Promoting Better Practice Program

REVIEW REPORT

GOULBURN MULWAREE COUNCIL

OCTOBER 2009

capacity building   good governance   improvement

Division of Local Government
Department of Premier and Cabinet

TABLE OF CONTENTS

PART I

1. ABOUT THE REVIEW

Review objectives

The Promoting Better Practice (PBP) review program has a number of objectives:

- to generate momentum for a culture of continuous improvement and greater compliance across local government
- to provide an 'early intervention' option for councils experiencing operating problems
- to promote good governance and ethical conduct principles
- to identify and share innovation and good practice in local government
- to enable the Department to use review information to feed back into its work in identifying necessary legislative and policy work for the local government sector.

Reviews act as a "health check", giving confidence about what is being done and helping to focus attention on key priorities.

Review process

The review is conducted by the Division of Local Government, Department of Premier and Cabinet. It involves a review team evaluating the effectiveness and efficiency of the council's operations. The review team takes a risk based approach that involves checking compliance, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance. It includes: examining policies and procedures; interviews with key personnel and councillors; checking samples of documentation.

The scope of the review is limited to a core set of compliance and good practice areas. This review only reports where there is a need to improve or where practices are noteworthy or exceed good practice. Areas outside the scope of the core set of questions will only be reported on where the matters are significant or serious. The core

compliance and good practice areas are identified at the beginning of each subject module in this report.

The results and recommendations of reviews are analysed and reported back to the elected council, the Deputy Director General (Local Government) and the Minister for Local Government.

Council will be responsible for monitoring the implementation of any recommendations in this report.

Goulburn Mulwaree Council Review

Goulburn Mulwaree Council was asked to complete a comprehensive set of checklists about key Council practices. Lyn Brown, Senior Investigations Officer, Cathy Collins, Assistant Investigations Officer and Ross Bailey, Senior Finance Officer conducted the on-site component of the review from 18 May 2009 to 22 May 2009.

The on-site review involved a meeting with Council's Mayor and general manager, an informal meeting with councillors, conducting interviews, attending a Council meeting and a public meeting and the review of a number of Council's policies and other documents.

Implementation and monitoring of recommendations of final report

Council advised that it has developed an action plan to assist with the implementation and monitoring of the outcomes from the review program. The recommendations from the review report are to be incorporated into this plan. 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.

Council proposes to monitor the implementation of the outcomes of the review as follows:

- The Corporate Governance Coordinator has a role in coordinating Council's response to the PBP review, this will continue throughout the implementation phase.

- At the Executive level the PBP review remains a standing item on the Executive agenda to review Council's response to the review. This will continue throughout the implementation phase.

- Council will be provided with quarterly reports advising on the progress of implementing the PBP actions.

- Council has also made plans to hold a strategic planning day on 15 November 2009, the day will involve councillors and the Council Executive.

2.   EXECUTIVE SUMMARY

Overall, Goulburn Mulwaree Council has adequate operating systems and practices to meet its statutory responsibilities. Council should focus on developing and integrating a number of strategic planning areas. Council will have the opportunity to do this when implementing the Integrated Planning and Reporting framework.

Council has many effective governance, planning, regulatory, community and consultation systems, processes and practices in place. Council's workforce practices are adequate and working well. Council's financial and asset management practices are adequate. There are some areas that require improvement and these have been outlined in this report. Council has some noteworthy practices that have also been identified.

A complete list of recommendations is contained in the Recommendations section of this report.

On the whole, the Goulburn Mulwaree councillors were an eager and responsive group with a willingness to work together and discuss issues facing them. Councillors are encouraged to continue in this way by resolving differences through effective communication with each other and Council staff, and conducting themselves in accordance with the standards of conduct provided in Council's code of conduct.

Council has been proactive in using the self-assessment process to identify areas for improvement in its operations. As a result, Council has produced its own action plan summary based on its assessment of its performance against the checklist. This action plan was adopted by Council at its meeting on 16 June 2009. The General Manager indicated that Council had commenced the process of prioritising areas for action and allocating responsibility for this. This is commendable.

SUMMARY

COUNCIL'S STRATEGIC POSITION	

	Areas for improvement
	• Council should plan its approach to the implementation of a long term community strategy. (4.1)
	• Council may benefit from a review of the effectiveness of its organisation structure. (4.2)

GOVERNANCE	

What is better/noteworthy practice	*Areas for improvement*
• Council's approach to completing disclosure of interest returns and the quality of those returns. (5.1.3)	• Council needs to undertake work in the areas of risk management, internal audit and business continuity. (5.1.6)
• Council's approach to and use of information technology. (5.1.4)	• Develop and implement a records management policy and privacy management plan. (5.1.9, 5.1.11)
	• Review a range of practices in relation to meetings. (5.1.5)
	• Ensure that adequate support is provided to councillors to enable them to perform their role effectively. (5.1.8)
	• Utilise its communications strategy more effectively to engage the community when developing the management plan. (5.1.10)
	• Prepare guidelines for tendering practices. (5.1.12)

REGULATORY	
What is better/noteworthy practice	*Areas for improvement*
• Council's development assessment practices. (5.2.3)	• Establish a register of voting on planning decisions. (5.2.5)
• Council's understanding and implementation of its compliance and enforcement responsibilities. (5.2.4)	

ASSET AND FINANCIAL MANAGEMENT	
	Areas for improvement
	• Develop a long-term financial plan. (5.3.4)
	• Council needs to develop a co-ordinated approach to asset management and maintenance. (5.3.3)

COMMUNITY, COMMUNICATION AND CONSULTATION	
What is better/noteworthy practice	*Areas for improvement*
• Council's communications strategy. (5.4.3)	• Develop, implement and monitor customer service standards. (5.4.4)

WORKFORCE RELATIONS	
	Areas for improvement
	• Development of a workforce strategy. (5.6.3)

3. CONTEXT

Location and demographics

The Goulburn Mulwaree Council is located about 200kms south of Sydney and 95kms north of Canberra. The area covers 3,232 square kms with a population of approximately 27,112 people. The population is largely based in the regional centre at Goulburn with villages at Marulan, Parkesbourne, Towrang, Windellama, Tirranaville, Tarago, Lake Bathurst, Tallong and Bungonia. (Goulburn Mulwaree Council, draft Management Plan, 2009/2010)

Local issues

One of the main issues facing Goulburn Mulwaree is the ongoing effects of drought and the provision of a sustainable water supply to the area. In response to this issue, Council has borrowed $10M towards the construction of a pipeline from the Wingecarribee reservoir.

Council history

Goulburn Mulwaree Council was proclaimed in 2004 following a regional review. It is an amalgamation of a part of the former Mulwaree Shire Council and the former Goulburn City Council. Initially the amalgamated council area was called the Greater Argyle Council. However, following a request from the Council the name was changed to Goulburn Mulwaree Council on 6 October 2004.

Current Council

The Goulburn Mulwaree Council has nine councillors. The former Mulwaree Shire Council had six councillors and the former Goulburn City Council had nine councillors. The elections in 2004 for the Goulburn Mulwaree Council saw the election of three former Mulwaree councillors and three former Goulburn City councillors, with three newly elected councillors.

The elections in 2008 saw the election of six councillors who had previously not served on a council and three experienced councillors. Of the three experienced councillors,

two had served on the former Goulburn City Council and one on the former Mulwaree Shire Council.

The Mayor is elected by the councillors. The current Mayor is serving on Council for the first time. In April 2009, two councillors resigned due to ill health. One was a newly elected councillor and one an experienced councillor. Council held a by-election for these vacancies on 20 June 2009.

Council has faced a number of difficulties in the first few months of the 2008 term, with concerns raised about its ability to make decisions and operate effectively. Some of this relates to significant decisions to be made by the new Council and the need for newly elected councillors to understand all the issues relating to these decisions. See the "other considerations" section of the report for more detail on this.

Council staffing

Goulburn Mulwaree Council's organisational structure identifies one senior staff position as defined by the Local Government Act, being the position of General Manager. In addition, Council has three divisions: Corporate Services, Engineering Services and Planning and Community Services.

A number of Director positions have recently become vacant, including the position of General Manager. Council will see a change in staff in all its senior positions in 2009. See further discussion on the organisation structure under the Council's Strategic Position section in this report.

The Department has responded to concerns raised by the community about how the Council was functioning as a governing body and the loss of staff in senior positions, by bringing forward a Promoting Better Practice review to identify any areas of concern and to assist Council to identify strategies to address any issues.

