Promoting Better Practice Program

improvement

good governance

capability

REVIEW REPORT

MURRUMBIDGEE SHIRE COUNCIL

FEBRUARY 2011

Division of Local Government
Department of Premier and Cabinet

NSW
GOVERNMENT

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The intent in writing this report was to focus attention on better practices and those other aspects of operations that warrant additional attention. Given this, the report confirms that there are many areas for development within Council that should now be addressed.

Council has the opportunity to use the reforms of the Integrated Planning and Reporting Framework, and in developing its Community Strategic Plan, to introduce a new paradigm to drive a more strategic administrative approach. This may be a challenge for the Shire given the small staff component, a shortage of and consistency of expertise across all areas of the administration and finally, a lack of implementation of many strategies present in many other larger local government areas. The reviewer's overall assessment is that the Council, in adopting better practice and improved organisational performance against local government benchmarks, should seek external assistance in addressing the many recommendations contained within this report.

Overall, Murrumbidgee Shire Council has inadequate governance systems and processes, which exposes it to risk across the organisation. The lack of implementation of policies and internal controls to establish good governance needs to be addressed at an early date. Council advised that it has undertaken significant work on a number of recommendations which is to be commended.

This review identified a number of examples of noteworthy practices such as a sound financial position and the availability of financial reserves for future asset replacement. Council's auditor noted in the 2009/10 audit report that Council has reported satisfactory surpluses for the past ten years which is a significant achievement. Council has experienced difficulty in attracting qualified specialist staff for project management, a technical services Director and a GIS position and has needed to train other staff 'on the job'.

Council has agreed to a timetable for the implementation of the Integrated Planning and Reporting Framework in July 2012 and is actively progressing towards this date through identifying responsibility for this function and resourcing this role to meet the deadline. As noted, without specialised staff to drive these new initiatives Council may struggle to meet defined milestones without external assistance.

1. ABOUT THE REVIEW

1.1 Review objectives

Promoting Better Practice Reviews have a number of objectives. These include generating momentum for a culture of continuous improvement and the promotion of good governance and ethical conduct. These 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.

1.2 Review process

The process involves a review team from the Department of Premier and Cabinet's Division of Local Government (DLG) 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.

The review involves 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.

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

The scope of a review such as this 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, and
- otherwise noteworthy for the reasons detailed in the body of the report.

1.3   Murrumbidgee Shire Council review

The review was conducted by an independent contractor, Ian Melville, from IAB Services, on behalf of the Department of Premier and Cabinet's Division of Local Government. The onsite component of the review took place in April 2010 and was preceded by a self assessment process that required the Council to complete a comprehensive checklist and collect evidence as to its current state of plans, systems and processes.

The on-site component of the review involved initial interviews with the Mayor and the General Manager, interviews with the two (2) Directors and a cross section of staff, observation of a Council Ordinary Meeting, a review of Council policies and other documents. The reviewer also visited the Coleambally Office where the Environmental Services Directorate is located and inspected the Darlington Point water and sewerage plants and main works depot.

1.4   Implementation and monitoring of recommendations of final report

The review has identified a number of improvement opportunities that the Council needs to address. Council will need to identify its intended actions in implementing the recommendations in this report in the action plan contained at the back of the report. Council is asked to complete the action plan and provide this to the Division within 3 months. From there, Council will report to the Division on a regular basis on its progress towards implementing the remaining recommendations.

2. ABOUT THE COUNCIL AND THE AREA

Location and demographics

Murrumbidgee Shire Council is located in Darlington Point along the Murrumbidgee River in South West NSW, 630 kilometres from Sydney and 35 kilometres south of Griffith. The Shire has a separate office in nearby Coleambally where administrative and environmental services are undertaken and this centre was the latest irrigation town founded in the Murrumbidgee Valley Area in 1968. This local government area has a large land area of 3,505 square kilometres with a Shire population of 2,503 at the 2006 Census (1,062 in Darlington Point and 658 in Coleambally). The Shire is surrounded by eight (8) other council areas: Carrathool, Griffith, Narrandera, Leeton, Hay, Urana, Jerilderie and Conargo.

The local economy includes sawmilling, egg and poultry production and continuing grazing and beef production. Key industries include agriculture and the processing of agricultural products, especially rice. Row cropping using the "raised bed" furrow irrigation system to produce crops such as maize, sweet corn, faba and soybeans also make up a prominent part of the local agricultural industry. Substantial quantities of fruit, such as almonds and sugarplums, which are processed in the Shire, are grown.

Local issues

The sale of water rights from irrigated farmlands has the potential to reduce the value of irrigated properties and lower the rate revenue normally collected by Council from this area. Accordingly, the resulting rate income and the financial rate burden could move to dry land farming ratepayers and subsequently threaten the long term sustainability of dry land farming in the Shire.

Increased allocation for environmental flows within the Murrumbidgee River downstream will impact on the availability of water in some areas of the Shire.

Likely job losses from the declaration of a new National Park containing red gum forests will gradually impact upon jobs in the logging and timber mills. Workers who are made redundant through these actions will be eligible for job assistance packages, the value of which is yet to be determined.

The difference in community focus between the towns of Darlington Point and Coleambally is a challenge for councillors to administer uniform policies across the Shire.

Current Council

Council has a total of six (6) councillors (three each from the two districts of Coleambally and Darlington Point), including the Mayor who is elected from a vote of councillors. Council meetings are held at the alternate locations of Darlington Point and Coleambally, normally on the third Thursday of the month.

There is a total of thirty-nine (39) FTE staff in Murrumbidgee Shire Council, twenty four (24) from the outdoor staff across Darlington Point and Coleambally.

3. SUMMARY OF KEY FINDINGS

Better practices/Other noteworthy practices	Areas for improvement
STRATEGIC POSITION	
Council has a sound financial base from which internal funding can be expended once the Community Strategic Plan is adopted in 2012/13	Clarify the roles of Council as the strategic planners who set policies and direction and senior management who administer these programs
GOVERNANCE	
Council meetings are conducted well with ample opportunity for contributions from all Councillors	Define the values of the organisation in a concise and readily understandable form
Mayor and General Manager are experienced in meeting procedure and provide assistance for new Councillors when required	Involve the community through a Community Engagement Strategy
	Develop relevant KPI lists in 'SMART' format to measure quantitatively the identified outcomes for implementation of the Management Plan
	Undertake a comprehensive Enterprise Risk Management (ERM) assessment to identify key organisational risks
	Develop a three year rolling Strategic Internal Audit Plan based on high risk criteria identified in an enterprise-wide risk assessment
	Ensure that the proposed Internal Audit function and composition of the Audit Committee reflect the DLG guidelines
	Develop and review internal controls in key areas of Council

Better practices/Other noteworthy practices		Areas for improvement	
			Develop a Gifts and Benefits Policy to ensure that staff, delegates and councillors are fully briefed on their responsibilities
			Prepare a Legislative and Regulatory compliance register
			Develop a fraud control plan based on a corruption prevention risk assessment together with a suitable prevention policy / strategy
			Prepare a comprehensive policy for the use of communication devices
			Prepare a register of written disclosures as required under s459 of the Act
			Maintain a record of staff disclosures of pecuniary interest (other than designated persons)
			Prepare a procedure to inform staff and councillors of their obligations in relation to pecuniary interest
			Develop a Business Continuity Plan
			Develop a monitoring and auditing procurement and tendering policy and procedure
			Prepare a Privacy Plan
			Prepare a Records Management Plan
			Appoint an Information Officer to train staff following the introduction of the GIPA legislation
			Review delegations on a regular basis

