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Promoting Better Practice Program

REVIEW REPORT

TEMORA SHIRE COUNCIL

APRIL 2012



Division of Local

Government

Department of Premier and Cabinet

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EXECUTIVE SUMMARY

Temora Shire Council through its effective economic development and tourism strategies is well placed to meet the ongoing demands of its ratepayers and external stakeholders to provide quality services and support for its rate base. The Shire is well known for its recreational airport and the associated visitation from regular fly-ins that have contributed to economic growth within the Region.

Council has an experienced senior management team supported by long serving staff that possess a sound knowledge of local government, capable of responding to the many challenges facing the local community. The General Manager has been employed at Temora Shire Council for a long period and in his current role he has provided leadership to direct growth throughout the Shire and oversee governance through risk management initiatives. He has taken responsibility for strategic planning, economic development and tourism in this leadership role.

The completion of the Community Strategic Plan in July 2011 has placed Council in a strong position to fine tune its base documentation and respond to the changing demands of the community. Outstanding issues to be addressed include the development of an Enterprise wide Risk Management System (ERMS) to monitor organisation risk, improving the reporting of legislative non-compliance, self assessment of the development assessment process, considering options to address development contributions as well as strengthening procurement processes to ensure transparency in tendering major projects.

Council has an experienced staff with clear strategic business outcomes and together with a sound financial base it is well placed to meet the future challenges to its administration.

PART I. BACKGROUND

1 ABOUT THE REVIEW

Review objectives

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

Review process

The process involves a contract reviewer from IAB Services on behalf of 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 reviewer takes a risk based approach targeting 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. The reviewer 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 reviewer examines local circumstances in order to understand the pressures on council and how the council has sought to manage that environment.

The scope of the review report is limited to documenting those areas the reviewer 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.

Temora Shire Council Review

Temora Shire Council was asked to complete a comprehensive checklist/questionnaire about key Council practices. The reviewer was Ian Melville, a contractor with IAB Services acting on behalf of the Division. Mr Melville examined these and a range of other source documents prior to visiting Council, in order to gain a preliminary understanding of the circumstances of the Council.

The on-site component of the review took place in July 2011. It involved initial interviews with the General Manager, interviews with the three (3) Directors and a

cross section of staff, observation of an ordinary Council meeting and a committee meeting as well as a review of Council policies and other documents.

Implementation and monitoring of recommendations of final report

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

2 ABOUT THE COUNCIL AND THE AREA

Location and demographics

Temora, the administration centre of Temora Shire Council is a rural town of 6,158 people in the adjusted Census figures, situated 422 kilometres west from Sydney and 88 kilometres to the north of Wagga Wagga.

The Council covers an area of 2802 km² with its centre in the township of Temora and the surrounding smaller town of Aria Park and with a number of smaller villages scattered throughout the Shire.

Temora Shire is surrounded by five (5) other Councils of Bland, Young, Junee, Cootamundra, and Coolamon.



Figure 1 Locality Map of Temora Shire

Gold has a historic place in the history of Temora from 1869 and by 1881 the Temora field was producing half the volume of the States gold. With the eventual decline however the focus shifted to wheat production and the subdivision of many pastoral estates. With the extension of the railway from Cootamundra in 1893, Temora developed a large wheat terminal that remains today.

Council's oversighting the development of the Temora aerodrome, established in 1941 as an RAAF training school, has been responsible for the influx of major tourism numbers and assisted in its strong economic growth within the Region. A

more recent initiative has been the development of a land subdivision with some lots having access to the airport from private hangars within the lot boundary.

The railway arrived in 1893 from Cootamundra, making Temora a major wheat terminal for the movement of grains from local producers and it remains today in recognition of the contribution of primary industry to the township. Temora is also the centre for harness racing and there are many trotting studs throughout the district. One of the most successful horses to be bred locally was the famous *Paleface Adios* and a replica of the horse is proudly displayed near the Council administration building in Paleface Adios Park.

Local issues

The past decade has been challenging for families in farming communities as well as those businesses reliant on this sector. The Shire has suffered the loss of tradespeople, families and individuals who have moved from the area to seek better job opportunities allied to the mining industry. Council has acted proactively through its tourism initiatives and the economic development strategies. Slow population growth is predicted in the immediate future. This will result in a change of focus on the type of facilities provided and promotion of improved lifestyle to attract people to relocate to the smaller rural towns and villages.

Current Council

Council has a total of nine (9) councillors elected across the local government area. The Mayor is elected annually from a vote of councillors. Meetings are held on the third Thursday of the month in Temora.

Council staffing

There is a total of eighty six (86) equivalent full time staff (EFT) in Temora Shire Council, twenty one percent of whom are aged 55 years or over. There are four apprentices employed in the outdoor staff indicating willingness for Council to develop its own local skill set within the Shire.

The General Manager oversees the areas of Strategic Planning, Risk Management, Economic Development and Tourism assisted by three Directors covering the areas

of Administration and Finance, Engineering Services, and Environmental Services, the latter of which includes health and building, asset management and the operation of the caravan park.

3 SUMMARY OF KEY FINDINGS

Better practices/Other noteworthy practices		Areas for improvement	
STRATEGIC POSITION			
	Community Strategic Plan is clear, concise and easy to read and understand.		Clearer linkages between the Delivery Program and Operational Plan.
	NSW State Plan has been well integrated throughout the Community Strategic Plan.		
	Temora Shire 2030 Community Strategic Plan reflects the community's voice, expressing a community vision supported by eleven community outcomes		
GOVERNANCE			
	A R Bluett Award 2009		Develop an Enterprise wide Risk Management System (ERMS).
			Establish a method for internal reporting on legislative non compliance
PLANNING AND REGULATORY			
	New LEP process very sound		Undertake a self audit using the ICAC development assessment audit tool.
			Formalise the procedures for pre lodgement advice
ASSET AND FINANCIAL MANAGEMENT			
	Asset renewal prioritised		Review the Long Term Financial Plan and expand some of the concepts.

