

Promoting Better Practice Program

capacity building good governance improvement

REVIEW REPORT

QUEANBEYAN CITY COUNCIL

MARCH 2010



Division of Local Government
Department of Premier and Cabinet

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
1. ABOUT THE REVIEW	3
2. ABOUT THE COUNCIL AND THE AREA	5
3. SUMMARY OF KEY FINDINGS	6
4. COUNCIL’S STRATEGIC POSITION.....	9
5. DELIVERING AND ACHIEVING.....	12
5.1 GOVERNANCE	12
5.2 PLANNING & OTHER REGULATORY FUNCTIONS	22
5.3 ASSET & FINANCIAL MANAGEMENT	25
5.4 COMMUNITY & CONSULTATION.....	29
5.5 WORKFORCE RELATIONS	32
6 RECOMMENDATIONS.....	34
APPENDIX – RISK RATING OF RECOMMENDATIONS	35

EXECUTIVE SUMMARY

1. ABOUT THE REVIEW

Review objectives

Promoting Better Practice Reviews have a number of objectives. The objectives include 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 (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.

Reviews involve checking compliance with a range of statutory requirements, examining appropriate practices and ensuring that the council has frameworks in place to monitor its performance. 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 that environment.

The scope of a review report 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
- otherwise noteworthy for the reasons detailed in the body of the report.

Queanbeyan City Council Review

Queanbeyan City Council was asked to complete a comprehensive checklist/questionnaire about key Council practices. The review team comprised Ms Katrina Annis-Brown and Mr John Davies, Senior Investigations Officers with the Division's Investigations and Review Branch. The reviewers examined the checklists and a range of other source documents prior to visiting Council, in order to gain a preliminary understanding of the circumstances of Council and how the Council is responding.

The on-site component of the review took place from 26 to 29 May 2009. It involved an initial interview with the General Manager, interviews with a cross section of staff, observation of a Council meeting, a meeting with one councillor and a discussion with another, a review of Council policies and other documents and an exit interview with the General Manager.

The review team wishes to thank all councillors and staff for the enormous effort that was put into the preparation for the review. It was of great assistance to the review team.

It is also worth noting that some of the preliminary observations and findings raised by the review team during the exit interview with the General Manager were addressed by Council prior to release of the draft report. This is testament to Council's desire to continually improve its practices.

Implementation and monitoring of recommendations of final report

Council has developed a recommendation implementation timetable to assist with the monitoring of the outcomes from the review program. The recommendations from the review report have been listed in the timetable and each recommendation has been assigned a responsible officer and targeted completion date.

The Division of Local Government does not propose to monitor the implementation of the recommendations of this report. This responsibility will rest with the elected body and senior management of Council.

2. ABOUT THE COUNCIL AND THE AREA

Location and demographics

The Queanbeyan local government area is located on the eastern border of the Australian Capital Territory. The area covers 172.38 square kilometres. The population of the area in 2006 was 35,962 people. (Australian Bureau of Statistics 2006 Census data)

Local issues

One of the main issues facing Queanbeyan is the challenge brought by population growth and the provision of adequate services and amenities to the local community. In response to this issue, Council is expanding its delivery of services and projects to ensure it can adequately cater for the needs of the local community.

Current Council

Queanbeyan City Council has ten councillors including the Mayor. The Council meets on the fourth Wednesday of each month at the Council Chambers.

The elections in 2008 saw the election of four new councillors who had not previously served on a council and six experienced councillors. The Mayor is popularly elected.

Council has been able to progress several projects and initiatives in the last twelve months. There appears to be a mature approach to decision-making, a preparedness to move forward and a level of enthusiasm at both the elected councillor and senior management level.

Council staffing

Queanbeyan City Council has one senior staff position as defined by the *Local Government Act 1993*, being the position of General Manager. In addition, there are four divisions, as follows:

- Social and Community Services
- Engineering and Recreational Services
- Corporate Services
- Environmental Services.

Council has experienced difficulties in the past in attracting and retaining staff. This is mainly due to Queanbeyan's close proximity to the Australian Capital Territory and the competing employment opportunities. Council has taken steps to address this issue. See further discussion on the recruitment and retention of staff under the 'Workforce Relations' section in this report.

3. SUMMARY OF KEY FINDINGS

COUNCIL'S STRATEGIC POSITION

Noteworthy practice

- Council has made significant progress towards developing a strategic planning framework which is consistent with the Integrated Planning and Reporting framework model.
- Council took proactive steps to review its operations using the PBP review checklist prior to the Division's visit to identify gaps and areas that require improvement.

GOVERNANCE

Better practice

- Council has a comprehensive councillor induction program.

