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Promoting Better Practice Program

REVIEW REPORT

GLOUCESTER SHIRE COUNCIL

MARCH 2012



Division of Local Government
Department of Premier and Cabinet

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EXECUTIVE SUMMARY

Gloucester Shire Council appears to be, despite budgetary and limited resource constraints, generally performing well with the majority of its practices being at an acceptable and satisfactory standard.

Council had begun to examine and refine its systems and procedures during the Division's review. The review has identified improvement opportunities that the Council needs to consider for implementation of its move towards operating under the Integrated Planning and Reporting framework. There are some specific matters in relation to decision-making processes and policies that need to be addressed. This report provides details of these issues and other matters that Council needs to consider ways to address.

Council needs to modernise and update the majority of its policies and procedures rather than using generic policies and procedures. Many of the policies reviewed had not been updated for a considerable time. These policies are key for achieving good governance. This will ensure that there are clear links and a structure that clearly dictates how Council's functions all fit together to deliver services to its community. An improved and cohesive policy and procedure framework will also support Council's pathway to meeting the Integrated Planning and Reporting requirements.

Council has also started developing its website and should ensure that all these policies are placed on its website.

Generally, there appears to be a good working relationship between staff and councillors. However, it was demonstrated that good meeting practice is not always followed in Council meetings. Additionally, councillors should not be involved and attend internal meetings where the day-to-day operations of the Council are discussed.

Some of the challenges facing Gloucester Shire Council in the future will include: managing its financial position; responding to an increasing population and maintaining adequate infrastructure to support this growth; attracting increased new businesses to control the levels of expenditure being spent outside the local government area, and thus providing more job prospects; and further business development.

Overall, given that Gloucester Shire Council is a very small council with limited resources and budgetary constraints, it appears to be operating well and successfully engages with its community. It has set up strong strategic alliances with its surrounding councils.

PART I. BACKGROUND

1 ABOUT THE REVIEW

Review objectives

Promoting Better Practice Reviews have a number of objectives, which includes 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.

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

Gloucester Shire Council Review

Gloucester Shire Council was asked to complete a comprehensive checklist/questionnaire about key Council practices. The review was conducted by a contractor from IAB Services who examined these checklists/questionnaire as well as 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 on-site component of the review took place in May 2011. It involved an initial interview with the General Manager, an interview with the Mayor, interviews with a cross section of staff, observation of an internal management committee meeting and the monthly Council meeting, as well as a review of Council policies and other documents.

Implementation and monitoring of recommendations of final report

While the overall assessment is that Council appears to be generally performing satisfactorily, there are some important issues that Council will need to address for the future. The review has identified a number of opportunities for improvement that Council needs to address. Council has identified its intended actions in implementing the recommendations in the Action Plan contained at the back of this Report. It is noted that Council has already taken action to implement a number of the recommendations and the action plan has been marked accordingly. Council is asked to report to the Division in six months on progress towards implementing the remaining recommendations.

2 ABOUT THE COUNCIL AND THE AREA

Location and demographics

Gloucester is a rural community located in a fertile valley between the Bucketts and Mograni ranges on the mid north coast of New South Wales. Council covers an area of 3000 km² and has a population of approximately 5000, with 2600 living within the Gloucester township. The population centres located within the municipality include Gloucester, Stratford, Craven, Barrington and Copeland.

Gloucester Shire is located in the north-eastern section of the Hunter Region of New South Wales (Manning Sub-region) and borders five other local government areas: Great Lakes; Dungog; Upper Hunter (Scone); Walcha; and Greater Taree City.

Major industries in the Council area are in agriculture - traditionally in beef and dairying, with more "boutique" industries such as aqua-culture, olive groves, vineyards and wineries, and specialist nuts now established. There is a coal mine at Stratford. Tourism is a growing industry in the Council area and this assists in the sustainability of the township while it undergoes transition from the more traditional industries. The major attraction for Gloucester is its proximity to the World Heritage listed wilderness area, the Barrington Tops, as well as nature based activities such as horse riding, kayaking and bush walking.

Local issues

Recently the Gloucester Local Government area has experienced an increase in its local population, being made up of new families moving into the area and retirees settling in the area. With the area emerging as a popular 'lifestyle' region, there will be some pressure for residential expansion within the Council area from both existing residents and people moving into the area. This increase in population is expected to continue and will have an increasingly significant impact on the current infrastructure and local services in order to accommodate the growing needs of this community.

Current Council

The current Council has a mix of experienced and new councillors. There are three (3) female and six (6) male councillors. Three (3) of the councillors are first term councillors, being elected at the 2008 Local Government Ordinary Election.

The Mayor is elected by the Councillors. At the time of the review the Mayor was in his second year.

Council staffing

There are 89 staff employed by Gloucester Shire Council making it one of the significant employers in the region. Council's General Manager was employed in 2008 and is currently supervising three (3) Group Directors: Director of Corporate Services; Director of Technical Services; and Director of Planning and Environment. The Council's structure was reviewed and adopted by the current council in 2010.

3 SUMMARY OF KEY FINDINGS

Better practices/Other noteworthy practices	Areas for improvement
STRATEGIC POSITION	
	Provision of Integrated Planning and Reporting training
GOVERNANCE	
Tendering and Procurement processes are well documented	Policies and procedures need to be updated
Informative council website	The provision of the internal audit function needs to be separate from external audit function provision
	Councillors not serve on council management committees
	Conduct an organisational risk assessment on the Council
	Code of conduct training
	Councillor development program
PLANNING AND REGULATORY	
Planning decisions are well documented	Enforcement policy needs to be updated
Development reports are of a high standard	Reduce euthanasia rates for dogs
ASSET AND FINANCIAL MANAGEMENT	
LGMA Financial Check is used to assess financial health	Long Term Financial Plan needs to be prepared in accordance with IP&R
	Asset rationalisation review needs to be conducted

Better practices/Other noteworthy practices	Areas for improvement	
COMMUNITY, COMMUNICATION AND CONSULTATION		
	Tourism Plan is reviewed annually	Use of service standards
	Economic Development Plan is integrated with Management Plan	
	Community participation approach is documented	
	A specific section 355 committee for cultural planning purposes	
WORKFORCE RELATIONS		
	EEO management plan is prepared annually	Long Term Workforce Plan needs to be developed
		Succession Plan needs to be developed
		HR polices need to be updated
		Grievance handling policy and procedures need to be developed
		Employee Attitudes Survey needs to be undertaken

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. The community strategic plan will be supported by a resourcing strategy comprising a long term financial strategy, asset management strategy and plan/s and workforce management strategy. The framework is set out in the following diagram.



Areas for improvement

The path towards implementing the Integrated Planning and Reporting Framework will present significant challenges to councillors and staff. Ideally, the Council would benefit from being able to liaise with a “Group 1” council (councils that have already implemented the Integrated Planning and Reporting Framework) in order to assist in making the required changes and help with the skill sets that will be needed to successfully apply the strategic planning framework.

The Council has just commenced its systematic strategic planning process to identify its strategic priorities. Council has conducted a community consultation survey, which was completed in July 2011. Council also conducted a community survey on mining issues that was completed in June 2011.

