GOVERNANCE, HUMAN RESOURCES & STATUTORY REPORTING AT WINGECARRIBEE SHIRE COUNCIL

MAY 2021

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Acknowledgments

The author of this report would like to thank the Administrator, Acting General Manager and staff of Wingecarribee Shire Council (WSC) for providing such a warm welcome and friendly hospitality during the onsite visits undertaken as part of this review project.

This project could not be undertaken successfully without the assistance of staff who guided me through the governance arrangements at WSC, were very generous with their time and particularly honest with their insights and assessments.

And finally, a thank you to Interim Administrator, Viv May and Acting General Manager, Les McMahon for inviting me to Wingecarribee to assist with the development of a Governance Improvement Plan to help the organisation moved forward in a journey towards industry best practice.

1. Introduction

Over time, there have been a significant number of both internal and external factors that have impacted on the efficient delivery and implementation of administrative functions at Wingecarribee Shire Council (WSC). The pressure on these functions has been heightened in recent times by the suspension of the elected Council by the Minister for Local Government, pursuant to the provisions of Section 438 (I) of the Local Government Act for a period of 3 months.

With a view to improving governance arrangements at WSC, Council has commissioned a general review and report on WSC Governance, Human Resources and Statutory Reporting controls.

The brief for the review requested the following:

1. Generally, review, report on and make recommendations on Council's governance policies, procedures and systems.
2. Generally, review, report on and make recommendations on Council's HR policies, procedures and systems.
3. Analyse Council's procedures in preparing for, processing reports, preparing agendas and minuting of Council Meetings.
4. Review compliance with statutory reporting requirements and timetable of tasks required under the Local Government Act and other Acts.
5. Review policies and General Manager Practice Notes and Procedures recommending changes that will enhance the effectiveness of those policy platforms.
6. Review and comment on the standard framework for the development and publishing of policy, General Manager practice notes and procedures and recommend any changes to the adopted standard framework.
7. Comment and make any recommendations on any governance, HR and statutory reporting issues identified throughout the review.

In progressing the review consideration was to be given to, but not be limited to:

1. Council's overall policy framework.
2. Risk Management
3. Internal Audit and Audit Risk and Improvement Advisory Panel.
4. Statutory Reporting and Compliance.
5. Conflicts of Interest both staff and Councillors.
6. Delegations of Authority and Approval Processes.
7. Council Meetings and Business Papers.
8. Council appointed Committees their functionality and relevance.
9. Council's media and communication policies.
10. Corporate Governance Framework.
11. Human Resources functions including recruitment.
12. Performance Management.

This report provides a summary of findings and recommended actions going forward. It is intended that this document and the recommendations contained within will be used as a roadmap to guide the evolution of an improved governance framework and implementation of sound administrative practice at WSC. It is important to

note that for the journey to governance and risk maturity to be successful, any solutions, projects or frameworks put in place must be tailored to the context of the WSC operating environment.

Whilst operating under the same legislation and facing similar problems each council must find its own path towards best practice and tailor solutions to suit individual operating environments and staff approaches. A cut and paste approach is never likely to succeed, and the recommendations in this report have been drafted to discourage that approach. Whilst the key milestones and objectives laid forth in this report are considered best practice by the author, the style, content, delivery and in-council ownership of these concepts and projects will be the key to a successful governance framework and sound administrative practices moving forward for WSC.

2. Structure, Resourcing and Culture

Culture and Staff Welfare

In any organisation, its people are the single most important asset and resource. The long term effects of organisational dysfunction on the individual employees can have a significant effect on moral and productivity, but more importantly can take a large personal toll on the dedicated and committed staff of the council.

It is evident that a lack of strategic focus by the previous Council Executive for a prolonged period, has resulted in a disconnection between staff and how they see themselves contributing to the council's deliverables in the Community Strategic Plan.

It is abundantly clear that the long term issues facing the council and the recent significant upheavals that have impacted the organisation, including the suspension of the elected council and the departure of a number of senior staff have had a dramatic effect on the wellbeing of the council's employees. Council has recently appointed and trained 42 staff to assist their coworkers with general wellbeing and mental health in the workplace. In addition, a wellbeing officer (part time) has also been appointed.

Whilst these two initiatives are very positive steps, the success of any centrally implemented wellbeing or mental health program is largely dependent on the culture of the organisation and the level of trust that employees have for management. In workplaces that have been through significant trauma or have a disconnect with management, the level of engagement and participation in corporate wellbeing programs can be significantly impacted. To ensure the success of council's new wellbeing initiatives a significant effort needs to be made to encourage and promote the use of these programs by staff, as well as encouraging staff to seek help and support in any forum they feel comfortable. In addition, the new executive of Council must ensure that the long term attitudes, behaviours and failure to deal with incidents leading to negative impacts on staff, that previously existed in the organisation can never return.

In addition to the already implemented wellbeing initiatives, council should consider the implementation of a workplace culture review, that would aim to develop workplace culture interventions designed to reduce unacceptable behaviours and to improve staff engagement and well-being, as well as adherence to core values.

Organisational Structure

The council organisational structure is poorly designed and appears to be contributing to the administrative failings at council. Poor organisational structure can lead to confusion within roles, a lack of coordination between relevant functions, failure to share ideas, inefficiency and slow decision making; and bring managers unnecessary complexity, stress and conflict. In addition, it can be extremely difficult for customers to navigate when trying to understand the functions and responsible officers of council.

The current structure contains two Deputy General Manager positions that report to the General Manager, namely the Deputy General Manager – Corporate, Strategy and Development Services; and the Deputy General Manager – Operations, Finance and Risk. There does not appear to be any sound business imperative to support the removal of the finance and risk functions away from the other corporate functions of Council. This would be very confusing to staff and customers and would significantly inhibit the ability of corporate functions to work in conjunction and in a more efficient manner for the benefit of the organisation.

The current structure also has the role of Group Manager Organisation Development reporting directly to the General Manager, and again the removal of this function away from other traditional corporate functions inhibits the ability of corporate functions to work in conjunction in an efficient manner.

It is the opinion of the author that an immediate review of the structure of council should be undertaken upon the commencement of the new permanent General Manager. The current narrow executive structure can make it difficult for the Deputy General Managers to provide appropriate time, interaction, coaching, development etc. to their Group Managers, which inhibits the efficient operation of their functions and significantly impacts on the ability for strategic planning and innovation to occur.

Despite the smaller size of council, the range and complexity of matters that must be dealt with by all councils, lends itself to an executive structure comprising three Director positions to manage all of the functions of Council. The appointment of an additional executive staff member will reduce the number of Group Managers and other staff reporting directly to each executive position.

A suggested starting point for consideration of a new executive structure would be as follows:

Director Corporate & Community   -   Corporate & Community
                                                   Chief Financial Officer
                                                   Chief Information Officer
                                                   Organisational Development
                                                   Tourism and Economic Development

Director Planning & Environment   -   Planning, Development & Regulatory
                                                   Environment & Sustainability

Director Infrastructure & Works   -   Assets
                                                   Business Services
                                                   Capital Projects
                                                   Infrastructure Services
                                                   Water & Sewer

The above example structure would have the effect of aligning all related business units under the same Director. The present structure sees 68% of the entire staff reporting through the Deputy General Manager – Operations, Finance and Risk. The above alignment would provide better synergies for corporate functions and reduce the staff reporting to the Deputy General Manager – Operations, Finance and Risk to around 60% of staff.

Additionally, there is currently one coordinator level position that reports directly to a Deputy General Manager position (Coordinator Media and Communications) without a manager level position in between. As with the reporting lines to the Deputy General Managers this will need to be reviewed to ensure that this role has an effective supervisory structure that empowers and supports them in their functions. This could be achieved by absorbing this function, either into the Corporate and Community or the Tourism and Economic Development functions.

Resourcing and Staff Vacancies

The single biggest risk factor to the success of the corporate governance of council, and indeed achieving the objectives of the entire council, is the ability to attract and retain talent to key roles in the council. Regional areas are often at a disadvantage in the local government sector when it comes to recruitment, however if key roles

can be filled on a steady and ongoing basis with knowledgeable staff, it is possible to still achieve goals by using those key staff to empower, educate and develop others.

The additional difficulties that will burden recruitment actions in the near future, as a result of the suspension of the council, and the resultant brand damage caused to council in the employment market has the very real potential to further erode the ability to attract and retain suitably skilled and qualified staff.

At the present time council has close to 60 vacancies in roles in the approved staffing structure, a figure that equates to almost 15% of the established council workforce. According to council records a total of 4 roles have been vacant for more than 6 months, these are:

- Development Engineer
- Development Assessment Planner
- Operations Crew Member
- Temporary Part Time Pool Attendant

Roles that remain vacant for more than 6 months will have a significant impact on the operations of the units in which the vacancies reside. Of particular concern is the fact that two of the above roles that have been vacant for more than 6 months are both in the Development area of council which compounds the damage of missing resources to the ability to deliver on the outcomes and objectives of the Unit.

It is recommended that appropriate reporting on vacancy levels be provided to the Council Executive and the Joint Consultative Committee on a monthly basis. Suggested reporting to include current vacancies, roles where recruitment action hasn't commenced within a month of vacancy arising; and roles vacant for 6 months or more.

Council should investigate alternate methods to fill roles, such as remote workers, for suitable roles, as well investigating ways to incorporate the knowledge of the local government sector both in informal and formal ways. Informally staff should be encouraged to engage with and participate in local government sector networks in key specialist areas, such as governance, finance, internal audit, procurement, integrated planning and reporting etc. It is noted that the relevant staff participate in the Local Government Internal Auditors Network.

On a more formal basis Council should consider a greater use of shared resources, partnership agreements and professional development relationships with larger urban councils in NSW. There are a number of examples in NSW Local government of large urban councils and small regional councils forming informal professional development relationships to exchange staff on a regular basis for the mutual benefit of both councils. This can help plug knowledge gaps in small councils but can also be a benefit to large councils who can sometimes have difficulty giving staff professional development opportunities in large inflexible structures.

Recommendations

Recommendation 2.1

That consideration be given to the implementation of a workplace culture review, that would aim to develop workplace culture interventions designed to achieve the following:

- reduce unacceptable behaviours
- improve staff engagement
- increase staff well-being
- development of new core values, and
- a staff developed vision of the future of WSC

Recommendation 2.2

To support the recent appointment of a wellbeing officer, council should implement a significant promotional and awareness program about available wellbeing resources and initiatives to encourage and promote the use of these programs by staff.

Recommendation 2.3

That upon the commencement of the new permanent General Manager an immediate review of the structure of council be undertaken to provide a structure that is clear to staff and community, aligns co-related functions to increase efficiency and collaboration, and enables strategic planning and innovation to occur.

Recommendation 2.4

Notwithstanding Recommendation 2.3, consideration be given to immediately having the role of Group Manager Organisational Development report to the Deputy GENERAL MANAGER Corporate Strategy, and Development Services.

