

# Promoting Better Practice Program

improvement

good governance

capacity building

## REVIEW REPORT

## MANLY COUNCIL

DECEMBER 2011



**Division of Local Government**  
Department of Premier and Cabinet

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## **EXECUTIVE SUMMARY**

Manly Council is a dynamic organisation with a professional and committed workforce. Council generally engages well with its community, although there is scope for improved processes in the context of the ongoing development of its Community Strategic Plan and associated Integrated Planning and Reporting (IP&R) documents.

Council has developed a clear vision for Manly. This has assisted Council with the development of its IP&R framework. Council is well placed to review and improve upon its suite of strategic planning documents into the future.

The challenges posed by the large tourist and visitor populations, such as street cleaning and noise control, are acknowledged as significant.

Like many councils, Manly faces challenges into the future in maintaining its assets. There is an infrastructure gap which needs to be resolved and managed. This will require the review of funding options and service delivery standards to meet future requirements.

There has been a significant emphasis in Council over recent years on reviewing its governance systems, policies and procedures. The impetus for some of this effort has been external, with Council responding to recommendations made by the Deputy NSW Ombudsman following two major investigations in 2010 and 2011. Council appears to be committed to the implementation of those recommendations.

There is still some work to do in finalising and improving its governance practices, policies and procedures. That said, Council is aware of these issues and is taking steps to address deficiencies identified both by external review and by its own review processes.

Council's commitment to the environment is evidenced by the ongoing funding and operation of the Manly Environment Centre.

Council is generally considered to be performing well, with many good systems in place. This report makes a number of recommendations to improve the efficiency, effectiveness and accountability of the organisation.

## **PART I. BACKGROUND**

### **1 ABOUT THE REVIEW**

#### **Review objectives**

Promoting Better Practice (PBP) reviews have a number of objectives, including generating momentum for a culture of continuous improvement and the promotion of good governance and ethical conduct. The reviews are designed to act as a "health check", giving confidence about what is being done well and helping to focus attention on key priorities.

#### **Review process**

The process involves a review team from the Department of Premier and Cabinet's Division of Local Government (the Division) evaluating the effectiveness and efficiency of the council's operations and giving feedback.

There are essentially five steps in a typical review - preparing, assessing, checking, analysing and reporting. The completion of a comprehensive self assessment checklist by the council is a key element in all PBP reviews.

The review team takes a risk based approach targeting its resources to areas identified as core matters to be examined as part of a PBP review and those matters considered to be important having regard to the circumstances of an individual council. It does not examine every aspect of a council's operations.

All reviews involve checking compliance with a range of statutory requirements, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance. All reviews seek to identify better and noteworthy practices and areas requiring improvement or further development.

The review team examines local circumstances in order to understand the pressures on council and how the council has sought to manage that environment.

The scope of the review report is limited to documenting those areas the review team identified as:

- exceeding good practice (referred to as better practice)
- in need of improvement or further development
- otherwise noteworthy for the reasons detailed in the body of the report.

The following table provides descriptions of the three types observations referred to in this report.

SIGNIFICANT OBSERVATIONS	DESCRIPTION
<b>Better practice</b>	<ul style="list-style-type: none"> <li>• Beyond or above minimum compliance requirements and good practice indicators.</li> <li>• Innovative and/or very effective.</li> <li>• Contributes to continuous improvement within the sector.</li> </ul>
<b>In need of improvement or further development</b>	<ul style="list-style-type: none"> <li>• Does not satisfactorily meet minimum compliance and good practice indicators and may impact negatively on council operations.</li> <li>• Significant improvement initiatives that are in progress and which need to be continued.</li> </ul>
<b>Otherwise noteworthy</b>	<ul style="list-style-type: none"> <li>• May include successful initiatives which respond effectively to local circumstances or practice that is in other ways significant for the council/community.</li> <li>• Practice which in general exceeds good practice but may have some aspects that require fine tuning.</li> </ul>

### Manly Council Review

Manly Council was asked to complete a comprehensive checklist/questionnaire about key Council practices. The review team, comprising Senior Investigation Officers Tony Day and Richard Murphy, examined these and a range of other source documents prior to visiting Council in order to gain a preliminary understanding of the circumstances of Council and how the Council is responding.

The initial on-site component of the review took place in April 2011. It involved initial interviews with the Mayor and the General Manager, interviews with a cross-section of staff, individual meetings with 4 councillors, a review of Council policies and other documents and visits to Council's main works depot and some localities in the area. A member of the review team also observed a community precinct meeting.

The review team also visited Council in September 2011 to check on the status of some of the matters identified during the initial on-site assessment and to conduct some further meetings with staff who were not available during the earlier visit.

A draft report detailing the review's preliminary findings and recommendations was provided for Council's corporate response. That response has been generally included in this report, and changes have been made to content and recommendations where appropriate.

The review team wishes to thank all Councillors and staff who participated in the review.

### **Implementation and monitoring of recommendations of final report**

While the bulk of the recommendations will fall within the ambit of the General Manager to implement, the elected Council and Council's Audit Committee have key roles in ensuring the recommendations are implemented in a timely manner.

## 2 ABOUT THE COUNCIL AND THE AREA

Manly Council's recently adopted Community Strategic Plan (CSP) includes a chapter about the Council and the area. It has been reproduced here to assist those who may not be familiar with the area to understand the context in which Council operates.

### **Chapter 3: About the Manly area**

The Manly Council area is located on Sydney's Northern Beaches - between 8 and 17 kilometres north-east of Sydney. The Manly Council area is bounded by the Warringah Council area, Burnt Bridge Creek and Manly Creek in the north, the Tasman Sea in the east, Sydney Harbour and North Harbour in the south, and Middle Harbour in the west.

The Manly Council area includes the suburbs of Balgowlah, Balgowlah Heights, Clontarf, Fairlight, Manly and Seaforth.

The Manly Council area is a predominantly residential area, with some commercial and industrial land use. The Council area encompasses a total land area of approximately 16 square kilometres, including substantial areas of water frontage and foreshore.

Manly is named after Manly Cove, which was named by Captain Arthur Phillip, who was impressed by the confident and manly behaviour of the male Aborigines he saw when he first visited the area in January 1788.

Some of the characteristics of the Manly area's place and demographics are described in the following paragraphs.

#### **Manly - the place:**

- Is geographically a small LGA (15.14km<sup>2</sup>) with predominantly water boundaries including the Pacific Ocean, Sydney Harbour and also Burnt Bridge Creek.
- Has a boundary of 37.68km, of which 32.94km is the water margin.
- Encompasses a diverse range of landforms including, bays, beaches, headlands, rugged cliffs, steep slopes and areas of plateaux.
- Is predominantly a residential area, with some commercial and industrial land use.
- Has an important regional public transport interchange and ferry wharf.
- Is well known for its rich natural environment with landmarks such as North Head and the iconic Manly Beach.
- The area is a major visitor destination for in excess of six million visitors a year.

#### **Manly – its people:**

- The current estimated resident population (ERP) as at 30 June 2010 is 40,939 people excluding overseas visitors (ABS, 2010).
- The Indigenous population represents 0.3% of the Manly population, or 103 people (2006 ABS Census).
- Manly has a greater cultural diversity than the rest of NSW with 29% of residents born overseas compared to 23.8% for NSW.
- English is the dominant language spoken in Manly due to large proportion of new arrivals from English speaking countries.
- Manly population is ageing: in 2006, 19.1% of its residents were aged over 60, compared to 18.5% in 2001.
- Between the last two Censuses, there was a slight increase in the proportion of infants (0-5) and young children (12-17), and a significant drop in numbers of people in the age group 18-34 years.
- Comparing household types between Manly Council area and the Sydney Statistical Division (Sydney SD) in 2006 reveals a smaller proportion of family households, and a larger proportion of lone person households.
- There was a slight increase of 1.5% in couples with children aged 15 years and under between 2001 and 2006. There was also a slight decrease in one-parent families and non-traditional households (lone person, group and other).

- Manly is characterised by a significant transient population. The area has experienced negative net migration (losing 2,438 people that move interstate and intrastate) and a large influx of overseas migrants (gaining 4,376 people) between the 2001 and 2006 Census periods.
- The majority of Manly residents are highly educated – 55.5% of the population aged more than 15 years hold a tertiary qualification.

#### **Manly's environment - natural and built:**

- Manly has a number of significant and diverse ecosystems, and a number of threatened fauna and flora species which require careful management.
- Contains open space that is of local and regional significance, and requires careful management to protect its community values for future generations.
- Contains a high proportion of medium and high density type dwellings, comprising 51% of private dwellings compared to separate houses (36%).
- Since 2001, the typical dwelling structure is changing. There has been an increase in separate houses (+283) and a decline in medium density houses (-113) and high density (-168) dwellings due to redevelopment.
- As well, Manly has experienced a reduction in the number of households since 2001; from 15,530 in 2001 to 15,129 in 2006.
- Building activity has also fluctuated since the last Census period. For instance, residential building approvals peaked when 385 dwellings were approved between 2007 and 2008, and has since dropped to 49 approved dwellings between 2008 and 2009 (ABS 2009).

#### **Manly's socio- economy status:**

- On the socio-economic scales (SEIFA) Manly LGA ranks as 7th least disadvantaged area in Sydney with a disadvantage index of 1107.9.
- In the 2006 Census, the median weekly household income in Manly was \$1,705 per week; this was \$551 per week more than the Sydney SD.
- Between 2001 and 2006, there was an increase in the proportion of households with an annual income that was greater than \$107,007; this proportion increased from 38% to 42%.
- The highest income households are concentrated in Balgowlah Heights – Clontarf and Seaforth; the lowest income households are located in Manly and the Pittwater Road area.
- The dominant housing tenure type in Manly was "fully owned" in 2006. The areas with the highest proportions of home ownership at this time were Balgowlah Heights, Clontarf and Seaforth.
- Manly is also characterised with a high percentage of people that rent with 30.7% of households renting privately. Only 1.7% of Manly households were renting social housing in 2006.
- In 2006, the median weekly rent in Manly was \$375 per week. This is \$125 per week more than the Sydney SD. As well, the median monthly mortgage repayment was \$2,500 (per month), and this is \$700 (per month) more than the Sydney SD.
- Compared to the Sydney SD, fewer households in Manly were experiencing housing stress due to higher proportion of resident high income earners.
- The resident labour force of Manly in 2006 was 19,365 people. Between the last two Census periods, the employed labour force showed a decrease of 326 persons.
- The major occupations of the residents are professionals, managers and clerical and administrative workers.
- The industry sectors that employed the greatest proportions of Manly residents were professional, scientific and technical services, wholesale & retail trade, and financial & insurance services.



- The majority of employed residents work outside the Manly area (70%). The most popular method of travel to work in 2006 was by private vehicle (48.9%) and public transport (24.8%) being mainly buses and ferry.
- The Manly area also employs 10,647 workers in 2006. Of this, 40% were local residents and 60% came from other areas, such as Warringah, Pittwater and North Sydney.
- The top three industries in Manly in 2006 were health care and social assistance, accommodation and food services, and wholesale & retail trade.
- The unemployment rate in Manly dropped from 3.9% to 3% in 2006. The unemployment rate in the SHOROC region was 2.3% in December 2008. In January 2010, the unemployment rate in NSW was 5.6 per cent, compared to the national average of 5.3 per cent (ABS, 2010).

#### **The Governance of Manly**

- The Manly electorate is currently represented in both the Commonwealth and NSW Governments by members of the Liberal Party.
- Manly Council consists of twelve Councillors including the Mayor. The majority is held by the Liberal party with the Labor Party, Green Party and Independent local representatives making up the rest of Councillors.
- As a result of a referendum undertaken at the 2008 Local Government elections, from 2012, there will be nine Councillors who will form a Council to represent the Manly LGA.

### 3 SUMMARY OF KEY FINDINGS

Better practices/Other noteworthy practices	Areas for improvement
<b>STRATEGIC POSITION</b>	
Development and adoption of a clear vision for Manly.	Limited use of the <i>Resourcing Strategy</i> to inform the development of the community strategic plan and limited use of the CSP to inform the <i>Resourcing Strategy</i> .
Use of existing knowledge base and previous plans to inform the development of the Community Strategic Plan (CSP).	Communication to inform the general public about the development of the CSP.
Identification and involvement of potential delivery partners.	Implementation of the community engagement strategy.
A multifaceted community engagement strategy.	
Significant progress has been made towards establishing the current condition of assets and ascertaining annual life cycle costs.	
<b>GOVERNANCE</b>	
Internal audit is provided under a shared arrangement with 7 councils. Each contributes an annual amount to fund a common internal audit program, with a discretionary program subject to extra funding by the relevant council. This arrangement appears to be working well.	Record keeping practices have been an issue of concern for some time. Proper record keeping is fundamental to good governance. Council must address this as a priority. There is evidence that it intends doing so.
Council has recognised the importance of risk management and it is	Some changes need to be made to Council's meeting practices to ensure consistency

Better practices/Other noteworthy practices		Areas for improvement	
	allocating resources to it.		with statutory requirements.
			Council currently has no system in place for ensuring compliance with statutory obligations across the organisation.
			Council needs to review its Gifts and Benefits policies and procedures to ensure that Council officials are aware of their obligations and the implications of accepting gifts and benefits.
			Some of the annual Section 449 returns (declaration of interests) continue to have apparent errors and omissions.
PLANNING AND REGULATORY			
	Operation of the Manly Environment Centre		Record-keeping in enforcement matters
	Ongoing improvement to turnaround times for DAs		“Stop the clock” process for DAs
	Good use of delegations and Manly Independent Assessment Panel		
ASSET AND FINANCIAL MANAGEMENT			
	Improvement program to increase Council’s asset management capacity		Further development of the <i>Resourcing Strategy</i> (including the <i>Long Term Financial Plan</i> )
	Good knowledge of the condition of infrastructure and very positive <i>Rate of Asset Renewal</i> ratio.		Integration between Council’s strategic and operational planning processes and budgeting process.
	Council is focused on improving the condition of key infrastructure assets.		Reporting on the performance of its real estate portfolio and the profit/loss performance of

Better practices/Other noteworthy practices		Areas for improvement	
			its other commercial activities.
COMMUNITY, COMMUNICATION AND CONSULTATION			
	<i>Communication protocol</i> available to guide staff in the adoption and use of effective communication strategies.		Council needs to develop a community engagement strategy (beyond the one used for the CSP) to support its <i>Community Engagement Policy</i> .
	Long-standing commitment (since 1990) to supporting a system of Precinct Committees, willingness to review the system and the strong procedural framework that underpins their operation of the system.		<i>The Community Engagement Policy</i> needs to be considered and appropriately referenced when preparing reports and recommendations on matters that may have a significant impact on the community.
WORKFORCE RELATIONS			
	Council has undertaken a comprehensive review of its Workforce Relations practices		Communication of the current organisational structure
	Council has consistently administered a staff climate survey on a biennial basis.		The Consultative Committee (that the Award requires) needs to operate as provided for in its Constitution. Relevant policies should be referred to the Committee for consultation prior to their adoption.
	Council has undertaken an audit of existing employees' qualifications and acted on its findings.		Procedures for performance management need to be reviewed to support the recently revised policy.
			Council should complete the implementation of its human resources information system (HRIS).

