Division of Local Government
Department of Premier and Cabinet

PROMOTING BETTER PRACTICE PROGRAM

REVIEW REPORT

ORANGE CITY COUNCIL

NOVEMBER 2013

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

About the Review

A Promoting Better Practice Review of Orange City Council (the Council) was undertaken in December 2012 by the Division of Local Government, Department of Premier and Cabinet (the Division). The Promoting Better Practice Program aims to assist in strengthening the local government sector by assessing performance and promoting continuous improvement. The reviews are designed to act as a 'health check' examining a number of areas:

- Governance
- Strategic planning and delivery
- Financial and asset management
- Workforce management
- Community services and facilities
- Land-use planning
- Regulatory and environmental management.

This report identifies where better practice exists, to both acknowledge the strengths of the Council and to contribute to improvement in the local government sector. It also discusses key areas of the Council's activities that require improvement or development in order for the Council to meet its legislative obligations, as well as to meet community expectations.

About Orange City Council

The city of Orange is located three and a half hours west of Sydney, and three hours north-west of Canberra in central NSW. Orange is a cultural city, blending historic buildings and streetscapes with cosmopolitan cafes, restaurants, theatres and galleries.

Orange City Council has a growing population. The population growth has been the result of growth in the health, mining and education sectors.

Orange's industry base is significant and diverse, ranging from apples and vineyards through to whitegoods manufacturing, mining, tourism, agricultural support and research facilities. The opening of the new hospital in August 2011 and the proposed expansion of Charles Sturt University will also contribute to the diversity of the local industry base.

The region has consolidated its position as a nationally significant metallurgical mining centre with the development of the East Cadia and Ridgeway Gold and Copper mining projects.

The estimated residential population is just over 40,000 people (Australian Bureau of Statistics, 2010). Children and young people aged 0-14 years represent 20.9% of the population.

The Council is led by an elected body of twelve councillors, who elect the Mayor annually in September each year.

Summary of key findings

Orange City Council is generally performing well, with the majority of its policies, practices and systems being of a satisfactory or better standard. A number of better practice examples have been reported on across the spectrum of the Council's functions. While some areas requiring development have been identified, in most cases the Council is in the process of implementing appropriate strategies to affect positive change.

The review team observed strong teamwork and rapport between the Mayor and the General Manager. Together they were able to articulate to the review team a shared vision for the Orange local government area, and demonstrated a good understanding of the Integrated Planning and Reporting requirements. Working relationships among the senior and middle management teams also appeared productive. The Council managers appeared to be knowledgeable and enthusiastic. Overall the culture of the organisation is perceived to be positive.

Overall, the Council's financial position is sound. The Council has reported an operating surplus before capital grants in five of the last six financial years. The Council's Long-Term Financial Plan is mostly predicting surpluses before capital grants for the next ten years. However, as a result of detailed asset management planning in recent years, the Council has identified it has not been maintaining its assets to an adequate level, and has not been replacing its assets as they are being consumed. This will have a significant impact on the Council's financial position as it addresses this issue.

During 2010/2011 the Independent Commission Against Corruption (ICAC) investigated and held a public inquiry into allegations that employees of numerous local councils and other public authorities in NSW accepted secret benefits, including gift vouchers and other gifts from companies that supplied goods to the public authorities in return for the employees placing orders and continuing favourable business relationships with the companies. This investigation is known as 'Operation Jarek'. Two Orange City Council officers were identified during this investigation. Both employees have since resigned. The ICAC made fifteen corruption-prevention recommendations relating to the supervision and oversight of staff, which are relevant to all councils in NSW. Orange City Council was in the process of responding to the ICAC's recommendations on these matters at the time of the on-site review The Council has since advised that they have responded.

Governance

The review found that there is a need for councillors to improve their understanding of their obligations under the pecuniary interest provisions of the Act.

Councillors also need to improve their understanding of the requirement that notice be given of the business to be transacted at meetings and consider alternative means of raising issues on behalf of residents outside the Council or committee meetings.

Strategic planning and delivery

The Council has undertaken a significant amount of work to comply with the Integrated Planning and Reporting framework and currently meets its legislative requirements in this regard. Having said this, further work is needed in the Finance and Asset Management planning areas. This is described below.

Financial and asset management

The Council is in a reasonable financial position with its Long-Term Financial Plan forecasting surpluses before capital grants. It is of concerns, though, that the Council is not maintaining its assets to the required level, and not replacing its assets as they are being consumed. The impact of this asset maintenance must be costed and reflected in

the Long-Term Financial Plan to ensure the Council has an accurate picture of its financial status and future sustainability.

