

challenges improvement innovation good governance

Promoting Better Practice Program

REVIEW REPORT

SNOWY RIVER SHIRE COUNCIL

NOVEMBER 2007



dlg

Department of Local Government

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1. ABOUT THE REVIEW

Review objectives

The Promoting Better Practice review program is a review process that 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.

Review process

The review process was developed after extensive research into Council performance measurements in Australia and overseas. There are essentially five steps in a review - preparing, assessing, checking, analysing and reporting. The review team examines local circumstances in order to understand the pressures on Council and how the Council has sought to manage that environment.

The process involves a Department of Local Government (DLG) review team evaluating the effectiveness and efficiency of the Council's operations and giving feedback. This involves checking compliance, examining appropriate practices and ensuring that Council has frameworks in place to monitor its performance.

The results of reviews are analysed and fed back to the elected Council, the Director General of the Department of Local Government and the Minister for Local Government.

Snowy River Shire Council Review

Snowy River Shire Council was asked to complete a strategic management assessment and a checklist of key Council practices. The completed self-assessment and checklist were analysed by the review team prior to commencing the on-site review process.

Senior Investigations Officer Sonja Hammond and Principal Finance Officer Susan Glasson comprised the review team, and conducted an on-site review of Council from 19 to 21 February 2007.

The review was based on Council's response to the self-assessment of its corporate arrangements and capacity. This assessment asked Council to respond to four critical questions of its capacity to improve:

- How has Council determined its ambitions and priorities?
- How do these ambitions and priorities drive the Council's services and resources?
- How does Council use its corporate capacity and systems to drive forward the organisation in an ambitious, challenging yet managed way?
- How does Council measure the progress it is making with its agenda to ensure that its priorities are delivered and that service improvement is achieved?

In order to review Council it is necessary to examine its performance across a range of functions. A number of modules of a practice checklist have been developed to assist Council in assessing its functions and checking its compliance. Council's response to the checklist is used as a guide for the on-site review and tests how Council has set about delivering its priorities and measuring its achievements.

The on-site review consisted of a meeting with the General Manager and with the Mayor and providing a briefing for Councillors. The on-site review also consisted of conducting interviews with staff, attending a Council meeting and the review of a number of Council's policies and other documents.

2. EXECUTIVE SUMMARY

The Council's vision statement is "Snowy River Country, a caring community in a unique environment with a prosperous future". This vision is endorsed to differing degrees throughout the organisation and Council may need to increase awareness of this along with the key values and business goals of the Council.

At this time the Council does not have a strategic plan. While it is not a requirement by law to have a strategic plan, the development of such a plan would provide the opportunity for Councillors, Council staff and the community to carefully consider and reconcile the current and emerging needs of the area with the limited resources that are available to meet those needs.

Council engaged consultants to interview the newly elected Councillors and this is a good way to "*establish agreed outcomes and strategic direction for the new four-year term*". Council should follow up on this in the development of its strategic plan, which should reflect a consensus on Council's medium and long-term priorities and what Council's role will be in providing infrastructure, services and economic development over at least the next ten years.

In developing a strategic plan, Council will need to examine ways in which to integrate it with the Council's management plan, social plan, state of the environment plan and any long-term financial plans.

A Councillor induction programme was arranged following the last Council election and most of the Councillors attended an additional workshop at a neighbouring Council. This has given the Councillors a good understanding of what their role is and what is required of them in relation to the code of conduct. Council has developed a section 355 Committee Member Information Template. The document provides a clear, concise resource that details all the necessary information for members of committees.

One area of governance that needs to be improved is the closing of Council meetings to the public and recording the reasons why the meetings are to be closed. Also, as with many other councils, Snowy River Shire Council has not undertaken a comprehensive review of risk exposure across the organisation.

In terms of planning and other regulatory functions, Council is in the process of preparing a comprehensive Local Environmental Plan (LEP) for the local government area. A rural LEP has just been completed and Council is also updating its development control plan. Council has a proactive inspection programme for several of its regulatory functions, including food premises and fire safety. The management of companion animals is an area that Council needs to improve.

At the time of writing this report, Council had not completed and lodged its 2005/2006 financial statements, which were due on 7 November 2006. This is the third year running that Council has not lodged its financial statements by the due date. Timely financial information is essential in order to discharge Council's responsibility to the community and provide relevant information for decision-making. The lack of financial and budgetary information to other Council departments may be hindering the progress of projects. Council needs to put resources into the financial area to ensure that all reporting is up to date and complies with the Local Government Act and that systems and internal controls are effective.

Council has demonstrated that it consults well with the community. Examples of where this has occurred have been the rural LEP process, the section 94 contributions plan and surveys conducted by the community services section of Council.

Council has developed an induction handbook for induction of new staff. This is a good initiative and Council should ensure that it is used for all new Council employees. Performance reviews should be continued and training plans should be incorporated into that process.

3. RECOMMENDATIONS

Ambitions, Priorities and Future Focus

1. Council's Vision and Mission Statements should feature prominently in all of Council's significant plans, the annual report and other publications.
2. Council's Executive Team should meet at least monthly to commence development on Council's strategic direction.
3. Council should work with Councillors, staff and the community to develop and adopt, by 31 December 2008, an overarching strategic plan with a life of at least 10 years.
4. Council should ensure that its Social, Management, Asset Management, Financial and other plans are all integrated with the Strategic Plan.

Governance

5. Council should use the information provided in the Department's Circular to Councils No 04-16 to prepare information for staff and Councillors to assist them in completing their annual returns of pecuniary interest.
6. Council should continue to remind staff of their obligations in respect of the acceptance and declaration of gifts and personal benefits.
7. Council should ensure that its closed meeting agenda lists all items and specifically indicates the relevant nature of the business to be discussed.
8. Council should, where appropriate, apply the public interest test as required by section 10D(2)(c) of the Act when deciding whether or not a matter should be discussed in closed session. Upon opening the meeting, Council should make public all the resolutions made in the closed meetings.
9. Council should review the inclusion of an item of business for questions without notice in its meeting agendas.
10. Council should consider delegating authority to the three principal committees of Council to prevent any duplication and increase efficiency.
11. Council should ensure that the date when delegations are reviewed is recorded to provide an audit trail.

12. Council should develop a comprehensive risk management plan covering all risks including finance, information technology and asset management. In addition to this, the risk management plan must look at and implement strategies to manage risk.
13. Council should set up a program to review its policies, update those that are out of date, update the policy register and ensure that all relevant policies are adopted under Council resolution.
14. Council should include a specific section on its website for Council documents, as was the case with the previous website.

Regulatory

15. Council should consider whether its Contributions Plan should take into account the new provisions under section 94A of the *Environmental Planning and Assessment Act 1979* and if so, amend the contributions plan accordingly.
16. Council should review its contributions plan to ensure that the funds are utilised and that the plan is linked to its strategic plan, capital works programme and long-term financial plan.
17. Council should review its SoE report to ensure that it captures the appropriate information, including comparisons of environmental factors with previous reports. Council should include Aboriginal heritage and consult with or involve the community and environmental groups in the preparation of the report.
18. Council should review and redraft its Companion Animals Management Plan. As part of this, Council should update its policies for the management of companion animals to reflect the new holding facility and its new software.
19. Council should provide relevant pound data and dog attack data to the Department.

Finance and Assets

20. Council should put mechanisms in place to ensure that its financial statements and other statutory financial reports are accurate, finalised and lodged on time for the 2006/07 financial year and all future years.

21. Council must put mechanisms in place to improve Council's cash position by 30 June 2008.
22. Council should monitor its outstanding rates and annual charges and put mechanisms in place to reduce the percentage outstanding by 30 June 2008.
23. Council should, within six months, conduct an analysis of its anticipated ELE cash requirement based on employee ages and expected remaining work life. Further, Council needs to put mechanisms in place to replenish its reserves, especially its ELE reserve by 30 June 2008.
24. Council must immediately ensure that all financial reports due to Council are presented in a timely and accurate manner.
25. Council should continue to use the Budget Preparation Handbook in the preparation of Council's future budgets.
26. Council should put mechanisms in place to allow for the budget processes to be based on accurate, timely and reliable information.
27. When Council requires funding for a particular project or process, Council should review the availability of grants. Council should also develop a system whereby seeking, receiving and expending grant funding is monitored and communicated between project managers and appropriate finance and governance staff.
28. Council should take immediate steps to carry out the following reconciliations:
 - a. Weekly bank reconciliations
 - b. Monthly reconciliations of balance sheet items
 - c. Monthly reconciliations of grant funding
 - d. Monthly reconciliations of land values to the Valuer General's values.
29. Council should regularly review all financial systems to ensure efficiency and accuracy.
30. Council should take steps to lodge its Business Activity Statement on time as required by the ATO.

31. Council should take steps to follow up and finalise recovery action on the Eden Constructions debt.
32. Council should take action to implement the recommendations in the Internal Audit Review 2005/06 conducted by Acumen Alliance.
33. Council should develop and adopt, by 31 December 2008, a long-term financial plan to support its strategic plan.
34. To increase efficiency, Finance Branch must have an increased input into the management plan, including setting of fees and charges.
35. Council should implement the Water Supply and Sewerage Services Strategic Business Plan, which states that Council needs to prepare funding plans for long-term requirements and for long-term programs of maintenance and capital works.
36. Council should follow through on its commitment to asset management in the next budget by reviewing the level of services it provides, determining the resources required to deliver those services, performing asset rationalisation, developing an asset management policy and strategy, further developing asset management plans and developing financial plans for all assets.
37. Council should adopt a policy on the replacement of plant.
38. Finance staff should be given additional IT training as a matter of priority. Further, Council should ensure it invests the resources required to efficiently run the ICT finance systems.
39. Works One should be implemented and integrated as soon as practical.
40. Council should review the need to implement Human Resources software when preparing the next management plan.

Community and Consultation

41. Council should review the draft management plan to ensure that it meets all the legislative requirements.
42. Council should conduct community surveys every two years to gauge the community's expectations and attitudes on Council issues.