Noteworthy practice

- Council has a transparent and inclusive approach to the operation of senior management meetings.
- Disclosure of interest returns are generally good.

Areas for improvement

- Council needs to review details provided in the gifts and benefits register and ensure adequate training is provided.
- Council should review its complaints handling policy to ensure that it is consistent with Practice Note No 9 – Complaints Management in Councils.
- Council should amend its Code of Meeting Practice to ensure consistency with the Local Government Act and Council's code of conduct.
- Council should undertake a systematic fraud risk assessment.

DEVELOPMENT ASSESSMENT AND OTHER REGULATORY PRACTICES

Noteworthy practice

- Council's development assessment processes are well developed and appear to be working effectively.

ASSET AND FINANCIAL MANAGEMENT

Areas for improvement

- Council needs to develop a long term asset management strategy.
- Council needs to develop a long term financial plan.

COMMUNITY, COMMUNICATION AND CONSULTATION

Noteworthy practice

- Council has a well developed Social Plan.
- Council has a strong commitment to engaging the community.

WORKFORCE RELATIONS

Noteworthy practice

- Council's reporting systems and procedures for workforce relations are working well.

OUTCOMES OF THE REVIEW

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 is about to be introduced to improve local councils’ long term community planning and asset management as well as streamline reporting to the community.

The Integrated Planning and Reporting 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 long term financial strategy (resourcing strategy), asset management plan and workforce strategy. The framework is set out in the following diagram.

Diagram 1: Proposed planning and reporting framework



Noteworthy practice

4.1 Strategic planning

Council's vision for 2021 is for Queanbeyan to be:

“.....a thriving, lively city set within a natural environment. It is a community with a heart based on its country values, its sense of belonging, its spirit and the warmth and friendliness of its people”.

To enable Council to achieve its vision and to meet the challenges facing its community in the future, Council has developed seven strategies: image and influence; business and industry; education, skills and training; culture and leisure; infrastructure, access and transport; the community; and the environment. Council has undertaken an extensive community consultation process to engage councillors, staff and the community.

Council is to be commended for the significant progress it has made towards developing a strategic planning framework which is consistent with the new statutory Integrated Planning and Reporting framework. Integrated planning will require councils to develop integrated plans that incorporate both a long-term strategic focus and more detailed shorter-term operational plans.

Having said that, there remains scope for better integration between Council's Community Strategic Plan and its Delivery Program. The Delivery Program does not currently reflect the structure of the Community Strategic Plan. It is structured along the same lines as the previous management plan. However, programs are linked with strategic priorities set in the Community Strategic Plan. Council has indicated that in the future, the structure of the Community Strategic Plan and Delivery program will be more closely aligned.

At the time of the review the Queanbeyan Community Strategic Plan 2009 – 2019 and associated strategic documents were in draft form. Based on our review of the plan and discussions with staff, it is evident that Council has a sound understanding of the requirements of the Integrated Planning and Reporting framework.

Council response

Council recognised that there is not a clear alignment between the Community Strategic Plan, Delivery Program and Operational Plan and this was acknowledged at the time of the interview with Department of Local Government representatives. Council has resolved to be a Group 1 council in the implementation of Integrated Planning and has engaged the UTS (Centre for Local Government) as a consultant to assist with the redesign of the Delivery Program and Operational Plan. This has now been provided and is being implemented for the 2010-2011 Integrated Planning process.

Accordingly, this work is well advanced in line with the comments made and a draft delivery plan has been completed.

4.2 Self assessment

Several months prior to the review team's visit, Council took proactive steps to review its operations by using the PBP checklist to identify gaps in Council's systems and processes. This resulted in the review, development and adoption of a number of new policies and processes in an effort to fill such gaps. Council has achieved significant progress in this area and is to be commended for its efforts. Council's actions in this regard may serve as a model for other councils and the Division would encourage it to share its experience and knowledge with other councils.

This places Council in a strong position to assist other councils in its region. This could include supporting and developing other councils' governance structures and processes. Further, Council may wish to consider how it can assist other councils to develop their service delivery functions, thereby ensuring that they are efficient and effective and can adequately meet the needs of their local communities.

Council response

Queanbeyan Council is more than willing to share its experience and resulting knowledge from conducting a proactive in-house review/audit in relation to the self-assessment component of the Promoting Better Practice Review. There have been enormous benefits gained from embracing this audit as a management tool rather than a simple 'tick-the-box' process. The relevant components of the self-

assessment are being imbedded into corporate decision-making processes, performance indicators and internal audit plans.