The Council's current quarterly budget reporting does not meet the legal requirements and should be reviewed as a matter of urgency. The Division's Quarterly Budget Review Statement guidelines will assist the Council to meet its legislative obligations in this regard.

Workforce management

The Council appears to have a positive workplace culture with a motivated workforce. Staff members who met with the review team appeared committed to continuing to support the current positive direction of the organisation.

The Council's Workforce Management Plan clearly links to the Delivery Program and includes a comprehensive action plan with a sound analysis of internal and external factors impacting on the workforce.

Community services and facilities

The Council is generally performing well in the community and social service area.

Through the Evocities initiative, the Council is involved with six other regional councils to form a cooperative alliance to encourage capital city residents to relocate to a regional area such as Orange for a 'tree change'.

Land-use planning

The Council's area wide Local Environmental Plan, the *Orange Local Environment Plan 2011,* commenced on 24 February 2012.

In response to a recent review of planning approvals for which section 94 contributions had been levied, the Council implemented a number of changes to its processes regarding the management of the levying, collection, recording and spending of development contributions. This included the establishment of a 'Contribution Management Group' to track collections and expenditure on and completion of projects in contribution plans and planning agreements.

Regulatory and environmental management

Regulatory and compliance services appear to be working well, but there were no observations of better practice.

Some work needs to be done in the Graffiti, Companion Animals and Water Safety areas.

Next steps

The review team has made 32 recommendations to guide improvement in key areas. These are discussed in the report and listed in Section 11. The action plan is to be completed by the Council. The completed action plan, including the Council's comments, will be reproduced in the final report.

The final report is to be adopted by the Council to guide the implementation and monitoring of the recommendations in this report. Upon issue of the final report, the Division will advise the Council if it intends to monitor the implementation of the recommendations of the report, or leave this responsibility with the elected body and senior management of the Council.

PART I   BACKGROUND

1   ABOUT THE REVIEW

Reviews of councils are undertaken by the Division of Local Government through its Promoting Better Practice Program.

Program Objectives

By promoting better practices, the Division aims to:

- work with councils toward strengthening the local government sector by assessing performance and promoting a culture of continuous improvement with an emphasis on:
  - governance
  - strategic planning and delivery
  - financial and asset management
  - workforce management
  - community and social service provision
  - land-use planning
  - regulatory functions.
- work cooperatively with councils to promote strong relationships within the sector.
- identify trends and issues arising from reviews to support policy and legislative changes for the local government sector.
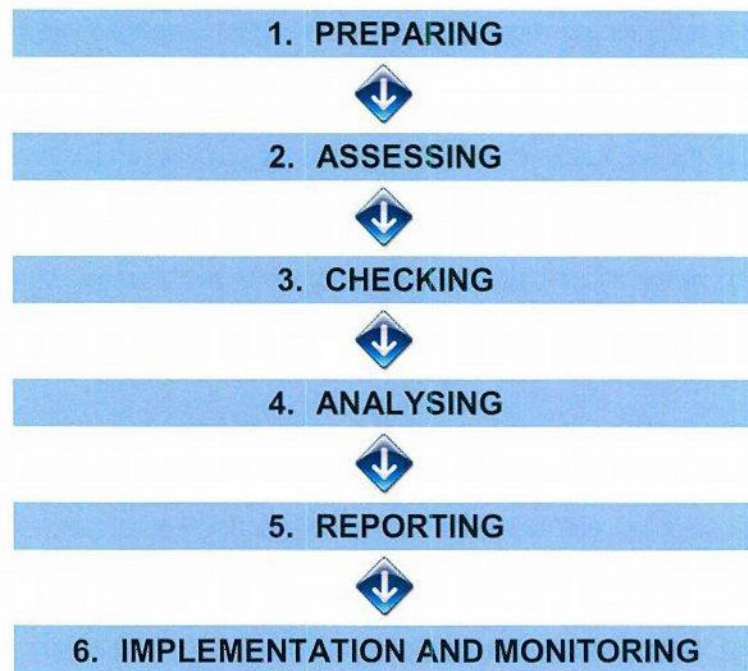- encourage and facilitate innovation by responding creatively to identified trends and issues.

Review Process

The reviews are designed to act as a 'health check', giving confidence about what is being done well and helping focus attention on key priorities. They are conducted by a review team from the Division of Local Government.