Gloucester Shire Council will be required to comply with the Integrated Planning and Reporting requirements from 1 July 2012. Council is currently moving towards this achievement with the development and delivery of the Integrated Planning and Reporting materials required by Council.

Community engagement is a key part of developing Council’s response to the Integrated Planning and Reporting requirements. Council is required to develop a Community Engagement Strategy as part of implementing the Integrated Planning and Reporting framework. While Council adopted a ‘Community Engagement Strategy and Policy’ in June 2011, this is a whole of Council strategy and does not outline the specific engagement actions to be undertaken in engaging the community in the strategic planning process (see more information under ‘*Community participation*’ in the Community and Consultation module of this report).

It is acknowledged that one of the objectives of the strategy is to ‘*provide a process for co-ordination of a strategic plan for Gloucester that takes account of the broad community desires and expectations*’. Council should now identify the engagement actions it is going to undertake specific to the Integrated Planning and Reporting process. That is, the abovementioned community consultation survey would be identified in a community engagement strategy prepared specifically for the purposes of developing Gloucester’s Community Strategic Plan.

Council needs to clearly plan and map its processes for developing and implementing strategic planning. To assist in facilitating progress and monitoring the

Integrated Planning and Reporting process, from an overall corporate perspective, a steering group should be set up comprising councillors and staff. The steering group would be responsible for ensuring that all elements of the Council's Integrated Planning and Reporting framework meet legislative requirements, including on-time delivery.

Recommendation 1

Council should provide training and development opportunities to its councillors and relevant staff in the requirements of the Integrated Planning and Reporting Framework.

Council's response

Council is a Group 3 Council in the IP&R process and therefore at the time of the Better Practice Review, was in the embryonic stages of determining the strategies for the implementation of this process. Council however has provided training and development to Councillors and relevant staff in the IP&R process when appropriate opportunities have arisen. Councillors and relevant staff have participated in such training and development programs. Examples, visit by Lake Macquarie City Council staff to educate Council's Executive in the IP&R process and attendance by Councillors and staff at Singleton (IPWEA and LGMA) on *Asset Management and Long Term Financial Planning* and at Tamworth (DLG) on *IP&R*.

Presentations have also been made at meetings of Council's Forward Planning Committee and a report on the IP&R process has also been tabled at Council's Ordinary Meeting in June 2011.

This training and development activity will continue and be ongoing.

Recommendation 2

Council should develop and implement an action plan, including a specific Community Engagement Strategy, to ensure the delivery and achievement of the Integrated Planning and Reporting framework as a priority.

Council's Response

A Community Engagement Strategy and Policy was adopted by Council at its Ordinary Meeting held in June 2011. An Action Plan setting out the timetable of events for the implementation of the IP&R framework was adopted at the Ordinary Meeting of Council held August 2011. This timetable has been reviewed and modified at the November Forward Planning Committee Meeting as the IP&R process has progressed.

Recommendation 3

Council should consider the establishment of a steering committee to assist in facilitating progress and monitoring implementation of the Integrated Planning and Reporting requirements on a timely basis.

Council's Response

A Steering Committee for the implementation of the IP&R requirements has been established to meet on a regular basis. The Committee consists of the Mayor, Deputy Mayor, one other Councillor and Executive staff.

A Working Group consisting of Executive Staff has also been established and has been meeting regularly since July 2011.

Reviewer comment

Council's progress in implementing recommendations 1, 2 and 3 has been noted. It is considered that recommendations 2 and 3 have been completed and will be marked accordingly in the action plan.

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 Gloucester Shire 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*
- *Management planning*
- *Procurement, disposal & tendering*
- *Privacy management*
- *Code of conduct*
- *Risk management, legislative compliance and internal control*
- *Council's decision-making processes, including delegations and conduct of meetings*
- *Support for councillors*
- *Access to information*

5.1.2 Overview of Gloucester Shire Council's governance practices

The reviewer found that improvement is necessary in a number of governance areas within the Council.

5.1.3 Significant Observations

Areas for improvement

Access to information

The *Government Information (Public Access) Act 2009* (GIPA Act) applies to all NSW Government agencies, including local councils and county councils. It requires proactive information disclosure through mandatory publication and authorised release of 'open access information'.

Section 18 of the GIPA Act lists open access information that all agencies, including local councils, must publish. In addition, the Government information (Public Access) Regulation 2009, Schedule 1, identifies the types of information that councils must publish, which is classified as open access information. Council is required to comply with the provisions of the GIPA Act and Regulation.

Council's website is currently being developed to ensure that Council will comply with the provisions of the GIPA legislation. The Council maintains a contract register for contracts with the private sector, but this register is not live to the website as yet. The website shows policy content and facilitates comment and feedback under the 'Access to Council Information' link. Council is also currently in the "cross-over" stage in relation to the disclosure log of access applications and compliance with GIPA.

Council needs to complete this work as a priority in order to meet its obligations under the GIPA Act.

Recommendation 4

Council needs to meet its obligations under the GIPA Act as a priority.

Council's response

Council acknowledges the need to meet its obligations under the GIPPA Act and will endeavour to fully comply with these requirements.

Values

Council has a set of values that are promoted through the induction of staff and councillors, in on-going training, and in key Council documents. These values are not covered in Council's corporate statements.

Recommendation 5

Council should review and develop a set of values in consultation with its staff, councillors and the community during the Integrated Planning and Reporting process.

Council's Response

Council acknowledges the reviewer's finding on this matter and a set of values will be developed in consultation with councillors, staff and the community as part of the IP&R process.

Code of Conduct

Council's current code of conduct was last adopted in July 2008. The code follows the Model Code of Conduct but has no additional supplementary provisions. Staff are provided with satisfactory and specialisation levels of code of conduct training. Council provides a copy of the code of conduct to all new staff, councillors and delegates on commencement.

Council does not require staff, councillors and delegates to provide a written acknowledgement that they have received a copy of the code of conduct. However, indoor staff have access to the code of conduct on the Council's intranet. In the past, outdoor staff have been given a copy of the code and the code of conduct is also communicated to councillors every two years.

Councillors, delegates, staff and community members are all informed and reminded of the Council's code of conduct, its role and its content. Staff are informed through the new staff induction process and refresher training. Councillors are provided with opportunities to participate in refresher training provided externally as part of their continuing development. The General Manager makes councillors aware of all external training sessions as they become available, but it is usual that Councillors

do not participate in further training. No training is provided to delegates and community members of Committees.

The code is available on the Council's website and is made available to contractors and tenderers. Members of the public are provided with information on what to do if they suspect a breach of the code via telephone or over the counter, or by information that is on the Council's website.

The code was last reviewed in September 2010. The last annual reporting to Council on code of conduct complaints was made in September 2010. This report included information on the number of complaints received, nature of complaint and outcome as required by clause 12.33 of the Model Code of Conduct.

Recommendation 6

Council needs to provide further code of conduct training to councillors and community members of committees.

Council's Response

Code of Conduct training has been provided to current Councillors by ICAC on 24 October 2010 and a refresher by the General Manager in February 2011. Council has not at this point in time provided such training to community members of committees and will use its best endeavours to conduct such training by 30 June 2012.