Better practices/Other noteworthy practices		Areas for improvement	
			Review the current policy register
			Update Complaints Handling Policy
			Prepare internal reporting system and Protected Disclosures Policy
			Prepare I&CT Strategic Plan
PLANNING AND REGULATORY			
	DA processing turnaround times are low mainly due to low submission rates in the Shire		Review register of planning decisions
	.		Complete ICAC Development Assessment Internal Audit tool
			Review the effectiveness of the planning role within Council
			Use the strategic alliance to prepare SOE report on a regional basis
			Prepare a companion animals management plan
			Develop an innovative regional approach to minimise the high companion animal euthanasia rate
			Develop a policy and procedure for water safety as per the *Swimming Pools Act 1992*
ASSET AND FINANCIAL MANAGEMENT			
	Council has allocated funding through internal restrictions within the General Fund Reserves with the Asset Replacement Reserve at $6M as at 30/6/10		Council needs to complete an Asset Management Plan to deliver maintenance / capital improvements on a planned basis

Better practices/Other noteworthy practices		Areas for improvement	
	Council is in a sound cash position after a conservative program to minimise expenditure over past years		The Asset Management System (AMS) must link to other key documents for integrated planning and reporting
			Council should finalise the selection of suitable software for its asset management system
			Review Land Register to include all information required under s53 of Local Government Act
COMMUNITY, COMMUNICATION AND CONSULTATION			
	Assistance to the Tirkandi Inaburra Cultural Development Centre for Aboriginal boys		Utilise external assistance to develop a cultural planning procedure
			Develop a Disability Action Plan
			Prepare strategies for the aging population
			Prepare a Community Engagement Policy
			Prepare an Economic Development and Tourism Plan on a Regional basis
WORKFORCE RELATIONS			
			Appoint a part time HR specialist to assist in providing policy support to Council
			Develop a Workforce Planning document as a template for all workforce issues
			Prepare a strategy for recruitment and retention of specialist staff
			Complete Position Descriptions for all positions within Council

Better practices/Other noteworthy practices		Areas for improvement	
			Prepare a HR Strategy and include key issues to be addressed by Council
			Review the Consultative Committee Constitution
			Undertake Employee surveys to monitor the performance of Council and assess values for the Community Strategic Plan
			Align staff development with personal needs of the employee as well as the organisation
			Update the EEO Plan
			Initiate an objective performance assessment system as a measurement tool for annual salary progression
			Document OH&S strategies
			Review staff development training courses.

4. COUNCIL'S STRATEGIC POSITION

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.

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

Diagram 1: Proposed planning and reporting framework

Overview

Council had not prepared a Strategic Plan and has nominated to complete the Community Strategic Plan by July 2012. At the time of the review Council was considering a strategy to meet this deadline; although, as Council does not have in-house social and community planning expertise, the use of an external provider to obtain this expertise may be necessary. It would be valuable for Council to liaise with other councils that have either completed or are well advanced in the preparation of their community strategic plans to assist in this matter.

Noteworthy practices

Council has developed a sound financial base from which internal funding can be expended once the Community Strategic Plan is adopted prior to 2012/13. As at 30 June 2010, Council had $6M in infrastructure replacement reserves, which can be applied once the strategic direction has been confirmed through preparation of strategies identified by early planning for the Community Strategic Plan.

Areas for improvement

Strategic direction

The continuing lack of a strategic long term direction in Council was evident during the review. Murrumbidgee is at a critical point of its administration and, with a strong financial base, now has an opportunity to go forward to meet its community obligations. Council appears to have been focussed over the last few years in first returning to and then maintaining an operating surplus. However, it is now Council's immediate responsibility to prioritise the completion of the Community Strategic Plan, seek completion of a comprehensive Asset Management Plan, with both linked to long term financial plans. Funds are available in restricted reserves and can then be directed to related activities identified from the strategic planning process.

In the absence of a clear Strategic Plan within the Shire that directs quantitative and objective preparation for annual works programs, there is scope for expenditure being approved without valid documented evidence.

5.   DELIVERING AND ACHIEVING

This part of the review focussed on examining key structures, systems and processes involved in delivering the stated outcomes of Murrumbidgee 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

- recruits and retains its workforce.

5.1   GOVERNANCE

"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

A review was conducted on aspects of Council's corporate governance including:

- *Values*
- *Management planning*
- *Procurement, disposal & tendering*
- *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*
- *Records management*
- *Access to information*
- *Complaints handling*
- *Information technology*
- *Business continuity*
- *Fraud and corruption prevention*

5.1.2 Overview of Murrumbidgee Shire Council's governance practices

Murrumbidgee Shire Council has inadequate governance systems and processes, which exposes it to risk across the organisation. The lack of implementation of policies and internal controls to establish good governance needs to be addressed at an early date. Council should establish a key position with the responsibility of overseeing corporate governance for the organisation and working towards implementation of sound governance practices.

5.1.3 Significant observations

Noteworthy practices

<u>Council meetings</u>

The reviewer observed the ordinary meeting of Council on May 2010 at Darlington Point, which was chaired by the Mayor and conducted very effectively. All councillors were provided with ample opportunity for contributing to the various debates, although the agenda at this specific meeting was limited to processing recommendations for approval. The expertise of the Mayor and General Manager was apparent with the latter offering advice to the Mayor, when required. Given the appointment of new councillors at the last election, it was reassuring that this

experience was available to assist new councillors reach a higher level of understanding of local government administration.

Areas for improvement

Values

Council has developed a set of organisational values which relate to fairness and equity, value for money, with an emphasis on decision-making that is equitable, open, consistent and accountable. These values are presented in the Management Plan 2009/2013 and were determined some ten (10) years ago with both Council staff and councillors being involved in the process.

Recommendation 1

Council should revisit community and organisational values during the preparation of the Community Strategic Plan and ensure that they are more concise and representative of what staff, the community and councillors support.

Management planning

Each year Council is required to prepare a draft Management Plan in respect to its activities for at least the next 3 years and its revenue policy for the next year. Sections 403 and 404 of the Local Government Act require certain particulars to be included in Council's Draft Management Plan. The Draft Management Plan is to be exhibited in accordance with section 405 of the Act. Council is still required to prepare a further Management Plan for the 2011/12 year prior to the introduction of the Integrated Planning and Reporting Framework (IP&R).

The 2009/2013 Management Plan produced by Council has been well prepared and compliant in its presentation of content. The stated performance assessment objectives within the operational component of the Plan, however, are not in a form that can be readily measured and reported upon on a quarterly basis to Council. Council will need to ensure that it understands and develops measureable performance indicators, as the requirement to develop these will also be a part of the IP&R process.

Recommendation 2

Council should review the identified performance assessment criteria within the Management Plan and express them as criteria that can be objectively measured.

<u>*Councillor induction*</u>

New councillors require Council induction training to equip them with the skills necessary to effectively carry out their duties and allow them to be valuable members of Council's elected body. To assist councillors in achieving these preceding goals, councillor induction training should familiarise councillors with the activities and functions of their council and the legislative framework in which they operate. The program should ensure that councillors are made aware of their general legal responsibilities as an elected member and their obligations of disclosure under the pecuniary interest provisions of the Local Government Act.

Recommendation 3

Council should consult with RAMROC to prepare a core councillor induction program on a Regional basis.

<u>*Code of conduct*</u>

The Council's code of conduct, adopted in accordance with the *Local Government Act 1993*, is important because it assists councillors and council staff to understand the standards of conduct that are expected of them.

Council adopted its code of conduct in July 2008 to be observed by councillors, staff and delegates. However, currently the code is not presented to new staff and councillors. The code of conduct should be included on the induction checklist and provided to all new staff and councillors, as well as committee members.