A risk-based approach is taken, targeting resources to areas identified as core matters for examination, and those matters considered to be important having regard to the

local circumstances of an individual council. In other words, a review does not examine every aspect of a council's operations.

A review essentially involves six key steps, as follows:

1. **PREPARING**

2. **ASSESSING**

3. **CHECKING**

4. **ANALYSING**

5. **REPORTING**

6. **IMPLEMENTATION AND MONITORING**

1.   *Preparing*: This involves the completion of a comprehensive self-assessment checklist by the council and the examination of a range of documents by the review team.

2.   *Assessing*: The review team examines the local context/circumstances in order to understand the pressures on the council and how the council has sought to manage that environment.

3.   *Checking*: The review team visits the council to 'reality check' what they have found in the material received from the council. Activities usually include meeting with senior officers, talking with individual staff and councillors, observing a council or committee meeting and viewing systems or processes in action. Determining whether the council has frameworks in place to monitor its own performance is also important.

4.   *Analysing*: Post visit, the review team examine a range of information obtained from the council to determine whether this material is in line with applicable legislation, policy, guidelines and available good practice indicators.

5. *Reporting*: The review team prepares a draft report which documents significant observations (including the council's responses to the self-assessment checklist) in the following areas:

    – Governance
    – Strategic planning and delivery
    – Financial and asset management
    – Workforce management
    – Community services and facilities
    – Land-use planning
    – Regulatory and environmental management.

6. In particular, the report focuses on capturing examples of better practice and identifying areas requiring further development, as defined below:

Better practice	• Beyond or above minimum compliance requirements, statutory obligations and published guidelines etc. • In some way better than or above standard local government sector practice. • Innovative and/or very effective. • Contributes to continuous improvement within the local government sector.
Requires further development	• Does not satisfactorily meet minimum compliance requirements, legislative obligations, industry standards, policies and published guidelines etc, and poses significant risk to the council/community. • Significant improvements are required or are in progress in order to enhance performance in an area. • Development or enhancement of a policy, program, initiative or system is required to reduce any negative impacts on the council's operations and/or service delivery to the community. • The council has identified that an area requires improvement or further development but this work has not been completed.
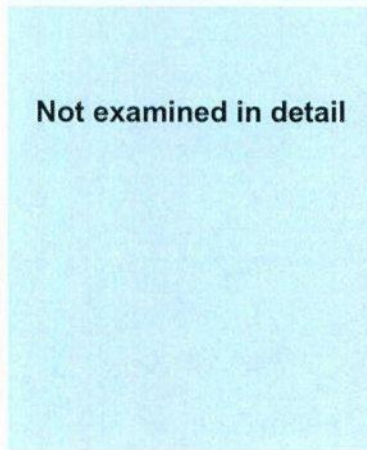
✓ **Satisfactory**	• Complies with the *Local Government Act 1993* and other key legislation that the council is required to comply with. • Policies and procedures appear to be consistent with local government sector practice.
Not examined in detail	• The resources of the review process are finite. In some instances, a council may have indicated in its self-assessment checklist that it complies with the requirements of a particular area. However, due to time constraints and/or other priorities, the review team has not had an opportunity to examine that particular area in sufficient detail to be able to confidently make an overall assessment of the council's performance.

In some instances, the review team will assess an area as reflecting better practice elements as well as requiring development. The main reason for this is that the key areas listed above may have a number of components and these have been ranked differently. The way each component has been ranked is explained in the body of the report.

Where appropriate, recommendations are made. In some cases, the recommendations support the council's proposed direction and the work it has already commenced. All recommendations are included in an action plan at the back of the report. The council is asked to provide comments on the draft report and complete the action plan. These are reproduced in the final report.

7. *Implementation and monitoring*: The final report is to be adopted by the council to guide the implementation and monitoring of the recommendations in this report. Upon issue of the final report, the Division will advise the council whether it intends to monitor the implementation of the recommendations of the report, or leave this responsibility with the elected body and senior management of the council.

Conduct of the review

The Promoting Better Practice Review is not intended to be a detailed audit of a council's compliance with the *Local Government Act 1993* and other legislation that the council is required to comply with. Rather, as mentioned earlier, the reviews are designed to act as a 'health check', giving confidence about what is being done well and helping to focus attention on key priorities.

The review team is required to exercise due diligence in carrying out the review. This means the members of the team have an individual and collective responsibility to:

- be accurate and factual
- be as objective as possible
- act professionally
- make assessments based within the applicable legislative and policy framework
- work cooperatively with representatives of the council
- prepare a report which provides a fair presentation of the council
- work within the Code of Conduct issued by the Division of Local Government, Department of Premier and Cabinet.