Better practices/Other noteworthy practices		Areas for improvement	
			Prepare a Pensioner rates and charges reduction policy and procedure.
COMMUNITY, COMMUNICATION AND CONSULTATION			
	Preparation of an excellent Tourism Plan and strategies.		Social justice principles are referenced but unclear as to how these principles have informed the Community Engagement Plan
	Sound Economic Development Plan and strategies.		Develop an Ageing Population Strategy for Temora Shire
WORKFORCE RELATIONS			
	Preparation of the Workforce Management Strategy to inform the Delivery Program.		Clarify the implementation strategies for each of the recommendations within the Workforce Strategy.
			Introduce KPIs into the performance assessment for senior management that are compliant with SMART criteria

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 long term strategic plans. The review assessed the clarity of Council's strategic direction, whether its plans reflect a shared and realistic vision and its overall approach to corporate planning. Monitoring and reporting progress to promote continuous improvement was also an integral consideration in regard to Council's performance in this area.

4 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.



Overview

Community Strategic Plan 2030

Council nominated as a Group 2 council and was required under this arrangement to complete its Community Strategic Plan (CSP) by 1 July 2011. As a result and having met this objective, Council has now produced the following documentation:

- **Community Strategic Plan**
- **Delivery Plan 2011-15** including Council's response to the Community Strategic Plan.
- **Operational Plan 2011-2012** including Annual Budget, Revenue Policy, and Fees and Charges
- **Resourcing Strategy** including Long-Term Financial Plan, Asset Management Plan and Workforce Strategy

Noteworthy practices

Community Strategic Plan

The Community Strategic Plan is clear, concise and easy to read and understand. Council is to be commended for the way in which the NSW State Plan has been given due regard. Each State Plan priority is linked to the corresponding Community Strategic Plan outcome and objectives.

The Temora Shire 2030 Community Strategic Plan reflects the community's voice, expressing a community vision supported by eleven community outcomes. The themes and community outcomes reflect the quadruple bottom line. The use of colour coding is effective and ensures the plan is easy to read and understand. The Community Strategic Plan identifies key performance measures of a general nature.

Areas for Development

Overall integration of plans

The Community Strategic Plan and Delivery Program are well integrated. The link between the documents is aided by the consistent use of colour coding and language.

Integration is less effective between the Delivery Program and the Operational Plan. However, the Operational Plan has been produced according to the Council's functions. As such, it is a document that is readily useable by the Council to implement the strategies outlined in the Delivery Program. However, it does not identify its principal activities by strategic goals or actions. Council has included the strategic outcomes in each functional area and the colour coding is consistently used to identify those links. Council has articulated the goals for each of its function areas which reflect elements of the strategic objectives relevant to the outcomes being sought.

The linkages between the Delivery Program and Operational Plan would be strengthened if the relevant strategic goal and strategic action was also identified in the relevant function areas in the Operational Plan.

Delivery Program

The Delivery Program addresses some of the objectives and strategies of the Community Strategic Plan using the same colour codes and language. However, only some of the Community Strategic Plan objectives have translated into activities in the Delivery Program. While Council may not be the lead agency for some of the objectives, it will no doubt have some role in achieving those strategic objectives. Council should consider reflecting this role in the Delivery Program.

A four-year budget is included for each function and highlights the required resources. A capital works budget summarises major capital expenditure planned for Council, but this does not appear to link to the activities in the Delivery Program. Levels of service and measures of success to determine effectiveness of each principal activity are not included.

Operational Plan

While the Operational Plan does not follow the same structure as the Delivery Program, the colour coding theme has been continued in this document only to the extent that the strategic outcome is identified. (See comment above under ‘overall integration of plans’) The Goals in each functional area do not appear to directly relate to those in the Community Strategic Plan, however, elements of the strategic goals can be identified in the function area goals.

The Community Strategic Plan Outcomes are referenced in each functional area which provides a connection between the Operational Plan, the Delivery Program and the Community Strategic Plan.

However, to improve the integration, the activities identified in the Operational Plan should be referenced to the relevant strategic action to which they relate in the Delivery Program. Currently, it is not clear from the information provided in the Operational Plan what actions are being taken to address the relevant strategies. An example is in the area of Outcome 3 – Older Members of Our Community Supported. The Community Strategic Plan and the Delivery Program identify strategic action 3A1. It is unclear how this is represented in the Aged Care function area of the Operational Plan, or whether there are other functional areas of Council that have a role and an action relating to this strategic action. Council could improve the linkage of these documents by identifying the relevant strategic actions to which their activities relate in the Operational Plan. This will also enable clearer reporting on the implementation of strategic actions.

Recommendation 1

The Community Strategic Plan should include key performance measures for each Community Strategic Plan outcome.

Recommendation 2

The Delivery Program needs to reflect all principal activities to be undertaken during Council's term of office and should flow through to the Operational Plan

Council response

Recommendation 1. Agreed. This will be strengthened in the 2012/2013 plan.

Recommendation 2. Agreed. This will be strengthened in the 2012/2013 plan.