PART II – 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.

4.1 Strategic planning

Background

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 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 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

Goulburn Mulwaree Strategic Planning

Goulburn Mulwaree Council has a corporate plan that extends from 2007 to 2012. The plan identifies six strategic goals. The plan identifies outcomes for each of the goal areas and the services provided by Council to implement the identified strategies to meet the outcomes. The plan does not include performance indicators that will enable Council to assess whether it has met its objectives.

Council's management plan, which describes the activities the Council will undertake each year in delivering its strategic goals, does not link well with the corporate plan. While the management plan identifies strategic objectives for each of its business units, these are largely the same for each business unit and do not reflect the goals, outcomes and strategies identified in the corporate plan.

The corporate plan includes information on the organisation structure and the various action plans that Council has in place to meet the goals that are set. However, this is not provided in a way that shows the alignment between the organisation structure, the plans and the strategic goals. It is therefore difficult to see which plans relate to which strategic goals. Additionally, it is unclear how the management plan relates to the corporate plan and other action plans. See further discussion on the organisation structure below.

The corporate plan provides a sound basis for the development of a longer term community strategic plan. There are still some important aspects of strategic planning that need to be developed by Council, including a resourcing strategy, workforce strategy and asset management plan. Council does have projected budgets in its management plan for the life of the corporate strategic plan.

It is important that Council sets a realistic timeframe for the implementation of the Integrated Planning and Reporting framework. Council will also be required to develop a community engagement strategy for the development of its community strategic plan. Councillors will need to focus on this process and will have a key role in the implementation of the Integrated Planning and Reporting framework.

Recommendation

Council should develop a project management plan that identifies the work required to be undertaken for the effective implementation of the Integrated Planning and Reporting framework.

4.2   Organisation Structure

It is the councillors' role as the governing body, to determine the organisation structure and the positions within that structure that are senior staff positions, as well as to allocate resources toward the employment of staff within that organisation structure. The council may re-determine the organisation structure from time to time but must re-determine it within 12 months after any ordinary election of the council (section 333 of the Local Government Act).

The proclamation establishing the new Goulburn Mulwaree Council in 2004 included provisions for the initial organisation structure, the transfer of senior and other staff and the transfer of assets, rights and liabilities. Amendments were made to the *Local Government Act 1993* to protect the employment of staff during the transition period. This included preservation of entitlements, no forced redundancy of non-senior staff members for 3 years after the transfer, maintenance of staff numbers in rural centres and provisions in relation to the lateral transfer of staff.

A number of Director positions have recently become vacant, including the position of General Manager. Council has recently recruited to this position. At the time of the on-site review, there were people acting in the positions of General Manager, Director Engineering Services and Director Planning and Community Services. The Director Corporate Services was appointed in March 2009. That means Council will see a change in staff in all its senior positions in 2009.

The review team made a number of observations about the effectiveness of the organisation structure. The organisation is generally structured according to professions. That is, there is an engineering services division, a planning division which includes community services and a corporate services division that incorporates economic development, administration, finance, information services and tourism. Human resources and governance report directly to the general manager.

It is suggested that Council should review its organisational structure to identify whether there are efficiency gains that could be made. Council may wish to consider the following information during this review:

- There appeared to be some duplication in the sub-divisions in the engineering division. For example, the management plan identifies some similar responsibilities for the road safety and traffic management business unit in the engineering development section as those responsibilities for the traffic facilities management business unit in the engineering management section.

- There is no corporate approach to some matters, specifically, procurement and some governance matters. There is a need to clarify governance responsibilities. For example, in relation to policy development and review, the governance section should be responsible for ensuring that the organisation has systems in place that enable an organised and documented approach to the review of Council policies. The administrative area of Council would take responsibility for developing the procedures for reviewing the policies.

- In relation to procurement, currently each Council division undertakes its own procurement processes. There could be efficiencies in having a corporate approach to procurement.

- There is an absence of a co-ordinated approach to some aspects of Council's work that requires different divisions to work together. One example is the section 94 register where different divisions have responsibility for different aspects of the register. There was no apparent co-ordinator responsible for ensuring that this process is co-ordinated and managed.

The introduction of the Integrated Planning and Reporting framework will be an opportunity for Council to review its organisation structure and ensure that it is aligned with the community strategic plan that will be developed.

Recommendation

Council should undertake a formal evaluation of the current organisation structure with a view to identifying efficiency gains and to ensure it aligns with Council's strategic goals. This could be undertaken as part of the development of the workforce strategy

that will be required for the implementation of the Integrated Planning and Reporting framework.

Council response

Completion of the Strategic Planning Module of the Self-Assessment Checklist component of the Promoting Better Practice (PBP) Program enabled Council to identify areas for improvement; those have been highlighted in this section of the report from the Division of Local Government (DLG).

In recognition of the improvements required for implementing Council's Integrated Planning and Reporting (IP & R) framework, steps have already been taken to assign responsibility for developing a project management plan. As part of the recent review of Council's Organisation Structure a new Business Unit was developed, the Strategic Policy Unit. This Unit has been assigned the responsibility of implementing the IP & R framework within Goulburn Mulwaree Council, the Executive have set the target date of early 2012 for completion of this project.

Council had reviewed the Organisational Structure in December 2008 and therefore satisfied the requirements of *Section 33* of the *Local Government Act 1993*. However participation in the PBP Program as well as the appointment of a new General Manager presented an opportunity for further review of the structure. This review has been completed, resulting in the adoption of a revised structure by Council at its meeting on 18 August 2009. Recruitment to four of the key management positions in this structure has commenced, those positions being:

- Director, Engineering
- Director, Planning & Community Services
- Manager, Water Services
- Manager, Finance

Council anticipates recruitment to these positions to be completed and appointments made by mid November 2009. The comments made in this section of the DLG report relating to the Engineering Services Directorate will be considered by the Director, Engineering following appointment.

5. DELIVERING AND ACHIEVING

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

- governs its day to day operations;

- undertakes it 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

A review was conducted of the following core compliance and good practice areas of Council's governance practices:

- *Ethics and values*
- *Management planning*
- *Code of conduct*
- *Communication devices*
- *Disclosure of pecuniary interests*
- *Risk management, legislative compliance and internal control*
- *Procurement, disposal and tendering*

- *Privacy management*
- *Council's decision-making processes, including delegations and conduct of meetings*
- *Records management*
- *Access to information*
- *Support for councillors*
- *Complaints handling*
- *Information technology*

5.1.2 Overview of Goulburn Mulwaree Council's governance practices

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

Noteworthy practice

5.1.3 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 are generally good with a few minor areas that need greater attention by designated persons in the future. However, it was clear that councillors were well aware of their responsibilities in completing their returns. The returns were precise and met the requirements of the Act and Regulation. In addition, many councillors made discretionary disclosures relating to their community interests.

The Corporate Governance Co-ordinator has developed a handout for councillors and designated persons on "how to complete disclosure returns". This is an excellent, plain English document that provides clear, practical guidance for completing the returns. It is evident that councillors have used the handout when completing their returns. This is an area of noteworthy practice.

5.1.4 Information technology

Goulburn Mulwaree Council has an information technology plan that was developed and implemented from 2006 with a 3 year timeframe. The plan was based on the guidelines and controls specified in the AS/NZS ISO/IEC 27001:2006 and AS/NZS ISO/IEC 17799:2006 standards. Council is currently preparing a revised strategic plan with a 3 year timeframe and a 5 year hardware plan. Council is preparing the new plan in accordance with the NSW Department of Commerce - Office of Information and Communication Technology (OICT) Information Management and Technology (IM&T) Strategic Planning Guideline.

Council has budgeted for, and included, information technology in its management plan. This includes capital costs associated with the upgrade, replacement or purchase of new hardware and software. Council has an integrated software platform across the organisation. The software platform allows Council to manage all of its business activities in an integrated way, including development, planning, engineering, administration, finance and human resources. The software enables different modules to be added to meet the business needs of the organisation should they change. Council has integrated the MapInfo software with this system.

The review team was able to see how well this system works and is integrated. The system enables staff to manage registers, view maps and generate correspondence and actions from data programs. The system is also used to provide controls on particular actions. For example, the purchase of goods, access to personnel information and the deletion of records.