Queanbeyan Council, at its meeting held on 25 October 2009, resolved to support a three year trial of a newly formed 'ROC' known as the South Eastern Organisation of Councils (SEROC). This ROC will consist of twelve other Councils in the region.

The formation of SEROC will provide an appropriate forum, amongst other matters, to examine and discuss Best Practice, effective and efficient source delivery, governance and compliance.

Queanbeyan Council, as a member of SEROC, will ensure that our experiences and knowledge from conducting the Promoting Better Practice Program self-assessment and then utilising and imbedding this tool as part of our governance framework, internal audit and decision-making processes is listed on the agenda for discussion, once SEROC is operating.

5. DELIVERING AND ACHIEVING

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

5.1 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

- | | |
|---|--|
| <ul style="list-style-type: none">• <i>Ethics and values</i>• <i>Management planning</i>• <i>Procurement, disposal and tendering</i>• <i>Privacy management</i>• <i>Code of conduct</i>• <i>Communication devices</i>• <i>Records management</i>• <i>Access to information</i> | <ul style="list-style-type: none">• <i>Support for councillors</i>• <i>Complaints handling</i>• <i>Information technology</i>• <i>Disclosure of pecuniary interests</i>• <i>Risk management, legislative compliance and internal control</i>• <i>Council's decision-making processes, including delegations and conduct of meetings</i> |
|---|--|

5.1.2 Queanbeyan City Council's governance practices

Overall, Queanbeyan City Council has many effective governance systems and processes in place. Council has established the position of Director Corporate Services, which is charged with the responsibility of overseeing corporate governance for the organisation.

Better practice

5.1.3 Councillor induction and ongoing training

New councillors require induction training to equip them with the skills required to properly carry out their duties and allow them to be effective members of Council's governing body. To assist councillors to achieve these 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 elected members.

While the majority of councillors are long serving, all councillors should be supported with relevant training and development opportunities to assist them to keep up to date with changes in local government and in undertaking their role.

Council has a comprehensive councillor induction program and has developed a structured training and development program. This consists of a comprehensive councillor induction handbook and a councillor development and training policy. Under the councillor development and training policy, councillors have the opportunity to attend training based on their identified needs in specific areas.

Noteworthy practice

5.1.4 Senior management meetings

There is a transparent and inclusive approach taken to the operation of senior management meetings. The General Manager meets with the four Directors and two Executive Managers on a weekly basis to discuss upcoming issues affecting Council operations. An agenda is sent out prior to the meeting. The information from these meetings is then disseminated at a meeting held each Friday, which the business unit managers and the executive management team attend.

Recently, the General Manager introduced a Professional Internal Development program into the weekly meetings with business unit managers. During this session, a presentation is delivered to the group, usually by one of the Managers, based on a specific topic relating to their area of work. Several managers reported that this has improved communication with senior management and has helped to fill gaps in their knowledge. These meetings are formally minuted and the minutes are made available to all staff.

5.1.5 Disclosure of interest returns

The *Local Government Act 1993* requires that councillors and designated staff complete and lodge disclosure of interest returns. The review team inspected the disclosure of interest returns for councillors, senior staff and a sample of designated persons. The returns were generally good with a few areas that need greater attention in the future. These mainly relate to ensuring that the nature of interest in

real property is declared correctly; that the return includes information relating to sources of income from occupations, for example, councillor fees; including the address of the employer; and that 'Nil' is included in sections on the form where council officials have no disclosure to make.

Council response

Council has sought additional clarification in relation to the 'nature of interest in real property is declared correctly' and now appreciates the requirement that the nature of interest is to be expressed in the terms of what would appear on the Certificate of Title for the property. Council will conduct workshops for elected members and designated persons to clarify the requirements prior to the completion of the 2009/2010 returns.

A complete audit was undertaken of the 2008/2009 returns and all returns have been completed correctly in terms of sources of income, for example, councillor fees; including the address of employer; and that 'Nil' is included in sections on the form where council officials have no disclosure to make.

It needs to be stated that those returns examined by the Department, which were black and white copies, and had sections left blank rather than having 'Nil' included, were "primary returns" and, as a result, Parts C, D and H of the return are required to be left blank.

Areas for improvement

5.1.6 Gifts and benefits

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.

Council adopted a Gifts and Benefits Policy in March 2009 and maintains a gifts and benefits register. The policy complies with the Model Code of Conduct.

The Policy specifies that *“should Councillors or members of staff find themselves in a position where they have received a gift or benefit which they consider not to be of a “token” nature and they are unable to return this gift or benefit, they should make an appropriate entry in the Gifts and Benefits Register and surrender the gift or benefit to the custody of the Council...”*. The Policy provides examples of what would be regarded as a token gift or benefit. The Policy also provides a list detailing the information contained within the gifts and benefits register.