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 Temora Council's Delivery Program. This included considering the means by which Council:

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

5 GOVERNANCE

5.1 OVERVIEW

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

5.1.1 Scope of review

- *Values*
- *Risk Management*
- *Legislative compliance*
- *Access to Information*
- *Procurement, disposal & tendering*
- *Policy Register*
- *Delegations*
- *Fraud Control*

5.1.2 Overview of Temora Council's governance practices

Overall, Temora Council has sound governance processes in place to minimise the potential for fraud and corruption within the organisation. It has recently instituted efforts to review policies and procedures and is working with neighbouring councils to find an effective solution to internal audit and risk management practices. An internal auditor has been appointed on a shared basis with five other councils to provide advice and direction in this role and will be reviewed over time.

5.1.3 Significant Observations

Areas for improvement

Risk Management Strategy/Plan and Internal Audit

Risk management is the identification, assessment and prioritisation of risks followed by a co-ordinated application of resources and internal controls that assist in monitoring and minimising risk exposure and the likelihood and impact of identified risks.

An invaluable management tool for the implementation of any risk management strategy is the undertaking of an organisational-wide risk assessment with a business continuity focus.

It is good practice to undertake an organisational risk assessment on a regular basis to identify areas of high risk that the Council needs to incorporate in its internal audit plan. Risk assessment processes ensure that council looks beyond insurable risks and OH&S matters and works to identify and effectively manage all risks exposures.

Council Group model for Risk Management and Internal Audit

Council is currently participating in an informal and innovative internal audit program with five other Councils (Coolamon, Junee, Gundagai, Greater Hume and Corowa) and this group of councils had directly appointed a private consultancy to undertake a risk assessment and develop a three year audit plan. It appears that the aim of this

model is to share resources across each of the six councils to gain economies of scale while complying with the requirements of the Division to meet minimum Internal Audit standards. It was recognised that based on the limited audit work, each of the small councils could not justify the costs of a permanent internal auditor and a sharing arrangement was proposed.

In 2008 the consulting company ran a series of workshops to develop a Risk Assessment Plan across all of Council's responsibilities. From the results of this risk assessment, the General Managers and Finance Directors selected a number of high risk internal audit projects that could be included in the individual council's audit program. The costs of this consultant as well as staff costs in this proposal are divided across those who participated in each specific audit in order to make these affordable for all. The convenor of the group has taken responsibility for the centralised administration and payments of these audits and invoices individual councils for regular pro-rata payments. The reviewer understands that the consultant company had a three year contract for these internal audits, however, councils were able to opt out of the program at any time.

The methodology is to utilise staff from the councils to undertake audits of another partner Council. The staff member uses results from the questionnaires that are prepared in advance by the consultant to undertake the audit field work. Councils also draft the audit reports and where necessary the consultant attends a site meeting to provide Quality Assurance especially as most staff members do not have audit training. The completed reports should then be forwarded to the relevant Audit Committee for review and acceptance of the recommendations.

Since the field visit for this Promoting Better Practice review, the group of Councils has met to consider the needs of the updated Division Guidelines of September 2010. Temora Shire Council, along with other members of the group, has also directly appointed the contractor who has undertaken the earlier reviews, as its internal auditor and Head of Audit to the group of councils.

The reviewer raised with Council, during his visit, the need to consider the efficacy of directly appointing an internal auditor, particularly in terms of best practice

procurement as well Equal Employment Opportunity principles that may discriminate against local applicants. In addition, there is a benefit to benchmark other tenderers based on a clear tender specification. The accountabilities of the newly appointed internal auditor will need to be addressed in terms of reporting arrangements to the Audit Committee Chairpersons and administrative responsibilities through a specific General Manager.

Council should also identify organisational risks and develop an Enterprise-wide Risk Assessment Management System (ERMS) to identify, rank and monitor all risks across the Council. This will allow a more rigorous and independent assessment of risks that can be continuously updated and inform future internal audit programs.

Recommendation 3

Council should develop an Enterprise-wide Risk Assessment Management System (ERMS) to identify and monitor risks across the organisation..

Recommendation 4

Council should monitor any ongoing arrangements with strategic alliances to ensure continued legislative compliance and best practice with external parties.

Legislative Compliance

With the increasing amount of legislation and regulation facing councils as well as regular updates, it is important to be able to monitor and respond to these requirements. Staff should also be made aware of their legislative and regulatory responsibilities within the organisation especially those with enforcement duties.

Council does not have a system or process in place to ensure that its legislative and regulatory obligations are met and should take action to develop a Legislative and Regulatory Compliance framework.

Recommendation 5

Council needs to develop a process for internal reporting of legislative non-compliance, fines/penalties and prosecutions against Council through the development of a Legislative and Regulatory Compliance framework.

Procurement, disposal and tendering

Council has a Procurement Policy to cover Purchasing and Tenders, however, the disposal of assets is currently included in the Plant Replacement Policy and deals with a more limited asset base. Council could consider a review of the Policy to consolidate the policy and procedure into the one document.

The reviewer examined two tenders, one each from the Administration and Finance and the Environmental Services directorates. While the tendering process was generally undertaken in line with normal accepted practice there should be a more formal recording of the tender with all documents catalogued and filed.

The two tenders that were reviewed had been assessed on price criteria alone and the process could have been improved through the use of both objective price and non-price criteria. Assessment criteria should be also included in the tender documentation for transparency and to allow prospective tenderers to be aware of the method of determining submitted tenders. The reviewer later attended a Council committee meeting related to a proposed Medical Centre and noted that the Committee had included suitable criteria for inclusion in the proposed tender. Council should ensure that this assessment and evaluation process is followed across the organisation.