## **PART II. PLANNING A SUSTAINABLE FUTURE**

This part of the review focussed on Council's strategic intent and how it has involved its communities and other stakeholders in developing long term strategic plans. The review assessed the clarity of Council's strategic direction, whether its plans reflect a shared and realistic vision and its overall approach to corporate planning. Monitoring and reporting progress to promote continuous improvement was also an integral consideration in regard to Council's performance in this area.

### **4 STRATEGIC PLANNING AND REPORTING**

A new planning and reporting framework for NSW local government has been introduced to improve local councils' long term community planning and asset management, as well as streamline reporting to the community.

The new framework aims to improve the sustainability of local communities by encouraging councils, residents and State agencies to work together on long term plans and appropriate delivery programs. The community strategic plan is supported by a resourcing strategy that includes long term financial planning, asset management planning and workforce management planning. The integrated planning and reporting (IP&R) framework is set out in the following diagram.



Councils were required to nominate when they would transition to the new framework over a three year period, commencing on 1 July 2010.

#### **4.1 Manly Council's Strategic Position**

##### Overview

Manly Council chose to have its new plans in place for the period commencing 1 July 2011. This meant that Council was required to have developed, publicly exhibited and adopted its Community Strategic Plan (CSP), Delivery Program (DP), Operational Plan (OP) and Resourcing Strategy by 1 July 2011. Council was also required to provide a copy of its Community Strategic Plan to the Chief Executive, Local Government within 28 days of the CSP being adopted. Council met these timeframes.

Our commentary on Council's strategic planning documents and the consultation process that informed their development is provided in this section of the report. Further comment on Council's Resourcing Strategy, including its Long Term Financial Plan and Asset Management Strategy, is included in the *Asset and Financial Management* section of the report. Further comment on the Workforce Strategy is included in the *Workforce Relations* section of the report.

While Council has adopted the required plans and strategies, the review identified that there is significant scope for Council to continue to develop these documents. The major areas of improvement are the need to fully implement the *Community Engagement Strategy* (which is a good strategy), further developing the *Resourcing Strategy* and then making better use of the *Resourcing Strategy* to help the community make decisions about expected/desired levels of service and the merit or otherwise of increasing rates.

While the work that still needs to be undertaken is significant, Council should not be discouraged by this and the better practices it has used to date provide a sound basis for it to build upon.

## ***Better practices***

### *Vision*

The CSP includes a clear vision for Manly. There is ample evidence to show that it was informed by the views expressed by the community (and that it is consistent with those views) and that it has been accepted by the elected Council.

### *Effective use of existing knowledge base and previous plans*

It is apparent to us that Council has made excellent use of its existing knowledge base and previous plans to inform the development of the recently adopted Community Strategic Plan. It is also clear it has considered other relevant plans such as the NSW State Plan, the NSW Metropolitan Plan for Sydney 2036 and other planning and strategy documents prepared in conjunction with other councils as part of the Shore Regional Organisation of Councils (SHOROC).

Our previous review of Council noted that it had a strategic plan (developed in 2001) and that it had embarked on a process (the Manly Futures Forum) that could be used as a catalyst for the development of a new strategic plan. Our review also commented favourably on Council's "comprehensive" social plan for the period 2004-2009. As such, it had these processes to draw upon and we commend it for doing so.

The CSP contains a concise chapter about the Manly area. It provides a highly informative snapshot and is evidence of the significant research that has been undertaken to inform the planning process.

The evidence that Council has made good use of its experience and knowledge is in an *Issues Paper* that was used to effectively brief councillors and Council's consultants. Our only criticism of Council in regard to the use of the *Issues Paper* is that it could have been made more readily available to the broader community by being published and promoted on Council's website (and via other forums such as the Precincts).

Where councils have a good knowledge base as to the issues impacting on their community, it is clearly better practice for them to use this to inform their strategic planning processes. The collation of the information in an *Issues Paper* provided the Council with an excellent resource, which no doubt proved invaluable in developing the Community Strategic Plan.

### *Involvement with potential CSP delivery partners*

Council's CSP quite rightly makes the observation that while Council has a key custodial role in shaping and guiding the future of the local government area (LGA), there are other stakeholders who play a vital role. We noted evidence of Council having consulted with a range of other stakeholders/potential delivery partners and of it continuing to do so directly, via its special purpose committees and through its membership of SHOROC. The CSP makes it clear who the delivery partners are for each specific strategy. This is good practice.

### ***Noteworthy practices***

#### *Community Engagement Strategy to inform the development of the Community Strategic Plan*

Councils are required to develop a community engagement strategy. The strategy is to be used to inform the development of their CSP.

Manly Council's *Community Engagement Strategy* is included as an Appendix to its CSP. It describes a 5 stage process that had the potential, if fully implemented, to help ensure that the views of the community were fully taken into account prior to the adoption of the plan.

Council engaged consultants to assist it in undertaking the required community engagement to inform the development of the Community Strategic Plan (CSP). We noted evidence of a multi-faceted process. The process made use of a Youth Forum, a staff focus group, a local stakeholder's forum and three demographically representative focus groups. An online resident panel was used to verify the findings from the face-to-face consultation.

While the use of the aforementioned community engagement processes are commendable (and no doubt provided a good knowledge base to inform the plan), the subsequent process for seeking community input on the draft CSP (particularly Stages 3 and 4 of the Strategy) fell short of what we would consider better practice.

While Stage 3 of the engagement strategy states that there were to be further workshops with community groups, it is not clear whether any such workshops were held. While we commend Council for employing a strategy that clearly reached a demographically representative sample of the community (many of whom may not have otherwise provided input), Council should not solely rely on such mechanisms.



We noted that Council placed the draft CSP on exhibition for the period required by the Act and in doing so, invited submissions from interested persons. However, it is not clear from the information available to us that Council proactively sought feedback or that it was successful in conducting “*broad-range information sessions to ensure that as many community members are aware of the CSP*”.<sup>1</sup> The reasons for the apparent failure to implement this part of the strategy should be identified and addressed.

Only 20 submissions were received on the entire suite of integrated plans put on exhibition, with 12 of these relating to a proposed increase in child care fees. Few submissions were received on the draft CSP.

Other than a specific consultation process for youth, we noted that the Community Engagement Strategy does not explicitly identify other relevant stakeholder groups that may have had specific needs and perspectives to contribute to the planning process.

### Asset Management

While there is clearly a need for Council to improve its asset management capacity (and this is discussed later in this report), what is important and noteworthy, from a strategic perspective, is that Council has recognised this and included an improvement program in its adopted Asset Management Plan.

We also noted that Council has made significant progress in establishing the current condition of its assets and ascertaining annual lifecycle costs. It has also identified factors which will impact on the demand for assets over the period of the plan.

### Review of Council Services

We were advised at the time of our second visit to Council (in September 2011) that the Council is undertaking a review of the services it provides (and the level of service provision) in order to ascertain whether it might be possible to reduce costs. We were advised that it was proposed that the findings of the review would be reported to the elected Council. It is commendable that the Council is investigating how it might address the infrastructure funding shortfall it has documented in its *Resourcing Strategy*.

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<sup>1</sup> Manly Council – Community Strategic Plan, p. 46

It will be important for the Council to make use of its Community Engagement Strategy when it considers the findings of the services review. The review could provide the Council with the opportunity to seek community views as to whether there is a willingness to pay more for maintaining or increasing services and/or levels of services and whether it is prepared to accept fewer services and/or reduced levels for some services. These are key questions that must be addressed if Council is to address the funding issues identified in its *Resourcing Strategy*.

In stating this, we acknowledge that there will be a range of views on this matter but Council is now well placed, with its experience in developing the CSP, to engage with a representative sample of the community.

### ***Areas for improvement***

#### *Limited use of the Resourcing Strategy to inform the development of the Community Strategic Plan and limited use of the Community Strategic Plan to inform the Resourcing Strategy*

The introduction to Council's *Resourcing Strategy*, which was developed in parallel to the CSP, states the CSP “*provides a vehicle for expressing long-term community aspirations*”. The introduction goes on to make the point that these aspirations will not be realised without sufficient resources. However, the aspirations and the strategies in the CSP do not appear to have been moderated by the resource limitations identified in the *Resourcing Strategy*. Nor is it clear that the strategies in the CSP have underpinned the development of the *Resourcing Strategy*.

For example, while the *Long Term Financial Plan* (LTFP) has a section headed “*Funding Challenges for Infrastructure Maintenance and Renewal*”, it does not address what the strategic response to this will be or whether consideration of possible responses was canvassed with the community when developing the CSP. It appears that the LTFP is predicated on the maintenance of the status quo and as such is inconsistent with the implementation of the strategies in the CSP (even if we acknowledge that Council is not solely responsible for the implementation of those strategies).

The LTFP refers to a 10 year Infrastructure Plan. However, a copy of this plan does not appear to have been placed on exhibition and is not included in the *Resourcing Strategy*.

There is scope for Council to further develop its LTFP and asset management practices. These opportunities are canvassed later in this report in section 7, which focuses on Council's asset and financial management practices. Pursuing these opportunities should see Council well placed to review and refine its CSP following next year's election and the result should be a much improved suite of integrated plans and strategies.

*Communications with the general public about the implementation of the integrated planning and reporting (IP&R) framework*

There appears to have been no regular or ongoing communication to inform the general public about the development of the CSP. For example, at the time of the onsite visit (April 2011) we found scant information about the process on the Council's website; the only information we found was in the form of reports in business papers that had been considered by Council. This is a clear area for improvement when Council embarks on a review of the CSP following next year's election.

***Recommendation 1***      *The General Manager should provide Council with a report on the strategies to be pursued over the next two years to facilitate the review and refinement of its CSP and Resourcing Strategy, having regard to the information contained in this report and the advice of its strategic planning professional staff.*

## **PART III. DELIVERING AND ACHIEVING**

This part of the review focussed on examining key structures, systems and processes involved in delivering the stated outcomes of the Council's management plan. This included considering the means by which Council:

- governs its day to day operations;
- undertakes its planning and regulatory obligations;
- manages its assets and finances;
- involves the community; and
- recruits and retains its workforce.

### **5 GOVERNANCE**

#### **5.1 OVERVIEW**

“Corporate governance refers to all the means by which entities are directed and controlled.” (Standards Australia, HB401-2004:12) Corporate governance is important because it enhances organisational performance; manages and minimises risks; increases the confidence of the community and the local government sector in the organisation; ensures that an organisation is meeting its legal and ethical obligations; and assists in the prevention and detection of dishonest or unethical behaviour.

##### **5.1.1 Scope of review**

- *Ethics and values*
- *Privacy management*
- *Code of conduct*
- *Communication devices*
- *Disclosure of pecuniary interests*
- *Risk management, legislative compliance and internal control*
- *Council's decision-making processes, including delegations and conduct of meetings*
- *Support for councillors*
- *Records management*
- *Access to information*
- *Complaints handling*

### **5.1.2 Overview of Manly Council's governance practices**

Overall, Manly Council has many effective governance systems and processes in place. Council has established a position that is charged with the responsibility of overseeing corporate governance for the organisation.

### **5.1.3 Significant Observations**

#### ***Noteworthy practices***

##### *Risk management*

It is important that councils are aware of their risk exposures and that they take appropriate steps to mitigate them. Manly Council has a part-time Risk Manager who, at the time of the review, was engaged in the process of developing an Enterprise Risk Management Plan. Since that time, an Enterprise Risk Management Plan has been developed and workshops held with managers. A risk register will now be developed and entered into 'risk-e map', which is a web-based software provided by Council's insurer.

Council has also advised that Council adopted its Risk Management Policy on 1 August 2011. We were also advised that a Risk Management Manual is available on Council's Intranet and a Business Continuity Plan has been prepared.

We also noted that the Council was aware of its potential risk exposure (as a coastal council) arising from climate change and that it was working with its insurers to develop an action plan to address this.

##### *Internal Audit*

Council's internal audit function is provided under a shared arrangement with Hunters Hill, Lane Cove, Mosman, North Sydney and Willoughby Councils. Each Council contributes an annual amount to fund a common internal audit program, developed through a working group of the General Managers of each Council, with a discretionary program subject to extra funding by each Council.

Each Council has its own Audit Committee which meets a minimum of four times a year.

The *Head of Internal Audit, North Shore Councils* is based at Willoughby City Council. There are currently two full-time positions shared by all of the Councils, with

an additional position that has just been approved, which will provide an additional resource for four of the Councils, including Manly Council.