Several entries in the gifts and benefits register cover instances where it appears some staff, contrary to the Code, accepted gifts that could be described as a gift or benefit of value. While these may have involved instances where staff were unable to decline or to return the gift or benefit, there is no notation in the register to this effect. Further, the gifts and benefits register does not appear to contain details regarding the title of the person receiving the gift or the reason for presentation of the gift. In addition, Council does not appear to analyse trends in relation to the types of gifts/benefits offered, how regularly and in what circumstances.

Recommendation 1

Council should review the details provided in the gifts and benefits register and ensure that adequate training is provided to enable staff to manage situations where gifts and benefits may be offered.

Council response

The register reviewed as part of the on-site visit was the hard-copy report produced from the electronic Gifts and Benefits Register. The individual declarations that are completed electronically by staff and councillors do require the inputting of the position title, whether the gift was accepted or declined and the gift category. These fields have now been added to the Register report.

Council will be arranging additional councillor and staff training in relation to Gifts and Benefits and the use of the electronic register prior to 30 June 2010.

In relation to ongoing analysis of gifts/benefits offered and identification of any trends, a six monthly review of the Gifts and Benefits Register has already been

included in the Strategic Internal Audit Plan which was developed in December 2009.

5.1.7 Complaints handling

Council's complaint handling policy was adopted in January 2008. The policy has a number of positive features, including defining complaints in a clear and straightforward way, distinguishing complaints from requests for service and providing for a three-tiered approach for managing complaints. The policy allows for the receipt of oral, written and electronic complaints and the complaints procedure provides for timeframes for providing responses to complaints.

However, Council's policy does not identify that complaints relating to alleged breaches of the code of conduct by a councillor, member of staff or delegate of Council must be dealt with in accordance with the procedures prescribed under the Model Code of Conduct rather than Council's normal complaint handling procedures. In addition, Council's policy could be improved by providing clearer direction to staff as to the manner in which unreasonable complainant conduct may be appropriately managed.

The NSW Ombudsman and the former Department of Local Government produced a joint publication titled Practice Note No 9 *Complaints Management in Councils*. This resource has been prepared to assist councils in the management and handling of complaints. In particular, it has been designed for use by councils to develop and implement effective complaints management systems.

Recommendation 2

Council should review its complaints handling policy to ensure it is consistent with Practice Note No 9 Complaints Management in Councils and provide follow-up training to its employees.

Council response

Council, at its meeting held on 27 January 2010 (Minute No. 014/10) amended its Complaints Handling Policy to clarify the process for the handling of complaints made under Council's Code of Conduct.

In order to provide clearer direction to staff concerning the management of unreasonable complainant conduct, Council's current Complaint Handling Procedure and Guidelines address this matter; however, Council has strengthened the guidelines with additional detail from Practice Note 9 – Complaints Management in Councils.

In relation to staff training, Complaints Handling is covered within the training program Achieving Excellence in Customer Service. This is a full day program that is conducted in a bi-annual basis. In 2009, this program was facilitated on 3 February 2009 and 30 October 2009. In 2009, 26 staff attended this training from a broad range of operational areas across Council.

The next scheduled training is in February 2010 and an additional specific module dealing with managing unreasonable complaint conduct will be included.

5.1.8 Council meetings and minutes

The review team inspected a sample of Council's minutes and attended Council's ordinary meeting on 27 May 2009. The meeting was chaired by the Deputy Mayor, in the absence of the Mayor. From the review team's observation, the meeting was chaired well and there was evidence that councillors were well informed of the issues and adhered to the formal meeting procedures adopted by Council for its meetings. However, the following item requires attention:

- *Recording of disclosures of interest* – disclosures of conflicts of interests are made at the beginning of Council's meeting and any such disclosures are recorded in the minutes. This should include the type of interest (pecuniary and non-pecuniary, and if non-pecuniary whether or not the interest is significant or less than significant), the nature of the interest and the action proposed to be taken by the councillor to manage the conflict. Council's current practice of making and recording disclosures does not comply with the requirements of the Model Code of Conduct for Local Councils in NSW. Current disclosures do not identify the type of interest or the action proposed to be taken by the councillor to manage the conflict.