Recommendation 2.5

Consideration be given to immediately having the role of Coordinator Media and Communications report to the Group Manager Corporate and Community or the Group Manager Tourism and Economic Development.

Recommendation 2.6

The use of alternate and more flexible recruitment options to fill key knowledge based roles in the council structure should be considered, such as remote workers, for suitable roles, as the COVID pandemic has demonstrated the ability of staff to work in any location, with only minimal office contact required.

Recommendation 2.7

Staff should be actively encouraged to engage with and participate in local government sector networks in key specialist areas, such as governance, finance, internal audit, procurement, integrated planning and reporting etc., as a way to bolster the local government knowledge of specialist staff who may be recruited from other sectors.

Recommendation 2.8

The greater use of shared resources, partnership agreements and professional development relationships with larger urban councils in NSW should be actively pursued. Large urban councils and small regional councils forming informal professional development relationships to exchange staff on a regular basis can be of great mutual benefit to both councils and can assist council plug knowledge and resourcing gaps.

Recommendation 2.9

That appropriate reporting be provided to the Council Executive and the Joint Consultative Committee on a monthly basis, with details of all current vacancies, roles where recruitment action has not commenced within a month of vacancy arising; and roles vacant for more than 6 months.

3.   Policy Framework

The Policy Framework

The Policy Framework at WSC is defined and supported by an extremely detailed 47 page *Policy Development and Review Procedure* that was adopted on 20 July, 2020. As noted in the Procedure Document:

> *An effective policy framework is an essential component of Council's corporate governance systems and supports the delivery of Council's strategic priority outcomes as described in the Community Strategic Plan Wingecarribee 2031.*

The Policy Framework at WSC categorises policy and procedure documents as follows:

Council Policies	-	Adopted by resolution of Council, and establish a broad framework within which Council operates and generally have an external focus or relate to matters of public policy
General Manager Practice Notes	-	Decisions or directives of an ongoing nature that relate to the management of Council's internal operations. Approved by the General Manager
Procedures	-	Processes to be implemented to support the effective implementation of Policies and Practice Notes

Council's Corporate Strategy and Governance team is responsible for maintaining the Policy Register as well as providing branches with guidance and support in the development and review of documents under the framework.

The *Policy Development and Review Procedure* clearly outlines the following:
- uniform procedures for the development and review of documents under the framework
- provides a standard format for all documents under the framework and
- defines the roles and responsibilities of Council staff within the development and review process.

Whilst the *Policy Development and Review Procedure* is extremely long and some consideration should be given to presenting the content in smaller more consumable topics, it is overall a very sound document that encompasses the majority of best practice elements of a Policy Framework.

However, the one element of the Procedure that should be reviewed is the guidance on the criteria / threshold for how to categorise any document as either required to be a Council Policy or a General Managers Practice Note. The procedure provides the following guidance on what constitutes a Council Policy:

> *"generally have an external focus or relate to matters of public policy or matters that fall within the ambit of Councillors' responsibilities under the Integrated Planning and Reporting framework"*

The reference to Councillors' responsibilities under the IP&R Framework makes the interpretation of the above guidance quite difficult. The only responsibilities Councillors have in relation to the IP&R Framework are to adopt and review the Community Strategic Plan, Delivery Program, Operational Plan and strategies required under the IP&R Framework. It is suggested that this reference is removed.

In general Council policies relate to subject areas where Council directly interacts or impacts on the community, rather than operational issues and support the Council's Strategic Plans and should therefore change relatively infrequently.

Council's Policy Register lists 66 current policies or codes (e.g. Code of Conduct), with a further 11 policies that are in development. The process of adopting and reviewing Council Policies can be administratively burdensome, so it is in the interests of efficiency that the council policy listing is kept to only policies that genuinely impact on the community.

It is noted that in recognition of the administrative effort and timelines that come with the review of policies and subsequent reporting to council, the standard review cycle of policies was extended from every two years to four years. Staff have indicated that Council also recently repealed ten policies which is reflective of a renewed focus from staff on ensuring policies are necessary and fit for purpose and demonstrates that the *Policy Development and Review Procedure* is helping to move towards a more appropriate policy fleet.

Whilst there is no one size fits all approach, the efforts already underway to reduce the size of the council policy fleet should be continued, and the Council Executive should be mindful of the operational elements of any policy document in determining whether it should be adopted by council resolution. It is recommended that the policy review cycle include a fresh consideration of the appropriate classification of each document in the policy framework whenever they are reviewed. As a guide, a scan of the Policy Registers of a number of councils indicates that the average number of Council policies is between 30 – 50.

Council Policies – Content, Style and Relevance

The required content and style of policy design included in the document templates in the *Policy Development and Review Procedure* allows for the development of consistent policy and practice note documents that have consistent content and are clear and easy to understand. However, a review of the policies available on the council website shows that over a period of time there has been little consistency in the style and content of policies.

Whilst the *Policy Development and Review Procedure was adopted* in July 2020 it appears that there have been very few policies adopted or reviewed by Council since that time and the new and improved policy designs and content do not appear in many of Council's 66 policies. It is important that the new templates designs are incorporated into all council policies at the earliest available opportunity.

Code of Conduct
Council has adopted a Code of Conduct that is consistent with the Model Code of Conduct released by the Office of Local Government (OLG). However, Council has also adopted a Council *Gifts and Benefits Policy.* All council officials including Councillors, the Administrator and staff must abide by the provisions of the Code of Conduct in relation to the acceptance of gifts and benefits. The existence of a separate policy on this subject that has wording that is inconsistent with the model Code of Conduct is a significant concern and is potentially confusing to council officials. Council should immediately revoke the *Gifts and Benefit Policy* and rely upon the relevant provisions in the Code of Conduct. Council may place additional clauses in its Code of Conduct relating to gifts and benefits so long as they are not inconsistent with the Model Code. Any procedural elements of the *Gifts and Benefits Policy* should be moved to a procedure document in support of the Code of Conduct.

Additionally, Council has adopted a *Statement of Ethics*, that whilst is positive in content, could present a potential area of confusion for council officials on what standards their behaviour and conduct should be

modelled. Council officials should have a single source of truth in relation to rules and expectations of their behaviour, and that should be the Council's adopted Code of Conduct. The *Statement of Ethics* should be revoked with any relevant clauses incorporated into Council's Code of Conduct.

Revoked Council Policies

On 10 February, 2021 Council passed a resolution revoking 10 Council policies, however a review of the council website shows that the *Workplace Bullying and Harassment Prevention Policy* that was revoked, still appears on the policies page of the council website

A *Working Alone Policy* also appears under the policies area of the council website, but a review of council's internal policy listing makes no reference to this policy. Council has a GENERAL MANAGER Practice Note in relation to *Working Remotely* that may have replaced this policy, however a review in this regard should be undertaken. If the policy has not been formally revoked by Council, this should occur as this is clearly an operational issue and not appropriate for a council policy.

Access and Understanding of Policies

Access to Policies on Council Website

The council website presents the majority of adopted policies in a single policies section, however there are an additional eight documents presented in another section of the website titled "Codes". This has the potential to cause confusion for customers who may not know whether a document is a code or a policy. Consideration should be given to presenting all adopted council policies, including codes, in a single section on the council website.

The 'Codes' section on the council website also includes a section on submitting complaints under the Code of Conduct. Again, this would be confusing to the public. The development of an appropriate information page on the council website in relation to complaints and feedback management and how to lodge complaints would be beneficial to customers.

Recommendations

Recommendation 3.1

That work continue to be undertaken on recent efforts to reduce the size of the Council Policy Register to ensure that adopted council policies are fit for purpose and only relate to matters that impact directly on customers and or ratepayers, and that operational matters are dealt with by General Managers Practice Notes.

Recommendation 3.2

Key Council Policy documents should be updated to incorporate the design and mandatory content within the templates in the *Policy Development and Review Procedure.* The Procedure and templates were adopted in July 2020 and the updated design will provide greater readability to customers; however, the new design has been incorporated into very few of Council's 66 policies.

Recommendation 3.3

Consideration should be given to revoking the following Council Policies as the content overlaps with the Code of Conduct and all expected behaviours and conduct should be defined in the Council's Code of Conduct:

- Gifts and Benefits Policy
- Statement of Ethics

Any relevant clauses from the above policies should be incorporated into Council's Code of Conduct.

Recommendation 3.4

Consideration should be given to presenting all adopted council policies, including codes, in a single section on the council website to improve accessibility for the public. Additionally, a review of the policy page on the council website be undertaken to ensure that all previously revoked policies have been removed, and the most up to date version of each policy appears.

Recommendation 3.5

An appropriate information page should be developed on the council website in relation to making complaints under the Code of Conduct and complaints and feedback management in general.

Recommendation 3.6

The *Policy Development and Review Procedure* should be updated to provide greater clarity of the definition of a Council Policy as outlined in the report.

4. Risk Management

As previously outlined in this report, the Council structure is poorly designed and can be extremely difficult for customers and staff to navigate when trying to understand the functions and responsible officers of Council.

Responsibility for Risk Management in the existing structure currently sits within the Workplace Systems team within the Organisational Development Group. However, over recent years the risk management function has moved between the Corporate and Community Group and the Organisational Development Group. Despite the risk functions residing in the OD group, Council's Risk Management Manual identifies that the Group Manager Corporate and Community has responsibility for the implementation of Council's Risk Management Program.

This is a situation that needs to be addressed to provide clarity to staff, as the risk management functions provide a key driver towards the efficient operation of the organisation.   However, it would be expected that clearer reporting lines can be established if the relevant recommendations from Part 2 of this report in relation to organisational structure are taken on. Despite the confusing structure and out of date referencing in a number of documents, the risk management function itself appears to be appropriately resourced at the present time.

Risk Management Policy and Framework

Council has an existing *Risk Management Manual* and a *General Managers Practice Note on Risk Management*. The *Risk Management Manual* appears to have been last adopted or reviewed in June 2017 and is based on the Australia/New Zealand Standard for Risk Management (AS/NZS 31000:2009), however this standard has been updated and replaced by the Australian Risk Management Standard (AS ISO 31000:2018 Risk Management). This document appears to be out of date and due for a review. This would allow it to be updated to reflect the new standards however it will also address the previously listed issues surrounding out of date allocations of responsibilities.

When the manual is reviewed and updated the Council should be mindful of the updated standards but also take into consideration the NSW Office of Local Government Discussion Paper *"A new internal audit and risk management framework for local councils in NSW",* which proposes a mandatory risk management framework for Councils. The discussion paper features a significant amount of content in relation to requirements for risk management policies and procedures.

Whilst the proposed requirements are not mandatory as yet it is recommended that Council review and update its risk documentation in line with the requirements outlined in the OLG Discussion Paper. A requirement of the Discussion Paper is the development of a Risk Management Plan. This document would replace Councils' current *Risk Management Manual* and *General Managers Practice Note on Risk Management*, however, will incorporate much of the same content, but will need to reflect the additional requirements of the proposed OLG Risk Management Framework. The new framework proposed in the discussion paper is expected to be mandated by the OLG by the end of 2021.