Similarly, the Division of Local Government encourages the council to exercise due diligence when participating in the review. For example, the review team relies on the council to complete the self-assessment checklist accurately and to provide the team with up to date information during the review process. Also, the council is given the opportunity to provide detailed feedback in relation to the draft report. This will help to facilitate the preparation of a report which presents a balanced assessment of the council's operations and local circumstances.

Review of Orange City Council

The review team members for this review were Senior Program Officer–Finance, Mr Ross Bailey and Senior Council Governance Officer, Mr Doug Friend.

The on-site component of the review took place in December 2012.

The on-site visit involved the following activities:

- initial interviews with the Mayor and the General Manager
- interviews with a cross-section of staff
- observation of several Council committee meetings
- the review of the Council's policies, other documents and systems.

The review team takes this opportunity to thank the Mayor, General Manager and staff members who participated in the review and provided us with valuable assistance.

2   ABOUT THE COUNCIL AND THE AREA

The city of Orange is situated on the land of the traditional owners, the Wiradjuri Nation, and is approximately 250 kilometres west of Sydney. The City has an area of 286 square kilometres, and sits about 870 metres above sea level. The City is predominately rural, while about 90% of the population live in the urban area.
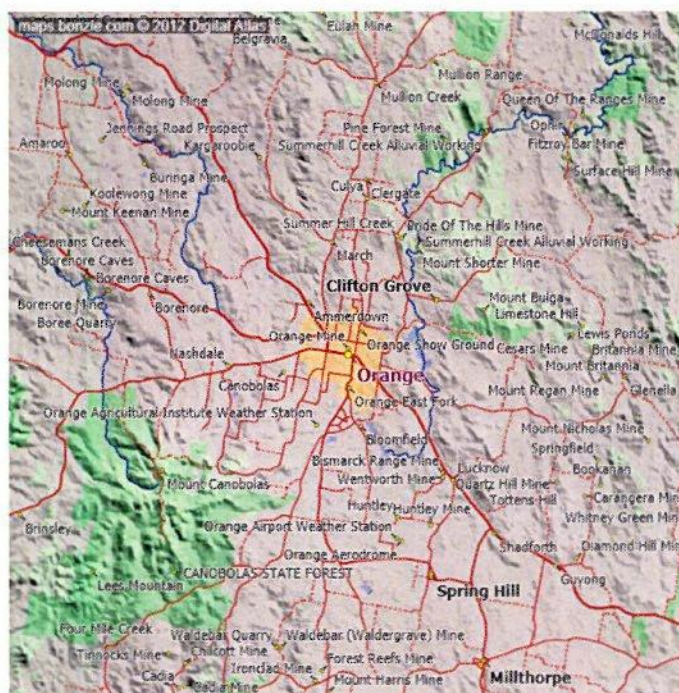
Orange is a cultural city, blending historic buildings and streetscapes with cosmopolitan cafes, restaurants, theatres and galleries.

Orange's industry base is significant and diverse, ranging from apples and vineyards through to whitegoods manufacturing, mining, tourism, agricultural support, medical and research facilities.

The region has consolidated its position as a nationally significant metallurgical mining centre with the development of the East Cadia and Ridgeway Gold and Copper mining projects.

The estimated residential population is just over 40,000 people (ABS 2010). Persons between 0-14 years represent 20.9% of the population.

Key demographics for the city of Orange are:

Population: 40,062

Projected population (in 2036): 41,992

Area: 284.1 sq km

Average age: 35 years

Density: 141 persons per sq km

Aboriginal and Torres Strait Islander people: 4.6%

People from non-English speaking backgrounds: 4%

People aged 65 years and over: 14.8%

Children and young people aged 14 years and under: 20.9%

(Source: Australian Bureau of Statistics)

Significant local issues

Macquarie Pipeline

In an effort to drought-proof its local government area, Orange City Council is currently in the process of assessing and building the Macquarie River Pipeline. The Macquarie River Pipeline is a 37 kilometre underground pipeline from near Long Point on the Macquarie River to the Council's Suma Park Dam. It is expected that the pipeline would increase supplies by 1616 mega-litres per year.

The project is estimated to cost approximately $47 million. The funding is made up of Federal Government grants of $20 million, $18.2 million from the State Government and the Council to provide the balance of $8.8 million. The Council's funding share of the project is reflected in its Resourcing Strategy documents.

