

# CEO Handbook

## Leadership, Governance and Compliance

### Chapter 2

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# Leadership, Governance and Compliance

Leadership at the top of our local governments is both an honour and a challenge. Chief Executive Officers (CEOs) do a lot of listening and don't underestimate the challenge. The relationship with Elected Members and Local Authority members (for regional councils) is crucial to ensuring community wellbeing and promoting community outcomes.

High performing CEOs in local government take responsibility for their actions and are accountable to their councils. They are transparent in their decision-making and skilled at building and maintaining relationships. They are able to focus on strategically important issues and have the expertise and skills to plan and implement strategic initiatives. Effective governance arrangements also promote better accountability by ensuring oversight of regulatory delivery and performance, and high standards in decision making across the organisation.

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## 1. CEO Role and Responsibilities

The CEO is responsible for:

- Managing the day to day operations and council staff
- Supporting the council, 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.

The CEO is responsible for implementing the council's strategic vision and leading the local government administration. The CEO has legislated powers and functions and is the head of the administrative arm of the local government. A major part of the CEO's job is to provide elected members with all the information and advice they need to make good decisions for the community and to develop the policies and processes that will support them in doing so.

The *Local Government Act 2019* along with its supporting regulations and guidelines provides guidance on the recruitment and management of the CEO. The CEO reports to the elected members and it is the responsibility of the council through the Mayor or President to manage the CEO's performance. Decisions about recruiting, extending or terminating the employment of a council CEO are made by the council.

Resources to assist councils recruit and manage the performance of their CEO are available on the LGU website.

*Local Government Act 2019, s167*

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## 2. Delegation and Authorisation of Powers or Functions

A council may delegate its powers and functions to the CEO, except the power to impose rates and charges.

The CEO may appoint a Deputy CEO for a period not exceeding 2 years, and may, in the absence of a Deputy CEO, appoint another to act as CEO in the event of leave.

The CEO can delegate certain powers or functions to an individual or committee – except the powers or functions of an audit committee, council committee, or local authority. A delegated officer can be held personally accountable for their actions in that role.

Financial delegations to all council staff should be authorised by way of an instrument of delegation from the CEO (such as a Delegations Manual). If a delegation is authorised by the CEO, it is important that all information regarding the making of the delegation is disseminated to the council and any Deputy CEO or acting CEO for transparency and accountability purposes.

Authorisations (for example, to sign off on council disbursements) are different to a delegation. An authorisation is passed by council resolution. An authorised officer acts on behalf of the person(s) issuing the authorisation and is not held personally accountable.

The *Local Government (General) Regulations 2021* requires council's CEO to maintain a register of all delegations issued by the council or CEO.

*Local Government Act 2019, s72, 165, 168, 183-186*

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## 3. Code of Conduct and standards

In order to maintain public confidence in the Council, the CEO and the council staff of the Council must maintain proper standards of integrity, diligence and concern for the public interest. The Act requires a council to determine a code of conduct for the CEO, and for the CEO to determine the code of conduct for the council's staff.

The code of conduct for the CEO and for the staff are likely to be the same or similar, as standards should be consistent across the organisation.

### 3.1. Conflicts of Interest

The CEO and all senior staff have to submit an annual return of interests within 14 days of commencing with council and by no later than 30 September of each subsequent year.

Conflicts of interest, where any staff member or contractor has a personal or financial interest in a matter in which the person is involved or is required or authorised to give advice or make decisions must be disclosed. Non-disclosure is an offence under the Act.

*Local Government Act 2019, s 175,177-179*

Sample policies for the CEO Code of Conduct and the Council Staff Code of Conduct are available on the LGU website.

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## 4. Community and stakeholder engagement

Local government is the sphere of government that community members first look to, to support community wellbeing. It is also the level of democracy in which community members have the most effective opportunity to actively and directly participate in decisions made for all of society. Accountability to the community is a key part of good governance. The CEO has an important obligation to communicate council decisions and ensure feedback and information is provided to the community on council operations. The CEO is responsible for ensuring there is an effective feedback loop in relation to issues and complaints raised by community members.

Engagement needs to be tailored to the needs of, and be accessible to, the council community. An interactive website is not going to work where internet connectivity and access to technology are not universal in your community. Consider the use of a range of communication and engagement tools to ensure you are getting the message out. The CEO also has a role in encouraging representation, promoting the role of council and Local Authorities in the community, providing information about what the role of the elected representative entails, conducting information sessions and providing an induction to new members.

A CEO needs to build strong, respectful, and cooperative relationships with key stakeholders in the community. Partnerships, pooling resources and sharing skills and experience are more likely to support outcomes.