Recommendation 6

Council should ensure compliance with the Procurement Policy in regard to the determination of tenders through the inclusion of objective non-price criteria in its tender documents.

Recommendation 7

Council should consolidate its Procurement and Plant Replacement Policies and ensure that its disposal of assets policy covers the disposal of a broad range of Council's assets.

Council response

Recommendation 3. This requirement appears excessive given the risk management plans already in place. There are several issues to consider, namely:

1. When the internal audit process was proposed, the Councils met to determine the highest priorities based on a risk matrix. These formed the basis of the internal audit program

2. Subsequently, the internal audit committee meetings have a standing item on the agenda to review and assess current risk areas. This is constantly updated based on the changing environment Council operate in.

3. Until recently, Council has participated in the Statewide Mutual liability audit which is a comprehensive tool that scrutinises the actions and procedures of Council to determine risk areas and actions required to abate the problem. This will be improved in 2012 with the advent of a new individual assessment by the Regional Risk Manager of Statewide Mutual which will lead to the development of a Risk Management Action Plan for Council

However, given that most of the work has been done and this is an upcoming activity for the Internal Audit Committee, an ERMS will be developed.

Recommendation 4. Noted

Recommendation 5. Agreed. This will be referred to Council risk team for development of a Legislative and Regulatory Compliance Framework.

Recommendation 6. Agreed. Council will develop a non price criteria for inclusion in Council Procurement Policy, formalising the current practices.

Recommendation 7. Agreed.

6 PLANNING AND OTHER REGULATORY FUNCTIONS

6.1 OVERVIEW

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.

6.1.1 Scope of review

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

- *Council's planning instruments and policies*
- *Development assessment*
- *Pre-lodgement*
- *ICAC DA Audit tool*
- *Development Assessment Register*
- *Contribution plans*
- *Companion animals*
- *Swimming pools*

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

Temora Council completed the Local Profile Study and Environmental Strategy (LES) in 2007 to inform the Local Environmental Plan which was gazetted in June 2010. The 2007 study was well executed and provides comprehensive information on the opportunities and challenges for local planning in the Shire. A review of the Development Control Plan is currently underway and will form a single document with

chapter division for the content. Currently there are no contribution plans or planning agreements in place, however, management has programmed a report for presentation to Council in 2012. These options will include the adoption of a S94 or S94A contribution plans as well as planning agreements and other measures within the Act that would provide income opportunities from local development works.

Council has a relatively small volume of development assessments, with the Director holding the only specialist planning position within the Council. Planning recommendations are clearly documented and presented to Council for approval. The Department of Planning *2009/2010 local government performance monitoring* report shows that for that financial year one hundred and six (106) development applications (DA) valued at \$8.3M were approved as well as three (3) Complying Development Certificates (CDCs) valued at \$3.6M. CDCs represented only 3% of the total development applications received.

Overall, Council's planning and regulatory systems appear to function well with formalised reviews designed to ensure ongoing compliance with State legislative requirements.

6.1.3 Significant Observations

Noteworthy practices

Strategic planning documentation

Council is proactive in its development of planning strategies and has identified clear objectives and outcomes within the Local Profile Study and Environmental Strategy 2007 and the Local Environmental Plan 2010. These fundamental strategies link with Council's active role in tourism and economic development. The plans provide certainty to the future of its towns through employment and investment, which is characterised through the Temora Aviation Museum and other associated activities, including land development.

Companion Animals

Council has reported pound statistics for the past three financial years as required and appears to be consistently reporting on any dog attacks within its area. There have been two reports in the 2010/11 financial year.

The Division's data indicates that in the 2008/2009 financial year, forty four (44) of the fifty seven (57) animals that were euthanised were at the initiation of the owners. Euthanasia rates for both 2008/09 and 2009/10 are above the State average and Council confirmed its need for continual review of strategies to reduce these figures. However, it is noted that Council works with organisations such as Paws and Hoofs, Riverina Pet Rescue and breed clubs to re-home animals. Council advised that the major reasons for the high euthanasia rates are the active campaign to lower the feral cat population and a high percentage of owner initiated euthanasia requests.

The rate of lifetime registration of cats at 82% is well above the State average of 43% while the rate of registration for dogs is also high at 82% against the State average of 61%. Accordingly Council should be commended for this level of registration.

Records indicate that Council has never issued a Notice of Intention to Declare a Dog a Restricted Dog. Council advised that it had commenced the process to declare 3 dogs dangerous, however, the owners decided to request that the dogs be euthanised.

Areas for development

Pre-lodgement policy and procedure

Pre-lodgement meetings are the key to ensuring that stakeholder's awareness is high and more accurate submissions are received for determination by Council. Council already provides a pre-lodgement advice service, however there is currently no formal policy in place to clarify the types of advice that should be given. Also meetings tend to be informal and records are not consistently kept of the discussion and specific outcomes from the meeting. These records are critical in providing a clear understanding of the outcomes and the basis for the preparation of the

development application. The development application form can then be varied to insert a record of any pre-lodgement meeting that has been held. In this way any previous advice and interpretation of any legislative requirements can be highlighted.

Council is encouraged to finalise a policy for pre-lodgement covering the application format, type of advice, recording of meeting minutes and cross referencing to the DA form. As well, a formal procedure could be included in the Development Assessment Practice Manual at the earliest opportunity.

Recommendation 8

Council should develop a pre-lodgement policy and application form to clarify the process for providing information to applicants.

ICAC Development Assessment Internal Audit tool

ICAC has produced a comprehensive self audit schedule to allow councils to evaluate the performance of their planning activities. This internal audit tool is an invaluable aid for reviewing governance within Council's planning roles and allows an independent assessment of these activities.

