice or examples from other councils and may work with the Finance Officer to look at different ways of presenting reports.
- ❖ Most of what a council is worth is in its non-current or physical assets, i.e. things like roads, machinery, buildings, equipment, motor vehicles. Councillors at council are concerned that they are not setting aside enough money to replace and maintain these assets. They have asked the audit committee to develop a policy for consideration to make sure that reserves are set aside.
- ❖ Members of the council are concerned that some of the council assets have gone missing. They want to be sure that council is keeping track of assets and keeping them secure. They have asked the audit committee to review the asset inventory (the list of all the things the council owns), to review the asset management policy, and to check on secure storage and insurances for the assets.
- ❖ The council wants to keep track of money that is to be used for a specific purpose or that has rules attached to it (i.e. money that is not free to spend as the Council wants). They have referred this to the audit committee to consider: what is the best way to keep this money separate, and how to show it in the reports as money that is locked away.

### 5.7.2. Further safeguards and checks

The following safeguards and checks are in place to make sure council finances are on track:

- **External audit:** At the end of the financial year an external audit is conducted and the auditors provide their report to council on any concerns and make recommendations about the council's finances.
- **Annual financial statements:** The annual financial statements are audited externally and presented to the Minister for Local Government and NT Grants Commission for review.
- **Department of the Chief Minister and Cabinet:** The department is available to provide support and guidance and will seek to address any concerns raised about the council's finances. Accounting records must be maintained and available for inspection. The department sets out a program of regular compliance reviews on a rolling basis and may also seek to review compliance if any concerns or requests are made;
- **Minister's rectification order:** If there is a problem with the council's affairs the Minister for Local Government may write to the council requiring it to take action to correct the problem (rectification order).
- **Independent Commission Against Corruption (ICAC):** ICAC has broad powers to investigate complaints of misconduct and improper use of funds.

## 5.8. Resources



For more information visit the following resources:

- The [Local Government Act 2019](#) at Chapter 10 refers to financial management and outlines the procedures required of council in relation to money matters.

## 6. Meeting procedures and information



### Overview

The chapter will give members an understanding of:

1. Council meetings:
  - a. *When are they held?*
  - b. *What happens before a meeting?*
  - c. *What happens at a meeting of council?*
2. Requirements for decision making.
3. Ordinary vs special meetings.
4. Council committees.

If you are reading this book online, the link below will take you to an introductory video:

<https://youtu.be/trdxtrX2PwQ>

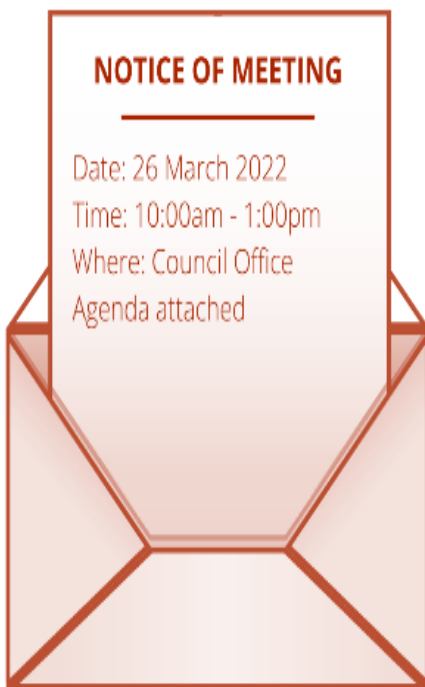
## 6.1. Council meetings

### 6.1.1. When are they held?

The first council meeting is to be held **within 21 days of the election results**. After this, the council must meet **at least once every 2 months**.

Council meetings are called by the CEO.

### 6.1.2. Notice of a council meeting



Notice for a council meeting must:

- be in writing;
- give the details of the meeting such as date, time and place and include the agenda and agenda papers; and
- be given to members and published on the council website at least 3 business days before the date of the meeting. Councillors may request that notice is provided more than 3 days in advance to give them more opportunity to prepare for the meeting

### 6.1.3. Preparing for a meeting

It is important that all members:

- read the papers before the meeting;
- consider if you might have a conflict of interest;
- ask questions if things are unclear, and raise any issues or concerns; and
- seek community views on agenda items.

Many councils have a briefing session before the meeting where councillors can ask questions and clarify information. However decisions cannot be made at the briefing session.

### 6.1.4. Openness and accountability

Openness and accountability helps people in your area understand the business of council and shows that the council is answerable to its community.

Notice and papers for the meeting are posted on the council website and made available to the public at least 3 business days before the council meeting.

Council meetings are open to the public so that the people in your area can see how you make decisions. Members of your community can ask questions at council meetings.

If a lot of people turn up to a council meeting then councillors will know that decisions on the council agenda are very important to the community and might be controversial. It also might give council an indication of what issues require more consultation. The confidential session of the meeting is only for matters that should not be disclosed for good reason, such as infringing someone's privacy, legal privilege or contractual requirement, or commercial in confidence. The item must indicate that it is confidential and contain a statement as to the nature of the confidentiality.



### 6.1.5. What happens at a council meeting?

The mayor or president will chair the council meeting and will go through the agenda items.

The council would deal with conflicts of interest first and consider the minutes of the previous meeting.

The council would then usually discuss matters for decision. Then council would consider any reports from local authorities, council officers, and the CEO, as well as the finance report.

Remember your agenda is your road map, stick to it!



### 6.1.6. The role of a chairperson



The chair is usually the mayor or president.

The chair is responsible for the conduct of meetings and to make sure:

- there is good and timely information from the CEO and council officers to inform decisions;
- there is enough time for decisions to be made;
- that decisions are recorded in the minutes;
- that the meeting does not go off track;
- that everyone has an opportunity to be heard; and
- that meetings are respectful.

### 6.1.7. Teamwork and diversity

- The council works together as a group and so all councillors should respect different ways of communicating and making decisions.
- Every councillor will bring their views and ideas to the council and their knowledge of what is happening in their community.
- A diverse range of views contributes to better and more inclusive decisions.



### 6.1.8. Rules of engagement

Below are some examples of rules that might help council work together:

- Every council member must sign onto the Code of Conduct.
- Council values to be specified and in a prominent place at every meeting.
- Members must arrive before the scheduled time to start and switch off their mobiles.
- Members are to address issues, not personalities.
- The members should focus on what is right, rather than what is wrong.
- No matters should be raised or mentioned that are within the proper remit of management.
- During discussions, three minutes is enough time to make a point.
- Keep to the point.
- Repeating your point or position is not going to change anyone's mind.
- Do not drag up stories from the past unless the president rules them relevant or helpful to the discussion.
- Avoid the use of terms that others may not understand. One of your key roles is communication to fellow councillors, to the staff who are going to implement your decisions and to the community you represent.
- Speak slowly and economically, brevity is a great skill and a virtue.
- When addressing a topic assume everyone has read the agenda paper and do not repeat what is in writing.
- Listen attentively and show interest in what is being said.
- Be positive and constructive, if your only contribution is negative then you are not making a contribution.
- Council meetings are not about demonstrating individual skills, knowledge and intelligence but about contributing and communicating an informed viewpoint, relevant to the business at hand, to facilitate arriving at a considered group decision.
- Do not be discouraged from expressing contrary views - differences supports good decision making.



### 6.1.9. A well-run meeting



Good meetings do not just happen. A well-run meeting needs:<sup>3</sup>

- a shared purpose;
- an agenda;
- agreed rules;
- a quorum;
- meeting minutes;
- an effective chair or facilitator; and
- some healthy food and a sense of humour.

Common problems include:

- no-one knows the ground rules;
- a few people dominate the discussion;
- the CEO runs the meeting;
- some people never turn up;
- there are no information papers;
- no one records decisions; and
- the discussion goes off track all the time.

These problems result in people getting frustrated, bored and the meeting not accomplishing much.