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## 5. Governance and Compliance

The *Local Government Act 2019* sets out the accountability framework for local governments in the Northern Territory. The purpose of regulation is to ensure the proper use of public resources, the effective delivery of local government services and to support public confidence in the system of local government.

Councils are responsible for ensuring they operate effectively, efficiently, and within the provisions of governing legislation. The department's role is to provide relevant standards, information, resources, guidance and support to enable councils to do so; and where there is risk of, or actual, failure to do so, to ensure councils conduct their business lawfully. The Department's powers are confined to those provided by the *Local Government Act 2019*, and other legislation for which it is responsible, such as the *Burial and Cremation Act 2022*.

### 5.1. Governance support

The Local Government Unit (Department of the Chief Minister and Cabinet) is responsible for administering and supporting the Territory's local government sector, seeks funding from the Commonwealth government for local government and also manages additional funding support from the NT Government. The LGU provides training for elected members, information, advice and assistance to councils. Regional officers of the Department provide place-based support in the regions.

CM&C's regulatory approach and functions are illustrated below:



## 5.2. Information to be publically available

Openness and transparency is fundamental to good governance. Certain information which is specified under the *Local Government Act 2019* is required to be available on the council's website and at the council's public office (subject to certain conditions). This information includes:

- Council draft and final municipal, regional or shire plans
- Notices and minutes of council meetings, local authorities, council committees and electors
- Allowances payable and paid to members
- The register of annual returns of interest, the register of declared conflicts and register of declared gifts and benefits
- Proposed, made or adopted by-laws
- Annual reports
- Notice of the declaration of rates

## 5.3. Compliance reviews, investigations and inquiries

The Local Government Unit will undertake programmed compliance reviews but may also conduct out of session reviews or escalate matters to an investigation of commission of inquiry. This will only be done after all reasonable efforts have been made to support rectification of the issue with the council.

### 5.3.1. Compliance Reviews

The Local Government Unit has an annual program of compliance reviews for councils and local government subsidiaries. The council Principal Member and CEO will be advised in writing if the local government council or subsidiary will be subject to a compliance review during the financial year. The letter will include details outlining the review process and proposed dates.

There are key statutory requirements for councils (or subsidiaries) to follow to contribute to the review including provision of information relating to governance procedures and policies; human resource management and financial management.

### 5.3.2. Investigations

The Local Government Unit may also at any time direct an investigation into the affairs of a council or a local government subsidiary through an authorised inspector appointed by the Minister. An investigation would usually be in response to a concern or a compliance issue that has not been remedied by the council after being supported to do so.

### 5.3.3. Commission of Inquiry

The Minister may establish a commission of inquiry to inquire into the affairs of a particular council, or local government subsidiary.

*Local Government Act 2019*, Chapter 15 and 16

<https://cmc.nt.gov.au/supporting-government/local-government/compliance-resources>

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## 6. Defaulting councils

Where deficiencies have been identified in the conduct of a council's affairs and responsibility to its community then a number of remedial actions may be taken including:

- The Minister may require the council to take specified remedial action and report to the Minister in relation to the remedial action taken.
- The CEO of the Department may appoint a financial controller for the council where it is not performing its financial responsibilities appropriately or not complying with the Act.
- Where serious deficiencies exist, the Minister may place the council under official management. All members of council are suspended from office and an official manager appointed until an investigation is completed.

*Local Government Act 2019*, Chapter 17

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## 7. Additional resources and references

Sample policies and templates: [Local Government Resource Hub | Department of the Chief Minister and Cabinet](#)

[Local Government Act 2019 \(NT\)](#)