Recommendation 9

Council should undertake an audit of its development assessment processes using the ICAC Development Assessment Internal Audit tool.

Development Assessment Register

Council has prepared and utilises a Register of development consents and certificates in a Microsoft Access on-line database, however, it is not currently linked to the property system through *Civica*. In the meantime, the property file needs to be accessed to identify specific conditions related to the development consents. It is also apparent that some information in the Register such as terms of consent, are not included and that the Register currently does not comply fully with cl 264 of the EP&A Regulation.

Recommendation 10

Review the Register of development consents and certificates to ensure compliance with EPA Regulation 2000.

Council response

Recommendation 8. Agreed. Council does not currently have a formal pre lodgement policy. Council prepares a useful guide named “Quick Facts – Applicant Checklist” to assist applicants (copy attached) It is intended to develop a policy in the near future.

Recommendation 9. Agreed. Will be undertaken progressively

Recommendation 10. Agreed. Will be undertaken in 2012.

7 ASSET AND FINANCIAL MANAGEMENT

7.1 OVERVIEW

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.

7.1.1 Scope of review

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

- *Financial management*
- *Asset management*
- *Financial policies and planning*

7.1.2 Overview of asset and financial management practices.

Overview of financial position

Temora Shire Council has achieved a surplus budget over the most recent three year period and appears to be in a good operating position. Council's income statement for 2010/11 shows a surplus from its continuing operations of \$563,000 compared to the budget projected surplus of \$34,000. This is a significant reduction from \$1,804,000 in 2009/10. The result before capital items was a deficit of \$443,000 compared to the projected surplus of \$8,000 and a decrease from \$1,084,000 in 2009/10.

Liquidity and cash position

Council had \$5,332,000 in cash assets and investment securities as at 30 June 2011. Of this, \$2,958,000 was internally restricted. Internal restrictions included, in part, \$1,072,000 for Employee Leave Entitlements, \$709,000 for advance payment of

a Financial Assistance Grant, \$455,000 for Roads maintenance and \$372,000 for Infrastructure replacement.

Council's performance ratios are set out below and are considered to be satisfactory within the Division's guidelines. Council's financial reports (Special Schedule 7) indicates that it is fully funding its required asset maintenance spending which is a significant achievement in comparison to the performance of similar sized rural councils. It should be noted that Special Schedule 7 is not audited, and Council should confirm these figures and ensure that this expenditure is sustainable in the longer term.

Overall Council's financial indicators are considered to be satisfactory as shown in Table 1, below.

TABLE 1

LIQUIDITY & CASH POSITION	2010/11	2009/10	2008/09
Unrestricted Current Ratio	3.90	3.04	3.55
Debt Service Ratio	0.07%	0.14%	0.15%
Rates & Annual Charges Outstanding	3.26%	3.19%	2.41%
Infrastructure Renewal Ratio	50.52%	202.75%	233.30%
Employee Leave Entitlements	31%	35%	39%

Operating Results and Trends

TABLE 2

OPERATING RESULTS & TRENDS \$,000	2010/11	2009/10	2008/09
Operating results before Capital Grants	(443)	1,084	864
Operating results after Continuing Operations	563	1,804	2,613

Overall, Council appears to be in a reasonable financial position and is moving to strengthen its financial performance. The variations in revenue from the previous year resulted from an increase in total revenue of \$3,007,000 and increases in expenditure of \$2,444,000.

Rating structure

Council has quite a straightforward rating structure comprising of three categories (Residential, Farmland and Business). All three categories have been sub-categorised. The rating structure consists of base amounts with an ad valorem. The revenue raised from the base amounts is less than 50% in accordance with legislation. Council does not have special rates and does not apply minimum amounts in its rating structure. Council has rated to its maximum permissible general income for 2011/12 resulting in a small catch-up amount of \$1,535, which Council can catch up within the next two rating years. There were no major significant issues identified in Council's 2011/12 Statement of Compliance.

Noteworthy practices

Infrastructure Renewal

Based on its figures for Infrastructure Renewal Ratio in Table 1 above, it is evident that Council has identified infrastructure as a high priority to meet the outstanding list of substandard assets within its asset base.

Debt Recovery Strategy

The percentage Outstanding Rates & Annual Charges for Temora Shire is low compared to the benchmark across local government. There was a slight rise in the percentage of outstanding rates and annual charges in 2010/11 from that in 2009/10. Council has developed a debt recovery policy and strategy to guide the recovery of monies. This policy includes processes for managing applications for hardship relief. It is a comprehensive policy and strategy. Council could consider renaming its policy to include hardship so that it reflects the comprehensive strategies in place. Council is encouraged to continue its pro-active approach to debt recovery to ensure that this percentage does not increase.

Areas for improvement

Long-Term Financial Plan

Council has prepared a Long-Term Financial Plan, however this is somewhat limited as it has only modelled for a single scenario that appears to need further

development. The assumptions detailed in the Long-Term Financial Plan are also limited and should be expanded. Council has not undertaken any sensitivity analysis on the factors that are most likely to impact the Plan. While the Plan includes income and expenditure statements for each Council function, it lacks a consolidated view and Balance Sheet. While the methods of monitoring financial performance are briefly discussed in the Plan, the key performance indicators are not included in the document.

Recommendation 11

Council should review the Long-Term Financial Plan and address identified deficiencies.

Asset management

Council has an 'Infrastructure and Asset Management Plan' contained in the Resourcing Strategy, as well as an 'Asset Management Plan' covering Council's main classes of assets. However, an Asset Management Policy does not appear to have been formally adopted by Council.

