

Promoting Better Practice Program

REVIEW REPORT

URALLA SHIRE COUNCIL

JUNE 2012



Premier & Cabinet
Division of Local Government

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EXECUTIVE SUMMARY

The review examined Uralla Shire Council's compliance to a range of legislation and checked a number of the policies and practices relating to how Council operates. However, the scope of the review report is limited to documenting examples of better practice and those aspects of Council's operations that warrant further development.

Overall, while the review team identified some better practice examples, there are a number of important issues that Council needs to give priority attention to.

Council has prepared a Community Strategic Plan as part of its implementation of the Integrated Planning and Reporting framework. Council has a strong commitment to engaging the community and this is evident in the community engagement process employed during the development of the Community Strategic Plan. Council's Community Strategic Plan, however, is of an operational nature and does not necessarily reflect the outcomes of the community engagement process well. Future revisions of this plan should aim to more clearly articulate a strategic vision and direction for the Uralla Shire.

While some governance systems and processes are in place to guide Council's operations as a whole, there are a number of significant gaps which require immediate attention such as risk management, asset management, fraud control and internal audit. Suggested improvements to build a stronger governance framework are outlined in the body of the report.

Of immediate concern is the need to implement a workable succession/exit plan in the event of the General Manager's retirement to minimize any potential disruptions to Council's operations. This should include documenting all existing policies, systems or processes to ensure corporate knowledge is not lost upon his exit from the organisation.

Overall, Council appears to have a sound planning and regulatory framework. Land use planning is progressing very well in terms of the draft Uralla Local Environmental Plan which is based on the New England Development Strategy.

A strong commitment to addressing issues related to the local environment was evident. A number of better practice examples are described later. Enforcement, however, has been identified as an area requiring further development.

Council's overall financial position, when taking into account key financial indicators appears to be satisfactory. However, Council has not prepared a Resourcing Strategy (a Long Term Financial Plan, an Asset Management Strategy and a Workforce Management Strategy) consistent with the Integrated Planning and Reporting Guidelines, as required by the Act and Regulation. Without it, Council lacks a strategic and integrated approach to managing its finances and assets and jeopardizes the delivery of the Community Strategic Plan.

When preparing its Workforce Management Strategy, Council should ensure that it appropriately resources the Delivery Program and addresses key workforce issues for Uralla Shire Council, including succession planning.

A more detailed Summary of Findings is set out on the next pages.

SUMMARY OF KEY FINDINGS		
BETTER PRACTICE	NOTEWORTHY	AREAS FOR DEVELOPMENT
STRATEGIC PLANNING AND REPORTING		
<ul style="list-style-type: none"> • Council demonstrates a strong commitment to community consultation. 		<ul style="list-style-type: none"> • The Community Strategic Plan needs to more clearly articulate a community vision and set the strategic direction for Council • A Resourcing Strategy must be prepared which strategically plans for council's assets and financial future.
GOVERNANCE		
<ul style="list-style-type: none"> • Environs Australia "Leadership Officers" Award – 2008. • International Association for Public Participation Australasia Core Values Award – 2009. 	<ul style="list-style-type: none"> • Council is active in a number of resource sharing arrangements. • Council subscribes to the Good Practice Toolkit developed by Local Government Managers Australia. 	<ul style="list-style-type: none"> • The Mayor and councillors should not participate in Executive Management (MANEX) meetings as it is an operational forum. • A workable succession/exit plan is required for the retiring General Manager. • Values need to be better understood, put into operation and incorporated in key corporate documents. • A Statement of Business Ethics is required. • Staff and councillors could be better informed of their obligations in relation to pecuniary interest. • Risk management and internal controls are lacking and in need of urgent attention. Development of a Risk Management Plan, a Fraud Control Policy, a Business Continuity Plan and establishment of an Audit Committee are a priority. • Procurement, tendering and disposal policies/ practices require review.

		<ul style="list-style-type: none"> • The Privacy Management Plan is due for review.
		<ul style="list-style-type: none"> • Policy development is an area of high need. Existing policies, practices and procedures need to be developed prior to the retirement of the General Manager. • Council committees (s355 and other) should have constitutions, terms of reference or charters. • Strategies should be explored to attract a larger pool of candidates for the 2012 election, and to provide an appropriate induction to the newly elected Council. • Councillors should be mindful of their roles under the Act as well as Council policies when interacting with staff. • Several improvements in relation to Council's policies have been recommended. • Council should develop an Information and Communication Technology Strategic Plan.

PLANNING AND OTHER REGULATORY

<ul style="list-style-type: none"> • The New England Development Strategy which was developed as part of the New England Strategic Alliance outlines key land use policies and principles up to the year 2032. • A Guide to the Draft Local Environmental Plan (LEP) and an extensive series of councillor workshops and community consultation meetings were part of the LEP development process 	<ul style="list-style-type: none"> • Council's Recycling Centre, landfill and Computer Bank show that the community has embraced recycling. The life expectancy of the landfill has been greatly extended to 59 years. A new mechanical waste recovery facility and a co-mingled kerbside collection system have also been introduced. 	<ul style="list-style-type: none"> • Council does not have documented guidelines for the making of assessments under section 94 of the <i>Environmental Planning and Assessment Act 1979</i>. • Council's enforcement area needs strengthening through the development of: <ul style="list-style-type: none"> ○ an enforcement and prosecution policy; ○ a compliance program for public health operations; ○ a program for monitoring compliance with the environmental requirements.
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- Uralla Tree Planting Program - Trees are provided to thank and congratulate residents who have constructed a new home in the Shire and to celebrate the arrival of new births in the Shire. An Information Pack provides information on native species for all residents.
- Uralla Subcatchment Management Plan - Border Rivers-Gwydir Regional Landcare and Catchment Management Award - Local Government Landscape Partnership Award 2011
- Uralla Climate Change Consensus Forum and Community Group (U3CF) have fostered public participation in Council's long term environmental goals. In 2009 this initiative received a Highly Commended Award under Category 1 - "Enhancement in Public Participation" by the International Association for Public Participation.
- The area of companion animals appears well managed in a collaborative manner with Armidale Dumaresq Council. This includes shared construction and annual operating costs of the New England Regional Animal Shelter. Responsible pet ownership promotion is undertaken in conjunction with the regional pound.
- Southern New England Supplementary State of the Environment Report 2009-2010 was a collaborative achievement between four (4) councils in the region.
- Council has undertaken a strategic review of the status of its regulatory operations and set specific priorities including specific targets for 2011.
- Council could better promote de-sexing of companion animals in order to reduce numbers of unwanted animals.
- Council is encouraged to finalise its draft On-site Waste Water Management Strategy and its draft Waste Management Strategy.

ASSET AND FINANCIAL MANAGEMENT

- Council should have an unplanned maintenance budget.
- Council should prepare plans of management for all of its community land as required by section 36 of the *Local Government Act 1993*.
- Council's rates and outstanding charges ratio has been high for the last three years. Council should make a concerted effort to reduce the debts owing to it.
- Council must adopt an Asset Management Policy and Strategy, and prepare Asset Management Plans for all classes of assets, as required under the Integrated Planning and Reporting requirements of the *Local Government Act 1993*.
- Council must prepare a Long-Term Financial Plan which addresses the requirements of the Integrated Planning and Reporting framework.
- Council should prepare a Business Plan for each of the businesses it operates, and reflect the actions of these plans in its Delivery Program.

COMMUNITY AND CONSULTATION

- There is clear evidence of strong community consultation by Council.
- Council should prepare and publish a Community Engagement Strategy to inform the ongoing review and future revisions of its Community Strategic Plan, as required under the Integrated Planning and Reporting requirements of the *Local Government Act 1993*.
- Copies of the Council Business Paper should be made available in the public gallery during Council meetings.

WORKFORCE RELATIONS

- Council must prepare a Workforce Management Strategy which addresses the needs of the Delivery Program, as required by the Integrated Planning and Reporting framework.
- Council should develop a secondary employment policy and ensure all staff are aware of it.
- Council should develop a protocol for undertaking exit interviews for staff.

PART I. BACKGROUND

1. ABOUT THE REVIEW

1.1 Review objectives

Promoting Better Practice Reviews have a number of objectives. The objectives include generating momentum for a culture of continuous improvement and the promotion of good governance and ethical conduct. The reviews are designed to act as a "health check", giving confidence about what is being done well and helping to focus attention on key priorities.

1.2 Review process

The process involves a review team from the Department of Premier and Cabinet's Division of Local Government (the Division) evaluating the effectiveness and efficiency of the council's operations and giving feedback.

There are essentially five steps in a typical review - preparing, assessing, checking, analysing and reporting. The completion of a comprehensive self assessment checklist by the council is a key element in all PBP reviews.

The review team takes a risk based approach targeting its resources to areas identified as core matters to be examined as part of a PBP review and those matters considered to be important having regard to the circumstances of an individual council. It does not examine every aspect of a council's operations.

All reviews involve checking compliance with a range of statutory requirements, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance. All reviews seek to identify better and noteworthy practices and areas requiring improvement or further development.

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

1.3 Review report

The scope of the review report is limited to documenting those areas the Review Team identified as:

- exceeding good practice (referred to as better practice)
- in need of improvement or further development
- otherwise noteworthy for the reasons detailed in the body of the report.

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

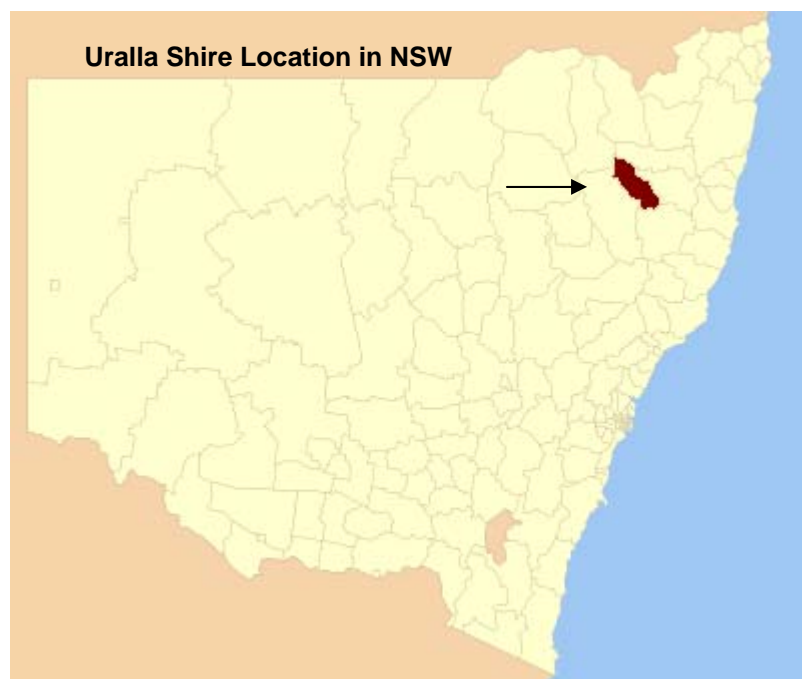
Uralla Shire Council Review

The review of Uralla Shire Council was carried out by Ms Caroline Egberts, Senior Investigations Officer and Ms Karen Legge, Principal Policy Officer. Prior to their visit the review team asked Council to complete a comprehensive checklist/questionnaire and provide documents about key Council practices. Councillors were provided with a survey to complete in order to gauge their views if they wished. Four (4) councillors completed the survey. The review team examined this information to gain a preliminary understanding of the circumstances of Council.

The on-site component of the review took place in the week beginning 22 August 2011. The visit involved interviews with the Mayor and the General Manager; interviews with a cross section of staff; observation of a Council committee meeting; individual meetings with four (4) councillors; a review of Council policies, other documents and operational systems; and site visits to some Council facilities.

2. ABOUT THE COUNCIL AND THE AREA

Location and demographics



The Uralla Shire is located on the Northern Tablelands, New South Wales. The town of Uralla is located at the intersection of the New England Highway and Thunderbolts Way, 465 kilometres north of Sydney and about 23 kilometres south west of the city of Armidale.

The Shire has an area of 3229.8 square kilometres and a population of 6,126 people as at 30 June 2006. The population is projected to increase slightly to 6,173 by 2022. (Australian Bureau Statistics)

Local issues

The town of Uralla is relatively small with many references to Thunderbolt. Due to Uralla's proximity to Armidale, larger shopping chains have avoided the small town and independent retailers remain. Examples include an antiquarian book store, numerous galleries, antique stores and cafes.

Three (3) foundries account for a large amount of employment in the town, as do other metal manufacturing businesses. Tourism also contributes significantly to its economy. A number of vineyards have also been established and produce a variety of cool-climate

wines. It is also a good area for growing apples and other fruit which require colder weather. A wireless broadband trial in town has encouraged independent IT professionals to relocate to the area and the area also has a satellite tracking station. The area is host to a community of artists and potters, stimulated by proximity to the University of New England in nearby Armidale.

There are a number of environmental problems in the area, mainly caused by poor land management. Soil erosion, due to extensive logging and intensive farm practices is a major issue.

Current Council

Uralla Municipality was incorporated in 1882. In 1948, it became the administrative centre of the Uralla Shire after the municipality was merged with the former Gostwyck Shire.

The Uralla Shire is divided into three (3) wards each with three (3) councillors elected for a period of four years. The total number of councillors for Uralla Shire Council is nine (9). At the 2008 Local Government Elections nine (9) candidates contested the election for the position of councillor. This meant that all candidates were duly elected.

Council staffing

As at 30 June 2010 Council employed approximately 106 full time equivalent staff. Council's organisation structure is described in more detail later in this report. In summary, it has two (2) operational groups (Administration and Engineering Services).

New England Strategic Alliance of Councils

In 2003, as part of a review of the structure of local government in the Peel Region the then Minister for Local Government put forward a proposal for the creation of a new local government area to be named "New England Regional Council". The proposal covered the local government areas of Armidale Dumaresq, Walcha, Guyra Shire (part) and Uralla Shire (part), and involved boundary alterations with Inverell Shire. The individual Councils made submissions proposing a strategic alliance as an alternative to amalgamation.

In March 2004, the Local Government Boundaries Commission recommended to the then Minister that Armidale Dumaresq, Guyra, Uralla and Walcha local government areas be amalgamated. However, the proposal did not proceed to implementation.

The New England Strategic Alliance of Councils (NESAC) was formed in 2004. It operated under a Shared Services Charter which formalised arrangements between councils. Walcha Council withdrew from the Alliance in February 2009. Uralla Shire Council withdrew in August 2009. While Guyra Shire Council and Armidale Dumaresq Council continue to work together, the Alliance has ceased to operate as originally contemplated.

The reasons for the failure of the Alliance are complex and interrelated. These are explored in detail in the Review of New England Strategic Alliance Councils report published by the Division in December 2009. In November 2010, the Boundaries Commission again considered a proposal for a New England Regional Council. It concluded that structural reform is required in the region but not in the form of the proposal presented.