Workplace Relations

43. The General Manager should review the organisation structure again in twelve months in an endeavour to make any further improvements that may be required.
44. Council must give attention to communication between different levels of the organisation and between branches.
45. Council must ensure that reports prepared for the Executive Team must be actioned after the Executive Team meeting.
46. Council should carry out staff attitude surveys every two years or so, and should develop and report on action plans arising from the results of each survey. Council should report on its progress on the action plan to all staff on a regular basis.
47. Council should rectify the lack of succession plans for key positions in the organisation.
48. Council should investigate recent staff turnover rates, and determine in consultation with other councils in similar circumstances the comparative rate of staff turnover and the reasons for any anomalies at Snowy River Shire Council.
49. Council should put processes in place to reduce the impact on the normal works programme of the use of road staff for building construction projects.
50. Council should ensure that the Council develops a complying training plan and training budget.
51. Council should review and revise its EEO policy and develop and implement a complying EEO management plan.

4. CONTEXT

Snowy River Shire Council is located approximately half way between Sydney and Melbourne and is approximately 150 kilometres from the national capital. The area consists of sub-alpine regions and alpine areas such as those of the Kosciusko National Park. The Council faces particular challenges in terms of providing services for the residents along with the number of tourists who flock to the region, particularly in winter.

The population is represented by nine Councillors, most of who have been on Council for more than one term.

Snowy River Shire Council is located in the southeastern part of New South Wales, covering an area of approximately 6040 square kilometres. It is bordered on the north and east by Cooma-Monaro Shire Council and to the south by Bombala Shire Council and the Victorian border. On the western side Snowy River Shire Council borders Tumbarumba Shire Council and Tumut Shire Council.

Snowy River Shire Council was formed in 1939. For the purpose of comparative information, the Department of Local Government classifies the Council as Group 10 (indicating the following characteristics: rural, agricultural, remote, with a large population).

The Shire comprises 11 residential areas and 7 resort villages with Council's main administrative centre in Berridale. Jindabyne is the main commercial centre for the southern ski resorts, while Adaminaby serves the northern ski resorts and is the gateway to Lake Eucumbene for trout fishermen. Tourism is the most important economic industry in the area.

In June 2004, Council had an estimated population of 7,322 people¹. The population density at this time was just over one person per square kilometre; the population growth for the previous five-year period was 2.60%. By 2022 the population of Snowy River is expected to increase by 26.4% to 9,624.

¹ Source of information: DLG Comparative Information for NSW Local Government Councils 2004/05.

Less than 1% (0.61%) of the population identified themselves as being of Aboriginal or Torres Strait Islander origin, and 5.62% as being of culturally and linguistically diverse backgrounds.¹

Jackson's NSW Local Government Population Ageing project² indicates that in 2004, with 11.2 % of population aged 65+ years, Snowy River Shire was the State's 131st oldest LGA. The same study forecasts that by 2022 it will be the 77th oldest. This means that the area is ageing considerably faster than that projected for NSW in total. In 2004 Snowy River had six elderly people for every ten children (ratio of 0.6). This ratio is expected to increase markedly by 2022 to 1.5 (15 elderly to every 10 children). The 'crossover' is expected to happen in 2012 (and in 2015 for NSW in total).

According to the same study, the implications for the labour market are that the working age population (15-64) is projected to fall from 70% in 2004, to 64.1% in 2022 (however, the workforce is expected to increase in size by 15.7%).

Council's total staffing numbers are 123 equivalent full time staff. Of these, 7 are aged between 18 – 24 years, 114 between 25 – 54 years, 29 between 55 and 64 years and 4 over 65 years. No staff identify as Aboriginal or Torres Strait Islander.

In 2004/05 the Council's budget was \$16.5 million and Council reported a deficit of \$461,000 for that year.

² Jackson, Dr. Natalie, 2004, *Population Ageing in New South Wales and its Local Government Areas*, University of Tasmania.

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

The review assessed the clarity of Council's strategic direction and whether Council plans reflect a shared and realistic vision. We examined Council's approach to corporate planning and the degree to which project management and continuous improvement principles were integrated into day-to-day management.

A document detailing Council's vision and mission is available for download from Council's website. The content of the statement is reproduced hereunder:

Vision Statement

SNOWY RIVER COUNTRY a CARING COMMUNITY in a UNIQUE ENVIRONMENT with a PROSPEROUS FUTURE

Council has determined that the following elements will direct its vision to becoming a reality:

- Engaging the community in determining the future of the State.
- Conserving resources and conserving biodiversity
- Facilitating increased social well-being
- Considering energy efficiency and the costs of services and infrastructure
- Considering sustainability principles in its decision making
- Facilitating a diverse local economy
- Achieving financial sustainability and
- An equitable and fair planning system.

Achieving our vision also requires achieving the following business goals:

- Continually improving financial and business performance
- Continually improving internal business processes
- Developing organizational capabilities and
- Effectively managing community relationships.

Council's Key Values are:

- Openness
- Equity
- Teamwork
- Integrity
- Efficiency
- Service
- Respect

The statement addresses many aspects of a Council's charter. However, the process of developing and adopting such statements is arguably even more important than their content.

Council appears to have adopted and endorsed the statement to differing degrees throughout the organisation. The statement appears in the 2005/2006 Management Plan and the 2005/2009 Social Plan, however it is not referred to in the Annual Report. These statements should feature prominently in all of Council's significant plans and publications, such as the annual report. **(Recommendation 1)**

The current Council does not have a strategic plan. While Council is not required by law to have a strategic plan, the development of such a plan would provide the opportunity for Councillors, Council staff and the community to carefully consider and reconcile the current and emerging needs of the area, with the limited resources that are available to meet those needs.

In September 2004 Council engaged Meyrick and Associates to interview the newly elected Councillors. The purpose was to *"establish agreed outcomes and strategic direction for the new four-year term"* (Meyrick and Associates, 2004). In their report they state that the Councillors wish to set *"a framework to attain sustainable growth within the Shire"*. To attain sustainable growth Council needs to develop a strategic plan, which would also allow Council to become more proactive. Longer term opportunities are further identified in the Meyrick Report.

Ideally, the strategic plan should reflect a consensus on Council's medium and long-term priorities and what Council's role will be in providing infrastructure, services and economic development over at least the next ten years. Further, a strategic plan would provide a sound foundation on which to develop Council's annual management plan. Council's future action for the Executive Team to meet at least once a month to look at Council's strategic direction is supported. **(Recommendation 2)** It is recommended that Council develop and adopt a strategic plan by 31 December 2008. **(Recommendation 3)** It is pleasing to see that even

though Council has not been able to complete a strategic plan due to the lack of resources Council has some strategic direction within its management plan.

Council also needs to consider how its various plans will be integrated. Council needs to ensure that its Social, Management, Asset Management, Financial and other plans are all integrated with the Strategic Plan. (**Recommendation 4**)

6. DELIVERING AND ACHIEVING

This part of Council's assessment focussed on: capacity and systems to deliver performance improvement; defined roles and responsibilities and accountabilities; delivery through partnership; modern structures and processes; strong financial management; resources follow priorities; performance information; risk managed appropriately; open to external challenge.

6.1 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 industry 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.

A review was conducted on a range of aspects of Council's governance practices including:

- *Ethics and values*
- *Risk management and internal control*
- *Council's decision-making processes*
- *Monitoring and review*

Councillor induction and training

The current Snowy River Shire Councillors were elected in August 2004. A councillor induction programme was arranged following the election. The induction programme took the format of a workshop. Councillors were provided with information on their role, Council's code of meeting practice and code of conduct, pecuniary and non-pecuniary conflicts of interest and other governance issues. Council's General Manager and Director of Governance and Business provided the tuition together with Council's solicitors. The Directors of Environmental Services and Engineering Services and the Executive Manager of Community Services also provided briefings

on their respective areas. It was noted in the Meyrick Report that the Councillors appreciated the induction and guidance that had been provided by the staff following the election.

Eight Councillors also attended an 'Elected Life Workshop' in 2004 that was held at Cooma-Monaro Shire Council. The programme included information on the Council as a sphere of government, Council governance, policy framework and the elected life of Councillors. The level of attendance at this workshop by Snowy River Shire Councillors was commendable.

Additional training is available to the Councillors on an ongoing basis. Councillors have had additional training when important and controversial matters have come before the Council. Some Councillors have attended training provided by Marsdens and the Local Government and Shires Associations, where the subjects have included code of conduct, financial management and chairing meetings. Some Councillors have been on Council for some time and the need for training had not been seen as such a high priority.

Code of Conduct

Section 440 of the Act requires every Council to adopt a code of conduct to be observed by Councillors, members of staff and delegates of Council that is consistent with the *Model Code of Conduct* prescribed under the Regulation. It is important because it assists Councillors and Council staff, to understand the standards of conduct that are expected of them.

Council has a code of conduct (the code) that was formally adopted by Council on 19 July 2005. The code clearly states that it applies to Councillors, Council employees, community representatives and volunteers. The code is based on the Department's Model Code of Conduct. The Snowy River Shire Council Code of Conduct also includes information on the responsibilities of each of the groups that the code applies to, information on the use of credit cards, internal reporting requirements, information on protected disclosures and child protection.

At the commencement of each Council meeting the Mayor states that the Councillors, staff and community members should conduct themselves and their business in accordance to the Snowy River Shire Council Code of Conduct. This is a good initiative as it highlights to all participants the level of behaviour that is expected.

In speaking with the General Manager, Mayor, senior staff and informally to some Councillors it appears that the Councillors and staff have a good understanding of what is required of them in relation to the code of conduct. Council has a conduct committee that consists of the Mayor, General Manager and a person independent of the Council.

Disclosure of pecuniary interests

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

Section 451 of the Act requires that pecuniary interests in a matter before Council, including the nature of the interest, be disclosed. The Council official with the interest must not be present at, or in sight of, the meeting at which the matter is being considered, discussed or voted on. The Model Code requires, as a minimum, that the nature of non-pecuniary conflict of interests be disclosed. What if any action taken by a Council official in addition to disclosure will depend on the official's assessment of the circumstances and significance of the interest.