WSC – Governance, HR & Statutory Compliance Review

Corporate Risk Register and Management of Risks

Council's Corporate Risk Register is presently managed via excel spreadsheets due to the previously utilised system no longer being supported past June 2021. Staff have indicated that investigations have commenced to identify a suitable software solution to assist Council in the management of its risks. It is noted that the Pulse Software is already utilised by project management staff to manage project management related risks.

Council's Corporate Risk Register currently contains 17 identified corporate risks. A recent review of the corporate risks has occurred which resulted in the revision upwards of the residual risk rating for a number of corporate risks. Staff have indicated that staff are still in the process of finalising a new Treatment Action List to provide appropriate mitigations for the updated risk register.

Misconduct , Fraud and Inappropriate Behaviour

The Corporate Risk Register identifies the "*Official misconduct, fraud or inappropriate behaviour of a staff member or elected official*" as a Corporate Risk (GM2). With the recent actions taken by the Minister for Local Government in suspending the elected Council, there is clear evidence of the importance of the mitigation strategies relating to this risk. In addition, periods of upheaval and change in an organisation can present fertile ground for inappropriate conduct to go unnoticed. The new temporary executive have shown a keen focus on identifying and addressing all issues, however there are a number of steps that can be taken to bolster these efforts going forward and as regular actions in the treatment actions for this corporate risk.

The NSW Audit Office makes available to public sector agencies a Fraud Control Improvement Kit. The kit outlines a fraud control framework that has ten key attributes, which sit within the themes of prevention, detection and response. Each attribute has a checklist of high-level processes and behaviours that should be present and information on what you might expect to see in a successful fraud control framework. To provide some assurance in relation to Council's fraud and corruption prevention controls it is recommended that Council complete the checklist in the kit (Page 20) and develop a Fraud and Corruption Prevention Improvement Plan to rectify any areas where Council does not achieve best practice.

In addition, it is recommended that Council undertake a survey of all staff using the Fraud Control Health Check (Page 42) this will help Council gain a high-level understanding of the extent of employee awareness of fraud control in the Council but more importantly provide a measure of staff confidence in relation to both implementation of controls but also of investigations and outcomes from reports of inappropriate conduct. The survey results will provide a base line from which Council can measure improvements and progress in these areas. To achieve this the survey should be undertaken on a regular basis, i.e. every 1 or 2 years to track progress. In this regard the use of the survey should be added to the list of controls and the Treatment Actions for Corporate Risk GM2.

Recommendations

Recommendation 4.1
The existing *Risk Management Manual* and *General Managers Practice Note on Risk Management* be reviewed and replaced with a Risk Management Policy and Risk Management Plan that incorporates the requirements of the NSW Office of Local Government Discussion Paper *"A new internal audit and risk management framework for local councils in NSW"*.

Recommendation 4.2
An investigation be commenced to identify an appropriate comprehensive business process management system that can manage Council's risk management functions. Ideally any identified software can integrate with other governance related software for the management of policies, delegations etc.

Recommendation 4.3
Council complete the Fraud Control Checklist contained in the NSW Audit Office Fraud Control Improvement Kit. Following completion of the checklist, a Fraud and Corruption Prevention Improvement Plan should be presented to the Council Executive outlining actions required to address areas not matching best practice.

Recommendation 4.4
Council undertake a survey of all staff using the NSW Audit Office Fraud Control Health Check to gain an understanding of employee awareness of fraud control measures and staff confidence in relation to investigations and outcomes from reports of inappropriate conduct. The Survey should be undertaken on a regular basis (i.e. 1-2 years) to track progress. Additionally, the use of the survey should be added to the Treatment Actions for Corporate Risk GENERAL MANAGER2.

5. Internal Audit & Audit Risk and Improvement Committee

Context and Issues

The Internal Audit function operates under the *Internal Audit Standard Operating Procedures* which is a well laid out document that generally covers the elements required to implement a sound internal audit program. The Internal Audit function is resourced via an outsource arrangement, serviced by InConsult P/L. In general, the Internal Audit function appears to be operating well under the above arrangements and the implementation of internal audit recommendations is monitored by the Audit Risk and Improvement Committee (ARIC) and extensions to deadlines must be approved by the ARIC. Only minor comments and suggestions for improvement are required in this area.

Internal Audit Standard Operating Procedures

1. Scope Approval

The Procedures state that the scope document for each internal audit should be signed off and approved by the manager of the functional area. This provides an efficient process however the inclusion of the relevant executive staff member would allow additional insight and commentary on risk areas, strategic risks and overlapping issues that may not be visible at manager level. Additionally, the executive staff are required to sign off on the final report of each internal audit, so they should be aware of and approve the relevant scope document. As such it is recommended that the relevant Deputy General Manager approve all internal audit scope documents.

2. Auditee Responses

The Procedures state that the executive have a preference that the timeline for implementation of recommendations be set at 12 months, however noting that the internal auditors have the right to recommend an expedited timeline based on risk. It is recommended that standard timelines for implementation of internal audit recommendations based on risk be established. This could be along the lines of 3 months for high risk items, 6 months for medium risk and 12 months for low risk items.

3. Executive Review

The Procedures state that the executive team will review all draft internal audit reports, and can *"reject any recommended actions on reasonable grounds"*. As detailed in the introduction of the procedure, independence is essential to the effectiveness of the internal audit function, as such it would be more appropriate in situations where the Council Executive disagree with a recommendation, this can be noted in the management response.

Internal Audit Plan

The Procedure states that the Internal Audit Plan will be developed to ensure that it aligns with Council's risk profile, however upon review of the Internal Audit Plan and Assurance Map the following concerns were identified:

- One Corporate Risk, Preparedness for pollution and climate change events (OFR2) does not appear on the Internal Audit Plan and more concerningly is not referenced in the Assurance Map at all, and is not flagged for audit at any point in the future.
- Two Corporate Risks, Business Continuity (OFR3) and Fraud and Corruption (GM2) are only identified for audit every 8 years despite being corporate risks.

- Council only undertakes 4 internal audits per year. Serious consideration should be given to increasing the number of internal audits undertaken to allow more operational areas to be audited more often. Lifting the number of audits to just 5 per year, would allow an additional 4 internal audits to occur in each 4-year audit plan

Audit Risk and Improvement Committee

At its meeting held on 21 April, 2021 Council resolved to dissolve the Audit Risk and Improvement Committee (ARIC) in place as at that date. An updated ARIC Charter was adopted at the same meeting and Council also resolved to call for suitably qualified individuals to nominate as independent external committee members for the ARIC moving forward.

The steps taken by Council are a positive step to refreshing and modernising this important oversight committee. A review of the adopted ARIC Terms of Reference (TOR) show that they are largely in line with the expected arrangements from the soon to be released requirements from the OLG in relation to Risk Management and Internal Audit Frameworks. However, it should be noted that the recently adopted TORs will need to be reconsidered by Council when the OLG releases the Model Terms of Reference for Audit Risk and Improvement Committees in the near future.

Recommendations

Recommendation 5.1

Consideration should be given to making the following minor adjustments to the *Internal Audit Standard Operating Procedures* to give effect to the following:
- internal audit scope documents to be approved by the relevant Deputy General Manager
- establish standard timelines for implementation of internal audit recommendations based on risk
- remove the option for the Council Executive to "reject recommended actions on reasonable grounds", and provide that if the executive disagree with a recommendation, this can be noted in the management response.

Recommendation 5.2

A review be undertaken of the Council Internal Audit Plan and Assurance Map to ensure that all corporate risks are adequately addressed and regularly subject to internal audit, and address issues raised in the report.

Recommendation 5.3

Consideration be given to increasing the number of internal audits conducted each year to ensure that all risks are audited on a sufficiently regular basis.

6. Statutory Reporting and Compliance

Context and Issues

Council has a significant number of statutory reporting requirements that it is required to comply with under a multitude of legislation. The OLG provides some assistance with this compliance task by producing an annual Calendar of Compliance and Reporting Requirements for each financial year. This is a very good tool and Council Governance staff are aware of this resource and its use forms part of the approach towards compliance and reporting obligations.

This resource from the OLG does not cover all statutory reporting requirements and the Corporate Strategy and Governance team annually consults with all branch managers and group managers regarding any additional statutory deadlines that should be recorded and inserts these into the Calendar as a supplement to what the OLG has published. The revised Calendar is subsequently distributed to Council's executive and managers for reference during the financial year.

The additional steps taken by Council in this regard are a positive step to ensure managers are aware of obligations prior to the them falling due. To provide an additional layer of assurance, Council could consider implementing a process to monitor compliance with these statutory reporting requirements by implementing an annual attestation requirement from each manager and group manager signing off that they have undertaken each statutory reporting task allocated to them.

Public Registers
According to the *Government Information Public Access Act 2009* all public registers of a Council should be made available on their website.   A review of 11 registers required to be held under various pieces of legislation showed that 7 registers were available and accessible on the council website, 2 register were available but incomplete, and 2 registers were not available on the council website. The status of required registers is as follows:

Available on Website
- Contracts Register required under s27 of the *Government Information (Public Access) Act 2009*
- Council Policy Register
- Disclosure Log required under s25 of the *Government Information (Public Access) Act 2009*
- Land Register required under s53 of the *Local Government Act 2009*
- Planning Agreements Register required under cl25F of the *Environmental Planning and Assessment Regulation 2000*
- Political Donations Register required under s328A of the *Local Government Act 2009*
- Registers required under s4.58 of the *Environmental Planning and Assessment Act 1979*

Not Available on Website
- Development Contributions Register required under cl34 of the *Environmental Planning and Assessment Regulation 2000*
- Graffiti Removal Register required under s13 of the *Graffiti Control Act 2008*

The council website contains a heading "Register of Graffiti Removal Work" in its listing of registers however there is no content and the words *"not applicable"* appear. Council should review this entry and provide a register if graffiti removal work has been undertaken, and if not a more informative approach would be to state that no register is available as graffiti removal work has not been undertaken that requires disclosure.

Incomplete on Website
- Returns of Interests submitted by Designated Persons required under cl4.27 of the *Model Code of Conduct*
- Voting on Planning Decisions Register required under cl11.12 of the *Model Code of Meeting Practice*

The *Returns of Interests submitted by Designated Persons* is complete for designated staff, however it appears that the link to the information for Councillors has been removed, possibly due to the suspension of Council. It is advisable that this information still remain available to the public however should be predicated with a disclaimer that Councillors have been suspended by the Minister for Local Government.

The *Voting on Planning Decisions Register* is complete up until the end of 2020, however there are no entries for 2021, and this should be corrected as soon as possible.