The 'Infrastructure and Asset Management Plan' identifies assets that are owned and controlled by Council and includes a link to the outcomes and strategies of the Community Strategic Plan. The Plan acknowledges improvements needed for asset management capacity and includes an improvement program. Importantly, while Council's Asset Management Plan states that the Community's desired levels of service have been considered in asset planning, the service levels feedback provided by the community during the community strategic planning meetings are not specifically articulated in the plan.

Recommendation 12

Identify the community's desired levels of service within the Asset Management Plan.

Financial policies and guidelines

Pensioner Rates and Charges

Council does not have a pensioner rates and charges reduction policy under section 582 of the Act but follows the requirements of the Act in special cases and ensures that it does not go beyond what is allowed under the Act in terms of hardship relief.

Council has submitted its claim for the pensioner rebate subsidy over the last twelve months. Council does not conduct a periodic review of the pensioner rebate scheme procedures as part of an internal audit process. Council reviews its procedures by comparing the pensioner list against Centrelink and Veteran Affairs information.

Recommendation 13

Prepare a pensioner rates and charges reduction policy and procedure.

Council response

Recommendation 11. In addressing the areas raised in the recommendation, it is acknowledged that the performance indicators as per note 13 of the annual financial reports have not been listed in the long term financial plan. This will be rectified in the review for 2012/2013.

A single scenario only was included in the plan. Staff believe that the assumptions are conservative and long term financial plan is realistic. This can be included in the 2012/2013 document.

Recommendation 12. It is the belief of Council that the service levels desired by the community have indeed been identified. Refer 3.3 & 3.4 of the Infrastructure and Asset Management Plan.

Recommendation 13. Agreed. The practices in place in regard to pensioner rating will be formalised in a new policy.

8 COMMUNITY AND CONSULTATION

8.1 OVERVIEW

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

8.1.1 Scope of review

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

- *Community Engagement Strategy*
- *Tourism*
- *Economic Development*
- *Cultural Planning*
- *Communication Policy*
- *Ageing Population*

8.1.2 Overview of community and consultation practices

The Social and Community Plan is now integrated into the new Community Strategic Plan and Council monitors its performance through community consultation and S355 committees. These services are now linked to the Community Strategic Plan,

Resourcing Strategy, Delivery Program and Operational Plan. Council is active in engaging the community through local radio and ABC Riverina as well as Probus, seniors groups, local schools and through public forums and feedback through s355 committees.

Although the Census data confirms that Temora has a low percentage of multicultural citizens, Council remains active through sister city relationships with Izumizaki in Japan and the Greek community in Randwick. One of the Councillors who has a migrant background is active in the Temora Women's Network and through International Women's Day.

Tourism is a major focus in the Shire and Council is strongly represented through Board membership of the Riverina Regional Tourism and through its involvement with Temora airfield and the adjacent Museum. Annual Recreational Aviation fly-ins has earned Temora a reputation that ensures that tourism has a high recognition in the industry.

8.1.3 Significant Observations

Better practices

Home and Community Care (HACC) Programs

Council administers the Commonwealth HACC program across the Cootamundra, Junee, Tumut and Gundagai LGAs and is recognised as a significant body in overseeing these programs, including a committee on respite care. Council is actively pursuing mobility programs to ensure that footpaths are user friendly to disabled pedestrians and mobility devices. It is currently in negotiation for further expansion of this role across other LGAs which reflects well on the ability of the HACC managers in developing and monitoring these services.

Tourism

Council has developed a comprehensive Tourism plan to continue to guide promotion of the town over the next decade and more. It is involved in events management, Board membership of Riverina Regional Tourism and alliances with

both Junee and Cootamundra Councils. Of note, it is actively involved in the National Recreation Aviation Annual Fly-In, Temora Rural Museum events and Aviation Museum flying days as well as annual Acrobatic displays or gliding events.

Economic Development

Council appears to be pro active in the planning of future residential, industrial and aviation estates. The Community and Commercial Strategy function has a strong link through its Business committee with sixty (60) businesses and is a member of the NSW Business Chamber. Through linking to the new LEP, this plan takes into consideration the zoning needs for aviation, industry, tourism, commercial and transport sectors.

Noteworthy practice

Community Engagement Strategy

Council has a published Community Engagement Strategy as part of the Integrated Planning and Reporting process. In terms of social justice principles there is no direct reference within the strategy however there is some evidence that these principles underpin the consultation strategies and identified target groups. The Strategy identifies the stakeholders to be engaged, how this will occur, and the proposed timetable for consultation.

Areas for improvement

Ageing population

While Council does not have a specific policy on supporting the ageing population within the community, it provides many meaningful activities for older people in the community. Council should consider developing an Ageing Population policy and plan that considers the intellectual needs of the population such as the University of the Third Age as well as employment opportunities where experienced qualified people could work on a part time basis to mentor others or provide services that would stimulate the local economy. The development of a formal Ageing Population policy and plan would provide a more structured approach to its ageing population and even identify skill sets that would be of benefit to the overall community. Such a

policy and plan should be consistent with Council's Community Strategic Plan and included in its Delivery Program.

Recommendation 14

Develop an Ageing Population policy and plan for Temora Shire and incorporate this into the Community Strategic Plan and Delivery Program.

Council response

Recommendation 14. Temora Shire Council does not have a specific Ageing Population Plan as noted in the report. The Community Strategic Plan has however identified the issue of older residents as a specific outcome.