Council has developed a pecuniary/conflict of interest disclosure form for Councillors to fill in when a matter comes before Council where they have a pecuniary or conflict of interest. The form requires the Councillor to fill in the item number, interest, meeting particulars and the nature of the interest. The form also has an extract of section 451 of the Act relating to disclosure and attendance at meetings. This is a good initiative of the Council and would be helpful to the Councillors in disclosing

their interests. Also it is evident from a review of the minutes that Councillors disclose both non-pecuniary and pecuniary interests and that they err on the side of caution in their disclosures.

Disclosure of interest return forms

The Local Government Act regulates the management of pecuniary interests. The Act requires that Councillors and designated staff complete and lodge disclosure of interests returns. It is important that Councillors and staff observe these requirements, as to not do so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

The review team inspected returns of interests submitted by the Councillors and general manager for the period 1 July 2005 to 30 June 2006. All forms were dated prior to 30 November 2006, however not all the returns were stamped with the date they were received so it is not evident that they were submitted by the deadline (30 September, 2006). Council should ensure that there is a record of when the pecuniary interests returns are received.

Generally the standard of returns was good. However a number of the returns contained minor deficiencies including failure to disclose the addresses of employers, corporations and creditors in Parts B3, C, D, E and G of the returns.

The Local Government Pecuniary Interest and Disciplinary Tribunal has pointed out the need for Councillors (and designated staff) to give due care and attention to the accuracy, detail and content of the disclosures required in returns. Council should use the information provided in the Department's Circular to Councils 04/16 to prepare information for staff and Councillors to assist them in completing their returns. ***(Recommendation 5)***

Gifts and personal benefits

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

If Council officials accept a gift or benefit, this can give rise to feelings of obligation on their part towards the giver. It can also create perceptions that they are or will be influenced because of the gift or benefit. It is therefore important that councils develop a policy and procedures to guide and assist Council officials in dealing with gifts and benefits and to support the provisions in the model code of conduct regulating gifts and benefits. Since 1 January 2005, when the Model Code of Conduct came into force, councils are required to maintain a gifts register.

Snowy River Shire Council has a personal benefits section in the Code of Conduct that reflects the provisions of the *Model Code of Conduct*. This provides information on what is a gift or benefit, the value of a gift or benefit that is considered to be token and the processes and procedures for the disclosure of such items.

Council has developed a form for disclosing such gifts or personal benefits. There are a number of forms stored in the dedicated electronic file. A sample of the forms was reviewed and some were found to be incomplete. Some do not include the entry number, date and time the gift was offered/received or the public officer or general manager's signature.

The gifts received by Council officers have included bottles of wine, cases of beer, hats, boxes of chocolates, packs of coffee. On a number of occasions tickets to sporting events had been offered and accepted. The Code of Conduct clearly states that tickets to major sporting events should not be accepted. It is noted that the acceptance of such appears to have been prior to the introduction of the code of conduct, however, Council should remind staff of their obligations in respect of gifts.

(Recommendation 6)

Councillor expenses and facilities policy

Councils are required to have a policy on the payment of expenses and provision of facilities to the Mayor, Deputy Mayor and Councillors under section 252 of the *Local Government Act*. The Department has recently issued guidelines to assist councils in the preparation of that policy.

The review team examined the Council's draft Policy No: GOV 002 *Payment of Expenses and Provision of Facilities to Councillors*. The draft appears to largely comply with the format and required content of the policies, as suggested in the departmental guidelines. Notably it makes provision for the use of claim forms, approval arrangements and time limits on claiming advance payments.

The draft policy does not contain any monetary limits for the various expense item categories. Setting clear limits on expenses and facilities for Councillors is a general practice that is strongly encouraged in the guidelines.

Councillor's access to information

Within the Snowy River Shire Council's Code of Conduct there is a section dedicated to access to information and Council resources. The Code clearly sets out the access to information and access to Council offices by the Councillors. Based on limited responses from Councillors, there appears to be no concerns regarding the Councillor's access to information.

Council Meetings

Meeting Procedures

A key document covering Council's decision-making is its code of meeting practice. The code of meeting practice incorporates the provisions of the Act, Regulation and the Department's meetings practice note and supplements these with provisions related to Council's own circumstances. The code contains information on the order of business, deputations to Council and conduct of the public forum session at Council meetings.

The ordinary meeting of Council is held on the third Tuesday of each month. Each month the Governance, Business and Finance Committee, Operations and

Engineering Committee and the Environment and Community Services Committee meet. The review team attended the ordinary Council meeting of 20 February 2007.

Council has adopted a code of meeting practice under section 360 of the Act. This is a comprehensive document that incorporates relevant provisions of the Act and Regulation together with a number of additional provisions. Council's code of meeting practice includes a public forum at the beginning of each meeting. The code of meeting practice states that during this time a member of the public may ask questions, address an issue on the business paper or make a presentation or deputation to the Council. There is a time limit of 5 minutes for each member of the public to ask questions and 15 minutes each for deputations or presentations to the Council.

This appears to strike a reasonable balance between giving the community an opportunity to provide direct input into Council decisions and the need to conduct Council meetings in a timely manner. The minutes of previous meetings indicate that members of the public often take the opportunity to address Council and ask questions.

At the meeting the review team attended, Council dealt with its business efficiently and the Councillors worked well together and treated each other and staff with respect.

Closed Meetings

As a general rule, meetings of the Council and its committees are required to be open to the public. Where Council determines that a matter should be dealt with in confidential session, sections 10A to 10D of the Local Government Act outline the requirements for this determination.

The review team examined Council's minutes for the past 12 months as well as attending a meeting of Council. Council considers a number of matters in the absence of the public.

Council's agenda should clearly identify the items that are to be dealt with in closed session. This is not always the case for Snowy River Shire Council. For example, the business paper for the meeting of 17 October 2006 listed one item as confidential. It was titled: Eden Constructions Pty Ltd settlement. In the minutes there were six other matters to be discussed and voted on in closed Council. They were titled:

- 14.2 Regional Waste Committee
- 14.3 Sale of Lot 4 DP250236 Kalkite
- 14.4 Werralong Road
- 14.5 Berridale Building Project
- 14.6 Weeds Contract
- 14.7 Recruitment of General Manager

The agenda needs to identify all the matters that are to be discussed in closed session and give sufficient information as to the nature of the matters. This is important because under clause 252 of the *Local Government (General) Regulation 2005*, the public can be invited to make representations as to whether the part of the meeting should be closed. In order to do this, the public need to know what the item of business is about. In the example above, what the matters are about cannot be easily determined. Council should ensure that its closed meeting agenda lists all items and specifically indicates the relevant nature of the business to be discussed. **(Recommendation 7)**

Where Council determines that a matter should be dealt with in closed session, sections 10A to 10D of the *Local Government Act* outline the requirements for this determination. In deciding whether or not a matter should be discussed in closed session, Council must, where appropriate apply the public interest test as required by section 10D(2)(c). Council should note that personnel matters concern staff only and are not appropriate reasons for closing meetings related to discussions about awards for members of the public. **(Recommendation 8)**

Additionally, Council should publicise all the resolutions made in its closed meetings. A review of Council's minutes for the past 12 months shows that not all resolutions

are reported to open Council on matters that were discussed in closed session as required by clause 254 of the Regulation. **(Recommendation 8)**

Questions Without Notice

Clause 249 of the Regulation allows questions to be put to Councillors through the mayor and to Council employees through the general manager.

The Regulation provides that questions may be put to a Councillor or an employee and that questions must be direct, succinct and without argument. The right to ask questions at Council meetings is to be used appropriately and not as a tool to probe other Councillors or staff on matters outside of the proper business of the Council meeting. Also questions during a Council meeting should be related to the business before Council and Councillors should avoid raising business that can be discussed under other items of business on the agenda pursuant to clause 241 of the Regulation.

Council should also be mindful that questions “without notice”, may result in discussion of details of an operational nature that should not be raised at Council meetings. The Mayor, in the capacity as meeting chairperson, should monitor and if necessary rule such questions out of order.

Council should review the inclusion of the item of business “questions without notice” in its Council and committee meetings. If the nature of the questions is operational Council should develop a process to submit requests at any time. **(Recommendation 9)**

Committees

Many councils operate a committee system whereby the committee forum provides for more extensive discussion on matters to be decided by Council. The recommendations of the committees are reported to Council for a decision.

Snowy River Shire Council has three principal committees. They are the Engineering and Operations Committee, the Environment and Community Services Committee and the Governance, Business and Finance Committee. All Councillors are members of each of the principal committees and they meet on a monthly basis.

Each of the committees comprises

- Opening of meeting
- Public Forum
- Apologies
- Declarations of pecuniary interest and conflict of interest
- Corporate business
- External Committees – Councillor reports
- Reports by the Mayor and General Manager
- Questions with or without notice

The intention behind the establishment committees in most councils is for them to deal with substantial parts of council's routine business and to leave the ordinary meeting to exercise council's non-delegable functions and make other key decisions. As the principal committees at Snowy River do not have any delegated authority this is not the case and Council may wish to review this in order to prevent any duplication and increase efficiency. (**Recommendation 10**)

Council has twelve section 355 committees including management committees for sportsgrounds, halls, skate parks, cycling development and a Youth Council. Council has developed a section 355 Committee Member Information Template. The template contains information for members of section 355(b) committees on management, membership, operation, fees and charges, finance, record keeping, risk management, activities and halls. The document provides a clear concise

resource that details all the necessary information for members of committees. This is an example of good practice. For accessibility for all members of the committees we suggest that the Council includes the section 355 Committee Member Information Template on the Council's web site.

Delegations

The power of delegation is an important tool that assists Council officers to carry out the functions of Council in an effective and timely manner. Delegations need to be made in accordance with sections 377-381 of the Local Government Act and continually reviewed to ensure they remain current. Council provided the review team with a copy of the delegations register.