<sup>3</sup> From: AIGI Toolkit 6.3 Running Effective Meeting

## 6.2. Requirements for decision making

- Where a matter requires the council to make a decision, the council might decide to vote on the recommendation provided in the agenda paper or put up its own recommendation for voting.
- Councillors can put forward their recommendations, sometimes called a motion. A motion is a proposal or idea for potential action or decision. Moving a motion simply means someone puts the proposal forward to be voted on.
- Councillors must either vote for or against a recommendation or motion, it is not an option to abstain or not vote.
- Councillors might also decide that a matter be deferred or put off so that more information or other options are provided.

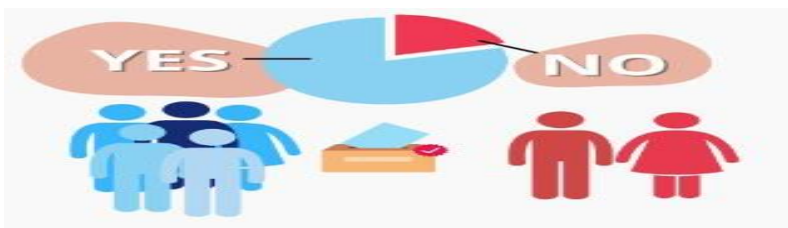


The chair should make sure that:

- members understand the decision that is being made and have voted on the decision; and
- the decision is clear for the minute taker to record.

Each decision of a council is recorded in the minutes.

### 6.2.1. Voting at meetings



When there are enough council members at the meeting to make decisions, this is called a quorum. A quorum for council meetings is the majority of council members.

Council decisions are taken when a majority of members present at the meeting vote for or against it.

Each member has one vote, but some councils may have a policy that allows the chair a deciding vote if the vote is even.

### 6.3. Ordinary meetings vs special meetings

Ordinary meetings may deal with business of any kind, or business as usual but a special meeting can only deal with the specific business the meeting was called for.

Notices of special meetings must be published and provided to members at least 4 hours before the time of the meeting.



A special meeting may be in response to an emergency situation or urgent matters that need to be resolved as soon as possible or may be called to enable more time to discuss and consider complex issues.

The CEO must convene a special meeting if the mayor or president or 3 or more other members request it in writing or the council resolves to hold a special meeting.

The special meeting will only deal with the business of that meeting unless all members are present and they unanimously decide to deal with other business.

### 6.4. Council committees

The council must create an audit committee to oversee financial management.

A council may also create committees for particular functions, such as environment and waste management, arts and culture, youth advisory, parks and sports facilities.

Council committees can include persons who are not members of the council.

All committees must have a terms of reference (what its purpose is and what it will do) approved by the council.

All committees report to the council. Council is the decision maker.



## 6.5. Resources



For more information visit the following resources:

- The [Local Government Act 2019](#) at Chapter 6 covers council meetings and procedures
- Part 5.2 of the [Local Government Act 2019](#) covers council committees.

## 7. Good meetings, better decisions

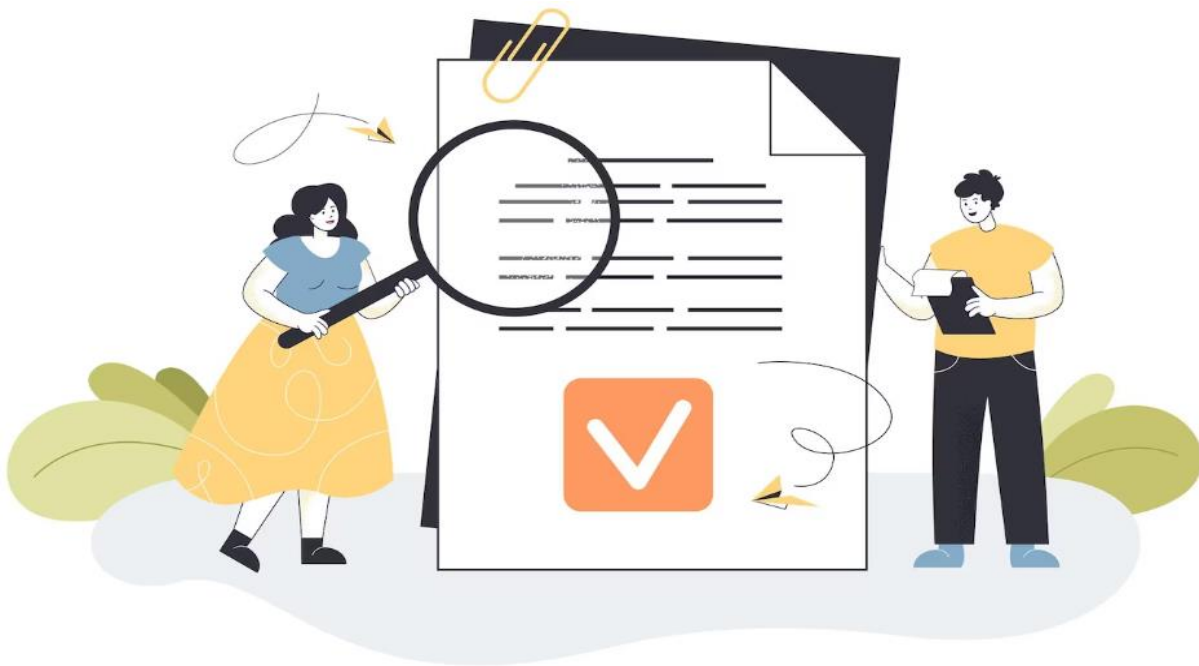


### Overview

The chapter will give members an understanding of:

1. Policies and procedures.
2. Agenda and papers.
3. Role of the chair and keeping on track.
4. Decision making and working as a team.
5. Accountability and transparency.

## 7.1. Policies and procedures



### 7.1.1. First meeting

- The first ordinary meeting of a council is held within 21 days of the general election.
- Council meetings must then be held at least once every 2 months.
- At the first meeting, a meeting schedule or calendar of meetings is set.
- The meeting will also decide if the chair will have a casting vote.



### 7.1.2. Meeting rules

The council may want to determine its own rules and policies for meetings.

These may cover things like:

- the way papers and information are presented;
- keeping things on track and ensuring everyone has a say;
- the standards and behaviour expected of council members (in addition to the Code of Conduct) and the values that are important to council;
- the role of the chairperson; and
- how visitors should behave when they attend council meetings.



### 7.1.3. Policies

- Policies provide guidance and underpin your decision-making.
- They tend to deal with issues that come up consistently and set a framework so decisions do not have to be made again and again.
- Policies establish an agreed way of working for the council.



## 7.2. Agenda and papers

### 7.2.1. Agenda

The agenda is your road map, do not get side tracked. It tells your community about the business of the council. The agenda should make sure important business is discussed and every item on the agenda should indicate whether it is for decision, for discussion or for nothing:

- The agenda is prepared by the CEO in consultation with the chair (the mayor or president).
- Council members can suggest items are put on the agenda at a council meeting.
- The agenda and papers have to be published for everyone to see and provided to members at least 3 business days before the meeting.
- Some councils also allow for **general business** which generally would be limited to matters of a minor nature.





### 7.2.2. Sample agenda

# AGENDA

ABC Council

*Date | time*

---

## Council members

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### Names of members

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<b>Time</b>	<b>Item</b>
Time	Welcome and apologies
Time	Declarations of conflict of interest
Time	Previous minutes
Time	Matters for Decision
Time	Matters for Noting
Time	Reports from Local Authorities ( <i>Regional Councils</i> )
Time	CEO Report
Time	Financial report
Time	Visitor presentations
Time	General business
Time	Confidential business

### 7.2.3. Papers

- Papers are to be provided at least 3 business days prior to a meeting with the notice of meeting.
- Agenda papers should provide all the information that you need in a way that you can easily understand.
- Papers may be provided in hard copy or electronically.
- Some councils have **briefing days** or **elected member** information sessions:
  - these provide an opportunity to ask questions, clarify issues and seek more information; and
  - they are not for decision-making.