Councillor Training and Development

Councillors' skills and knowledge have a significant impact on a Council's capacity to make decisions that are both sound and transparent. Council makes available to councillors the standard program of information sessions on what council is about, the council charter, general manager and staff relations, the code of conduct and becoming a councillor. Council has a structured training program for elected members for induction, and in-house workshops are conducted where appropriate. Councillors are also made aware of external training workshops and are provided with the Local Government and Shires Associations' weekly circular that contains details of training opportunities. Council currently has no detailed program for ongoing training.

Council records courses that have been attended by councillors; information on courses is also distributed to all councillors. New councillors require induction and on-going development in order to best equip them with the knowledge and skills to properly conduct their duties and allow them to be effective members of the Council's elected body. For long serving councillors, there is the ongoing challenge of keeping up-to-date with changes in areas where decision-making is conducted on behalf of the community. All courses available throughout the year are offered to all councillors, but there is minimal attendance by most councillors. It is therefore appropriate that Council allocate appropriate resources for councillor training and development.

The Division encourages councils to continue to provide opportunities for their councillors to keep up-to-date with developments in local government issues, especially those areas that are most likely to be beneficial for conducting their strategic role within the organisation.

It is important that each councillor critically review their own skills and knowledge and commit to on-going development over their term as a councillor. As Council adopts the Integrated Planning and Reporting framework, it will be imperative for all councillors to be fully aware of their strategic role in this planning process. It is noted that regular councillor information sessions are a way to help continually develop knowledge and an understanding of a broad range of subject areas.

Council does not have a comprehensive councillor development program. The Division of Local Government provides resources on its website to help create and implement a tailored councillor development program.

Recommendation 7

Council should create and implement a councillor development program.

Council's Response

Councillors currently are informed of training and development opportunities which they are able to undertake, however it is acknowledged a structured development program is not currently available to the elected representatives. It is intended to develop such a program by 30 June 2012.

Policy and Procedures

Policy and procedures are an important mechanism for setting, monitoring and reviewing Council's systems and processes. It is good practice for councils to review, update and amend all of the organisation's policies following ordinary local government elections. This practice ensures that all policies clearly delineate the responsibility of the elected body for the strategic aspect of policies and of the various sections of council that are responsible for the operational aspects of the policies.

Council has a policy register but does not currently comply with section 23 of the GIPA Act 2009 in relation to open access. Currently, the Council's policy documents are not available on its website, but this issue is being addressed. Council doesn't currently have a procedure for updating the register and communicating changes to responsible staff.

All Council policies should have an adoption date with a reference to the Council minutes, a 'last reviewed' date and the area of the Council that is responsible for the policy. Policies also should contain cross references to related policy documents to actively promote an overall consideration of the system of governance of Council.

It was noted that the majority of Council's policies and procedures require significant updating and amendment to reflect current practices and procedures. Currently policies are of a generic nature.

Council's policies ideally provide assurance to the community that Council is effectively managed and is transparent and accountable for its activities. Bearing in mind that Council is working on the information available on its website, Council needs to ensure that it also communicates its standards and principles through the publication of its policies.

Recommendation 8

Council needs to review and update its current policy documents to ensure that they are reflective of Council operations rather than being of a generic nature.

Council's Response

Council's current policies were reviewed in October and November 2008 as part of the review following the September 2008 Local Government Elections. As a result of the Better Practice Review recommendation, a further review and updating of policies will be carried out by Council's MANEX as soon as practicable and presented to Council.

Recommendation 9

Council needs to ensure that its policy documents are available to the community via its website.

Council's Response

As in Council's response to recommendation 8, once the policies have been reviewed and updated they will be made available to the community via Council's website.

Legislative Compliance

Council does not have a system or process in place to ensure that its legislative and regulatory obligations are met. .

Recommendation 10

Council needs to develop a process for internal reporting of legislative non-compliance, fines/penalties and prosecutions against Council.

Council's Response

A procedure for internal reporting of legislative non-compliance/fines/penalties and prosecutions against Council will be developed as soon as practical.

Recommendation 11

Council needs to develop a system to train and resource staff to identify and respond to changes in legislation affecting the Council as issues arise.

Council's Response

Whilst it is acknowledged that the Better Practice Review has determined that this system needs to be developed given the limited resources (financial and personnel) this appears to be a difficult task to achieve, however Council staff will use their best endeavours to comply with this recommendation as soon as possible.

Risk Management Strategy/Plan

Council does not have a risk management plan that addresses all key business risks facing the Council. The reviewer was informed that Council has commenced developing a Risk Management Plan by undertaking an Annual Statewide Public Liability risk audit and has implemented actions recommended as a result.

Risk management is the identification, assessment and prioritisation of risks followed by a co-ordinated application of resources and internal controls that assist in monitoring and minimising risk exposure and the likelihood and impact of identified risks.

An invaluable management tool for the implementation of any risk management strategy is the undertaking of an organisational-wide risk assessment with a business continuity focus. Business continuity activities consider the needs of people, assets and systems to provide effective prevention and recovery for Council. Through the adoption of this approach, it is ensured that Council could continue to operate with minimal impact as a result of adverse or extraordinary circumstances.

It is good practice to undertake an organisational risk assessment at least every three years. Such a risk assessment can be used to identify areas of high risk that the Council needs to focus on, as well as being incorporated into its internal audit plan. Risk assessment processes ensure that Council looks beyond insurable risks and OH&S matters and works to identify and effectively manage all risks to which it is exposed.

Recommendation 12

Council needs to develop a whole of organisation risk management assessment plan that identifies all organisational risks (including business, insurance and fraud), analyse these risks, evaluate existing controls that are in place and then outline strategies to manage the risks identified.

Council's Response

Council will develop a whole of organisation risk management plan as identified in the review as a priority immediately following the IP&R process.

Internal audit and fraud control

Pursuant to section 23A of the *Local Government Act 1993*, the Division released Internal Audit Guidelines in 2008 advising all councils to develop an internal audit function so that there is independent oversight of council systems and processes. Internal audit is an essential element of good governance within any organisation.

It is a tool of management that provides internal control in order to manage organisational risks. An internal audit program will also provide councillors and the public with assurance the Council is effectively managing its operational risks.

Council has no internal audit plan or audit committee. An internal audit function would assist the Council in monitoring and improving its internal controls.

Council's external auditors provided Council with a proposal that they also act as internal auditors and provide Council's internal audit function.

When auditors engaged to perform internal audit functions are also the organisation's external auditors, the audit firm risks compromising its independence because the outsourcing arrangements place the firm in the position of appearing to audit, or to actually audit, its own work.

While it is acknowledged that Council's external auditor is bound by the 'Code of Ethics for Professional Accountants' and has outlined strategies that aim to separate the respective roles, the mere perception of a conflict of interests can create an

appearance of impropriety and can undermine confidence in the internal auditor, the internal audit activity and the profession.