It is acknowledged that the dissolution of NESAC and the review of the Alliance was a challenging time for Council. As the future is now more certain, Council is moving forward well. *[Sources: Uralla Shire Council website and New England Strategic Alliances of Councils Review Report 2009.]*

PART II. PLANNING A SUSTAINABLE FUTURE

This part of the review focussed on Council's strategic intent and how it has involved its communities and other stakeholders in developing strategic and long term plans. The review assessed the clarity of Council's strategic direction, whether its plans reflect a shared and realistic vision and its overall approach to corporate and community planning. Monitoring and reporting progress to promote continuous improvement was also an integral consideration in regard to Council's performance in this area.

1.1 STRATEGIC PLANNING AND REPORTING

A new planning and reporting framework for NSW local government has been introduced to improve local councils' long-term community planning and asset management as well as streamline reporting to the community.

The new framework aims to improve the sustainability of local communities by encouraging councils, residents and State agencies to work together on long-term plans and appropriate delivery programs. The community strategic plan is supported by a resourcing strategy that includes long term financial planning, asset management planning and workforce management planning. The framework is set out in the following diagram.



1.2 URALLA SHIRE COUNCIL'S STRATEGIC POSITION

Uralla Shire Council commenced under the Integrated Planning and Reporting framework from 1 July 2011. The Division of Local Government has conducted a review of the suite of plans developed by Council and identified a number of areas for further development. Specifically, key components of the required Resourcing Strategy need to be developed by Council, including a Workforce Management Plan and Asset Management planning.

1.3 SIGNIFICANT OBSERVATIONS

1.3.1 Better practices

Council has a clear commitment to engaging the community, and undertook a thorough community engagement program to inform the development of the Community Strategic Plan. Council's community engagement reflects social justice principles and included engagement with specific groups within the community.

1.3.2 Areas for further development

The Community Strategic Plan needs to clearly articulate the community's vision and Uralla Shire's strategic direction into the future. The Community Strategic Plan's goals should be high level and aspirational, not detailed and operational as they are currently stated.

Council needs to complete the preparation of all required components of the Resourcing Strategy. The Long-Term Financial Plan is an important part of Council's strategic planning process. It will seek to answer questions such as:

- Can we survive the financial pressures of the future?
- What opportunities are there for future income and economic growth?
- Can we afford what the community wants into the future?
- How can we go about achieving these outcomes?

The Long-Term Financial Plan therefore needs to include more than a series of numerical spreadsheets, but to also include different scenarios and other explanatory commentary.

Council must account for and plan for all existing assets under its control, as well as any new asset solutions proposed in the Community Strategic Plan and Delivery Program. Council must adopt an Asset Management Policy which sets the broad framework for undertaking asset management in a structured and coordinated way.

Council must prepare an Asset Management Policy and long-term Asset Management plans for all assets under Council's control.

Recommendation 1

At its next revision, the Community Strategic Plan needs to more clearly articulate a community vision and set the strategic direction for Council

Recommendation 2

Council should prepare a Resourcing Strategy which meets the requirements of the Local Government Act 1993 as a priority.

Council response to the Strategic Planning section

Council has provided a detailed response including a description of progress toward achieving the review recommendations. It is reproduced in its entirety in Part IV.

Review Team comments

Community Strategic Planning and the Integrated Planning and Reporting framework

Council's response suggests a lack of understanding about the purpose of the Community Strategic Plan as a strategic (rather than operational) document. It appears that the community engagement activities undertaken by Council also had an operational focus, and seek or achieve an articulation of the community's future goals and aspirations.

Council notes that the community asked for detail to be provided in its documents. This is a valid request, but the appropriate place for this detail to be provided is within the Delivery Program and Operational Plan.

The next iteration of the Community Strategic Plan must express the community's vision, goals and aspirations for the future, and set the strategic direction for council for the following ten years. It should identify goals to be achieved in the sense of outcomes for the community. The development of a Cultural Plan and establishing a steering committee (for example) are operational outputs (not community outcomes to be achieved), and are better located as activities and actions for inclusion in the Delivery Program and Operational Plan.

Council's response notes that the community's priorities were roads, streets, bridges and footpaths. It is council's role to express these as strategic aspirations in the Community Strategic Plan, and follow through to the Delivery Program and Operational Plan with the details of how that goal may be achieved.

An example of how another council has expressed this in their Community Strategic Plan is:

<i>Strategic goal:</i>	A vibrant economy built on a strong agricultural base
<i>Challenges & Issues:</i>	Need for improved infrastructure (to be able to attract new business, to be able to freight our own produce, or position ourselves as a regional transport hub, we need to upgrade and maintain our infrastructure, particularly roads)
<i>Strategic objective:</i>	Ensure Council assets are well maintained for their current purpose and for future generations
<i>Strategic actions:</i>	Prioritise the sealing and improvement of roads in consultation with the community

Council's response notes that it intends to retain the existing non-compliant Community Strategic Plan "as a link between the Strategic and Operational documents". This will leave Council with two different Community Strategic Plans which will be confusing to the community. The non-compliant Community Strategic Plan should be made redundant with the development of the new version. The Delivery Program and Operational Plans that fall out of the new Community Strategic Plan should intrinsically demonstrate their links back to the Community Strategic Plan.

Council's response implies that because it is "financially conservative" that it does not need to comply with all of the legislative requirements for the preparation of a Long-Term Financial Plan. While the information Council has prepared so far is appropriate, some elements of a Long-Term Financial Plan are absent, and must be included.

Council's response discusses very specific actions which are included in the Community Strategic Plan (eg replacement of the concrete low level Emu Crossing with a high level bridge). This level of detail is not appropriate for the Community Strategic Plan, but fits more appropriately in the relevant asset plan and Operational Plan. Council's response also notes that this action was "not in the Strategic Plan a year ago" but that as it has been "asked for by a section of the Community" that a "re-prioritisation of the bridge construction priorities" has occurred. Council needs to take care that it doesn't fall into the trap of responding in an ad-hoc way to 'squeaky wheels' in defiance of the planned objectives and budget priorities set in consultation with the community as a whole.

Council's response states that it "has been advised by its external auditor that its low debt service ratio provides an ability to meet contingencies or changed priorities in respect to community requests outside that included in strategic plans." Council needs to be careful not to interpret this advice as giving it carte blanche to make ad-hoc decisions in response to ongoing community requests. This flies in the face of the intent of the Integrated Planning and Reporting framework, which promotes careful, strategic planning for long-term sustainability and positive community outcomes.

PART III. DELIVERING AND ACHIEVING

This part of the review focussed on examining key structures, systems and processes involved in delivering the stated outcomes of Uralla Shire Council's Community Strategic Plan. This included considering the means by which Council:

- governs its day to day operations;
- undertakes its planning and regulatory obligations;
- manages its assets and finances;
- involves the community; and
- recruits and retains its workforce.

As outlined earlier, the completion of a comprehensive self assessment checklist by the Council prior to the review visit is a key element in all reviews (a copy of the checklist is available on the Division's website at www.dlg.nsw.gov.au.)

The responses to the checklist provide the review team with a useful overview of each of the above key operational areas. In particular, they provide information to allow the review team to take a risk-based approach, targeting its resources. The team does not examine every aspect of a council's operations.

Therefore, the scope of this review report is limited to documenting those significant observations the review team identified as:

- exceeding good practice (referred to as better practice)
- in need of improvement or further development
- otherwise noteworthy for the reasons detailed in the body of the report.

Each of these categories is further described in Part I. Background. Council also completed a comprehensive self assessment checklist which the review team verified and assessed on site. This included examining Council documents and systems. Council's compliance with minimum statutory requirements or appropriate practices are summarised for each key area.

1. GOVERNANCE

1.1 SCOPE

“Corporate governance refers to all the means by which entities are directed and controlled.” (Standards Australia, HB401-2004:12) Corporate governance is important because it enhances organisational performance; manages and minimises risks; increases the confidence of the community and the local government sector in the organisation; ensures that an organisation is meeting its legal and ethical obligations; and assists in the prevention and detection of dishonest or unethical behaviour.”

1.1.1 Overview of Uralla Shire Council’s governance framework

Overall, Uralla Shire Council has some key elements required of a satisfactory governance framework. However, there are a number of significant gaps which require immediate attention such as documented policies and protocols for risk management, fraud control and internal audit.

Of immediate concern is the need to implement a workable succession/exit plan in relation to the General Manager’s proposed retirement in mid 2012 to minimize any potential disruptions to Council operations. This should include documenting all existing policies, systems or processes to ensure corporate knowledge is not lost.

Table 1 on the next page is based on the key areas of the checklist and summarises the areas where Council generally appears to comply with minimum statutory requirements and/or appropriate practices.

Significant observations relating to better practices, noteworthy practices and suggested improvements to build a stronger governance framework are presented in the following section.

Table 1 Council's compliance with governance requirements

Governance area	Complies with minimum statutory requirements or appropriate practices
Ethics and values	
Code of Conduct	<input checked="" type="checkbox"/>
Gifts & Benefits	<input checked="" type="checkbox"/>
Communications devices	<input checked="" type="checkbox"/>
Disclosure Pecuniary Interests	
Business ethics	
Risk Management	
Fraud Control	
Business Continuity	
Internal Audit	
Legislative Compliance	<input checked="" type="checkbox"/>
Legal Services	<input checked="" type="checkbox"/>
Procurement & Disposal & Tendering	
Privacy Management	
Records Management	<input checked="" type="checkbox"/>
Public Officer	<input checked="" type="checkbox"/>
Access to Information by the Public	
Policy Register	
Executive Management Meetings	
Delegations	<input checked="" type="checkbox"/>
Council meetings	<input checked="" type="checkbox"/>
Council committees (s355 & others)	
Councillor Induction and ongoing training	
Expenses and facilities policy	<input checked="" type="checkbox"/>
Councillor staff interaction	<input checked="" type="checkbox"/>
Access to information by councillors	<input checked="" type="checkbox"/>
Campaign donations	<input checked="" type="checkbox"/>
Complaints handling	<input checked="" type="checkbox"/>
Protected Disclosures and internal reporting	<input checked="" type="checkbox"/>
Awards	2 awards
Strategic Alliances	Resource sharing arrangements
Information technology	

Note: A tick indicates that Council has met all of the standards and statutory requirements relating to that area as set out in the Promoting Better Practice Self Assessment Checklist. Those left blank indicate that Council is not fully compliant in that area and improvement is required.

1.2 SIGNIFICANT OBSERVATIONS

1.2.1 Better practices

Awards

Council has won the following awards in the governance area:

- 2008 - Environs Australia "Leadership Officers" Award.
- 2009 - International Association for Public Participation Australasia (IAP2) - Core Values Award.

1.2.2 Noteworthy practices

Resource sharing

Despite Council's withdrawal from the New England Strategic Alliance of Councils, it remains active in a number of resource sharing arrangements as summarised in the following table.

Resource sharing arrangements with other councils

Shared activity	Councils involved
Ranger and Joint Regional Companion Animal Shelter	Armidale Dumaresq Council
Strategic planner for State of the Environment and other reports	NESAC councils
Mid North Weight of Loads Group	17 councils
Chemical collection, recycling product sale tenders and education via the Northern Inland Regional Waste	11 councils
Domestic Waste Collection and relief or back-up for Health and Building Services	Walcha Shire Council
Library services contract via Central Northern Regional Libraries	Tamworth Regional Council

Good Practice Toolkit

Uralla Shire Council subscribes to the Local Government Managers Australia - NSW Good Practice Toolkit.

1.2.3 Areas for further development

Leadership/Exit plan for General Manager

A number of councillors and Council officers reported that Council decisions are made in an orderly and respectful manner. This was reflected in the Council meeting attended by the review team. While it was conceded that councillors may have been on their “best behaviour” at that meeting, the general consensus appeared to be that meetings are very productive (despite differences of opinion or robust debate at times). Meeting procedure is usually followed and the Mayor has sufficient control of the meeting.

The General Manager appears to be well respected by councillors and Council employees in general. Several Council officers commented that he is very knowledgeable, supportive and encouraging.

It was openly acknowledged that the General Manager possesses a wealth of corporate knowledge which he carries “in his head”. On a number of occasions the review team asked for relevant documentation relating to a specific Council practice, operating policy, system or process and was advised that it did not exist. One Council officer summed it up by stating “*We ‘do’, but we don’t always document*”. While this may be understandable in the context of limited staff resources, it leaves Council open to significant risk, particularly in light of the General Manager’s proposed retirement in mid 2012. A workable succession/exit plan is required to enable a smooth transition with minimum likelihood of disruption to Council operations.

During the exit interview, the Mayor advised the review team that Council intended to advertise the position of General Manager in December 2011. It is also planned that the retiring General Manager will provide a ten-day handover period with the successful candidate. The General Manager reports that he is actively handing over functions and information to the Director of Administration and the Finance Manager.

Attention also needs to be focused on identifying and documenting the General Manager's knowledge relating to existing policies, practices and procedures. This has been covered in more detail under the heading of 'Policy Register'.

The General Manager's succession/exit plan should also be documented and monitored by the Mayor and elected body.

Recommendation 3

Council should formalise and monitor the succession/exit plan of the retiring General Manager to minimise the likelihood of any disruptions to Council's operation.

Ethics and values

Council has determined a set of values in consultation with councillors and staff which were incorporated in its previous Management Plans. However, these values have not been included in the Delivery Program or Operational Plan. The extent to which Council ensures that its values are visible, understood and practiced was not apparent.

Recommendation 4

Council should include its values within the Delivery Program, Operational Plan and Annual Report. It should also implement strategies to ensure that its values are understood and practiced by councillors and council officers.

Statement of business ethics

Council does not have a Statement of Business Ethics to guide external parties (such as suppliers and contractors) on the standards that are required when dealing with Council or acting on Council's behalf.

Recommendation 5

Council should develop a Statement of Business Ethics, ensure that it is easily available to guide external parties (such as suppliers and contractors) and incorporate it into its contracts with external parties.

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 can effectively reduce the council's risk profile and thereby protect the interests of the council, the public and other key stakeholders. There should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

Council does not have a risk management plan that addresses the key business risks facing it. However, work has commenced on developing such a plan. Council's Asset Management Planning should also identify risk management strategies in relation to critical assets.

Recommendation 6

Council should ensure that a Risk Management Plan is finalised and implemented as a high priority.

Disclosure of interest returns

Council maintains a register of disclosure of interest returns by councillors and designated persons (section 449 returns), as prescribed by section 450A of the Local Government Act. All returns by councillors were reviewed and found to satisfactorily comply with the requirements. It was noted that a record of written disclosures is made in accordance with section 459 of the Act and filed in Council's Electronic Document Management System (TRIM).

However, Council does not have procedures to inform staff and councillors (including staff who are not designated persons) of their obligations in relation to pecuniary interest.

Recommendation 7

Council should develop procedures to inform staff and councillors (including staff who are not designated persons) of their obligations in relation to pecuniary interest.

Fraud Control

Fraud is defined as "*dishonestly obtaining a benefit by deception or other means and includes both tangible and intangible benefits*" (Commonwealth Fraud Control Guidelines).

Council does not have a policy or strategy to control fraud and prevent corruption. Such a policy and strategy should be linked to the Council's Risk Management Plan. A draft policy was prepared in 2007, but has not been adopted.

Council has not undertaken a systematic fraud risk assessment. The Australian Auditing Standard 210 (AIS210) requires all external auditors to obtain a written representation from management that the organisation has systems to deal with fraud risks.