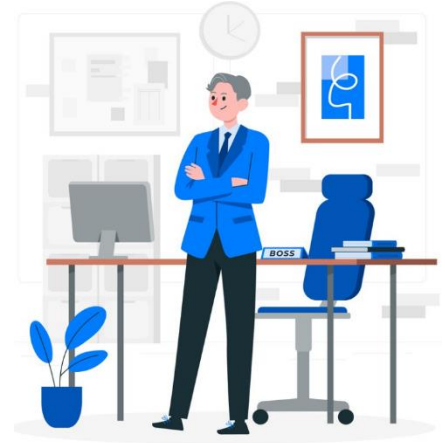


## 7.3. Role of the chair and keeping on track

### 7.3.1. Role of the chair

The mayor or president is the chairperson of the council who:

- makes sure the council has the information it needs and the agenda addresses the council priorities;
- chairs council meetings, helping the council move towards a collective decision;
- represents council in leading the relationship between the council and the CEO and represents the council externally; and
- promotes high standards and models good behaviour.



The chair is responsible for a good meeting, making sure that:

- good and timely information is provided by the CEO and officers to inform Council decisions;
- enough time is set aside for decisions to be made;
- decisions are recorded in the minutes;
- the meetings are respectful and stays on track; and
- everyone has an opportunity to be heard.



### 7.3.2. What members can do?

- All members should read their papers and arrive on time. They are then prepared and ready to make decisions.
- Your agenda is your road map, keep focused and keep on time.
- Keep out of operational issues and try not to get diverted from your priorities.
- Know your meeting rules.
- Be respectful to each other and support the chair to keep everyone in order.



## 7.4. Decision making and working as a team



### 7.4.1. Working as a team

- Councillors and local authority members are a team, they do not perform their job individually. They are doing their job well when the council is working together.
- Councillors and local authority members come from different backgrounds and have different skills and experiences. They represent different communities and different ideas. A diverse range of views contributes to better and more inclusive decisions.
- Councillors are elected every four years and so the electorate will make a decision on how they are doing. In the meantime, councils should have a way of assessing their own performance regularly to make sure they are delivering outcomes for the community.

A well-functioning council or local authority shows:

- a shared commitment;
- courage and hard work;
- time and persistence;
- planning and teamwork;
- strong leadership;
- sensitivity to people's concerns;
- negotiation and mediation skills;
- a good sense of humour; and
- a strong idea of where you want to go.



## 7.4.2. Decision making

All of the things we have discussed help to support good decisions:

- A good agenda that focuses on the important things, and clear papers delivered in time for councillors to consider them.
- Consider what the community thinks.
- The chairperson guiding the council and council working together as a team.
- Everyone has a chance to have their say but once a decision is made all members need to respect and are responsible for the decision.
- For a decision to be effective it might need to be made following traditional authority or getting the views of other people and organisations.
- Councillors must either vote for or against a recommendation. It is not an option to abstain or not vote. However councillors might also decide that a matter might be deferred or put off so that there is more time to make a decision, more information, or other options are provided.

“We make decisions like a washing machine. First, we just push it all around, everything round and round and have a good talk about every part of it. Then we come to a decision. Once a decision is made, Board members think it is important to stick to it ... then we agree as one. Once a decision is passed, that’s it, it’s finished. Then we’re under one agreement, we get on with it.”

(Yarnteen Corporation Board member, quoted in Diane Smith, Yarnteen Board Self-Evaluation Report, 2006)

A good decision:

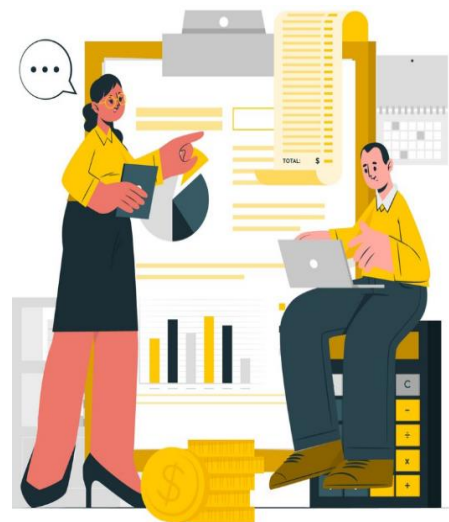
- is made on the basis of good information;
- considers options and chooses the best one;
- is based on understanding the community and what people in the council area want;
- looks at the risks and the impact on the community and other stakeholders;
- is made within budget;
- is in line with the strategic priorities and objectives of the council;
- is consistent with the values and principles of the council;
- is understood by all the members of the council, and
- is the best decision for all the people in the council area.

## 7.5. Accountability and transparency



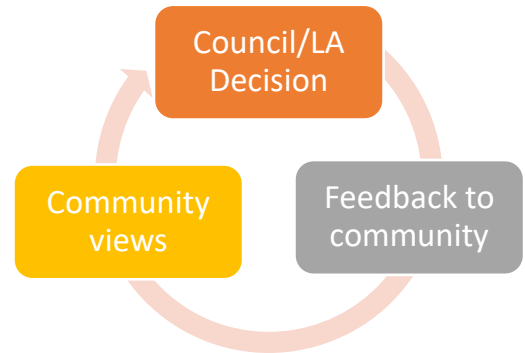
### 7.5.1. Being open

- Transparency and accountability (being open) help people in your area understand the business of council and shows that the council is listening to the community.
- To be accountable means to:
  - Answer for your decisions and actions, to explain what happened.
  - Be responsible to each other and the community.
- The meeting notice and papers are made available and council meetings are open to the public so that your community can see how you make decisions.



### 7.5.2. Representing your community

- Council and local authority members have an important role to represent the community.
- They should talk to people and organisations in their community regularly, and report back to the community about what council is doing. This is often called the feedback loop.
- Councillors may promise to advocate for, or deliver on certain things. However when they come together as a Council they might come to a different view.
- Also, councils and local authorities have to be accountable through following the law, looking after the finances, reporting on what they are doing, and acting in the best interests of the community.



### 7.5.3. Confidentiality

- Confidentiality is unusual as council and local authorities business should be conducted openly.
- As a councillor or local authority member you will occasionally receive information that is confidential or private in order for council to do its business.
- You must keep any information that is confidential secret and not share it with anyone outside the Council or LA.
- You must not use that information to get a benefit or advantage or to cause harm to other people.
- The agenda must state the type of confidential business to be discussed but not the details. It might say it is a human resource matter, consideration of tenders, or rates waivers for example;
- Any papers that are confidential should still be distributed securely to all members with the agenda at least 3 business days before the meeting, but are not to be published.
- The meeting will be closed to hear confidential items.
- Some items may be made public after a period of time.

### 7.5.4. Minutes

- Minutes are a record of council and local authority decisions, recommendations and actions. They tell the community what is going on.
- Be clear on what you have agreed. By the time you get to the next meeting you may not remember exactly what was said.
- Minutes should record the decision taken and a brief summary of the reasons why a majority of members supported that decision.
- The CEO must ensure that proper minutes of meetings are kept.



- The minutes must be confirmed at the next meeting.
- A copy of the minutes must be available to the public on the website and at the council's office within 10 business days after the date of the meeting.
- A member of the public may inspect the copy of the minutes and may obtain an identical copy of the minutes or a certified copy of, or extract from, the minutes of a meeting.
- The minutes of a local authority must be considered at the next ordinary meeting of the council and the council must report back to the local authority as soon as possible after the council meeting.



## 8. CEO recruitment



### Overview

The chapter will give members an understanding of:

1. Role of the CEO.
2. Planning ahead.
3. Job description and selection criteria.
4. The recruitment process.
5. CEO contract.
6. Performance expectations.
7. Induction.
8. Resources.