In addition to the pipeline, the Council also has an innovative program to harvest stormwater from Blackmans Swamp Creek and Ploughmans Creek, and after processing, turning it into potable water.

Upgrade of Orange Airport

The Council is proposing an expansion of the Orange Airport to cater for larger aircraft, including Cadia Valley Operational flights, to significantly improve the Airport's capacity. The Airport is owned, operated and maintained by Orange City Council. The Airport

project is estimated to cost $13.9 million, and the Council has recently received funding from both the Federal and State Governments and the private sector.

The Orange Showground

In 1986, the then Orange Show Society approached the Council to take over the showground and its assets due to the Show Society being unfinancial and not being able to maintain its assets. This resulted in a Deed of Covenant (the Deed) being signed by both the Council and the Show Society. The Deed agreement was to cover the operation of the showground and the responsibilities of both parties. The Deed contains eight very broad points about the management of the site.

It is well documented that the Council and the Showground Society have been in dispute for several years regarding the interpretation of the Deed. Due to the ongoing dispute, maintenance of the buildings (pavilions, stables, grandstand) has been limited resulting in most buildings being in urgent need of repair or replacement. The estimated cost to rehabilitate the showground varies from $500,000 to several million.

At the time of the on-site review, the Council was proposing to rescind the Deed and enter into a new Memorandum of Understanding before it contributes any further financial assistance towards the upkeep of the Showground facilities. The Show Society was resisting any changes.

The options the Council has considered include the repair/replacement of the buildings or the relocation of the showground to the Towac Park complex (estimated cost $15 million), which is just outside Orange. Whichever option the Council approves, the financial cost will be considerable. The Council has included $500,000 in its Resourcing Strategy pending the signing of the Deed.

Before proceeding, the Council should determine with its community the value of this asset in meeting community objectives, and make clear in its asset management planning and long-term financial planning how the decision will be implemented.

The Orange Function Centre

The Orange Function Centre was opened in June 1965. The local community was a major part of the construction, through the donation of materials and labour. The Function Centre has a capacity of 1,100 people (standing).

Over the years, the building has deteriorated to such an extent that, despite plentiful bookings, its use has been restricted. Asbestos has been found in the interior walls (which is managed via an asbestos management plan), the lighting and electrical cabling needs to be replaced, the sound system is obsolete and inadequate, and the roof and guttering need major repairs. The asbestos problem is of concern to the Council, so much so that the drilling of holes into the walls is forbidden.

The cost of the repairs and ongoing maintenance to the building is causing some financial concern to the Council. The Council is currently reviewing the need for such a centre, as there are now other facilities planned by private organisations.

The replacement/repairs to the centre have not been considered by the current Resourcing Strategy documents. As with the showground, before proceeding, the Council should determine with its community the value of this asset in meeting community objectives, and make clear in its asset management planning and long-term financial planning how the decision will be implemented.

The Council and community needs to determine how well the centre serves the community and meets its requirements in terms of the priorities established by the Community Strategic Plan. Whatever decision the Council comes to with regard to the Centre will need to be reflected in the Delivery Program, be enabled by the Long-Term Financial Plan, and articulated in the relevant asset management plan.

PART II	MAKING AND IMPLEMENTING DECISIONS

3   GOVERNANCE

SCOPE

This part focuses on examining the effectiveness of Orange City Council's decision-making processes, as well as the key structures, systems and processes involved in administering its strategic and day-to-day operations. The self-assessment checklist, completed by the Council, considers minimum compliance requirements in 30 key areas relating to governance. The responses have been used as a basis for assessing the Council's performance this area.

POLICY AND LEGISLATIVE FRAMEWORK

Each council is a statutory corporation (Chapter 9, *Local Government Act 1993*). The councillors are the governing body of the corporation, and they have the responsibility of directing and controlling the affairs of the council in accordance with the Act.

All functions of a council come from statute, either from the *Local Government Act 1993* or other legislation. Governance in this context refers to all the means by which a council is organised (politically and administratively) to make and enact decisions to carry out its functions. The Division has issued a range of policy and procedural documents to assist councils with this role.

Strong, effective governance is critical to:

- achieving goals and aspirations
- enhancing organisational performance
- minimising and managing risks
- increasing the confidence of the community in the organisation
- ensuring that the council is meeting its statutory and ethical obligations
- assisting in the prevention and detection of dishonest or unethical behaviour.