Recommendation 4

All new employees and councillors should be provided with and instructed to read and understand their requirements under the code of conduct and verify this by a 'sign off' on the Induction Checklist.

Risk management

Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks. While risk cannot be entirely eliminated, councils should aim to establish a risk aware culture and to continually work towards establishing structures, processes and controls that cost effectively reduce the council's risk profile and thereby protect the interests of the council, the public and other key stakeholders. There should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

Councils are exposed to a wide range of risks as a consequence of their diverse functions. The significance of specific risks will vary from council to council. A risk management plan should provide a council with a framework to proactively identify, communicate and manage generic and specific risks. It is important that Council consider the development and implementation of a risk management plan to minimise the likelihood of negative events which could have otherwise been foreseen and thereby managed or avoided. Such a plan should extend beyond those risks that are insurable. Council may wish to refer to AS/NZS 4360:2004 or ISO 31000 for more information on risk management.

Council does not have an Enterprise Risk Management framework to address key business risks that impact on the Council. At the moment Council has mostly concentrated on OH&S and insurance risks without identifying the broader risks across the organisation. The appointment of a part-time internal auditor shared between several councils in RIVROC, while showing many benefits, hasn't yet involved a risk assessment of enterprise risks. The small allocation of time through the shared arrangement has not allowed a risk assessment to be completed to date.

Recommendation 5

Completion of an enterprise wide risk assessment, development of a risk plan and policy should be undertaken.

Internal audit

Council has recently approved the establishment of an Audit Committee. However, at the date of the review, the composition of the Committee had not been finalised. The Audit Committee will guide the future internal reviews within the organisation and oversight other governance, compliance, etc, requirements as per the Division's

Guidelines. As part of the requirements for an effective internal audit function, a Strategic Three (3) Year Internal Audit Plan should be developed. The content of this Plan will be determined from a prioritisation of the higher risks identified from the risk assessment noted above.

Reports from internal audits would be presented to the Audit Committee to assess the audit recommendations, seek comment from Council before acceptance and monitor the implementation of the recommendations.

Council should consider the DLG 'Guidelines for Internal Audit' in terms of the composition of membership and the functions of the Committee. The appointment of an independent external Chair should also be given due consideration.

Recommendation 6

Prioritise the preparation of a risk based Three Year Strategic Internal Audit Plan to guide internal reviews of Council's operations.

<u>Gifts and benefits</u>

Council officials at some stage in their career may be offered a gift or benefit in the course of their work. The gift or benefit could be offered innocently, or in good faith, or could be offered in an attempt to influence the council official.

If council officials accept a gift or benefit, this can give rise to feelings of obligation on their part towards the giver. It can also create perceptions that they are or will be influenced because of the gift or benefit.

It is therefore important that councils develop suitable policies and procedures to guide and assist council officials in dealing with gifts and benefits and to support the provisions in the Model Code of Conduct. Councils are required to maintain a gifts register to, as a minimum, record the receipt of gifts of more than a nominal value.

Council has prepared a Gifts and Benefits Register. However, there is a need to develop a policy and benefits declaration procedure to assist councillors and staff to be aware of provisions for reporting offers of gifts and/or benefits and of their responsibilities under Council's code of conduct. Council will need to define the circumstances for declaring the receipt of gifts and/or benefits and set criteria, such as the nominal value, within its policy.

Recommendation 7

Prepare a Gifts/Benefits policy and procedure consistent with the Model Code of Conduct.

Legislative and regulatory compliance

Councils are required to comply with a large number of items of legislation and actions within regulations. In order to meet the requirements of these legislative demands, Council should have a Compliance Register against which it can monitor its compliance obligations. In addition, Council does not currently have a system whereby all relevant employees are made aware of their current obligations and promptly advised of future amendments to legislation or regulations.

Council should give priority to the development of a Compliance Register to record and track its compliance obligations.

Recommendation 8

Council should develop a Legislative and Regulatory Compliance Register to ensure that all legislative and regulatory obligations are captured and monitored.

Fraud and corruption prevention policy/strategy

Council has not yet developed a Fraud (and corruption prevention) Control policy to identify internal controls to mitigate identified risks, which should be linked to the Council's Risk Management Plan. A fraud and corruption prevention risk assessment has not been undertaken in the last five (5) years. However, elements of this risk assessment have been undertaken on an annual basis as part of the annual external audit process. As mentioned previously, Council is currently in the process of establishing an Audit Committee, which will oversee an internal audit plan that should include a fraud and corruption risk assessment.

Recommendation 9

Council needs to develop a fraud and corruption prevention policy/strategy and complete a related risk assessment as part of its Internal Audit process.

Communication devices

Council needs to update its policy governing the use of communications devices to include the supply and use of more advanced technology, broaden the coverage across all equipment and to guard against inappropriate use. With the introduction of more electronic equipment, social media and a wider use of telephones within the community, it is important to regularly review Council policy and monitor usage by staff and councillors.

Recommendation 10

Review the policy on Communications Devices to cover all equipment and to clearly specify the authorised use of these devices.

Pecuniary and non-pecuniary interest

The Local Government Act sets out the requirements that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitutes a pecuniary interest. The Act requires that councillors and designated staff complete and lodge disclosure of pecuniary interest returns. It is important that councillors and staff observe these requirements. To not do so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

There are two types of conflict of interest that a council official can have in a matter: pecuniary and non-pecuniary. Pecuniary interests are regulated by Chapter 14 Part 2 of the Local Government Act. Non-pecuniary interests are regulated by the Model Code of Conduct for Local Councils in NSW, and by the Council's own code of conduct (provided it is consistent with the Model Code).

Section 451 of the Act requires that pecuniary interests in a matter before council, including the nature of the interest, are disclosed orally. The council official with the interest must not be present at, or in sight of, the meeting at which the matter is being considered, discussed or voted on.

The Model Code requires, as a minimum, that the nature of the non-pecuniary conflict of interests be disclosed. What, if any, action is taken by a council official in addition to disclosure will depend on the official's assessment of the circumstances and the significance of the interest. The reviewer noted from the May 2010 Council

Meeting that there remains some confusion over the need for staff or councillors to absent themselves during debate, through a misunderstanding of the principles of pecuniary interest. Council should ensure that adequate training is provided to assist councillors to more readily appreciate their responsibilities in this area.

Council does not maintain a record of written disclosures made in accordance with section 459 of the Act or of staff disclosures of pecuniary interest, other than by designated persons. In addition, Council should regularly inform staff and councillors of their obligations in relation to pecuniary interest.

Recommendation 11

Council should maintain a written record of disclosures made in accordance with section 459 of the Act.

Recommendation 12

Council should provide information to councillors and staff on their obligations in relation to conflict of interests matters.

Business continuity plan

Council has not yet prepared a Business Continuity Plan to manage the potential adverse impact of disruption to its operations and allow for business activities to continue with minimal effect. The option of sharing of resources and staff expertise from Council's strategic partners within RAMROC could resolve the high operational risk which threatens the integrity of its records and information base.

Recommendation 13

Develop a Business Continuity Plan to identify the processes for protecting Council's information and records base and to ensure its ongoing operations.

Procurement, tendering and asset disposal

Council has prepared supporting documentation for purchasing and tendering which covers the basic procurement and disposal of goods and services, but this needs to be developed into a more comprehensive policy and procedure. Council advised that there are occasions when it is difficult to attract sufficient tenders across the LGA, given the more isolated area of the Shire. It is noted that there is an inherent risk in the administration of procurement and tendering and a more systematic methodology

should be considered for this operational area. There is scope for a more comprehensive procurement manual to provide detailed information to staff and councillors, especially in terms of monitoring and auditing decision making processes regarding procurement and disposal of assets.