## 8.1. Role and function of the CEO

The CEO is employed by and reports to the council. The CEO:

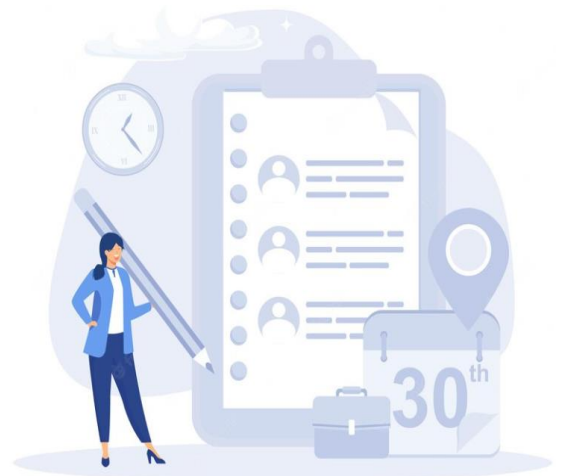
- manages the day-to-day operations and council staff;
- implements lawful decisions of council;
- provides advice and regular reports to the council;
- ensures the community is properly informed about council policies, programs and decisions;
- ensures that the council's assets are properly managed and maintained; and
- ensures proper standards of financial management and record keeping are maintained.<sup>4</sup>



## 8.2. Planning ahead

The CEO position is essential to council working well. Sometime you may not be able to avoid a vacancy in the CEO position, but it is good to plan ahead to make sure the council is ready to act when this occurs.

- Think about what the council will do if the CEO resigns or when the contract comes to an end.
- Have your documents and procedures ready in case this happens, such as:
  - job description updated to reflect council priorities;
  - selection criteria;
  - organisational structure; and
  - terms and conditions of employment.
- Make sure you advertise the vacancy within 6 weeks of it occurring.<sup>5</sup>
- Remember the council needs to approve a recruitment process and remuneration salary package by resolution.



<sup>4</sup> S.167 of the *Local Government Act 2019*

<sup>5</sup> s.169 of the LGA re; advertising vacancies within 6 weeks

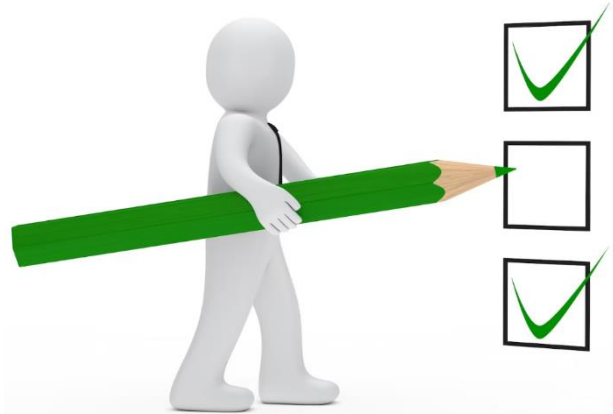
## 8.3. CEO job description

### Review the job description

The role of the CEO should be set out in the job description. Prior to recruitment the council should review the job description to ensure that the duties and responsibilities in the job description are appropriate for the needs of the council and the community at that time.

The job description should:

- guide the development of performance measures and reviews;
- provide information about the local government area and highlight current priorities and major program responsibilities;
- include a high-level organisational structure and reporting lines;
- outline the key aspects of the role and the knowledge, skills and experience you are seeking;
- emphasise the values of your council; for example respect, honesty, responsibility, and cultural sensitivity; and
- refer to the terms and conditions of employment.



### 8.3.1. Selection criteria

#### Develop the selection criteria

What sort of CEO does the council need at this time?

- ❖ What are the skills and experience needed?
- ❖ What are the eligibility requirements?
- ❖ What sort of person do you need?
- ❖ Will they fit with the council values and culture?



## What are the essential skills and attributes required for the position, the council and its community at this time?

These might include:

- High level leadership and management capabilities.
- Cultural competency.
- Demonstrate and commitment to values.
- Team work and development.
- Strategic development and planning.
- Experience managing complex budgets.
- Reporting to an elected board, committee or council.
- Tertiary qualification or equivalent experience in a relevant field.



An applicant is not eligible if:

- The person is disqualified from managing a corporation under the [Corporations Act 2001](#) (Cth), the [Corporations \(Aboriginal and Torres Strait Islander\) Act 2006](#) (Cth) or the [Associations Act 2003](#) (NT).
- The person is bankrupt.<sup>6</sup>

<sup>6</sup> s.166 *Local Government Act 2019*

## 8.4. Recruitment process

### 8.4.1. Selecting a recruitment panel

#### Who should be on the panel?

- Include at least one person who is independent from the council.
- Consider panel diversity, is there a good mix of people on the panel?
- Make sure panel members are available.



#### What are the functions of the panel?

- Establish the roles and responsibilities of the members
- If working with a consultant, determine what you want the consultant to do.
- Develop a timeline and steps in the recruitment process.

### 8.4.2. Engaging a consultant

If considering the use of a professional recruitment agency to assist with the recruitment process, the council should:

- Consider if the consultant understands the sector and has good experience in recruiting CEOs.
- Have they been recommended, do they have good references?
- Be clear about the role you want the consultant to play. The recruitment consultant can assist in the process by:
  - developing the documents and guidance required;
  - providing guidance on a fair and diligent process;
  - organising and coordinating panel meetings and interviews;
  - writing up panel notes and assessments; and
  - preparing a contract.



A consultant is only there to advise and assist, but does not make the decision about which applicant should be chosen. That decision is the role of the council.

### 8.4.3. Advertising the position

- Advertise widely and publically, consider a diverse range of advertising methods, mediums and platforms to attract the best possible pool.<sup>7</sup>
- Provide details of remuneration package and/or range.
- Include the job description and selection criteria.
- Specify the term of the contract.
- Provide a council contact to provide more information.
- Include a closing date.



### 8.4.4. Selecting an applicant

Selection should be based on merit (the best person for the job). The process should be fair and equitable and not discriminate. The selection panel will need to:

- short list the best applicants for interview based on the selection criteria;
- develop a set of questions for interview and a method for assessing the applicants against these;
- check referees and eligibility;
- report to the council and seek endorsement; and
- select the person who best meets the selection criteria.



The report to the council should include the full list of applicants, a recommendation from the panel, a summary of the application process and reasons for the decision. All applicant documents should be available to council.

The panel recommendation might be that no appointment is made if none of the applicants are suitable for the position and a new process initiated which might involve changes to the duties and responsibilities or the selection criteria.

#### Consider the following before making a decision

- Would someone looking from the outside come to the same conclusion?
- Have you considered all the information available?

### 8.4.5. Referee checks

Best practice is for the panel to talk to referees together in order to verify or check matters that have come up during the interview or within the application process. It is also important to check references for relevant positions, rather than just the last three years of work history, as applicants at CEO level may have held a wide range of positions and their more relevant experience may not be the most recent.

The panel could ask for further referees.

<sup>7</sup> Reg 109 requires that the position is advertised in a Newspaper that is circulated in the area

## 8.5. CEO contract

The contract forms a legal agreement between the council and the CEO. It is therefore advisable that council obtains appropriate professional advice about the formation of the contract to ensure it reflects council's needs, expectations and obligations. The contract should provide as much information as possible to inform the CEO of what is required and to set out processes and guidance.



### 8.5.1. What is in a contract?

- Start and finishing dates (term of employment).
- Type of employment (fixed term / part time / full time).
- Job description.
- Position requirements such as police and working with children checks.
- Terms and conditions.
- Location.
- Remuneration and other benefits.
- Leave entitlements and notification requirements.
- Probation period of at least 6 months.
- Remuneration package, including cash and non-cash benefits and entitlements.
- Leave entitlements and notice provisions.
- Performance measures.
- Organisational structure.
- Dispute and disciplinary processes.
- Code of Conduct.
- Notice period and termination of employment.



### 8.5.2. Settlement of the contract

The council must approve a proposed contract, terms and conditions and a remuneration package.

It is not unusual for an applicant to want to negotiate terms and/or remuneration.

While the council should not change the overall package that has been advertised, it should consider flexibility that might be attractive to the preferred applicant.



## 8.6. Performance measures

Either as part of the contract or soon after the council should establish performance measures to guide the CEO.

The measures are to be agreed between council and the CEO.

### 8.6.1. Performance expectations

- Start with the selection criteria and the contract. The job description that forms part of the contract should provide the foundation for performance measures.
- Consider council strategic plans and priorities. The CEO is required to implement these, and so they should be reflected in the performance measures.
- Agree performance measures with the CEO and explain the process.
- Include CEO professional and personal development goals.