It was clear that the Information Services Business Unit had an understanding of Council's information technology needs in order to meet the organisation's current and future business requirements. Council staff demonstrated that they were focussed on the needs of the organisation and that their technology systems were purchased with the ability to adapt to future business needs. Council staff operated from a framework where they did not necessarily need the most expensive technology, but needed a technology system that did the job that was required and was affordable, repairable and reliable. This is an area of noteworthy practice.

Areas for improvement

5.1.5   Council decision making, meetings and minutes

Council holds an ordinary Council meeting on the 3rd Tuesday of every month. In addition, it has a committee of which all the members are all the councillors, the general purpose committee, which meets monthly on the 1st Tuesday of every month. The objectives of the general purpose committee are:

- to provide a forum for members of the public to raise issues with councillors
- to provide a forum for councillors and senior management to review progress on Council's management plan

- to provide a forum for councillors and senior management to discuss major issues to be put forward to Council, and

- to discuss policies, priorities and Council directions.

In addition, the committee provides a forum for co-ordinated input into the development of Council's strategic plan and annual management plan.

Council's code of meeting practice

Council's code of meeting practice is based on the minimum requirements in the Local Government Act and General Regulation. Council has supplemented the minimum requirements with information that enhances understanding of the code provisions. In addition, Council has recognised the important role of chairperson by including a clause in its code of meeting practice that requires newly appointed chairpersons to complete a training course in chairing meetings. The current Mayor has undertaken such training.

The review team was advised that Council will be undertaking a review of its code of meeting practice in the near future. In doing this, there are some aspects that Council should consider reviewing:

- The code of meeting practice provides for questions without notice as an agenda item. The Department is of the view that Council should not have such an agenda item. Unless it is well managed, questions without notice may provide an opportunity for Council to transact business without the required notice. Council should not transact business at a meeting unless notice of that business is given in accordance with Council's code of meeting practice. There are limited exceptions to this requirement.

- The code of meeting practice contains provisions relating to the management of non-pecuniary conflicts of interests that are inconsistent with the revised Model Code of Conduct for Local Councils in NSW that was introduced in June 2008.

- Council should consider including the recent requirement to record votes on planning decisions in the code of meeting practice.

- The code of meeting practice makes provision for the tape recording of meetings for administrative purposes. Currently, Council does not tape record its meetings.

Council should review whether or not it wishes to retain this practice as part of its code of meeting practice.

- Clause 32 of the code of meeting practice requires motions and amendments to be submitted in writing. This does not relate to notices of motion. Council should review this requirement given that it types up and projects its meeting minutes, including motions and amendments, during the meeting.

Public access to Council meetings

Council provides public access to address its meetings once every 3 months. Arrangements for this are provided in Council's code of meeting practice. These arrangements provide that those addresses must not relate to any business before Council at that meeting. Council also provides access to its general purpose committee, which is held in the first week of every month, for members of the public to address items that will be coming before Council at its ordinary meeting that month (ordinary meeting is held 2 weeks later). This raises an issue as to what opportunity is afforded members of the public to address Council on a matter which was not known prior to the release of the business paper for an ordinary meeting.

Council's website provides some basic information for members of the public who may wish to raise matters directly with Council at these meetings. However, the information is not sufficient to provide members of the public with direction about how this process operates. This information is only provided in the agenda for the meeting where members of the public can address Council (that is, every 3rd agenda).

If Council wishes to provide a public access forum at its meetings, it is suggested that this be done at each meeting of Council and for the express purpose of allowing members of the public to address items that are on the business paper for that meeting. Council already provides a number of opportunities for members of the public to provide feedback or raise concerns in relation to general Council matters through its community forums and public consultation processes.

One of the purposes of providing public access at Council meetings should be to provide members of the public with an opportunity to bring any concerns to the attention of councillors in relation to matters that they are dealing with at that meeting. If Council

chooses to hold a public forum as part of its ordinary meeting process, then it should develop some procedures for the conduct of that session, similar to those that are already identified in the business paper agenda at the quarterly meetings, and make these available to the public. This information could be provided at the front of each business paper and on Council's website.

Council meeting business papers

Council provides its Council meeting business papers and minutes on its website. The review team also noted the effective use of customer service screens at Council's administrative building to advise members of the public of up-coming meetings. However, it is suggested that the attachments and enclosures that are provided with the business papers are also made available on the website. Currently, some reports refer to the content of attachments or enclosures and these are not readily available without attending Council offices to view them.

Council meetings

The review team inspected a sample of Council's minutes and attended the Council's meeting on 19 May 2009. Attendance at the meeting revealed that there needs to be tighter chairing of the meeting to ensure that the meeting is conducted in accordance with the provisions of Council's code of meeting practice. The review team noted:

- Some councillors spoke to motions before they were moved and seconded.
- There was a lot of general discussion allowed on matters where councillors sought clarification, which held up the Council business. It is suggested that councillors should take time before the Council meeting to clarify matters in staff reports with the General Manager. If the reports are not providing sufficient information for councillors to make decisions, then the content and format should be reviewed to ensure that the reports meet the councillors' needs.
- There was a lot of cross-table talk allowed at the meeting.
- Some councillors spoke to motions more than once.
- Although councillors were asked if they voted for a motion, they were not asked if there were any votes against a motion.

- Council's practice of recording votes for planning matters was sound. However, it is suggested that councillors are asked for a show of hands in relation to how they are voting on planning matters and the names are also called. This will ensure that the minute taker can accurately record the votes, because what is seen in relation to how councillors are voting is also heard. This also enables councillors to correct the record immediately if the voting is mis-recorded.

- Some councillors were not sure whether or not they should stand when debating a matter. Council can provide direction on this in its code of meeting practice. The practice of standing when debating an item allows the chairperson to see who has control of the floor in the debate. Additionally, the chairperson should identify the person that he or she recognises as having the floor.

Council minutes

The Council uses an overhead projector to type up the minutes as the meeting progresses. This enables councillors, staff and members of the public to see the outcomes of the meeting straight away and have the minutes clarified immediately.

Concern was raised with the review team that the minutes of Council meetings, presented to Council to accept, did not accurately reflect the decisions that were made. The team witnessed lengthy discussions at Council's meeting on 19 May 2009, brought about by concern that the wording of a resolution was incorrect.

Given that Council uses a data projector to aid in the precise recording of Council's decisions, the accuracy of the minutes should not be an issue. Rather, there appears to be an issue of trust between councillors and senior staff. Currently, councillors are concerned that words are changed in resolutions passed at Council meetings that effectively change the intent of those resolutions. On the other hand, staff are unable to implement some resolutions without further clarification, as the intent of the wording is unclear. Both arguments are valid.

It is suggested that the minutes that are drafted on the night of the meeting are emailed immediately after the meeting to councillors. In this way, if there are typing and grammatical errors to be corrected, the councillors can see any changes that may need to be made.

Recording of disclosures of interests

Council provides a record of disclosures of conflicts of interests at the beginning of its meeting, which are recorded in the minutes. This should include the type of interest (pecuniary or 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. However, the current recording of disclosure of interests does not meet the requirements of the Model Code of Conduct for Local Councils in NSW. Current disclosures do not identify the type of interest that the councillor has in the matter.

Closed meetings

Based on our review of Council's minutes, Council considers a number of matters in the absence of the public. While Council only closes that part of the meeting relating to the confidential item, it appears to conduct a number of confidential sessions. Council should review its decisions for conducting matters in closed session to ensure that matters are discussed in the appropriate forum and meet the requirements of section 10A of the Local Government Act.

In deciding whether or not a matter should be discussed in closed session, Council should apply the public interest test as required by section 10D of the Act. Council provides the reasons why the part of the meeting is being closed, but this should include an explanation of the way in which discussion of the matter in an open meeting would be, on balance, contrary to the public interest. This explanation should be included in the decision to close that part of the meeting and must be recorded in the minutes of the meeting (excluding personnel matters concerning particular individuals, personal hardship of a resident or ratepayer or a trade secret).

Recommendations

Council should review its code of meeting practice.

Council should review the purpose of holding the public forum sessions as part of its meeting practices.

Council should provide the procedures for the conduct of public forum sessions at Council meetings on the website and/or in the front of its business papers.

Council should provide the attachments and enclosures to its business papers on its website.

Council should ensure that it correctly records the disclosure of interests made by councillors in the minutes of its meetings.

Council should ensure that it correctly applies the closure provisions of the Local Government Act, specifically sections 10A and 10D, to its meetings where it is considering confidential matters.