The procedures should include the monitoring of contractors for poor performance and a facility for third parties to make representations to Council about procurement and tendering outcomes.

The reviewer examined two (2) recent tenders and found them to be compliant. However, given the absence of a comprehensive procurement manual, Council should undertake a risk assessment of this area to assess the adequacy of the current processes, including internal controls.

The reviewer was advised that Council has used section 55(3) of the Act, use of extenuating circumstances, on two (2) occasions over the past twelve (12) months to identify extenuating circumstances when calling tenders. The first involved a recycling contract when Council was initially inadvertently omitted from the RIVROC tender with JR Richards (contractor) and needed to renegotiate its requirements separately at a higher cost. The second case involved a staff member exceeding his financial delegation by ordering road base from a regional supplier. Both cases were reported to Council for approval after the event. However, this highlights the need for more a comprehensive procurement and tendering policy and procedures.

Recommendation 14

Undertake a risk assessment and audit of procurement, tendering and disposal of assets processes to identify any deficiencies in the current policy and procedures environment, including continuous monitoring and auditing of these practices.

Recommendation 15

Update the current policy and procedures and include a comprehensive manual for staff that takes account of the risks noted above.

Privacy management

The invasion of privacy, including the misuse of personal information, is unlawful under both Commonwealth and State laws. The *Privacy and Personal Information*

Protection Act 1998 (NSW) (PPIP Act) sets out privacy standards for dealing with personal information and applies to NSW state and local government agencies.

Council has not adopted a privacy management plan and needs to address the preparation of this plan.

Recommendation 16

Prepare a Privacy Management Plan to comply with legislative requirements.

Recommendation 17

Ensure that staff and councillors receive training in privacy legislation requirements.

Records management

Section 12(1) of the *State Records Act 1998* requires councils to make and keep full and accurate records of their activities. This includes paper, electronic, other media and oral records. Council has not yet prepared a records management policy, records management guidelines or a records disposal schedule to assist in managing the documentation held by Council.

Council should act to meet its legislative requirements and prioritise the training of staff and councillors in the need to keep full and accurate records. There should also be a link to the Business Continuity Plan to reference the inclusion of records.

Recommendation 18

Council should prepare a records management policy.

Recommendation 19

Council should train staff and councillors in the legislative requirements for record keeping.

Access to information

Council has not appointed an Information Officer, nor provided training for an officer to fill this role. With the introduction of the *Government Information (Public Access) Act 2009* (GIPA Act), which replaces the *Freedom of Information Act 1989*, Council will be required to meet the new procedures to administer applications for access to information held by Council and have staff trained in this area.

Recommendation 20

With the introduction of the new GIPA legislation Council should designate a position to undertake the role of Information Officer under the GIPA Act.

Recommendation 21

Council should prepare a policy and procedures for the new public access legislation.

Delegations

Council has prepared a Delegations Register, but does not regularly review for appropriateness or undertake an audit of the application of these delegations on a regular basis.

Recommendation 22

Undertake a review of delegations to ensure that delegations are properly exercised by each officer within the extent of their delegations.

Policy register

Council has prepared a list of policies within a Register. However, there is scope to format them in a standard form to include the purpose of the policy, the date of adoption, officer responsible and review date.

Council does not have a procedure for updating the Register or communicating changes to staff. Any new or updated policy/procedure should also be cross referenced to the Legislative Compliance Register.

Recommendation 23

Review and update the Policy Register to a standard format in both hard copy and electronic format that can be made available to the public through the internet.

Complaints handling

An effective complaint handling system is an essential element of the provision of quality council services. It is one method of measuring customer satisfaction so as to provide a useful source of information and feedback for improving the council's services.

Council has produced a Complaints Policy based on the Ombudsman's Guidelines. However, it needs to be reviewed to ensure that it meets all criteria, including distinguishing between service requests and complaints. In addition, staff should be trained in the complaints handling policy and procedures. The reviewer was also advised that Management does not prepare and receive regular reports on the number, status and outcome of complaints.

Recommendation 24

Review the Complaints Policy to include all relevant criteria in the Ombudsman's publication and make available to the public on Council's website.

Recommendation 25

Ensure that staff receive adequate training in complaints handling procedures.

Information and communication technology strategic plan

Council advised that it has a low need for information technology capability and has not prioritised the preparation of a strategic IT Plan at this time. Council operates with a small staff and in a limited computer environment. There is merit in the linking of an Information and Communication Strategic Plan to the 2012/2013 Community Strategic Plan, Financial Plan and the Corporate Plan at a later time.

Recommendation 26

Council should consider the preparation of an Information and Communication Strategic Plan as part of developing the Community Strategic Plan and long term Financial Plan.

LGMA Good Practice Toolkit

Local Government Managers Australia (NSW) provides access to numerous resources and support through training, communications and information that allows councils to develop staff and improve individual performance. Council could consider these resources given the critical stage in the development of its staff and responding to the new challenges in the preparation of the Community Strategic Plan.

Recommendation 27

Consider utilising the resources available to staff and management from the LGMA Good Practice Toolkit.

Council's response

Council has already undertaken significant work on a number of the recommendations.

Recommendation 27

5.2 LAND USE PLANNING & OTHER REGULATORY FUNCTIONS

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 its responsibilities and for preserving public trust in the Council and its staff. Regulation is important in achieving a wide range of social, economic and environmental goals.

5.2.1 Scope of review

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

- *Development application (DA) process*
- *State of environment reporting*
- *Companion animals*
- *Swimming pools.*

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

Council is required by section 73 of the *Environmental Planning and Assessment Act 1979* to keep its planning instruments and policies, such as local environmental plans (LEP) and development control plans (DCP), "under regular and periodic review".

Council has a single local environmental plan, the Murrumbidgee LEP 1994, which was gazetted on 30 December 1994 and has been amended to allow complying development within the LEP.

Murrumbidgee Shire Council has experienced a very low demand from development applications, as there has been a continuing decline in the population, with an adverse impact on development. Data for 2008/09 records a total of 21 development applications for the year, with work valued at $300,000. Fifty-four percent (54%) of these applications were determined by complying development criteria.

Given the low number of applications received, there has not been a high priority to prepare land use, employment, population and economic development strategies to enhance the strategic planning framework. Staff report the risk of de-skilling from low exposure to a variety and low volume of planning projects. Land use planning,

development assessment and regulatory practices are currently not significant processes for Murrumbidgee Shire Council and accordingly there have not been many initiatives to prioritise land use strategies, employment strategies or economic development.

5.2.3 Significant Observations

Areas for improvement

Development application (DA) process

The criteria for staff determining DA approval under delegation excludes circumstances where a councillor or staff member has an interest, there are objections to the proposal, should councillors request to consider the DA or in the case of signs, if they are within 4 kilometres of a town. Staff advised that they assessed 95% of development applications under delegated authority.

Council has a Register of planning decisions, although it currently does not record whether the approval was made by delegated authority or councillors supporting or opposing the decision. The reviewer was advised by staff that while councillors are made aware of the applications received, they are not given details of the determinations under delegated approval.

The Independent Commission Against Corruption (ICAC) has prepared a Development Assessment Tool, dated April 2010, that allows for councils to assess their performance in the full range of development processes from pre-lodgement to determination and the provision of planning agreements. This self-assessment would benefit Council in evaluating their current internal controls and any risk exposures from the planning process.