The standard of Council's delegations register is good. The delegations are comprehensive and clear. They are searchable by topic and also by position title. An index is provided at the front of the register.

It is not evident from the copy examined when the delegations were last reviewed and amended. The previous general manager's name is included in the authority on most of the pages, indicating that the delegations have not been reviewed and/or updated since the new general manager was appointed. Council should update and review its delegations to ensure that they are current, especially with a new general manager recently appointed. Also Council's process could be improved by requiring staff to sign that they have received their delegations. Additionally, Council should record when the delegations are reviewed to provide an audit trail.

(Recommendation 11)

It is noted in the Council's comments on the Draft Report that the General Manager is reviewing the sub-delegations following a structural change approved by the Council and that all references to the General Manager are current.

Tendering and Procurement

Council has a policy for tendering, purchasing, contracting and the engagement of consultants and professional services under delegated authority. The purpose of the

policy is to identify limits on the tendering and procurement of goods and services by Council officers with delegated financial decision-making power. Procedures are outlined for orders and contracts within four different monetary limits, under \$5,000, \$5,000 - \$25,000, \$25,000 - \$150,000 and over \$150,000.

Council's policy states that competitive quotes (advertised public tenders) are not required for purchases under \$5,000 provided that prices are reasonable and competitive. For purchases \$5,000 - \$25,000 Council's policy states that competitive quotes are not required but quotes are to be obtained in writing. The policy does not state how many quotes are required for this threshold. For purchases over \$25,000 but under the tender threshold of \$150,000 three written quotes are required beforehand. Obtaining three quotes, verbal or written, may not guarantee that best value is obtained, or that the procurement process is not subject to improper practices. However, it should provide a record that a transparent process has been followed and can be scrutinised to ensure that quotes are genuine and disturbing trends are not emerging that may suggest favouritism or collusion.

Council has included a review date of December 2008 in the policy and in the policy register it states that amendments are currently being drafted. Council should ensure that the policy is updated to reflect the change from the Local Government (Tendering) Regulation to the Local Government (General) Regulation 2005 and any changes within the Regulation are included. Council should also stipulate that the stated thresholds include the Goods and Services Tax. The policy is included on Council's website.

Also included in the policy are two checklists that outline the process and record keeping requirements for tenders over \$150,000 and under \$150,000. Council has based the checklists on the Department's Tendering Guidelines for NSW Local Governments – Consultation Draft. Council should review the Department's tendering guidelines, when released, to capture any changes to the consultation draft.

Council has an area on its website titled Tenders and Contracts. There is one item in this location, tenders sought for weed control service contract. It appears that this

was placed on the website in May 2006. Council should update the website to reflect advertising for current tenders and contracts, if any. This would also be an ideal location for Council's policy for tendering, purchasing, contracting and the engagement of consultants and professional services.

Council also has a draft purchase, rental and disposal of Council property policy. This relates to Council's real estate property. Council may wish to consider including some information in relation to community land and also compulsory acquisitions.

Council has noted in the comments on the Draft Report that the suggestions raised above will be incorporated into a review of the policy due in December 2008.

Statement of business ethics

A statement of business ethics is a statement of values directed at raising private sector awareness of public sector values. This is important because strong working relationships with the private sector are an essential part of building an efficient and cost effective public sector.

Council has a draft statement of business ethics on its website. It incorporates two key principles and clearly identifies what private sector parties can expect from Council and what Council expects of them. The key principles of Council's business relationships are to obtain the best value for money and impartiality. The statement of business ethics is listed in the documents that are to be provided to tenderers. Council requires Council contractors to abide by the statement of business ethics and the Council's code of conduct and has identified the consequences of not complying with Council's requirements.

Risk management

Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks. While risk cannot be entirely eliminated, councils should aim to establish a risk aware culture and to continually work towards establishing structures, processes and controls that cost effectively reduce the Council's risk profile and thereby protect the interests of Council, the public and other key

stakeholders. There should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

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

Council does not have a risk management plan and has not undertaken a comprehensive review of risk exposure across the organisation. A consultant has been engaged to develop a risk management plan. Business continuity and fraud control are expected to be included and Council should also develop risk minimisation strategies as part of the risk management plan. **(Recommendation 12)**

Internal audit

Internal audit and control provides for systematic scrutiny of an organisation's operations, systems and performance. It assists in ensuring that service standards are met, data records are accurate and complete, and established procedures are being followed.

Council has an internal audit programme and internal audit committee. The Governance, Business and Finance Committee serves as the audit committee for Council. It is pleasing that Council has established an internal audit committee. The membership of the internal audit committee may need to be broadened and Council should review this in line with the Department's internal audit guidelines when they are released.

Council developed a three-year internal audit programme in November 2005. The first area to be audited was Council's financial management. The internal audit review involved examining the efficiency and effectiveness of the accounts receivable, budgeting and financial reporting functions within the Council.

Acumen Alliance was engaged to perform the review, resulting in eight different recommendations. Further discussion of the recommendations is contained in the finance and asset management section of this report.

Council's internal audit programme has been developed so that a different function of Council is audited each year. In 2007 the area under review will be occupational health and safety legislative compliance. Other audit topics include leave management, contract management, development approvals, grant management and internal controls for Finance One.

Record keeping and management

Council is required to make and keep full and accurate records of its activities in accordance with section 12 of the State Records Act 1998. Council must establish and maintain a records management programme that conforms to best practice standards and codes.

Council states that it has a records management policy and that it is supplemented by procedures and guidelines. Council has also developed a records disaster recovery plan that it is currently updating.

Council policies

It is pleasing to see that Council has a policy register. However, it appears that some of Council's policies are out of date. There are also inconsistencies between the register and the actual policies in terms of policy numbers and dates that policies were adopted. Council should review its policies, update those that are out of date, and update the register. Council is reminded that policies (apart from purely operational policies) need to be adopted under Council resolution.

(Recommendation 13)

Public access to documents

Councils are required to make their documents available for inspection free of charge under section 12 of the Local Government Act unless they are specifically exempt under that section or the Council is satisfied that allowing access would, on balance, be contrary to the public interest. Councils are entitled to charge reasonable photocopying charges for copying of documents. Where the general manager or other person refuses access to a document, they must provide their reasons for doing so in writing to the Council. Those reasons must be publicly available. Council must review the restriction within three months of access being refused.

Council has a policy, Access to Council Information, which outlines information that is and is not publicly available. The policy also lists other records, such as, property records and determined development applications that are available. Also contained in the policy is information related to Freedom of Information and Privacy and Personal Information Protection legislation. Procedures for accessing information either under section 12 of the Act or under the Freedom of Information Act (FOI Act) are contained in the policy. The policy was on Council's website at the time of the on site review but since the upgrade to the website it is no longer available.

In the past two years Council had received four (4) applications under FOI Act. In all cases Council granted the access to the information requested.

All policies that were previously listed on the Council documents section of Council's website and available to the public have been removed. Having these documents available on the website was a good initiative. Council should reinstate the Council documents section that was included in the previous website. **(Recommendation 14)**

6.2 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.

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

- *Council's planning instruments and policies*
- *Development assessment*
- *Developer Contributions plans*
- *Environmental management*
- *Companion Animals*
- *Compliance*

Strategic land use planning

Snowy River Shire Council faces unique challenges in terms of strategic planning requirements as its population and the demand on services varies significantly throughout the year. The area does have a fairly robust growth rate of around 6% per annum. This equates to approximately 100 new dwellings per year.

It appears that strategic planning in the past was undertaken on a fairly ad hoc basis and the strategic challenge has been catching up to where the Council should be. The benefits of strategic land use planning are becoming evident within the Council area, as demonstrated by the foreshore development in Jindabyne and development of open spaces and recreation areas.

Council has a Snowy River Local Environmental Plan 1997 (LEP), which commenced in May 1998. Since 1998 amendments have been made to the LEP that have made provision for exempt and complying development, heritage items, private

cemeteries, education establishments, attached and detached dual occupancy development and changes to the definition of holiday dwellings.

Approximately ten years ago Council undertook a heritage study and the findings of the study were implemented into the Snowy River Local Environmental Plan 1997 and the recently adopted Snowy River Rural Local Environmental Plan 2006.

Council has commenced the process of preparing a comprehensive LEP for the LGA consistent with the requirements of recent planning law changes. There are a number of steps to be undertaken in the process, including a Jindabyne growth area study, Crackenback locality plan and a Jindabyne central business district study. Council is approximately half way through the Jindabyne growth area study. The LEP framework will be integrated with the new template required by the Department of Planning and Council has been given four years in which to complete the task.

Development Control Plans

In 1998 Council adopted a single development control plan (DCP) that covers the whole area. Within the DCP there are thirty circulars that include topics such as:

- food handling and hygiene of temporary food premises
- building construction
- complying development
- contaminated land
- activities in public places
- holiday dwellings.

There appears to be some overlap in the circulars within the DCP. Currently Council is reviewing the circulars with notification of development applications, exempt development, car parking and subdivision circulars to be considered at the next Council meeting. The process of reviewing the circulars within the DCP is set to continue, with two or three to be considered by Council each month.

Council has engaged consultants GHD to develop a rural DCP that is expected to be exhibited and finalised by the end of September 2007.

Developer contributions

Snowy River Shire Council has a development contributions plan summary document. The plan was adopted by the Council in May 2006 and outlines how the rates are calculated, when they are to be paid, allowances for existing development and criteria for individual assessment of contributions. The plan appears comprehensive and includes a list of development contributions by area and category and another by development type and area.