Further to this, Chapter 13, Division 3 of the *Local Government Act 1993* provides statutory provisions regulating a council's appointment of an auditor. Section 423 of the Act provides a definition of various entities that may not be appointed as a council auditor, otherwise known as a 'disqualified person'. In this case, Council's engagement of the external audit provider as the internal auditor would invoke section 423(2)(c) of the Act, which states that a person (which includes a corporation) is disqualified "who has a contractual arrangement with the council that (if the person were the council's auditor) might reasonably be seen to give rise to a conflict between the person's duties as an auditor and the person's interests under the arrangement".

Council does not appear to have undertaken any fraud risk assessment and does not have a fraud control plan or strategy in place. The reviewer was informed that Council's external auditors have set up a control plan, but nothing had been recorded in the plan.

The Australian Auditing Standard 240 requires all external auditors to obtain a written representation from management that the organisation has systems to deal with fraud risks. Council needs to address this issue.

Recommendation 13

Council needs to develop an internal audit function and establish an Internal Audit Committee.

Council's Response

Council was in the process of developing its internal audit function at the time the Better Practice Review was conducted, however the reviewer suggested that this process would be flawed by engaging Council's external auditor to be involved in the internal audit process. The Division of Local Government has since issued a statement supporting the reviewer's findings, however Council's external auditor has indicated a desire to discuss with the Division its findings on this matter. It is proposed to develop the internal audit function and establish an Internal Audit

Committee once this perceived conflict of interest has been resolved and Council resourcing has been determined.

Recommendation 14

Council needs to undertake a fraud risk assessment and prepare an appropriate policy and strategy.

Council's Response

A fraud risk assessment will be conducted and an appropriate policy and strategy will be prepared as soon as practical.

Leadership

The reviewer found indications that on occasion some conflict arises between some councillors. One area that was notable was that there were differences of opinion in the area of professional development for newly appointed councillors. This gives rise to a concern that Council may not be able to manage its strategic directions. Council also appears to occasionally be distracted by a degree of personal conflicts. Such matters can distract from the main business of the Council and its delivery of efficient and effective services to the community.

Recommendation 15

Council should undertake actions and develop procedures that emphasise to councillors that a professional working environment needs to be upheld in Council meetings.

Council's Response

These procedures will be included as part of the councillor induction and training programs.

Councillor involvement in decision-making

The need for separation of councillors from Council internal decision-making needs to be emphasised. The reviewer is aware that the Occupational Health and Safety committee includes councillor membership. It is the reviewer's opinion that councillors should not be involved in decision-making in respect of the day-to-day operations and management of the Council. The reviewer was informed that this practice had been inherited. This is not reflective of good practice.

Recommendation 16

Councillors should not be members of committees in relation to the day-to-day operational matters of Council.

Council's Response

Council staff will undertake a review of Committee structures to ensure compliance with this recommendation.

Council Committees

Council committees are not currently provided with the following:

- a constitution or a charter that sets out their membership;
- a code of conduct;
- relevant procedures/operations manual;
- relevant training.

Such procedures should be developed and implemented as soon as possible.

Recommendation 17

Council needs to provide Council committees with documents that relate to the committee's charter and constitution, a code of conduct, procedures and training to ensure that these committees operate to achieve their objectives.

Council's Response

Council staff will develop an appropriate charter, constitution, code of conduct and procedures for Council Committees and provide appropriate training to ensure that such committees operate to achieve their objectives as part of the Councillor Induction and Training Programs to be provided to elected representatives. This training will also be provided to community members who are members of Council's Committees.

Procurement, disposal and tendering

Council has monitoring processes in place for purchasing, tendering, disposal of assets and acting upon unsatisfactory contractor performance. When the Council's Internal Audit function is established, a risk assessment and audit on procurement and disposal practices needs to be conducted. Procurement activities represent a high risk area to any organisation.

Council has a Local Preference Policy for tenderers, but its use is limited due to the fact that there is a small pool of possible tenderers and local purchasing power is restricted.

Recommendation 18

Once the Council's internal audit function is established, Council needs to conduct a risk assessment and audit on its procurement, disposal and contract management practices.

Council's Response

Council will undertake to develop a risk assessment and audit procedure on its procurement, disposal and contract management practices once the internal audit functions have been established.

Reviewer's comment

Council's response to the recommendations has been noted. No changes have been made to the recommendations.

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 council's regulatory functions is important for effectively managing council's responsibilities and for preserving public trust in 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.*
- *Companion animals.*
- *Compliance and enforcement practices.*

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

Council's land use and regulatory team is responsible for significant areas of work with limited resources. Council's proposed new Local Environmental Plan is currently with the NSW Department of Planning and Infrastructure for consideration.

Planning decisions are clearly documented and developments of any significance are referred to Council for determination. Councillors dealt with approximately 2% of development applications in 2009/2010, with 98% of DA's dealt with under delegated authority.

Overall, Council's planning and regulatory systems appear to function well but would be enhanced by a review of its compliance policy.

6.1.3 Significant Observations

Noteworthy practices

Development reports

The reviewer inspected a number of reports to Council and noted that the reports from planning and environmental services were of a high standard, concise and well formatted.

Areas for improvement

Enforcement

In the exercise of their functions under the *Local Government Act 1993* and various other Acts, councils are required to ensure compliance and to take appropriate enforcement actions where appropriate.

The way in which councils exercise their enforcement powers plays an important part in the public's perception of the council.

It is evident that Council undertakes investigations into matters and issues penalty infringement notices. Council also undertakes routine inspections on a wide range of areas of regulatory responsibility.

Council has developed an organisational compliance and enforcement policy and procedures, but these need to be reviewed and updated. Despite this, Council has a robust system for compliance and enforcement activities across the Council's regulatory functions, which is supported by trained and experienced compliance staff.

Recommendation 19

Council needs to review and update its compliance and enforcement policy and procedures.

Council's Response

A review and update of the policy and procedures will be undertaken when resources are available.

Companion animals

Council has reported pound statistics for the past three financial years, as required, and appears to be consistently reporting dog attacks that occur within its area.

Council is making regular payments to the Companion Animals Fund and there are no outstanding amounts.

The Division's data indicates that euthanasia rates in the Council's area are decreasing over time, which is commendable. However, it was noted that only one (1) cat was recorded as entering the pound over the three (3) reporting years. Comparison needs to be made with the current State average euthanasia rates for dogs, which is 31%. In the 2009/2010 reporting period, Council's euthanasia rate of approximately 44% is above the State average.

The rate of lifetime registration of cats (35%) is below the State average of 43% and the rate of lifetime registration for dogs (53%) is also below the State average of 61%. Council should be encouraged to implement procedures to improve registration rates of both cats and dogs in its LGA.

Recommendation 20

Council should attempt to further reduce the euthanasia rate for dogs.

Council's Response

Council has employed a Ranger and one of his duties is the impoundment of dogs. As a result of the Ranger's activities there has been a reduction in euthanasia of dogs and an improved rate of the number of dogs returned to owners.

Recommendation 21

Council should implement procedures to improve registration rates of both cats and dogs in its LGA.

Council's response

Council will use its best endeavours to improve the registration rates of cats and dogs through community awareness actions, such as advertising and media releases and the Ranger undertaking increased patrols.