Given the low volume of planning work, Council could consider job rotation, sharing planning resources with an adjoining council and/or outsourcing the role and retain locally only an information desk to guide clients in the planning requirements.

Recommendation 28

Council review the Register of planning decisions to ensure that there is sufficient detail for determinations.

Recommendation 29

Council should complete the ICAC Development Assessment Internal Audit Tool to identify its current performance and address any deficiencies within Council's internal control framework.

Recommendation 30

Council consider outsourcing the planning role to an adjoining council or allow job rotation with other planning staff to ensure staff receives ongoing exposure to varied planning practices.

<u>State of Environment reporting</u>

Murrumbidgee Shire Council's Comprehensive State of the Environment (SOE) Report for 2008/2009 is contained within Council's Annual Report, which was submitted to the DLG on 9 December 2009, just over a week past the due date. It complies in a minimal way with most basic requirements for SOE reporting set out in the Local Government Act, regulations and DLG Guidelines.

However, the report lacks a comparison between current and past environmental indicators. Often, current indicators used in the report lack details of the source and relevant data. This makes it difficult to track improvements to the environment or otherwise. The report would benefit from a more clear and consistent listing of indicators, their source and a comparison between current and past indicators, possibly enhanced through a simple table format.

Much of the information is general and refers to data sources from a significant period in the past. There is minimal consistency between the structure of and information in each section. The report may be largely based on previous reports comprised of data collected from a variety of people within Council, with minimal thought for organising it into a consistent and coherent structure.

The report appropriately focuses mainly on the land and water sectors. It references the draft Coleambally Land and Water Management Plan and a draft Groundwater Management Plan that apparently plan for responses to these major issues. As the SOE should include some level of reporting of a response to the issues, it does not appear to be sufficient to simply refer to draft plans covering only part of the LGA.

The report could be greatly improved by including a summary of Council's responses to these sectors that are clearly of most importance to the Shire.

The report identifies community issues but does not indicate their source or currency. It shows no evidence of community involvement in monitoring changes to the environment.

Recommendation 31

To improve SOE reporting, use the resources of strategic alliances within RAMROC to prepare a Regional SOE with adequate coverage of the Murrumbidgee LGA.

Companion animals

Council has not yet prepared a Companion Animals Plan on responsible management of companion animals. The Division of Local Government has issued Guidelines to assist councils in this task and Council should consider the preparation of a Plan. The Plan should also include reference to community education to assist in responding to the need to manage companion animals.

Euthanasia rates are steadily increasing each year in the LGA and in 2008/09, 97% of animals entering the pound were euthanased, compared with a statewide average of 51% in 2008/09. Council should develop a strategy to comply with section 64(2) of the *Companion Animals Act 1998* and reduce this high rate of animals being euthanased. This could be on a regional basis to take account of the facilities and resources available through RAMROC.

Recommendation 32

Prepare a Companion Animals Management Plan, including a strategy for community education programs.

Recommendation 33

Develop a regional strategy in association with RAMROC to comply with section 64(2) of the Companion Animals Act to reduce the rate of unwanted animals being euthanased.

Water safety

Under the _Swimming Pools Act 1992_ councils have a responsibility to take such steps as are appropriate to ensure that they are notified of the existence of all swimming pools that are within their area to which the Act applies. The Act also requires councils to promote awareness within their area of the requirements of the Act.

The challenge for Council in developing a compliance program for private swimming pools is that the existence of unauthorised pools, or pools which are constructed as exempt or complying development, may not come to the attention of the Council. It is considered good practice for a register to be maintained of all pools, of which the Council is aware, within the Council's area. Council should also consider the development of a compliance and awareness program.

It is also recommended that Council develop a program to promote awareness of the _Swimming Pools Act 1992_.

Recommendation 34

Develop a compliance and awareness program in relation to domestic swimming pools in the LGA.

5.3   ASSET & FINANCIAL MANAGEMENT

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. Council is also the custodian and trustee of public assets and must effectively account for and manage these assets.

Asset management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over their entire lives. It involves effective coordination of the council's financial and engineering resources.

5.3.1 Scope of review

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

- *Asset management system*
- *Financial management*
- *Land register*

5.3.2 Overview of asset and financial management practices

Council's short-term financial position is generally sound, with a surplus result. This has resulted both from prudent management by Council and a continuing delay in formalising the implementation of strategic planning documentation to properly identify existing assets and services from which to expend monies. These monies have been placed in restricted reserves and as at 30 June 2010, there was a $6M balance in the Infrastructure Replacement Reserve.

Council is now in a strong financial position to address the upgrading of its management information systems and prioritise the implementation of the Community Strategic Plan. With accurate financial data from the ten (10) year Financial Plan linked to asset data from the Asset Management Plan, Council will then be able to address increased infrastructure expenditure and provision of community services.

Council has two category 2 businesses being Murrumbidgee Shire Water and Murrumbidgee Shire Sewerage.

5.3.3 Significant observations

Noteworthy practices

Through prudent financial management, Council is currently debt free in the General Fund and budgeting for continuing surplus balances. It has used the facility of restricted reserves to identify potential areas for infrastructure development without formally completing strategic documentation to support this future expenditure.

Areas for improvement

Asset management strategy

Council has commenced the process of developing a long term Asset Management System (AMS) and, in the interim, staff are undertaking an identification of core assets for inclusion in the proposed AMS. The strategy identifies a series of Individual Asset Management Plans to be developed that cover all asset groups. Work is slowly continuing to determine the condition of assets using a consultant for structural assets and estimates to bring the assets to a satisfactory standard will then be included in the annual financial accounts. Council needs to finalise a selection of software for the AMS and fast track the implementation of this system.

Council revalued its operational land, buildings and plant and equipment on 30 June 2008. All other classes of assets were revalued, in line with DLG requirements, at 30 June 2010. However, Council's Auditor qualified Council's financial statements due to the staff not possessing the necessary qualifications or membership of a professional body. Therefore, the Auditor could not accept that Council's valuations have been prepared in accordance with the Australian Auditing Standard. Council needs to attend to this issue as part of developing its asset management plans.

Currently, there has been no planned maintenance program in place and historical costs have been included in the budget for reactive maintenance. This will be improved with the introduction of the AMS and the percentage of planned maintenance should increase significantly. Funding for assets within AMS should also include an estimate for the future periodic maintenance liability to comprehensively assess Council's future asset expenditure. Any work that cannot be

included within the annual budgets should be shown as a 'Deferred Liability' to identify projects where there will be potential shortfalls.

The Council's draft Asset Management Strategy should be linked to the Financial Plan and Strategic Plan and refer to Asset Management within the overall framework of Integrated Planning and Reporting.

Recommendation 35

Council needs to address as a priority the valuation of its roads, bridges, footpaths and drainage assets as identified in the 2010 audit report.

Recommendation 36

Finalise the selection of appropriate software to allow migration of identified asset data into the Asset Management System.

Recommendation 37

Ensure that comprehensive training is available for staff prior to the implementation of the new Asset Management System.

<u>Financial management</u>

Council has not developed a long-term Financial Plan, but it will be prioritised in preparation for the completion of the 2012 Community Strategic Plan, linking to the proposed Asset Management Plan.

Council uses the following financial performance indicators to assess its financial health:

- Unrestricted current ratio (9.32:1)

- Debt service ratio (0%)

- Rates and annual charges outstanding (9.2%)

The results of these financial indicators are reported by Council in its annual financial statements. It is noted that the percentage of rates and annual charges outstanding has been slowly increasing in the past few years. Council is encouraged to undertake actions to reduce this.