5.1.6   Internal controls (risk management, fraud control, internal audit, business continuity planning and legislative compliance)

Internal control processes, such as internal audit, fraud control, business continuity planning, risk management and legislative compliance provide for systematic assessment of the adequacy and weaknesses of Council processes and systems. This, in turn, enables the organisation to ensure, on the one hand, that statutory and service level requirements are met, and, on the other, to test organisational processes for risks or vulnerabilities and to strengthen its processes and systems.

This is an area of high risk for Goulburn Mulwaree Council. Council does not have:

- a risk management plan that addresses the key business risks facing the organisation,
- an internal audit function,
- a fraud control policy or strategy,
- a business continuity plan, or
- a system to ensure that it meets its legislative and regulatory obligations.

Risk management

Council has a risk management section located in its human resources business unit. The primary focus of risk management activities are on insurable risks. While this is an

important aspect of risk management, the focus should be broadened to incorporate other risks that are not insurable. This should include a risk profile and register and include governance and fraud risks as well as insurable risks.

Business continuity

Council does not have a business continuity plan, however the review team was aware that Council staff are in the process of developing such a plan. Council does have components of disaster recovery/business continuity in its information technology plan. However, there needs to be an overall approach to ensure that all risks to business continuity have been identified and strategies have been developed that manage these.

Internal audit

Council does not have an internal audit function or program. Council should develop an internal audit program to review relevant sections of its operations on a regular basis, such as, procurement processes and the exercise of delegations. The establishment of a regional approach to internal audit is an approach that should be considered. Council should formalise an internal audit function and develop an internal audit program. The Department has recently released guidelines to assist councils in developing and implementing an internal audit function.

Recommendations

Council should develop an overarching risk management plan to bring together its current risk management practices and manage all significant risk issues facing Council.

Council should develop an internal audit function and an internal audit program.

Council should develop an organisation-wide disaster recovery/business continuity plan that is inclusive of all business continuity risks that the organisation may face.

5.1.7 *Code of conduct*

Council has adopted the Model Code of Conduct for Local Councils in NSW as its code of conduct on 15 July 2008. Council needs to badge the document as Goulburn Mulwaree Council's code of conduct.

Council provides a copy of its code of conduct to councillors, staff, volunteers and members of Council committees. Staff and volunteers are asked to sign an acknowledgement that they had received a copy of the code of conduct. This will be extended to members of Council committees.

Council advised that it is intending to review the code of conduct to incorporate some supplementary provisions. This is likely to include standards in relation to alcohol and drug use, lobbying practices and some other behavioural policies that have been adopted by Council.

Code of conduct complaint practices

Concerns were raised with the Department by members of the public that councillors may have been misusing the code of conduct. The implementation of the code has resulted in numerous complaints alleging various breaches of the code of conduct.

A review was undertaken of the code of conduct complaints files. Council had received 18 complaint matters since August 2007 alleging that various councillors had breached Council's code of conduct. The complaint files and processes undertaken by the conduct review committees or reviewers were analysed. This analysis showed that Council's records are well kept. Council keeps a separate file for each complaint and each file contained a checklist of the actions taken or to be taken. In addition, the conduct review committees have kept minutes of their deliberations and this included supporting documentation.

The code of conduct makes provision for the procedures to be followed to manage code of conduct complaints. These provisions give the relevant person receiving the complaint, being the Mayor (in the case of complaints about the General Manager) and the General Manager (in the case of complaints about councillors, staff or delegates), a number of options for managing the complaint. It is evident that the majority of

complaints have been referred to either the conduct committee (under the pre-June 2008 Model Code) or a conduct reviewer or conduct review committee (under the June 2008 Model Code) for their consideration.

The Model Code also provides a number of options for a conduct reviewer or conduct review committee to manage a complaint. It is only in cases where the conduct reviewer/review committee makes enquiries into a matter that a report is required to be presented to Council.

A review of some of the complaints shows that many of the matters that were reported to Council in February 2009 involved conduct that occurred in June and July 2008. It took some time for the matters to be finalised and reported to Council.

Appointment of conduct reviewers

Council had some difficulty undertaking its responsibility to appoint persons to act as conduct reviewers. At some points in late 2008 and early 2009, it was difficult to see whether or not Council had an interim conduct review committee to act while it undertook the process of calling for expressions of interest for conduct reviewers. At this time, Council had a number of complaints alleging breaches of the code of conduct that needed to be dealt with. This was a problematic time for Council.

However, Council did resolve to participate in the establishment of a regional panel of conduct reviewers and those persons were appointed by Council at its meeting on 16 June 2009. Council should ensure that it complies with the obligations imposed by the Model Code of Conduct.

Recommendation

Council should reproduce its code of conduct as Goulburn Mulwaree Council's code (currently it is in the format of the Model Code).

5.1.8   Councillor support, induction, development and procedures

Councillor expenses and facilities policy

Goulburn-Mulwaree Council's councillor expenses and facilities policy adequately meets the legislative and policy requirements for the making and reporting of these policies.

The review team observed that the implementation of the policy requires review. The implementation of the policy should assist councillors to undertake the functions of civic office. For example, Council does not provide Council email addresses for individual councillors and only limited assistance is provided to councillors to assist them with correspondence. In addition, it was brought to the review team's attention that correspondence to councillors was placed in their folders unopened. This raises an issue that Council may not be meeting the requirements of the State Records Act for the keeping of councillor records (see overview of records management for more discussion). In addition, the use of private email addresses for ratepayers to contact councillors may mean that relevant records are not retained by councillors or Council.

It is suggested that Council should consider the support needed by each councillor to enable them to effectively perform the functions of civic office. This support should be provided within the bounds of the Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors for Local Councils in NSW issued by the Department in May 2007. Council should ensure that it implements the support identified in its expenses and facilities policy to the degree required by councillors.

Councillor induction and professional development

Council does not have a structured induction program for new councillors, nor does it have an on-going training and development program. Council has recently held a by-election to fill 2 vacancies. It will be important for these new councillors to be adequately oriented to their role.

It is evident that there have been some difficulties facing the newly elected Goulburn Mulwaree Council. This is partly due to the fact that only 3 serving councillors were returned at the election in 2008 (see further discussion on the relationship between

councillors under the Other Considerations section). Adequate orientation and on-going development programs are important in ensuring that councillors are given the opportunity to learn and gain confidence in their role.

Recommendations

Council should review its policy on the payment of expenses and provision of facilities to the Mayor, Deputy Mayor and councillors and the effectiveness of its implementation.

Council should develop an orientation and professional development program for all councillors.

5.1.9   Records management

Goulburn Mulwaree Council does not currently have a records management policy. Council does have some procedures to guide staff on various aspects of document management, such as, a procedure for the disposal of day files and a procedure for the opening and distribution of mail. However, there needs to be an overall policy that covers the identification of what constitutes a Council record and how these records are to be managed. This is an area of high risk for Council.

State Records NSW has issued a recordkeeping publication for local government councillors, 'Sample records management policy, procedures, leaflets and templates for local government councillors', that provides guidance about the keeping of records that relate to the councillors' role. Council should include keeping of councillor records in its records management policy and procedures. Council should implement appropriate procedures to ensure that councillor correspondence is recorded.

It should be noted that Council has undertaken some workshops and training in this area for staff and is aware of its responsibilities under the State Records Act.

Recommendations

Council should develop and implement a records management policy and procedures.

Council should include the keeping of councillor records in its records management policy and procedures.

5.1.10   Management planning

Each year, Council is required to prepare a draft management plan with respect to its activities for at least the next 3 years and its revenue policy for the next year.

While Council's management plan on the whole complies with the legislative requirements, the way it is prepared makes it complex and difficult to navigate. The management plan is a document of over 500 pages which makes it difficult for members of the community to print if accessed electronically. While Council provided a number of copies of the management plan at its offices for inspection by members of the public, there was a cost of $25 if a hard copy was required. Council needs to ensure that members of the public are not disadvantaged from obtaining a copy of this essential document.

Council could streamline its management plan. Information in the plan is broken down into each Council business unit. There is considerable repetition of information throughout the plan in each business unit section. Council should examine the format of other council management plans to reduce the repetition and provide the required information in a more succinct way.

Council complied with its obligation to publicly exhibit its management plan. Council held one public meeting in conjunction with this public exhibition of the plan. The public attendance at this meeting was disappointing. In addition, Council receives few submissions on the management plan each year. It is suggested that Council should consider a more pro-active approach to management planning by engaging with community stakeholders in the preparation of the draft plan. In this way, community members have a stake in formulating the plan and can provide direct input into the provision of Council activities and services.