Reviewer's comment

Council's response to the recommendations is noted. It is acknowledged that Council has been actively pursuing a reduction in euthanasia rates and is encouraged to continue these activities.

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 those assets.

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 has recorded an Operating Deficit before capital items for the past five financial years. The deficit for the year ending 30 June 2010 was \$1.5 M, and this is an increase over the previous year's result, being a deficit of \$1.3 M. The combined deficits for the last five years total \$7.056 M.

Included in Council's financial results above are business activities for water supply (surplus of \$274K in 2009/10) and sewerage services (surplus of \$230K in 2009/10). Both these business activities were transferred to MidCoast Water on 1 July 2011. If the water and sewerage trading results were excluded from Council's overall trading result for the 2009/10 financial year, Council would have incurred an Operating Deficit of \$2.004 M.

The loss of the two profitable business entities will put further pressure on Council's financial viability. Council will need to keep this in mind when it sets its Long Term Financial Plan as part of its implementation of the Integrated Planning and Reporting Framework.

Council uses the Local Government Managers Australia Financial Health Check to assess Council's financial health.

Liquidity and cash position

Financial indicators show that Council's financial standing is reasonable in the short to medium term. Council's Unrestricted Current Ratio for 2009/2010 was 1.30 (benchmark 1.5>) and its Debt Service Ratio was 2.93 (benchmark 10%). Council's Outstanding Rates and Annual Charges percentage for 2009/2010 was 6.19% (benchmark for a rural council is 10% or less). Council is to be commended for reducing this percentage each year from 7.29% in 2007/08 and 6.84% in 2008/09.

Infrastructure renewal

The continuing deficits, excluding capital grants, as well as the budgeted deficits, highlights Council's difficulty in funding depreciation and therefore Council's ability to manage its infrastructure in the longer term. The Asset Renewal Ratio is a ratio that compares a council's purchase/renewal of its assets to that of the usage (depreciation) of its assets. The benchmark is 100%. For 2009/2010, Council's Infrastructure Renewal ratio was 100.36%.

The percentage of written down values of assets compared to total valuation have been significantly high over the last three years. In 2009/2010, roads/bridges/footpaths 68%; stormwater and drainage 75%; water supply network 48%; and sewerage network 61%. The cost to the Council to bring its water and sewer assets to a satisfactory standard is estimated to be \$53M.

Asset maintenance

There has been a consistent gap between the estimated cost to maintain Council's assets and actual expenditure over recent years (\$13.455M over five years). Council cannot continue in the long term recording such high shortfalls.

As part of the development of its asset management framework and resourcing strategy, Council needs to ensure that adequate provision is made for expenditure on asset maintenance.

7.1.3 Significant Observations

Areas for improvement

Rates structure

Council's rating structure is a combination of only ad valorem rates, base amounts plus an ad valorem and an ad valorem rate with a minimum amount. Council has some categories/subcategories that are either non-compliant or have been poorly named. These include: Business-Urban; Business-Non-Urban; Residential-Village; Residential-Urban; and Farmland-Farmland (x2). The reviewer is not sure why Council has 2 sub-categories called Farmland-Farmland with the same ad valorem. Council also has 3 mines each with its own subcategory.

Recommendation 22

Council should examine the classifications of its rates structure categories and subcategories to ensure that these are compliant with the legislation.

Council's Response

Council staff have reviewed this requirement and are satisfied that the current classifications are correct. The categories are:-

Business-Urban

Business – Non-Urban

Residential – Village

Residential – Urban

Farmland

Mining – Limestone

Mining – Coal

Mining – Gold

It is not known where the Reviewer determined that there existed 2 sub categories entitled "Farmland-Farmland".

Reviewer's comment

Council's response is noted. This recommendation is considered to have been completed and the action plan has been marked accordingly.

Long term financial planning

A long term financial plan is critical for any organisation in order to plan for the future. The long term financial plan will show how Council intends to fund its future operations through its Community Strategic Plan. Council will be required to develop a Long Term Financial Plan as part of the Integrated Planning and Reporting framework.

Council has developed a Long Term Financial Plan that was last updated in July 2005. The financial plan is linked to other plans such as the asset plan and management plan. Council is to be commended on having a long term plan. Council recently conducted a workshop in April 2011 on long term financial planning that included future projects' working capital servicing levels and future borrowing needs and other revenue to service projects and costs.

Council should closely review its current situation as part of its implementation of Integrated Planning and Reporting and long term financial planning. Council also needs to ensure its asset management is considered in the Integrated Planning and Reporting process, considering the amount reported as being required to bring assets to a satisfactory standard as well as the rating currently given to assets regarding their condition. This work should be incorporated into Council's Long Term Financial Plan in order to ensure that the plan accurately predicts future financial needs.

Recommendation 23

Council should give priority to the preparation of a revised Long Term Financial Plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework.

Council's Response

For the record, Council's long term financial plan is revised in terms of the annual three year budget process and is constantly updated. Council workshopped the 1st year plan from 13 April 2011.

Asset management

A Council working party has developed a long term asset management strategy as part of Integrated Planning and Reporting. This strategy identifies core assets and classes of those assets such as parks, footpaths, roads and bridges. This strategy sets specific timeframes for implementation and contains an audit and review process to ensure that assets are retained in a satisfactory condition, are regularly assessed with estimates to maintain asset classes at these satisfactory standards, annual expense of maintaining standards and a program of maintenance.

This asset management strategy is indirectly linked to the Council's financial plan. Council determines the condition of its asset by visual inspection.

Council re-values its assets every 3 years. The last date of revaluation was 1 February 2011. Council links the condition assessments to its revaluations. Council has an asset maintenance program in place and has made provision for funding asset maintenance, but this is subject to budget constraints. Council has a 10 year rolling replacement program which is reviewed and adopted annually.

Council has not undergone any asset rationalisation program and does not have an unplanned maintenance budget, again due to budget constraints. The disposal of excess assets will add to Council's cash position or allow Council to purchase needed assets or replace existing assets on hand. The risk that Council has idle assets or underutilised assets is significantly high. Council needs to develop an asset disposal policy and consider a review of all its current assets.

Recommendation 24

Council should undertake an asset rationalisation review.

Council's Response

A review and any resultant rationalisation of Council's assets will be undertaken in conjunction with the preparation of the Asset Management Plan which forms part of the IP& R process.

Recommendation 25

Council needs to clearly link its asset management strategy to its financial plan.

Council's Response

This link will be established as part of the IP&R framework.

Recommendation 26

Council should develop an asset disposal policy.

Council's Response

Refer to proposed action under response no 24 above.

Financial policies and guidelines

Council does not have an Overdraft Facilities Policy or a policy on borrowing and the use of loans. Council does not have any internal loans.

Council has no Pensioner Rates and Charges Reduction Policy under section 582 of the Act, but follows the requirements of the Act in special cases and ensures that it does not go beyond what is allowed under the Act in terms of hardship relief. Council has submitted its claim for the pensioner rebate subsidy over the last twelve months.

Council does not conduct a periodic review of the pensioner rebate scheme procedures as part of an internal audit process, but Council reviews its procedures verified by Centrelink or Veterans Affairs by comparing the pensioner list against Centrelink and Veterans Affairs information.