Legislative Compliance Framework

Legislative Compliance is a key governance risk area often highlighted by the NSW Audit Office. Council has a paid a subscription to the Local Government Legal Legislative Compliance database and this appears to appropriately manage Council's requirements to provide assurance of appropriate legislative compliance.

Recommendations

Recommendation 6.1

That a process or system to monitor compliance with statutory reporting requirements be implemented, requiring an annual attestation from each manager and group manager signing off that they have undertaken each statutory reporting task allocated to them.

Recommendation 6.2

The following public registers be made available on Council's website to ensure compliance with the *Government Information (Public Access) Act 2009*:

- Development Contributions Register required under cl34 of the *Environmental Planning and Assessment Regulation 2000*
- Graffiti Removal Register required under s13 of the *Graffiti Control Act 2008*

Recommendation 6.3

The following public registers be reviewed to ensure that they are current and up to date and all required information is published on Council's website to ensure compliance with the *Government Information (Public Access) Act 2009*:

- Returns of Interests submitted by Designated Persons
- Voting on Planning Decisions Register

7.   Conflicts of Interest (Staff and Councillors)

Management of Conflicts of Interest

The Code of Conduct outlines the expectations and requirements of staff and councillors in relation to conflicts of interest. Staff have indicated that a draft Conflicts of Interest Policy is currently in development. Council officials should have a single source of truth in relation to rules and expectations of their behaviour, and that should be the Council's adopted Code of Conduct. For this reason, it is recommended that Council discontinue the development of a separate Conflicts of Interest Policy so that staff only have one set of rules to follow, which will make education and compliance much easier.

In a regional situation conflicts of interest can present a much greater risk to council's as opposed to larger urban councils, due to smaller population sizes and the greater likelihood of staff and customers having friendships and connections outside work. In this regard it is very positive to see that the Council has chosen to keep the limit for gifts and benefits to $50, which will go some way to reducing perceptions around influence that may occur in the community.

Conflict of Interest Forms and Registers

Staff, Councillors and the Administrator have access to template forms to declare conflicts of interest in accordance with the Code of Conduct. Council maintains a register of conflicts of interest at council meetings and a register of conflicts of interest in procurement matters. At present Council does not keep a central register of conflicts of interests other than those collected by the above processes. It would be considered best practice to establish a centralised conflicts of interest register managed by the governance team. The register should be reported to the Council Executive and the ARIC on a quarterly basis to ensure oversight and to identify any trends or areas of concern that need addressing.

In general, staff do not appreciate the importance of conflicts of interest provisions in the Code of Conduct and the fact that these should just be seen as a minimum standard, particularly in regional and less populated areas. Wingecarribee is a regional area and the NSW Independent Commission Against Corruption (ICAC) has identified in their publication "Managing Conflicts of Interest in the Public Sector" that areas and actions involving regional areas present a greater risk in relation to conflicts of interest. The ICAC state that it is best practice for regional entities to consider additional controls that go beyond normal policy requirements in the Council Code of Conduct and to enhance recordkeeping requirements.

It is recommended that Council immediately implement an education campaign to increase staff awareness of their conflict of interest obligations and implement a central register of conflicts of interests.

Publishing of Designated Officers Returns

As indicated in section 6 of this report, The Returns of Interests submitted by Designated Persons is complete for designated staff, however it appears that the link to the information for Councillors has been removed, possibly due to the suspension of Council. It is advisable that this information still remain available to the public however should be predicated with a disclaimer that Councillors have been suspended by the Minister for Local Government.

The Information and Privacy Commission *Guideline 1: For local Councils on the disclosure of information contained in the returns disclosing the interests of councillors and designated persons* states that Councillors and Designated Persons' returns of interest must be made publicly available free of charge on council's website, unless there is an overriding public interest against disclosure of the information contained within them. Returns of Interest are

prescribed as open access information for local government under schedule 1 to the *Government Information (Public Access) Regulation 2018*.

The Guideline states that Council must publish all details of designated officers on the council website unless it is not in the public interest to do so, with the primary reason being the designated officer fears for their safety if details are published.

Council has taken a sound approach, that is consistent with the public interest to protect the privacy of its staff, by redacting all designated officer declarations, removing any residential address details and signatures, prior to publishing to the council website.

Gifts and Benefits

A review of the Gifts and Benefits Register has identified a number of areas of concern in relation to the approach towards the acceptance of gifts by staff. The Gifts and Benefits Register for the period of June-December 2020 was selected for review and the following areas of concern were identified:

- 24 gifts/benefits are registered and every item was retained by staff, with no items refused or returned. This shows potentially two issues. Firstly that there is a culture of acceptance of gifts at Council, and secondly that there is a lack of declaration of gift refusals by staff.

- A single customer provided 22 bottles of wine to 21 separate staff in the same operational area with a combined value of $440.00
  Clause 6.7 of the WSC Code of Conduct states *"You must avoid situations that would give rise to the appearance that a person or body is attempting to secure favourable treatment from you or from the council, through the provision of gifts, benefits or hospitality of any kind to you or someone personally associated with you."* Whilst no individual staff member breached the Code in this scenario, it would be expected that a manager or senior staff member would in consideration of clause 6.7 refuse the acceptance of the gifts and return them to the company.

- Multiple examples of staff accepting gifts from suppliers that they engage as part of their duties. Acceptance of gifts from suppliers should be avoided when consideration is given to clause 6.7 of the Code of Conduct.

- An example of a $189 bottle of scotch being accepted because value wasn't known. When value was identified the register states *"the item could not easily be returned to the gifter".* However the gifter is clearly identified, is a corporate entity and could easily have been returned by post. The gift was raffled and proceeds went to charity, however the gift should have been returned in the first instance.

- In the entire 6-month period there is not a single declaration of a gift/benefit being offered or accepted by a Councillor or the Mayor, which gives significant concern that Councillors were not meeting their declaration obligations.

As with conflicts of interest, the offer and acceptance of gifts and benefits in regional areas, particularly from suppliers, presents additional risks that need to be managed. It is recommended that Council bolster its approach to gifts and benefits and adopt a *"thanks is enough thanks approach"* and actively discourage staff from accepting gifts.

Recommendations

Recommendation 7.1
Consideration be given to amending the Council Code of Conduct to expressly prohibit staff and councillors from accepting gifts from suppliers.

Recommendation 7.2
A review be undertaken of the processes for identification and management of conflicts of interest at Council using the NSW Independent Commission Against Corruption (ICAC) publication "*Managing Conflicts of Interest in the Public Sector*" as a guide.

Recommendation 7.3
A central register of conflicts of interests be established and managed by the governance team. The register should be reported to the Council Executive and the ARIC on a quarterly basis to ensure oversight and to identify any trends or areas of concern that need addressing.

Recommendation 7.4
Following implementation of recommendation 7.2, additional training be provided to staff, and councillors upon their return, in relation to expectations and requirements surrounding the declaration of conflicts of interests and the management of gifts and benefits under the Code of Conduct.

8. Delegations of Authority and Approval Processes

Management of Delegations

The management of delegations is the responsibility of the Group Manager Organisational Development, with the day to day management residing in the Human Resources Team. Council utilises an excel spreadsheet as the method for the centralised recording of delegations of authority to staff. The review found that the management of delegations is an area of immediate concern for the Council to review and improve, as there are significant gaps in expert knowledge in the purpose, appropriate wording and levels of delegation, and staff have no easy way to quickly check on delegations. A number of areas of concern were identified which are detailed on the following pages.

General Manager's Delegation
During the period that the author spent on site at WSC a number of staff in the HR Unit were asked to provide a copy of the General Manager's Instrument of Delegation. As the unit responsible for the management of delegations, it would be expected that the principle document from which all staff delegations are derived would be readily accessible, however the Human Resources team were unable to provide a copy of the General Manager's delegation during the review period. This raised concerns, that with the recent departure of the senior officer in the Organisational Development Unit that the remaining staff may not have a background on the technical area of development and management of staff delegations.

In the majority of councils, the responsibility for the management of delegations sits with the governance or legal teams as this is generally a better correlation of skills, experience and technical capabilities to ensure the sound management of such a critical management function. Consideration should be given to transferring responsibilities for the management of staff delegations to the governance area of Council, to ensure consistency of approach and sound management and allow sufficiently skilled staff to manage the process moving forward.

Delegations of Authority Manual
The management and issuing of delegations at WSC is managed in accordance with the *Delegations of Authority Manual* (first adopted in 2017 and amended in 2020). The Manual sets out the procedure required to be undertaken to issue delegations to staff, review staff delegations and the review of delegation wordings.

Section 378 of the *Local Government Act 1993* clearly states that the General Manager cannot delegate the power of delegation to any other person.

> **378   Delegations by the General Manager**
> (1) The General Manager may delegate any of the functions of the General Manager, <u>other than this power of delegation.</u>

The Manual quotes this part of the Act in the introductory sections of the Manual, however in the procedures that relate to all aspects of management, creation, variation and issuing of delegations to staff, the General Manager is not involved in any way and delegations can be issued, amended and re-worded without the requirement for approval from the General Manager.   The manual sets out that re-wording and wording for new delegation items are prepared by managers and approved by the Deputy General Managers. This appears to be a breach of s378(1) that prevents the power of delegation being sub-delegated to another member of staff.

An immediate review of the process for the management, issuing and review of delegations needs to be undertaken to ensure that process is compliant with legislation. The review will need to develop a process where

changes are appropriately authorised by the General Manager. This could be achieved by implementing a scheduled review process, where on a 3 or 6 month basis, managers review the delegations issued to staff and request variations and amendments, that can be sent to the General Manager collectively for a response. Obviously issue of urgency would need to follow a different approval timing.

Staff Access to Delegations

If a staff member requires access to their own delegation, or that of another staff member, to determine the appropriate level of authority to make a particular decision they cannot access copies of delegations themselves in a centralised location and must ask Human Resources team for a copy. This presents an efficiency concern if staff do not have ready and immediate access to the information they require to make decisions. Of greater concern is that this may act as a barrier and staff may simply guess who has authority to undertake certain functions, which increases the risk of decisions being made outside delegated authority.

It is recommended that the delegation of authorities for each role (PDF copy) be placed in a central location on the staff intranet to allow ready and immediate access to the delegations of all roles by all staff. In the longer term Council should consider the implementation of a comprehensive business process management system that can manage council delegations including the approval process and the publishing to staff and the council website. There are a number of solutions on the market that could also manage Council's risk management, corporate reporting, policy and legislative compliance requirements.

Staff have a general lack of awareness of delegations and lack of understanding of their authorities, which is understandable given the circumstances outlined above. It is recommended that Council immediately implement an education campaign to increase staff awareness of levels of delegated authority and encourage decisions to be made at appropriate levels in the organisation in accordance with the delegation framework. This, combined with easier access to delegations, will increase the speed, efficiency and responsiveness of decision making in the organisation and also empower staff and give them confidence to deliver to the best of their abilities.

Content of Delegations

A review of the delegation register has found that allocations of specific delegations to individual roles appears to be inconsistent, with a large number of instances of delegations not related to a particular function were found to be issued by staff in those roles.