This arrangement is a good initiative and appears to be working well, although the program is currently slightly behind schedule due to resourcing issues. The *Head of Internal Audit* has also identified that the efficiencies anticipated at the commencement of the program may not be being delivered to the level originally anticipated, mainly due to the differences in systems operating at each Council. Attention will need to continue to be paid to the proper resourcing of the program to ensure its ongoing effectiveness.

The Audit Committee at Manly Council presently consists of three councillors (including the Mayor) and two independent members. This is inconsistent with the Division's *Internal Audit Guidelines*, which suggest the majority of the members of a committee should be independent, and that the Mayor should not be a member. The review team notes that this issue has been raised with the Committee by the Head of Internal Audit, and that the Committee determined that "*its current membership is suitable*". Notwithstanding this, we encourage the full elected Council to give further consideration to this matter.

***Recommendation 2***      *Council should review the constitution of its Audit Committee taking into account the Division's Internal Audit Guidelines under section 23A of the Act.*

### ***Areas for improvement***

#### ***Meetings procedures***

The review team notes that the 2006 PBP report made a recommendation that Council revise its Code of Meeting Practice to ensure statutory compliance/consistency. Issues identified at that time related to inconsistencies with:

- the disclosure of interest provisions of the Act relating to the requirement for councillors to leave the chamber following a disclosure and the provisions (now compliant)
- a provision seeking to limit the number of motions that could be put by a councillor within each calendar year (since removed)

- the provisions relating to the exclusion of the public from meetings, particularly in relation to the absence of the limitations set out in section 10B of the Act for the closure of meetings to the public. (Council's current Code of Meeting Practice remains silent on the limitations set out in section 10B.)

Council holds an Ordinary Council Meeting on the second Monday night of every month. In addition, the Planning & Strategy Committee (a committee of Council of which all councillors are members) meets on the first Monday night of every month.

Council's Code of Meeting Practice (November 2010) provides that the Corporate Planning & Strategy Committee is the Principal Committee of Council and "*...for all intents and purposes, meets as the Council*".

This clause is inconsistent with the Local Government (General) Regulation 2005 as, under Part 10 of the Regulation, there is a clear distinction between meetings of a council and meetings of a council's committees. The clause may also contravene the *Local Government Act 1993* on the same basis.

The powers of a committee are limited by the exclusions to the general power of delegation set out in section 377 of the Act. Further, the Act prescribes mandatory requirements for council meetings which do not apply to committee meetings, such as:

- Frequency of meetings (section 365)
- Quorums (section 368), and
- Voting entitlements (section 370).

***Recommendation 3***      *Council should revise its Code of Meeting Practice to ensure compliance and consistency with statutory requirements.*

***Recommendation 4***      *Council should review its Code of Meeting Practice to clarify the status, functions and limitations of the Planning & Strategy Committee.*

### *Complaints management*

One of the recommendations made by the Division in its 2006 PBP report was that Council update and publicise its complaints handling process/procedures. Council most recently revised its Complaints Management Policy in December 2010.

Council's complaints handling processes have been the subject of investigation and recommendation by the office of the NSW Ombudsman in 2010 and 2011.

In his report dated 3 September 2010, the Deputy Ombudsman found that Council's complaints management processes were outdated and inadequate, with no procedures in place to guide the handling of complaints made under Council's Code of Conduct. With respect to complaints management, the Deputy Ombudsman recommended that Council engage external expertise to develop and implement written procedures for assessing and investigating complaints alleging misconduct by staff, the General Manager and councillors.

In his report dated 25 July 2011, the Deputy Ombudsman recommended, among other things, that Council develop and implement written procedures for assessing and investigating complaints alleging misconduct by staff, the General Manager and councillors by 25 October 2011, with training for elected members and staff on the new procedures by 25 November 2011.

The Deputy Ombudsman also recommended that Council develop and implement, within 6 months, a complaints management framework as recommended in the Australian Standard AS ISO 10002-2006 *Customer satisfaction – Guidelines for complaints handling in organisations*, the *Ombudsman's Complaint Handlers Tool Kit 2004* and the *Complaints Management in Councils Practice Note No 9*, a joint publication of the NSW Ombudsman and the Division.

The Deputy Ombudsman also recommended externally provided refresher training for members and staff on their obligations under the Code of Conduct by 25 October 2011.

Council has resolved to implement the Deputy Ombudsman's recommendations. Monitoring of the implementation of those recommendations is a matter for the Deputy Ombudsman and beyond the scope of this review. However, the review team makes the following general observations:

- Council adopted a Complaints Management Policy in December 2010. The policy is generally consistent with *Practice Note No 9: Complaints Management in Councils*.



- Council's Policy is supported by Complaints Handling Procedures. These procedures set out accountabilities and referral procedures, assessment criteria, resolution options, and documentation and communication instructions.
- Council has also adopted Procedures for Misconduct Complaints covering complaints made under the Code of Conduct, and includes disclosures made under the *Public Interest Disclosures Act 1994*. This document is generally consistent with the complaints handling provisions of the Model Code.
- Council's website contains a good summary of its complaints management processes.

The review team considers that staff training and awareness are crucial to the consistent application of Council's policies and procedures to individual complaints. In this regard, we also note that with respect to one of the investigations examined by the NSW Deputy Ombudsman, Council indicated that staff inexperience in the investigation of complaints may have contributed to a defective process.

Council has since advised the Division that all staff across the organisation have been provided with training on complaints handling, and that additional training on investigating complaints has been provided. Ongoing training in these areas has been incorporated into regular Code of Conduct training.

#### Code of conduct

Since the last review, Council has reviewed its Code of Conduct to be generally consistent with the Model Code of Conduct for Local Councils in NSW. Council's policy is more stringent than the Model Code with respect to conflicts of interests arising from political donations. Council's Code also includes notes at various sections which provide additional information to support provisions.

#### **Procedural issues**

The review team examined a sample of code of conduct complaints, which were generally dealt with in accordance with the complaint handling provisions of Council's Code. Where a conduct reviewer's report had been prepared, this was dealt with in an open meeting of the Council as required under the Code.

The review team observes that, in the matters where conduct reviewer reports have been completed, these reports, while circulated separately to councillors, did not form part of the business paper when considered by Council. While this practice is not contrary to the Model Code, as the matters were dealt with in open Council, the review team considers that, in the absence of compelling reasons for not doing so, conduct reviewer's reports should be included in the business papers where code of conduct matters are being presented to Council for decision. Confidentiality concerns can, in most cases, be satisfactorily addressed by careful drafting or redaction.

Council should note that section 9(2) of the Act requires the public availability of business papers (such as correspondence and reports) for a meeting of council or a committee of council of which all members are councillors. Given this, it is arguable that the code of conduct reviewer's report is required to be publicly available.

### ***Internal reporting***

Council's Internal Reporting Policy has been updated to reflect the requirements of the *Public Interest Disclosures Act 1994*, with a draft being presented to the Planning and Strategy Committee for approval to exhibit on 5 September 2011. The Policy was adopted prior to the 1 October 2011 deadline.

Council's policy is generally consistent with the NSW Ombudsman's Model Policy.

Council's Code of Conduct presently retains provisions (clauses 11.3 – 11.5) relating to "protected disclosures" and needs to be updated to correctly reference the legislation and Council's Internal Reporting Policy.

Council might wish to access the free training currently being provided by the NSW Ombudsman to support awareness of the new provisions and the implementation of the policy.

***Recommendation 5***      *Council should review its Code of Conduct to incorporate updated provisions referencing the Public Interest Disclosures Act 1994 and Council's Internal Reporting Policy.*

### **Gifts and benefits**

At the time of the last PBP review, the review noted that Council had in place a gifts register but noted that there were no entries from staff employed in roles where gift giving is not an unusual occurrence (for example, child care and outdoor staff who have direct contact with suppliers or members of the community). The review team

recommended that training be incorporated into code of conduct training for staff. Council's response to this recommendation indicated that staff were trained within 2 months of appointment and provided with an annual reminder regarding gifts, and that the issue was raised in the staff newsletter at regular intervals.

The review team examined the Council's gifts register during the on-site component of the review. There remain few entries in the register. Council should consider further training for staff and councillors on what is defined as a gift and what obligations flow from receipt.

We note that Council has recently issued a letter to its associates, suppliers and partners advising that Council and its staff do not accept gifts of kind and seeking their co-operation in communicating this policy to everybody in their respective organisations, including senior management. Council is to be commended for this initiative.

The Independent Commission Against Corruption has produced the Managing Gifts and Benefits in the Public Sector – Toolkit. This resource has been developed to assist NSW public sector agencies and councils to develop, update and implement gifts and benefits policies and procedures for the reporting and managing of gifts and benefits. The Toolkit provides advice and guidance for developing policy, communication and training, and an on-line reporting and management tool.

***Recommendation 6***      *Council should use the Independent Commission Against Corruption's Managing Gifts and Benefits in the Public Sector Toolkit to review its gifts and benefits policies and procedures.*

### Legislative Compliance

Council currently has no system in place for ensuring compliance with statutory obligations across the organisation.

To facilitate compliance with legal requirements, Council should ensure that there is a clear management commitment to compliance; that staff are properly informed about the key statutory requirements relevant to their work; and that systems and practices are in place to identify and rectify non-compliance where it occurs.

There are two areas of focus for an effective statutory compliance system. The first of these relates to the identification and implementation of existing statutory obligations,

and obligations that come into existence upon the enactment of new legislation or the amendment of existing legislation.

The second area of focus is a review process. Council should undertake a review of current practices across the organisation to ensure that statutory obligations are both known and being complied with. This aspect should be incorporated into the internal audit function.

The review team notes Council's Governance One Year Plan (Delivery Program 2011-2015 and Operational Plan 2011-2012) provides for the implementation of a legislative compliance and reporting program in 2011-2012.

The system implemented should be documented and include a process for dealing with Divisional circulars and guidelines.

***Recommendation 7***      *Council should develop a system to ensure that all statutory and regulatory obligations are met on an ongoing basis.*

#### Review of legal services expenditure

Pursuant to a recommendation made by the NSW Ombudsman in September 2010, Council engaged a consultant to undertake an assurance review of its legal services expenditure activities.

The review found that Council has maintained effective control procedures in relation to the management of its legal expenditure and noted:

- most expenditure on legal services related to enforcement action which required fluid budget planning and control processes
- Council had a panel of 2 firms in place for the provision of external legal advice and an in-house team (2 full-time and one-part time) to provide internal legal services and advice
- Council had reviewed its processes and procedures since June 2010, appointed a person to the position of General Counsel and established a Legal Unit to improve the provision of legal services to Council
- Council has a process in place to manage escalation of legal matters and litigation, although decision making could be better documented.

The review made 3 recommendations relating to the review of Council's legal procedures and delegations, the establishment of a centralised database of legal matters and an internal audit examination of the review of legal panel arrangements.

At the time of the PBP review, Council was proposing to review the current legal panel arrangements and take the provision of legal services to the market to ensure value for money. This process was completed, with a report presented to the October Council meeting and a resolution to appoint a new panel consisting of six law firms.

### Section 449 Returns

In the course of the PBP Review in 2006, an examination was made of the pecuniary interest returns lodged by councillors and a representative sample of staff. While the review team found that the general standard of the returns was reasonable, a number of deficiencies were identified with respect to completeness and compliance with statutory deadlines.

The review recommended that a briefing be provided to councillors and staff on the correct completion of returns and that they be provided with a copy of Departmental Circular to Councils 04/16, which provided guidance on, among other things, lodgement and disclosure obligations. Council advised the Division following the review that it had implemented this recommendation.

As part of this current review, the pecuniary interest returns of all councillors and designated persons were examined. A number of the returns examined appeared to be incomplete, and one councillor's return was undated. The review observed that a number of returns had no details recorded for interests in real property, which is curious in light of the requirement to disclose interests in property within or outside the council area, and interests in the nature of an owner, trustee, beneficiary or as a lessee.

Further, a number of returns disclose interests in investment properties, yet no rental income is identified as a source of income.

Section 449 Returns are available for public inspection and are important for accountability and transparency. There is a statutory obligation on councillors and designated persons to lodge returns, and it is expected that the content of those returns will be complete and accurate.

Council has advised that one on one assistance has, since the review, been provided to all Councillors and designated persons on the proper completion of returns.

Council advised the review team that there was a process in place for checking returns to ensure they were lodged by the required dates, and that they were complete. This process needs to be reviewed and strengthened.

The review team also noted that there were 94 returns lodged by designated persons. The review team was unable to establish that all designated officers had lodged returns, as required, as Council could provide no list of designated persons against which to check completeness. A robust internal control process is required to ensure all returns are lodged.

**Recommendation 8** *Council should develop and regularly review a written register of designated persons under section 441 of the Act.*

**Recommendation 9** *Council should develop a written procedure for receipting, checking and recording of the administrative review of pecuniary interest returns lodged by councillors and designated persons.*

#### Councillor Training

Council has no formal program in place for identifying and meeting councillor training needs.

The September 2012 local government election provides an opportunity for Council to review its councillor induction program and to formalise an ongoing councillor training and development program to assist newly elected and returning councillors to perform their role.

**Recommendation 10** *Council should review its councillor induction program and formalise a councillor training and development program prior to the September 2012 local government election.*

#### Policy review and promulgation

Council's Policy Register serves important dual purposes, documenting Council's policies for transparency and public accountability, and serving as a corporate memory for internal reference and governance purposes.

At the time of the on-site component of the review, Council had not undertaken a recent systematic review of the currency of its policies, nor was there a formal process in place for such a review.