Council has a Hardship Policy for ratepayers, which Council has not needed to exercise since 2002. Council also has a Debt Recovery Strategy.

Council has not sought any special variations to rates in the last five years.

Recommendation 27

Council needs to develop an Overdraft Facilities Policy and this policy should be placed on Council's intranet.

Council's Response

This Policy was presented and adopted at Council's Ordinary Meeting held 14 December 2011.

Reviewer's comment

The policy has been reviewed and this recommendation is considered to have been completed. The action plan has been marked accordingly.

Recommendation 28

Council needs to develop a Pensioner Rates and Charges Reduction Policy and this policy should be placed on Council's intranet.

Council's Response

Refer to Council's response to recommendation 8 above.

Recommendation 29

Council needs to develop a Borrowing Policy.

Council's Response

This Policy was presented and adopted at Council's Ordinary Meeting held 14 December 2011.

Reviewer's comment

The policy has been reviewed and this recommendation is considered to have been completed. The action plan has been marked accordingly.

Recommendation 30

Council needs to develop an Investment Policy.

Council's response

This Policy already existed at the time of the Better Practice Review and a reviewed and updated version of this policy was adopted at Council's Ordinary Meeting held 16 February 2011.

Reviewer's comment

This is noted. The policy could not be found on Council's website. Council should ensure that all its policies are provided on its website. This recommendation is considered to have been completed. The action plan has been marked accordingly.

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
- keeps the local community and State Government informed about its activities.

8.1.1 Scope of review

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

- *The methods council uses to involve and determine the views of its community*
- *Ageing Population*
- *Social and community functions of council*
- *Customer service standards.*

8.1.2 Overview of community and consultation practices

Council's Social and Community Plan was updated in 2009 and is available on its website. This plan does not contain information on recreational facilities and programs. The Social and Community Plan is not currently linked or integrated with Council's Management Plan and Annual Report. The reviewer was informed that these issues will be addressed when Council moves into the Integrated Planning and Reporting process.

Gloucester Shire is a very active area for tourism. Council has a Tourism Plan for the Shire that is integrated with its LEP 2010. The Tourism Plan also needs to be

integrated with the Integrated Planning and Reporting plans when they are developed.

The Tourism Plan is revised annually and was last reviewed in May 2011. Council runs a Visitor Information Centre and has a tourism website that operates with tourist operators through the Council's community link with Destination NSW (formerly Tourism NSW).

8.1.3 Significant Observations

Noteworthy practices

Economic development

Council has an Economic Development Plan that is integrated with its Management Plan and will be included in the Council's Integrated Planning and Reporting process. Council last reviewed this Economic Development Plan in April 2011. Council supports economic development in the Shire through an Economic Development Manager and an Economic Development Advisory Committee.

Community participation

Engaging the community is required by all councils under the council Charter (section 8 of the *Local Government Act 1993*). The Charter comprises a set of principles, where eleven out of the fourteen principles directly reflect why Council should engage the community.

Council is highly committed to improving quality of life in Gloucester through the involvement of the Gloucester community in the development of policies, programs and service delivery. Council is also committed to ensuring that all views are considered through inclusive deliberation and active involvement of the community.

Council acknowledges that in order to meet these principles, it needs to ensure that effective levels of engagement are implemented. Council appears to be open and accountable to the community and provides ample opportunity for feedback. Council also acknowledges that by involving a cross-section of the community in a consultative process, it can make better decisions.

Council held a workshop in relation to the development of its Management Plan and a small number of community members participated in this process. The small Council community is made up of retirees from Sydney who have professional backgrounds and are very proactive in their involvement in community activities.

Community consultation mechanisms that the Council uses include community surveys, focus groups, community forums, and informal feedback through networking.

Council uses the following methods to keep the community informed of its activities - weekly newspaper items, radio and TV items, direct mail-outs, community meetings and forums. There is also a periodic “*From the Mayor’s Desk*” published in the local newspaper, which provides the community with an update of Council activities and the current issues being dealt with by Council.

Council adopted a ‘Community Engagement Strategy and Policy’ in June 2011. It is evident that this strategy will guide its ongoing approach to community engagement in the future. (See comments in the ‘Strategic Planning and Reporting’ section in relation to a specific community engagement strategy for the development of the Gloucester Community Strategic Plan.)

Cultural Planning

Council’s current Cultural Plan is available on its website and in Council’s Library. The plan appears to be consistent with the Division’s publication “Cultural Planning Guidelines for Local Councils”. Council has a section 355 committee that has been set up for the purpose of planning cultural activities and cultural development. The committee membership comprises two councillors, a staff member and five community members.

Areas for improvement

Use of service standards

Council has no specific customer service standards. These would assist the Council’s community reputation through improved service delivery. Council should develop a document setting out standards that customers can expect in relation to

Council's response to correspondence, telephone calls, visits with Council staff, requests for service and requests for information.

Council should identify and promote the standards that the public can expect of its services. Council may also consider the creation of a focus group to assist Council in the identification of community expectations and also to seek public input through public exhibition of the draft standards. Once these standards have been developed, they need to be monitored and reported on to ensure Council's accountability to the community is upheld and to provide feedback to the Council on areas of service standards that could be improved. Council should also include these service standards on its website.

Recommendation 31

Council should develop an organisation-wide customer service standards policy that identifies service standards for all Council services.

Council's Response

Council acknowledges the need to develop this policy which will be developed in accordance with the attached action plan.

Recommendation 32

Once developed, Council should ensure that its customer service standards policy is made available to the community.

Council's response

Following development of the policy as per Council's response to Recommendation 31 above, Council will make the document available to the community through local media channels and Council's website.

Reviewer's comment

Council's comments are noted.

WORKFORCE RELATIONS

8.1 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.

8.1.1 Scope of review

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

- *Human resources strategy and workforce planning*
- *Succession planning*
- *Employee attitude surveys*
- *Equal employment opportunity*
- *Occupational health and safety.*

8.1.2 Overview of the organisation

Gloucester Shire Council currently has 89 staff, comprising 63 men and 26 women. Three percent (3%) of staff identify as being of Aboriginal background. Sixty-seven percent (67%) of the workforce is in the age bracket 45-64 years and 10% of the workforce is aged over 65 years. Given that there is no significant cultural diversity within the community, Council's workforce is reflective of the local population.

8.1.3 Significant Observations

Noteworthy practices

Equal employment opportunity (EEO)

Section 345 of the *Local Government Act 1993* outlines what a council's Equal Employment Opportunity Management Plan is to include, such as requirements related to the collection and recording of appropriate information and the setting of goals and targets.

Council prepares its EEO Management Plan on an annual basis. Council does not take into consideration the National Framework for Women in Local Government when preparing and updating its plan and currently doesn't include a strategy for people with a disability. Council will update its EEO Management Plan under the Integrated Planning and Reporting process. Council reports on EEO strategies and outcomes in its Annual Report.

Areas for improvement

Work Health and Safety

The work health and safety legislation requires employers and employees to work to stringent safety requirements. Council is required to develop written safe work procedures.