Council has developed a sound communication strategy for the organisation and should ensure that it applies the principles and strategies outlined in that strategy to all of its consultative processes (see further discussion on the communication strategy under the Community and Consultation section).

Recommendations

Council should review the format of its management plan to ensure that it is provided in a more accessible way.

Council should engage with the community earlier in the management planning process by involving the community in the development of the draft plan.

5.1.11 Privacy management

Council collects, stores and uses a broad range of information. A significant part of that information is personal information. Council should have a plan to guide its management of personal information.

Council does not have a privacy management plan. The reviewers were advised that such a plan, including an action plan for its implementation, was being drafted for reporting to a Council meeting in the near future. Council should develop its plan in consultation with guidance provided by Privacy NSW.

Recommendations

Council should prepare and adopt a privacy management plan as required by the Privacy and Personal Information Protection Act 1998.

5.1.12 Purchasing/procurement and tendering

Procurement, disposal of assets, tendering and contract management are areas of any organisation's operations where benefits passing between the public and private sectors may provide ample opportunity and incentive for corrupt dealings. These activities should be governed by considerations of probity, transparency and accountability in the expenditure of public funds for public purposes.

At Goulburn Mulwaree Council, each business unit manager has the authority to approve expenditure for their department. They each have been set a monetary limit for authorisation. The procedures for purchasing/procurement appear appropriate, with adequate controls. However, there is no formal documentation to show who has the authority to approve procurement, and at what monetary level.

There does not appear to be any overall ownership (see further discussion on the organisation structure under the Council's strategic position section).

Council has a policy on purchasing/procurement setting out the procedures to follow when a purchase is to be made. Council should consider formalising and adopting a "delegation of purchasing authority policy" showing at least:

- who can approve expenditure (by position)
- type of expenditure that can be approved by the individual
- monetary limit of authority

The tendering process is included as part of Council's purchasing policy. However, the document only discusses briefly what a tender is, discusses when a tender is required and the requirements of the Local Government Act. Council does have a set procedure that it follows, but there is not a formalised tendering guidelines document.

Council should prepare and formalise a set of tendering guidelines to assist staff when processing a tender. The guidelines should also be placed on Council's intranet.

Recommendations

Council should prepare a "delegation of purchasing authority policy" that is placed on Council's intranet. There needs to be a corporate approach to support the policy.

Council should prepare a set of tendering guidelines showing the procedures to be taken for the tendering process. These should be made available on Council's intranet site.

5.1.13   Council advisory committees

Council has an advisory committee structure that is identified in its management plan to provide community advice to Council at a strategic level. The committee structure identifies internal committees, advisory committees, external committees (where Council is represented) and regular community liaison forums. (See the community and consultation section of this report for further discussion on the community liaison forums)

Council should review the co-ordination of these committee processes when developing the community strategic plan. Council should also identify where the committees report in the organisation, and which sections of Council are responsible for the support and administration of these committees.

Recommendation

Council should review the role and management of its committees when developing the community strategic plan.

Council response

Completion of the Governance Module of the Self-Assessment Checklist component of the Promoting Better Practice (PBP) Program enabled Council to identify areas for improvement, the self-identified areas for improvement reflect those highlighted in this section of the report from the Division of Local Government (DLG). Following completion of the self-assessment component of the Program, Council developed a Promoting Better Practice Review Action Plan Summary to assign responsibility, record and monitor the identified areas for improvement. All of the items included in the DLG Report are captured within that document and are actively being implemented. It is intended to present an updated Action Plan with assigned responsibilities and priorities to the October 2009 Council Meeting

Over the past few months Council has been holding regular workshops with Councillors and key Council Staff to review and discuss Council policies. One of these workshops was held on 17 September 2009 to review and discuss governance related policies, including:

- Code of Meeting Practice
- Code of Conduct
- Councillor Expenses and Facilities Policy
- Councillor Training and Education Policy

At this workshop all of the issues identified in the DLG Report relating to these policy documents were acknowledged and considered. Council's Corporate Governance Coordinator is now developing revised versions of these policy documents,

incorporating many of the suggestions made in this report. The revised Councillor Expenses and Facilities Policy will be presented to Council at its meeting on 20 October 2009, the remaining three policies have been scheduled to be presented to Council at its meeting on 17 November 2009. As part of the process of adopting these policies, it is anticipated a period of public exhibition will take place.

Council acknowledges the comments of the DLG in the Report pertaining to the current format of Council's Management Plan in addition to the comments regarding the need for improved community and Councillor consultation in preparing Draft Management Plans. Council's Director Corporate Services is currently working toward improvements in this area and plans to use an improved format of the Management Plan for the 2010/11 Plan.

A Tender Working Party has been formed to improve Council's procedures in relation to tendering, procurement and purchasing. The Working Party has already sourced current guidelines within Council relating to tender procedures, these have been placed on Council's Intranet for use by all staff. The Working Party will be looking at developing these guidelines further and making necessary improvements.

As indicated to the DLG PBP Reviewers a Draft Privacy Management Plan has been prepared. The draft Plan will be presented to Council at its meeting on 20 October 2009 for consideration. Following adoption of a plan implementation will be rolled out across the organisation.

A strategic workshop with Councillors and Council's Executive will take place in November 2009. One of the key issues to be discussed at this workshop is Council's current Advisory Committee structure, coordination and reporting arrangements for these Committees will be considered as part of this process.

Council has been successful in implementing several of the issues/comments made by the DLG through their PBP Review and Report process, these are as follows:

- The Attachments and Enclosure documents to Business Papers are now available on the website
- A mechanism for ensuring the version of Council Meeting minutes as recorded at the Council Meeting is maintained and available to Councillors

- The practices associated with disclosures of interest at Council Meeting have been improved to ensure that the type of disclosures is recorded, the Disclosure of Interest Form used for this purpose has been redesigned to assist in this process and comply with the Model Code of Conduct.

- The report template used for Closed Session Meetings has been improved and includes the need to apply and demonstrate the public interest test as required by Section 10D of the *Local Government Act 1993.*

5.2   PLANNING AND 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 the following core compliance and good practice areas of Council's planning and regulatory practices:

• *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

Overall, Goulburn Mulwaree Council has many effective planning and regulatory systems and processes in place.

Under amendments to the Environmental Planning & Assessment Act (EP&A), the Department of Planning has sought to standardise planning instruments throughout the State by issuing a prescribed Local Environmental Plan (LEP) template that councils are required to use. Council is one of the first to have its new template LEP gazetted, which occurred in February 2009.

Council has a strategic land use strategy, "Goulburn Mulwaree Strategy 2020", which is reviewed every 5 years and rolled forward. A reserve has been established to ensure there are resources to undertake these reviews. This will also form one of the foundation documents for Council's development of its community strategic plan as part of the implementation of the Integrated Planning and Reporting framework.

Noteworthy practice

5.2.3   Council development assessment practices and procedures

Council has a development control business unit that manages development assessment, construction monitoring and provides pre-lodgement advice.

Council indicates that 97% of its development applications (DAs) are dealt with under delegated authority. These delegations identify what must be referred to Council for determination. In addition, developments that are likely to be controversial or have local significance are often referred to Council. Staff exercise their judgement in this regard.

According to the Department of Planning Local Development Performance Monitoring: 2007-08 report, Council determined 501 DAs in that year. Council's gross mean time for determining DAs was 71 days. The group councils' average was 64 days. Council's net mean time for determining DAs was 43 days, which is above the group average of 39 days. However, Council's net mean DA processing time is less than the state average of 46 days. The statutory benchmark is 40 days. The net mean determination time is calculated by subtracting the number of stop the clock days and referral days from the gross determination time.

Complying development

Council's statistics in the Department of Planning Local Development Performance Monitoring: 2007-08 report indicate that it does not deal with a large volume of complying development applications. Council explained that they are impeded in applying the complying development criteria due to heritage and water conservation issues. This also explains why development application determination times are greater than the group average. Many councils now deal with larger volumes of complying development applications that take shorter amounts of time to deal with.

Development assessment processes

Council evaluated its DA system through an internal audit process in July 2008. Council should continue with the audit process and implement any findings.

Council has a series of standard forms and checklists to assist applicants and staff with the development application process. In addition, Council operates a pre-lodgement service for applicants that is guided by a set of procedures. Recently, Council appointed heritage advisers to form part of this service to provide pre-lodgement advice to applicants.