A review of Council's Policy Register revealed that there were policies which were clearly out of date, or in some cases in draft form with no evidence of adoption by Council. For example:

- Council's *Sustainable Investment Policy* was adopted by Council on 24 September 2007 but the version of the Policy in the Register carried no date.
- Council's *Investment Policy* was in draft form and had not been adopted by Council. While the draft Policy is used, there is no evidence to demonstrate that the s23A Guideline was taken into account in formulating the Policy.
- Council's *Working Capital Policy* was adopted in 1997 and Council's current practice is not consistent with the terms of the Policy.

There needs to be a formal, regular system of policy review which attaches to an identified Council officer for accountability purposes. Policies which are in draft form should be formally adopted by Council, and all policies need to reflect current practice across the organisation.

The review team notes that a report went to the Planning and Strategy Committee Meeting on 2 May 2011 advising of a review of the Policy Register for legislative changes, currency, duplication and consistency. The report noted that of the 180 policies listed in the Register, 34 had been created since 2004. The report recommended the rationalisation of the Register by revoking superseded or otiose policies and affirming current policies. The review team notes that 38 policies were recommended for revocation.

Council also needs to consider how best to communicate policy and procedural changes to staff and the public. In this regard, Council's Intranet and website might be reviewed to see whether information on these changes could be more prominently placed. Generally, all policies are reviewed and adopted by the elected Council, and a process for public exhibition is in place for those policies affecting the community.

Council has purchased a system – “*I-Policy*” – which enables policies to be sent to staff electronically. The system provides an audit trail and reports can be generated on staff access, including reading times. This system is available on Council’s intranet, as is the *Policy Register*. A *Guidance Document Register* is also being developed (for internal protocols and procedures) for placement on the Intranet as a staff resource. These are good initiatives.

Council is also developing a policy with guidelines on the processes for the development and review of policies across the organisation.

***Recommendation 11*** Council should formalise and document a regular policy review process to ensure that all policies are up to date and reflect current practice across the organisation.

***Recommendation 12*** Council should continue to develop and implement systems for notifying staff of policy review procedures and/or the creation, amendment or revocation of policies relevant to their work.

### Records management

At the time of the 2005 PBP review, problems were identified with the consistency of application of business rules for the registration of Council records, such as emails, in the Electronic Document Records Management System (EDRMS). A recommendation was made that the General Manager ensure staff are aware of and comply with the business rules for registering/referring correspondence.

Since that time, Council had its records management systems reviewed by an external consultant in 2008 and an implementation audit was completed by Council’s Internal Auditor in February 2011 following a recommendation by the Deputy NSW Ombudsman.

Issues identified by the external consultant’s Records Management Review included:

- significant non-compliance with the requirements of the *State Records Act 1998* and best practice guidelines for record-keeping
- Council was taking positive steps towards better record keeping practices



- Council's records of its business transactions were inadequate and the general quality of records was low (for example, letters and documents undated and lack of author identification)
- significant non-compliance with aspects of recordkeeping for tendering matters
- Council's systems were cumbersome, difficult to navigate and not sufficiently "user-friendly" to encourage compliance on a day-to-day basis across all divisions of Council.

The external consultant suggested that a major review of Council's records management practices was required with respect to both systems and practices and made a number of recommendations. The consultant was subsequently engaged to assist Council with the drafting of Council's Records Management Policy (adopted 8 May 2009) and Records Management Procedures (adopted 3 June 2009).

The recommendation identified as being most critical to Council was the implementation of changes to daily record keeping practices across the organisation to facilitate compliance with the requirements of the *State Records Act 1998*. The review also recommended the replacement of Council's operating systems with a more user-friendly and effective solution.

Following the external consultant's report, Council established a Key Records User Group to co-ordinate the continuous improvement of records management across Council.

On 24 March 2011, a report was presented to the Audit & Risk Committee by Council's Internal Auditor. This report noted that 27 of the 30 recommendations made by the external consultant had been fully or partially implemented. The report found that Council had made considerable progress in addressing policy/process issues and staff practice issues identified by the consultant, but noted that progress in addressing systems issues was not so advanced.

At the time of the on-site component of the current review, the review team noted that there was a practice within some sections of Council of using the "R Drive" as a transit "document store" for records prior to these records being profiled into the EDRMS as permanent records. This practice raised a number of concerns, most

significantly that documents sitting in “R Drive” were unprotected from deletion or amendment.

The review team considered that this practice represented a risk to Council in terms of the integrity of its records, particularly in light of a significant delay between entering a document into the “R Drive” and its subsequent registration into the EDRMS which was evident in one division of Council.

The review team raised this issue with the General Manager on 15 April 2011, who acted immediately to lock the “R Drive” and prohibit its use as a transit store. The General Manager also advised the review team that he had requested a review of Council’s Records Management business rules.

A review of a particular enforcement file requested by the review team also identified issues of concern in relation to:

- the absence of file notes to record all discussions between Council officers and others in relation to the matter
- a hard copy memorandum on file was not registered in either the EDMS or placed in the “R Drive”. In the event that this hard copy document was to have been removed from the file, there would have been no record of its existence
- the dispersion of documents across a number of hard files, including important documents relating to an Ombudsman’s investigation which did not appear to be on the relevant file and were later produced in an unregistered binder.

The records management systems of Council were variously described to the review team by Council staff as cumbersome and frustrating, and the view was expressed that staff were losing patience with systems which weren’t “smart.” There was a general acceptance that Council’s records systems needed to be improved.

The review team notes that, following a recommendation from the Records Key User Group in December 2010, funding was approved for the introduction of a new EDRMS system (TRIM©) in the 2011/12 budget. The successful roll-out of this new system will be a challenge for the organisation, requiring a significant commitment from management and staff to achieve cultural change.

Ongoing training and support must be provided for Council to successfully transition to its new system. Council should consider measures to increase staff awareness of, and ultimately compliance with, Council's record-keeping practices and procedures, document naming and electronic mail protocols.

Archiving of records was also identified to the review team as a "growing issue". At the time of the on-site component of the review, Council had no sentencing program in place and no archivist on staff. The review team was advised that recruitment action for an archivist was in progress.

The review team was also advised that Council staff required further training on the provisions of the *Government Information (Public Access) Act 2009* as there was uncertainty across the Council about the operation of the Act, and in particular, what Council information was open access information.

***Recommendation 13*** Council should ensure that sufficient resources are made available to support the successful roll-out of its new EDRMS, including provision for ongoing staff training and compliance audits.

#### Statement of Business Ethics

At the time of our visit in April, Council had prepared a draft *Statement of Business Ethics*. Since that time, Council has engaged a consultant to develop the document and a draft has now been provided to Council. A consultation process is underway and it is anticipated that a final document will be presented to Council for adoption by December 2011.

From a corruption prevention perspective, the review team considers it important for the Council to finalise its *Statement of Business Ethics* as soon as possible. The Statement should be given a position of prominence on Council's website, and consideration should also be given to its inclusion in DA pre-lodgement advice and tendering documentation.

***Recommendation 14*** Council should finalise its *Statement of Business Ethics* as soon as possible and devise and implement appropriate communication strategies as a corruption prevention measure.

## **Council's response**

### Risk Management

With respect to a recommendation in the draft report for a report to be provided on the status of the development of an enterprise risk management framework and the controls in place to ensure that this work proceeds in a timely manner, Council advised:

*“This recommendation may be marked off as completed because Council has already adopted a Risk Management Policy on 1 August 2011. The associated Risk Mgt Plan has since been developed and the corporate wide training on it will have completed [sic] on 18 November 2011.”*

### **Reviewers' comment:**

On the basis of Council's advice, this recommendation is now considered to be unnecessary and has been withdrawn from the final report.

### Internal Audit

With respect to the recommendation that Council review the constitution of its Audit Committee taking into account the Division's Internal Audit Guidelines under section 23A of the Act, Council advised:

*“At the time when the DLG Guidelines were issued, Council's Audit and Risk Committee gave prompt consideration to its recommendations but decided to leave the Terms of Reference and Constitution unchanged.”*

### **Reviewers' comment:**

The review team remains of the view that the majority of the members of the Audit Committee should be independent, and that the Mayor should not be a member.

### Meetings procedures

Council advised that issues relating to the exclusion of the public from meetings, particularly in relation to the absence of limitations set out in section 10B of the Act for the closure of meetings to the public, will be clarified in the next review of the Code in February 2012.

Council advised that it would proceed as recommended to review its Code to clarify the status, functions and limitations of the Planning & Strategy Committee.

**Reviewers' comment:**

The review team notes that the issue in respect of the closure of meetings to the public was identified by the 2006 PBP review. It is important that Council's Code complies with statutory requirements.

Complaints management

In response to a recommendation in the draft report that Council provide complaints handling and investigation training to relevant staff to ensure the consistent application of its policies and procedures and good investigative practice across the organisation, Council advised:

*"This may be marked off as completed. In April and May 2011, every member of staff across the Council attended training provided by Corruption Preventions and Governance P/L (CPG) in Complaints handling. Additional training was completed on investigating complaints. Complaints Handling is now a one hour training module within the quarterly Code of Conduct Training in the Corporate Training Program facilities by CPG."*

**Reviewers' comment:**

On the basis of Council's advice, this recommendation has been withdrawn. Council needs to ensure that its commitment to this training is ongoing, and that the content is consistent with its policies and procedures.

Review of legal services expenditure

In response to a recommendation in the draft report that Council fully implement the recommendations of the review of its legal services expenditure, Council advised:

*"This may be marked off as completed. Fresh tenders were called. At its Ordinary Meeting on 17<sup>th</sup> October 2011 Council resolved to appoint a new legal panel consisting of six law firms."*

**Reviewers' comment:**

On the basis of Council's advice, this recommendation has been withdrawn.

Section 449 returns

In response to a recommendation in the draft report that Council conduct further training for councillors and designated persons on the correct completion of pecuniary interest returns, Council advised that it had provided one on one

assistance to every Councillor and designated person on the DLG advisory information when completing returns.

***Reviewers' comment:***

On this basis, the recommendation has been removed from the final report.

**Records management**

In response to a recommendation in the draft report that Council should ensure sufficient resources are made available to support the successful roll-out of its new EDRMS, including provision for ongoing training and compliance audits, Council advised:

*“Noted – A comprehensive deployment plan has already been adopted and is supported by overview and intensive training of all users that is tailored to the roles and functions of staff within the organisation. Training begins in the week of 21 November 2011 and will continue for 5 weeks before the new EDMS goes live in the first week of January 2012.”*

In response to a recommendation in the draft report that Council conduct refresher training for staff on the GIPA Act and relevant Council policies and procedures relating to the release of information, Council advised:

*“This recommendation should be marked off as completed. Systematic training is provided to functional staff and their managers. Currently, in addition to GIPA officer and assistant to GIPA, [sic] Council has 4 other members of staff who have attended accredited training. Additional ones have also been scheduled.”*

***Reviewers' comment:***

On the basis of Council's advice, the recommendation for training has been withdrawn.

**Statement of Business Ethics**

Council noted that a discussion draft had been lodged with the General Manager and that a report would be made to Council in February 2012.

## 6 PLANNING AND OTHER REGULATORY FUNCTIONS

### 6.1 OVERVIEW

Council exercises regulatory functions in relation to a range of activities within its area. The efficiency and probity of a council's regulatory functions is important for effectively managing the council's responsibilities and for preserving public trust in the council and its staff. Regulation is important to achieve a wide range of social, economic and environmental goals.

#### 6.1.1 *Scope of review*

A review was conducted of a range of aspects of Council's planning and regulatory practices, including:

- *Council's planning instruments and policies*
- *Development assessment*
- *Compliance & enforcement practices*
- *Environmental management*
- *Companion animals*
- *Swimming pools*

#### 6.1.2 *Overview of land use planning, development assessment and regulatory practices*

Council's strategic land use planning, regulatory and enforcement functions are grouped under the Deputy General Manager, Land Use & Sustainability Division in four Units:

- Development Assessment – responsible for statutory planning, lodgements and quality assurance;
- Regulatory Compliance – responsible for environmental health, building inspections, ranger operations and parking enforcement;
- Environmental Management – responsible for natural resource management, environmental partnerships and programs, waste and cleansing operations and the Manly Environment Centre; and
- Strategic Land Use – responsible for planning instruments and regional planning issues.

### **6.1.3 Significant Observations**

#### ***Better practices***

##### **Manly Environment Centre**

Council has for many years operated the Manly Environment Centre, which operates as a shopfront in Belgrave Street, Manly. The role of the Centre is environmental advocacy and education, maintaining a library of educational resources and providing a series of workshops and promotional events for the public. The Centre also has its own website.

The Centre is staffed by Council employees (3) and is funded primarily from general revenue, although a number of projects are funded through Council's Environmental Levy or through grants. The annual budget of the Centre, including staffing costs, is in the order of \$200,000.

The continued funding and operation of the Centre demonstrates Council's ongoing commitment to environmental issues.

#### ***Noteworthy practices***

##### **Development assessment**

Development assessment is a contentious issue due to high land values, the scarcity of undeveloped land, and topographical factors within the LGA. For this reason, significant attention was paid to Council's development assessment processes during the 2006 PBP review.

At that time, the review team noted that Council had made significant efforts to reform its development assessment processes and that it had achieved some positive results. The review team made a number of recommendations to improve Council's processing of development applications, including that Council review its processes, having regard to the intent and effectiveness of the recent changes it had made.

Council engaged an external consultant to undertake a comprehensive review of its development assessment processes in June 2006 (the Sourdin review). An analysis was made of Council's processes *“with a view to increasing transparency, making*



*the process more customer-focused and to the extent possible, easing the workload and the pressures on Council staff”.<sup>2</sup>*

This review was comprehensive. In total, 24 recommendations were made in respect of outcome quality, process and staffing issues. By July 2007, Council had implemented all recommendations agreed to at an implementation workshop in March 2007.