Council's last quarterly budget review was reported in October 2010. The Division has recently released guidelines on quarterly budget review statements and provided

templates for this reporting. Council should review its reporting practices to bring them in line with the Division's guidelines.

The operating result attributable to Council for 2008/09 was $1,202,000 and $787,000 before grants and contributions provided for capital purposes.

Recommendation 38

Prepare a long term Financial Plan to guide the Community Strategic Plan and link with the proposed Asset Management Plan.

Land assets

Council currently records its land assets in the Murrumbidgee Land Register and will transfer these to the AUTHORITY system now that the system is operational.

The Register should be updated on a regular basis and record all land transfers, including non-financial transfers. The Land Register also records which community land has plans of management.

Recommendation 39

Update the Land Register to record all land transfers and non financial transfers.

Council's response

The accuracy of information provided in the executive summary relating to Council's financial position was questioned.

Reviewer comment

The financial information in this module was updated to reflect the most recent financial statements. The executive summary was modified taking account of Council's comment and to reflect the current financial position of Council. An additional recommendation was added to this section to reflect the Auditor's comment in the 2010 audit report.

5.4   COMMUNITY & CONSULTATION

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.

5.4.1 Scope of review

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

- *Social and Community Plan*
- *Disability Action Plan*
- *Ageing population*
- *Community engagement*
- *Tourist plans*
- *Economic development.*

5.4.2 Overview of community and consultation practices

Murrumbidgee Shire Council does not have specialist staff responsible for community and cultural policy. These duties are undertaken within the Finance and Administration area. Accordingly, it is difficult for Council to be aware of the professional requirements for developing policies and procedures and interacting with the community in these specialist areas. The reviewer therefore recommends that Council consider outsourcing these duties to a council alliance partner in response to the recommendations in this section of the report.

5.4.3 Significant observations

Areas for improvement

<u>Social and Community Plan</u>

Murrumbidgee Shire Council's 2003-2007 Social and Community Plan is now out of date. A revised plan was due to be submitted to the then Department of Local Government by 30 November 2007. Council reports that it has delayed submitting and adopting a new Plan pending the preparation of a Community Strategic Plan and incorporating this data. The challenge for Council is that in the intervening period Council should identify how it proposes to meet the current social needs of its community during the transition period.

The content of the Plan itself meets the basic requirements of the legislation and guidelines. It contains issues and related actions and timeframes and performance measures for each target group. It contains basic demographic data, although relevant information on target groups is missing with the exception of the ATSI group.

Despite the Plan being out of date, Council appears to be still implementing elements of the Plan, including a certain level of commitment to social planning. While at times difficult to identify, there are links between the Social Plan, Management Plan and Annual Report. Actions from the Social Plan have been carried over both in an access and equity statement in the Management Plan and elsewhere in the Management Plan. While it appears that some actions in the Access and Equity Statement may simply be carried over each year without being implemented, the Annual Report demonstrates that some actions from the Social Plan (including recurring actions such as events and actions dependent on funding such as sportsground upgrades) are being implemented. Clearer links between the Social Plan, Management Plan and Annual Report would make it much easier to monitor implementation strategies.

The Plan has been prepared in house under the responsibility of the Finance and Administration Unit, which has done a reasonable job without specialist knowledge of this area.

Recommendation 40

Council should update its Social and Community Plan as part of preparing its Community Strategic Plan.

Disability Action Plan

Council does not have a Disability Action Plan in place. However, there is an opportunity for this planning to be included in the social and community planning process. There are specific actions identified in the 2004-2007 Social and Community Plan for disability and there has been some progress made in implementing these improvements.

Recommendation 41

Prepare a Disability Action Plan to meet the requirements identified in earlier Social Plans.

Ageing population

Responding to and planning for the major changes and service demands that will be created by Australia's ageing population is a major challenge for all levels of government. The impact on the demand on services, facilities and infrastructure will be significant and will impact on virtually all aspects of Council's operations.

Council's Social and Community Plan includes some strategies for older people. However, it was not evident to the reviewer that Council has integrated strategies across its various function areas to address this challenge.

Given that Council's ageing population is increasing at a significant rate, Council needs to consider ways to raise the awareness of this issue across all sections of Council. Building upon strategies in its Social and Community Plan and using the Ageing and Place Framework developed by the Local Government and Shires Associations, Council should prepare long term strategies to meet current and future needs of older people.

Currently 36% of Council staff are aged over 55 years and the local community reflects a similar age percentage. Accordingly, Council needs to plan for the activities of these citizens and develop a strategy for this workforce issue. With the increased

retirement age there is scope for Council to recruit experienced staff and utilise these experienced workers to mentor other less experienced staff.

Recommendation 42

Council should develop strategies to meet the challenges posed by the Shire's ageing population.

Community engagement

Council has advised that there has been continuing difficulty in engaging the community in the development of its Management Plan or attending Council meetings. Community engagement will be critical in the preparation of the Community Strategic Plan. Council will be required to develop a community engagement strategy as part of the development of the Community Strategic Plan.

Recommendation 43

Develop a Community Engagement Strategy to guide the preparation of the Community Strategic Plan and Council's on-going engagement with the community.

Tourism

Council spent approximately $30,000 on tourism programs in the last financial year, in contributions toward events.

Council does not have a Tourism Plan for its LGA. However, as a member of the Kidman Way Promotional Committee and Riverina Regional Tourism, it does get involved in tourism promotion and expenditure. Given the absence of a Tourism Plan, Council should consider involvement with other Riverina councils in terms of developing a Regional Tourism Plan with a specific section on the Murrumbidgee LGA.

Recommendation 44

Consider the development of a Regional Tourism Plan shared between alliance partners.

Economic development

Council does not have an Economic Development Plan for its LGA, although there has been a recent proposal from Griffith City Council to trial a shared resource approach. The Economic Development Plan provides strategies to focus on developing jobs and services into the LGA and sets outcomes to be achieved in a structured manner.

Recommendation 45

Develop of an Economic Development Plan in conjunction with other RAMROC Regional Councils.

5.5   WORKFORCE RELATIONS

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.

5.5.1 Scope of review

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

- *Workforce strategy & succession planning*
- *Human resource specialist/human resource policies*
- *Employee attitude surveys*
- *Consultative committees*
- *Staff development*
- *Performance appraisal*
- *Occupational health and safety*
- *Equal employment opportunity*

5.5.2 Overview of the organisation
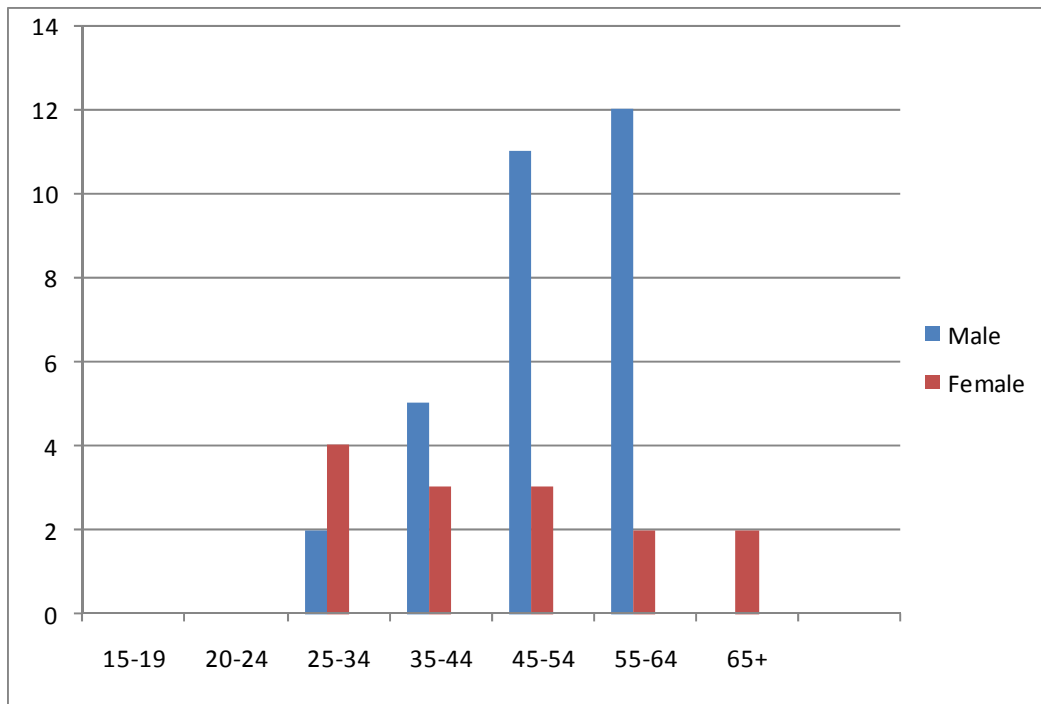
<u>Murrumbidgee Shire Council's workforce</u>