A further item requiring attention is the inconsistency with some clauses of Council's code of meeting practice and the provisions of the *Local Government Act 1993* and

Council's code of conduct. Council's code of meeting practice provides that:

“29. Matters to be included in Minutes of Council Meeting

- (e) *Council's Code of Conduct requires that a Councillor or member of staff who makes a declaration of a pecuniary interest.....shall retire from the Chamber whilst the matter is being dealt with.*
- (f) *The Councillor or member of staff who makes a declaration of a Conflict of Interest not amounting to a pecuniary interest may make a statement to the Chamber, must retire from and be out of sight of the Chamber and not take part in the discussion or vote on the matter...”*

The obligation to disclose a pecuniary interest, leave the meeting and be out of sight of the meeting and not participate in discussions or voting of the matter comes from the *Local Government Act 1993*. The obligation applies to councillors and members of council committees in the context of council and council committee meetings.

In the case of non-pecuniary conflicts of interests, the code of conduct distinguishes between significant and less than significant conflicts of interests. The code provides that the obligation to either remove the source of the conflict or have no involvement in the matter applies to a council official, other than a member of staff. Further, the obligation applies in the context of council and council committee meetings. While it is open to Council to impose more onerous obligations on councillors and staff, Council should ensure that its code of meeting practice is consistent with the provisions of the *Local Government Act 1993* and Council's code of conduct.

Recommendation 3

Council should amend its code of meeting practice to ensure it is consistent with the provisions of the Local Government Act 1993 and Council's code of conduct.

Council response

Both the declarations form and the manner in which the details are recorded in the Minutes have been reviewed and appropriate changes made.

The inconsistency identified between Council's Code of Meeting Practice and Code of Conduct will be reviewed and it is understood this is largely related to how a councillor manages substantial and non-substantial non-pecuniary interest and then to include this information on the declaration form. This review will also include refresher training to elected members, staff and delegates on the provisions contained in the Code of Conduct and Code of Meeting Practice in relation to these declarations and the legislative requirements.

5.1.9 Internal controls (risk management, fraud control, internal audit)

Internal control processes such as internal audit, fraud control, risk management and legislative compliance provide for systematic assessment of the adequacy and weakness of Council processes and systems.

Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks. Council is aiming to establish and maintain best practice in the management of all key business risks facing Council.

Council adopted a risk management strategy in December 2008. The risk management strategy is supported by a risk management policy, a risk management plan and a risk management register.

Council has established a risk management committee made up of members of Council's executive management team and a number of other key people within the organisation to oversee the risk management program. At the time of the review, Council was still in the process of assigning responsibility across the organisation for implementation of the risk management plan. However, Council has taken active steps to develop a risk aware culture, given that 90% of staff have participated in risk management training.

Council has a fraud control policy, however, it does not appear that this policy is linked to the overall risk management plan. Further, apart from having undertaken a

payroll audit, it was not apparent to the review team that Council had undertaken a systematic fraud risk assessment. It is important that fraud risks are identified and managed effectively and that processes are put in place to ensure that the existing and emerging risk areas are managed appropriately.

At the time of the review, Council had only recently recruited and appointed a position responsible for internal audit. This position will be responsible for the establishment of an audit committee and the development of an internal audit plan to review relevant sections of Council's operations.

Since the review, Council has adopted an internal audit charter and an audit committee charter. Council has also called for expressions of interest for external independent members to form an audit committee.

Recommendation 4

Council should undertake a systematic fraud risk assessment to assist in the identification and management of fraud risks.

Council response

Council has already identified the need to undertake a systematic fraud risk assessment in accordance with Council's adopted Fraud Control Policy. This audit is identified in the Internal Audit Plan (Audit 11) and is scheduled to be undertaken over the June-August 2010 period.

In addition, Council has already completed an Audit (Audit 2) of Creditor Payments and the findings from this audit have been implemented by management.

Any findings made as a result of the systematic fraud risk assessment will be incorporated into Council's Risk Management System.

Council has adopted an Internal Audit Charter and Audit Committee Charter, along with calling for Expressions of Interest for external independent members to form part of the Council's Audit Committee.

The above was completed as follows:

- Internal Audit Charter – Adopted by Council on 22 July 2009 (Minute No. 240/09)
- Audit Committee Charter – Adopted by Council on 22 July 2009 (Minute No. 240/09), and
- Call for Expressions of Interest for External Independent Members of Audit Committee – Adopted by Council on 22 July 2009 (Minute No. 240/09)

Council received five Expressions of Interest and interviewed three candidates. Council, at its meeting held on 28 October 2009, (Minute No. 353/09) appointed two external independent members.

The Audit Committee held its inaugural meeting on 3 December 2009. At this meeting, amongst other matters, the Committee adopted the 2009/2010 Internal Audit Annual Plan and set its meeting dates for the ensuing twelve months.

5.2 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 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.