Council's current OH&S Management Plan was originally adopted in 2007 and updated in March 2011. Staff are made aware of the plan through the induction program, where a presentation is made and a hard copy of a safety handbook is issued.

Council has an adopted Injury Management and Return to Work Policy, which was adopted in January 1989. Presentation of this information is also made as part of the Council's Induction Program and the information is contained in the Council's Safety Handbook. Council needs to review and update this policy.

Council has a formally constituted OH&S Committee that meets quarterly in accordance with its constitution. It was noted that this committee includes councillor membership. As previously discussed and recommended (Recommendation 16), Councillors should not be involved in the management of decision-making activities that impact on Council's day-to-day operations.

Council records incidents and provides statistical information on injuries in the workplace. This information is then reported at each senior management (MANEX) meeting. Council's risk management associated with the use of hazardous substances follows best practice.

Council has a strong commitment to work health and safety. This commitment is demonstrated through the establishment and monitoring of practices and incidents to

ensure that Council staff work in and create a safe working environment where risk is minimised.

Recommendation 33

Council needs to review and update its Injury Management and Return to Work Policy.

Council's Response

This policy will be reviewed and updated as and when resources are available.

Workforce Planning

All councils are exposed to a number of workforce issues, such as:

- the shortage of specialised skills in certain areas
- an ageing workforce
- changing workloads as council and government priorities change
- career opportunities outside council and local government.

In order to be proactive in this area, Council needs to develop a four year Workforce Management Strategy. This strategy will form part of Council's Resourcing Strategy deliverable under the Integrated Planning and Reporting framework. The Workforce Management Strategy is required to address the human resource requirements of Council's Delivery Program.

Recommendation 34

Council should give priority to the development of a Workforce Management Strategy in accordance with the implementation of the Integrated Planning and Reporting framework.

Council's Response

The Workforce Management Strategy will be developed as part of the IP&R framework.

Succession Planning

A central part of workforce planning is succession planning and management. This involves managing recruitment and professional development processes in line with information on employees leaving the Council and potential workforce to ensure that the workforce can be sustained to effectively achieve Council's objectives.

Given the age profile of Council's workforce and the skill shortages in technical areas, succession planning is a challenge for the Council, but is vital for business continuity.

Council does not have a succession plan but has a stable workforce. In the next 18 months Council will face the retirement of some key specialist managers, for example, Council's Finance Manager. Work performed by the Finance Manager and the IT Manager cannot be performed by any other staff member at Council.

If the IT Manager position becomes vacant, the position will be difficult to replace. However, if this does occur in the short term, Council currently has two staff members who would be able to maintain the servers, but would be unable to perform any other IT functions associated with the position.

To date, Council has not put in place any arrangements with neighbouring councils to secure replacement staff if needed. Council considered that this is a significant issue with recruitment opportunities in the area being limited.

Recommendation 35

Council needs to develop a succession plan for key positions in the organisation and incorporate this into its Workforce Management Plan.

Council's Response

A Succession Plan will be developed as part of the Workforce Management Strategy as per Council's response to Recommendation 34.

Human Resource policies

Council has a Human Resource Policy and supporting Procedures Manual. The policy and procedures are significantly out of date and need to be reviewed and updated. The policy and procedures can be accessed by staff thorough the Council's intranet and are included as part of the induction process.

Council needs to ensure that the policy and procedures are comprehensive, complete and up to date.

Recommendation 36

Council should review and update all of its Human Resources policies and procedures.

Council's Response

Council has recently subscribed to the *HR Advance* website and will update and use the template policies and procedures available from this source.

Staff development

Council has a structured induction program for all new staff, which contains the following components: an Induction Checklist; Indoor/Outdoor Policy and Procedures Manual; Safety Induction handbook; and the Code of Conduct. The Depot has its own induction program. Participation in the induction program is required by each staff member and attendance is recorded on individual staff files. New staff undergo induction within the first two to three weeks of commencing employment at the Council.

Council has not developed an overall training plan and budget as required by clause 27 of the Local Government (State) Award 2010. The Engineers' Section within the Council has a training plan, but the Corporate Services training plan needs to be updated and improved.

Recommendation 37

Council needs to ensure that its overall training plan for all aspects of the organisation is updated and has the appropriate budget allocation as required by the Local Government (State) Award 2010.

Council's Response

Council will develop an overall Training Plan for the organisation in accordance with the Local Government (State) Award 2010.

Grievance management

Council doesn't have a specific grievance handling policy and procedure for dealing with internal issues. Council does not monitor or report on grievances received and outcomes. Council has previously been involved in a staff dispute that went before the court.

Recommendation 38

Council needs to develop a Grievance Handling Policy and supporting procedures.

Council's Response

Council will develop a Grievance Handling Policy and supporting procedures document and provide training to ensure all staff are aware of this policy.

Employee Attitude Survey

Council has not undertaken an employee attitude survey. This survey is a useful tool in the identification of what is working well at Council, the areas of concern or areas that require improvement.

Recommendation 39

Council should conduct an employee attitude survey.

Council's response

Council will undertake an employee attitude survey as soon as resources permit.

Reviewer's comment

Council's comments are noted.

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"> High Medium Low 	<ul style="list-style-type: none"> Reputation Compliance with statutory requirements Fraud/corruption Financial Legal liability OH&S

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
1 Council should provide training and development opportunities to its councillors and relevant staff in the requirements of the Integrated Planning and Reporting Framework.	<i>High</i>	Training and development opportunities to be provided to Councillors.	30/6/12	General Manager	Ongoing
2 Council should develop and implement an action plan, including a specific Community Engagement Strategy, to ensure the delivery and achievement of the Integrated Planning and Reporting framework as a priority. COMPLETED	<i>High</i>	Community engagement – adopted specific engagement actions to be developed	Completed 30/11/11 – adopted by Council 14/12/11	General Manager	Specific engagement actions “timetable” developed