## 8.6.2. Examples of performance measures

Outline other expectations/areas for assessment and what success looks like, for instance:

- community satisfaction;
- organisational culture that aligns to the Code of Conduct and council values;
- stakeholder (including staff) engagement and feedback;
- financial performance, risk management and probity; and
- compliance with statutory requirements.



## 8.7. Induction for the new CEO

Get off to a good start. Plan an induction process for the new CEO:

- Involve the family/partner if the new CEO is relocating.
- Ensure there is a contact point for coordination of arrangements.
- Advise staff and seek their involvement in introducing the CEO.
- Ensure arrangements are in place for commencement, including:
  - equipment and office set up where relevant;
  - housing; and
  - vehicle.
- Organise an initial meeting with the mayor or president to discuss how the CEO and the council will work together.
- Arrange a meeting with all the elected members.
- Enable a handover from current CEO and briefings from key staff.
- Set up introductory meetings with key stakeholders,
- Plan community introduction and engagement.



## 8.8. Resources



For more information visit the following resources:

- The [Local Government Act, 2019](#) at Part 9.1 covers the council CEO.
- The [Local Government \(General\) Regulations 2021](#) at regulation (109) covers the requirements for appointment of the CEO.
- [Guideline 2 Appointing a CEO](#) covers the CEO recruitment process, consideration of applicants and the applicants conflicts of interest.

## 9. CEO development and review



### Overview

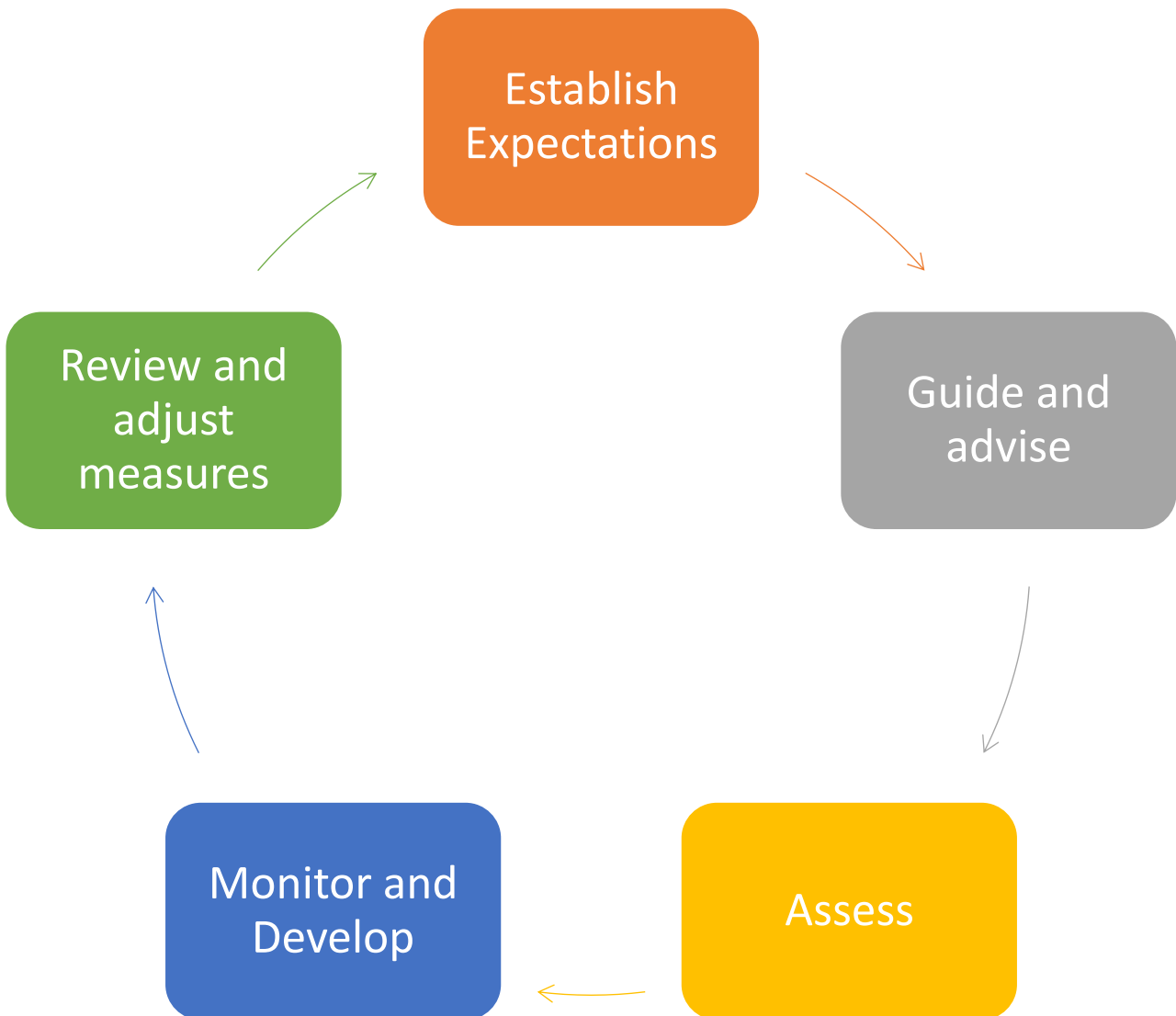
One of the fundamental roles of the council is employment of the CEO. Developing and supporting the CEO is critical to implementing the council's strategic goals and supporting the community.

The chapter will give members an understanding of:

1. Performance review process.
2. Performance measures.
3. Principles that guide the process.
4. Probation process and assessment.
5. Availability of development support and training.
6. Role of chair and the review committee.
7. Regular feedback.
8. Annual review.
9. Managing follow up.

## 9.1. The review cycle

The review cycle provide councils with **five stages** of review to ensure that local government CEOs are supported and developed to lead councils in a way that creates outcomes for the community and achieves the strategic goals of the council.



### 9.1.1. The five stages of the review cycle

#### The five stages of the review cycle include:

**1. Establish expectations:**

- Expectations are goals and key performance indicators that the council sets for the CEO. Make sure the expectations are realistic and take into account the circumstances facing the council.

**2. Guide and advise:**

- Ongoing advice and support from the council through the mayor or president to enable the CEO to do their job.

**3. Assess:**

- Usually a performance review panel will assess against agreed measures, report to the council, and give feedback to the CEO.

**4. Monitor and develop:**

- The council should monitor the CEO to ensure that performance stays on track and provides opportunities for networking, development and training of the CEO.

**5. Review and adjust measures:**

- A continuous cycle of reviewing and adjusting measures to reflect the development of the CEO and the council and changing council priorities.

## 9.2. Performance review process



### 9.2.1. What is a performance review?

A performance review is a formal assessment in which a council (through a performance review committee) evaluates the CEO's work performance, identifies strengths and weaknesses, offers feedback, and sets goals for future performance.

The CEO performance review process, if done well, should help align expectations, reinforce positive performance, provide guidance and support as needed, nurture the working relationship between council and the CEO and provide an opportunity to address and correct problems early.

### 9.2.2. What are the common goals for performance reviews?

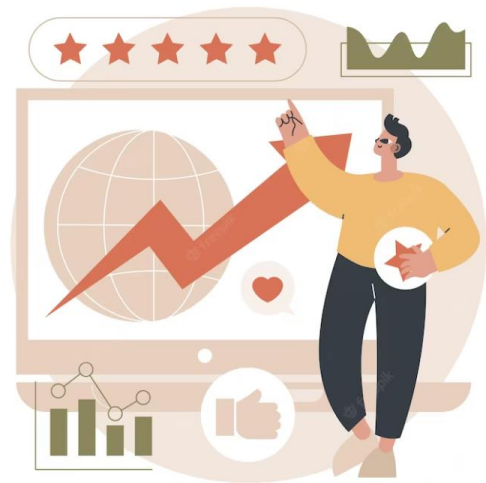
Performance reviews should help employees understand:

- what they are doing well;
- how they can improve; and
- what is expected of them in the future.

Performance reviews help councils recognise when the CEO is doing things well and can also address concerns when the CEO is not doing things well. Consistent communication and feedback from councils to CEO can encourage growth and development, and foster engagement with the CEO.