This requirement appears onerous given the focus on ageing in supporting documents however the plan will be developed in the 2012/13 planning period

9 WORKFORCE RELATIONS

9.1 OVERVIEW

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.

9.1.1 Scope of review

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

- *Traineeships and apprenticeships*
- *Workforce Management Plan*
- *Performance evaluation*
- *Position descriptions and job evaluation*
- *Employee leave*
- *General Manager's review*

9.1.2 Overview of the organisation

Temora Shire Council currently has an Equivalent Full Time staff of 86. Women represent 45% of the total Council workforce. No staff members are identified as being of Aboriginal background and only 2% come from an ethnic origin. As such, Council's workforce appears to reflect the Shire's demographics defined from the previous census. However over the next five years Council will be faced with the impact of an ageing and retiring workforce as 21% of the employees are over 55 years.

Council completed its Integrated Planning and Reporting documentation and review in April 2011 which has since been implemented in July 2011, but not yet evaluated. As part of this review, Council has prepared a Workforce Management Strategy within its Resourcing Strategy with the aim of identifying its future human resource

needs to align with the specific Community Strategic Plan outcomes and human resource requirements of the Delivery Program.

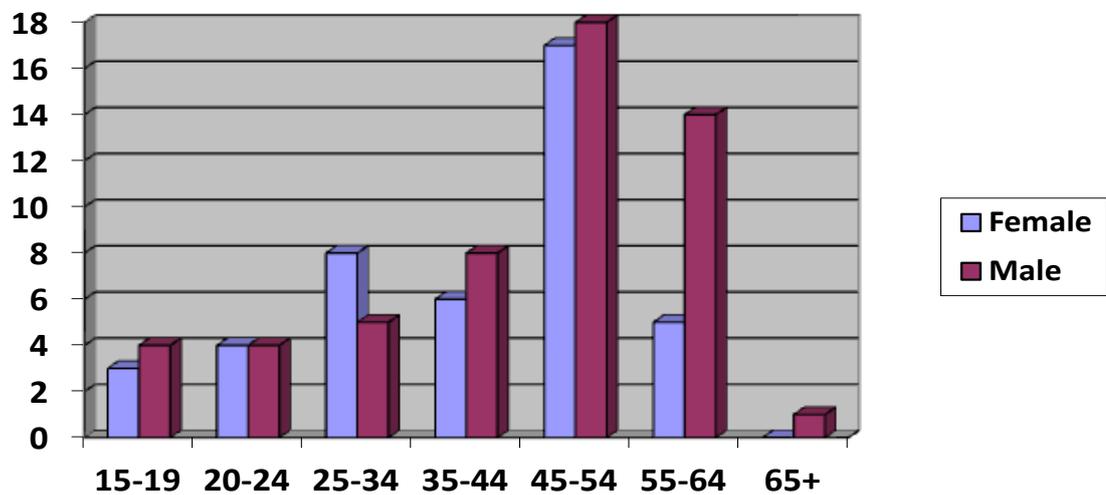


Figure 1 Composition of Temora Shire staff age distribution

Significant Observations

Noteworthy practices

Use of traineeships and apprenticeships

Council has an active approach to the appointment of local staff to assist in the development of skills within the community and to retain people within the community. It currently has four (4) apprentices and trainees and receives Commonwealth assistance on the completion and finalisation of the training.

Areas for improvement

Workforce Management Strategy

Council's Workforce Management Strategy outlines the current workforce profile and some analysis of the workforce issues that Council will face in the future. The Strategy contains four recommendations to address the issues that Council will face, however it is not clear how these recommendations will be implemented, and the

timeframes associated with this implementation. In addition, the links between the Workforce Management Strategy and Delivery Program are not apparent and should be clarified.

Recommendation 15

Clarify the implementation strategies and the associated timeframes for each of the recommendations within the Workforce Management Strategy.

Recommendation 16

Council should review its Workforce Management Strategy to ensure that it supports and is linked to its Delivery Program.

Performance evaluation of senior staff

The General Manager regularly reviews the performance of the Directors to ensure a consistent and high standard of delivery. He has recently developed a procedure to include a consistent approach by formulating training plans and objectives within senior management. This approach could also include the introduction of clearer Key Performance Indicators (KPIs), with the mutual agreement of each Director to the agreed criteria. It should also use *SMART* criteria to objectively quantify the actual achievements of senior staff against annual objectives and provide a more comprehensive assessment of each area of responsibility.

Recommendation 17

Introduce KPIs into the performance assessment for senior management that are compliant with SMART to objectively assess the performance of each identified officer.

Provision for untaken leave

Council's external auditor has noted the high level of untaken leave and this should be addressed through the introduction of a ceiling on leave to minimise outstanding leave for each individual. This restriction allows for upgrading skills of other officers who act in the position and from a risk assessment process also ensures that current methods and processes for the position are independently reviewed by another staff member.

Recommendation 18

Consider placing a restriction on the maximum number of accumulated days leave for each staff member within Council.

General Manager's performance review

The General Manager is formally reviewed by full Council on an annual basis and mid year by the Mayor and Deputy Mayor as an interim performance update and discussion of performance against established contract criteria. The current General Manager has also introduced an initiative for an informal 360° performance review to allow his immediate reporting staff to provide input on his management performance. The three (3) Directors are encouraged to provide feedback on his management performance and discuss the effectiveness of interaction with members of the Executive team in meeting their common goals.

To provide an independent external view of the formal full Council review there would be merit in selecting an experienced independent chair for the review team such as a representative of the LGMA or Local Government Solutions. This would ensure that the contract criteria are central to the review and that all parties can be assured of an objective assessment of this important process.

