

MUNICIPAL ASSOCIATION OF VICTORIA

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1 May 2015

Mr John Doyle
Victorian Auditor-General
Level 24
35 Collins Street
MELBOURNE VIC 3000



Dear Auditor-General

Thank you for your letter dated 31 March 2015.

The MAV Board has carefully considered your report Effectiveness of Support for Local Government and has, by resolution, acknowledged the important and serious nature of the matters raised in the report. The Board will fully address and appropriately respond to all matters raised in the report with the objectives of:

1. ensuring that the Board's governance reflects better practice;
2. ensuring the MAV's performance reflects better practice;
3. building confidence among all MAV members and relevant stakeholders in relation to all aspects of the MAV's performance and governance; and
4. achieving the highest standards of governance and organisational performance in the interests of effectively serving Victorian local government and the broader public.

Please find attached the resolution in full, as agreed by the MAV Board at its April 2015 meeting. I also include, as requested, the MAV's Action Plan outlining actions and timelines against the recommendations contained in your report.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Bill McArthur'.

BILL McARTHUR
President

Encl.



MAV Board Resolution – April 2015

It was moved on the motion of Crs Altair and Byatt that the Board:

- Note the breadth of the matters that the MAV must address arising from the VAGO Report. These matters include:
 1. The ongoing independence of MAV;
 2. Review of the Municipal Association Act;
 3. MAV operations and governance;
 4. Monitoring and evaluation of support activities; and
 5. Maintenance of effective working relationship with State Government.
- Note the important and serious nature of the matters raised in VAGO's Report and resolves to fully address and appropriately respond to all matters raised in the Report with the objective of:
 1. ensuring that the Board's governance reflects better practice;
 2. ensuring the MAV's performance reflects better practice;
 3. building confidence among all MAV members and relevant stakeholders in relation to all aspects of the MAV's performance and governance; and
 4. achieving the highest standards of governance and organisational performance in the interests of effectively serving Victorian local government and the broader public.
- Recognise that the Report has identified a number of areas in which the Board could improve its oversight and governance of the MAV and that the Board commits itself to using the matters raised in the Report to strive to become an exemplar of governance practice.
- Reaffirm its strong commitment to responding in a positive way to the recommendations contained in the VAGO Report and acknowledges the work undertaken to date, and will, at the 1 May 2015 Board meeting:
 1. Approve a response to the VAGO correspondence of 31 March which includes an Action Plan by MAV;
 2. Approve a detailed Board Action Plan (the Board Action Plan to be a standing item on the Board agenda);
 3. Agree that appropriately skilled independent advisers be engaged, where appropriate, to advise the Board and/or the organisation on matters arising from the Report; and
 4. Consider Board approval of necessary unbudgeted expenditure in 14/15 and inclusion of funds in 15/16 Budget.

MAV Action Plan

Effectiveness of Support for Local Government

VAGO Recommendation	MAV Actions	Completion date
Review MAV policies and controls relating to conflict of interest, corruption and fraud, and gifts, benefits and hospitality to align with better practice, train staff and proactively monitor	Policies and controls relating to conflict of interest, corruption and fraud, gifts, benefits and hospitality will be reviewed to align with better practice.	June 2015
	Staff training on policies and controls will be documented.	July 2015
	Policies and controls will be proactively monitored	Ongoing
Develop and implement a performance management framework for the MAV board and staff aligned with better practice	Performance management framework, aligned with better practice, will be developed and implemented for: <ul style="list-style-type: none"> • MAV Board • Staff 	August 2015
Develop and implement a project management framework aligned with better practice covering all project phases from initiation to completion	Project management framework, aligned with better practice will be developed and implemented. Pilot of Project Management Framework to commence May 2015	December 2015
Review and update the MAV records management policy to align with better practice	Records Management Policy updated to align with better practice	July 2015

VAGO Recommendation	MAV Actions	Completion date
Review the MAV internal audit program and ensure it routinely covers all key procedures and controls associated with all aspects of procurement, conflict of interest and fraud and corruption	Internal audit program to be reviewed and will routinely cover procurement, conflicts of interest and fraud and corruption	July 2015
Review and update procurement policies and procedures, to: <ul style="list-style-type: none"> • comply with better practice • apply high probity standards and appropriate controls around conflicts of interest to all phases of procurements • actively monitor compliance with updated policies and procedures. 	Procurement policies and procedures reviewed and updated in accordance with the recommendations. Compliance monitoring	June 2015 Ongoing

VAGO Recommendation	MAV Actions	Completion date
Improves the monitoring, evaluation and reporting of MAV's support activities, including developing relevant and appropriate performance measures, and publicly report their progress and performance	Following consideration of expert advice, improved support activity processes will be implemented	December 2015
Improve MAV councillor development, training and events evaluations to clearly measure and demonstrate impact on participants and on council performance.	Following consideration of expert advice, improved councillor development, training and events evaluations will be implemented	December 2015
That Local Government Victoria and the Municipal Association of Victoria review and document how and when they should work together to ensure the efficient, effective and economic delivery of support to councils, including clarifying roles and responsibilities for support activities, and communicate this to councils	The MAV will propose a Memorandum of Understanding with LGV to address the issues raised in the recommendation and communicate outcome to Councils	December 2015
That Local Government Victoria and the Municipal Association of Victoria undertake regular joint strategic planning to: <ul style="list-style-type: none"> • share knowledge and intelligence on council needs • agree on council support priorities and areas of collaboration • agree on an agreed annual work plan between state and local government, and local government peak bodies. 	MAV will propose to LGV that the matters in the recommendation be addressed in the VSLGA Annual Work Plan	July 2015