### 9.2.3. Steps to a CEO performance review for councils

1. Develop performance measures and agree these with the CEO.
2. Collect evidence of performance and provide feedback.
3. Outline roles of:
  - a. chair;
  - b. council;
  - c. review panel / committee; and
  - d. independent expertise.
4. Set out process, guidelines and timelines.
5. Provide recording and reporting of steps in the process.



### 9.3. Performance measures



The job description that forms part of the contract should provide the foundation for performance measures. This should provide your framework.

- ❖ What does the council need from the CEO now?
- ❖ What's in your strategic plan?
- ❖ What are your priorities and how can the CEO advance these?

Consider the application of the [Fair Work Act 2009](#) (Cth) and any Enterprise Bargaining Agreements. The principles of human resource management contained in section 172 of the [Local Government Act 2019](#) apply.

## To create performance measures:

- Start with the selection criteria and the contract.
- Consider council strategic plans and priorities.
- Ensure regulatory, statutory and reporting compliance.
- Outline expectations /areas for assessment and what success looks like.
- Agree performance measures with the CEO and explain the process.
- Include professional and personal development goals for CEO.



A sample set of key performance indicators (KPIs) is contained at Attachment 3.

## 9.4. Principles that guide the process

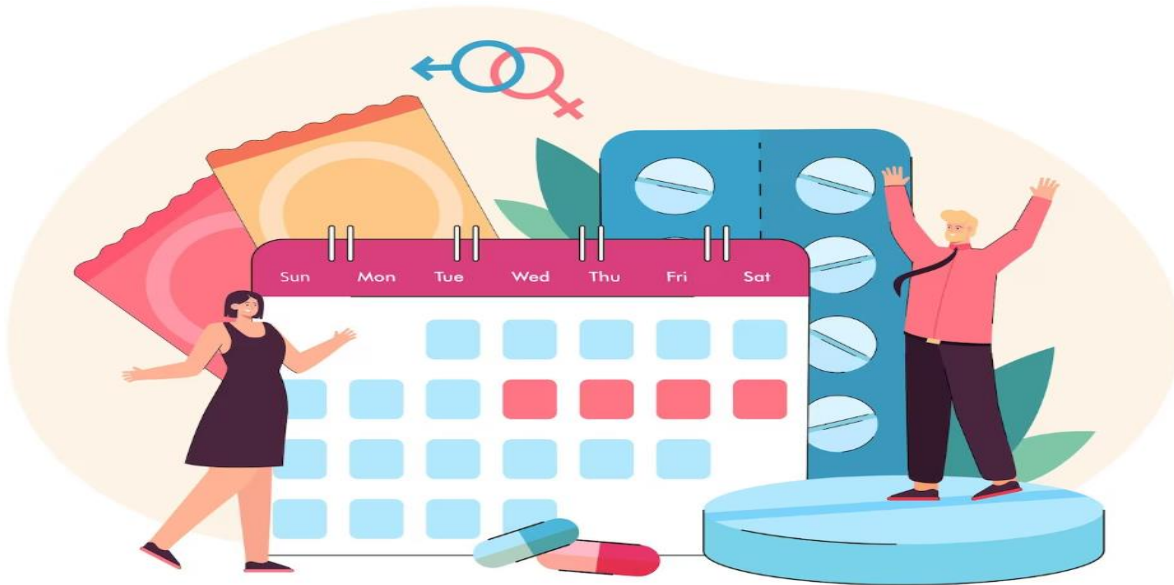
- Decisions are based on merit.
- The decisions and processes are fair, equitable and consistent.
- Access to training, development and support for the CEO.
- Safe working environment.
- Freedom from discrimination and bias.



Consider the application of the [Fair Work Act 2009](#) (Cth) and any Enterprise Bargaining Agreements. The principles of human resource management contained in section 172 of the [Local Government Act 2019](#) apply.



## 9.5. Probation process and assessment



A probation period is a way of providing support and determining suitability for the job. It must be at least 6 months.<sup>8</sup>

During the probation period:

- Make sure the CEO clearly understands their role, the expected level of performance, and the expected conduct at work.
- Provide the CEO with regular performance feedback during the probation period and inform them of any changes needed to their work or conduct.

Towards the end of the probation period advise of the outcome of the probation assessment.

If the CEO is unsuccessful, provide notice and entitlements. Remember, this should not be a surprise to the CEO. Guidance and direction to the improvements required should have been provided within the probation period.

If the CEO has successfully completed probation, acknowledge their achievement, set goals for further review and confirm their ongoing appointment.

If the council has not reviewed and made a determination within the probation period then the CEO will be deemed to have completed probation and any performance issues will need to be dealt with as part of the performance review process.



<sup>8</sup> Reference *Local Government Act 2019* Guideline 2: Appointing a CEO

## 9.6. Annual review

The performance review panel should:

- Establish a clear fair process and advise the CEO in advance.
- Clarify reporting and assessment areas.
- Seek input from the CEO and consider the CEO's responses.
- Provide feedback using evidence provided by the CEO and evidence collected by the committee / council.
- Clarify consequences of the review (for example, increase in remuneration, on the timeline for and clarity on any improvements required and how these will be demonstrated).
- Document the process and report to the council.
- develop performance measures for the coming year.
- Consider any requirements under the CEO contract.



- ❖ The council needs to make sure they are assessing only what the CEO is responsible for by separating out objectives of the organisation and organisational performance from CEO performance.
- ❖ Note: any serious disciplinary matters should be raised when they occur and not be saved for the annual review. The annual review should not present any surprises as regular feedback will give indications of the outcome of the annual review.

### 9.6.1. Who conducts the review?



- ❖ A performance review would usually be conducted by a panel of council. Some councils utilise their selection panel to follow up and act as the performance review panel. The performance review panel reports to the council on the outcomes of the performance review.
- ❖ Councils can seek an independent consultant to provide assistance with the performance review process. At all times the panel members need to stay objective and impartial.
- ❖ Usually the panel would include the mayor or president, as they play a key role as the channel between the CEO and the council and will be regularly meeting with the CEO. Where there are any issues, the feedback between the chair and CEO should be documented.

## 9.6.2. Focus on development and support training



If done well, the CEO performance review process should help align expectations, reinforce positive performance, provide guidance and support as needed, nurture the council and CEO's working relationship, and provide an opportunity to address and correct problems early.

It should be designed to get the most out of your CEO:

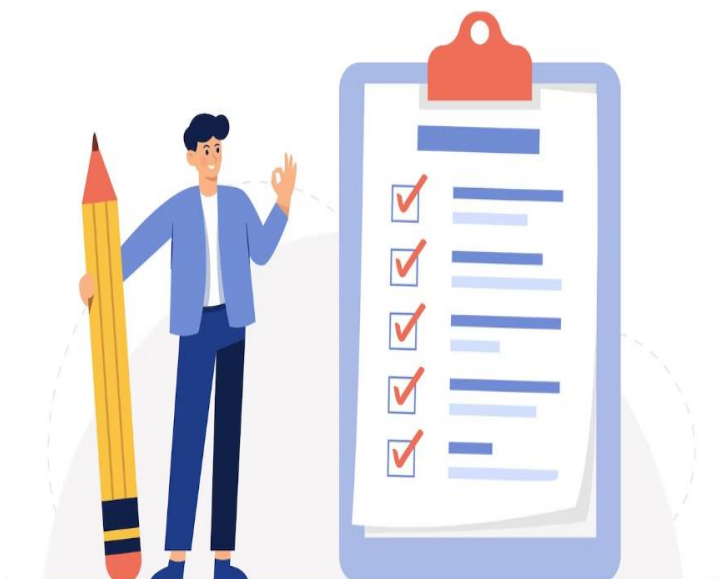
- ❖ Make them feel welcome.
- ❖ Ensure a good working environment (or warn them and take this into account).
- ❖ Provide appropriate support, resources and a prompt response to requests for guidance and assistance.
- ❖ Establish a good working relationship with the chair and the informal feedback loop.
- ❖ Provide a duty statement and clear performance goals.
- ❖ Commit to development opportunities.
- ❖ Delivery of constructive informal feedback including recognition of good work.
- ❖ Identify impediments to performance and address or acknowledge these.