Council currently employs 39 full-time equivalent staff. Council does not have a ceiling budget on staff numbers.

On examination of the demographics of its workforce, Council will, in the next five (5) years, be faced with the impact of an ageing and retiring workforce, with approximately 35% of its workforce currently aged over 55 years.

Graph 1 Profile of Murrumbidgee Council's workforce

Council's workforce is somewhat diverse, as follows:

- 5% of its employees are identified as being of Aboriginal and Torres Strait Islander origin

- 21% of its employees are women

- there is no record of employees from non-English speaking backgrounds.

It appears that Council's workforce varies slightly from the diversity of the Council area in that there is less female staff employed and the number of employees over 55 years is greater.

5.5.3 Significant observations

Areas for improvement

Absence of human resource specialist/human resource policies

As a Council with a small administration staff, it is necessary for some specialist positions to be combined and in Murrumbidgee Shire Council the human resources role falls within Finance and Administration. The lack of a human resources officer appears to have resulted in deficiencies in the preparation of policy and procedures that are necessary to guide Council and meet its reporting and legislative

responsibilities. While a full-time position may not be feasible, there is an urgent need for some assistance to be sought by outsourcing to an adjoining council in an alliance arrangement where these skills can be shared.

Recommendation 46

Council seek part-time assistance from a council alliance member or other party to provide Human Resources expertise within the organisation.

Workforce strategy & succession planning

As part of the Integrated Planning and Reporting Framework, councils are required to develop a Workforce Strategy to address the human resource requirements of the council's delivery program. The Workforce Strategy must be for a minimum timeframe of four (4) years. Council has not as yet developed a Workforce Strategy.

In addition to the potential retirement of the General Manager, there are also two (2) key Director positions where broad responsibilities for technical services and building/development need to be supported. This is a most important consideration in a small Shire where specialist skills cannot be readily acquired in the absence of these senior staff. Succession planning should be included in the development of the Workforce Strategy.

At the time of review, Council had a long term vacancy for a project engineer to oversee externally funded levy construction along the Murrumbidgee River. However, this position has not attracted a suitable candidate. Council should develop, within its new Workforce Strategy, options for attracting these types of specialist staff. As there are no trainees currently employed by Council, there may be scope to identify positions and mentor future trainees as part of a succession plan when recruiting.

Recommendation 47

Council should develop its workforce strategy in conjunction with developing its Integrated Planning and Reporting Framework.

Employee surveys

Employee surveys provide guidance to management on the perceived performance of the organisation. It allows staff feedback on areas of concern that can prompt organisational changes to benefit staff and the organisation.

Council has not conducted an Employee Attitude Survey. In preparation for the 2012 Community Strategic Plan, this should be an integral part of the process, which could then continue on a regular basis.

Recommendation 48

Consider using employee surveys to identify workplace issues and for assistance in developing the Community Strategic Plan.

Consultative committee

The composition of the Council's Consultative Committee is as follows:

- two (2) management representatives

- three (3) Union representatives

The reviewer was advised that the Consultative Committee has not met in the last twelve (12) months. However, this is to resume now that an officer has been appointed with the responsibility of reviewing the Constitution to ensure that it complies with Part A clause 27 of the Local Government (State) Award 2007.

Recommendation 49

Review the Constitution of the Consultative Committee to ensure its compliance with the Award.

Recommendation 50

Ensure the Consultative Committee meets on a regular basis in terms of the Committee's Constitution.

Staff development and training

Council has an induction program for new staff, which is currently under review by the OH&S officer who currently has responsibility. There is a need for a more consistent approach, with Council developing a standard package that covers all areas of local government administration.

The Local Government Award (clause 23) requires each council to develop a training plan and budget. The Award prescribes what is required to be taken into account when preparing the plan. The Award requires that the plan be designed in conjunction with the Council's Consultative Committee.

Councils have other obligations in regard to staff training. Council staff in specialised roles are often required to maintain certain qualifications/complete refresher training courses in order to be allowed to carry out their work. Ensuring staff are appropriately trained is a key requirement in any OH&S system. Relying on line managers/supervisors to ensure that this occurs is a high-risk approach in the absence of clear business rules that communicate what is required.

Recommendation 51

Council should compare its induction program with other councils and benchmark against these other programs.

Recommendation 52

Review the current Training Plan and budget to ensure that is in accordance with clause 23 of the Local Government (State) Award 2007.

Performance Review/Appraisal

At the time of the review, the General Manager's most recent performance review was conducted in August 2009. The performance review was conducted by the Mayor, Deputy Mayor and one Councillor. This review will be more KPI focussed in the future once the strategic plan is in place and the performance of the officeholder can be assessed in terms of objective outcomes included with the long term Community Strategic Plan. In addition, the inclusion on the review panel of an external consultant from LGMA or elsewhere could provide additional professional input to assist both parties.

Council needs to initiate a standard Annual Performance Appraisal Process that requires supervisors to assess the performance of their staff against identified performance targets. As noted elsewhere in this Report, it is critical that these performance targets be properly developed and accurately measure the required outcomes for each job.

Recommendation 53

Initiate a Performance Appraisal Process to evaluate the performance of staff for annual salary increases.

Occupational Health and Safety

Council has adopted an Occupational Health and Safety Management Plan which was approved by the Executive in August 2005. Council holds OH&S Committee Meetings monthly. The Committee reviews progress on matters previously raised and discusses any new matters brought to its attention. Currently, the Constitution of this Committee is in draft form and will be brought to a future Council meeting for approval.

Reporting and discussion of issues such as the number of injuries, types of injuries and what action has been taken is conducted through the OH&S Committee and Risk Management Committee. In the last twelve (12) months, fourteen (14) incidents have occurred. However, the reviewer was unable to compare the previous twelve (12) months as no records were available. In terms of Workers Compensation claims, four (4) claims were made in the last twelve (12) months, which is a decrease from nine(9) the previous year.

Council currently does not have an Injury Management and Return to Work Policy, but with the appointment of the OH&S Officer this has been drafted and is awaiting Council approval.

There is a risk that the current documentation used to conduct systemic OH&S assessments is inadequate. The OH&S officer is currently working with staff to remedy this situation. Daily workforce risk assessments should be conducted by outdoor staff, with the results and actions required being recorded on these daily sheets.

Council monitors sick leave using a spreadsheet but does not report on it.

Recommendation 54

OH&S risk assessments should be completed and documented to ensure that work sites are safe areas.