While Council does not have the electronic lodgement or tracking of development applications, its record keeping and administrative process in the development area are sound. Council has clearly identified the steps in the development assessment process and has a number of checklists that support this process. Council uses Proclaim computer software to keep a register of its development applications and processes.

Council has a development control unit which holds weekly meetings to discuss development applications, referrals and pre-lodgement advice. The meetings include staff from other areas of the Council where relevant, such as, the engineering division. Development assessment is an area of noteworthy practice.

5.2.4 Enforcement and compliance activities

Council has established a compliance business unit that focuses on Council's enforcement and compliance responsibilities. Council's work in this area was guided by an effective enforcement policy that is consistent with the model policy recommended by the NSW Ombudsman. This policy was applicable across the organisation.

It is clear that Council monitors compliance in relation to its functions. Council has established a regime of routine inspections that are managed through a system of registers. The knowledge exhibited by staff managing this area was impressive. The registers include information on food preparation premises, hairdressers, air conditioning towers, intensive agriculture, on site sewage systems, swimming pools, mortuaries, poultry and extractive industries, awnings and building fire safety. The registers are comprehensive. This is another example of the effective application of information technology systems.

Council has developed standard operating procedures for its compliance officers. Council also provides initial and ongoing training for its compliance officers. It is evident that Council has a proactive attitude and approach to enforcement, prosecution and its responsibilities in relation to monitoring compliance with relevant standards.

Areas for improvement

5.2.5 Register of planning decisions

Section 375A of the Local Government Act requires a general manager to record which councillors vote for and against each planning decision of a council, and to make this information publicly available. For the purposes of meeting the requirements of this section of the Act, councils were advised to establish a register that contains:

- a description or identifier of the development or planning matter considered by council
- the decision in relation to the matter or a reference to the minutes of the meeting where the decision is recorded
- names of the councillors who supported the decision
- names of the councillors who opposed the decision.

While Council is calling a division in its meetings in relation to planning matters and recording the votes on these matters, it is not keeping a register of these decisions in accordance with the requirements of the Act. The Department's circular 08-45 will provide Council with relevant guidance in this regard. This register could be kept electronically and made available on Council's website.

Recommendation

Council should establish a register containing a record of voting in relation to planning decisions.

Council response

As a result of the self-assessment component for this Module, Council identified the need to ensure a register of planning decisions was maintained. This recommendation had been captured on Council's Promoting Better Practice Review Action Plan and responsibility assigned, as was a target date for completion of 31 October 2009.

5.3   ASSET AND 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 the following core compliance and good practice areas of Council's asset and financial management practices:

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

5.3.2 *Overview of financial position*

While Goulburn Mulwaree Council's financial and asset management practices are adequate, there are some areas that require improvement. The review team looked at Council's reporting systems, financial reports, policy documentation and procedures for financial and asset management. While the systems appear to be working well, there does appear to be some duplication in certain areas, especially within asset management, and a lack of documentation of financial policies and procedures.

Council incurred a deficit from all activities for the 2007/08 financial year of $1.2M (includes loss in interest revenue and a write-down of investments totalling $9.4M). Council had an operating deficit of $6.8M before capital items in 2007/08. Council has achieved operating surpluses, both before and after capital grants in the prior two financial years.

Council's unrestricted cash for the 2007/08 financial year was $1.746M ($2.879M in 2006/07), a reduction of $1.133M. Council's externally restricted funds included $9.817M which is for loan monies received for the proposed Highland Source Project (water pipeline from the Wingecarribee Reserve).

Council's unrestricted current ratio for all its funds for the 2007/08 financial year was 1.80, a decrease from 2.92 in 2006/07. This ratio measures the adequacy of working capital and the ability to satisfy obligations in the short-term. It does not include externally restricted activities such as water, sewer or specific grants. A ratio greater than 2 is considered to be good.

Another important ratio is the debt service ratio. This measures, as a percentage, the amount of money that Council is spending to service its debts. As at 30 June 2008, Goulburn Mulwaree Council's debt service ratio was 12.69% (9.72% as at 30 June 2007). The benchmark is a ratio of less than 10%. Included in Council's 2007/08 debt service ratio were repayments for a $10 million loan which was borrowed for the Highlands Source Project. Although the project is yet to proceed, the loan has already been drawn down. Council has invested the $10 million received from the loan funds in fixed term deposits.

Council's rates and annual charges outstanding reflect the percentage of money that has not yet been collected for rates and annual charges. The percentage of rates and annual charges outstanding increased for 2007/08 to 6.73% (5.56% in 2006/07). Council's Hardship policy was only in a draft format as at May 2009. Council needs to continue to monitor its outstanding debts and take measures to decrease the amount outstanding. The benchmark for outstanding rates and charges for a rural council is 10% or less.

Goulburn Mulwaree Council has not applied for a special rate variation in the last five financial years.

Overall, Council's financial position is considered to be satisfactory.

Areas for improvement

5.3.3   Asset management, asset register, asset rationalisation and asset maintenance

Asset management plan

Council does not have an all encompassing asset management plan. Instead, it has a series of registers (spreadsheets) associated with the different types of assets belonging to Council. Council does not have a dedicated asset management department. Instead, its many different types and categories of assets are each controlled by individual business units.

Council will be required to develop an asset management plan as part of the Integrated Planning and Reporting framework.

Council should fast track its development of an asset management plan as part of the implementation or the Integrated Planning and Reporting framework. Council should also ensure that its management of assets is co-ordinated. To this end, the management of assets should be placed under the control of one business unit.

Asset register

Council has many different types and categories of assets, and each is controlled by different business units within Council. Council is gradually recording all of its assets from various spreadsheets into the software program Tech One, which is Council's accounting system.

Tech One includes an asset register that is integrated to the general ledger. Only assets that have been re-valued under Australian Accounting Standard AASB116 have been entered into the asset register. Assets such as land under roads, bridges, culverts, pathways, etc are not scheduled to be entered into the Tech One asset register until the 2009/10 financial year.

Council should as a priority, enter all of its assets into the Tech One asset register. This is critical to assist Council in its preparation of its asset management plan.

Asset maintenance

Council does not have a formal asset maintenance program. The engineering division has a schedule of works, but allocation of monies are mainly based on reactive pressures. There is no regular maintenance program schedule for each Council asset.

Council's 2007/08 budget for asset maintenance ($5.858M) was $8.250M less than the identified required annual maintenance ($14.108M) (Special Schedule 7). This will eventually lead to maintenance and reliability issues for all types of assets.

Asset maintenance is also departmentalised, rather than under the umbrella of one business unit.

As previously mentioned, the control of all asset maintenance should be placed under the control of one business unit only, rather than the current split system. The annual budget available should be reviewed.

Asset rationalisation

The former Goulburn City and Mulwaree Councils merged in 2004. Since that date, the merged Council has not undergone any asset rationalisation process. The disposal of

excess assets will help Council's cash position, or allow Council to purchase needed assets or replace existing obsolete assets.

The risk that Council has idle assets, or lightly used assets is high. This is probably brought about by Council not having a formal asset register or disposal policy.

Council should develop an asset disposal policy and consider a review of all its assets.

Recommendations

Council should give priority to its preparation of an asset management plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework.

Council should consider having its asset management and maintenance under the control of one business unit.

Council should develop a formalised policy and program for asset maintenance to match the required expenditure.

Council should give priority to the entering of all assets into Tech One. Council must ensure that the asset register in Tech One agrees with the balances in its general ledger.

Council should develop an asset disposal policy.

Council should undertake an asset rationalisation review.

5.3.4 Long term financial planning

Council does not have an overall long term financial plan (5-10 years), instead it uses a series of Excel models. Council has advised that it has purchased a software program that will allow it to develop a long term financial plan, which will be developed upon completion of its asset management plan.

Council's financial planning is based on various Excel models that analyse a 5-10 year period, but no overall formal plan or document. Council's financial plan does not currently incorporate major capital works. The work currently being undertaken on its

asset management plan should be incorporated into its long-term financial plan if the plan is to accurately predict future financial needs.

A long term financial plan is critical for any organisation to allow it to plan for the future. The long term financial plan will show how Council intends to fund its overall community strategic plan for the future. Council will be required to develop a long-term financial plan as part of the Integrated Planning and Reporting framework. Council should consider fast-tracking its long term financial plan.

Recommendation

Council should give priority to its preparation of a long-term financial plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework.