### 9.6.3. Manage follow up



The performance review panel will need to:

- report back the council;
- clarify next steps and the timeline;
- manage any required improvements;
- adjust expectations, requirements and priorities as needed;
- provide support;
- set a further date for review; and
- if issues are relationship-based consider using a mediator.



## 9.7. Resources



For more information visit the following resources:

- The [Local Government Act 2019](#) at Part 9.1 covers the council's CEO.
- The [Local Government \(General\) Regulations 2021](#) at Regulation (109) covers the requirements for appointment of the CEO.

# Attachment 1. Glossary of local government terms

## Accountability

Being responsible (legally, ethically, financially or culturally) and answerable for your actions and decisions to the people who live in the council area. To be able to explain and justify council decisions and actions.

## Annual report

A written report that is prepared by the CEO and approved by the Council about what the Council has been doing and the finances for the previous financial year. It may also outline plans/strategy for the future.

## Annual return of interests

Every council member must provide a return of interests each year. The interests are matters that may influence, or be seen to influence, a council member in performance of their duties. Interests that need to be declared include membership of a political party, ownership of land, shares in an organisation, being a partner in a partnership or a director of a corporation. Interests also have to be declared in relation to membership of an organisation or any other interest that might conflict with their duties as a councillor.

## Assets

Assets are the things the council owns, e.g. motor vehicles, buildings, footy ovals, streetlights.

## Audit

An audit is an inspection of the financial reports of the Council by an independent person called the auditor. An audit is required to be completed each financial year. The audit must be signed off by Council. Council is required to have an audit committee which reviews the financial reports and monitors the internal financial controls.

## Balance sheet

This is a financial report that shows what the Council owns (assets) minus what the Council owes (debts or liabilities).

## Budget

A budget is a plan of how much the Council expects to spend and receive in the next year.

## By-laws

By-laws are rules made by Council to regulate what happens in the council area. They may be about things such as parking or registration of dogs.

## Cash flow statement

This is a financial report that shows how much cash there is at the bank and how much cash has come in and gone out over a period of time. It shows if the Council has enough money to pay its workers, pay for services and pay its debts.

## Chairperson

The person who runs the meetings of the council, usually the mayor or president.

## Code of Conduct

This sets out the standards of behaviour expected from the council and includes:

- honesty and integrity;
- care and diligence;
- courtesy;
- prohibition on bullying;
- conduct towards council staff;
- respect for cultural diversity and culture;
- managing conflicts of interest;
- respect for confidences;
- rules about accepting gifts;
- accountability;
- acting in the best interests of people in the council area; and
- participating in training.

## Commonwealth / Federal Government

This is the Australian Government. Its powers and role are set out in the Constitution and includes: post and telecommunications; immigration; defence; foreign affairs and trade; taxation; Aboriginal affairs; and native title.



## Confidential information

Confidential information is information that a councillor may see or have access to as part of their role, but it is private and should not be shared with anyone outside the council. It may be an offence to misuse confidential information.

## Conflict of interest

Conflict of interest means not making decisions about matters where you, or those close to you, have a special interest and may benefit.

## Committees

Committees are smaller groups of council formed to deal with particular areas such as an audit committee or risk committees.

## Corruption

The misuse or abuse of a public office or position (a misuse of power and authority) for personal gain or other illegal or immoral benefit.

## Debts / liabilities

Debts are what the council owes and liabilities also include things like loan and lease payments that the council is required to pay.

## Delegate

A person or thing who acts for or represents others. When a function or power is delegated, the council still holds final responsibility for it, and remains accountable for what occurs.

## Diligence (as in due diligence)

Being cautious and careful when making decisions, and ensuring they are lawful.

It does not mean that you have to be an expert on everything. It means if you are unclear or confused about an issue, you have a responsibility to get all the information you need (maybe from an outside expert) in order to make an 'informed' decision.

## Election

Voting a person or persons onto council. In local government, this generally happens at a general election every four years but can occur in between times at a by-election if a councillor resigns from office.

## Fiduciary

A person to whom property or power is given to look after for the benefit of another.

## Fiduciary duty

Means having a responsibility to make the right decisions on behalf of all people in your council area. To act honestly and in their best interests when you exercise your powers and do your job as a councillor. This duty requires you to always put the interests of the people in the council area ahead of your own.

## Financial statements

Include balance sheet, income statement (profit and loss) and cash flow statement.

## Grants or grant funding

Monies that are provided to councils by other levels of government to enable the council to provide services and facilities to people in its area.

## Independent Commission Against Corruption (ICAC)

ICAC protects the public interest and prevents and investigates improper conduct.

## Income statement / profit and loss statement

A financial report that shows the council's income and expenditures, or whether the council is making a profit or loss for a given period.

## Local authorities

Local authorities work with regional councils to give greater involvement in council decision making to local communities.

## Local governments / councils

Local government is the government closest to the community. Local government in the NT is formed under, and guided by, the [Local Government Act 2019](#). Local councils are responsible for: local roads; waste management; street lighting; libraries; public toilets; parks and gardens; the community swimming pool; and community programs such as youth programs, aged care services, child care and early childhood and disability services.

## Local Government Unit

This Unit is part of the NT Government's Department of the Chief Minister and Cabinet and regulates, supports and advises Local Government.

## Mayor / president

The mayor or president is the principal member of a council and acts as its chairperson.

## NT Government

The NT Government has similar powers to states under the Constitution but the difference is its powers come from the [Northern Territory \(Self-Government\) Act 1978](#). It is responsible for hospitals, schools, police, housing, some main roads, railways, land management and land rights.

## Quorum

The number of members of council required to be present to make decisions and do business legally. A quorum is a majority of current council members.

## Rates

Rates are fees paid by the owners of land to the council to enable the council to provide services and infrastructure. In the Northern Territory, income from rates is not high for some councils and a lot of regional and shire councils rely on grant funding in order to provide services to their area.

## Representative

Council members are representatives. They are elected to represent the views of the people in the council area and to report back to those people.

## Training or mandatory training

Councillors are required to participate in training to help them carry out their role as councillors. The core training for the role must be completed within 12 months of the councillor being elected.

## Ward

A ward is a part of a local government / council area. Most councils are divided into wards and councillors will be elected by people in their ward.

## Attachment 2. Glossary of financial terms

### Actuals

The income and expenditure statement (profit and loss statement) will list year to date (YTD) actuals. These are the real figures, it is the money that has come in or is due, or has been paid.

### Annual financial statements

The annual financial statements provides the public, and particularly council residents, funders and regulators with information about the council's operations and financial affairs throughout the last 12 months. The financial statements are checked by an independent auditor and the report is provided to the council. The financial statements are then presented to the Minister for Local Government and the NT Grants Commission for review.

### Assets

Assets are the things the council owns, for example, motor vehicles, buildings, footy ovals, streetlights. Current assets is cash or things that can be converted to cash in the next 12 months.

### Audit

An audit is an inspection of the financial reports of the council by an independent person called the auditor. An audit is required to be completed each financial year. The audit must be signed off by council. Council is required to have an audit committee which reviews the financial reports and monitors the internal financial controls.

### Audit Committee

The audit committee checks that the council is complying with the law and has the right rules in place to ensure finances are monitored and that reports to council are provided that accurately reflect the finances and are clear.

An audit committee will check to ensure there are policies and procedures for who authorises expenditure, for bill payments (who checks council got what it paid for, who can approve payments and how much), who has authority to run payroll and ensure wages are correctly recorded, who authorises payment, who has access to the bank accounts and credit cards and what checks are in place.

These are sometimes called internal controls. The audit committee oversees the audit process and makes sure it is independent and thorough.

The financial reports are part of this too. The audit committee helps make sure they are understood by the council. Do they tell the story?

The audit committee can also make recommendations to the council about monitoring finances and support the council in this role.

### Balance sheet (also called statement of financial position)

This is a financial report that shows what the council owns (assets) minus what the council owes (debts or liabilities). It is what is left after all the debts and liabilities are settled. It provides an indication of the overall financial position of council at a point in time.