The most recent Department of Planning (and Infrastructure) performance data (2009-10) indicates that Council determined 396 development applications (DAs) and 137 section 96 applications during the performance monitoring period. The estimated value of approved development was \$98.1 million. Seventy-one percent (71%) of all DAs were for alterations and additions to existing buildings.

Council's gross mean time for determining DAs was 92 days, which was outside the statutory benchmark of 40 days and in excess of the group average of 87 days. Predictably, determination times increased for higher value, more complex developments, from a mean gross time of 81 days for developments with a value under \$100,000 to 539 days for developments with a value of between \$5-20 million. The average number of DAs determined for each equivalent full-time development assessment position at Manly (8) was 49.5; which is fewer than the statewide average of 63, but in excess of the group average of 44.1.

Manly was identified by the Department of Planning (and Infrastructure) as being one of the Sydney Region councils that significantly reduced its mean gross determination time for DAs between 2008-2009 and 2009-2010 (from 136 days to 92 days).

At the time of our on-site visit in April 2011, we were advised that the determination time had been further reduced to around 75.5 days. This improvement has been contributed to by improved consultation between planners and applicants (including a duty planner facility to discuss issues with the public in the mornings), better planning for meeting cycles, increased frequency of Development Assessment Unit meetings (twice weekly), and the introduction of a fast-track system for simple DAs (achieving turnaround times of between 36-42 days). Council also uses a consultant planner to clear older and more complex DAs and Joint Regional Planning Panel matters.

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<sup>2</sup> *Sourdin and Hardin report, 2006*

Council has also introduced DA assessment guidelines, with standardised report templates, a computerised standard conditions system (with around 250 standard conditions), options and checklists for internal referrals, standard pre-lodgement and notification documents. The flow chart of the DA process included in the guidelines might be improved by the inclusion of timeframes, where appropriate.

The review team notes that the flow chart is available on Council's website, however, we were unable to locate the guidelines themselves. Council should consider making these available to the public on its website.

The review team also noted that while DA tracking functionality was attached to Council's website, there was no provision for the electronic lodgement of DAs. This functionality might be something for Council to consider moving forward.

The review team was advised that the standard conditions were last reviewed in July 2009. Council should regularly review its conditions and documentation to ensure currency.

Increased supervision and management of planning staff has also been introduced with fortnightly meetings between planning staff and the Manager to set and review target dates and discuss issues of concern.

Council also makes good use of delegations, with over 90% of all DAs being determined by staff. No DAs are determined by the elected Council, with those DAs not determined by staff being referred to the Manly Independent Assessment Panel.

Council is to be commended for the improvements to its processes and determination times.

### *Strategic land use planning*

The strategic Land Use Unit has a diverse range of responsibilities. In addition to strategic and heritage planning staff, this Unit also includes Council's architect, 2 GIS staff, and a contract landscape architect.

Council's Local Environmental Plan (LEP) dates from the late 1980s and has had 81 amendments. A new LEP has been developed by successive working groups of Council over the past 4 -5 years, with a draft anticipated to go on exhibition in November 2011.

With ever increasing demands for information, it is important for Council to ensure that it adequately resources this Unit. Section 149 certificates are a critical risk area for all councils and rely upon accurate and up-to-date information. Into the future, sea level modelling data may also emerge as an important strategic planning issue for Council.

### Enforcement Policy and procedures

This unit has 34 staff and is responsible for:

- Building compliance – unauthorised works and uses/certification
- Environmental health – air/water/waste/noise complaints; food shop inspections (twice yearly program); skin penetration premises inspections
- Parking enforcement
- Graffiti control and removal.

The unit also provides assistance to the NSW Police Force with after hours' noise control, which the review team understands is a significant issue for Manly.

It was noted by the 2005 PBP review team that Council had no formal enforcement and prosecutions policy. Council was referred to the NSW Ombudsman's guidelines to assist in the development of an enforcement policy. Issues relating to the need for a consistent approach to keeping records were also identified at that time.

An Enforcement Policy was apparently drafted in 2008-2009, but not ultimately adopted. Pursuant to a recommendation by the Deputy NSW Ombudsman in 2010, Council engaged an external consultant to develop a revised Compliance and Enforcement Policy and Guidelines. These were adopted by Council on 14 February 2011.

The Policy and Guidelines are largely based on the NSW Ombudsman's Enforcement Guidelines for Councils and are considered to be good documents. The development and implementation of internal procedures to support the Policy and Guidelines, as recommended by the consultant, should be a priority.

Clause 19 of the Policy requires officers investigating unlawful activity to ensure that full and accurate records of the matter are kept and stored. As mentioned previously in this report, the review team had some concerns about record-keeping in respect of one enforcement matter examined. As required by the Policy and Guidelines, and in

line with good administrative practice, complete and accurate records, including reasons for decisions, should be kept in relation to all enforcement matters.

At the time of the on-site component of the review, a draft Unauthorised Development Enforcement Policy and Draft Asbestos Policy were being prepared.

Council's process for dealing with unauthorised development was discussed with the Manager. Where unauthorised works come to notice, Council requires an application for a building certificate with a fee based upon the commensurate DA fee. Council requires the applicant to submit the same level of information as if a DA was being submitted for the works, and the matter is assessed by the Planning Unit, with an internal consultation process. If approved, Council issues a building certificate for the works. The review team considers this to be a sound process. Council also provides information about unauthorised development on its website.

The review team noted that the office accommodation in this unit was cramped. While the constraints imposed by the level of staffing and the building limitations are noted, Council should give consideration to space and layout issues in this area in any future review of accommodation.

***Recommendation 15*** *Council should undertake a compliance audit with respect to the Compliance and Enforcement Policy within 12 months of adoption.*

### ***Areas for improvement***

#### **Stop the clock DAs**

An interesting statistic in the comparative data is that 94% of DAs processed by Council have a stop the clock period (ranging from 1 to 211 days). This figure seems very high (over double the group average) and the reason(s) for such a high figure are unclear.

Council should review the use of the stop the clock provisions to identify the reasons for this result. This may provide Council with an opportunity to improve or streamline its pre-lodgement processes (including fees), and the information available to applicants on Council's requirements with respect to form and documentation of acceptable DAs (both at pre-lodgement meetings and on Council's website).

Council should also revisit and review its internal referral procedures, including Precinct Committees. We were advised that this layer of referral (reported to be up to

60 days) adds to processing times, yet only around 10% of DAs attracted comment from the Committees. It is unclear whether Council stops the clock for Precinct referrals.

***Recommendation 16*** Council should review its use of stop the clock provisions for DAs to identify opportunities to further streamline its processes.

## **7 ASSET AND FINANCIAL MANAGEMENT**

### **7.1 OVERVIEW**

Under its charter, Council has a responsibility to raise funds for the purposes of carrying out its functions. This can be achieved by the fair imposition of rates, charges and fees, borrowings and grants. The Council is also the custodian and trustee of public assets and must effectively account for and manage these assets. Council's strategies for managing its assets and financial resources are required to be documented in a *Resourcing Strategy*, which is a mandatory element of the Council's IP&R framework. Councils are also required to include information about their finances in their *Delivery Program* and annual *Operational Plan*.

#### **7.1.1 Scope of review**

A review was conducted of a range of aspects of Council's asset and financial management practices, including:

- *Financial management*
- *Asset management, including land assets, plant replacement and capital works*

#### **7.1.2 Overview of asset and financial management practices**

Council's current financial position appears to be relatively sound. However, Council has identified that it is not spending a sufficient amount to maintain its assets to the standard it considers appropriate, and further, it has identified that it lacks the income to maintain its assets to the desired standard.

Council's existing assets are generally in good condition with some notable exceptions, such as the Whistler Street Car Park. As discussed earlier in this report, Council has identified that it needs to improve its asset management capacity and has an improvement program to address this.

Council has a number of business operations. We identified that there is potential for Council to be better informed about the performance of these operations.

Council owns and controls some very significant land assets in the LGA and some of these are used for commercial purposes. We have suggested that Council conduct its own review of how these assets are managed.

Council needs to ensure all proposed major capital expenditures are informed by a capital expenditure review conducted in accordance with the Division's section 23A Guidelines. By definition, the expenditure involved is significant and the long term implications of capital developments warrants comprehensive review prior to such expenditures being incurred.

We were not able to find evidence of Council having used its *Resourcing Strategy* to inform the development of its recently adopted Community Strategic Plan, nor did we find evidence that the *Resourcing Strategy* was designed to support the achievement of the goals and aspirations detailed in the CSP. This is a key issue that will need to be addressed when Council next reviews its CSP.

Council's recently adopted *Delivery Program* for 2011 to 2015 and its accompanying *Operations Plan* for 2011/2012 lack sufficient detail on the budgets for specific programs. It is not clear how the program/plan will be resourced.

### **7.1.3 Significant Observations**

#### ***Better practices***

##### *Improvement program to increase Council's asset management capacity*

The Asset Management Plan included in Council's recently adopted *Resourcing Strategy* identifies that there is a need for Council to improve its asset management capacity. What is better practice is that the Council has identified and publically acknowledged what needs to be done. The Asset Management Plan includes a specific improvement program of key tasks that Council intends undertaking. The completion of these tasks in a timely fashion will help ensure that Council and the community will have better information for the next review of its CSP and for the development of the next *Delivery Program*.

#### ***Noteworthy practices***

##### *Recent review of important policies for asset and financial management*

Council has recently reviewed and adopted revised policies governing its *Investments, Asset Disposal and Use of Loans*. We noted that the report to Council on the Investment Policy cited the relevant statutory provisions, including the most recent Ministerial Investment Order and the Division's section 23A Guidelines.

### Condition of infrastructure

Council has undertaken condition assessments of its major asset classes with the exception of its stormwater network. These assessments, along with an aged-based assessment of the stormwater network indicate that the Council's infrastructure assets are in relatively good condition, notwithstanding that Council has identified a funding gap to renew/maintain the existing asset base to a set of standards that it has developed.

Council has a program to progressively assess the physical state of its stormwater network, which should allow it to confirm or adjust its estimates on the condition of that asset class.

Council appears to have extensive data on its infrastructure assets. It has an asset register and also maintains information necessary to manage its assets in various spreadsheets.

Council, as part of its strategic and operational planning, needs to consider how it will manage its assets into the future and in doing so, we would encourage it to give further consideration to the need for a new Asset Management System. Council had previously indicated that it was considering a new system (when it applied and was granted a special rate variation in 2007). On the face of it, such a system may be warranted having regard to the number and value of assets Council is responsible for the amount of data that needs to be managed and the need to ensure that risk exposure is managed effectively.

**Recommendation 17** *Council should ensure that the current infrastructure funding gap is brought to the community's attention as part of its implementation of the new Integrated Planning and Reporting framework and in doing so, ensure appropriate decisions are made to close the gap over time, either by modifying the asset base and/or service standards and/or the level of funding.<sup>3</sup>*

**Recommendation 18** *Council should develop and consider a business case for a new Asset Management System.*

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<sup>3</sup> See the *Guidelines for the preparation of an application for a special variation to general income in 2012/2013*, which are available on the DLG website. The Guidelines provide advice on the required community consultation.



### Infrastructure delivery

Council successfully completed a major renovation of its Depot since the last PBP review in 2005. The upgrade appears to have been comprehensive, including new offices and staff facilities. Council has been able to do this while at the same time generating a new revenue stream by being able to lease part of the redesigned site. The Depot is a key piece of Council infrastructure given that Council performs a significant amount of its own construction and maintenance work.

Most recently, Council managed a major upgrade to its Roundhouse Child Care facility by taking advantage of a significant amount of Commonwealth funding. The upgrading has resulted in a doubling of the capacity of the Centre.

Council recently placed its *Manly 2015* strategy (a master plan for the Manly CBD) on public exhibition. This major strategy, if adopted and implemented, will present significant challenges and demands on Council because of its scope and scale. This is not to suggest that Council should or should not pursue the strategy. Rather, it is the basis for an observation that Council will need to carefully consider the demands of managing the various projects that comprise the strategy and ensure that it balances these demands with the need for ongoing attention to its governance and the delivery of its other service and regulatory functions.

As mentioned previously, Council was granted a special variation to increase its rates in 2007. This is noteworthy because it demonstrates that the Council had an awareness of the importance of renewing and maintaining its assets that predates the transition to the new integrated planning and reporting framework. While this is commendable, as previously mentioned, we were unable to find evidence that Council has complied with the special rate approval requirement that it clearly report on how the funds generated have been used on a per project/program basis and on the outcomes achieved. Council needs to address this if the community is to have confidence that future rate increases will be used as intended. In making this observation, we do not suggest the funds have not been put to good use on renewing and maintaining assets, just that specific terms of the approval instrument have not been complied with and that this in turn has some broader implications beyond the need to comply.

**Recommendation 19** Council should ensure that its annual reports and its annual Operational Plan provide additional detail on how the income generated from the special rate variation has and will be used.

### Rate of Asset Renewal

One indication of good asset management is whether asset maintenance and replacement is keeping up with depreciation of the assets. We examined the Council's *Building and Infrastructure Renewal Ratios* for a three year period to 2009/2010 and noted that the Council has been consistently renewing assets faster than they were consumed (depreciated).

**Table 1: Building and Infrastructure Renewal Ratio**

2007/08	2008/09	2009/10
2.22:1	2.44:1	3.45:1

The formula used to determine the ratio for a given financial year is:

$$\frac{\text{Expenditure on asset renewals (building and infrastructure)} \times 100}{\text{Depreciation, amortisation and impairment (building and infrastructure) expenses}}$$

A ratio of 1:1 indicates that the renewal of assets equals the amount of depreciation, amortisation and impairment. Another way to view a 1:1 ratio is a dollar used to renew an asset equals a dollar spent on depreciation, amortisation and impairment.