Recommendation 8

Council should develop and implement a Fraud Control Policy as soon as possible. The Policy should:

- *be linked to Council's Risk Management Plan,*
- *ensure fraud risk assessments of the core areas of organisational risk are undertaken and that these are managed in a manner which limits exposure to fraudulent and corrupt activities.*

Business Continuity

Recent events/natural disasters both locally, nationally and internationally illustrate the importance of having an effective business continuity plan.

Simply put, such a plan provides a framework for councils to operate under in the event of unexpected events that affect a council's operations.

Recommendation 9

Council should develop a Business Continuity Plan.

Internal Audit

Having an Internal Audit function is important for the following reasons:

- it supports good internal governance;
- to improve the effectiveness of risk management, control and governance processes;
- it helps to instil public confidence in a council's ability to operate effectively.

Council has been slow to consider and implement the Internal Audit Guidelines, which were issued by the former Department of Local Government in October 2008 and updated by the Division of Local Government, Department of Premier and Cabinet in September 2010.

Council has advised of its intention to establish an Audit Committee. It has made unsuccessful efforts to gain interested persons for this committee. Council intends to advertise for audit committee members and is also investigating firms to undertake risk assessment leading to the development of an internal audit plan/program.

Council should consider the DLG '*Guidelines for Internal Audit*' for guidance on the membership composition and the functions of the Audit Committee. The appointment of independent external members, including the Chair, should also be given due consideration to ensure that Council benefits from the input of independent professionals as well as the appointed councillors.

Recommendation 10

*Council should establish an Audit Committee consistent with the DLG '*Guidelines for Internal Audit*' and establish a strategic internal audit plan.*

Procurement, Disposal and Tendering

In accordance with section 55 of the Act, Council reported that it has documented policies and procedures for:

- a. purchasing and tendering
- b. disposal of assets
- c. monitoring contractor performance

However, these documents are not listed in its Policy Register and are not available on its website. Also Council does not have a process for monitoring and auditing the above activities or a process for monitoring and acting upon unsatisfactory performance by contractors.

Procurement, Disposal and Tendering are activities which potentially pose high risk to councils. All councils should regularly review and analyse the potential risk exposure within their procurement and disposal practices. This will minimise financial loss through non-compliance. A risk analysis should be undertaken every two years as part of the internal audit program. Uralla Shire Council has not conducted a risk assessment of its procurement and disposal practices for some time.

As part of the Division of Local Government's aim to encourage and support the spread of best practice, it has produced Tendering Guidelines for NSW Local Government. The Guidelines aim to assist councils in applying clear policies, consistent procedures and effective risk management strategies in accordance with the *Local Government Act 1993*, the *Regulation* and other relevant legislation.

Council is encouraged to treat this as an area needing priority attention.

Recommendation 11

Council should, as a matter of priority, review its procurement, tendering and disposal policies and practices to ensure they are in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and other relevant legislation. This should include a risk analysis to determine ways to minimise Council's exposure to risk including financial loss.

Privacy Management Plan

While Council has formally adopted a Privacy Management Plan, it has not been reviewed since June 2000. The plan is not listed in Council's Register of Codes, Policies and Plans or its Operating Policies. The document is also not available on Council's website.

Recommendation 12

Council should review its Privacy Management Plan to ensure that it is meeting its obligations under the Privacy and Personal Information Protection Act 1998. The revised Plan should be made available on Council's website.

Access to information by the public

On 1 July 2010 the *Government Information (Public Access) Act 2009* known as the GIPA Act, replaced the *Freedom of Information Act 1989* and the right to document access and publication requirements of section 12 of the *Local Government Act 1993*.

The GIPA Act introduces a new right to information system that is focused on making government information more readily available. This means that information will generally be released unless there is an overriding public interest against disclosure.

The *Uralla Shire Publication Guide December 2010* has been developed in accordance with Section 20 of the GIPA Act and is available on its website. The purpose of the Guide is to optimise public access to Uralla Shire Council documents.

Council appears to have put significant effort into complying with the GIPA Act. A number of policies, codes and documents are available on-line. However, the list is by no means exhaustive. The Office of the Information Commissioner NSW has a compliance checklist available on its website. The checklist is a self-assessment tool which can be used to determine an agency's compliance with the GIPA Act.

Recommendation 13

Council should finish transferring its publicly available policies, codes and other documents to its website; ensure it has a mechanism to keep this information up to date, and make use of the compliance checklist available from the Office of the Information Commissioner NSW.

Policy register

The review team was provided with two documents listing its codes, policies and plans as follows:

- 1 Register of Codes, Policies and Plans (undated)
- 2 Uralla Shire Council Operating Policies – 28 June 2010

In addition, a number of policies, codes and documents are listed on Council's website. There appears to be some duplication and gaps across these three lists. Not all documents listed were available. Confusion could be reduced by consolidating and streamlining these lists and ensuring the documents are available on the website.

A number of Council's policies were examined by the review team. The quality of the documents assessed was inconsistent. Some were well presented with a cover page and date. A few included references to Council resolutions. Others did not include a cover page or the date the document was adopted by Council.

The adoption of a consistent document status and version control system across the whole of Council would improve current practice in this area. Status information provides the reader with a useful context relating to the document including the author, when it was approved, Council resolution number, related documents or policies, its review history and when it should next be reviewed.

As previously discussed a number of Council practices, operating policies, systems or processes are not documented at all. Identifying and formalising these should be a priority task prior to the retirement of the General Manager.

Recommendation 14

Council should ensure that all of its existing policies, practices and procedures are suitably documented and approved prior to the retirement of the General Manager.

Recommendation 15

Council should consolidate its policy registers/lists and ensure all documents listed are available on its website in accordance with Government Information (Public Access) Act 2009.

Recommendation 16

All Council policies, codes and other documents should be prepared in a consistent format, and include document status and version control information.

Executive Management (MANEX) Meetings

By virtue of the Act, Uralla Shire Council (like all councils) is made up of two components as follows:

- The governing body which consists of all the elected councillors,
- The administrative body which consists of the General Manager, senior staff and other members of staff.

Each component has distinctly different roles and responsibilities. Ultimately, the governing body (elected Council) is responsible for setting the policy and strategic direction of Council and monitoring the organisation's performance in achieving the policies and objectives that it has determined.

The General Manager is the leader of the administrative body, is ultimately responsible for the efficient and effective operation of the Council's organisation and for ensuring the implementation, without undue delay, of decisions of the Council (section 335 (1) of the Act).

Put simply, the day-to-day management of the Council rests with the General Manager. It is not within the role of a councillor to direct staff in their day-to-day activities.

Executive Management (MANEX) meetings usually consist of the General Manager and his/her senior officers. They are the primary forum through which the General Manager and his senior management team plan and put into operation Council's decisions.

It was noted that the Mayor and Deputy Mayor of Uralla Shire Council are active members of MANEX. All other councillors have a standing invitation to attend as observers. Participation in this forum could result in councillors becoming too involved in the day-to-day operations of Council, and limit the capacity for senior staff to have frank discussion around how best to implement Council's decisions.

Councillors have input into initiatives such as the community strategic plan, the resourcing strategy and delivery program via their strategic decision making role which they exercise at Council meetings. Councillors also provide input through mechanisms such as briefings, workshops and committees of Council.

Uralla Shire Council's MANEX arrangement appears contrary to the structure of councils and roles set out in the Act.

Recommendation 17

Executive Management (MANEX) meetings should be the primary forum through which the General Manager can put into operation Council's decisions. The membership of this group should consist of Council staff as deemed appropriate by the General Manager. Attendance by the Mayor, Deputy Mayor and councillors should cease immediately.

Council committees

Council committees should reflect the separate functions of policy and operations. Councillors participate on policy-making committees and staff participate on operational committees. At Uralla Shire Council this separation of roles is not apparent with most committees comprising both councillors and staff.

For example, councillors are members of Council's Development Assessment Unit committee which undertakes the assessment of development applications. Councillors should not be intricately involved in the technical detail of development applications. The assessment of applications is an operational function and councillors should not be involved in this process. Councillors have a determinative role in relation to development

applications once the assessment has been completed. Council needs to ensure there is a clear separation of these roles.

Recommendation 18

Council should review its committees and the membership of these to reflect the separate policy and operational functions. The 'Committees of Council' document should be revised to reflect this review and separation of functions.

Council committees (s355 and others)

Council has a number of committees established under section 355 of the Act. These include the Australia Day Celebrations Management Committee, Uralla Events Management Committee, Central Northern Regional Library Committee, Mid-North Weight of Loads Group, Bundarra Tourism, School of Arts and Caravan Park Management Committee. It also has a range of other advisory committees.

Committee members have access to a code of conduct, documented procedures and training. However, the committees do not have a constitution, charter or terms of reference which sets out the function, membership and other governance arrangements for each committee.

Recommendation 19

Council should develop a constitution, charter or terms of reference for each of its committees which sets out the function, membership and other governance arrangements.

Councillor development and access to information

Councillor surveys and interviews indicated that overall councillor training and access to information is satisfactory.

Some councillors and some council officers identified the need for Council to implement strategies to attract a larger pool of candidates for the next election.

Council could consider holding a workshop(s) prior to the next election for interested community members. Topics could include an overview of the roles and responsibilities

of a councillor under the Act and information about existing resources for councillors available on the Division of Local Government and the Local Government and Shires Associations websites.

Recommendation 20

Council should consider strategies to attract a larger pool of candidates for the next council election to be held in September 2012.

Councillor staff interaction

The review team observed that some councillors had quite close working relationships with Council officers due to their involvement with various community committees of Council facilities. Overall, councillors and Council officers reported that these relationships were positive. A few officers indicated that some councillors occasionally “crossed the line”, becoming too involved in operational matters. However, they believed that this was to be expected in a small council which is involved in providing services direct to the community and where in some cases councillors represent Council on the Boards/committees of community facilities.

Recommendation 21

Councillors should be mindful of their roles under the Act as well as Council policies when interacting with staff.

Information technology

Following its withdrawal from the New England Strategic Alliance of Councils, Uralla Shire Council has outsourced its information technology needs to Civica Pty Ltd. This company is able to provide Council with a single software platform and boasts a worldwide recovery plan. Council does not have an Information and Communication Technology Strategic Plan. This is a key document which provides a long term vision and strategic directions to meet current and future information and communication needs to support Council’s operations. This document should also identify risks, and risk management strategies in relation to information technology and communication critical assets and functions.

Recommendation 22

Council should develop an Information and Communication Technology Strategic Plan.

Council response to the Governance section

Council has provided a detailed response including, progress toward achieving the review recommendations. It is reproduced in its entirety in Part IV.

Review Team comments

The General Manager's employment

The Review Team notes that Council, at its meeting on Monday 19 December 2011, resolved to offer a two year extension of the current General Manager's employment contract which has been accepted.

Council's comments in relation to suitably documenting and/or providing a handover of Council's policies, practices and procedures prior to the General Manager's retirement are noted (*Recommendation 14*). The elected body should endorse all policies relevant to its role.

However, there is no indication of progress toward *Recommendation 3* which requires Council to prepare a succession/exit plan to ensure a smooth transition following the General Manager's exit in mid 2014. This plan should include monitoring Council's progress against *Recommendation 14* and orientation of a new general manager.

It is important to note that the identified backlog of policies and clearly defined processes should have been in place and delegated by the General Manager prior to the review. The extension of the General Manager's contract allows the General Manager and Council to address this overdue work. This work is essential to Council's efficiency and effectiveness and will minimise the potential loss of corporate/public knowledge due to the exit of an individual employee.

Executive management meetings

The review team notes that councillors no longer attend Executive Management (*Recommendation 17*). In addition, the General Manager holds Mayor and Councillor Briefing sessions. The purpose of these sessions was not stated. It is important that the Agenda and proceedings reflect the role and responsibilities of councillors as defined within the Act.

2. PLANNING AND OTHER REGULATORY FUNCTIONS

2.1 SCOPE

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.

2.1.1 Overview of Uralla Shire Council's planning and regulatory functions

Uralla Shire Council appears to have a sound land use planning and regulatory framework. The development of the Uralla Local Environmental Plan (LEP) is progressing well. The draft LEP is based on the New England Development Strategy which was prepared in collaboration with the other councils of the former New England Strategic Alliance of Councils.

Table 2 below (based on the key areas of the checklist) summarises the areas where Council generally appears to comply with minimum statutory requirements and/or appropriate practices.

Table 2: Council's compliance with planning and other regulatory functions

Planning and other regulatory function area	Complies with minimum statutory requirements or appropriate practices
Strategic Land Use Instruments	<input checked="" type="checkbox"/>
Local Approvals Policy	<input checked="" type="checkbox"/>
Development Applications Process	<input checked="" type="checkbox"/>
Contribution Plans and Planning agreements	<input checked="" type="checkbox"/>
BASIX	<input checked="" type="checkbox"/>
State of the Environment Reporting	<input checked="" type="checkbox"/>
Graffiti	Not a significant issue.
Enforcement	
Environmental Management/compliance	
Companion Animals	<input checked="" type="checkbox"/>
Water Safety	Not a significant issue -Whole LGA only has 17 swimming pools.

Note: A tick indicates that Council has met all of the standards and statutory requirements relating to that area as set out in the Promoting Better Practice Self Assessment Checklist. Those left blank indicate that Council is not fully compliant in that area and improvement is required.

Council and the Uralla community appear to have a strong commitment to resolving issues relating to their local environment. A number of better practice examples are described below. Enforcement has been identified as an area requiring further development.

2.2 SIGNIFICANT OBSERVATIONS

2.2.1 Better practices

New England Development Strategy April 2010

During its membership of the New England Strategic Alliance of Councils (NESAC), Uralla Shire participated in the development of the New England Development Strategy. The Strategy outlines key land use policies and principles for the four local government areas up to the year 2032 and has provided a sound basis for preparing the draft Local Environmental Plan to cover the whole local government area. The NESAC was successful in obtaining funding from the Department of Planning and Infrastructure under its Reform Funding Program to undertake the LEP project.

Draft Uralla Local Environmental Plan

A Guide to the Draft Local Environmental Plan (LEP) was prepared by Council in August 2011 to provide a summary of key information about the proposed LEP, zoning and other changes proposed in it. The Guide also includes information about how to make a submission. It consists of a small, well-presented booklet with coloured maps clearly indicating some of the proposed changes. A printed copy of the Guide is available from Council, or it can be downloaded from Council's website. Copies of the draft LEP are also available in CD format.

Council is holding an extensive series of councillor workshops and community consultation meetings to develop and further refine the draft LEP based on the standard template, prior to its submission to the Department of Planning and Infrastructure.

Waste Management Strategy

The review team visited Council's Recycling Centre, landfill and Computer Bank. It was reported that the Uralla Shire community appears to have wholeheartedly embraced recycling. Council estimates that in 2005 the landfill had an estimated life of 12 years. Today the estimated life is 59 years.

A Waste Management Strategy is being prepared to guide the ongoing direction of its waste function, including the new mechanical waste recovery facility and the co-mingled kerbside collection system. The Strategy is planned to be placed on public exhibition in September 2011.

Council is to be commended for its efforts in this area.