It is recommended that a comprehensive review of the entire delegation register occur to review the wording of all individual delegation items, and to review the delegations allocated to each role with a view to significantly reducing the delegations allocated to those only relevant to each role. Ideally this review should be taken on as an in house project by the governance team to ensure that the delegations are appropriate to the local context.

Whilst a comprehensive review is required and should be commenced immediately, such a review can be long running in nature, as such a number of issues are identified below for immediate corrective action.

Power to initiate legal proceedings

The delegated authority to initiate legal proceedings has been issued to all staff in Group Manager and Manager positions with some concurrence powers of the responsible Deputy General Manager. This appears to be an excessive allocation of this authority, given the significant factors that need to be considered when a legal matter is to be commenced. It is recommended that an immediate change to the staff delegations occur to limit the authority to initiate legal proceedings to Deputy General Managers, General Counsel and the Group Manager Planning, Development and Regulatory Services.

Power to conduct disciplinary action

The delegated authority to action staff performance issues including disciplinary action up to Step 2 has been issued to Group Managers, Managers and Coordinators. This appears to be an excessive allocation of this authority, and it does not appear appropriate for Coordinators to issue formal action in the staff disciplinary process. Coordinators should consult with their Manager before taking any formal disciplinary action. It is recommended that an immediate change to the staff delegations occur to limit the authority to initiate staff disciplinary action as follows:

Step 1 disciplinary action	-	Managers
Step 2 disciplinary action	-	Group Managers
Step 3 disciplinary action	-	Deputy General Managers

Step 3 of the disciplinary process at present can only be undertaken with the concurrence of and involvement of Organisational Development, with letters to staff on a 3rd and final warning only being signed by Deputy General Managers. It is a concern that the step 3 actions must have the "concurrence" of Organisational Development. It is appropriate for Deputy General Managers to take the advice of the Organisational Development staff; however, the authority must rest solely with the Deputy General Manager.

Recommendations

Recommendation 8.1

That urgent consideration be given for transferring responsibilities for the management of staff delegations to the governance area of council, to ensure consistency of approach and sound management and allow sufficiently skilled staff to manage the process moving forward.

Recommendation 8.2

An immediate review of the process for the management, issuing and review of delegations be undertaken to ensure that process is compliant with s378 of the *Local Government Act 1993*. The review will need to develop a process where changes are appropriately authorised by the General Manager.

Recommendation 8.3

The delegation of authorities for each role (PDF copy) should be placed in a central location on the staff intranet to allow ready and immediate access to the delegations of all roles by all staff.

Recommendation 8.4

An investigation be commenced to identify an appropriate comprehensive business process management system that can manage council delegations, including the approval process and the publishing to staff and the council website.

Recommendation 8.5

An education campaign be commenced to increase staff awareness of levels of delegated authority and encourage decisions to be made at appropriate levels in the organisation in accordance with the delegation framework to increase the speed, efficiency and responsiveness of decision making in the organisation and also empower staff and give them confidence to deliver to the best of their abilities.

Recommendation 8.6

Commence an immediate comprehensive review of the entire delegation register to review the wording of all individual delegation items, and to review the delegations allocated to each role with a view to significantly reducing the delegations allocated to those only relevant to each role.

Recommendation 8.7

An immediate change to the staff delegations occur to vary the following delegations of authority to staff as follows:

- The authority to initiate legal proceedings only be delegated to Deputy General Managers, General Counsel and the Group Manager Planning, Development and Regulatory Services.

- The authority to initiate staff disciplinary action be delegated as follows:
    - Step 1 disciplinary action   -   Managers
    - Step 2 disciplinary action   -   Group Managers
    - Step 3 disciplinary action   -   Deputy General Managers

- The authority to initiate Step 3 of the disciplinary process remove the requirement for "concurrence" of Organisational Development, with letters to staff on a 3rd and final warning only being signed by Deputy General Managers.

9.   Council Meetings and Business Papers

A key focus of any governance review in local government is the Council Meeting and Business Paper Process. The conduct of council meetings prior to the suspension of Council is not an issue subject to this report, however it appears that there is a need for the new executive to focus on establishing best practice arrangements for meeting preparation and management going forward, both in the administration period and the return of Councillors at Council meetings, whenever that may be.

Council Business Papers

A number of issues surrounding report writing styles, report writing capabilities and compliance with production timetables, have been identified and a series of recommendations for improvement, and suggested templates are provided as part of this report.

Historically there appears to have been a lack of sufficient importance placed on the role of council reports in the council decision making process, and there is evidence that the previous executive on occasions would not have read reports that had been approved and submitted to Council.

Staff have also indicated that there have been previous occasions where reports were altered during the approval process without the knowledge of the report author.   On occasions these changes were significant, and the report author did not agree with the content and/or recommendations attributed to their authorship. Whilst it is an important element and essential responsibility of the approval process that the senior officer checks and approves the content, if significant changes are made the report author should be informed and appropriate steps can be taken if the author disagrees with the content.

The importance of the council report process in any council is dictated by the commitment and tone set by the Council Executive. The new Council Executive has placed a significantly increased focus in this area.

As a result of the previous approach there was little focus placed on the quality and content of reports, and there appears to be a significant need for specific education to be provided to report writers on the requirements of writing council reports. A particular focus needs to be placed on educating report writers on the complexities of writing reports for two different audiences, the councillors but also the public who read the reports to understand council's decision making process. A good council report will give the public the facts of a matter and give them confidence that Council is making well informed, fact-based decisions.

Business Paper Production

The governance team has the responsibility to assemble and produce the business papers for each council meeting. The team currently use the InfoCouncil software solution, which is the most common business paper system used by councils in NSW. In the near future Council will be moving to the business paper solution (Doc Assembler) provided by Harbour Software. The Harbour solution appears to be of an appropriate quality and should assist with the modernisation of the look and feel of council reports.

It should be noted however, that the compliance with deadlines, appropriate use of templates, and report content and writing styles, will always have a much more significant impact, often negatively on the business paper production process.

At WSC it appears that staff are not consistently using the template reports appropriately and include all required content, as well as often not complying with required production timetables to allow sufficient time for the governance team to build the business paper to a professional standard. When these scenarios occur it has a significant impact on the governance team who have to fix report quality, liaise with authors to improve content and chase up late running reports to build the business paper.

There is a need for a comprehensive education campaign for all staff and managers involved in the creation and approval of reports that covers the following:

- the key dates and timelines in the council business paper production cycle
- the use of templates and explanation of mandatory content
- sessions on effective report writing, and tips on writing for councillors and the public

Recommendations

Recommendation 9.1

A comprehensive and ongoing education program be developed and implemented to educate staff on the requirements of an effective council report writing process, including:

- appropriate use of report templates
- guidance on how to create effective council reports
- writing for councillors and the public, and
- the timetable for production of council reports

10. Corporate Governance Framework

As acknowledged in the introduction to this report, over time, there have been a significant number of both internal and external factors that have impacted on the efficient delivery and implementation of administrative functions at WSC.

Strong governance frameworks and principles underpin any successful organisation, but are especially important in public entities as we must demonstrate rigor and purpose to our efforts and endeavours so as to be open and transparent and maintain the trust of our communities. Many parts of a good governance framework are already discussed elsewhere in this report, so this section will concentrate on the framework overall as well as any general observations about elements that could contribute towards an improvement governance framework at Council.

Additional Governance Assurance

This review has been limited mainly to the operations of the governance and organisational development areas of council; however good governance needs to occur across all areas of council. To build upon the recommendations arising from this review, Council should complete the Governance Lighthouse Checklist in the Governance Toolkit published by the NSW Audit Office. The completion of this toolkit will provide some assurance in relation to potential gaps in governance policies, procedures and controls that were not subject to this review.

The Governance Lighthouse is a strategic early warning system which provides practical advice and resources to implement successful governance in the public sector. It covers eight principles and 17 key governance components. Following completion of the checklist, a Governance Improvement Plan should be presented to the Council Executive outlining actions required to address areas not matching best practice.

Developing a Corporate Governance Framework

The systems, processes, policies and practices developed to deliver efficient and effective decisions, services and facilities so that they meet the Council's objectives are the elements that contribute towards the governance of Council's operations. This review has looked at some of those elements as they relate to the operations of the governance, human resources and some corporate functions, however the elements that form Council's governance approach extend much further than that.

Council's governance will improve with the implementation of the recommendations of this report and those of other complimentary reviews underway at the same time in other operational areas. However, to provide clear guidance to the staff, Council Executive and the community on how the organisation will manage and monitor its governance efforts moving forward, the Council should develop a comprehensive Corporate Governance Framework.

The framework should be built around the principles of responsible management, regulatory compliance, stakeholder management and proactive disclosure. A well-defined Corporate Governance Framework covers the entire organisation not just the traditional governance functions of Council. It must define responsibilities in each area of the framework, define the objectives and outcomes of each area, highlight and promote the inter-dependencies and relationships between the pillars, and define strong reporting requirements on the implementation of each component of the framework. Additionally, the controls and education activities of staff

for each pillar should be defined and monitored. Once developed, the framework and its performance must be reviewed regularly and reported on to the Council Executive, ARIC and the wider community.

The framework should not be built around existing organisational structure but rather be established around the pillars of strong governance in a local government context. The following suggested components are put forward as a recommended starting point for building the Corporate Governance Framework.

Planning and Commitments to Community	- Community Strategic Plan and IP&R - Business Unit Planning - Stakeholder Management and Engagement
Establishing the Operating Environment	- Policy Framework - Code of Conduct and Ethics - Control Framework
Goals and Deliverables	- Budgets and Operating Targets - Accountability and Delegations - Performance Management
Managing and Reporting	- Management Oversight and Information Management - Enterprise Risk Management - Assurance and Legislative Compliance

Preparing for the return of Councillors

The current issues impacting upon the Council, demonstrate the importance of having both an effective skilled executive team, but also the importance of having a collaborative and strategically focused elected council that works well and in a positive way with the senior staff of Council.

Whilst the date for the return of councillors at WSC has not been set, it is important that this is seen as an important and positive step for the Council with the return of effective representation of the community needing to blend with the positive direction that the new Council Executive are driving the organisation towards.

In this regard it is vitally important that a lot of planning and consideration is put into the design of the reintroduction / induction program that is provided to the elected council upon their return, even if that is after the upcoming elections.

Whilst it is important that the councillor induction program focusses on the skills and knowledge that all councillors need to do their roles effectively, in light of the current circumstances at WSC a particular focus, potentially as the most immediate priority, will be the establishment of effective and respectful relationships between councillors and between councillors and executive staff.

Recommendations

Recommendation 10.1
Council complete the Governance Lighthouse Toolkit published by the NSW Audit Office and following completion of the checklist, a Governance Improvement Plan should be presented to the Council Executive outlining actions required to address areas not matching best practice.