5.3.5   Quarterly financial reporting

Council's quarterly financial report does not present a clear financial picture to councillors. It merely states whether Council's financial position is satisfactory or unsatisfactory compared to its budget in the management plan. A review outcome report included only shows the proposed movement in various works. The report lacks details of Council's current financial position compared to the budget in monetary terms. There is also no projection for Council's financial position for the end of the financial year.

Council should liaise with councillors as to what information they require in the quarterly financial reports, and in what format. Included in the report should be a financial analysis of Council's individual income and expense items compared to budget, with a current and financial year end projection in dollar terms. A listing of income and expenses compared to budget for the individual business units may be an advantage.

Recommendation

Council should review its quarterly financial report so that it is an easy to read informative financial document for councillors.

5.3.6 Payroll processing

Payroll processing is an important part of running any council. The organisation could face disruption if employees are not paid on time, or correctly.

Council's payroll is prepared by the corporate services unit. Council has advised that if the incumbent payroll officer is absent, there is adequate backup available to process pays. While it appears that Council does have adequate backup procedures, there is no documentation on the procedures to run a payroll. Council should consider preparing a set of payroll processing guidelines to assist any new payroll clerk, or to cover for any prolonged illness by the incumbent officer.

In many councils the processing of payroll is a human resources function, as this readily gives payroll staff access to current pay rates, salary awards etc. Council could review the effectiveness of the location of payroll processing in the corporate services unit when it reviews its organisation structure.

Recommendations

Council should document the procedures for running the payroll process.

5.3.7 Financial policies and guidelines

Council has a range of policies to guide finance processes and decisions. The policies are generalised documents which discuss the subject, but they do not give details as to the procedures to follow. While there was evidence that staff understood the procedures to be followed when implementing policy, these are not documented. This poses a risk to the organisation and may create inconsistent application of policy.

While the above policies are informative, a clear set of guidelines as to the procedures to follow should be documented and adopted and placed on Council's intranet.

Recommendation

Council should formalise its financial policies and have a clear set of guidelines as to the procedures to follow and these should be placed on Council's intranet.

Council response

Prior to the PBP Program Council recognised the need for improvement in the area of assets. Progress toward these improvements has been slower than anticipated. Council acknowledges this is a key priority and over the past few months has been investigating options for expediting the process. A key factor in the progressing these improvements further is the appointment of a substantive Director Engineering which is anticipated to be completed over the next 2 months.

Council acknowledges the comments in the DLG Report relating to the benefits from having one business unit control the management of all assets. In recent times Council has created a position of Asset Management Coordinator to assist in a more collaborative approach to asset management. After careful consideration of the DLG Recommendation to incorporate the asset management and maintenance responsibility for all Council assets under one Business Unit, at this point in time Council will not be implementing this recommendation. This is not considered to be a viable solution at this stage due to the size of the Council, the diversity of the assets under the Council's control and the fact that Council also undertakes the role of Water Authority for the Goulburn Mulwaree LGA. However Council recognises this position will be reviewed following the implementation of the Integrated Planning & Reporting (IP & R) Framework.

The newly created Strategic Policy Unit has been assigned the task of implementing the IP & R Framework. This Unit, as part of the IP & R Plan, will ensure a long-term financial plan for Council is prepared.

As previously mentioned Council is reviewing its format for the Management Plan, part of this review will focus on the reporting format to Council. Workshops will be held with Councillors as part of implementing a revised format, the format and content of reports to Council, including quarterly financial reports, will be discussed and a revised format developed which satisfies the requirements of the Councillors.

The recruitment of a Finance Manager has recently been completed with the successful applicant to commence duties on 2 November 2009. Once the Finance Manager has taken up their position they will be tasked with ensuring procedures are developed for

the payroll process as well as developing and publicising guidelines associated with the application of Council's financial policies and guidelines.

5.4 COMMUNITY AND 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 the following core compliance and good practice areas of Council's community and consultation practices:

• *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, Goulburn Mulwaree Council has many effective community and consultation practices in place. Council has media positions that provide advice on community engagement activities across the organisation.

Noteworthy practice

5.4.3   Communications and Community Engagement

Community engagement is an important element of Council's operations and planning processes. Involving representatives of the community throughout the planning process ensures that community views and ideas are incorporated into the development of the plan and provide for greater ownership of the process and the outcome. Effective community engagement can mean greater community support for the planned directions and resultant actions that are taken.

Council's communications strategy outlines the manner in which it provides information to and seeks input from the community and other external stakeholders. Council successfully uses various mechanisms to provide information to the community and to encourage input from residents and ratepayers. These include:

- Individual communications strategy for major projects

- A media policy

- Mayor's column in the Free Post Weekly

- Weekly message on local radio

- Media releases

- Community newsletters

- Public forum sessions/community workshops

- Weekly advertisement in Wednesday Goulburn Post

- Community outreach meetings

- Council's website

The communications strategy includes a table outlining communication activities designed to meet the objectives of the communications strategy. The table provides clear instructions to staff about when consultation should occur, the objective, timelines and how Council should consult. It is important that Council continues with the organise-wide approach and that relevant staff are supported to undertake activities identified in the strategy.

In 2005, Council was awarded the RH Dougherty Award for Excellence in Communication for Council's Community Outreach initiatives, in 2006 for Excellence in Communication for the Rural Living Handbook and 2008 for Excellence in Communication for 'Saving Water – It's Up to All of Us'.

Council should ensure that it applies its communication strategy to its on-going and essential planning processes such as the development of its management plan that is required to be prepared each year. (see further discussion on management planning under the Governance section)

Communication strategies are also applied to Council's decision making processes. One example is the open forum sessions that are held every three months prior to the commencement of each quarterly Council meeting. Residents are welcome to make oral submissions to Council not exceeding five (5) minutes on any matter, but are generally not permitted to address Council in relation to items on the agenda. Those wishing to participate in the open forum are asked to register their name, contact details and subject matter with the meeting secretary 30 minutes prior to the meeting. (see further discussion on council meetings under the Governance section)

In addition, Council conducts annual community outreach meetings of councillors and senior Council staff in Goulburn and rural villages. These meetings are held once a year at each location.

Council's communication strategy is comprehensive in its scope. It makes use of multiple communication channels to address the varying needs of different stakeholders. The inclusion of objectives, timeframes, and costs provides a sound basis for evaluation. Council should ensure that it applies its communications strategy approach to all of its engagement activities with the community. This is an area of noteworthy practice.

Areas for improvement

5.4.4   Customer Service Practices

While Goulburn-Mulwaree Council has a customer service charter, this document does not set out standards that customers can expect in relation to Council's response to correspondence, telephone calls, visits with Council staff and requests for information.

Council should identify the standards customers can expect of their services and make those available to their customers. As part of this process, Council may wish to consider creating a focus group to assist Council in identifying what the community's expectations are or seek public input through a public exhibition process. It is important, that once these standards have been developed, they are monitored and reported on to ensure accountability to the community and to provide feedback to the Council. Council should also include this information on its website.

Recommendation

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

Council response

Council acknowledges the recommendation made by the DLG in this section of the PBP Report. Indeed as part of the self-assessment component of the PBP Program, Council identified the need for adopting customer service standards. This item had been captured on Council's Promoting Better Practice Review Action Plan and responsibility assigned, as was a target date for completion.

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 the following core compliance and good practice areas of Council's workforce relations practices:

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

5.5.2   Overview of the organisation

Overall, Goulburn Mulwaree Council's workforce practices are adequate and working well.

As at 30 June 2008, Council employed 271 full time equivalent staff comprising:

- 38% women
- 62% males
- 0% Aboriginal and Torres Strait Islander
- 0% people with physical disabilities

While Council has advised that members of its workforce may not have identified themselves as having a physical disability or being of Aboriginal and Torres Strait Islander origin, there may nevertheless be such persons employed by Council. Council will need to ensure that it has appropriate processes in place whereby staff, who may need additional assistance or support, receive this.

Council makes use of traineeships and apprentices. Council has 7 trainees and apprentices in various areas of Council. This is an on-going program.

The activities of the human resources department support the strategic direction of Council. This includes developing and supporting strategies to retain and develop staff, such as identifying career paths for staff.

The review team looked at Council's reporting systems and procedures for workforce relations. While the systems appear to be generally working well, there are areas for improvement.