Uralla Shire Tree Planting Program

Council supports and implements various native tree planting and protection programs on public land around the Shire. It has also been proactive in introducing the Uralla Tree Planting Program which is innovative in that it is the first project in its class designed to enhance and restore natural landscape attributes on private land. Trees are provided to thank and congratulate residents who have constructed a new home in the Shire and to celebrate the arrival of new births in the Shire. Council has also developed an Information Pack which provides information on native species including things to consider when choosing a plant and deciding the best area to plant. The Guide is available to Program recipients and residents in general.

Awards

In 2011 Uralla Council was successful in winning the Border Rivers-Gwydir Regional Landcare and Catchment Management Award - Local Government Landscape Partnership Award.

The Uralla Sub-catchment Management Plan was developed in partnership with Border Rivers-Gwydir Catchment Management Authority and the Department of Environment, Climate Change and Water. The plan documents findings on the state of the sub-catchment area relating to stormwater movement and environmental issues requiring

attention. In particular, the document provides technical assistance to continue to address the environmental issues within the urban catchment of Uralla.

Uralla Climate Change Consensus Forum and Community Group

The Uralla Climate Change Consensus Forum (U3CF) is an environmental advocacy group comprising Uralla Shire residents. The forum originated in the community Climate Consensus Project in October 2008.

The Climate Consensus Project was an initiative of the Nature Conservation Council, NSW. One of the aims of the project was to develop and nurture public participation in Council's long-term environmental goals.

The Forum reached consensus on 40 strategies for local action to mitigate and adapt to climate change. The strategies encompass a wide range of activities and goals across many sectors. Council adopted all 40 strategies which were included within the Management Plan 2010 – 2013, and continues to work towards their implementation.

The U3CF Community Group maintains an active role in promoting and analysing environmental issues and their solutions. Suggestions from U3CF meetings are considered by Council's Environmental Committee. If accepted by the Environmental Committee, recommendations are progressed to full Ordinary Meetings of Council for adoption.

In 2009 Council was awarded the Highly Commended Award under Category 1 - "Enhancement in Public Participation" by the International Association for Public Participation for this project.

2.2.2 Noteworthy practices

Companion Animals Management

Ranger services are delivered through a cooperative arrangement between Armidale Dumaresq and Uralla Councils. In essence, Uralla Council contracts ranger services from Armidale Dumaresq Council. Council's Rangers are responsible for local law enforcement relating to companion animal management, abandoned vehicles and stock

control. The principal council enforcement activity that appears to impact upon the Uralla community is animal control.

The Uralla Shire Council was joint contributor to the construction of the New England Regional Animal Shelter and contributes to its annual operating expenses. The review team received a tour of the facility which appears very well designed for its purpose. The Shelter conducts a range of education programs.

A Local Companion Animals Management Plan was prepared in 2008 in consultation with the NESAC Companion Animals Working Party consistent with the *NSW Companion Animals Act 1998*. The plan is well presented and easy to read.

Data held by the Division indicates that Council's euthanasia rates have decreased by approximately 5% per year since the 2007/2008 reporting per year. Council's combined euthanasia rate for the 2009/2010 period of 25% is well below the State combined average of 49%. This is a commendable achievement.

Regulatory Strategic Planning and Reporting

Council has undertaken a strategic review of the status of its regulatory operations and set specific priorities including specific targets for 2011. This process involved the preparation of a series of graphs to report on the processed regulatory applications for the year ending 30 June 2011.

2.2.3 Areas for further development

Enforcement

Compliance and enforcement (apart from companion animal management) are areas that appear to require further development. Council does not have a proactive program for monitoring compliance with the environmental requirements which it is responsible for regulating. Council advised that it is reviewing the scope of its environmental monitoring requirements. As a first step, Council is developing a Code of Practice - Soil and Water Management for the Uralla Shire Council Managed Activities. The document was noted by Council at its July 2011 meeting and is currently undergoing further councillor and staff consultation.

Council does not have an enforcement and prosecution policy or a compliance program for operations it is required to monitor under public health legislation. However, Council does inspect food premises in partnership with the NSW Food Authority (i.e. high risk premises inspected bi-annually and medium risk once a year).

Recommendation 23

Council should prepare and adopt a proactive program for monitoring regulatory compliance for matters such as the environment, public health, swimming pools and on-site sewage management.

Companion animal management

As reported earlier, Council is performing well in the area of companion animal management. However the rate of lifetime registration of cats (28%) is below the State average of 43%. Similarly, the rate of lifetime registration for dogs (48%) is also below the State average of 61%. Research and data indicate that cats and dogs that are lifetime registered are more likely to be de-sexed. Having an animal de-sexed helps reduce the number of unwanted animals entering pounds.

Council advised that it contributes (including an annual donation) to a program for the de-sexing of companion animals carried out by the RSPCA.

Recommendation 24

Council should, in consultation with the RSPCA, explore strategies to encourage increased lifetime registration rates of both cats and dogs in the Uralla Shire.

Sewage Management

There are approximately 1,800 unsewered sites in the Uralla Shire. Strategic management of existing septic systems and managing sewage issues in new release areas are important tasks for Council. In accordance with the Act and the Regulation, Council has prepared a draft strategy for managing such issues.

Council has prepared a draft on-site sewerage management strategy which was on public exhibition at the time of the site visit. It provides guidelines for owner operator,

professional installers or suppliers to minimise possible risks to the environment and the community from wastewater effluent generated by on-site waste treatment devices.

Recommendation 25

Council should finalise its draft On-site Waste Water Management Strategy.

Council response to the Planning and Other Regulatory Functions section

Council has provided a detailed response including a description of progress toward achieving the review recommendations. It is reproduced in its entirety in Part IV.

Review Team comments

State of Environment Reporting

This review report has been amended to reflect Council's compliance with the minimum statutory requirements in the area of State of the Environment reporting (Table 2).

Lifetime registration for dogs and cats

The figures cited in relation to the lifetime registration of dogs and cats are State averages. Council is of the opinion that *"the principal constraint to improving the percentage of cats registered is the lack of incentive within the Companions Animals Act (1998) is to have cats treated in a similar level to dogs."*

While some provisions of this Act may treat dogs and cats differently, the provisions relating to their lifetime registration are similar. Council's response does not address why its registration rate for both dogs and cats is significantly lower than the State average.

3. ASSET AND FINANCIAL MANAGEMENT

3.1 SCOPE

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.

3.1.1 Overview of asset and financial management

As at 30 June 2010, Council's overall financial position, when taking into account key financial indicators, appears to be satisfactory. However, Council has not prepared a Resourcing Strategy consistent with the Integrated Planning and Reporting Guidelines as required by the Act and Regulation. Without it Council appears to lack a strategic and integrated approach to managing its finances and assets in order to achieve the objectives of the Community Strategic Plan.

The table below (based on the key areas of the checklist) summarises the areas where Council generally appears to comply with minimum statutory requirements and/or appropriate practices.

Table 3: Uralla Shire Council's compliance with planning and other regulatory functions

Asset and financial management area **	Complies with minimum statutory requirements or appropriate practices
Asset Management	
Land Assets	
Financial Management	<input checked="" type="checkbox"/>
Council Businesses	
Council involvement in companies, partnerships, corporations, co-operatives, joint ventures	Not applicable
Insurance	<input checked="" type="checkbox"/>

Note: A tick indicates that Council has met all of the standards and statutory requirements relating to that area as set out in the Promoting Better Practice Self Assessment Checklist. Those left blank indicate that Council is not fully compliant in that area and improvement is required.

3.2 SIGNIFICANT OBSERVATIONS

3.2.1 Better practices

The review team did not identify any practices beyond or above minimum compliance requirements and good practice indicators.

3.2.2 Noteworthy practices

The review team did not identify any noteworthy practices.

3.2.3 Areas for further development

Resourcing Strategy – Long-term financial planning

The long-term financial projections provided to the review team projected forward to 2020. The long-term financial planning requirements of the Integrated Planning and Reporting framework require that these projections are rolled forward each year in order that a ten-year horizon is maintained.

As well as the projected income and expenditure, balance sheet and cash flow statement, Council's Long-Term Financial Plan must also include information about the planning assumptions used to develop the Plan; sensitivity analysis highlighting the factors most likely to affect the Plan; financial modelling for different scenarios (eg planned, optimistic, conservative); and methods of monitoring financial performance.

Recommendation 26

Council needs to prepare a Long-Term Financial Plan which addresses all of the requirements of the Integrated Planning and Reporting framework.

Resourcing Strategy - Asset management planning

While Council has a funded asset maintenance program and a plant replacement policy, it does not have an unplanned maintenance budget in place. It is also noted that Council has not undergone any process of asset rationalisation. Council's Auditor found unrecorded plant assets.

The asset management requirements of the Integrated Planning and Reporting framework have not been met. Council is required to account for and plan for all existing assets under its ownership, as well as for any new asset solutions proposed in the Community Strategic Plan or Delivery Program.

Council must prepare an overarching Asset Management Strategy, which includes an endorsed Asset Management Policy. The Strategy must identify assets that are critical to Council's operations and outline risk management strategies for these assets. The Strategy must also include specific actions required to improve Council's asset management capability and projected resource requirements and timeframes.

Council must prepare Asset Management Plans for all classes of assets under Council's control. These Plans must identify asset service standards and service levels as set in consultation with the community. The Plans must contain long-term (minimum ten-year) projections of asset maintenance, rehabilitation and replacement costs, which should be reflected in the Long-Term Financial Plan.

Recommendation 27

Council should budget for unplanned maintenance. This should be reflected in the Long-Term Financial Plan and the Asset Management Strategy.

Recommendation 28

Council must complete the Asset Management planning requirements of the Integrated Planning and Reporting framework as a priority.

Plans of management for community land

Council has a register of all the land that it owns or is under its care and control (s53 of the Act). Council advises that it has plans for all of its small parks but not all of its community land.

Recommendation 29

Council should prepare plans of management for all of its community land as required by section 36 of the Local Government Act 1993.

Charges outstanding

Council's rates and outstanding charges ratio has been high for the last three years. Council should make a concerted effort to reduce the debts owing to it. This should be considered and discussed in the Long-Term Financial Plan.

Council has advised that it has a preference to work with ratepayers, water consumers and other debtors who are finding it difficult to make the required payments. Council's Revenue Officer will assist in determining a suitable payment scheme and in calculating a suitable payment amount. Council has engaged a private legal firm to assist in the collection of debts that are overdue and for which no payment arrangement has been made or who have not maintained their agreed payment schedule.

Council should review its efforts in this area and set targets to reduce debt over time.

Recommendation 30

Council should review its efforts and set targets in its Long-Term Financial Plan to reduce its outstanding rates and charges ratios.

Council businesses

Council operates three (3) Category 2 businesses. It does not have a formal business plan for each of the businesses it operates. Council's water supply entity has incurred a loss in the last three (3) years.

Recommendation 31

Council should develop and implement a business plan for each of the businesses it operates.

Recommendation 32

The business plan for the water supply needs to address the continuing losses it has sustained over the last three (3) years.

Council response to the Asset and Financial Management section

Council has provided a detailed response including a description of progress toward achieving the review recommendations. It is reproduced in its entirety in Part IV.

Review Team comments

Unplanned maintenance

Council's response notes that budgeting for unplanned maintenance (*Recommendation 27*) is *"un-necessary and counter-intuitive to good practical asset management."*

While it may appear to be a paradox to plan for unplanned maintenance, experience across all councils tells us the opposite. No matter how well maintenance is planned, a significant amount of resources are always consumed by unplanned work created by unforeseen circumstances.

For example, as stated by Council in its response, approximately \$2 million of its infrastructure backlog was due to the effect of eighteen months of above average rainfall. It is precisely such unforeseen circumstances that budgeting for unplanned maintenance addresses.

As conducting unplanned maintenance consumes significant resources, it is essential that provision be made for time, money and skills to be available to quickly restore assets that fail in service to their operating effectiveness and minimise any inconvenience or disruption of access or the provision of services to the community.

Council's asset management plans and Long-Term Financial Plan must include an estimate of costs associated with planned and unplanned maintenance for each class of assets.

Asset Management Planning

Council's response notes that it intends to meet "all the requirements of section 36 of the Local Government Act". Council must also comply with the essential elements relating to asset management planning of the Integrated Planning and Reporting Guidelines. This requires significantly more than the creation of asset registers for each asset class. It

requires Council to prepare an Asset Management Strategy, including a Council-endorsed Asset Management Policy. The Asset Management Plans must identify asset service standards and contain long-term projections of asset maintenance, rehabilitation and replacement costs (which will be reflected in the Long-Term Financial Plan).

Financial Planning

Council's response notes that it regards "financially modelling for an optimistic scenario... not resource efficient". Regardless, the Integrated Planning and Reporting Guidelines require councils to include financial modelling for different scenarios in their Long-Term Financial Plans. Council's projected "consistent moderate growth" may well be accurate, but is not the only basis from which different modelling scenarios would be developed.

Council's response notes that the only possible impact on its assumed "consistent moderate growth" is the possibility of the resumption of gold mining in the Shire. Council goes on to say, "The unpredictability and lead time of 3 – 5 years of a gold mine makes "what if" scenarios for gold/mineral mining unrealistic". The intent of developing a Long-Term Financial Plan with ten-year + projections enables councils to consider these 'what if' scenarios, and plan accordingly.

Council's response notes outstanding rates and charges amounts, and describes the difference between targeted and actual amounts for several years. Council should update its Long-Term Financial Plan annually with the actual amounts and revised projections based on this, so that it forecasts more accurately to projected future financial position of Council.

Water supply business

The review team did not have the benefit of the Annual Financial Statements to 30 June 2011. After deducting the corporate tax equivalent, there appears to have been a surplus of \$280,000. Nevertheless, the Division recommends that Council continue to prepare a business plan and budget to maintain an ongoing surplus.

4. COMMUNITY AND CONSULTATION

4.1 SCOPE

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
- Overview of community and consultation practices

4.1.1 Overview of Uralla Shire Council's community and consultation activities

The reviewers found that there is an apparent culture of community consultation within Council. Community consultation appears to have underpinned the development of the Community Strategic Plan, with specific social justice groups targeted for consultation during this process.

Council has a published Community Engagement Strategy. This document articulates how Council intended to engage the community for the development of the Community Strategic Plan. This document forms a sound basis for an ongoing Community Engagement Strategy for Council to utilise into the future for the ongoing review and further development of the Community Strategic Plan.

Council's overall compliance with requirements or appropriate practices are presented in Table 4 on the following page.

Table 4: Council's compliance with requirements in the community and consultation area.

Community and consultation area	Complies with minimum statutory requirements or appropriate practices
Social and Community Planning	<input checked="" type="checkbox"/>
Ageing Population	<input checked="" type="checkbox"/>
Community Participation	<input checked="" type="checkbox"/>
Communication policy	
Annual Report	<input checked="" type="checkbox"/>
Cultural Planning	
Ethnic Affairs –	Not applicable - Less than 3% of residents are of a Non-English Speaking Background
Tourism	
Economic Development	

Note: A tick indicates that Council has met all of the standards and statutory requirements relating to that area as set out in the Promoting Better Practice Self Assessment Checklist. Those left blank indicate that Council is not fully compliant in that area and improvement is required.