5.2.1 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
- Section 94 plans
- Companion animals
- Environmental management
- Compliance and enforcement practices
- Swimming pools

5.2.2 Overview of regulatory practices

Queanbeyan City Council has a strong planning and regulatory framework.

Queanbeyan is one of the fastest growing regional areas in New South Wales. As a result, Council will face a number of major challenges in exercising its regulatory functions into the future. These challenges include:

- An increased demand for residential, industrial, retail and commercial land.
- Managing the impact of aircraft noise on residential areas.
- Queanbeyan’s proximity to and ongoing relationship with the ACT.
- The development of transportation corridors between Queanbeyan, the ACT and existing and new land release areas.
- The significant increase in demand for and provision of resources, services, and facilities as a result of new land release areas such as Googong and South Tralee.
- Developing frameworks to encourage investment in Queanbeyan’s central business district.

Council has a strategic land use plan, “Queanbeyan Residential and Economic Strategy 2031 and Beyond the Horizon”. Council is also currently in the process of updating its economic development strategy. This will inform the development of Council’s Community Strategic Plan 2032 as part of the implementation of the Integrated Planning and Reporting framework.

Under amendments to the *Environmental Planning and Assessment Act 1979*, the Department of Planning has sought to standardise planning instruments throughout the State. In this regard, the Department has issued a prescribed Local Environmental Plan (LEP) template that councils are required to use. Council has advised that it anticipates meeting the Department of Planning’s deadline for the new LEP template.

Noteworthy practice

5.2.3 Development assessment processes

Council's development control and assessment unit evaluates its development assessment systems and processes on an ongoing basis. During the past two years, a number of aspects of the development assessment system have been comprehensively reviewed. This includes: a major review of the Exempt and Complying Development DCP and all standard development assessment conditions; development of a flow chart for dealing with development involving a heritage item located in a heritage conservation area or in the vicinity of a heritage item; a major review of Council's land information system resulting in the creation of new categories for specific developments.

Council has also revised its standard forms and checklists to assist applicants and staff with the development application process. In addition, Council operates a pre-lodgement service which has been successful in addressing issues prior to lodgement of development applications.

At the time of the review, Council did not have electronic lodgement or tracking of development applications. However, it was indicated to the review team that Council was hoping to develop its capacity in this area within twelve months.

Council has also put arrangements in place to separate its role as consent authority and applicant for its own development applications. For major developments, Council engages an independent planning consultant to carry out the development assessment.

Council indicated that 93% of its development applications are dealt with under delegated authority. Developments that have significant environmental, social or economic impacts, are of significant value, result in significant issues that relate to the public interest or result in creating a significant variation to a Council policy or stance are referred to Council. In assisting staff to determine the types of development applications to refer to Council, Council has developed criteria to be used in this regard.

Overall, Council's development assessment processes are well developed and appear to be working effectively.

Council response

Council is appreciative of the comments made in relation to its Planning and Other Regulatory Functions. The comments reflect Council's effort in pursuing a program of regular review which, while stretching resources, ensures that unnecessary functions and processes can be identified and changed to maintain efficient work practices.

As noted in the Report, Council's involvement in preparing major new land release areas means that it will continue to be closely involved with the new strategic planning regulatory framework, continue to put in place better practice objectives to ensure independent and professional assessment and review and develop the new LEP. Council is currently on line to meet the currently approved Department of Planning's deadline of December 2010.

In relation to development assessment processes, Council has now purchased the required software which will allow electronic lodgement and tracking of development applications and over the next twelve months will begin to implement this functionality to a live on-line environment.

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

5.3.1 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*
- *Management of community land*

5.3.2 Overview of financial position

A review of Queanbeyan City Council's financial statements for the 2007/08 financial year shows that Council's overall financial position is sound. All financial benchmarks are better than industry standards.

At the time of the review, Council advised that it had completed the first draft of its long term financial plan as part of its integrated planning framework. Part of this process will involve checking the underlying financial data, particularly in relation to rates of depreciation. Council has also adopted a long term borrowing policy.

Queanbeyan City Council has not applied for a special rate variation in the last five years.

Areas for improvement

5.3.3 Asset management

Council does not have a long term asset management strategy. However, Council has advised that it is working on the development of asset management plans as part of the Integrated Planning and Reporting framework. These plans will underpin the overarching asset management strategy for Council.

Council currently maintains a series of registers associated with the different types of assets belonging to Council. The asset registers and valuation data for roads, water, sewer, kerb and gutter and footpaths appear to be well developed. Council has also commenced condition assessments for roads, footpaths and kerb and gutter. However, Council acknowledges that there are other classes of assets belonging to Council which will require significant work in terms of asset management planning.