Recommendation 55

OH&S responsibilities and actual physical demands of certain positions should be documented in the position descriptions.

Equal Employment Opportunity

Council has not prepared an updated Equal Employment Opportunity (EEO) Management Plan. Council needs to ensure that in updating its EEO Management Plan that consideration is given to the National Framework for Women in Local Government and includes a strategy for people with disabilities.

Recommendation 56

Council, in updating its EEO Management Plan, should consider the National Framework for Women in Local Government and include a strategy for people with disabilities.

6. 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 revisit community and organisational values during the preparation of the Community Strategic Plan and ensure that they are more concise and representative of what staff, the community and councillors support.	HIGH				
2. Council should review the identified performance assessment within the Management Plan and express them as criteria that can be measured objectively.	HIGH				
3. Council should consult with RAMROC to prepare a core councillor induction program on a Regional basis.	MEDIUM				

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
4. All new employees and councillors should be provided with and instructed to read and understand their requirements under the code of conduct and verify this by a 'sign off' on the Induction Checklist.	HIGH				
5. Completion of an enterprise wide risk assessment, development of a risk plan and policy should be undertaken.	HIGH				
6. Prioritise the preparation of a risk based Three Year Strategic Internal Audit Plan to guide internal reviews of Council's operations.	HIGH				
7. Prepare a Gifts/Benefits policy and procedure consistent with the Model Code of Conduct.	MEDIUM				
8. Council should develop a Legislative and Regulatory Compliance Register to ensure that all legislative and regulatory obligations are captured and monitored.	HIGH				

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
9. Council needs to prepare a fraud and corruption prevention policy/strategy and complete a related risk assessment as part of its Internal Audit process.	HIGH				
10. Review the policy on Communication Devices to cover all equipment and to clearly specify the authorised use of these devices.	MEDIUM				
11. Council should maintain a written record of disclosures made in accordance with section 459 of the Act.	MEDIUM				
12. Council should provide information to councillors and staff on their obligations in relation to conflict of interest matters.	HIGH				
13. Develop a Business Continuity Plan to identify the processes for protecting Councils' information and records base and to ensure its ongoing operations.	HIGH				

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
14. Undertake a risk assessment and audit of procurement, tendering and disposal of assets processes to identify any deficiencies in the current policy and procedures environment, including continuous monitoring and auditing of these practices.	HIGH				
15. Update the current policy and procedures and include a comprehensive manual for staff that takes account of risks noted above.	MEDIUM				
16. Prepare a Privacy Management Plan to comply with the legislative requirements.	MEDIUM				
17. Ensure that staff and councillors receive training in privacy legislation requirements.	MEDIUM				
18. Council should prepare a records management policy.	HIGH				
19. Council should train staff and councillors in the legislative requirements for record keeping.	HIGH				

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
20. With the introduction of the new Government Information (Public Access) legislation Council should designate a position to undertake the role of Information Officer.	HIGH				
21. Council should prepare a policy and procedure for the new public access legislation.	HIGH				
22. Undertake a review of delegations to ensure that delegations are properly exercised by each officer within the extent of their delegations.	HIGH				
23. Review and update the Policy Register to a standard format in both hard copy and electronic format that can be made available to the public through the internet.	MEDIUM				

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
24. Review the Complaints Policy to include all relevant criteria in the Ombudsman's publication and make available to the public on Council's website.	MEDIUM				
25. Ensure that staff receive adequate training in complaints handling procedures.	MEDIUM				
26. Could consider the preparation of an Information and Communication Strategic Plan as part of developing the Community Strategic Plan and long term Financial Plan.	LOW				
27. Consider utilising the resources available to staff and management from the LGMA Good Practice Toolkit.	MEDIUM				
28. Council review the Register of planning decisions to ensure that there is sufficient detail of determinations.	LOW				

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
29. Council should complete the ICAC Development Assessment Internal Audit Tool to identify its current performance and address any deficiencies within Council's internal control framework.	HIGH				
30. Council consider outsourcing the planning role to an adjoining council or allow job rotation with other planning staff to ensure staff receive ongoing exposure to varied planning practices.	LOW				
31. To improve SOE reporting, use the resources of strategic alliances within RAMROC to prepare a Regional SOE, with adequate coverage of the Murrumbidgee LGA.	MEDIUM				
32. Prepare a Companion Animals Management Plan, including a strategy for community education programs.	MEDIUM				

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
33. Develop a Regional strategy in association with RAMROC to comply with section 64(2) of the Companion Animals Act to reduce the high rate of unwanted animals being euthanased.	MEDIUM				
34. Develop a compliance and awareness program in relation to domestic swimming pools within the area.	MEDIUM				
35. Council needs to address as a priority the valuation of its roads, bridges, footpaths and drainage assets as identified in the 2010 audit report.	HIGH				
36. Finalise the selection of appropriate software to allow migration of identified asset data into the Asset Management System.	HIGH				
37. Ensure that comprehensive training is available for staff prior to the implementation of the new Asset Management system.	HIGH				

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
38. Prepare a long term Financial Plan to guide the Community Strategic Plan and link with the proposed Asset Management Plan.	HIGH				
39. Update the Land Register to record all land transfers and non financial transfers.	LOW				
40. Council should update its Social and Community Plan as part of preparing its Community Strategic Plan.	LOW				
41. Prepare a Disability Action Plan to meet the requirements identified in earlier Social and Community Plans.	LOW				
42. Council should develop strategies to meet the challenges posed by the Shire's ageing population.	HIGH				
43. Develop a Community Engagement Strategy to guide the preparation for the Community Strategic Plan and Council's on-going engagement with the community.	HIGH				

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
44. Consider the development of a Regional Tourism Plan shared between alliance partners.	LOW				
45. Develop of an Economic Development Plan in conjunction with other RAMROC Regional Councils.	MEDIUM				
46. Council seek part time assistance from a Council Alliance member or other party to provide human resource expertise within the organisation.	HIGH				
47. Council should develop its workforce strategy in conjunction with developing its Integrated Planning and Reporting Framework.	HIGH				
48. Consider using employee surveys to identify workplace issues and for assistance in developing the Community Strategic Plan.	MEDIUM				

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
49. Review the constitution of the Consultative Committee to ensure its compliance with the Award.	HIGH				
50. Ensure the Consultative Committee meets on a regular basis in terms of the Committee Constitution.	MEDIUM				
51. Council should compare its induction programs with other councils and benchmark against these other programs.	LOW				
52. Review the current Training Plan and budget to ensure that is in accordance with clause 23 of the Local Government (State) Award 2007.	MEDIUM				
53. Initiate a Performance Appraisal Process to evaluate the performance of staff for annual salary increases.	LOW				

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
54. OH&S risk assessments should be completed to ensure that work sites are safe areas.	HIGH				
55. OH&S responsibilities and physical demands of certain positions should be documented in the position descriptions.	MEDIUM				
56. Council, in updating its EEO Management Plan should consider the National Framework for Women in Local Government and include a strategy for people with disabilities.	MEDIUM				

APPENDIX – 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 *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.*	**Moderate** *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.*	**Minor** *Minimal risk to the operations of council, little disruption to council's operations and will not limit council's ability to meet its goals.*
LIKELIHOOD	**Almost certain**	**High**	**High**	**Medium**
	Possible	**Medium**	**Medium**	**Low**
	Rare	**Medium**	**Low**	**Low**

Priorities for recommendations: *(based on application of risk analysis)*	Risk categories could include:
• **High** • **Medium** • **Low**	• Reputation • Compliance with statutory requirements • Fraud/corruption • Financial • Legal liability • OH&S