While the ratio indicates that Council may be pursuing good asset management practices, it does not indicate what factors are giving rise to such an apparently positive indicator. Some of the factors may be:

- Council's capital expenditure policy
- One-off changes to asset base
- the depreciation rate and method used by Council
- community service expectations and desired level of service.

While we have examined Council's asset management practices, it has been beyond the scope of this review to identify what factors are causing the Council to have such an apparent focus on asset renewal. It is important for the elected Council and the community to be informed and to understand the factors that are giving rise to the Council's positive ratio. For example, if Council officers suggest that it is a response

to community service expectations and desired levels of service, this has implications for considering how the expectations and desired levels of service were determined. If the ratio is primarily a function of some of the other factors, such as one-off changes or grants, this is important to know, as it may disclose that Council's overall performance is not as good as the ratio suggests.

***Recommendation 20*** *Council should examine the factors that are giving rise to its positive Building and Infrastructure Renewal Ratio and take this into account when reviewing its Resourcing Strategy and consulting with the community.*

We suggest that in the first instance a report on the ratio and the factors should be prepared for the consideration of the elected Council.

### Investments

As noted earlier, Council has recently reviewed and adopted a revised policy governing its investments. A monthly report is provided to the elected Council on cash investments made and held by Council.

Council currently has a number of investments not generating interest income. Some of these investments are in non-bank interest bearing securities, which currently have a market value significantly less than the amount invested by Council. Notwithstanding this, recent monthly investment reports to the Council indicate that, overall, Council's cash investments performed above the 90 day average Bank Bill Swap Rate. In regard to the reduced market value, the monthly investment report states *"there would be no erosion of Council's initial capital investment if the investment continues to be held at the present time to maturity"*. We note that the current investment policy would preclude Council from making such investments.

### **Areas for improvement**

#### Resourcing Strategy

We were not able to find evidence of Council having used its *Resourcing Strategy* to inform the development of its recently adopted CSP, nor did we find evidence that the *Resourcing Strategy* was designed to support the achievement of the goals and aspirations detailed in the CSP. This is a key issue that will need to be addressed

when Council next reviews its CSP. We have not made a specific recommendation to this effect, given the timeframe for the CSP will be after the next Council election.

As discussed under the *Better practices* heading, Council has identified deficiencies in its asset management capacity. The quality of its *Resourcing Strategy* will be much improved once Council improves its asset management capacity. Once Council has better and more complete data about its assets and service expectations, it will be better able to determine the resources required and then consult with the community as to its preferred resourcing strategies.

#### Long-term financial plan

The Long-Term Financial Plan (LTFP), like the asset management plan, is part of the *Resourcing Strategy*. However, unlike the asset management plan, it does not include an improvement program. There is scope for it to be improved.

Council's LTFP outlines three scenarios. At the draft stage, the assumptions and implications of each of the scenarios are to be put before the community and the Council for consideration. The Council has done this to a degree. Having considered the draft, the adopted plan (or the Delivery Program) should clearly indicate the scenario that is going to be relied upon and pursued by Council.

The empirical basis for the assumptions relied upon in each of the scenarios is not apparent.

None of the scenarios reflect that the Council will be required to reduce its rate income in 2017/2018 when its special variation approval expires. We also noted that the annual increases in rate income specified for scenario 2 (3% after year 1) do not appear to be consistent with yearly amounts shown in the plan. That is, the increases in the yearly totals for rate income vary by amounts that are not 3% higher than the previous year. Council will need to investigate this and either incorporate an explanation for the variance and/or correct the totals. In doing so, it should seek to verify the accuracy of other scenarios/line items. The value and credibility of the LTFP could be undermined if such apparent discrepancies are not addressed.

While the CSP is aspirational, the LTFP does not reflect this. Rather, it appears to be predicated on the maintenance of the status quo.

The *Manly 2015* strategy, if pursued, will present significant challenges and demands on Council because of its scope and scale. The financial implications of the strategy will need to be considered in future iterations of the LTFP.

Future iterations of the LTFP should also incorporate appropriate financial targets for relevant financial KPIs (and such KPIs should be described). This will help the community understand the implications of the different scenarios Council is pursuing and provide a means of assessing the effectiveness of the plan over time.

We have not made a specific recommendation to address the aforementioned issues in relation to the LTFP, as we would expect that Council itself will seek to identify the improvement opportunities and address these in successive iterations of the LTFP.

#### Budgeting process

We are concerned about the apparent lack of integration between Council's strategic and operational planning processes and its budgeting process. During the review process, we had the opportunity to review Council's recently adopted *Delivery Program* for 2011-2015 and its current *Operational Plan*. Both the program and the plan (they are incorporated in a single document) include a good level of detail as to the specific activities/tasks that are to be undertaken, but a detailed budget has not been provided. It is not clear how the plans are resourced and how the expenditure estimates were determined. It is not clear how much is planned to be spent on specific strategies in the *Operational Plan*. Further, we identified some inconsistencies in the dollar amounts. We formed the view that the financial information provided in the *Delivery Program/Operational Plan* was insufficient to allow the elected Council and the general public to understand the basis for Council's budget.

When we visited Council in September 2011, we were made aware that there is a detailed budget that was considered by the elected Council. This document has not been reviewed.

Council's General Manager is required to provide the elected Council with a Budget Review Statement and revision of estimates within 2 months of the end of each quarter. The first of these statements will be required to be provided by 30 November 2011. As an interim measure, the General Manager should use the quarterly

statements as an opportunity to provide the community with improved information about the Budget. The preparation of next year's *Operational Plan* and Budget will provide an opportunity to improve on this year's plan and Council should be better placed to do so given that it will not be required to produce the CSP and *Delivery Program* (as it did this year).

**Recommendation 21** *Council should ensure that next year's Operational Plan incorporates a more detailed budget and information on how the budget was prepared/determined.*

### Tendering and Procurement

Council has published a Purchasing and Tendering Policy and Guidelines which have not been significantly updated since 2006. During the course of the review we drew Council's attention to the Division's section 23A *Tendering Guidelines for NSW Local Government*, published in October 2009. Council has a statutory obligation to take these Guidelines into account when exercising the tendering function. The current version of Council's policy still refers to the draft section 23A Guidelines.

While we were assured that the published (2009) Guideline had been considered, we were not provided with any evidence to support this claim, other than an email that had been circulated to Divisional Managers to alert them to the new Guideline.

We noted that Council undertook an internal audit of its tendering processes, the findings of which were reported to the November 2010 Audit Committee. This Audit found that the "*control environment requires improvement*".

**Recommendation 22** *Council should implement the recommendations of its internal audit of tendering processes. In doing so, it should review and revise its existing policy having regard to the Division's section 23A Guidelines.*

### Liquidity

Each year, Council is required to report on its *Unrestricted Current Ratio*, which is a measure of its liquidity. It measures the adequacy of unrestricted working capital (the excess of current assets over current liabilities at any time) and the ability to satisfy obligations in the short term for the unrestricted activities of Council.

Council's unrestricted current ratios for the last three years are shown hereunder.

**Table 2: Unrestricted Current Ratio**

2009/10	2008/09	2007/08
1.30	1.65	1.01

The Division considers that a ratio below 1.5 is an indicator of the need for close monitoring of Council's financial position and practices. However, we did note Council's response during the course of the review to the effect that the reported ratio is a "snapshot" taken as at 30 June; it was suggested to us by Council that its ratio at other times of the financial year is better because of the inflow of rate income earlier in the financial year. The relevant Council manager was well aware of the need to closely monitor Council's liquidity and, as such, we have decided not to make a specific recommendation about this matter.

*Management of real estate portfolio, leases and licences (and commercial activities)*

Council controls a significant portfolio of income-generating properties and also exercises the power to issue certain licences for which it can earn an income. Council has appointed a manager to oversee the management of the real estate portfolio and other staff are involved in the process (depending on the type of property/licence). While this is ultimately a matter for Council, it might consider whether there is merit in consolidating these responsibilities, as doing so might provide the opportunity for economies of scale and scope.

While we were made aware of strategies that Council has been pursuing to ensure it obtains a proper return on its assets/business activities, these strategies do not appear to have been documented, for example, in the form of a business plan.

Council has advised that all leases and licenses are fully reviewed prior to expiry and up-to-date valuations are obtained to ensure that Council receives maximum commercial return for its assets.

At the time of the review, Council was reviewing its quarterly reporting process. This is commendable. In doing so, it should consider how it reports on its performance in generating income from its real estate portfolio and the profit/loss performance of its other commercial activities.

Council advised that it had divested its commercial waste service on 5 November 2011.

**Recommendation 23** *The General Manager should provide a report to the elected Council on the management of Council’s real estate portfolio, leases and licences, the income generated and the strategies Council uses to ensure that it obtains an appropriate income/return over time.*

**Recommendation 24** *The elected Council should be provided with regular reporting on the profit/loss performance of Council’s commercial activities. This reporting should include details of the budgeted profit/loss as well as the actual result. Any significant variance should be brought to attention with appropriate commentary.*

### **Council’s response**

#### Condition of infrastructure

Council has advised that the Council is fully aware of the funding gap but *“there is a lack of an appetite for exceeding the rate cap.”* The response indicates an intention to canvass this issue with Councillors at a workshop in February 2012.

#### Rate of asset renewal

In response to a recommendation in the draft report that Council examine and consider the factors giving rise to its positive *Building and Infrastructure Renewal Ratio*, Council advised that:

*“The “high” ratio is due principally to large capital grants received by council in the last 4 years and catch-up work council has embarked upon in the last 10 years. As trends indicate, this ratio is expected to return to the normal range over the next two fiscal cycles.”*

#### Budgeting process

Council has advised that it will proceed as recommended to ensure that next year’s Operational Plan incorporates a more detailed budget and information on the budget process. Council also stated:

*“DLG should note that the Council’s line-by-line budgets are extremely detailed. Given this, when preparing the CSP, council simplified the financial*



*format used in the plan based on the work completed by other councils in the earlier group as well as in discussions with councils of a similar size.”*

## **8 COMMUNITY AND CONSULTATION**

### **8.1 OVERVIEW**

A council's charter requires that a council:

- provides services after due consultation
- facilitates the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and coordination of local government
- actively promotes the principles of multiculturalism
- plans, promotes and provides for the needs of children, and
- keeps the local community and State Government informed about its activities.

#### **8.1.1 Scope of review**

A limited review was conducted on some aspects of Council's community and consultation practices, including:

- *The methods Council uses to involve and determine the views of its community*
- *Communication practices*
- *Social and community functions of Council*

#### **8.1.2 Overview of community and consultation practices**

Council uses a range of methods to involve and determine the views of its community. In addition to the consultation processes used to inform the recently adopted *Community Strategic Plan*, the Council has 18 special-purpose committees (to provide it with advice). It supports a number of precinct committees (which act as consultative bodies and a channel through which community members can raise ideas and issues of concern). Council invites public submissions on significant matters and also allows members of the public to address meetings of Council. It has recently updated its website and has a *communications protocol*. Council's website invites members of the public to make an appointment to speak with councillors and/or senior staff.

Council provides and/or auspices a number of community services. It is a major provider of child care services.

Council has a customer service charter which incorporates service standards. It commissions an independent survey annually to gain feedback from the community on its performance.

### **8.1.3 Significant Observations**

#### ***Better practices***

##### *Communications protocol*

We were provided with a copy of a *communication protocol* which is available to guide staff in the adoption and use of effective communication strategies. The Council has a professional staff member whose role focuses on ensuring and facilitating quality communications.

#### ***Noteworthy practices***

##### *Upgrading of Website*

In November 2010 the Council dealt with a Notice of Motion about the Council's website. It resolved that *"the General Manager provide a report to Council which includes but is not limited to a timeline and budget proposal for consideration in the next financial year to upgrade and improve the Manly Council website"*. While the report detailed in the resolution does not appear to have been provided, we noted that the General Manager did advise Council in February 2011 that the website upgrade would be completed by March.

While we accept Council's advice that the website has been upgraded, we noted that its use as a communication channel has not been documented in Council's communication protocol. Nor is it clear what Council's intentions are in regard to using its website as a portal for residents, ratepayers and members of the general public to undertake transactions with Council.

While we commend Council for recognising the importance of its web presence and need to improve its website, we suggest that the effectiveness of any changes to the website should be driven by and measured against a clear and documented plan.

**Recommendation 25** *The use of the website as a communication channel should be incorporated in Council’s communication protocol.*

**Recommendation 26** *The General Manager should provide Council with a report on the upgrade to the website detailing the intent and extent of changes that have been made and details of an actual or proposed evaluation of the changes.*

### Precinct Committees

The Manly Precinct System divides the local government area into twelve distinct sections called precincts. According to Council, the aim *“is to bring together all property owners, residents and workers to discuss issues affecting their local area”*.

The Council provides guidance and support, but each precinct committee operates autonomously. While some precincts have active committees and participants, some precincts do not have a functioning committee.

We noted in our previous review that councils that use precinct committees as primary reference groups face the on-going challenge of ensuring the committees are representative. It is apparent to us now that Manly Council, while remaining committed to the Precinct System, recognises its limitations (as evidenced by its use of a range of more strategic approaches to community consultation).

The Council’s practice in regard to the use of precincts is noteworthy because of its long-standing commitment (since 1990), the willingness to review the System (a comprehensive review has recently been completed and reported to the Council), the resources it has committed to supporting the System, and the procedural framework which underpins the operation of the System.

Other councils may find the branding strategy being used by Council to promote the System of particular interest, along with the strategies used to maintain a separation between the Council and the precinct committees.

## ***Areas for improvement***

### *Community Engagement Policy and Processes*

Council adopted a Policy on community engagement in 2009. It states that *“This policy represents the first in a two step process for Council in dealing with community engagement. Once this policy is adopted by Council this policy will then be complemented by a further more detailed strategy and methodology document which will be forwarded to Council for its consideration and adoption as appropriate”*.