The *Environmental Planning and Assessment Act 1979* has been amended to allow two additional methods for development contributions to be obtained. They are voluntary planning agreements and fixed development consent levies. It is not apparent from Council's contribution plan whether Council makes use of these methods. Council should consider whether its plan should take into account the new provisions under section 94A of the *Environmental Planning and Assessment Act 1979* and if so amend the contributions plan accordingly. **(Recommendation 15)**

As at 30 June 2004 Council had \$2.164M held in developer contributions. During the 2004/05 financial year Council received additional contributions of \$237,000 and earned \$113,000 in interest but only expended \$109,000. Council appears to be under-utilising its developer contributions and may need to review its developer contributions plan to ensure that the funds are utilised. A strategic approach would be to link its development contributions with its strategic plan, capital works programme and long-term financial plan. **(Recommendation 16)**

Development assessment

At Snowy River Shire Council 95% of development applications (DAs) are dealt with under delegated authority. The criteria governing the call up of DAs by Councillors includes applications for staff members, if there is significant community concern or objections or at the discretion of the assessment officer.

Reports on the status of all development applications that are with Council, together with the numbers of applications received and determined, are reported to the

Environmental Services Committee each month. The Councillors are able to request further information relating to applications from the town planners who also attend these meetings.

Council currently has four specialist planning positions comprising two planners in the development control section and two in the strategic planning area of Council. At the time of the site visit, two positions were vacant.

To assist applicants, Council provides in its customer service area a range of fact sheets and brochures on planning related topics. Also, a range of forms, guides and checklists are available on the Council's website. Council also offers a free pre-lodgement advice service to applicants. Council officers try and resolve matters with applicants so that a mutually accepted outcome can be reached before an application is determined.

The notification of DAs is regulated under the Snowy River Shire Council DCP. The DCP states that all developments will be notified to all adjoining owners, the exhibition period and if newspaper advertisements are required. In its response to the checklist, Council indicated that it offers reviews of DA decisions under section 82A of the *Environmental Planning and Assessment Act*.

State of the environment report

State of the environment (SoE) reports are prepared by councils to report on the main environmental issues facing local government areas. The reports must address eight environmental issues and include major environmental impacts and related activities. The *Local Government Act* requires councils to prepare a comprehensive report the year ending after each Council election and a supplementary report in the intervening years. These reports must identify any new environmental impacts since a Council's last report and update the trends in environmental indicators that are important to each environmental sector.

The Department of Local Government granted Snowy River Shire Council an exemption from having to prepare a comprehensive State of the Environment report

for the years ending 30 June 1998 and 30 June 1999. The exemption has expired and a comprehensive SoE report was due by the end of November 2004. To meet this requirement Snowy River Council prepared a joint SoE covering the period 1 July 2000 to 30 June 2004 with the ACT region councils. The next elections are scheduled for September 2008. This means that the next comprehensive report, which may be a regional report, is due by the end of November 2009.

The review team has reviewed Council's comprehensive state of the environment report and supplementary report.

The comprehensive report draws on environmental data from other councils, identifies and applies appropriate environmental indicators and applies the pressure-state-response model. Relevant background information and relevant environmental indicators are included for most of the environmental sectors as required. Comparisons with the condition of the environmental factors in the previous comprehensive report are included for some but not all the environmental sectors.

The supplementary report outlines Council's activities such as increased water testing, noxious weeds displays and streamlining tip operations to encourage further recycling. The report shows that all environmental sectors are covered to some degree, with the exception of the condition of Aboriginal heritage. It is noted in the report that there is a gap in the data related to Aboriginal heritage but there is no indication of how information on Aboriginal heritage can be sought. The report does not contain information relating to an involvement of the community or any environmental groups.

Council should review its SoE reports to ensure that they capture the appropriate information, including comparisons of environmental factors with previous reports. Council should include Aboriginal heritage and involve the community and environmental groups in the preparation of the report. **(Recommendation 17)**

Companion animals

The adoption of a local companion animals management plan assists Council in achieving a balanced relationship between companion animals, humans and the environment. Such a plan also provides Council with an opportunity to identify the future direction of these services and strategies to meet the challenges faced in the provision of these services.

Council adopted a Companion Animals Management Plan in May 1999. The plan is considered to be outdated and Council plans to redraft the plan in accordance with the Department's Guide to Preparing Strategic Companion Animals Management Plan. Council as part of the redrafting of the plan should also undertake community consultation in relation to this matter. **(Recommendation 18)**

The Department's Companion Animals Unit advised that at the time of the onsite visit Snowy River Shire Council had not returned any pound data nor reported any dog attacks to the Department. The recently amended *Companion Animals Act 1998* (section 67A) requires councils to report to the department on pound activity. Council should commence providing relevant pound data and dog attack data to the Department on the provided form by the appropriate due dates. **(Recommendation 19)**

Council is in the process of building a pound at the Council's depot and has an interim arrangement with local kennels and catteries to house any stray dogs and cats. Prior to this the Council was using the pound facilities at Cooma-Monaro Shire Council. Council should ensure that policies are created for the management of the new facility. Council should also ensure that any such policies comply with various responsibilities under the Companion Animals Act, the Impounding Act and the Prevention of Cruelty to Animals Act. With the implementation of the Proclaim system in the Environmental Services area of Council the procedures for all aspects of the management of Companion Animals are being reviewed.

Compliance

The environmental health section exercises Council's compliance functions. Council has a proactive inspection programme for several of its regulatory functions. Council

has an annual programme of inspections for compliance by all food premises and reinspects particular premises based on risk. Council also conducts food handling courses bi-annually. Council has information in the DCP concerning food handling and hygiene/temporary food premises along with food premises construction and fit out.

Snowy River Shire Council also has a very proactive fire safety programme. With the large number of temporary accommodation facilities in the Council area, particularly in winter, fire protection and safety is an important compliance matter. At the time of the onsite review Council had issued approximately 50 orders for premises to improve their practices in relation to fire safety.

6.3 Asset & Financial Management

Under its charter, Council has a responsibility to raise funds for the purposes of carrying out its functions. This can be achieved by the fair imposition of rates, charges and fees, borrowings and grants. The Council is also the custodian and trustee of public assets and must effectively account for and manage these assets.

The review examined a range of Council's practices in the areas of financial management and asset management.

Financial management

Council had not at the time of the on site visit lodged the 2005/2006 financial statements, which were due on 7 November 2006. This is the third year running that Council has not lodged its financial statements by the due date. Council's auditor in the 2005 Report on the Conduct of the Audit commented, *"The Financial Statements were not submitted for audit in accordance with Division 2 of Part 3 of the Local Government Act...We report that Council's financial statements were not completed until May 2006."* Council has indicated that it uses the LGMA Health Check benchmarks to determine the financial health of Council. Further, Council states that the health check performance is reported to Council when the financial statements are presented. This does not provide a sound foundation for decision-making when the reported information is up to 12 months old. Council needs to put mechanisms in place to ensure that the financial statements and other statutory reports are lodged on time in the future. **(Recommendation 20)**

Given that the 2005/2006 financial statements are not available, a review of the 2004/2005 financial statements has been completed. This review revealed that Council has reported surpluses after all activities for the last five years. Council has reported a deficit before capital for the 2004/2005 financial year and surpluses before capital for the previous four years.

Council's unrestricted current ratio (UCR) measures the adequacy of its working capital and the ability to satisfy obligations in the short term. For the 2004/2005 financial year the UCR was 4.3 whereas for 2003/2004 and 2002/2003 it was 3.87

and 4.37 respectively. This ratio is considered to be satisfactory. A good UCR is greater than 2 whereas a ratio of 1.5 to 2 could be of concern if other indicators are not adequate.

Council's unrestricted cash for 2004/2005, 2003/2004 and 2002/2003 was \$90,000, \$881,000 and \$665,000 respectively. Although liquidity is determined by UCR, a healthy unrestricted cash balance gives Council the option to meet unbudgeted expenses. As indicated Council's unrestricted cash has decreased from previous years. Council should strive to maintain a steady unrestricted cash balance. What constitutes an acceptable unrestricted cash balance is for individual councils to determine.

The Debt Service Ratio (DSR) in 2004/2005 was a satisfactory 0.37%. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. A DSR of less than 10% is good. Long-term debt outstanding at the end of the period was \$270,000. Although Council's DSR is low it does not necessarily indicate a capacity to borrow. This scenario needs to be considered in the context of long-term commitments, funding options, current operating results and cash flow projections.

The Rates & Annual Charges Outstanding Percentage (RACO%) in 2004/2005 was 6.38%, an increase from 4.59% in 2003/2004 and 4.56% in 2002/2003. This increase from the previous year requires monitoring by Council. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for rural councils is less than 10%.

Actual results before and after capital items in 2004/2005 were a deficit of \$461,000 and a surplus of \$2.411 million respectively, compared to budgeted deficit of \$376,000 and a surplus of \$3.092 million respectively. The main reason for the unfavourable variance was due to depreciation on assets acquired during the 2003/2004 financial year (\$5.3million) not being included in the budget figures.

Council's auditors have commented, after the 2004/05 audit, on a number of areas such as operating results, liquidity and reserves. Comments include:

“Operating surpluses are a vital performance indicator and we strongly encourage Council to focus on ensuring that future operating revenues are sufficient to meet operating expenditures.”

“...we express concern that the remaining deficit in the current year ...has been met from internally and unrestricted funds.”

“...internally and unrestricted funds have decreased...with significant reductions being recorded in the Employee Leave Entitlement, Buildings and Road Works reserves. In our opinion the current level of reserve funding is low and will need replenishment in order that future infrastructure maintenance and replacement obligations can be efficiently and responsibly met.”