4.2 SIGNIFICANT OBSERVATIONS

Council's Self Assessment Checklist indicates that the 2009 Southern New England Social and Community Plan is linked to its Community Strategic Plan. A Division assessment found little evidence of linkages between these two documents. Strategies identified for Uralla in the 2009 Social and Community Plan were generally not repeated or reflected in the Community Strategic Plan. Feedback from some people indicated that the 2009 Social and Community Plan had been prepared by a consultant with little involvement from Council staff or the local community.

4.2.1 Better practices

Uralla Shire Council manages McMaugh Gardens, an aged care facility for its community. This facility appears to be highly regarded by councillors, Council staff and the community generally, and demonstrates better practice with its commitment to higher than usual staff to patient ratios.

4.2.2 Noteworthy practices

Community Engagement

The targeting of specific social justice groups in the community during the development of the Community Strategic Plan is commended. It is noted that the community consultation undertaken was largely driven by the councillors, reflecting their civic leadership role.

The introduction of the Mayor's Youth Council is noteworthy, and the reviewers were advised of an allocation of funds (\$10,000) to support its development. Council should ensure that this activity is reflected in future revisions of the Delivery Program and Operational Plan.

A staff member noted that a young person had contributed a request for a skate park that was written on the back of a pie packet. This contribution was taken seriously by Council, and the request was recorded in Council's records management system as a real submission.

Council meeting agendas include a "have your say" item, where members of the public are invited to raise concerns.

Council has recently appointed a Community Development Officer, whose role appears to be more that of an Economic Development Officer. This position, however, seeks to be a connection between Council and the community, attending Progress Association and s355 committee meetings.

As indicated earlier in the report, Council has a strong relationship with the U3CF (Uralla Climate Change Consensus Forum), which provides a community voice to council about local environmental priorities. U3CF provides Council with a report annually assessing Council's progress against achieving the 40 recommendations for climate change action agreed in Uralla Shire.

Council could consider facilitating similar forums as the basis for community engagement activities about other community areas of interest.

Recommendation 33

Council should prepare and publish a Community Engagement Strategy to guide the ongoing review and revision of the Community Strategic Plan as well as Council's community engagement activities more generally.

4.2.3 Areas for development

No public copies of Council's business paper were available in the public gallery at the Council meeting attended by the reviewers. Section 9 of the *Local Government Act 1993* requires the Council's business paper to be made available for the public at each meeting.

Recommendation 34

The Council Business Paper should be available in the public gallery for each Council meeting.

Council response to the Community and Consultation section

Council has provided a response to this section. It is reproduced in its entirety in Part IV.

Review Team comments

Council's response has been noted.

5. WORKFORCE RELATIONS AND PLANNING

5.1 SCOPE

Councils have a number of legislative responsibilities in relation to their role as an employer. Council is required to conduct itself as a responsible employer.

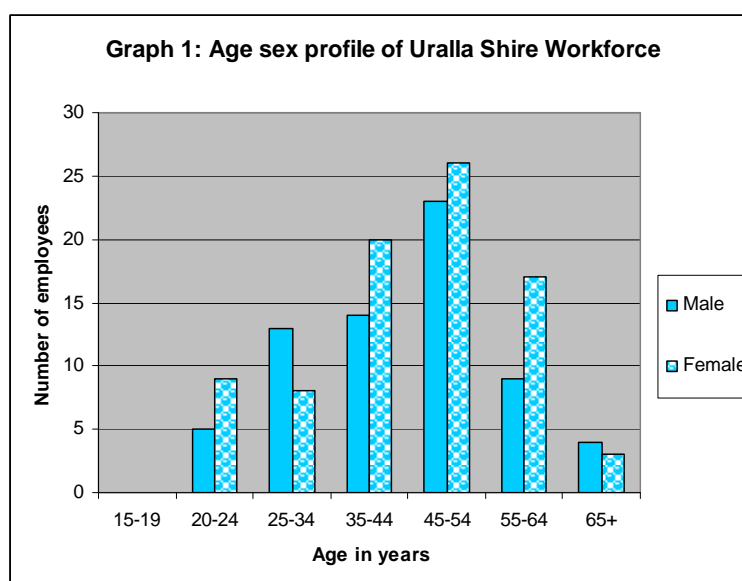
Workforce planning is an important part of the new Integrated Planning and Reporting framework. A council's Workforce Management Strategy forms part of the overall Resourcing Strategy that will help to meet the community's priorities and aspirations expressed in the Community Strategic Plan. This relies upon having the right people in the right places with the right skills doing the right jobs at the right time.

5.1.1. Overview of Uralla Shire Council's workforce relations and planning

Profile of the workforce of Uralla Shire Council

Uralla Shire Council has two main operational areas consisting of Administration and Engineering Services. Overall, the review team observed staff members to be enthusiastic, dedicated and skilled in their area of expertise.

Council currently employs 106 full-time equivalent employees. The age and gender profile of Council's workforce is displayed in Graph 1 below.



Council's workforce is somewhat diverse and appears to be representative of the broader community it serves. Key characteristics include:

- 25% of its employees identify as being of Aboriginal and Torres Strait Islander origin. This is much higher than the representation of Aboriginal and Torres Strait Islander people in the whole of the Shire (i.e. 3.87% of population).
- No employees identify as being from a culturally and linguistically diverse background
- 1% of its employees identify as having physical disabilities
- 55% of all employees are female
- 22% of its workforce is aged 55 years and over. Seven (7) staff are aged 65 years and over.

Overview of Council's workforce relations and planning policies and activities

The review found that generally workforce relations across Uralla Shire Council were sound. Council has regular formal and informal opportunities for staff to meet, identify issues or concerns, and facilitate cross-Council communication. These include daily morning tea for indoor staff, weekly indoor staff meetings, periodic toolbox talks for outdoor staff, approximately quarterly barbeque breakfasts for outdoor staff, and consultative committee meetings.

The review found a culture of respect in the organisation. Staff reported a good relationship with the Executive team, who they report as being approachable.

Staff expressed relief at Uralla Shire Council's break from the New England Strategic Alliance of Councils. They report that this was a "confused and tangled" time, but now "we know where we're going, and we're healing now".

Uralla Shire Council did not have a Workforce Management Strategy in place at the time of the review. The Integrated Planning and Reporting framework requires Council to have a (minimum) four-year Workforce Management Strategy in place which addresses the human resourcing requirements of its Delivery Program.

Table 5 on the next page is based on the key areas of the checklist and summarises the areas where Council generally appears to comply with minimum statutory requirements and/or appropriate practices. Areas requiring further development are discussed later.

Table 5: Council's compliance with requirements in the workforce relations area.

Workforce relations area	Complies with minimum statutory requirements or appropriate practices
Workforce Management Strategy	
Workforce Planning	
Employee Surveys	
Employment Contracts	<input checked="" type="checkbox"/>
Consultative Committee	<input checked="" type="checkbox"/>
Recruitment & Selection	<input checked="" type="checkbox"/>
Job Descriptions and Evaluation	
Employee Remuneration	<input checked="" type="checkbox"/>
Enterprise Bargaining	<input checked="" type="checkbox"/>
Equal Employment Opportunity	<input checked="" type="checkbox"/>
Staff Induction	
Grievance Management	<input checked="" type="checkbox"/>
Work Health and Safety	
Secondary Employment	
Exit of Staff	

Note: A tick indicates that Council has met all of the standards and statutory requirements relating to that area as set out in the Promoting Better Practice Self Assessment Checklist. Those left blank indicate that Council is not fully compliant in that area and improvement is required.

5.2 SIGNIFICANT OBSERVATIONS

5.2.1 Better practices

The review team did not identify any practices beyond or above minimum compliance requirements and good practice indicators.

5.2.2 Noteworthy practices

The review team did not identify any noteworthy practices.

5.2.3 Areas for further development

Workforce Management Strategy

As mentioned above, Council is required to develop a Workforce Management Strategy to address the human resource requirements of its Delivery Program. The Workforce Management Strategy must be for a minimum timeframe of four (4) years.

As an essential element of the Resourcing Strategy, the Workforce Management Strategy needs to be closely linked with the development and review of the Long-Term Financial Strategy and the Asset Management Strategy. This is critical to the actual delivery of the priorities set out in the Community Strategic Plan and the Delivery Program.

When developing its Workforce Management Strategy, Council should consider five different but interlinked focus areas as illustrated below.

Key focus areas for the development of the Workforce Strategy:



Recommendation 35

Council must prepare a documented Workforce Management Strategy which addresses the workforce requirements of the Delivery Program, as well as identifying actions to address issues such as an ageing workforce and succession planning.

Employee communication

It is important that organisations have effective means of communication with staff. Effective communication systems will typically use a range of channels to disseminate and gather information.

As mentioned earlier, Council provides regular formal and informal opportunities for staff to meet, identify issues or concerns, and facilitate cross-Council communication. However, Council does not conduct periodic employee attitude surveys and has not conducted any other kind of systemic assessment of employee attitudes/concerns.

Such an assessment is critical to developing an effective Workforce Management Strategy.

Council has established a Consultative Committee in accordance with the Local Government (State) Award 2010. The aim of the consultative committee is to provide a forum for consultation between Council and its employees. The functions of the Consultative Committee are about day-to-day management issues such as award implementation, training, job redesign, performance management systems and hours of work.

The review team met with representatives of Council's Consultative Committee. Management representatives on the Committee are the Mayor, one (1) councillor, the General Manager, four (4) other management representatives (including the officer dealing with Human Resources issues). All present indicated that the Committee works well and effectively deals with employment issues.

Notwithstanding this, as the Committee's aim and purpose is operational in nature, the Division's view is that the General Manager (or his/her nominee/s) should represent Council on this Committee. For this reason, it is inappropriate for councillors to be members of the Consultative Committee.

However, Council should distribute minutes of Consultative Committee meetings to councillors for their information. Councillors should be informed about current workplace issues and where appropriate, make strategic policy decisions related to industrial issues. This is more consistent with the councillors' role under the Act.

Recommendation 36

Council should ensure that employee attitudes/concerns are adequately assessed and incorporated in the development of its Workforce Management Strategy.

Recommendation 37

The Consultative Committee should review its membership and decide whether councillors should continue to be members of this committee.

Recommendation 38

Minutes of the Consultative Committee meetings should be distributed to all councillors to ensure they are informed about current workplace issues and where appropriate, make strategic policy decisions related to industrial issues.

Recruitment and induction

Council does not appear to have job descriptions for all positions. Council has not included Occupational Health and Safety responsibilities and physical demands of the job in existing position descriptions. A documented induction program for new staff has not been prepared. Council's response to the checklist states "*Council provides a Staff Induction and supervisor provides the induction to the position. TCSOP and McMaugh's have a structured induction.*"

Recommendation 39

Council should prepare written job descriptions for every position within Council and ensure these include Occupational Health and Safety responsibilities and the physical demands required of each position.

Recommendation 40

Council should prepare a documented induction program to guide new staff.

Work Health and Safety

Council has a number of Work Health and Safety measures in place such as:

- ♦ A formally constituted OH&S Committee.
- ♦ An adopted Injury Management and Return to Work Policy
- ♦ Council shares a Return to Work Officer appointed under the former NESAC Alliance.
- ♦ Regular risk assessments of workplaces.
- ♦ Systems to monitor sick leave and workplace injury.

Council has not documented these measures into an adopted Work Health and Safety Management Plan or System.

Recommendation 41

Council document and adopt a Work Health and Safety Management Plan or System.

Secondary employment

Secondary employment refers to a situation where a person works for a council but also engages in paid work elsewhere in addition to their employment with Council.

Section 353(2) of the Act states:

A member of staff must not engage, for remuneration, in private employment or contract work outside the service of the council that relates to the business of the council or that might conflict with the member's council duties unless he or she has notified the general manager in writing of the employment or work.

A general manager may prohibit a member of staff from engaging in such work. If prohibited from doing so the member of staff must abide by the general manager's decision (sections 353(3) and 353(4) of the Act respectively).

Uralla Shire Council does not have such a policy.

Recommendation 42

Council should develop a Secondary Employment policy or guideline and promote its use to all staff.

Exit interviews

Council does not appear to have in place a practice of conducting exit interviews for staff at resignation or retirement from the organisation. In tandem with its succession planning, exit interviews are an important mechanism for Council to identify triggers for staff turnover, capture corporate knowledge, and acknowledge the reflections and suggestions of staff as they depart.

Recommendation 43

Council should establish a procedure that provides departing employees with the option to participate in an exit interview or to provide feedback.

Council's response to the Workforce Relations section

Council has provided a detailed response including a description of progress toward achieving the review recommendations. It is reproduced in its entirety in Part IV.

Review Team comments

Workforce Management Strategy

The content of Council's response reflects a lack of understanding of the intent and purpose of the workforce planning requirements of the Integrated Planning and Reporting framework. Workforce planning is not simply about expanding the workforce, or the number of FTEs. Instead it is about resourcing the Delivery Program to ensure that Council has the skills and expertise available to it to meet this need now and into the future.

Consultative committee

Generally, the purpose of these committees is to provide a forum for consultation between council and its employees; and to positively cooperate in workplace reform to enhance the efficiency and productivity of the council. Membership is usually comprised of a few management representatives including the General Manager and staff representatives. Where the General Manager is in attendance at a meeting and there is

enough background material provided, the General Manager may make an immediate decision to be recorded in the Minutes.

The review team therefore recommends that the General Manager reconsider his decision to leave the committee.

Exit interviews

Recommendation 43 has been modified to clarify that, as intended by the review team, council employees be offered an exit interview should they wish to participate. Council may also choose to offer an exit survey as an alternative to an interview for the purposes of gathering feedback.

PART IV. COUNCIL'S RESPONSE TO THE REPORT

Council response to the Strategic Planning section

The Uralla Shire Council had a detailed engagement with its Community in the preparation of the Community's "Uralla Shire Council Community Strategic Plan".

The Uralla Shire Council area is a stable rural area, with a steady manageable growth of 0.6% for 2010/2011 and 1.0% per annum for the period 2006 to 2011 (ABS 3218.0 Regional Population Growth March 2011). The population has grown from 6,099 in 2001 to 6,315 in 2011 (including a period of decline in the 2001 to 2005 years from 6,099 to 5,972).

This consistent moderate growth does not put pressure upon services by unexpected increased demand.

The Uralla Shire Council area is a rural area and the first, second and third preference for the residents and ratepayers are roads, street, bridges and footpaths. Council has maintained a 7.5% resealing program of its sealed roads and with a deferral during the 2006/2009 period an annual sealing program of 3 kilometres a road. The sealed road network is 44.3% of the road network and the ten year strategy, supported by the Community, is to reach 52.5% sealed roads by 2021 and the replacement of all timber bridges on regional and local roads. The Community expressed the support for the renewal and continuation of the re-sheeting program that was extended in 2007 to 8% of the unsealed road network. The strategic direction requested by the Community was to continue the re-sheeting program, so that re-sheeting has a nineteen year cycle. The maintenance of unsealed roads is enhanced by good engineering practices and the maintenance grading (including re-sheeting) is provided by teams of Grader, Roller and Water cart. The graders have rippers, which together with the watering and rolling is best practice for unsealed roads.