### Budget

A budget is a plan of how much the council expects to spend and receive during the year. Council must approve the annual budget before 30 June each year.

### Capital expenditure

Money spent on the purchase of capital (assets etc.) such as buildings, machinery, cars.

### Cash flow statement

This is a financial report that shows how much cash is coming in and going out over the reporting period. It also shows where assets have been purchased and shows if payments are made on loans and if interest is paid on money in the bank.

### Current ratio

The current ratio shows whether the organisation is likely to be able to pay its debts when they are due. It is how many dollars we have for every dollar we owe.

The current ratio is calculated by dividing current assets (things such as cash and payments expected to come into the council soon), by current liabilities (money owed within the next 12 months).

A good current ratio is 1.5. Less than 1 means the council may not be in a position to pay its debts. More than 3 means the council may not be spending money on services and infrastructure for the community.

## Debts / liabilities

Debts or liabilities are what the council owes such as bills for work done or wages owed and also include things like loan and lease payments that the council is required to pay and amounts that may have to be paid in the future, such as employee leave entitlements.

Current liabilities are things that you will have to pay over the next 12 months.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

## Depreciation

Depreciation is when the value of something goes down over time. For example, when the value of machinery or motor vehicles is not the same as when you bought them, then its value is reduced over a period of time.

## Equity

Equity is the overall financial position of council at a point in time and is shown on the balance sheet.

## Finance committee

Councils who only meet every 2 months have a finance committee. The finance committee acts as the council in the month between council meetings to monitor the finances.

## Financial plan or long term financial plan

A financial plan sets out how much the council expects to receive and what it is going to spend on business as usual and priorities over at least four years and includes major things the council will spend money on that can't be completed in a year.

## Financial year

The financial year runs for 12 months from 1 July in one year to 30 June in the next year.

## Grants or grant funding

Monies that are provided to councils by other levels of government to enable the council to provide services and facilities to people in its area.

## Income and expenditure statement (also called a profit and loss statement)

A financial report that shows the council's income and expenditures, or whether the council is making a profit or loss for a given period.

### Loss / deficit

A deficit or loss is when you owe more money than you have. It is when the income and expenditure statement is in negative.

### Profit / surplus

A profit is when you have money in your hand. It is when more money comes in than goes out.

### Rates

Rates are fees paid by the owners of land to the council to enable the council to provide services and infrastructure. In the Northern Territory, income from rates is not high for some councils and a lot of regional and shire council's rely on grant funding in order to provide services to their area.

### Tied funding

Tied funding is money that has to be set aside for a particular purpose and cannot be used for anything else or put into general funds.

### Trade debtors / creditors

Trade debtors are those who people who have used council services and owe money to the council. Trade creditors are tradies who have provided services to the council and who the council owes money to.

### Variance

A variance is a difference between what was estimated in the budget and actual income or expenditure. It is where the council is over or under budget. It is often expressed as a percentage against budget and so would be over or under 100%.

Realised Variance - many variances can be brought on track during the year – sometimes the timing is out such as income has not yet come in or a project is delayed, however when this is not the case it becomes a realised (actual) variance.

## Working Capital

Working capital is money available to keep the council going. This means that current assets, things such as cash and payments expected to come into the council, are greater than money owed within the next 12 months. It is another way of determining if the council can meet its current debts.

$$\text{Current Assets} - \text{Current Liabilities} = \text{Working Capital}$$

## Year to date (YTD)

Year to Date (YTD) means the money coming in or going out up until that point in the financial year.



## Attachment 3. Sample CEO key performance indicators (KPIs) table

Key areas	Indicators ( <i>weightings?</i> )	Evidence examples	Timeframe	CEO input	Committee comments	Rating
<u>Leadership</u>	Strategic guidance	<ul style="list-style-type: none"> <li>• Strategic plan and options provided to council</li> <li>• Environmental scanning and opportunities put to council</li> <li>• High level analysis of current and emerging issues</li> </ul>				<ul style="list-style-type: none"> <li>➤ Below standard</li> <li>➤ Developing</li> <li>➤ Meets standard</li> <li>➤ Exceeds standard</li> </ul>
	Support to council	<ul style="list-style-type: none"> <li>• Induction session</li> <li>• Development opportunities</li> <li>• Information provision and advice provided in an accessible way</li> </ul>				
	Governance	<ul style="list-style-type: none"> <li>• Policy and procedures developed</li> <li>• Advice provided in a timely manner</li> </ul>				
	Lead, manage, develop and motivate staff	<ul style="list-style-type: none"> <li>• Staff survey</li> <li>• 360 review</li> <li>• Up to date EBA / terms and conditions</li> <li>• Professional and personal development of staff</li> <li>• Manage staff performance with a focus on retention and improvement</li> <li>• Retention and recruitment information</li> </ul>				

<p><u>Financial</u></p>	<p>Efficient and effective management of finances for council</p>	<ul style="list-style-type: none"> <li>• Implementation of internal controls</li> <li>• Develop annual budget</li> <li>• Monitor and review budget performance</li> <li>• Prepare and submit financial strategies, budgets, annual business plans and funding submissions in a timely manner for council consideration and approval</li> <li>• Ensure the production of annual financial statements and annual reports in accordance with statutory requirements and timelines</li> <li>• Delivery of approved capital works on time and within budget</li> <li>• Increased revenue</li> <li>• Sourcing new funding</li> </ul>				
<p><u>Organisational Performance</u></p>	<p>Manage assets</p>	<ul style="list-style-type: none"> <li>• Ensure that all infrastructure, technology, resources, vehicles, furniture and equipment are efficiently and effectively used and appropriate to the task, well maintained and that risks are minimised</li> <li>• Develop a maintenance and review schedule of assets to ensure functioning and relevance</li> </ul>				

	Delivery of operations and services	<ul style="list-style-type: none"> <li>• Development of a business plan</li> <li>• Monitor and report progress against the business plan</li> <li>• Respond to complaints</li> <li>• Development of service standards</li> <li>• Public health indicators</li> <li>• Usage of facilities services</li> </ul>				
	Compliance	<ul style="list-style-type: none"> <li>• Meet reporting targets</li> <li>• Ensure all statutory, regulatory and audit provisions are satisfactory</li> <li>• Policies and procedures developed</li> </ul>				
	<u>Stakeholder Engagement and Satisfaction</u>	<ul style="list-style-type: none"> <li>• CEO scheduled meetings</li> <li>• Feedback from key stakeholders</li> <li>• Engagement and networking</li> <li>• Lobby and advocate effectively for the council and its community</li> <li>• Clear feedback loop / process on questions and complaints</li> </ul>				
	<u>Communications</u> Effective communication and promotion of council roles and objectives	<ul style="list-style-type: none"> <li>• Establish communication systems which are efficient &amp; effective</li> <li>• Ensure that relevant information is accessible to members, stakeholders, third parties and individuals</li> <li>• Promote council decisions, policies and services</li> <li>• Quality, appropriateness and responsiveness of reporting to council</li> </ul>				

<u>Growth and Prosperity</u>	Continuous improvement	<ul style="list-style-type: none"> <li>• Take advantage of opportunities that arise</li> <li>• Demonstrate innovation</li> <li>• Expansion of services</li> </ul>				
<u>Policy and planning</u>		<ul style="list-style-type: none"> <li>• Formulate, initiate and recommend policies for the efficient and effective development and operation of the council</li> <li>• Ensure statutory and regulatory compliance</li> </ul>				
<u>Values &amp; Culture</u>	Environmental sustainability	<ul style="list-style-type: none"> <li>• Promote energy efficiency and reduce carbon footprint</li> </ul>				
	Promote equality and diversity	<ul style="list-style-type: none"> <li>• RAP</li> <li>• Gender parity</li> </ul>				
	Best practice standards	<ul style="list-style-type: none"> <li>• Monitor best practice across the local government sector and seek to implement standards as appropriate</li> </ul>				
	Cultural competence	<ul style="list-style-type: none"> <li>• Tailoring of communications and engagement</li> <li>• Demonstrated understanding of communities and cultural requirements</li> </ul>				