Recommendation 19

Consider the appointment of an experienced external chairperson to conduct the annual review of the General Manager's performance.

Council response

Recommendation 15. Agreed. The Workforce Strategy will be strengthened and further integrated in the 2012/2013 plans. The position appears worse as the training plan, which is referred to in the Workforce Strategy, is not included in the document.

Recommendation 16. Refer above.

Recommendation 17. It is contended that the existing performance management system does indeed meet the requirements of SMART. Nonetheless, the current system is under review and Council are evaluating a number of alternate systems specifically targeted at local government. The requirement for SMART methodology will be noted as an essential criteria in the evaluation process.

Recommendation 18. Agreed. The factor is acknowledged as an issue. The difficulty is reducing the levels as many of the staff that have excess leave are in key positions and their absence for an extended period would place great stress on the organisation.

Nonetheless, all efforts will be made to minimise the level of leave and in particular, all efforts made to ensure that the levels do not increase. A statement of intent will be made by Council and Management to all staff reflecting this stance.

Recommendation 19. Not agreed. The General Manager currently undertakes 3 separate performance reviews annually by different people/groups. At this stage, Council believe this is adequate and cannot justify the additional impost.

Reviewer comment

Council's comments are noted in relation to recommendation 19. The recommendation and text in relation to this matter was not intended to be interpreted as another performance review process. It is suggested that an independent person is incorporated into the existing annual review process.

PART IV. 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 V. ACTION PLAN

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

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
1 The Community Strategic Plan should include key performance measures for each Community Strategic Plan outcome.	High	Include additional key performance measures in CSP	30 June 2012	General Manager	
2 The Delivery Program needs to reflect all principal activities to be undertaken during Council's term of office and should flow through to the Operational Plan.	High	Include in 2012/13 Plan	30 June 2012	General Manager	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
3 Council should develop an Enterprise-wide Risk Assessment Management System (ERMS) to identify and monitor risks across the organisation.	<i>Medium</i>	Develop ERMS in conjunction with the Council Internal Audit Committee	30 June 2013	General Manager	
4 Council should monitor any ongoing arrangements with strategic alliances to ensure continued legislative compliance and best practice with external parties.	<i>Low</i>	Ongoing monitoring to be undertaken	Ongoing	General Manager	
5 Council needs to develop a process for internal reporting of legislative non-compliance, fines/penalties and prosecutions against Council through the development of a Legislative and Regulatory Register.	<i>Medium</i>	Adoption of a Legislative and Regulatory Framework	30 June 2013	Risk Team	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
6 Council should ensure compliance with the Procurement policy in regard to the determination of tenders through the inclusion of objective non price criteria in its tender documents.	<i>Medium</i>	Development of non price criteria and inclusion in Council Procurement Policy.	31 December 2012	General Manager	
7 Council should consolidate its Procurement and Plant Replacement policies and ensure that its disposal policy covers a broad range of Council's assets.	<i>Low</i>	Consolidation of Procurement and Plant Replacement policies.	31 December 2012	General Manager	
8 Council should develop a pre-lodgement policy and application form to clarify the process for providing information to applicants.	<i>Low</i>	Development and adoption of Pre Lodgement Policy.	31 December 2012	Director of Environmental Services	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
9 Council should undertake an audit of its development assessment processes using the ICAC Development Assessment Internal Audit tool.	<i>Low</i>	Completion of audit of development assessment processes using ICAC Development Assessment Tool	30 June 2013	Director of Environmental Services	
10 Review the Register of development consents and certificates to ensure compliance with EPA Regulation 2000.	<i>Low</i>	Review register of development consents and certificates to ensure compliance with EPA Regulation 2000	31 December 2012	Director of Environmental Services	
11 Council should review the Long Term Financial Plan and address identified deficiencies.	<i>Medium</i>	Inadequacies in the plan will be addressed in the 2012/13 plan.	30 June 2013	Director of Administration and Finance	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
12 Identify the community's desired levels of service within the Asset Management Plan.	<i>High</i>	Disagree. Levels of service desired by community have been identified and will be fine tuned in the 2012/13 plan.	N/A		
13 Prepare a Pensioner rates and charges reduction policy and procedure.	<i>Low</i>	Prepare a Pensioner Rates and Charges Reduction Policy.	30 June 2012	Office Manager	
14 Develop an Ageing Population policy and plan for Temora Shire and incorporate this into the Community Strategic Plan and Delivery Program.	<i>Medium</i>	Development of an ageing Population Plan	31 December 2012	Manager of Community and Commercial Strategies	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
15 Clarify the implementation strategies and the associated time frames for each of the recommendations within the Workforce Management Strategy.	<i>Medium</i>	Strengthen and integrate Workforce Strategy in 2012/13 plan	30 June 2012	Human Resource Manager	
16 Council should review its Workforce Management Strategy to ensure that it supports and is linked to its Delivery Program.	<i>Low</i>	As above	30 June 2012	Human Resource Manager	
17 Introduce KPIs into the performance assessment for senior management that are compliant with SMART criteria.	<i>Low</i>	Assess alternate performance management systems ensuring SMART principles are considered	30 June 2013	Human Resource Manager / General Manager	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
18 Consider placing a restriction on the maximum number of accumulated days leave for each staff member within Council.	<i>Low</i>	Issue statement to all staff advising of the need to ensure that leave levels are kept to a minimum.	30 June 2012	General Manager	
19 Consider the appointment of an experienced external chairperson to conduct the annual review of the General Manager's performance.	<i>Medium</i>	Not agreed. Council consider that the current review arrangements are adequate.	N/A	N/A	