From the financial analysis and the auditor's comments it appears that some of Council's financial indicators have deteriorated in the 2004/2005 financial year. A number of matters need significant improvement or implementation as a matter of priority. It is recommended that Council put mechanisms in place to improve Council's cash position. **(Recommendation 21)** Council is to monitor its outstanding rates and charges and put mechanisms in place to reduce the outstanding percentage. **(Recommendation 22)** In relation to the ELE reserve, Council needs to conduct an analysis of its cash requirement based on its employees' age and expected remaining work life. Further, as directed in the 2005 financial year audit report, Council needs to replenish its reserves, especially its ELE reserve. **(Recommendation 23)**

Section 407 of the Local Government Act 1993 states that the General Manager must report to the Council within two months of the end of each quarter in relation to performance targets set by the current management plan. It appears that this report is not being presented to the ordinary meeting of Council on time. Further clause 203 of the Local Government (General) Regulation 2005 states that the Responsible Accounting Officer must within two months of the end of each quarter submit to

Council a budget review statement. It appears that this statement is not presented to Council as required under the Regulation. Also clause 212 of the Local Government (General) Regulation 2005 states that the Responsible Accounting Officer must submit on a monthly basis an investment report to Council. This report does not appear to be presented to Council, as the Regulation requires. These non-compliance issues appear to be a breach of the Local Government Act and Regulation. Council must retain compliance under the Act and Regulation by immediately ensuring that all reports due to Council are presented in a timely and accurate manner. **(Recommendation 24)**

In the comments on the Draft Report Council has noted the comments made above and has revised its processes in order for the reports to be presented at the Council meeting.

Budgets

Council is to be commended for its preparation and use of the 2006/07 Management Plan: Budget Preparation Handbook. It is recommended that Council continue to use this handbook in the preparation of Council's future budgets. **(Recommendation 25)**

Council has installed Business One Software with the view to improving Council's budgeting processes and reporting. Due to the lack of finance staff resources with the implementation and ongoing use of this software this budgeting system is not effective and does not currently allow staff from other departments to access the budgetary information they require. Planning and Engineering staff cannot make valid decisions/recommendations based on the scarce resources Council has available to it. It then follows that Councillors cannot make decisions based on accurate and reliable information. It is recommended that Council put mechanisms in place to allow for the budget processes to be based on accurate, timely and reliable information. **(Recommendation 26)**

Budgets are further discussed in the Internal Audit Review 2005/06 conducted by Acumen Alliance, where Council commented that Business One had markedly

improved the budget process and that managers had timely (daily) information regarding their performance budget. Based on information gathered during this review that is not the case. Council must look at the Internal Audit Review Report for further guidance on budgeting.

Grants

Councils need to utilize grant funding whenever it is practical. When Council requires funding for a particular project or process, Council should review the possibility for available grants. With this in mind Council must consider the 50%/50% funding requirement and the recurrent costs of these processes or projects. Further there must be open communication with the staff member who reviews the possibility for grants and the appropriate person who is in charge of the project or process.

(Recommendation 27)

Systems and Internal Controls

Councils must have a good framework of systems and internal controls. This framework increases efficiency, decreases the chance of error and fraud, improves decision making at all levels and helps to maintain morale at a required level. Council's systems and internal controls are not being managed to expected standards.

At the time of the departmental visit, Council has not balanced the balance sheet items in Council's computer system. This allows for the increase of errors and fraud. Council must balance these balance sheet items on a monthly basis. **(Recommendation 28)** Council's bank reconciliation has been allowed to go unbalanced as far back as October 2005. As at 31 January 2007 Council's bank reconciliation was balanced to 30 June 2006. At the time of the departmental visit the reconciliation was still in the process of being balanced to January 2007. Council must ensure that the bank reconciliation is performed and balanced on a weekly basis. **(Recommendation 28)** In addition Council must review grant funding on a monthly basis and not on the annual basis. **(Recommendation 28)** This would improve Council's cash flow and budget processes.

Council systems have proved to be inadequate with a significant estimated loss of \$164,646 being reported to the Ordinary Meeting of Council on the 18 April 2006. Council noted in the comments on the Draft Report that at the time of the onsite visit the implementation of the new software was still problematic. Since the onsite visit errors within the system have been corrected and further training has been provided to staff. Council should review all financial systems regularly to ensure efficiency and accuracy. **(Recommendation 29)**

Council's has, since September 2005, failed to lodge the Business Activity Statement (BAS) with the Australian Taxation Office by the due date. Council has advised that at the time of the on site visit the BASs were lodged up to May 2006. Even though Council advised that it is currently in a refund position Council must henceforth lodge the BAS on time as required by the ATO. **(Recommendation 30)**

At the time of the on-site visit, Council's land values did not balance to the Valuer General's land values. Council must ensure that the land values balance on a monthly basis. **(Recommendation 28)**

It appears that Council's debtor Eden Constructions has not kept to a payment arrangement. At the time of the on site visit the last payment received was in January 2006. Council must follow up and finalise this outstanding debt. **(Recommendation 31)**

Council is to be commended for instigating the Internal Audit Review 2005/06 conducted by Acumen Alliance. As mentioned elsewhere in this report, Council should take heed of the recommendations in the report. **(Recommendation 32)**

Financial Planning

Council has included in the management plan a special project to develop 5, 10 and 20-year financial plans. This special project has been postponed due to lack of resources. Ideally, the financial plan (as with the strategic plan) should reflect a consensus on Council's medium and long-term priorities and what Council's role will be in providing infrastructure, services and economic development over at least the

next ten years. The financial plan should be developed within the confines of the strategic plan and provide a sound foundation for Council's annual management plan. It is recommended that Council develop and adopt a financial plan along with its strategic plan. **(Recommendation 33)**

Internal communication

Communication between the Finance Branch and other branches appears to be lacking. For Council to function in an efficient manner Finance Branch needs to have an increased input into the management plan including fees and charges. **(Recommendation 34)**

Council's comments on the Draft Report state that there has been an improvement in communication with staff recruitment and skilling up current staff.

Business Activities

Council has reported six business activities in the 2005 financial year statements, namely water, sewerage, airport, Jindabyne Holiday Park, quarry and waste. While the water, sewerage and Jindabyne Holiday Park businesses have reported a surplus position, the quarry and waste businesses both reported a deficit position for the 2005 financial year. The airport has now been sold.

Assets Management and Infrastructure Maintenance

The written down value (WDV) of Council's assets at 30 June 2005 period were:

- Roads, Bridges & Footpaths 42%,
- Stormwater Drainage 72%,
- Water Supply Network 72%
- Sewerage Network 59%.

The department considers that WDV below 50% may be cause for concern. This is because once an asset has been substantially depreciated there may be deterioration that requires major reconstruction.

At 30 June 2005 the estimated annual maintenance for all infrastructure was \$1.121 million whereas the actual maintenance was \$1.570 million. The amount required to bring assets to a satisfactory standard was estimated to be \$5,000. Although the amount to bring assets to a satisfactory standard is a low \$5,000 Council needs to build a sewerage treatment works (at an estimated cost of \$6.5 million) and two Council office extensions/buildings. The estimated cost of the Berridale office is \$1.7 million. However, at the time of writing this report the new Jindabyne office had not been costed.

Council has indicated in the Self Assessment Checklist that Council does not have an asset maintenance programme, an asset register of infrastructure (which includes asset identification, valuation and condition assessments, long term asset management plans) and has not made provision for funding of infrastructure improvements.

Upon visiting Council, asset management staff advised that Council has the following documents:

1. Water Supply and Sewerage Services Strategic Business Plan. This document covers mission statements, operating environmental review, levels of service, customer service, asset management, human resources and finance. This plan is for the 20 years from 1996 to 2015 and is currently being reviewed. The Water Supply and Sewerage Services Strategic Business Plan states that Council needs to prepare funding plans - one for long-term requirements and one for long-term programmes of maintenance and capital works.
(Recommendation 35)
2. Plan for Waste, which is a 10-year plan.
3. Roads Management Strategy and draft five-year rolling works programme. Council is currently writing the next five-year plan for roads.
4. Assessment of Pavement Condition and preparation of a Five Year Pavement Management Strategic Plan.
5. A segregated asset register.
6. A plan for buildings, which Council is currently preparing and is approximately 50% complete.

Council should ensure that all long-term asset management plans are linked to a comprehensive infrastructure maintenance programme. This will ensure proper medium to long-term decisions in terms of Council assets and priorities. In drawing up such plans, Council also needs to weigh up the costs of investing in infrastructure renewal over the medium term against the potential costs of failing to do so over the long term.

Council should continue to undertake a systematic and accurate assessment of the condition of all its infrastructure assets and further develop supporting financial plans for all assets. **(Recommendation 36)** This process will facilitate more informed decisions about the need to fund asset maintenance and being able to report more accurately on the condition of its assets.

Council must review the level of services it provides. Council's management plan states that one of the special Financial Services projects Council would perform is an asset audit in conjunction with Council's auditor. Based on this Council must perform a rationalisation on all of its assets. **(Recommendation 36)**

Council advised that the issue of asset management would be concentrated on in the next budget. **(Recommendation 36)**

Council should adopt a policy on the replacement of plant. The policy should identify the expected useful life of each category of plant and optimum replacement dates. **(Recommendation 37)**

Information, Communications and Technology (ICT)

It is pleasing to see that Council's ICT team has developed a draft 15-year plan for upgrades and replacement of equipment. Work on a 5 year ICT plan is expected to be completed by December 2007. Council also has its key business systems on a single integrated software platform. It appears that the purchased products more than cover Council's requirements. However, the implementation of the new system was poorly managed mainly due to lack of staff training. As stated elsewhere in this

report, finance staff were not adequately trained during the implementation process of the Finance One system and this has caused major problems. Finance staff should be given the additional training required as a matter of priority. Further to this, Council should ensure it invests the resources required to efficiently run the ICT finance systems. **(Recommendation 38)**

Although Council has purchased the Works One software it has not been implemented and therefore it is not integrated with Technology One. It is recommended that Works One be implemented and integrated as soon as practical. **(Recommendation 39)** Although Council has a payroll system, Council does not have a Human Resources section to its integrated software. Council may wish to take this into consideration when preparing its management plan. **(Recommendation 40)** Time saved due to a HR software system may allow time to be allocated to other areas.

It is pleasing to note that Council has an Internet usage policy. Also pleasing is that Council has good back up systems in place. However, Council does not have a risk management plan for ICT. It is recommended that Council address the issue of risk management and ICT. **(Recommendation 12)**

Community Land

The Local Government Act stipulates how Council is to govern the use and management of community land. This is a fundamental responsibility of councils. The Department's Practice Note 1 – Public Land Management deals with this issue and is available for download from the Department's website.