Recommendation 10.2
Council should define, build and implement a genuine Corporate Governance Framework following the suggested components in Section 10 of this report.

Recommendation 10.3
Council should immediately commence planning and design of the reintroduction / induction program for the return of the elected council.   Whilst it is important that the councillor induction program focusses on the skills and knowledge that all councillors need to do their roles effectively, in light of the current circumstances at WSC a particular focus, potentially as the most immediate priority, should be the establishment of effective and respectful relationships between councillors and between councillors and executive staff.

11. Council appointed Committees

Council has a number of s355 management committees for the management of Council halls and fields etc., as well as a number of council advisory committees that have community representation.

Management Committees

The operations of these committees are managed via a standard *Management Committee Constitution and Instrument of Delegation*.   There is also a position within council that assists the management committees on their operations.

A review of the standard constitution document for management committees is a lengthy document that would be difficult to understand for community members. It is recommended that a review of the constitution be undertaken that considers the following:

- Delete section 3.2.1 as it just unnecessarily quotes the *Local Government Act 1993*
- General clean up of document to remove previous strikethroughs and shorten length
- Expressly prohibit a committee member from holding both the booking officer and treasurer roles
- Section 3.4 Disclosures of Interest – incorrectly references a number of sections of the *Local Government Act 1993* that have been revoked. All references should be updated to point towards the Model Code of Conduct.

Advisory Committees

The management of Advisory Committees is guided by the WSC Committee Manual 2016-2021. The manual has very limited terms of reference for each committee which provides little guidance as to the purpose, objectives and responsibilities of each Advisory Committee.

In local government there is an ever present risk that advisory committees can become distracted in purpose and dominated by individual members. A strong and detailed terms of reference, including specific objectives and limitations of scope, as well as duration and tenure of committees is essential to them remaining an effective component of council's community engagement efforts.

It is recommended that a significant review of Council's Advisory Committees needs to be undertaken to ensure that their purpose and objectives are linked to the strategic objectives in the Community Strategic Plan. Whilst that review is being undertaken it is recommended that all Advisory Committees be dissolved and reconstituted as considered relevant in the new council term. The Committee Manual incorrectly states that the following committees are Advisory Committees:

- <u>Audit Risk and Improvement Committee</u>
  The ARIC is an important pillar of council's good governance and should not be referenced as an Advisory Committee as it is an oversight committee that will some become a legislated requirement under the *Local Government Act 1993*.

- <u>Local Traffic Committee (LTC)</u>
  The LTC is primarily a technical review committee. The LTC is established to assist council implement functions that have been delegated to council under the *Transport Administration Act 1998*. Whilst the

role of the LTC is to advise council on the use of its delegated powers under the *Roads Act 1993* it should not be considered an advisory committee of council for the purposes of the Committee Manual.

Recommendations

Recommendation 11.1
All advisory committees be disbanded, and a new set of committees linked to the strategic objectives in the Community Strategic Plan be established in the new council term.

Recommendation 11.2
A standard terms of reference for Advisory Committees be established that includes specific objectives and limitations of scope, linkages to the Community Strategic Plan, responsibilities of members, as well as duration and tenure of committees.

Recommendation 11.3
A review of the standard constitution and instrument of delegation for s355 management committees be undertaken with a view to make it more concise, readable for members and to be consistent with the *Local Government Act 1993*.

12. Media and Communications

The media and communications functions of council are currently resourced by two positions in the council structure, a Coordinator Media & Communications and a Business Communications Officer. As previously mentioned in this report the Coordinator Media & Communications role is the Coordinator level role that reports directly to a Deputy General Manager and it is recommended that this be considered in the review of council's organisational structure.

The brief for this review required that the current Media Policy and draft Communications be considered for appropriateness of content and application.

Media Policy

Council's activities and relationship with the media are defined by the Council *Media Policy*. This policy was adopted in 2018 and was marked for review in 2020, but an updated version has not been adopted.

A review of the policy identifies a series of conflicting sections in relation to which council officers are permitted to speak to the media. On page 3 (Responsibilities) of the Policy it clearly states that:

> *"Statements relating to Council business and policy can be made to the media by:*
> - *The Mayor*
> - *The Deputy Mayor when delegated*
> - *A Councillor nominated by the Mayor*
> - *Councillor Committee Chairpersons*
> - *The General Manager (or delegate)*
> - *Staff members nominated by the General Manager, or for non-controversial topics, the Media and Communications Coordinator*

However, page 4 of the Policy goes on to state:

> *"that staff must notify and seek advice from the media and comms coordinator prior to providing comment to the media in a professional capacity"*

Page 7 of the Policy also states:

> *"Members of staff are not permitted to speak to the media on Council business or policy unless prior approval is sought from the Media and Communications Coordinator.*
>
> *The Media and Communications Coordinator will then delegate responsibility for any non-controversial issues in consultation with the responsible officer and notify the relevant Deputy General Manager."*

These competing sections of the Policy are potentially confusing to the reader and make it difficult to determine who is authorised to speak to the media and who can authorise others to speak to the media. This is an area that needs to be improved and clarified as there is strong evidence of staff having regular and direct contact with local media, and that permission is not being sought prior to contact with the media being made.

It is recommended that a comprehensive review of the *Media Policy* be undertaken with a view to strengthening the approvals for the authority to talk to media and make public comment. This should be limited to the Mayor, Councillors, General Manager and Coordinator Media & Communications.

The *Media Policy* is quite lengthy (10 pages) for a subject matter that should be quite clear and concise. The policy contains a significant amount of content surrounding social media. It is recommended that Council remove the social media content from the *Media Policy*, with the relevant policy positions being incorporated into the Council's Code of Conduct and the procedural elements to be covered in a General Managers Practice Note.

Upon the updating of the policy an awareness campaign be conducted to ensure that staff are aware of and comply with the limitations in relation to talking to the media and making public comment. A similar education session will need to be held with the elected council upon their return.

Communications Strategy

Council has recently placed on public exhibition a revised *Draft Communications Strategy*. The revised version is intended to update and replace the existing *Communications Strategy* that was adopted by Council in 2014.

The draft strategy document states that the overall aim of the strategy:

> *"…is to manage the Wingecarribee Shire Council brand and ensure Council messages are communicated accurately, effectively, proactively and consistently."*

Whilst the strategy has been available for public comment, and those comments are currently being considered by Council, the following additional comments are provided in relation to the draft strategy.

- **Section 2 – Strategic Framework**
  It is noted that the current strategy was adopted in 2014 with an overall strategy statement listed above and four key objectives of the framework. The draft strategy does not make any changes to the strategic intent statement, other than adding the word "accurately" and none of the four objectives have changed. Given the fact that communications is one of the most rapidly evolving areas of business operations, particularly in the area of technology usage in communications activities, the Council may wish to reconsider if the statements still reflect forward thinking and strategic intent in relation to communications.

- **Section 3 – Background**
  The current version of the Strategy contains the following statement:

  > *Many councils focus much of their communication and engagement energies reacting to negative issues rather than instigating deliberate, strategic and sustained communication across diverse channels. They also tend to grapple with the balance between new and traditional media, and have considerable work to do when it comes to consistency of presentation.*

  The above statement was adopted in 2014, and given the significant lapse of time since, it is difficult to imagine that this statement accurately reflects the current state of management of communications by other councils in the state and the progress that each of these councils would have made in that time. Without supporting evidence, it would be recommended that this statement be removed. Council should focus on the positives it intends to deliver via its own strategy and refrain from comment on others.

- **Section 7 – Objectives**

  This section is the key section of the document that outlines what steps and actions will be taken to deliver each of the four objectives outlined in the strategy. As with the comments about the overarching strategic statement and the four objectives, the actions listed have little to no change from those listed in the 2014 version of the document. Again given the lapse of time since the existing strategy was adopted the Council may wish to reconsider if the identified actions reflect forward thinking and strategic intent in relation to communications.

- **Section 7 – Objective 1**

  The draft strategy contains the following action in relation to the implementation of Objective 1:

  > *Provide assistance for elected members in managing their own communication and engagement activities*

  Consideration should be given to clarifying this statement, it is probably not appropriate for staff to assist in "managing" the communication activities of individual councillors. This should be clarified to indicate that councillors will receive training on communication and engagement and assistance in relation to their participation in official council communications and engagement activities.

Recommendations

Recommendation 12.1

A comprehensive review of the *Media Policy* be undertaken with a view to strengthening the approvals for the authority to talk to media and make public comment. In particular, the review of the Policy should ensure that:

- The authority to talk to the media and make public comment should be limited to the Mayor, Councillors, General Manager and Coordinator Media & Communications
- The sections on social media should be removed from the *Media Policy*, with the relevant policy positions being incorporated into the Council's Code of Conduct and the procedural elements to be covered in a General Managers Practice Note

Recommendation 12.2

Upon completion of 12.1, an awareness campaign be conducted to ensure that staff are aware of and comply with the limitations in relation to talking to the media and making public comment. A similar education session, including social media requirements, should also be held with the elected council upon their return.

Recommendation 12.3

That further review of the *Draft Communications Strategy* be undertaken with the new Council Executive to ensure that it aligns with the strategic directions of the organisation as it moves forward from the current issues impacting upon Council.

13. Human Resources (including recruitment)

Investigations and Internal Complaints Management

Throughout this review the author became aware of a number of previously raised complaints made by staff that had either not been investigated or had not been sufficiently resolved and outcomes provided to the parties involved. This has led to some obvious impacts on the staff involved and overall a lack of confidence in the way the organisation has traditionally approached staff investigations and the management of bullying and harassment and other staff code of conduct issues.

Whilst not within the brief of this review, sufficient anecdotal evidence was discovered to indicate that there may be a significant number of unresolved staff grievances, bullying and harassment issues, complaints and code of conduct issues that should be identified and appropriately dealt with. The new temporary executive have placed a focus on this area, and a number of reviews have already commenced, but this will be an issue that will take some time and resourcing to resolve.

Bullying and Harassment

The brief of this review was to look at structural, policy and governance approaches and not the conduct of staff, however consideration should be given to the establishment of a comprehensive cultural review of council, with detailed investigations of any significant individual cases of bullying and harassment or code of conduct breaches that are identified through that process.

Council has established a number of procedures and practice notes to support the implementation of the Code of Conduct as it relates to staff behaviour. These are listed below:

- Dignity and Respect General Manager Practice Note
- Dignity and Respect Procedure
- Disciplinary General Manager Practice Note
- Disciplinary Procedure
- Grievance and Dispute General Manager Practice Note
- Grievance and Dispute Procedure

The content of these documents is of a standard nature expected in these types of policies and procedures. However, it appears that the implementation of the expected standards as well as implementation of appropriate steps and adherence to the requirements by management in the resolution of issues has not been adequately undertaken.