Uniquely for a rural council, the Uralla Shire Council has an extensive involvement in community services. Community Services are fully funded and comprise approximately 30% of Council's total budget.

The Community not only supports Council in its Community Services activities but takes pride and ownership of the key elements of McMaugh Gardens and Grace Munro Aged Care Centres. One (McMaugh's) owned and operated by Council in Uralla the other (Grace Munro) owned by Council and operated by a Community based Company in Bundarra. The Councillors and Community are proud of the fact that Council provides aged and disabled care services to eligible clients from Walhollow (in the Liverpool Plains Shire Council area) to Boggabilla on the

Queensland border (in the Moree Plains Shire Council area). The eligible clients include Mainstream and Aboriginal and Torres Strait Islander (ATSI) persons. This involvement has a positive effect on the ethnic and gender balance in Council employees. Council has 56.3% of the Workforce (54%% of FTE) who are female employees, with 25.2% (22% FTE) who are ATSI employees (from a population percentage of 3.87%).

The Uralla Shire Council community has an established and growing artistic community. One of the strategic considerations requested in the community consultation process was the development of a Cultural Plan and the setting up of a steering committee to thoroughly investigate sites and avenues for funding of a performing arts centre.

Council acknowledges that the Uralla Shire Council Community Strategic Plan is of a detailed and operational construction. The Community wanted detail during the engagement sessions and the document presented to Council for endorsement reflected this direction. Council has resolved to develop a higher level and aspirational Community Strategic Plan in the next iteration, by extracting from the endorsed Uralla Shire Council Community Strategic Plan the Strategic Objectives and Goals and condensing them into a Strategic document, while retaining the endorsed document as a link between the Strategic and Operational documents.

Council notes that the review indicates that the long term financial plan needs to be more than “a series of numerical spreadsheets” and that it should include different scenarios and other explanatory commentary.

Because of the consistent moderate growth which has not put pressure upon services by unexpected increased demands, the past long term financial plans, which are now into their fourth year are remarkably consistent with adopted budgets and actual. An example is the 2011/2012 operational forecasts that were developed in 2009. The forecast indicated an all fund surplus of \$752,953; the adopted budget was an all fund surplus of \$708,895 and a third quarter review projection of a surplus of \$716,880. This is because of the detailed line item estimates, based not only on percentage increases but also many accurate calculations of interest and principal payments, administration costs, wage projections of employees also be line.

The Uralla Shire Council, in keeping with its community, is financially conservative. First and foremost, it lives within its means with an awareness of its Community’s ability to pay. While the general direction is clear, Council and the Community have the flexibility to rearrange priorities within Activities. For example a new project, such as the replacement of the concrete low level Emu Crossing with a high level bridge, which while not in the Strategic Plan a year ago, is now being asked for by a section of the Community, will be constructed on the mix of commitments of substantial percentage of funding from State and/or Federal sources (the bridge is on a regional

road), loan borrowings and re-prioritisation of the bridge construction priorities for Council operational and Capital funding within that Activity. Whilst the Council funding would be a matter of re-prioritising within an Activity the access to loan borrowings would be against all other Activity loan borrowing priorities.

Council notes the need to prepare an Asset Management Plan and a Workforce Plan.

Council's Asset Management Planning is very rudimentary with elements of each asset in unrelated supporting systems and spreadsheets. The quality of the information within the various elements are Roads (satisfactory with conditions needing to be updated), Bridges (good), Footpaths (good), Kerb and Guttering (satisfactory with conditions needing to be updated), Road Furniture (rudimentary), Water (rudimentary), Sewer (rudimentary), Buildings (good), Plant and motor vehicles (good) and furniture and fittings (rudimentary).

This situation is being improved with the loading of all assets into the CVR module of the Civica Authority Program on Friday 20 April 2012 for testing. Following the loading all 2012 asset transactions will be entered with testing of version 6.5 from Monday 28 May 2012 and go live on Wednesday 27 June 2012.

The development of the Asset Management Strategy and the subsequent Asset Management Plans and Business Plans for Water and Sewer operations will follow in a step by step approach. The details within the various elements are being tested by the Council's Finance Manager who is co-ordinating the loading of the assets into the CVR.

A Workforce Plan is nearing completion with the notation of the following:

AREAS FOR IMPROVEMENT:

Council currently employs a reasonably diverse workforce and actively fosters and promotes a non-discriminatory work environment. There are several key areas, however, in which Council needs to improve its performance in relation to workforce diversity and planning, including:

- 1) Lack of formal staff induction program for new staff and managers
- 2) Lack of formal mentoring program for managers and staff
- 3) Need to implement knowledge management initiatives and succession planning strategy to address the problem of an ageing workforce
- 4) Need to implement a formal exit process which may assist with future retention of staff.

The review notes under the heading "Council staffing" page 14 "In summary, it has two (2) operational groups (Administration and Engineering Services)". Council would suggest that, because of its significant Community Services Activity that there are three (3) groups (Administration, Community Services and Engineering Services)

In conclusion, Council has been advised by its external auditor that its low debt service ratio provides an ability to meet contingencies or changed priorities in respect to community requests outside that included in strategic plans.

Council response to the Governance section

The Review notes that the General Manager intended retirement in mid 2012 (10 July 2012). This was the position at the time of the review, however subsequently the General Manager decided to seek an extension of his contract on 10 October 2011. Council offered a two year extension of the contract at its meeting of Monday 19 December 2011 and this offer has been accepted by the General Manager.

The Review noted (page 34) that “Identifying and formalising these (council practices, operating policies, systems and processes) and should be a priority task prior to the retirement of the General Manager”.

While the General Manager will not retire until mid 2014 the process of updating, revising policies into a consistent format, separating practice notes from policy documents in existing policies and developing new relevant policies had commenced in February 2011 with existing Governance, Health and Building, Animal Control and Development Control policies being the first group of policies reviewed, revised and adopted by Council. Since then Corporate Services (Administration and Finance), Community Services and Community Facilities have also been reviewed, revised, advertised for public submissions and adopted by Council.

The Corporate Services (Human Resources) policies are being reviewed and separated into operating policies and practice notes. These policies are being considered by Council's Consultative Committee before recommendation to Council for advertising for public submissions and adoption. A number of new policies for Human Resources have been developed in the consistent format, considered by the Consultative Committee, advertised for public submissions and adopted by Council.

The policies for Engineering, Waste, Economic Development (including the Visitor Information Centre) are existing or yet to be developed.

Council and Council staff have put a lot of effort into updating policies and plans over the past twelve months and this effort will continue until all existing policies have been finalised. Council also acknowledges that there is a need to review, update or develop the following policies and plans, as recommended in the review: Fraud Control Policy; Procurement, Tendering and Disposal Policy; Risk Management Plan; Business Continuity Plan; Privacy Management Plan and Information and Communication Technology Strategic Plan.

The review recommended the development of a Statement of Business Ethics (Recommendation 5) and to include its values within the Delivery Program, Operational Plan and Annual Report (Recommendation 4) and to make the Statement of Business Ethics available to external parties and incorporated into contracts with external parties (Recommendation 5). Council had in previous years displayed its Vision Statement, Mission Statement, Values and Statement of Goals in its Annual Management Plan. The exclusion of these statements was an oversight in the preparation of the 2011/2012 Operational Plan and the Draft Preliminary Delivery Program 2011/2012 to 2015/2016.

Council re-established the above statements along with a Statement of Social Justice Principles and the Uralla Shire Council Vision 2020 Statement at its meeting of 26 September 2011 (Resolution 346/11). The Statements are on Council's website. A Statement of Business Ethics is being developed and will be made available to external parties and where appropriate included into contracts.

Councillors took note of the Review's comments in respect to the attendance of Mayor, Deputy Mayor and from time to time Councillors at Manex. This attendance has ceased. Manex is now only attended by the General Manager and Directors and invited staff. The General Manager holds a Mayor and Councillors Briefing (MCB) session. The frequency of these sessions is being trialled.

Councillors also considered the comments in respect to the separate functions of policy and operations. Councillors readily agreed that there were committees where there were operational functions, such as the Consultative Committee and the Work Health and Safety Committee and agreed that those Committees would no longer have Councillor representation.

Three Committees, Finance Committee, Development Assessment Unit and Works Committee, were considered by Councillors to have merit in having both Councillors and Staff interact. It was determined to disband the Development Assessment Unit and the Works Committee. Because of the desire of Councillors to be provided with information on planning and works issues there is in place a Development Determination Advice Unit and a Works Program Review Unit. Terms of Reference are being developed for these Units.

Councillors strongly believe that the Finance Committee should continue in its present form given the responsibility for finance that Councillors have been told that they bear.

Council notes the recommendation from the Review to have Constitutions, Charters or Terms of Reference for each of the Committees (Recommendation 19) and each Committee will be provided with either a Constitution (preferable) or Terms of Reference through Delegated Authority

The procedure adopted is to work through Council's Committee of Council Register commencing with Group A Committees.

Group B Committees consisting of outside organisations having Constitutions already, Group C having delegated authority through the Delegated Authority Register Part F, and Group F having delegated authority through the Delegated Authority Register Part E. Group D is the County Council and Group G is formed and directed by State or Federal Legislation.

For the Group A Committees: The existing Constitution of the Consultative Committee has been reviewed and revised and was tabled and discussed at the Consultative Committee meeting of Tuesday 3 April 2012 for consideration and recommendation to Council at its next meeting on Tuesday 8 May 2012.

Similarly the Occupational Health and Safety Committee (to be the Works Health and Safety Committee) revised Constitution was tabled at its meeting of Wednesday 4 April 2012 and will be workshopped by the members on Wednesday 6 June 2012. A draft Constitution for the Uralla Shire Council Environmental Committee has been prepared for tabling and consideration at the May Committee meeting.

Council noted the Review's recommendation to consider strategies to attract a larger pool of candidates for the next council election in September 2012 (Recommendation 20) and had acted upon this matter prior to the receipt of the Review on 1 March 2012 with the adoption of a "Candidates for Council and new Councillor induction Policy" (Policy 1.2.15 – Resolution 48/12) at its meeting of Monday 27 February 2012.

All Councillors attended the workshop on Monday 12 March 2012 to discuss the sections of the Draft and Confidential Review Report on "Promoting Better Practice Program" visit of August 2011. At that workshop the Council Policy number 1.2.11 "Provision of Information to and Interaction Between Councillors and Staff" was reiterated (Recommendation 21). The staff were also advised of their responsibilities and protection in respect to interaction with Councillors in a small community and of pecuniary interest at inside staff meetings and outside staff morning barbecues (Recommendations 7 and 21).

Council has agreed to the formation of an Internal Audit Committee (Recommendation 10). Council is negotiating with consultants for the development of an Internal Audit Plan (with funding set aside in the 2012/2013 budget) and is advertising, once again, for interested persons to be on an Internal Audit Committee.

As the review notes that Council has put a significant effort into complying with the GIPA Act and that the list of policies codes and documents is not exhaustive. As the policies and other

documents are reviewed, developed and co-ordinated they will be placed on the website. Council is utilising the Checklist for Local Councils from the Office of the Information Commissioner.

Council response to the Planning and Other Regulatory Functions section

Council notes that the table of Council's compliance with planning and other regulatory functions does not have a tick against the line item "State of the Environment Reporting". This suggests that Council does not comply with the minimum statutory requirements and/or appropriate practices. The Council website has the State of the Environment reports for 2008/2009, 2009/2010 and 2010/2011 available for downloading.

Council notes and appreciates the Review's recommendation to prepare and adopt a proactive program for monitoring regulatory compliance for matters such as environmental public health, swimming pools and on-site waste management (Recommendation 23). Council has developed and is improving the reactive responses in these areas in its Customer Request Management (CRM) processes and TRIM electronic records management. This provides data for regular quarterly reporting on complaints to Council. A proactive works program for inspections is high priority to be developed.

Council currently works with both the Armidale Animal Shelter (and Armidale Dumaresq Council) and the RSPCA in education programs aimed at the improvement of animal owner behaviour. Council notes that its percentages compared to the state averages for life time registration of dogs (48% to 61%) and cats (28% to 43%) needs improvement. The principal constraint to improving the percentage of cats registered is the lack of incentive within the Companion Animals Act to have cats treated in a similar level to dogs.

The On-site Waste Management Strategy has been completed and adopted by Council at its meeting of Monday 26 September 2011 (Resolution 350/11).

Council response to the Asset and Financial Management section

Council acknowledges that it must complete the Asset Management planning requirements of the Integrated Planning and Reporting framework as a priority (Recommendation 28). As discussed at the bottom of page 21 and the top of page 22, Council has the fundamentals an Asset Management System, although the elements of Furniture and Fittings, Water and Sewer assets being rudimentary at this time. The Uralla Land Management Plan (prepared in the late 1990s) and Community Land Register (updated in 2005) contain the basic information and are being updated to ensure that all community land is included and that all the requirements of Section 36 of the Local Government Act are met (Recommendation 29).

Council notes the Review's observation that long term financial plans must also include information about planning assumptions, sensitivity analysis and financial modelling for different scenarios and methods for monitoring financial performance (Recommendation 26).

The long term financial plans of Council were prepared upon a conservative basis and Council believes that the planning assumptions outlined in the "Summary to the Operational Plan" met the requirement of disclosure in non-technical terms of the planned and conservative scenarios. As stated in the second paragraph on page 21, the Uralla Shire Council in keeping with its community is financially conservative and lives within its means. Therefore Council considers financially modelling for an optimistic scenario for an area with consistent moderate growth is not resource efficient. The factor identified by Council to have the greatest effect on a change on moderate growth would be the resumption of gold (or mineral related) mining activity. The unpredictability and lead time of 3 to 5 years of a gold mine makes "what if" scenarios for gold/mineral mining unrealistic. It would be similar to in the year 2000 putting into a ten year financial plan for the years 2001 to 2010 the Global Financial Crisis.

The Uralla Shire Council has always budgeted for a well financed maintenance program of its plant, road and built assets along with a fully funded construction and re-construction program for roads and the planned replacement of plant and equipment. Therefore, Council believes that budgeting for unplanned maintenance (Recommendation 27) is un-necessary and counter-intuitive to good practical asset management.

It has been Council's long standing practice to resealing 7.5% of its sealed road network (19.2 kms of Local roads and 10.1 kms of Regional Roads) per annum. The 7.5 percent means that the sealed road network is resealed in about 13 years, well within the 15 to 20 year bench mark for re-sealing. Since the year 2008/2009 Council has re-introduced the re-sheeting of 6.5% of the unsealed road network.