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>3 Council should consider the establishment of a steering committee to assist in facilitating progress and monitoring implementation of the Integrated Planning and Reporting requirements on a timely basis.</p> <p>COMPLETED</p>	<i>High</i>	Steering Group to be established	Committee established 14/12/2011	General Manager	Steering Committee established
4 Council needs to meet its obligations under the GIPA Act as a priority.	<i>High</i>	Council intends to meet its obligations under the GIPA Act and Regulation.	30/6/2012	Director of Corporate Services	
5 Council should review and develop a set of values in consultation with its staff, councillors and the community during the Integrated Planning and Reporting process.	<i>High</i>	A set of values is to be developed as part of the IP&R framework.	30/6/2012	General Manager	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>6 Council needs to provide further code of conduct training to councillors and community members of committees.</p>	<p><i>Medium</i></p>	<p>Code of Conduct training has been provided to current Councillors as outlined in the response to Recommendation 6. Council will use its best endeavours to conduct such training for community representatives on Council Committees.</p>	<p>30/9/2012</p>	<p>MANEX</p>	
<p>7 Council should create and implement a councillor development program.</p>	<p><i>Medium</i></p>	<p>Program to be developed.</p>	<p>30/9/2012</p>	<p>General Manager</p>	
<p>8 Council needs to review and update its current policy documents to ensure that they are reflective of Council operations rather than being of a generic nature.</p>	<p><i>High</i></p>	<p>Policies to be reviewed.</p>	<p>30/6/2012</p>	<p>MANEX.</p>	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
9 Council needs to ensure that its policy documents are available to the community via its website.	<i>High</i>	Following review of the policies the documents will be available via Council's website.	30/6/2012	Director of Corporate Services	
10 Council needs to develop a process for internal reporting of legislative non-compliance, fines/penalties and prosecutions against Council.	<i>High</i>	A process for internal reporting to be developed.	30/6/2012	Director of Corporate Services	
11 Council needs to develop a system to train and resource staff to identify and respond to changes in legislation affecting the Council as issues arise.	<i>High</i>	Council will use its best endeavours to develop an appropriate system.	30/6/2012	General Manager	
12 Council needs to develop a whole of organisation risk management assessment plan that identifies all organisational risks (including business, insurance and fraud), analyse these risks, evaluate existing controls that are in place and then outline strategies to manage the risks identified.	<i>High</i>	Business Continuity Plan incorporating Risk Evaluation and Analysis to be developed on completion of the IP&R framework.	30/9/2012	MANEX.	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
13 Council needs to develop an internal audit function and establish an Internal Audit Committee.	<i>High</i>	External auditor to discuss with DLG. Internal audit function to be established once perceived conflict of interest has been resolved.	30/9/2012	General Manager	
14 Council needs to undertake a fraud risk assessment and prepare an appropriate policy and strategy.	<i>High</i>	Risk assessment to be undertaken and policy and strategy to be developed.	30/6/2012	Director of Corporate Services	
15 Council should undertake actions and develop procedures that emphasise to councillors that a professional working environment needs to be upheld in Council meetings.	<i>Moderate</i>	To be included in Councillor Induction and Training Programs	30/9/2012	General Manager	
16 Councillors should not be members of committees in relation to the day-to-day operational matters of Council.	<i>High</i>	Committee structures to be reviewed to incorporate this recommendation.	31/3/2012	General Manager	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>17 Council needs to provide Council committees with documents that relate to the committee's charter and constitution, a code of conduct, procedures and training to ensure that these committees operate to achieve their objectives.</p>	<p><i>Medium</i></p>	<p>This process will be reviewed and the necessary documentation developed and training provided to committee members.</p>	<p>30/9/2012</p>	<p>MANEX</p>	
<p>18 Once the Council's internal audit function is established, Council needs to conduct a risk assessment and audit on its procurement, disposal and contract management practices.</p>	<p><i>Medium</i></p>	<p>Risk assessment and audit of procurement, disposal and contract management practices to be established once internal audit function is put in place.</p>	<p>30/9/2012</p>	<p>MANEX and internal audit committee.</p>	
<p>19 Council needs to review and update its compliance and enforcement policy and procedures.</p>	<p><i>Medium</i></p>	<p>Review and update of policies and procedures to be undertaken.</p>	<p>30/9/2012</p>	<p>Director of Planning and Environment</p>	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
20 Council should attempt to further reduce the euthanasia rates for dogs.	<i>Low</i>	Increased Ranger activities have resulted in reduction of euthanasia rates for dogs.	Implemented	Director of Planning and Environment	Ongoing.
21 Council should implement procedures to improve registration rates of both cats and dogs in its LGA.	<i>Low</i>	1. Increased community awareness of registration 2. Increased Ranger patrols.	30/9/2012 Implemented	Director of Planning and Environment	Current and Ongoing
22 Council should examine the classifications of its rates structure categories and subcategories to ensure that these are compliant with the legislation. COMPLETED	<i>Medium</i>	Classifications examined – no change proposed – refer to Council's response p35.	NA	Director of Corporate Services	
23 Council should give priority to the preparation of a revised Long Term Financial Plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework.	<i>High</i>	A revised Long Term Financial Plan is to be developed as part of the IP&R framework	30/6/2012	MANEX	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
24 Council should undertake an asset rationalisation review.	<i>Medium</i>	Review to be undertaken.	30/12/2012	MANEX	
25 Council needs to clearly link its asset management strategy to its financial plan.	<i>Medium</i>	Asset Management Strategy to be linked to the Financial Plan as part of the IP&R Framework.	30/9/2012	MANEX	
26 Council should develop an Asset Disposal Policy.	<i>Medium</i>	Policy to be developed as part of the Asset Rationalisation Review.	30/9/2012	MANEX	
27 Council needs to develop an Overdraft Facilities Policy and this policy should be placed on the Council's intranet. COMPLETED	<i>Medium</i>	Policy developed and adopted by Council on 14/12/2011.	14/12/2011	Director of Corporate Services	Policy adopted.
28 Council needs to develop a Pensioner Rates and Charges Reduction policy and this policy should be placed on the Council's intranet.	<i>Low</i>	This Policy will be developed as part of the overall Policy Review process.	30/6/2012	Director of Corporate Services	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
29 Council needs to develop a Borrowing Policy. COMPLETED	<i>Medium</i>	Policy developed and adopted by Council on 14/12/2011.	14/12/2011	Director of Corporate Services	Policy adopted.
30 Council needs to develop an Investment Policy. COMPLETED	<i>Medium</i>	This Policy exists and was adopted at Council's Ordinary Meeting held 16 February 2011	NA	Director of Corporate Services	Policy adopted.
31 Council should develop an organisation-wide customer service standards policy that identifies service standards for all Council services.	<i>Medium</i>	This policy will be developed.	30/9/2012	MANEX	
32 Once developed, Council should ensure that its customer standards policy is made available to the public.	<i>Medium</i>	As per 31 above	30/9/2012	MANEX	
33 Council needs to review and update its Injury Management and Return to Work Policy.	<i>Medium</i>	Policy to be reviewed and updated.	30/9/2012	Director of Technical Services	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
34 Council should give priority to the development of a Workforce Management Strategy in accordance with the implementation of the Integrated Planning and Reporting framework.	<i>High</i>	A Workforce Management Strategy is to be developed as part of the IP&R framework	30/6/2012	MANEX	
35 Council needs to develop a Succession Plan for key positions in the organisation and incorporate this into its Workforce Management Plan.	<i>Medium</i>	Succession Plan to be developed as part of the IP&R framework.	30/6/2012	MANEX	
36 Council should review and update all of its Human Resources policies and procedures.	<i>Medium</i>	Council will use <i>HR Advance</i> policies and procedures software to undertake this update.	30/9/2012	Director of Corporate Services	
37 Council needs to ensure that its overall training plan for all aspects of the organisation is updated and has the appropriate budget allocation as required by the Local Government (State) Award 2010.	<i>Medium</i>	Plan to be developed in accordance with the Award.	30/9/2012	MANEX	
38 Council needs to develop a Grievance Handling Policy and supporting procedures.	<i>Medium</i>	Policy and procedure to be developed.	30/9/2012	MANEX	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
39 Council should conduct an employee attitude survey.	<i>Low</i>	Survey to be undertaken.	30/12/2012	General Manager	