Council has a Management Plan for Community Land (September 2004). Council's community land records appear to be up to date and comprehensive.

Register of Leases

Council has a register of leases and licences, which appears to be up to date and comprehensive.

Risk Management

As stated previously Council does not have a Risk Management Plan. It is imperative that Council develop risk management strategies for the areas of Finance and Asset Management. In addition to this the risk management strategies must look at and implement strategies to decrease risk. Council should look at the risk management discussed in the Internal Audit Review 2005/06 conducted by Acumen Alliance.

(Recommendation 12)

Conclusion

The issues facing the finance branch are not due to the current finance staff. These issues have been brought about by the lack of sufficient staffing to perform the every day duties of a Council. Further with the implementation of the new software system insufficient time was devoted to training of staff. The combination of insufficient finance staff numbers and lack of software training has promoted the incidents of errors, the lack of attendance to some duties and the dramatically declining morale. This issue is further discussed in the Workforce section of this report.

Council must concentrate on improving the finance area. Additional resources must be employed to bring the finance section to a satisfactory level. Council must also deploy the resources required to run the ICT finance systems

Council's comments on the Draft Report in relation to the restructure to provide additional resources to the finance area and undertaking an assessment of the resources are noted.

6.4 Community & Consultation

A Council's charter requires that a Council:

- Provides services after due consultation
- Facilitates the involvement of Councillors, members of the public, users of facilities and services and Council staff in the development, improvement and coordination of local government
- Actively promotes the principles of multiculturalism
- Plans, promotes and provides for the needs of children, and
- Keeps the local community and State government informed about its activities

The review of Council's activities in this area looked at:

- *The methods Council uses to involve and determine the views of its community*
- *Social and community functions of Council*
- *Annual reporting*
- *Reporting to the community and keeping the State government informed about its activities*

Management plan

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. Sections 403 and 404 of the Local Government Act require certain particulars to be included in Council's draft management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act.

At the time of the onsite review Council was planning the way in which it would undertake the 2007/08 Draft Management Plan process. Council was planning to prepare a draft management plan that contained the basic requirements then to consultant with the community to identify additional projects. The next stage was to establish the cost of the projects and finalise the draft management plan.

The draft management plan was placed on public exhibition. Council placed it on the website and it could also be viewed at the Council's offices in Berridale and Jindabyne for the required 28 days. In addition to this, Council held community consultation meetings in Berridale, Jindabyne, Dalgety and Adaminaby. The community was asked to make written submissions to the Council on the draft management plan.

The 2007/08 draft management plan is well set out and contains statements of Council's objectives for its key activities and the activities it intends to take to achieve them. While the plan contains performance measures specific to each programme area, they are not clearly quantifiable and measurable. The required contents of the draft management plan are contained in s403 of the Local Government Act. This section states that councils are required to include:

- Capital works projects
- Services to be provided
- Asset replacement programmes to be implemented
- Sales of assets
- Business or commercial activities of Council
- Human resource activities

Council should review this section of the Act and ensure that it meets the statutory requirements. (***Recommendation 41***)

Annual report

Snowy River Shire Council has not yet submitted its 2005/06 annual report to the Department. This is a result of the financial reports not being completed. A review of the annual report will be included in the final draft of this report if available.

Communication strategy

Council utilises a number of means of communicating with the community. Council has regular advertising space in two weekly and one monthly newspaper. The Governance Coordinator prepares the Shire Wire that appears in the newspapers. In

addition to this Council uses media releases through television, radio and newspapers.

As discussed previously Council has recently launched a new website. It is reasonably informative and easy to navigate around on the site. Business papers and minutes of Council and committee meetings are made available on the website. Draft policies and plans that are on exhibition are available. There is a page for ratepayers to download previous copies of the Shire Wire that invites contributions from ratepayers. As discussed previously Council should consider including the Council documents section on the new website as it had on the previous website.

Community engagement

Council appears to be engaging the community well in the development of its management plan. Council also allows members of the public to address Council meetings and ask questions.

Engaging with the community in 2006 in the Snowy River Shire also occurred through a variety of surveys on topics such as, community transport, youth health and the Carer Outreach programme.

To gauge the community's expectations and attitudes on broader Council issues, Council would do well to conduct community surveys on a regular basis, for example, every two years. ***(Recommendation 42)***

Council undertook a new approach for engaging the community in the development of the Rural Local Environmental Plan. Rather than hold public meetings planners attended villages, such as Adaminaby, from 5:00pm to 7:00pm each evening for a week. Ratepayers were invited to come and speak to the Council planners on an individual basis. This approach was seen to be successful by the Council staff as they were able to gather information for the ratepayers as well as inform the community of the Council's plans.

With the development of the contributions plan Council also took another approach to engaging the community. Council officers attended the local Chambers of Commerce, Country Women's Association and progress associations meetings to discuss the plan. This was also seen as an effective way to engage the community.

Following the ski seasons of 2006 and 2005 Council held an Anti-Social Behaviour Forum. The forum was established to examine anti-social behaviour that was increasing in the area during the ski seasons and to investigate ways to address the problems. The forums were facilitated by community workers and were attended by the Mayor and other Councillors, Council employees, ambulance officers, police officers and community members. Some of the initiatives to come out of the forums were the establishment of alcohol free zones and increased lighting in particular areas. This appears to be a good initiative of Council that engages the community in seeking solutions to problems.

Social and community planning

The *Local Government (General) Regulation 2005* requires all councils to develop a social and community plan at least once every 5 years to meet the needs of the residents of their area. This plan must be prepared in accordance with guidelines issued by the Department. Aspects of the social and community plan must be reported in Council's management plan and annual report.

Snowy River Shire's Social Plan 2005-2009 complies with departmental guidelines for social planning, implementation and reporting. It is comprehensive, well written and well structured, making it easy for the local community, regional service providers, Councillors and Council staff alike to understand.

It provides a good level of detail on the physical and historical context, the demographics and the relevant issues facing both the general community and target populations (eg tourism, rurality and an aging rural population, transport, health, housing, education and training, etc). The plan conveys the sense that the Council has an impressive depth of knowledge about the social needs of its local community

and the areas for which it may take responsibility in addressing those needs, either directly or through an advocacy role.

The Council has undertaken a detailed review of its previous plan, which it attaches and explicitly uses the lessons learnt from the first plan in informing the current one. Innovatively, the Council states it has drawn on consultations conducted for the development of the Cooma Monaro Regional Community Plan.

However, more information should be provided in the social plan about the methodology and scope of consultations employed in developing the plan.

The actions are laid out in an attachment to the plan 'Appendix 2', which also forms the Council's Access and Equity Activity Statement within the Council's management plan. These actions all have clear timeframes and responsibilities. The social plan indicates that all appropriate departments report against, the actions on a quarterly basis as part of the implementation process of the management plan.

Overall Snowy River's Social Plan is impressive and has a lot of evidence of good social planning practice. Council should ensure that the social plan is integrated with Council's other reports and especially the strategic plan and long-term financial plan when they are developed.

6.5 Workforce Relations

It is important to note that all employers have legislative responsibilities in relation to their staff and that the *Local Government Act* and the *Local Government (State) Award* impose additional requirements on councils. Importantly, a council's charter requires it to conduct itself as a responsible employer.

Key areas that councils need to consider when managing its workforce include:

- *Workforce planning*
- *Recruitment and selection processes*
- *Performance Management*
- *Training*
- *Equal employment opportunity*

The review team did not undertake a comprehensive review of Council's workforce relations' practices. However, it did examine Council's approach to reviewing its organisational structure, communication, recruitment, selection and induction processes, succession and performance strategies, training programmes and its approach to equal employment opportunity.

Organisational structure

Section 333 of the Act provides that the organisational structure of a Council may be redetermined from time to time. At the time of the departmental visit Snowy River Shire Council's organisation structure was being reviewed. The intention of the review was to implement a new structure with additional staff in an attempt to alleviate the staff shortage in the finance branch. Upon review of the new structure report it was found that the report only refers to the upper levels of the organisation. The new structure does appear to address the problem of the existing Director of Business and Governance position, which covered a broad area of activities. However it is not considered that the new structure will alleviate all the staffing problems in the finance branch in the near future.

As stated in the finance section of this report, the finance branch issues are in part due to the lack of sufficient staff to perform the every day duties of Council. Further,

with the implementation of the new software insufficient time was devoted to the training of staff. As recommended in the finance section of this report, additional resources must be immediately employed in several areas to bring the finance area up to speed and Council must investigate and implement the resources required to run the ICT finance systems.

The review revealed that Council does intend to employ the services of contractors to complete the management plan process and to help prepare the 2007 financial statements. It is pleasing to see that Council has proceeded with this. It has also been determined that the new finance positions (due to the restructure and replacement of staff) have been advertised.

The review revealed that staff in other areas of Council were also having problems meeting day-to-day commitments. Council must look into this issue across all of Council with a view to employing the required staff to effectively provide the resources to fulfil the scope of Council activities. Firstly Council must as a matter of priority consider the level of services it provides and perform a rationalisation of all of Council's assets as discussed in the Asset Management and Infrastructure Maintenance section of this report.

The General Manager and Council should consider the various issues raised in this report that may have structural implications. They should also clearly define which Council managers are responsible for specific activities detailed in the management plan and ensure all operational activities are allocated to a responsible Council manager. With this in mind the General Manager should review the organisation structure again in 12 months in an endeavour to improve the structure.
(Recommendation 43)

Communication

For an organisation to be successful, communication at all levels of the organisation must be effective. It became apparent during the review that attention should be given to communication between different levels of the organisation and between branches. ***(Recommendation 44)*** All members of the organisation need to reflect on

how their decisions and actions will impact on others. Indifferent communication can lead to a decrease in morale. In addition to this, Council must ensure that reports prepared for the Executive Team are responded to. **(Recommendation 45)**

It is pleasing to see that Council has carried out a staff attitudes survey. However, it is evident that Council would have received different responses if staff were allowed to submit the form anonymously. Council should make a practice of carrying out regular staff attitude surveys every two years or so, and should ensure it develops and reports on an action plan arising from the results of each survey, and reports on its progress on the action plan to all staff on a regular basis. Using a consistent (and anonymised) format will allow for benchmarking over time. **(Recommendation 46)**

Council is encouraged to anonymously ask staff for their thoughts on the new building with its restrictions and open plan.