Council has recently undertaken Bullying and Harassment training for all staff, however separate sessions for management, in relation to the actions and expectations of them in response to issues, were not undertaken. This is something that should be rectified as soon as possible, as staff need to be able to rely on their superiors to adequately address, investigate or escalate their issues or concerns to ensure that they appropriately reviewed and addressed.

Investigation Resourcing and Capabilities

It is evident that for some time the Council has lacked the appropriate processes and frameworks to adequately capture, triage, investigate and resolve significant and serious staff issues that could be found to be breaches of the Code of Conduct.

The inability to adequately investigate and resolve code of conduct issues can lead to the continuation of inappropriate staff conduct, significantly damage staff morale and have a major impact on the wellbeing of staff impacted by the individual circumstances of each matter.

There are a number of steps that Council should take in the near and the longer term to build an approach to internal complaints management that matches the commitment of the new temporary executive to appropriately deal with these issues moving forward.

Staff Conduct Committee
Consideration should be given to the immediate establishment of a staff conduct committee that triages, approves and has oversight of investigations into staff conduct that may constitute a breach of the Code of Conduct. This committee would determine the appropriate person/party to undertake the review/investigation of any complaints and allegations and would monitor the conduct of investigations to ensure that they are finalised in an appropriate timeframe. In the short term, as there is a lack of available staff with sufficient knowledge and skill in these areas, this committee may need to be comprised of the Acting General Manager and Acting Deputy General Managers.

Resourcing of Investigations
At present Council does not have a dedicated staff resource to investigate matters that may constitute breaches of the Code of Conduct. Consideration should be given to the appointment of an appropriately skilled person to coordinate and conduct these investigations. Given staff resourcing, budget and workload issues it may be appropriate for Council to investigate the establishment of a shared service arrangement with other neighbouring councils to establish a Shared Internal Ombudsman service between the councils. There are a number of examples of such models within the local government sector in NSW.

Alternatively, Council could consider a part time position to internally resource this function, however it could be difficult to recruit applicants with the relevant investigations experience on a part time basis.

Until such time as Council identifies a permanent resource to undertake investigations, outside expertise and resources will need to be utilised to undertake any urgent investigations. This could be resourced by selecting reviewers already appointed to the Council's Code of Conduct Review Panel or by directly engaging resources via another procurement arrangement.

Recruitment

As outlined in Part of this report, the single biggest risk factor to the success of the corporate governance of council, and indeed achieving the objectives of the entire council, is the ability to attract and retain talent to key roles in the council. Regional areas are often at a disadvantage in the local government sector when it comes to recruitment, however if key roles can be filled on a steady and ongoing basis with knowledgeable staff, it is possible to still achieve goals by using those key staff to empower, educate and develop others.

The additional difficulties that will burden recruitment actions in the near future, as a result of the suspension of the council, and the resultant brand damage cause to council in the employment market has the very real potential to further erode the ability to attract and retain suitably skilled and qualified staff.

Council undertakes recruitment utilising the expected corporate and industry job sites, and for senior roles or hard to recruit roles, utilises the services of recruitment firms. However, with the difficulties of attracting talent to regional areas in some specialised roles, Council should investigate alternate methods to fill roles, such as

remote workers, for suitable roles. The COVID-19 pandemic has shown the ability of staff to work remotely and still maintain or even increase productivity

Additionally, as previously outlined, Council should consider a greater use of shared resources, partnership agreements and professional development relationships with larger urban councils in NSW. There are a number of examples in NSW local government of large urban councils and small regional councils forming informal professional development relationships to exchange staff on a regular basis for the mutual benefit of both councils. This can help plug knowledge gaps in small councils but can also be a benefit to large councils who can sometimes have difficulty giving staff professional development opportunities in large inflexible structures.

Some Managers expressed an opinion that low salary rates were also a contributing factor to the difficulties council has in relation to recruiting and retaining appropriately skilled and experienced staff. Further commentary on the council salary system is provided in the following section.

Human Resources

Salary System
The current salary system at council appears to have, over time, created numerous examples of inconsistent assessment of roles in different parts of the council leading to inequality and disparity of salaries between work areas. In response to these concerns there has been a long running review of the council salary system at WSC. This review has been running for several years and there is evidence of significant staff dissatisfaction with the process and the lack of progress towards an outcome.

Issues surrounding salary have the ability to be severely disruptive to staff harmony and culture for existing staff, and in extreme examples of dissatisfaction can lead to the loss of staff over time. As previously indicated, some Managers have expressed an opinion that low salary rates were also a contributing factor to the difficulties council has in relation to recruiting and retaining appropriately skilled and experienced staff.

It is essential that council complete a review of the salary system in place at council to ensure that an appropriate methodology for the assessment of salaries is developed and applied consistently across the organisation to remove inconsistencies that have arisen from past salary determinations. Additionally, the review should consider the appropriate salaries required in each role to attract and retain adequately skilled and experienced staff.

HR Operations
In general, the operating framework for human resource operations is sound and well documented. However there appears to be a general feeling amongst the wider staff of council that there is a lack of consistent communication from the Human Resources team to keep the wider staff informed of HR programs, practices, reviews and decision. This should be a focus of this work area moving forward.

In general position descriptions for most roles have not been reviewed for some time and would be considered out of date as they have not kept up with the normal evolution and change in roles and do not match the current duties in a lot of roles. It is recommended that a project be commenced to review and update each position description to ensure they match the duties of the role as it stands and a consistent approach and language is used for comparable roles.

Recommendations

Recommendation 13.1
Council undertake a comprehensive internal cultural review of council, with detailed investigations of any significant individual cases of bullying and harassment or alleged serious breaches of the Code of Conduct that are identified.

Recommendation 13.2
Dedicated training should be provided to managers and supervisors in relation to the actions and expectations of managers in responding to bullying and harassment, and other staff conduct issues. This training should include the development of appropriate skills and managing these scenarios.

Recommendation 13.3
A staff conduct committee be immediately established that triages, approves and has oversight of investigations into staff conduct that may constitute a breach of the Code of Conduct.

Recommendation 13.4
Council investigate a shared service arrangement with other neighbouring councils to establish a Shared Internal Ombudsman between the councils.

Recommendation 13.5
A review of the council salary system be completed to ensure that an appropriate methodology for the assessment of salaries is developed and applied consistently across the organisation. Additionally, the review should consider the appropriate salaries required in each role to attract and retain adequately skilled and experienced staff.

Recommendation 13.6
A project be commenced to review and update each position description to ensure that they match the duties of each role, and a consistent approach and language is used for comparable roles.

14. Performance Management

Performance Assessment

An effective approach to performance management is critical in empowering the employees of WSC to achieve their goals and set the council up for success in delivering its objectives under the Community Strategic Plan.

Performance Management System

The existing performance management system and process has been identified by council, as not meeting the needs of council or individual employees. Poor performance management systems tend to lead to delays in receipt of feedback, contain set or pre-defined goals/kpi's that are difficult to translate to each individual role; and subjective and judgmental assessment decisions to that when combined lead to an ineffective performance management process.

The self-identification of the need to improve the performance management system is a positive sign and the project to update and replace the system should be completed as a matter of urgency. In considering the design elements and required outcomes from the new system and process it is important that the following elements form part of the end design:
- the system is built around the principle of performance management not performance assessment, shifting the focus to the future not the past
- the ability to set performance targets at an individual level
- has KPI's relevant to the role
- has a focus on professional development
- involves regular coaching
- captures performance regularly via performance check-ins, not a 6 monthly or annual basis
- conversation based, not assessment based
- links individual performance to business unit and CSP objectives

At present there is some anecdotal evidence that in situations of poor performance outcomes, that staff see the application of normal performance management techniques by managers as bullying and harassment. Whilst the system should be built to maximise the positive outcomes for employees, a strong education campaign is required to remind staff that strong and timely enforcement of performance expectations is not a sign of bullying by management but sound application of good performance management principles.

In addition, when the system is rolled out, there must be an extensive education campaign to inform staff that the system is for their benefit and to educate managers on the appropriate use of the system.

Reward and Recognition of Staff

The present external factors impacting upon the organisation will be having a significant effect on individual staff wellbeing, motivation, and productivity as well as the overall culture of the organisation. In this environment in particular it is essential that employees feel valued by the council collectively and the executive and senior management in particular.

The damage that occurs to staff morale, wellbeing and culture occurs over time and the recent changes and impacts on staff will be building upon any damaging factors previously impacting on staff culture. For example, during the review, staff identified that a Staff Wellbeing Survey was conducted in 2019, however the results were

never provided to staff nor were they advised of any actions taken in response to the survey. These sort of disconnects between management and staff can be quite damaging.

The new executive have commenced the journey to repair the damage and impact to staff that has occurred in recent times, due to circumstances well outside the control of general staff.

At present there is not a defined, regular and budgeted reward and recognition program at Council. Recognition from managers and peers is a significant factor in improving staff culture and individual employee engagement within the council and this should be considered as an immediate and important early step in rebuilding a culture that promotes staff welfare and achievement as the centre piece of the council culture.

The rewards and recognition program should be built around providing recognition to staff who implement the values and behaviours that the executive see as critical to the repair and evolution of the council towards best practice

Recommendations

Recommendation 14.1
The current project to update and modernise the council performance management system and process should be expedited to completion, and should consider the elements of performance management detailed in Part 14 of this report.

Recommendation 14.2
A reward and recognition program, focused on recognising the values and behaviours of staff, be implemented as a matter of priority. The program should be allocated a permanent budget and ideally should be designed by staff themselves.

Summary of Recommendations

Recommendations for Immediate Action

Recommendation 2.1

That consideration be given to the implementation of a workplace culture review, that would aim to develop workplace culture interventions designed to achieve the following:

- reduce unacceptable behaviours
- improve staff engagement
- increase staff well-being
- development of new core values, and
- a staff developed vision of the future of WSC

Recommendation 2.4

Notwithstanding Recommendation 2.3, consideration be given to immediately having the role of Group Manager Organisational Development report to the Deputy General Manager Corporate Strategy, and Development Services.

Recommendation 2.5

Consideration be given to immediately having the role of Coordinator Media and Communications report to the Group Manager Corporate and Community or the Group Manager Tourism and Economic Development.

Recommendation 2.8

The greater use of shared resources, partnership agreements and professional development relationships with larger urban councils in NSW should be actively pursued. Large urban councils and small regional councils forming informal professional development relationships to exchange staff on a regular basis can be of great mutual benefit to both councils and can assist council plug knowledge and resourcing gaps.

Recommendation 6.2

The following public registers be made available on Council's website to ensure compliance with the *Government Information (Public Access) Act 2009*:

- Development Contributions Register required under cl34 of the *Environmental Planning and Assessment Regulation 2000*
- Graffiti Removal Register required under s13 of the *Graffiti Control Act 2008*

Recommendation 6.3

The following public registers be reviewed to ensure that they are current and up to date and all required information is published on Council's website to ensure compliance with the *Government Information (Public Access) Act 2009*:

- Returns of Interests submitted by Designated Persons
- Voting on Planning Decisions Register

Recommendation 8.1

That urgent consideration be given for transferring responsibilities for the management of staff delegations to the governance area of council, to ensure consistency of approach and sound management and allow sufficiently skilled staff to manage the process moving forward.