*Local Government (General) Regulations 2021*

## Appendix – Local Government Act provisions

Item	Legislative Reference	Essential Elements
CEO Delegation & Authorisation of Powers or Function	S 72 S 165 S 168 S 183 - 186	<p>The CEO may delegate a power or function under this Act or another Act to a person or committee. However, the CEO must not delegate a power or function to:</p> <ul style="list-style-type: none"> <li>• An audit committee</li> <li>• A council committee</li> <li>• A local authority</li> <li>• A local government subsidiary</li> </ul> <p>The CEO may, in writing, appoint a Deputy CEO for a period not exceeding 2 years, who may act as the CEO when the CEO is on leave. If there is no Deputy CEO available, another person may be nominated by the CEO to act as the CEO. In these cases, the CEO must:</p> <ul style="list-style-type: none"> <li>• Notify the principal member of a nomination to Deputy CEO</li> <li>• Notify all members of the council if the CEO is on leave</li> </ul> <p>A council may in writing appoint a person (other than a member of the council) to be an authorised person, who is subject to the limitations and conditions of appointment. An authorised person is authorised to exercise the powers conferred on an authorised person under this Act.</p> <p>The authorised person must be given an identity card which:</p> <ul style="list-style-type: none"> <li>• Displays a recent photograph of the authorised person</li> <li>• States dates of issue and expiry</li> <li>• Is signed by the authorised person</li> </ul> <p>When the authorised person ceases to be an authorised person must return the identity card to the council within 21 days after cessation (penalties apply).</p>
CEO Code of Conduct, Conflict of Interest and Standards	S 175 S 177 S 178 S 179	<p>A council must adopt a code of conduct for the CEO, by resolution</p> <p>The CEO and other members of a council's (or subsidiary's) staff must maintain proper standards of integrity, diligence and concern for the public interest.</p> <p>Annual return of interests must be provided to the council (or local government subsidiary council) by the CEO and senior council (or subsidiary) staff members.</p> <p>If a staff member has a personal or financial interest in a matter where the staff member is required or authorised to act or give advice and does not disclose the interest; or acts in the matter in a way other than as authorised by the CEO or the council – a Conflict of Interest offence may have been committed and penalties may apply.</p>



Item	Legislative Reference	Essential Elements
Compliance reviews and investigations	Ch. 15 LGA	<ul style="list-style-type: none"> <li>• Inspectors are appointed by the Minister and terms and conditions of appointment are specified in the instrument of appointment.</li> <li>• Inspectors must be issued with an identify card specifying their name, date of issue and expiry; and signature of the inspector.</li> <li>• Inspectors carry out compliance reviews and investigate suspected irregularities in or affecting the conduct of a council's or subsidiary's affairs.</li> <li>• The Agency (local government unit) must have a program of compliance reviews for councils and local government subsidiaries.</li> <li>• A compliance review is to be carried out by one or more inspectors assigned to the compliance review.</li> <li>• The Agency (local government unit) must report to the council (or local government subsidiary) on the results of the compliance review.</li> <li>• The review report must be provided to the CEO of the council (or local government subsidiary) which may contain recommendations for administrative or regulatory change.</li> <li>• The Agency (local government unit) may direct an Investigation into the affairs of a council or a local government subsidiary, to be conducted by an inspector, or 2 or more inspectors assigned to the investigation by the Agency (local government unit).</li> <li>• Powers of inspector include the power to:               <ul style="list-style-type: none"> <li>- enter, examine and search land and premises of the council (or local government subsidiary)</li> <li>- request the CEO or any other member for the council (or local government subsidiary) staff to do anything reasonably necessary to facilitate the investigation; answer any question relevant to the compliance review or investigation; or produce any specified record or documentary material relevant to the review or investigation; give any other assistance the inspector reasonably required.</li> </ul> </li> <li>• Requests may be verbal or in writing (penalties may apply).</li> <li>• The person is not required to comply with the requirement if it requires the person to disclose legally privileged information.</li> <li>• If an inspector finds evidence of an irregularity in the conduct of a council's or local government subsidiary's affairs, the inspector must report the matter to the Agency (local government unit) and the council or constituent council or councils.</li> <li>• If the irregularity appears to involve improper conduct the inspector must also report the matter to the Minister and the Independent Commissioner Against Corruption (ICAC).</li> </ul>

Item	Legislative Reference	Essential Elements
Inquiries and Defaulting councils	Ch. 16 & Ch. 17 LGA	<p>The Minister may establish a commission of inquiry to inquire into the affairs of a particular council (or local government subsidiary) either as part of an inquiry into its constituent council or councils or any other question relevant to local government in the Territory.</p> <p>The Minister must give notice to the relevant council of the reasons for and subject matter of the inquiry.</p> <p>The Minister may appoint one or more commissioners to constitute the commission of inquiry, with the same privileges and immunities as a Supreme Court in relation to the performance of official functions.</p> <p>A commission of inquiry may gather information in any way it considers appropriate. Details of the commission’s powers, legal representation and reporting are further outlined in the Local Government Act 2019 s 309 – 316.</p> <p>The Minister may require action to remedy deficiencies identified in the conduct of a council's affairs. The Minister may place the council under official management, where all members of the council are suspended from office and a suitable person is appointed to manage the affairs of the council, to investigate and report back to the Minister within a period, on the conduct of the suspended members of the council.</p> <p>The CEO of the Agency (local government unit) may appoint a financial controller for a council (or a local government subsidiary) if the CEO considers the council (or local government subsidiary) is not performing its financial responsibilities appropriately; or not complying with the Local Government Act 2019.</p>