The results of this funded maintenance, re-construction and construction can be observed in the following table:

Year	Surplus/(deficit)	Depreciation	Capital expenditure	Infrastructure Backlog
	\$m	\$m	\$m	\$m
2005/2006	0.748	1.699	2.689	2.630
2006/2007	0.137	1.965	3.127	3.288
2007/2008	0.244	1.838	1.170	3.959
2008/2009	3.028	1.505	3.562	3.177
2009/2010	(0.506)	2.974	3.536	3.222
2010/2011	1.266	3.006	3.223	5.861
6 year totals	4.917	12.987	17.307	+3.231

The increase in infrastructure backlog at 30 June 2011 over the normal \$3million of some \$2million was due to the effect of eighteen months of above average rainfall. The road infrastructure backlog rose \$2.08million (\$1.12million being for unsealed roads) from \$1.53million to \$3.61million, accounting for all of the increase. Nonetheless the \$5.9million represents a manageable infrastructure backlog when measured against an average capital expenditure of approximately \$3million plus \$0.119million of road grants unexpended and \$0.773million of infrastructure carry over works (of \$0.889million Carry-over works) in restricted assets at 30 June 2011 (Note 3 Annual Financial Statements).

S.M.E.C. (the former Snowy Hydro Commission) undertook an independent evaluation of the Uralla Shire Council sealed road network and road infrastructure as at 30 June 2009 (together with Armidale Dumaresq, Guyra and Walcha Councils) for the purpose of valuation of the road asset at 30 June 2009. This evaluation indicated that 0.43% (or 2 kms) of Council's sealed roads were in very poor condition, 4.24% (or 19 kms) in poor condition; leaving 95.33% in satisfactory or better condition.

Council notes the comment in the Review report (page 47) in respect to the fact that the outstanding rate and annual charges ratio had been high for the "last three years" (i.e. 2007/2008 to 2009/2010 being the last three years financial statements available at the date of the review) and the recommendation that Council should review its efforts and set targets in its long term financial plan to reduce the outstanding its outstanding rates and charges ratio (Recommendation 30).

Council would wish to point out that the three years quoted were years in which the New England Strategic Alliance (NESAC) shared services revenue team had control of the collection and follow-up processes for Council. The percentages at the 30 June 2008 of 11.19%, 2009 of 9.33% and 2010 of 9.74% are in marked contrast to the prior three full years when the control was with Uralla Shire Council's own finance team. Those percentages were 30 June 2004 of 3.41%, 2005 of 4.40% and 2006 of 5.67%. The period of NESAC shared services control was from 1 July 2006 to 30 September 2009.

Since the Review the annual financial statement containing the first full year of resumed control of revenue collection has shown the improvement in the percentage of outstanding rates and annual charges from 9.74% to 8.22% at the 30 June 2011.

The Uralla Shire Council long term financial plan prepared in 2009 had the outstanding percentage targets of 7.0% at 30 June 2010 (9.74% actual), 4.95% at 30 June 2011 (8.22% actual), 3.82% at 30 June 2012 (7.5% projected) and 2.77% at 30 June 2013.

The long term outstanding rates and annual charges in the pre 2006 period was approximately 4%. Council has finalised the procedural steps in order to have 18 properties, with outstanding rates, annual charges and interest of \$113,282.45 sold for outstanding balances. The sale will be in August 2012 and whilst it will not reduce the outstanding percentage as at 30 June 2012 it will certainly reduce the subsequent years' balances. The rates and annual charges follow-up in now in compliance with Council's Debt Recovery Policy (Policy 2.2.04)

The Uralla Shire Council accepts the need to develop a business plan for each of the businesses that it operates. These are McMaugh Gardens Aged Care Centre, Uralla and Bundarra Water Fund and the Uralla Local Sewer Fund. Council staff are taking steps to have the business plans developed, including the inclusion of funding of resources in the 2012/2013 Water and Sewer Budgets to have the plans developed. Council adopted an Integrated Water Cycle Strategy (for the periods 2011/2012 to 2014/2015) at its meeting of Monday 18 April 2011 (Resolution 141/11), which together with the completed Water Loss Management Program. The Water Loss Management Program indicated a 24ML/annum water loss – indicating that the system is in good shape.

Council does not agree with the premise contained within Recommendation 32 that “The business plan for the water supply needs to address the continuing losses it has sustained over the last three (3) years.”

The Review was undertaken in August 2011 so it did not have the benefit of the Annual Financial Statements to 30 June 2011, which showed a surplus in the Water Fund of \$400k. Nonetheless, the analysis carried out also ignored the effect on the Water (and Sewer) Fund of the write off, and the subsequent recoveries, of the investments in Collateralised Debt Obligations (CDOs).

Council has steadily, since the year 2006/2007, been increasing the cost per kilolitre of water use from 70c to \$1.50 in 2011/2012. The Revenue Policy for 2012/2013 has been advertised, and is recommended for adoption at the 23 April 2012 Council meeting, at \$1.75 per kilolitre.

The effects of the increased water charges (and an adjustment for the effects of the CDOs) are demonstrated in the following table:

Year	Water Cost per Kilolitre used	Published Surplus/(deficit)	CDO effect (losses) and Gains	Underlying Surplus/(deficit)
	\$	\$,000	\$,000	\$,000
2006/2007	0.70	(291)	0	(291)
2007/2008	1.00	(337)	(291)	(46)
2008/2009	1.075	(120)	(119)	(1)
2009/2010	1.25	(133)	(137)	4
2010/2011	1.35	400	148	252
5 year totals		(481)	(399)	(82)

Council will therefore contend that its pricing strategy, commenced in 2006/2007, has already had the effect of reducing the underlying losses of the Water Fund.

There remains two Collateralised Debt Obligation instruments with a total face value of \$500,000 held by Council and a claim for losses of \$669,035. The proportions (\$210,505 and 281,671) in the Water Fund contingent assets that will be recoverable is not known.

The Councillors and Council staff both expressed surprise that neither of the Review's **Better practices** nor **Noteworthy practices** identified any practices beyond or above minimum requirements.

The Councillors, particularly, have a good understanding of the finance of Council and are kept informed to a level that their experience in speaking to Councillors from other Councils are not accustomed. Councillors, as stated in the third paragraph of page 41, take "the responsibility for finance that they (Councillors) have been told that they bear" very seriously.

The Council's Executive and Finance Team are well qualified and experienced finance professionals, including a Master of Business Administration major in professional accounting, a Bachelor of Commerce in accounting and a Chartered Accountant.

Council response to the Community and Consultation section

Council will update the "It's Your Council" – Engaging Uralla Shire residents with the Community Strategic Plan (version 3) for the next iteration of the Community Strategic Plan (Recommendation 33).

The Council meeting attended by the Review Team (Monday 22 August 2011) did not have a Public Gallery copy of the Business Paper for the open session of Council available. This was an oversight for that meeting. Council prepares a Public Display, a Public Gallery and a Spare copy of the Business Paper, that are usually available in the public gallery. These three copies are in addition to the hard copy Business Papers distributed to the Uralla Library, one each to the

General Stores at Bundarra, Invergowrie, Kentucky and Kingston. The Business Paper is placed on Council's website on at least the Friday before the Council meeting.

Council's response to the Workforce Relations section

Council acknowledges that it has not developed a four year Workforce Management Strategy due principally to the stable (number of FTE) workforce requirements and that having a documented Workforce Management Strategy is a high priority (Recommendation 33).

The General Manager provided a report to the Consultative Committee meeting of Tuesday 3 April 2012 on the Core and Total numbers of Employees by Section comparisons of August 2005 (pre-amalgamation proposals) and February 2012.

The increase in numbers from 110 (94.94 FTEs) in September 2005 and 131 (105.42 FTEs) in February 2012 was the result of increase of core numbers of 6.58 FTEs (11 persons) and net 3.9 FTEs (10) in Community Services.

The core number increase arose principally from the appointment of 1.4 FTEs Environmental Project Officers, 1 Community Development Officer, the appointment of a permanent part time employee at the Bundarra Landfill and the replacing of contractors at the Uralla Landfill Recycling Centre and the Visitor Information Centre.

The increase in funded Community Services positions was due to council taking over the auspicing of the Kamilaroi Aged and Disability Services (KADS) programs less the Economic Development and Community Technology Centre employees.

The core numbers have remained consistent. Council's Workforce Management Strategy will reflect a consistent slow expansion in line with the four (4) additional staff over the ten years from 2012/2013 to 2019/2020 indicated on page 4 of the "Summary to the Strategic Review and Ten Year Financial Plan 2008-2017". The attitudes and concerns of employees will be assessed in the development of a Workforce Management Strategy (Recommendation 36) directly and through the Consultative Committee.

The Councillors at their workshop of Monday 12 March 2012 agreed that no Councillors would be members of the Consultative Committee. The General Manager believes that, as the Consultative Committee makes representations to the General Manager, it is not appropriate for the General Manager to be a member of the Committee. The existing Constitution of the Consultative Committee has been reviewed and revised and was tabled and discussed at the Consultative Committee meeting of Tuesday 3 April 2012 for consideration and recommendation to Council at its next meeting on Tuesday 8 May 2012 (Recommendation 37). During the

discussion, it was agreed the Constitution would include the General Manager and the local representative of the United Service Union as invitees to the meetings.

The minutes of the Consultative Committee are being distributed to workplaces and included into the "Council Committee" section of the Business Paper for the information of Councillors (Recommendation 38).

Council's Directors and Managers have been working steadily towards the preparation of position descriptions for every position with Council. At the date of the receipt of the Draft Review Report all outstanding position descriptions has been completed, with no outstanding position descriptions (Recommendation 39).

A draft Employee Induction Information Handbook was prepared by the New England Strategic Alliance of Councils. This handbook is to be updated and revised for use by the Uralla Shire Council. (Recommendation 40)

Council recognised the need to document and adopt a Work Health and Safety Management Plan or System (Recommendation 41) Council has an "Integrated Management System Manual" prepared in 2003 by Ian Buchanan, and adopted by Council. The documentation, in word format, is contained in Shared User Data (S)/General Council/OHS/Integrated Management System. The basis structure is present however requires reviewing and updating.

As stated on page 39 final paragraph "The Corporate Services (Human Resources) policies are being reviewed and separated into operating policies and practice notes. These policies are being considered by Council's Consultative Committee before recommendation to Council for advertising for public submissions and adoption. A number of new policies for Human Resources have been developed in the consistent format, considered by the Consultative Committee, advertised for public submissions and adopted by Council."

Council staff is including a policy on secondary employment (Recommendation 42) and a practice note on the offering of exit interview for resigning and retiring employees (Recommendation 43). The Councillors at their workshop of Monday 12 March 2012 agreed that exit interviews should be "offered" rather than required in any policy or practice note developed.

PART V. RISK RATING OF RECOMMENDATIONS

The recommendations made in this report have been assessed for a priority ranking based on the following risk analysis.

		CONSEQUENCE		
		Significant <i>Significant risk to the operations of council and if not addressed could cause public outrage, non-compliance with council's statutory responsibilities, severe disruption to council's operations and council's ability to meet its goals.</i>	Moderate <i>Moderate risk to the operations of council and if not addressed could cause adverse publicity, some disruption to council's operations and council's ability to meet its goals.</i>	Minor <i>Minimal risk to the operations of council, little disruption to council's operations and will not limit council's ability to meet its goals.</i>
LIKELIHOOD	Almost certain	High	High	Medium
	Possible	Medium	Medium	Low
	Rare	Medium	Low	Low

Priorities for recommendations: <i>(based on application of risk analysis)</i>	Risk categories could include:
<ul style="list-style-type: none"> • High • Medium • Low 	<ul style="list-style-type: none"> • Reputation • Compliance with statutory requirements • Fraud/corruption • Financial • Legal liability • OH&S

PART VI. ACTION PLAN

The Action Plan is to be completed and adopted by Council to guide the implementation and monitoring of the recommendations in this report. The reviewers have allocated notional priority rankings for each recommendation using the risk rating analysis in the previous section. Council has determined the timeframe and is encouraged to review and revise these, if necessary.

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
Strategic					
1 <i>At its next revision, the Community Strategic Plan needs to more clearly articulate a community vision and set the strategic direction for Council</i>	M	Extract from the endorsed Uralla Shire Council Community Strategic Plan the Strategic Objectives and Goals and condense them into a Strategic document	31 May 2012	GM	
		Provide a matrix to relate Council's themes of People, Place and Infrastructure to the Quadruple bottom line for reporting of Social, Civic Leadership, Economic and Environment.	31 May 2012	GM	
		More clearly identify social justice principles within the condensed document.	31 May 2012	GM	
		Advertise the condensed document through the Council Newsletter and on Council's website.	9 June 2012	GM	
		Hold public meetings in Uralla, Bundarra, Invergowrie and Kentucky.	By 31 July 2012	GM/EA	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
1. <i>At its next revision, the Community Strategic Plan needs to more clearly articulate a community vision and set the strategic direction for Council</i>	M	Incorporate suggested changes from the public meetings.	15 August 2012	EA	
		Report to Council for endorsement of the condensed Uralla Shire Council Community Strategic Plan.	27 August 2012	GM	
2 <i>Council should prepare a Resourcing Strategy which meets the requirements of the Local Government Act 1993 as a priority.</i>	H	Load all assets into the CVR module of the Civica Authority Program	30 April 2012	FM	
		Test and load 2012 asset transactions into Asset module for conversion to version 6.5	31 May 2012	FM	
		Go Live on Asset Management Module	27 June 2012	FM	
		Develop an Asset Management Strategy Document based on the Asset Management Module inputs, 2012/2013 budget and 10 year forward estimates	30 June 2012	GM	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
		Develop a Workforce Plan	31 May 2012	DAS	Draft Workforce Plan utilising available data and identifying Areas for improvement has been completed.
		Incorporate into the Workforce Plan strategies to improve the performance in relation to workforce diversity and planning, including: <ol style="list-style-type: none"> 1) Lack of formal staff induction program for new staff and managers 2) Lack of formal mentoring program for managers and staff 3) Need to implement knowledge management initiatives and succession planning strategy to address the problem of an ageing workforce 4) Need to implement a formal exit process which may assist with future retention of staff 	13 June 2012 30 November 2012 31 December 2013 13 June 2012	DAS GM GM DAS	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
Governance					
3 <i>Council should formalise and monitor the succession/exit plan of the retiring General Manager to minimise the likelihood of any disruptions to Council's operation.</i>	<i>H</i>	Council to offer an extension of contract to the General Manager	10 January 2012	Council	Offer made by Council on Monday 19 December 2011 of a two year extension, accepted by the General Manager on 9 April 2012
4 <i>Council should include its values within the Community Strategic Plan, Delivery Program, Operational Plan and Annual Report. It should also implement strategies to ensure that its values are understood and practiced by councillors and council officers.</i>	<i>L</i>	Council to re-iterate its statements of: Goals Mission Social Justice Principles Values Vision, and Vision 2020	26 September 2012	GM	Adopted by Council at its meeting of 26 September 2012 (Resolution 346/11)
		Incorporate the above Statement of Values, principles and Mission into future Strategic Plans, Delivery Programs and Annual Reports	On-going	GM, DAS	
5 <i>Council should develop to a Statement of Business Ethics and ensure that it is easily available to guide external parties (such as suppliers and contractors).</i>	<i>M</i>	Develop a Statement of Business Ethics for adoption by Council	16 May 2012	GM, and Directors	
		Statement of Business Ethics adopted by Council	28 May 2012	GM	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>6 Council should ensure that a Risk Management Plan is finalised and implemented as soon as practicable.</p>	<i>H</i>	Hold Risk Management training with relevant staff, provided by Statewide Mutual.	31 March 2012	GM and Directors	Training on remote signs , as an example of risk management, held on Tuesday 28 February 2012 with relevant staff.
		Develop a Risk Management Plan with the assistance of Statewide Mutual.	31 March 2013	DAS	
<p>7 Council should develop procedures to inform staff and councillors (including staff who are not designated persons) of their obligations in relation to pecuniary interest.</p>	<i>M</i>	General Manager to take every opportunity to ensure that the message of pecuniary interest is conveyed to non designated persons as well as Councillors and designated persons.	On-going	GM	General Manager has raised the issue of pecuniary interest at staff meetings, barbecues with outside staff and Councillors.
<p>8 Council should develop and implement a Fraud Control Policy as soon as possible. The Policy should:</p> <ul style="list-style-type: none"> • be linked to Council's Risk Management Plan • ensure fraud risk assessments of the core areas of organisational risk are undertaken and that these are managed in a manner which limits exposure to fraudulent and corrupt activities. 	<i>M</i>	Develop a Fraud Control Policy and have the policy adopted by Council.	31 October 2012	DAS	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
9 Council should develop a Business Continuity Plan.	<i>H</i>	Develop a Business Continuity Plan based on the world-wide Civica Recovery Plan.	31 December 2012	GM and DAS	
10 Council should establish an Audit Committee consistent with the DLG 'Guidelines for Internal Audit' and establish a three year (3) ongoing strategic internal audit plan.	<i>H</i>	Advertise in the newspapers and in Council's Newsletter for interested persons to join the Uralla Shire Council Internal Audit Committee.	30 April 2012	DAS	One person has nominated to be on the Internal Audit committee.
		Engage a consultant to provide an Internal Audit Plan	31 July 2012	DAS	
		Council appoint qualified interested person to its Internal Audit Committee	30 June 2012		
		Council to adopt the Internal Audit Plan	31 October 2012		