It is noted that the consultant advised Council not to do the first staff survey anonymously in order to establish confidence in the process by the employees.

Recruitment, Selection and Induction Processes

Council's recruitment and selection processes appear to be satisfactory and well documented.

Council is to be commended for performing in August 2005 an all of Council induction. This was due to the realisation that some staff had not been involved in an induction.

Council has an induction handbook, which appears to cover Council's responsibility and should be beneficial to new members. In the next update of this booklet, Council's vision & mission statements in the staff induction handbook should complement those in the management plan.

Succession and Performance

Given the insufficient staffing levels in finance and other areas of the organisation, succession and performance strategies are vital. During the review it was revealed that Council has an exceptionally high annual level of staff turnover, estimated at 25%. Council also has an ageing workforce. It appears that Council has commenced to address these issues by training the skill base of local resident staff by way of traineeships. However, Council needs to rectify the lack of succession planning for key positions in the organisation. **(Recommendation 47)**

Council would do well to investigate why other councils in similar circumstances or in the same region do not have the same high staff turn over as Snowy River Shire Council. **(Recommendation 48)** Further, Council must be mindful that the use of road staff for building construction projects is causing delays in the normal works programme. The Berridale office project will exacerbate this problem. Council needs put mechanisms in place to lessen this impact. **(Recommendation 49)**

All councils should review the performance of their employees. These reviews should be undertaken on an annual basis, at least. Reviews provide employees with feedback on their performance and an avenue to address any issues. It appears that Snowy River Shire Council has a process for performance reviews, which includes a using a staff performance planning and review form by staff and supervisors.

Council advised the review team that job descriptions were reviewed when a position becomes vacant, when the duties or responsibilities of the position change or when there is a review or restructure of the organisation.

Training

Training of staff is an important role and every Council should ensure that the management of staff training is undertaken in a thorough manner. Snowy River Shire Council does not appear to provide adequate training for staff especially the finance staff. This has been discussed in the finance section of this report.

The General Manager should ensure that the Council develops a complying training plan and budget. (**Recommendation 50**)

Equal Employment Opportunity

Councils should have up-to-date EEO policies and review them on a regular basis. Further, councils must ensure that EEO is part of the normal routine of the council. This reduces the risk of inequality within the council and its employees. Council adopted an EEO policy in 2001. It appears that employees are advised of EEO by way of an induction booklet. Council should review and revise its EEO policy and develop and implement a complying EEO management plan. (**Recommendation 51**)

7. COUNCIL'S RESPONSE

Council responded to the draft report on 4 October 2007. Council responded to a number of areas of the report as well as making comment on all the recommendations in the report. Some of the comment on the recommendations provided information on the action Council intends to take. This information is not reproduced in this report and should be incorporated in the action plan that Council is required to complete after it has tabled the review report. Also any grammatical corrections required have been made in this report and have not been reproduced in this section of the report. Council's response or concerns to sections of the report are reproduced and addressed hereunder.

Chapter 6: Delivering and Achieving:

Meeting Procedures

Reading this section of the report indicates or could be interpreted that there is a time limit on the public forum section of Council and Committee meetings of 15 minutes. Council's Public Forum has no time limit however the code of meeting practice does place time limits on the various matters that may arise in public forum. Individual members of the public are limited to 5 minutes to ask questions or address issues regarding matters on Council's business paper or other concerns they wish to bring to Council's attention. A 15 minute time limit is placed on each deputation or presentation made to Council. The purpose of these time limits is to attempt to achieve a balance between allowing the public the opportunity to have input into Council business and allowing Council to efficiently deal with the business before it.

Acknowledged. The report text has been updated.

Delegations

The General Manager is currently reviewing the sub-delegations following a structural change approved by Council. During this process the document has been amended to remove the former General Manager's name from the document.

Acknowledged. The report text has been updated.

Tendering and Procurement

The suggestions made within this section of the report will be incorporated during the review of Council's policy for tendering, purchasing and the engagement of consultants and professional services under delegated authority due December 2008.

The comments are noted.

Financial Management

The DLG's comments are noted. With regard to S407 reports and monthly investment reports, these have normally been prepared but due to Council's meeting cycle requiring the reports to go to the Governance Business & Finance Committee it has not been possible to meet the time frame. However, Council has revised its requirements in this area and these reports will be presented directly to Council each month.

The comments are noted.

Systems and Internal Controls

When the DLG site visit was conducted Council was still having teething problems with the new software that was implemented in July 2005 and had also had a large staff turnover within the Finance Department. The water billings read in October 2005 and February 2006 were sent out late but at no stage was a water billing completely missed. Incorrect Rates notices still being sent out as reported to the February 2007 Governance Business and Finance Committee referred to small interest charges showing on the third rates instalment Notice due to an error with the small interest write off program. This was fixed and the Fourth Instalment Rates Notices were sent out without any errors. Errors within the system have been ironed out and staff further trained. Council is confident that all accounts are accurate and timely. Recently Finance staff have visited Goulburn-Mulwaree Council to review our systems, processes, workflows and controls against Goulburn's. It is expected that this process will further improve Council's financial systems.

Acknowledged. The report text has been updated.

Internal Communication

Council would question the statement that communication between Finance and other branches appears to be lacking. Efforts have been made to improve communication throughout the organisations including Finance. Given staff shortages and pressure to finalise the annual statements, staff in other areas were asked to limit their contact with Finance to enable the staff to concentrate on completing these tasks. With staff being recruited and existing staff increasing their skills, the communication with other areas of Council has improved.

Acknowledged. The report text has been updated.

Information Communication and Technology

The statement "It is pleasing to see that Council has a 15-year strategic plan for its ICT" does not accurately reflect the situation. Council's ICT Team has developed a 15 year draft plan for upgrades and replacement of equipment based on agreements and leases. This plan has not been considered by the Executive Team yet and work on an ICT 5 year lan is expected to be completed by December 2007.

Acknowledged. The report text has been updated to reflect this.

Asset and Financial Management Conclusion

As stated, Council has restructured by not replacing the former Economic Development Officer and using the savings to fund an additional position in the Financial Services team. Council will undertake an assessment of the resources required to ensure it meets the objective of improving the finance area. This has been identified as a performance measure within the General Manager's performance agreement revised in August 2007. It may be necessary for Council to make an application for a rate increase above the rate pegging legislation to meet this objective by increasing staffing levels as indicated in the report.

The comments are noted.

Communication strategy

Since the review Council has determined to limit the Shire Wire page to one local paper due to concerns regarding the costs involved with the previous arrangements and the impact on Council's budget. The Shire Wire page is prepared by the Governance Coordinator and in her absence the General Manager's Executive Assistant. The General Manager's involvement relates to reviewing and approving articles that the Governance Coordinator believes may be controversial or result in community concern.

Noted and this information has been updated in the report.

Communication

Concern is expressed in the report that the staff attitudes survey was not anonymous. The approach used was at the request of the consultant, who wanted contact details in case there was a need to further discuss or clarify issues raised by any employee. This was explained to staff and measures were put in place so that management at no time were aware of staff identities during either the survey or at any time following the survey. Also given that this is the first staff attitudes survey undertaken by staff it was expected that staff may be more reticent with their responses and the likely outcome of the process. Council expects that by showing staff that there have been no anonymity breaches and that tangible results emanate from the survey, staff in the next survey will be more forthcoming in their responses and approach to the survey.

The comments are noted.

Recruitment, Selection and Induction Processes

Appears that the wording of the second paragraph could be confusing. It is suggested that it should probably read – Council is to be commended for performing in August 2005 an all of Council induction.

Acknowledged. The report text has been amended to correct this.

Succession and Performance

Appears that the wording of the final paragraph could be confusing. It is suggested that it should probably read – These reviews should be undertaken on at least an annual basis. It would also appear that Council process for annual reviews may have been mis-interpreted. The performance review plan requires a number of parts to be completed including review of behavioural standards, review of performance measures, setting of performance measures and review of current position description to ensure it accurately reflects the duties undertaken by the employee. Where there have been significant changes to the responsibilities of the position, the position has to be re-evaluated against Council salary evaluation system. In the example given it is apparent that the position description whilst being reviewed had not changed in responsibility sufficiently to warrant a re-evaluation.

Acknowledged. The report text has been modified appropriately and the recommendation has been deleted.

8. SUMMARY- WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council has a clear vision statement
- Key values and business goals supporting the vision

Challenges to improve

- Council needs to develop a strategic plan
- Investigate ways to integrate Council's plans

GOVERNANCE

What is working well

- Councillor training undertaken following election
- Engagement of consultant to assist determine strategic direction
- Section 355 Committee Member Info Template for committee members

Challenges to improve

- Closure of Council meetings
- Risk management across Council
- Gifts and benefits

REGULATORY

What is working well

- Strategic land use planning
- Monitoring compliance in food industry and fire safety of temporary accommodation

Challenges to improve

- Management of Companion Animals
- Link section 94 contributions plans to financial plans
- Update State of the Environment Report

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Development of budget handbook

Challenges to improve

- Financial reporting
- Budget monitoring and reporting
- Financial systems and internal controls
- Debt recovery

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Community consultation, particularly in relation to Rural LEP and Anti Social Behaviour Forum
- Community surveys
- 2005 – 2009 Social Plan

Challenges to improve

- Management Plan compliance with Local Government Act

WORKPLACE RELATIONS

What is working well

- Performance reviews of staff
- Induction handbook

Challenges to improve

- Succession planning
- EEO management plan
- Training
- Staff attitude surveys