At the time of the review, Council had commenced the process of transferring data from the existing asset registers into CONQUEST. This system has been introduced to manage the financial reporting and asset recording elements of the asset management plans. Council has advised that it anticipates that its asset management plans will take at least two years to complete.

Recommendation 5

Council should give priority to its preparation of a long term asset management strategy and ensure that it is linked with its long term financial plan and management plan/delivery program.

Council response

Work continues on the development of registers and asset condition data to support a comprehensive long term asset management plan for Queanbeyan. Since the Better Practice Review in May 2009, asset condition information has been expanded beyond roads, footpaths and kerb and gutter to include parks, playgrounds, sewer pipes, water pipes and some stormwater assets. Regular asset inspections that utilise mobile electronic recording systems have been expanded to the above asset classes. This information transfers directly into CONQUEST. Condition monitoring will be progressively expanded to accommodate all classes of assets managed by Council.

A number of predictive models use the above condition information to provide forward works plans. Modelling tools used by Council are SMEC, TRACKS and XPSWMM. These models will be used in the development of Council's long term asset management plan.

It is anticipated that Council's long term Asset Management Plan will be progressively refined as asset condition data becomes available and this work is expected to be completed by late 2011.

The integration of Council's long term asset management strategies into the organisation's long term financial plan and model has already commenced, as each asset class is completed.

This approach will ensure that the ongoing refinement and resilience of the long term asset management strategy over time will be reflected in a timely manner into the long term financial plan and model. This will ensure that the financial plan is current and in alignment with the organisation's asset management strategies.

5.3.4 Long term financial planning

While Council's Community Strategic Plan is informed by a Resourcing Strategy with a ten year timeframe, Council is yet to finalise a formal long term financial plan. Council advised that currently its financial planning is based on a 3 year forward financial plan including detailed estimates of income and expenditure. Projects are prioritised by staff in consultation with Council over the term of this plan. Working capital and debt servicing costs are calculated directly from the three year financial plan to ensure satisfactory levels are maintained.

At the time of the review, the long term financial plan was under development. Based on discussions with staff, it is evident that Council understands the importance of considering the future planning of Council's programs and asset management responsibilities. The long term financial plan will show how Council intends to fund its overall community strategic plan for the future. Council should prioritise the development of its long term financial plan.

Recommendation 6

Council should give priority to finalising a long term financial plan as required under the Integrated Planning and Reporting Framework.

Council response

Council has strongly supported the Division's move to introduce Integrated Planning and Reporting within NSW. Accordingly, it embarked on the Integrated Planning and Reporting path and has made a commitment to identifying community strategic priorities through a ten year community strategic plan, four year delivery program and annual operational plan for the current 2009/2010 year. A ten year long term financial plan was developed as part of this work and is seen as an important priority.

Since the Better Practice Review in May 2009, the Council has purchased new financial modelling software that will benefit further enhancement of the long term financial plan. Accuracy and robustness will be improved by linking a more comprehensive asset management plan and the workforce management strategy outcomes into the longer term financial direction of the organisation. Further, the revised long term financial plan will clearly articulate the funding of the overall

community strategic plan. In addition, staff resources have already been prioritised to develop the effectiveness and accuracy of the plan.

Council, at its meeting held on 25 November 2009 (Minute No. 375/09) resolved to nominate as a Group 1 Council. As a result, this requires Council to have in place a Resourcing Strategy consisting of a Long Term Financial Plan, Asset Management Plan and Workforce Management Strategy for the 2010-2011 year. The work undertaken to date in 2009-2010 has provided a solid foundation to allow Council to further refine its Long Term Financial Plan and Asset Management Plan.

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:

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

5.4.2 Overview of community and consultation practices

Overall, Queanbeyan City Council has many effective community and consultation practices in place. Council works with the community to plan and deliver a range of appropriate social and cultural service.

Noteworthy practice

5.4.3 Social and community planning

The *Queanbeyan City Council Social Plan 2005 – 2010 Towards a Healthy Community* is a well developed and well structured plan. It is a comprehensive document and includes a solid demographic profile and strong evidence of integration of strategies across Council functions and divisions.

There is a strong commitment to community consultation during the preparation and implementation of the plan. The plan also makes reference to a number of committees responsible for carrying out future planning.

The content of the plan contains a number of translated messages. This makes the information more accessible to people from culturally and linguistically diverse backgrounds.

5.4.4 Community participation and consultation

In meeting its charter, Queanbeyan City Council has demonstrated a strong commitment to engaging the community. Effective community engagement can mean greater community support for the planned directions and resultant actions that are taken.

Council uses a range of methods to inform, consult and engage with the community. Examples of these are detailed below.