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>11 Council should as a matter of priority review its procurement, tendering and disposal policies and practices to ensure they are in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and other relevant legislation. This should include a risk analysis to determine ways to minimise Council's exposure to risk including financial loss.</p>	H	<p>Develop a number of procurement, tendering and disposal policies (taking note of any ICAC guidelines to come from Operation Jarek) and practice notes and have them adopted by Council</p>	17 December 2012	GM and Directors	
<p>12 Council should review its Privacy Management Plan to ensure that is meeting its obligations under the Privacy and Personal Information Protection Act 1998. The revised Plan should be made available on Council's website.</p>	M	<p>Review and update Council's Privacy Management Plan (June 2000)</p>	10 October 2012	GM	
		<p>Council adopt the updated Privacy management Plan</p>	17 December 2012	GM	
<p>13 Council should finish transferring its publicly available policies, codes and other documents to its website; ensure it has a mechanism to keep this information up to date and make use of the compliance checklist available from Office of the Information Commissioner NSW.</p>	M	<p>Place existing, reviewed and revised policies and Register of Policies and place onto Council's website</p>	30 April 2012	CDO	
		<p>Update the Register of Policies as new policies are adopted</p>	On-going	EA	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
14 <i>Council should ensure that all of its existing policies, practices and procedures are suitably documented and approved prior to the retirement of the General Manager.</i>	<i>H</i>	All policies to be reviewed.	31 December 2012	GM and Directors	
15 <i>Council should consolidate its policy registers/lists and ensure all documents listed are available on its website in accordance with Government Information (Public Access) Act 2009.</i>	<i>M</i>	Place existing, reviewed and revised policies in the Register of Codes, Policies and Plans.	30 April 2012	GM	
16 <i>All Council policies, codes and other documents should contain a consistent document status and version control.</i>	<i>L</i>	Ensure that policies and practice notes conform to a consistent format	On-going	DAS	
17 <i>Executive Management (MANEX) meetings should be primary forum through which the General Manager can put into operation Council's decisions. The membership of group should consist of council staff as deemed appropriate by the General Manager. Attendance by the Mayor, Deputy Mayor and councillors should cease immediately.</i>	<i>H</i>	Manex to be only General Manager and Directors with invited managers and Staff.	13 April 2012	GM	First Manex without Councillors held on Friday 13 April 2012.
		Information previously conveyed to Councillors through the attendance of the Mayor, Deputy Mayor and interested Councillors to be through the Mayor and Councillors Briefing (MCB)	16 April 2012	GM	First MCB held on Monday 16 April 2012.

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>18 Council should review its committees and the membership of these to reflect the separate policy and operational functions. The 'Committees of Council' document should be revised to reflect this review and separation of functions.</p>	<p><i>H</i></p>	<p>Council workshop to review the Draft Review Report on the Promoting Better Practice Program</p>	<p>12 March 2012</p>	<p>GM</p>	<p>Workshop held on Monday 12 March 2012</p>
		<p>Council to determine to separate policy and operational functions in Committees</p>	<p>12 March 2012</p>	<p>GM</p>	<p>Councillors agreed to separate policy and operational committees, except for Development Assessment Unit, Works Committee and Finance Committee.</p>
		<p>Redefine the Development Assessment Unit and the Works Committee.</p>	<p>12 March 2012</p>	<p>GM</p>	<p>The first Development Determination Advisory Unit met on 10 April 2012 and the first Works Progress Advisory Unit met on 12 April 2012</p>
		<p>No action to be taken on the Finance Committee.</p>	<p>On-going</p>	<p>GM</p>	<p>Council determined that the Finance Committee in the current format is required to meet both operational and policy functions.</p>

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>19 Council should develop a constitution, terms of reference or charter for each of its committees which sets out the function, membership and other governance arrangements.</p>	<p><i>H</i></p>	<p>Group A Committees: – Constitutions for to be revised and updated for Council own committees with direct provision of service by staff</p>	<p>30 June 2012</p>	<p>DAS</p>	<p>Consultative and Works Health and Safety Committees' amended Constitutions being considered by the committees. Environmental Committee draft Constitution to be considered by May meeting of the Committee</p>
		<p>Group B and E, D and G Committees:</p> <ul style="list-style-type: none"> • B and E; being outside organisations having Constitutions already • D; County Councils • G; formed by State or Federal legislation respectively <p>do not require any further action</p>	<p>On-going</p>	<p>GM</p>	<p>No action required</p>
		<p>Group C Committees: – Have delegation of authority set out in Delegation of Authority Register (Part F); delegations to be reviewed and updated</p>	<p>30 June 2012</p>	<p>GM</p>	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
		Group F Committees: – Have delegation of authority set out in Delegation of Authority Register (Part E); delegations to be reviewed and updated	30 June 2012	GM	
20 <i>Council should consider strategies to attract a larger pool of candidates for the next council election to be held in 2012.</i>	<i>M</i>	Develop a Policy for Candidates and new Councillors	20 January 2012	GM	Candidates for Council and new Councillor Induction Policy drafted for January 2012 Council meeting.
		Adopt Candidates for Council and new Councillor Induction Policy	27 February 2012	GM	Adopted Policy 1.2.15 Resolution 48/12
		Implement Candidates for Council and new Councillor Induction Policy	15 June to 26 September 2012	GM	
21 <i>Councillors should be mindful of their roles under the Act as well as Council policies when interacting with staff.</i>	<i>M</i>	Councillors to be advised of the requirements of the Provision of Information to and Interaction Between Councillors and Staff Policy	12 March 2012 then On-going	GM	Councillors made aware Ongoing responsibility

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
		Staff to be advised of the requirements of the Provision of Information to and Interaction Between Councillors and Staff Policy	7 March 2012 then On-going	GM	Staff made aware
22 Council should develop an Information and Communication Technology Strategic Plan.	M	Develop an Information and Communication Technology Strategic Plan, building on the Civica contract for a Managed Service Provision (MSP).	30 June 2013	DAS	
Planning and other regulatory					
23 Council should prepare and adopt a proactive program for monitoring regulatory compliance for matters such as the environment, public health, swimming pools and on-site sewage management.	H	Revise current procedures and records and prepare a schedule of monitoring and inspections for Health and Building	30 June 2012	MHBS	
24 Council should, in consultation with the RSPCA, explore strategies to encourage increased lifetime registration rates of both cats and dogs in the Uralla Shire.	L	Work with the Armidale Animal Shelter, Rangers and RSPCA in increasing lifetime registration of dogs and where possible cats	On-going	MHBS	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
25 Council should finalise its draft On-site Waste Water Management Strategy.	L	Complete Onsite Waste Water Management Strategy	26 September 2012	MHBS	Strategy adopted at 26 September 2011 meeting (Resolution 350/11)
Asset and financial management					
26 Council needs to prepare a Long-Term Financial Plan which addresses all of the requirements of the Integrated Planning and Reporting framework.	H	Transfer the 10 year financial plan 2011 to 2021 from excel format to PDF format.	8 May 2012	GM	
		Make the 10 year financial plan 2011 to 2020 available on Council's website.	11 May 2012	DAS	
		Prepare budget for 1012/2013 from the basis of the 10 year financial plan 2011 to 2020 and incorporate a forward projection for financial year 2021/2022.	30 April 2012	FM	
		Transfer the 10 year financial plan 2012/2013 to 2021/2022 from excel format to PDF format	28 May 2012	GM	
		Make the 10 year financial plan 2011 to 2020 available on Council's website.	28 May 2012	DAS	
27 Council should budget for unplanned maintenance.	H	No action required	On-going	GM	Council budgets for maintenance refer to explanation on page 55

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
28 Council must complete the Asset Management Planning requirements of the Integrated Planning and Reporting framework as a priority.	<i>H</i>	Load assets onto Civica asset management module (CVR).	20 April 2012	FM	Date transferred to Civic on 20 April 2012a for loading into test by 8 May 2012
		Input all 2012 asset transactions	30 June 2012	FM	
		Commence testing Version 6.5 of Civica asset management module	28 May 2012	FM	
		Go live with Version 6.5 of Civica asset management module	30 June 2012	FM	
		Utilising data from Civica asset management module and in consultation with Finance Manager and Directors prepare an Asset Management Strategy	15 August 2012	GM	
		Council adopt Asset Management Strategy	27 August 2012	GM	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>29 Council should prepare plans of management for all of its community land as required by section 36 of the Local Government Act 1993.</p>	M	Convert 1990s Land Management Plan into word document.	30 September 2012	EA	
		Review the Land Management Plan, incorporating information from the Community Land Register and Asset Management system (land) to ensure Plan is in accordance with Section 36 of the Local Government Act.	31 December 2012	GM and MP	
<p>30 Council should review its efforts and set targets in its Long-Term Financial Plan to reduce its rates and outstanding charges ratio.</p>	H	Sale of land for unpaid rates.	31 August 2012	Rates Officer	Council has already reversed the effect of the NESAC finance team influence (refer page 57).
<p>31 Council should develop and implement a business plan for each of the businesses it operates.</p>	H	Include funding for the engagement of a consultant to prepare Water and Sewer Business Plans	25 June 2012	DES	
		Prepare Water and Sewer Business Plans	31 December 2012	DES	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
		Prepare Business Plan for McMaugh Gardens Aged Care Centre	31 December 2012	DAS	
32 <i>The water supply business plan and budget should be structured to maintain a surplus.</i>	<i>H</i>	Business Plan will not need to redress losses as action has been taken since 2006/2007 and continued each year.	On-going	DES	Action already taken and has been effective (refer page 58)
Community and consultation					
33 <i>Council should prepare and publish a Community Engagement Strategy to guide the ongoing review and revision of the Community Strategic Plan as well as Council's community engagement activities more generally</i>	<i>M</i> <i>H</i>	Review and update the current Community Engagement document: "It's Your Council" – Engaging Uralla Shire residents with the Community Strategic Plan (version 3) for the next iteration of the Community Strategic Plan	28 May 2012	GM	
34 <i>The Council Business Paper should be available in the public gallery for each Council meeting.</i>		Ensure that copies of the business Paper are available for the Gallery at Council meetings.	On-going	EA	A copy of the Business Paper is usually available, with extra copies on hand (refer page 62).

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
Workforce relations					
35 Council must prepare a documented Workforce Management Strategy which addresses the workforce requirements of the Delivery Program, as well as identifying actions to address issues such as an ageing workforce and succession planning.	H	Expand Council's estimated wages schedules, Employees List, Training Plan and Labour allocation spreadsheets, which were the basis of the preparation of the budgets and forward projections, and incorporate these into a Workforce Management Plan.	11 April 2012	DAS	Information gathered
		Develop workforce profile using data prepared for 2011 LGSA HR Benchmarking Census	11 April 2012	DAS	Data has been collated from 2011 Census Report.
		Develop a Draft Workforce Plan	20 April 2012	DAS	Draft prepared
		Identify future workforce needs in consultation with department managers.	16 May 2012	DAS	
		Identify future training needs through skills gap analysis	16 May 2012	DAS/Personnel Officer	
		Complete Workforce Plan and Workforce Management Strategy	30 June 2012	DAS/GM	
36 Council should ensure that employee attitudes/concerns are adequately assessed and incorporated in the development of its Workforce Management Strategy.	H	Conduct surveys of staff	31 May 2012	DAS	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
37 <i>The Consultative Committee should review its membership and decide whether councillors should continue to be members of this committee.</i>	<i>M</i>	Membership of Consultative Committee to be added to Agenda of next meeting for discussion and determination	Next Meeting scheduled for 10 April 2012	DAS (Chair)	Constitution discussed at Consultative Committee meeting of Tuesday 3 April 2012.
		Constitution revised and to be considered by the Consultative Committee for recommendation to Council	8 May 2012	DAS	
38 <i>Minutes of the Consultative Committee meetings should be distributed to all councillors to ensure they are informed about current workplace issues and where appropriate, make strategic policy decisions related to industrial issues.</i>	<i>M</i>	Distribute minutes to all members with copies to go to each workplace.	10 April 2012	EA	Copies distributed to members and workplaces from 3 April 2012
		Include Consultative Committee Minutes in the Committee section of the Council Business Paper	27 February 2012 then On-going	EA	Inclusion in Business Paper commenced.
39 <i>Council should prepare written job descriptions for every position within Council and ensure these include Occupational Health and Safety responsibilities and the physical demands required of each position.</i>	<i>H</i>	No further action required	On-going	Directors	
40 <i>Council should prepare a documented induction program to guide new staff.</i>	<i>H</i>	Draft induction program from NESAC period to be reviewed and revised for presentation to Consultative Committee for input and recommendation for adoption	13 June 2012	DAS	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
41 <i>Council document and adopt a Work Health and Safety Management Plan or System.</i>	<i>H</i>	Review and revise the Integrated Management System (prepared in 2003) for review by Directors, Managers and Consultative Committee	30 September 2012	DES	
		Updated Integrated Management System adopted and operating	31 December 2012	GM	
42 <i>Council should develop a Secondary Employment policy or guideline and promote its use to all staff.</i>	<i>M</i>	Secondary Employment Policy to be drafted and reviewed by Consultative Committee	13 June 2012	DAS	
		Secondary Employment Policy adopted by Council	27 August 2012	GM	
43 <i>Council should establish a procedure that provides departing employees with the option to participate in an exit interview or to provide feedback.</i>	<i>M</i>	Practice Note on "offered" Exit Interviews to be drafted and reviewed by Consultative Committee	13 June 2012	DAS	