While it is apparent that there was a community engagement strategy used to inform the development of the recently adopted CSP, the *“more detailed strategy and methodology document”* referred to in the policy does not appear to have been provided to Council for its consideration and adoption. This is an important area for improvement that should be addressed as a priority.

The lack of such a strategy is problematic. At present, the Council policy requires the elected Council to make ad hoc decisions on the issues and topics on which Council should engage, and the methodologies that should be used for a given issue/topic.

While we have noted this as an area of improvement, we acknowledge that the policy is based on the International Association for Public Participation Spectrum of Engagement. The Spectrum recognises that as the level of public impact increases, the more the community should be engaged in the decision making process and that this, in turn, requires a range of methodologies to be used. However, it is not clear how and when the Council and its officers make the assessment of the potential impact of a given issue or topic. Again, this is problematic as there can be no assurance that the assessment will be made, and if it is made, there is no assurance it is made at the appropriate time in the decision making process (to allow and facilitate proper engagement as per the *Spectrum*).

Council officers should ensure that the community engagement policy is considered and appropriately referenced when preparing reports and recommendations for the elected Council on all matters which have an impact on the community. We did not find significant evidence for this practice, except in relation to the adoption of the CSP.

As noted, the Community Engagement Policy was adopted in 2009. The adopted policy states that *“This policy is subject to regular review at a maximum interval of two years”*. The policy does not appear to have been reviewed.

***Recommendation 27*** Council should review its Community Engagement Policy. The outcomes of the review, along with any proposed changes, should be reported to the elected Council for consideration.

***Recommendation 28*** Council should complement its community engagement policy with the detailed strategy and methodology document that is referred to in its current policy.

In addressing recommendation 15 (policy review), Council may wish to incorporate the community engagement strategy documented in the *Community Strategic Plan* (on the basis that it is an appropriate strategy to be used for major high impact issues such as the CSP). However, we would also expect that such a document would also include guidance (and examples) of when less intensive engagement strategies will be used.

***Recommendation 29*** The General Manager should ensure that the Community Engagement Policy is considered and appropriately referenced when preparing reports and recommendations on matters that may have a significant impact on the community.

## 9 WORKFORCE RELATIONS

### 9.1 OVERVIEW

Councils have a number of legislative responsibilities in relation to their role as an employer. Council is required to conduct itself as a responsible employer.

#### 9.1.1 Scope of review

A review was conducted of a range of aspects of Council's workforce relations practices, including:

- *Human resources strategy & workforce planning*
- *Employee attitude surveys*
- *Job descriptions and job evaluation*
- *Recruitment and selection processes*
- *Occupational health and safety*
- *Secondary employment*

#### 9.1.2 Overview of the organisation

Manly Council has recently developed a *Workforce Plan*, which is a component of its *Community Strategic Plan Beyond 2021 Resourcing Strategy*. The plan includes a current profile of the Council's workforce, which will provide the reader with a good understanding of the human resources issues faced by the organisation. We noted that Council employs 555 people in a diverse range of occupations.

#### 9.1.3 Significant Observations

##### ***Better practices***

##### *Review of workforce relations practices*

Undertaking reviews of the Council's human resources practices on a periodic basis is better practice. Council made a new appointment to the role of Manager, Organisational Development during 2010. Shortly after being appointed, the Manager undertook a review of the Council's workforce relations practices. The findings were detailed in a report provided to Council's Executive Management Team.

The timing of the review undertaken by the new Manager provided the Council with an additional source of information to inform the development of its new *Delivery Program* and its *Workforce Strategy*.

The documentation of such reviews in a written report is better practice, as it can provide the basis not only for future plans but also the evaluation of the success of those plans.

***Recommendation 30*** *Council should undertake a further review of its workforce relations practices within the next twelve months to determine what progress has been made in addressing the issues identified by the Manager, Organisational Development and those identified in this PBP report, which impact on the Council's workforce relations practices. A copy of the Manager, Organisational Development's report should be provided to Council's Audit Committee.*

#### *Use of staff climate survey*

Council has a long history of undertaking a staff climate survey on a biennial basis. As such, Council is well placed to identify trends which may impact on its ability to retain and motivate its workforce. Council advised us that it had implemented action plans to address issues that were identified in the most recent survey in 2009. The next survey, which is due to be administered later this year, will allow Council the opportunity to measure the effectiveness of the actions taken.

#### *Audit of existing employees qualifications*

Councils should have controls in place to ensure that employees possess the requisite qualifications, knowledge and skills to undertake their work. This is particularly important where there is a legal and/or occupational health and safety requirement and/or where there is a requirement necessary in order to minimise a significant risk exposure. Such controls should be applied prior to appointment and may also need to be applied subsequently, for example, where there is a need for reaccreditation.

We noted that Council recently undertook a comprehensive audit of current employees' qualifications, after firstly declaring an "amnesty" to invite employees to disclose any anomalies in the qualifications they had previously claimed to possess.



This is better practice for the assurance it can provide and it can also help address situations where previous recruitment and selection practices have been less than comprehensive.

### ***Noteworthy practices***

#### *Review of Council's salary system*

The Local Government (State) Award 2010 requires that Council have a salary system that determines how employees are paid and requires that an *“employee shall be paid the salary system rate of pay that recognises the skills the employee is required to apply on the job”*.

At the time of the previous PBP review, Council was developing a new salary system which the reviewers observed *“appears complex with its 32 grades, each with 5 salary points (2.5% between each point)”*.

Some time has now passed since a revised system was put in place and we observed during this review that Council is now reviewing its current system, with a view to amending it to one that meets the current needs of the Council. Council advised that it has commenced consultation and that it is also mindful of the risks involved in changing its system.

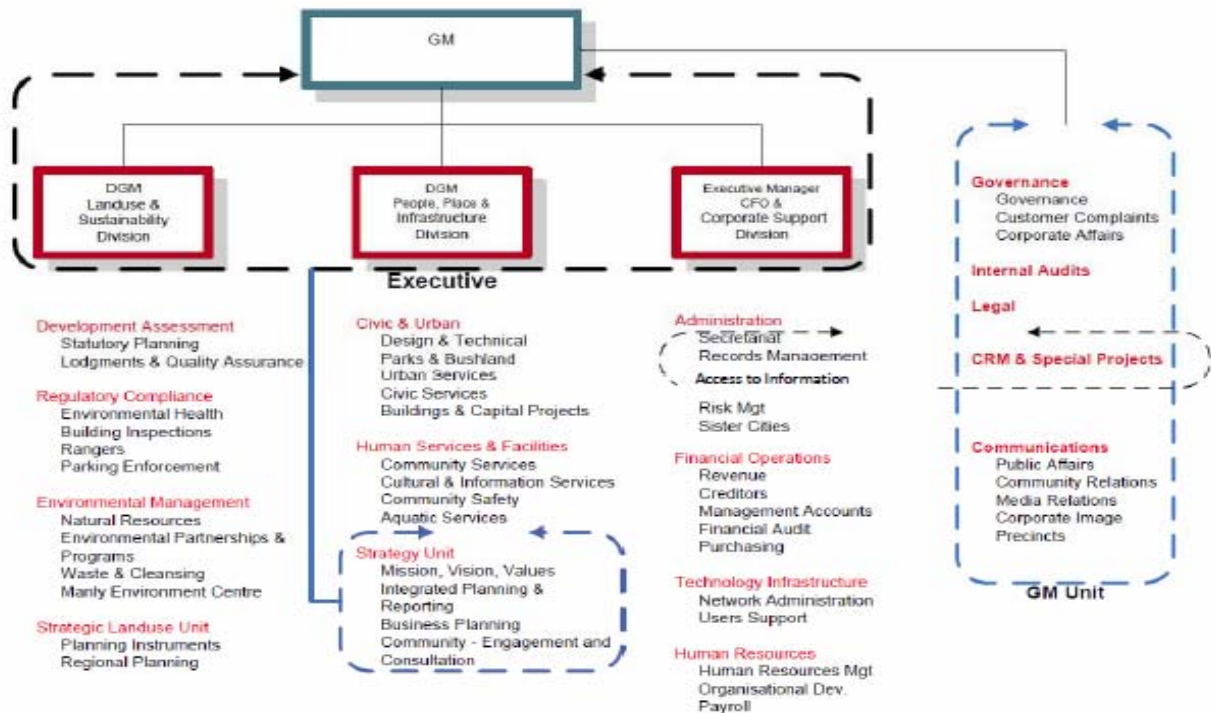
It is appropriate that Council review its salary system from time to time.

#### *Adoption and communication of the organisation structure*

All councils are required to review their organisational structure within 12 months of an ordinary election of Council. Manly Council did so on 3 August 2009.

In reviewing the General Manager's report to Council on the structure, we noted the use of an organigram to communicate the structure in a graphical form. While it is not unusual for Council to use a chart to communicate how it is structured, and in particular the vertical/hierarchical reporting relationships, it is noteworthy that Manly Council has attempted to also communicate horizontal and other inter-relationships via the use of an organigram.

The Council's current organigram is reproduced on the following page.



Prior to discussing the graphic with the General Manager, we had difficulty understanding what the various lines on the chart represented. During the course of the review, we also asked a number of Council staff to explain the graphic to us and received a range of responses. We also observed a number of inconsistencies between the graphic and the day-to-day reporting relationships described to us by Council staff, particularly in the Corporate Services Division.

While we commend Council for its good intentions in seeking to communicate the nuances of its structure, the graphic, in its current form, needs to be supplemented with additional information if it is to be able to be easily and correctly interpreted and understood by councillors and members of the public.

We have made two recommendations that go to the need to revise the chart to improve its clarity, to ensure that it is current and accurate, and to ensure that any revised structure/chart is reported to Council for its adoption.

Particular attention should be given to ensuring that the Council is aware of the reporting lines for the Strategy Unit and the various functional units that comprise Council's Corporate Services Division. Care should be taken to ensure required consultation occurs.

During the course of the review, we noted that Council's Administration Manager was formerly responsible for purchasing but that he no longer is; this change is reflected in the current organigram that was reported to Council. However, this significant change in responsibilities was not reflected in a change in the Administration Manager's job description.

While we are satisfied that there is a process in place for the annual review of job descriptions (and therefore have not made a recommendation regarding the review of job descriptions) it is important that Council ensures job descriptions are reviewed and revised whenever there is a significant change to an employee's role or responsibilities.

***Recommendation 31*** Council should revise the organigram and other published information about its structure to ensure that it is accurate and readily able to be understood by councillors, Council employees and the general public.

#### Recruitment and selection practices

Council recently adopted a revised Recruitment and Selection Policy and revised procedures. The Deputy NSW Ombudsman recommended that Council do so. As noted later in this report, Council did not seek input from its Consultative Committee, a Committee with employee representatives required by the Local Government (State) Award 2010. The procedures include comprehensive processes for conducting qualification and background checks on prospective employees. As mentioned earlier, we also noted that Council has undertaken an audit of the qualifications held by its existing employees. Council has outsourced some of its background checks.

The scope of this PBP Review did not encompass an audit of compliance with the Council's newly adopted policy and procedures. We have, accordingly, recommended that such an audit be included in the Council's internal audit program. It is important for the process to be audited given the importance of the process to Council's ongoing operations.

While we have not specifically recommended a review of the new Policy, Council should ensure that such a review occurs within a reasonable period (see the earlier discussion in the 'Governance' section of this report on the review of policies).

**Recommendation 32** *Council should conduct an internal audit on Council's revised recruitment and selection practices within twelve months of the adoption of the new policies and procedures.*

### **Areas for improvement**

#### Consultative practices

During the review, we examined the Council's use of its Consultative Committee. We were advised that the General Manager had recently reaffirmed his support for the Committee and undertaken to provide some additional resources (such as a minute taker).

We were advised that there had been a number of resignations from the Committee and that there was a need for fresh elections. It is important that the elections take place in a timely fashion to ensure that the Committee is representative and, as such, effective.

We observed that the Committee had not been consulted prior to the recent adoption of the revised Recruitment and Selection Policy and procedures. Nor was it consulted about the recently adopted Performance Management Policy. It does not appear to have been consulted prior to the adoption of a revised organisation structure in 2009.

While the power to adopt policies and change the structure rests with Council, it is important that Council seek input from the Consultative Committee on such matters. By doing so, Council can gain the benefit of the views of employee representatives and also demonstrate that it is aware of its obligations to consult pursuant to the Local Government (State) Award 2010.

**Recommendation 33** *Council, in consultation with the relevant unions, should take action to ensure that its Consultative Committee operates in accordance with Local Government (State) Award 2010 and the Committee's Constitution.*

**Recommendation 34** *Reports to Council and/or Council's Executive recommending the adoption of new or significantly amended workforce relations policies should include details of any consultation with the relevant unions and the Consultative Committee.*

Performance Management Policy

Council recently adopted a new Performance Management Policy. This policy was reviewed and revised following a recommendation in the Deputy NSW Ombudsman's Investigation Report. We understand that it was developed by a consultant engaged by Council. The Local Government (State) Award 2010 states that *"this Award recognises that all employees shall have on-going feedback about performance"*. We would expect to see this explicitly acknowledged in any Council policy on performance management.

We were advised that it was intended that the Policy cover all Council staff, but the wording of the adopted policy indicates it only covers staff who occupy management or supervisory roles with Council.

As mentioned earlier, the Consultative Committee does not appear to have been consulted or even made aware of the new Policy prior to adoption.

At the time of the review there was a need to review Council's existing procedures for performance management to ensure they are consistent with the application of the revised Policy.

Council's General Manager and the two Assistant General Managers are classified as senior staff and, as such, they are not subject to the provisions of the Local Government (State) Award 2010. Notwithstanding this, the General Manager advised that he and two other senior staff are to have their performance reviewed each November (at the same time as other Council staff).

***Recommendation 35*** Council should amend its Performance Management Policy to ensure it reflects the intention for it to apply all employees.