- A Community Customer Satisfaction survey to assist Council measure community perceptions and determine how services will be delivered and how best to engage with the community in the future.
- A Community Consultation and Engagement Toolkit provided to all new staff and councillors to assist them in consulting with the community and other

stakeholders.

- Residents or interested parties can participate in Council meetings. Any person may address a Council meeting in relation to an item on the Council meeting agenda.
- An overhead data projector records the minutes of Council meetings while in progress for all to observe.
- Council has sixteen advisory committees which allow for community consultation and facilitation of input from the public into Council's strategic planning and decision making.
- Council undertook extensive consultation to assist in developing *Queanbeyan Tomorrow Community Visions 2021*. Progress on the key directions and strategies are regularly reported to Council.

The Integrated Planning and Reporting framework requires that in developing their Community Strategic Plan, councils will be required to prepare and implement a Community Engagement Strategy for engagement with the local community. As a minimum, the plan must identify relevant stakeholder groups within the community and outline methods that will be used to engage each group.

Queanbeyan City Council has formally documented its approach to engaging with its community by adopting a Community Consultation and Engagement Policy. Through this policy, Council undertakes to provide a broad range of engagement and consultation opportunities to the community and invites input into Council decision making processes. In this regard, Council is well on its way to meeting the Community Engagement Strategy requirements of integrated planning.

Council response

Council is pleased that its work on community engagement is recognised. Significant effort went into the development of the Community Consultation & Engagement Policy and Toolkit in 2008, which has been based on the four levels of community engagement of Inform, Consult, Involve and Collaborate.

The policy and toolkit work together to constitute Council's community engagement strategy. The toolkit has been built into the operational environment of the organisation where it is required to be utilised by staff when undertaking programs and projects. This requires staff to assess the impact of their activities and then undertake the appropriate level of community engagement. Awareness of the policy and toolkit has been built into Council's training and induction programs.

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:

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

5.5.2 Overview of the organisation

Council employs approximately 289 full-time equivalent staff, comprising:

- 55% women
- 45% males
- 2% identify as being of Aboriginal and Torres Strait Islander origin
- 2% indicate they have a physical impairment, and
- 16% are of culturally and linguistically diverse origin.

Overall, Council's reporting systems and procedures for workforce relations are working well. The review team observed staff to be very enthusiastic, dedicated and committed to improving service delivery for the local community.

Noteworthy practice

5.5.3 Traineeships

Council makes use of traineeships and apprentices. Council has eleven trainees and apprentices in various areas of the Council. This is an on-going program and Council does not access any funding sources to maintain its program.

5.5.4 Salary system

Queanbeyan City Council faces significant challenges in attracting and retaining staff due to its proximity to, and competition with, employers in the ACT. In order to improve its opportunities in this area, Council undertook a review of its salary system in 2007. This included reviewing all positions across the organisation, undertaking market testing and developing a new salary system. The result was a 4.5% increase in salary entry rates. This has had a significant impact on Council's salary budget. However, based on discussions with staff, it appears that the changes to the salary system have had a positive impact in terms of attracting and retaining staff.

5.5.5 Employee survey

An employee survey is a useful tool in identifying what is working well at Council, areas of concern to employees or area that require improvement.

Council undertook an organisation wide employee benefit survey in 2007 which resulted in a response rate of 60.9% for permanent staff and 10.27% for casual staff. Council has made progress in addressing the issues raised by staff in the survey through the introduction of flex-time arrangements, a Christmas close-down period, a Home-Based Work Policy and Purchase of Additional Leave Scheme.

6 RECOMMENDATIONS

6.1 HIGH PRIORITY

6.1.1 *Governance*

- 1 Council should review the details included in the gifts and benefits register and ensure that adequate training is provided to enable staff to manage situations where gifts and benefits may be offered.
- 2 Council should review its complaints handling policy to ensure it is consistent with Practice Note 9 Complaints Management in Councils and provide follow-up training to its employees.
- 3 Council should amend its code of meeting practice to ensure it is consistent with the provisions of the *Local Government Act 1993* and Council's code of conduct.
- 4 Council should undertake a systematic fraud risk assessment to assist in the identification and management of fraud risks.

6.1.2 *Asset and financial*

- 5 Council should give priority to its preparation of a long term asset management strategy and ensure that it is linked with its long term financial plan and management plan/delivery program.
- 6 Council should give priority to its development of a long term financial plan in accordance with its implementation of the Integrated Planning and Reporting framework.

APPENDIX – RISK RATING OF RECOMMENDATIONS

Each recommendation made in this report has been assessed and a priority ranking has been applied 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