Areas for improvement

5.5.3   Workforce planning

Council does not have a strategic workforce plan. The plan is required to ensure that the organisation can respond to the strategic priorities that are set and the challenges that Council will face in attracting and sustaining its workforce, as well as

issues such as succession planning. It is important that the issues facing the community and the Council workforce in relation to the ageing of the community are also incorporated into Council's workforce plan. Council will be required to develop a workforce strategy as part of the Integrated Planning and Reporting framework.

This report recommends a review of Council's organisation structure as part of the development of a workforce strategy. Council should consider undertaking a skills audit of current staff. This information will be a critical part of developing the workforce strategy.

Recommendation

Council should give priority to its preparation of a workforce strategy in accordance with the project plan for implementing the Integrated Planning and Reporting framework.

Council response

The DLG *draft [inserted by reviewer]* Report states that:

"*As at 30 June 2008, Council employed 323 full time equivalent staff…*"

It is not clear what information the DLG have relied on in making this statement and Council is of the opinion this information is not correct. In the completed self-assessment modules returned to the DLG as part of the initial stages of the review, Council advised the full time equivalent staff number to be 271. This figure was provided in response to 5.9 – Module 5 – Question 9. Council believes this figure is misleading in presenting the size of the Council workforce and requests this figure be amended to reflect the true figure. This particular issue has caused some Councillors concern at the accuracy of previously reported figures.

Section 5.5.2 – Overview of the Organisation in the Report suggests that Council's current workforce does not contain any employees of Aboriginal or Torres Strait Islander descent or with a physical disability. However Council is confident that there are people within the organisation's workforce who do fit within these demographics, but choose not to identify themselves as such. Council feels the wording used in the

DLG's Report may be misleading and requests the Report be amended to take into account Council's comments.

Council acknowledges the preparation of a workforce strategy is a requirement in implementing the Integrated Planning and Reporting framework and as such it will be incorporated into Council's approach to implementing this framework.

Reviewer response

The review team has amended the statistical representation of Council's workforce as advised by Council.

6. OTHER CONSIDERATIONS

6.1 Relationship between councillors

Following the local government elections in 2008, the (then) Department of Local Government received complaints from members of the community that councillors were not conducting themselves appropriately. This was felt to be adversely affecting Council's ability to govern. In summary, the issues raised related to:

- concerns that some councillors did not understand their role
- a number of conduct complaints lodged in relation to allegations that some councillors had breached various provisions of the Council's code of conduct
- Council meetings that were not being conducted effectively
- councillor behaviour at meetings which was inappropriate, for example, there was one occasion where some councillors left the meeting leaving the meeting without a quorum
- a perceived lack of harmony between councillors which was impeding their ability to make decisions
- allegations of breaches of the pecuniary interest provisions of the Local Government Act by some councillors.

The review team was aware of these concerns when conducting the review. The reviewers met with all councillors while conducting the on-site component of the review. The team's observations were that there seemed a willingness to discuss issues in order to make decisions in the best interests of the community. Councillors, on the whole, appeared to get on. Although, it was evident that there was some level of disagreement between some councillors. Councillors acknowledged that it was early days in their relationship and they didn't always get it right.

The reviewers' observations of the conduct of meetings have been recorded in this report and these have been discussed with Council's Mayor. There is a willingness on the part of the Mayor to contemplate this feedback with a view to effectively managing the meeting process.

The reviewers have also inspected the code of conduct complaint records. Again, observations in relation to this have been recorded in the relevant section of this

report. Councillors should be reminded that the code of conduct sets the expected standards of conduct for persons in public office. It should not be misused to make politically motivated attacks on other councillors and staff.

It is expected that all councillors are committed to a high standard of behaviour expected of persons in local government and to act in the best interests of the community. The time and efforts of councillors are best directed to this end, rather than to internal disputes.

It is recognised that councillors come to the Council table with differing views as elected representatives of the local government area. How councillors resolve these differences is the important issue. In some cases councillors may never agree. However, this is part of the democratic process and councillors need to ensure that they maintain effective communication channels to discuss matters and make decisions. While there are differences of opinion from time to time, these should be resolved in an effective and respectful way.

On the whole, the Goulburn Mulwaree councillors were an eager and responsive group with a willingness to work together and discuss issues facing them. Councillors should continue in this way by resolving differences through effective communication with each other and Council staff, and conducting themselves in accordance with the standards of conduct provided in Council's code of conduct. Councillors should ensure that they use the code of conduct complaint process appropriately.

Every councillor must contribute to the corporate effort to achieve Council's goals and to provide community leadership. Without this, Council staff have no guidance and cannot function effectively in serving the community.

Council response

Goulburn Mulwaree Councillors have acknowledged that in the early stages of their term some issues emerged. The Councillors have committed to putting these issues behind them and have recognised, for the remainder of their term, views on matters put before them may differ and unanimous decisions may, in some cases, not be possible. The Councillors have committed to attending more regular training and

education sessions aimed at developing their skills and knowledge which in turn will improve the way they carry out their role. At the Councillors request, training sessions will be held on meeting practices at least annually.

7. RECOMMENDATIONS

7.1 HIGH PRIORITY RECOMMENDATIONS

7.1.1 Strategic

Council should develop a project management plan that identifies the work required to be undertaken for the effective implementation of the Integrated Planning and Reporting framework.

Council should undertake a formal evaluation of the current organisation structure with a view to identifying efficiency gains and to ensure it aligns with Council's strategic goals. This could be undertaken as part of the development of the workforce strategy that will be required for the implementation of the Integrated Planning and Reporting framework.

7.1.2 Governance

Council should develop an overarching risk management plan to bring together its current risk management practices and manage all significant risk issues facing Council.

Council should develop an internal audit function and an internal audit program.

Council should develop an organisation-wide disaster recovery/business continuity plan that is inclusive of all business continuity risks that the organisation may face.

Council should develop and implement a records management policy and procedures.

Council should include the keeping of councillor records in its records management policy and procedures.

Council should prepare and adopt a privacy management plan as required by the *Privacy and Personal Information Protection Act 1998.*

Council should prepare a "delegation of purchasing authority policy" that is placed on Council's intranet. There needs to be a corporate approach and guidelines to support the policy.

Council should prepare a set of tendering guidelines showing the procedures to be taken for the tendering process. These should be made available on Council's intranet site.

Council should review its code of meeting practice.

Council should ensure that it correctly records the disclosure of interests made by councillors in the minutes of its meetings.

Council should ensure that it correctly applies the closure provisions of the Local Government Act, specifically sections 10A and 10D, to its meetings where it is considering confidential matters.

Council should reproduce its code of conduct as Goulburn Mulwaree Council's code (currently it is in the format of the Model Code).

7.1.3   Planning and regulatory

Council should establish a register containing a record of voting in relation to planning decisions.

7.1.4   Asset and financial

Council should give priority to the entering of all assets into Tech One. Council must ensure that the asset register in Tech One agrees with the balances in its general ledger.

Council should develop a formalised policy and program for asset maintenance to match the required expenditure.

Council should give priority to its preparation of an asset management plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework.

Council should consider having its asset management and maintenance under the control of one business unit.

Council should give priority to its preparation of a long-term financial plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework.

Council should review its quarterly financial report so that it is an easy to read informative financial document for councillors.

Council should document the procedures for running the payroll process.

7.1.5   Workforce relations

Council should give priority to its preparation of a workforce strategy in accordance with the project plan for implementing the Integrated Planning and Reporting framework.

7.2   MEDIUM PRIORITY RECOMMENDATIONS

7.2.1   Governance

Council should review the role and management of its committees when developing the community strategic plan.

Council should review the format of its management plan to ensure that it is provided in a more accessible way.

Council should engage with the community earlier in the management planning process by involving the community in the development of the draft plan.

Council should review the purpose of holding the public forum sessions as part of its meeting practices.

Council should provide the procedures for the conduct of public forum sessions at Council meetings on the website and/or in the front of its business papers.

Council should provide the attachments and enclosures to its business papers on its website.

Council should review its policy on the payment of expenses and provision of facilities to the Mayor, Deputy Mayor and councillors and the effectiveness of its implementation.

Council should develop an orientation and professional development program for all councillors.

7.2.2   Asset and finance

Council should develop an asset disposal policy.

Council should undertake an asset rationalisation review to allow the culling of any excess existing assets.

Council should formalise its financial policies and have a clear set of guidelines as to the procedures to follow and these should be placed on Council's intranet.

7.2.3   Community and consultation

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

8. RECOMMENDATION RISK RATING ANALYSIS

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