Recommendation 8.2

An immediate review of the process for the management, issuing and review of delegations be undertaken to ensure that process is compliant with s378 of the *Local Government Act 1993*. The review will need to develop a process where changes are appropriately authorised by the General Manager.

Recommendation 8.6

Commence an immediate comprehensive review of the entire delegation register to review the wording of all individual delegation items, and to review the delegations allocated to each role with a view to significantly reducing the delegations allocated to those only relevant to each role.

Recommendation 8.7

An immediate change to the staff delegations occur to vary the following delegations of authority to staff as follows:

- The authority to initiate legal proceedings only be delegated to Deputy General Managers, General Counsel and the Group Manager Planning, Development and Regulatory Services.
- The authority to initiate staff disciplinary action be delegated as follows:
    - Step 1 disciplinary action   -   Managers
    - Step 2 disciplinary action   -   Group Managers
    - Step 3 disciplinary action   -   Deputy General Managers
- The authority to initiate Step 3 of the disciplinary process remove the requirement for "concurrence" of Organisational Development, with letters to staff on a 3rd and final warning only being signed by Deputy General Managers.

Recommendation 10.3

Council should immediately commence planning and design of the reintroduction / induction program for the return of the elected council.   Whilst it is important that the councillor induction program focusses on the skills and knowledge that all councillors need to do their roles effectively, in light of the current circumstances at WSC a particular focus, potentially as the most immediate priority, should be the establishment of effective and respectful relationships between councillors and between councillors and executive staff.

Recommendation 11.1

All advisory committees be disbanded, and a new set of committees linked to the strategic objectives in the CSP be established in the new council term.

Recommendation 13.1

Council undertake a comprehensive internal cultural review of council, with detailed investigations of any significant individual cases of bullying and harassment or alleged serious breaches of the Code of Conduct that are identified.

Recommendation 13.3

A staff conduct committee be immediately established that triages, approves and has oversight of investigations into staff conduct that may constitute a breach of the Code of Conduct.

Recommendation 13.4

Council investigate a shared service arrangement with other neighbouring councils to establish a Shared Internal Ombudsman between the councils.

Recommendation 14.1

The current project to update and modernise the council performance management system and process should be expedited to completion, and should consider the elements of performance management detailed in Part 14 of this report.

Governance Improvement Recommendations

Recommendation 3.1
That work continue to be undertaken on recent efforts to reduce the size of the Council Policy Register to ensure that adopted council policies are fit for purpose and only relate to matters that impact directly on customers and or ratepayers, and that operational matters are dealt with by General Managers Practice Notes.

Recommendation 3.2
Key Council Policy documents should be updated to incorporate the design and mandatory content within the templates in the *Policy Development and Review Procedure.* The Procedure and templates were adopted in July 2020 and the updated design will provide greater readability to customers; however, the new design has been incorporated into very few of Council's 66 policies.

Recommendation 3.3
Consideration should be given to revoking the following council policies as the content overlaps with the Code of Conduct and all expected behaviours and conduct should be defined in the Council's Code of Conduct:
- *Gifts and Benefits Policy*
- *Statement of Ethics*

Any relevant clauses from the above policies should be incorporated into Council's Code of Conduct.

Recommendation 3.4
Consideration should be given to presenting all adopted council policies, including codes, in a single section on the council website to improve accessibility for the public. Additionally, a review of the policy page on the council website be undertaken to ensure that all previously revoked policies have been removed, and the most up to date version of each policy appears.

Recommendation 3.5
An appropriate information page should be developed on the council website in relation to making complaints under the Code of Conduct and complaints and feedback management in general.

Recommendation 3.6
The *Policy Development and Review Procedure* should be updated to provide greater clarity of the definition of a Council Policy as outlined in the report.

Recommendation 4.1
The existing *Risk Management Manual* and *General Managers Practice Note on Risk Management* be reviewed and replaced with a Risk Management Policy and Risk Management Plan that incorporates the requirements of the NSW Office of Local Government Discussion Paper *"A new internal audit and risk management framework for local councils in NSW".*

Recommendation 4.2

An investigation be commenced to identify an appropriate comprehensive business process management system that can manage council's risk management functions. Ideally any identified software can integrate with other governance related software for the management of policies, delegations etc.

Recommendation 4.3

Council complete the Fraud Control Checklist contained in the NSW Audit Office Fraud Control Improvement Kit. Following completion of the checklist, a Fraud and Corruption Prevention Improvement Plan should be presented to the Council Executive outlining actions required to address areas not matching best practice.

Recommendation 4.4

Council undertake a survey of all staff using the NSW Audit Office Fraud Control Health Check to gain an understanding of employee awareness of fraud control measures and staff confidence in relation to investigations and outcomes from reports of inappropriate conduct. The survey should be undertaken on a regular basis (i.e. 1-2 years) to track progress. Additionally, the use of the survey should be added to the Treatment Actions for Corporate Risk GENERAL MANAGER2.

Recommendation 5.1

Consideration should be given to making the following minor adjustments to the *Internal Audit Standard Operating Procedures* to give effect to the following:

- internal audit scope documents to be approved by the relevant Deputy General Manager
- establish standard timelines for implementation of internal audit recommendations based on risk
- remove the option for the Council Executive to "reject recommended actions on reasonable grounds", and provide that if the executive disagree with a recommendation, this can be noted in the management response.

Recommendation 5.2

A review be undertaken of the Council Internal Audit Plan and Assurance Map to ensure that all corporate risks are adequately addressed and regularly subject to internal audit, and address issues raised in the report.

Recommendation 5.3

Consideration be given to increasing the number of internal audits conducted each year to ensure that all risks are audited on a sufficiently regular basis.

Recommendation 6.1

That a process or system to monitor compliance with statutory reporting requirements be implemented, requiring an annual attestation from each manager and group manager signing off that they have undertaken each statutory reporting task allocated to them.

Recommendation 7.1

Consideration be given to amending the Council Code of Conduct to expressly prohibit staff and councillors from accepting gifts from suppliers.

Recommendation 7.2

A review be undertaken of the processes for identification and management of conflicts of interest at council using the NSW Independent Commission Against Corruption (ICAC) publication "*Managing Conflicts of Interest in the Public Sector*" as a guide.

Recommendation 7.3

A central register of conflicts of interests be established and managed by the Governance team. The register should be reported to the Council Executive and the ARIC on a quarterly basis to ensure oversight and to identify any trends or areas of concern that need addressing.

Recommendation 7.4

Following implementation of recommendation 7.2, additional training be provided to staff, and councillors upon their return, in relation to expectations and requirements surrounding the declaration of conflicts of interests and the management of gifts and benefits under the Code of Conduct.

Recommendation 8.3

The delegation of authorities for each role (PDF copy) should be placed in a central location on the staff intranet to allow ready and immediate access to the delegations of all roles by all staff.

Recommendation 8.4

An investigation be commenced to identify an appropriate comprehensive business process management system that can manage council delegations, including the approval process and the publishing to staff and the council website.

Recommendation 8.5

An education campaign be commenced to increase staff awareness of levels of delegated authority and encourage decisions to be made at appropriate levels in the organisation in accordance with the delegation framework to increase the speed, efficiency and responsiveness of decision making in the organisation and also empower staff and give them confidence to deliver to the best of their abilities.

Recommendation 9.1

A comprehensive and ongoing education program be developed and implemented to educate staff on the requirements of an effective council report writing process, including:
- appropriate use of report templates
- guidance on how to create effective council reports
- writing for councillors and the public, and
- the timetable for production of council reports

Recommendation 10.1

Council complete the Governance Lighthouse Toolkit published by the NSW Audit Office and following completion of the checklist, a Governance Improvement Plan should be presented to the Council Executive outlining actions required to address areas not matching best practice.

Recommendation 10.2

Council should define, build and implement a genuine Corporate Governance Framework following the suggested components in Section 10 of this report.

Recommendation 11.2

A standard terms of reference for Advisory Committees be established that includes specific objectives and limitations of scope, linkages to the Community Strategic Plan, responsibilities of members, as well as duration and tenure of committees.

Recommendation 11.3

A review of the standard constitution and instrument of delegation for s355 management committees be undertaken with a view to make it more concise, readable for members and to be consistent with the *Local Government Act 1993*.

Recommendation 13.2

Dedicated training should be provided to managers and supervisors in relation to the actions and expectations of managers in responding to bullying and harassment, and other staff conduct issues. This training should include the development of appropriate skills and managing these scenarios.

General Recommendations

Recommendation 2.2
To support the recent appointment of a wellbeing officer, council should implement a significant promotional and awareness program about available wellbeing resources and initiatives to encourage and promote the use of these programs by staff.

Recommendation 2.3
That upon the commencement of the new permanent General Manager an immediate review of the structure of council be undertaken to provide a structure that is clear to staff and community, aligns co-related functions to increase efficiency and collaboration, and enables strategic planning and innovation to occur.

Recommendation 2.6
The use of alternate and more flexible recruitment options to fill key knowledge based roles in the council structure should be considered, such as remote workers, for suitable roles, as the COVID pandemic has demonstrated the ability of staff to work in any location, with only minimal office contact required.

Recommendation 2.7
Staff should be actively encouraged to engage with and participate in local government sector networks in key specialist areas, such as governance, finance, internal audit, procurement, integrated planning and reporting etc., as a way to bolster the local government knowledge of specialist staff who may be recruited from other sectors.

Recommendation 2.9
That appropriate reporting be provided to the Council Executive and the Joint Consultative Committee on a monthly basis, with details of all current vacancies, roles where recruitment action has not commenced within a month of vacancy arising; and roles vacant for more than 6 months.

Recommendation 12.1
A comprehensive review of the *Media Policy* be undertaken with a view to strengthening the approvals for the authority to talk to media and make public comment. In particular, the review of the policy should ensure that:
- The authority to talk to the media and make public comment should be limited to the Mayor, Councillors, General Manager and Coordinator Media and Communications.
- The sections on social media should be removed from the *Media Policy*, with the relevant policy positions being incorporated into the Council's Code of Conduct and the procedural elements to be covered in a General Managers Practice Note.

Recommendation 12.2
Upon completion of 12.1, an awareness campaign be conducted to ensure that staff are aware of and comply with the limitations in relation to talking to the media and making public comment. A similar education session, including social media requirements, should also be held with the elected council upon their return.

Recommendation 12.3

That further review of the *Draft Communications Strategy* be undertaken with the new Council Executive to ensure that it aligns with the strategic directions of the organisation as it moves forward from the current issues impacting upon Council.

Recommendation 14.2

A reward and recognition program, focused on recognising the values and behaviours of staff, be implemented as a matter of priority. The program should be allocated a permanent budget and ideally should be designed by staff themselves.