When Council implements this recommendation, it should ensure that senior staff fall within the scope of the Policy. Prior to amending the Policy, Council should seek input from its Consultative Committee (if it has not already done so) and review the adopted/proposed Policy to ensure that it facilitates compliance with Council's obligations pursuant to the Local Government (State) Award 2010 and its contractual obligations to senior staff.

**Recommendation 36** *Council should review its existing procedures for performance management to ensure they are consistent with the application of the revised Policy and to ensure they facilitate compliance with Council's contractual and Award obligations. In doing so, it should ensure that controls are in place to ensure all annual reviews occur in a timely manner (including those for senior staff).*

Completion of the implementation of the computerised Human Resources Information System (HRIS)

The previous (2005) PBP review of Council recommended the use of a computerised Human Resources Information System. At the time of the review Council was implementing such a system. Council has since advised that the new system has been fully installed and is in “production”.

**Council's response**

Reporting of changes in the organisational structure

In response to a recommendation on the reporting of changes in the organisational structure to the elected Council, the Council advised:

*“Council is already fully informed of changes and alignments in the structure, which occur infrequently.”*

**Reviewer's comment**

The review did not identify any evidence to the contrary and accordingly a recommendation to the effect that such reporting to be provided has been withdrawn.

Consultative practices

The report comments on the need for fresh elections for Council's Consultative Committee, to ensure that the Committee is representative.

Council's response indicates that getting nominations from staff to serve on the committee has been an “ongoing challenge” but that “it does otherwise work within the provisions and intent of the Award.”

Council has also advised:

*“Management has a close and mutually beneficial working relationship with the Unions and hold regular meetings with them to go through Award and industrial relation issues. Council respects their role in the workplace and they respect Council’s role to get on with the job.”*

**Reviewer’s comment**

While Council’s comments as to its positive relationship with the Unions is acknowledged, it should be careful to ensure that it consults with its Consultative Committee prior to adopting significant policies that will impact on its employees. The recommendations in the body of the report are designed to facilitate this.

**Performance Management**

Council has advised that its performance management policy does apply to all staff and that will be amended to reflect this. It has also commented that performance reviews are carried out systematically, within time and in a timely fashion, including those of senior staff.

**Reviewer’s comment**

Council’s comments as to the effective implementation of performance reviews are noted. Notwithstanding this, there is an apparent need for the Council to review its existing procedures for performance management, to ensure they are consistent with the application of the revised Policy. In doing so, it should take care to ensure that any consequential changes in procedures still facilitate the continued timely administration of reviews for all staff.

**PART IV. RISK RATING OF RECOMMENDATIONS**

The recommendations made in this report have been assessed for a priority ranking based on the following risk analysis.

		CONSEQUENCE		
		Significant <i>Significant risk to the operations of council and if not addressed could cause public outrage, non-compliance with council's statutory responsibilities, severe disruption to council's operations and council's ability to meet its goals.</i>	Moderate <i>Moderate risk to the operations of council and if not addressed could cause adverse publicity, some disruption to council's operations and council's ability to meet its goals.</i>	Minor <i>Minimal risk to the operations of council, little disruption to council's operations and will not limit council's ability to meet its goals.</i>
LIKELIHOOD	Almost certain	High	High	Medium
	Possible	Medium	Medium	Low
	Rare	Medium	Low	Low

Priorities for recommendations: <i>(based on application of risk analysis)</i>	Risk categories could include:
<ul style="list-style-type: none"> <li>• High</li> <li>• Medium</li> <li>• Low</li> </ul>	<ul style="list-style-type: none"> <li>• Reputation</li> <li>• Compliance with statutory requirements</li> <li>• Fraud/corruption</li> <li>• Financial</li> <li>• Legal liability</li> <li>• OH&amp;S</li> </ul>



**PART V. ACTION PLAN**

The Action Plan is to be completed and adopted by Council to guide the implementation and monitoring of the recommendations in this report. The reviewers have allocated notional priority rankings using the risk rating analysis in the previous section. Council is encouraged to review and revise these, if necessary.

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>1 The General Manager should provide Council with a report on the strategies to be pursued over the next two years to facilitate the review and refinement of its CSP and Resourcing Strategy, having regard to the information contained in this report and the advice of its strategic planning professional staff.</p>	<p>Medium</p>	<p>Will proceed as recommended</p>			
<p>2 Council should review the constitution of its Audit Committee taking into account the Division's Internal Audit Guidelines under section 23A of the Act.</p>	<p>Medium</p>	<p>At the time the DLG Guidelines were issued, Council's Audit and Risk Committee gave prompt consideration to its recommendations but decided to leave the Terms of Reference and Constitution unchanged.</p>			

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p><b>3</b> Council should revise its Code of Meeting Practice to ensure compliance and consistency with statutory requirements.</p>	<p>Medium</p>	<p>Next review of the Code will occur in February 2012.</p>			
<p><b>4</b> Council should review its Code of Meeting Practice to clarify the status, functions and limitations of the Planning &amp; Strategy Committee.</p>	<p>Medium</p>	<p>Council will proceed as recommended.</p>			
<p><b>5</b> Council should review its Code of Conduct to incorporate updated provisions referencing the Public Interest Disclosures Act 1994 and Council's Internal Reporting Policy.</p>	<p>High</p>	<p>Will proceed as recommended. Council adopted its PID Policy in September 2011, and also changes consequential to the PID Act.</p>			
<p><b>6</b> Council should use the Independent Commission Against Corruption's Managing Gifts and Benefits in the Public Sector Toolkit to review its Gifts and Benefits policies and procedures.</p>	<p>Medium</p>	<p>Will proceed as recommended.</p>			

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p><b>7</b> Council should develop a system to ensure that all statutory and regulatory obligations are met on an ongoing basis.</p>	<p>High</p>	<p>Will proceed as recommended. Council already undertakes performance monitoring for legal compliance by Corporate Governance staff and General Counsel.</p>			
<p><b>8</b> Council should develop and regularly review a written register of designated persons under section 441 of the Act.</p>	<p>High</p>	<p>Will proceed as recommended. Note that a review of delegates of committees was undertaken in August/September 2011.</p>			
<p><b>9</b> Council should develop a written procedure for receipting, checking and recording of the administrative review of pecuniary interest returns lodged by councillors and designated persons.</p>	<p>High</p>	<p>Will proceed as recommended.</p>			
<p><b>10</b> Council should review its councillor induction program and formalise a councillor training and development program prior to the September 2012 local government election.</p>	<p>Medium</p>	<p>Will proceed as recommended.</p>			

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p><b>11</b> Council should formalise and document a regular policy review process to ensure that all policies are up to date and reflect current practice across the organisation.</p>	<p>High</p>	<p>Will proceed as recommended.</p>			
<p><b>12</b> Council should continue to develop and implement systems for notifying staff of policy review procedures and/or the creation, amendment or revocation of policies relevant to their work.</p>	<p>High</p>	<p>Will proceed as recommended. Policies are reviewed and updated regularly, and comprehensively every four years.</p>			
<p><b>13</b> Council should ensure that sufficient resources are made available to support the successful roll-out of its new EDRMS, including provision for ongoing staff training and compliance audits.</p>	<p>High</p>	<p>A comprehensive deployment plan has been adopted and is supported by overview and intensive, tailored training. EDMS goes live in the first week of January 2012.</p>			
<p><b>14</b> Council should finalise its Statement of Business Ethics as soon as possible and devise and implement appropriate communication strategies as a corruption prevention measure</p>	<p>Medium</p>	<p>Will proceed as recommended. A discussion draft has been prepared. To be reported to Council in February 2012.</p>			

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
15 Council should undertake a compliance audit with respect to the Compliance and Enforcement Policy within 12 months of adoption.	High	Will proceed as recommended.			
16 Council should review its use of stop the clock provisions for DAs to identify opportunities to further streamline its processes	Medium	Will proceed as recommended.			
17 Council should ensure that the current infrastructure funding gap is brought to the community's attention as part of its implementation of the new Integrated Planning and Reporting framework and in doing so, ensure appropriate decisions are made to close the gap over time, either by modifying the asset base and/or service standards and/or the level of funding.	Medium	Will proceed as recommended. Council is fully aware of the funding gap but there is a lack of appetite for exceeding the rate cap. This will be examined at the Councillors workshop planned for February 2012.			
18 Council should develop and consider a business case for a new Asset Management System	Low	Will proceed as recommended.			
19 Council should ensure that its annual reports and its annual Operational Plan provide additional detail on how the income generated from the special rate variation has and will be used.	Low	Will proceed as recommended.			

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p><b>20</b> Council should examine the factors that are giving rise to its positive Building and Infrastructure Renewal Ratio and take this into account when reviewing its Resourcing Strategy and consulting with the community.</p>	<p>Low</p>	<p>The “high” ratio is due principally to large capital grants received by Council in the last 4 years and catch-up work Council has embarked upon in the last 10 years. As trends indicate, this ratio is expected to return to the normal range over the next two fiscal cycles.</p>			
<p><b>21</b> Council should ensure that next year’s Operational Plan incorporates a more detailed budget and information on how the budget was prepared/determined.</p>	<p>High</p>	<p>Will proceed as recommended. Note that line by line budgets are extremely detailed and were simplified for the CSP format.</p>			
<p><b>22</b> Council should implement the recommendations of its internal audit of tendering processes. In doing so, it should review and revise its existing policy having regard to the Division’s section 23A Guidelines.</p>	<p>High</p>	<p>Will proceed as recommended.</p>			

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p><b>23</b> The General Manager should provide a report to the elected Council on the management of Council’s real estate portfolio, leases and licences, the income generated and the strategies Council uses to ensure that it obtains an appropriate income/return over time</p>	<p>Medium</p>	<p>Will proceed as recommended. Note that portfolio performance is currently presented in the GM monthly summary briefing to Councillors.</p>			
<p><b>24</b> The elected Council should be provided with regular reporting on the profit/loss performance of Council’s commercial activities. This reporting should include details of the budgeted profit/loss as well as the actual result. Any significant variance should be brought to attention with appropriate commentary.</p>	<p>Medium</p>	<p>Will proceed as recommended. Note that Council divested its commercial waste service on 5 November 2011.</p>			
<p><b>25</b> The use of the website as a communication channel should be incorporated in Council’s communication protocol.</p>	<p>Low</p>	<p>Will proceed as recommended.</p>			
<p><b>26</b> General Manager should provide Council with a report on the upgrade to the website detailing the intent and extent of changes that have been made and details of an actual or proposed evaluation of the changes.</p>	<p>Low</p>	<p>Will proceed as recommended. Note that Council is provided a summary on website traffic and performance in the General Manager’s monthly briefing.</p>			

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p><b>27</b> Council should review its Community Engagement Policy. The outcomes of the review, along with any proposed changes should be reported to the elected Council for consideration</p>	<p>Medium</p>	<p>Will proceed as recommended. Consultants engaged to undertake follow-up work with community on CSP.</p>			
<p><b>28</b> Council should complement its community engagement policy with the detailed strategy and methodology document that is referred to in its current policy.</p>	<p>Medium</p>	<p>Will proceed as recommended. Note that Council's commitment to the Precinct System ongoing but input will be part of more comprehensive community engagement process moving forward.</p>			
<p><b>29</b> The General Manager should ensure that the Community Engagement Policy is considered and appropriately referenced when preparing reports and recommendations on matters that may have a significant impact on the community</p>	<p>Medium</p>	<p>Will proceed as recommended. This referencing is already used in reports and strategy formulations and in the quarterly workshops with Councillors.</p>			



RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p><b>30</b> Council should undertake a further review of its workforce relations practices within the next twelve months to determine what progress has been made in addressing the issues identified by the Manager, Organisational Development and those identified in this PBP report, which impact on the Council’s workforce relations practices. A copy of the Manager, Organisational Development’s report should be provided to Council’s Audit Committee</p>	<p>Medium</p>	<p>Will proceed as recommended.</p>			
<p><b>31</b> Council should revise the organigram and other published information about its structure to ensure that it is accurate and readily able to be understood by councillors, Council employees and the general public.</p>	<p>Medium</p>	<p>Will proceed as recommended.</p>			
<p><b>32</b> Council should conduct an internal audit on Council’s revised recruitment and selection practices within twelve months of the adoption of the new policies and procedures.</p>	<p>Medium</p>	<p>Will proceed as recommended.</p>			

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p><b>33</b> Take action to ensure that the Consultative Committee operates in accordance with Local Government (State) Award 2010 and the Committee's Constitution.</p>	<p>High</p>	<p>While recruiting for staff to join various memberships on the JCC has been an ongoing challenge due to lack of nominations, it does otherwise work within the provisions of and intent of the Award.</p>			
<p><b>34</b> Reports to Council and/or Council's Executive recommending the adoption of new or significantly amended workforce relations policies should include details of any consultation with the relevant unions and the Consultative Committee.</p>	<p>Medium</p>	<p>Noted. Management has a close and mutually beneficial working relationship with the Unions and hold regular meetings with them to go through Award and industrial relations issue. Council respects their role in the workplace and they respect Council's role to get on with the job.</p>			
<p><b>35</b> Council should amend its recently adopted Performance Management Policy to ensure it reflects the intention for it to apply to all employees.</p>	<p>Medium</p>	<p>Noted. This policy does in fact apply to all staff and will be amended where necessary to reflect this.</p>			

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p><b>36</b> Council should review its existing procedures for performance management to ensure that they are consistent with the application of the revised Policy and to ensure they facilitate compliance with Council’s contractual and Award obligations. In doing so, it should ensure that controls are in place to ensure all annual reviews occur in a timely manner (including those for senior staff).</p>	<p>Medium</p>	<p>Noted. Performance reviews are systematically carried out by managers and supervisors and with very few exceptions, within time and in a timely fashion, including those of Senior staff.</p>			