LOCAL CONTEXT

The Council is comprised of twelve councillors including the Mayor. The Council has five Committees whose membership consists of all councillors. These include the Sustainable Development Committee, the Infrastructure Policy Committee, the Services Policy Committee, the Environment and Economic Development Committee, and the Finance Policy Committee. The chairing of these committees is shared among a number of councillors. The Council has also established a network of Community Committees to provide a valuable communication mechanism for the residents of Orange into the Council's decision-making. The Council also forms part of the Central NSW Regional Organisation of Councils (CENTROC).

As outlined in Diagram 1 below, the Council has five directorates. The Council's executive management team is made up of six positions. The Council employs 326 full-time equivalent staff.

Diagram 1: The Council's Senior Management Organisational Structure

General Manager

| Director Technical Services | Director Corporate & Commercial Services | Director Community & Cultural Services | Director Development Services | Director Enterprise Services |

Table 1: Governance Assessment

Area of assessment	Assessment of the Council's performance
Ethics and values	✓
Code of Conduct	✓ ⚠
Gifts and benefits	⚠
Communications devices	✓
Disclosure of pecuniary interests	⚠
Business ethics	✓

Area of assessment	Assessment of the Council's performance
Risk management	✓ ⚠️
Fraud control	✓ ⚠️
Business continuity	⚠️
Internal audit	✓
Legislative compliance	⚠️
Legal services	✓
Procurement, disposal and tendering	✓ ⚠️
Privacy management	✓
Records management	✓ ⚠️
Access to information by the public	⭐
Policy register	✓
Executive Management meetings	✓
Internal communication	✓
Delegations	✓
Council meetings	⚠️
Council committees (s355 and others)	✓
Councillor induction and ongoing training	✓
Expenses and facilities policy	✓
Councillor/staff interaction	✓ ⚠️
Access to information by councillors	✓ ⚠️
Campaign donations	✓
Customer service/complaints handling	⚠️
Public interest disclosures and internal reporting	✓
Information technology	✓

Table key: ⭐ Better practice ⚠️ Requires further development ✓ Satisfactory

SIGNIFICANT OBSERVATIONS

Better practice

Access to information by the public

Orange City Council clearly describes the public's rights to access information that it holds via its 'Access to Information' page on its website. The page is easy to find and contains detailed information current legislation, how to apply and appeal rights. Direct links to a range of information are also included.

Requires further development

Code of Conduct

The Council has adopted a Code of Conduct which was last revised in November 2011. The Council's adopted Code of Conduct incorporates the provisions of the Model Code of Conduct for Local Government and includes supplementary provisions.

The Council has also included a dress code for the staff in its administration building in its Code of Conduct. While it is a matter for the Council whether any of its staff should be subject to a dress code, the inclusion of the dress code in the Code of Conduct does not appear to be consistent with the objects of Chapter 14 of the *Local Government Act 1993* which relates to the conduct of council officials in the exercise of their functions. Further information on the types of conduct being dealt with by Chapter 14 is contained in Clause 6A of the Act.

Recommendation 1

As part of the next review of the Code of Conduct, the Council should remove the references to a dress code and transfer these requirements to a separate policy.

Gifts and Benefits

The Council has a Gifts and Benefits Policy and Procedure. These documents were reviewed May 2013. The Council's Gift Register appears to be used consistently.

Operation Jarek, conducted by the Independent Commission Against Corruption, investigated allegations that employees of numerous local councils and other public authorities in NSW accepted secret benefits. These benefits included gift vouchers and other gifts, from companies that supplied goods to the public authorities. . The investigation report includes 15 corruption-prevention recommendations for all councils in NSW. A number of these relate to gifts and benefits, including reviewing policies and providing staff training. The Council is in the process of preparing its response to Operation Jarek.

Recommendation 2

Pursuant to the Council finalising its response to 'Operation Jarek', it should implement any necessary improvements to its corruption-prevention policies and practices.

Disclosure of pecuniary interests

One councillor who lodged their annual return with the general manager under section 449 of the Act has, with the exception of the front page, not completed it as required by that section. There is a hand-written note on the front page which states "Same as 2011, 2010, and 2009". Interested persons should not be forced to go beyond the current return in order to ascertain the councillors' current interests.

A number of questions in the returns of other councillors have been left blank. Councillors should ensure that all questions are answered, including a "Nil" response where applicable.

At the Council committee meetings attended by the review team there was no opportunity provided at the beginning of these meetings for the councillors to declare their interests in any matter coming before the meeting to facilitate compliance with section 451(1) of the Act. Councillors need to be mindful of their obligations under section 451 at meetings when they have a pecuniary interest in a matter before the Council. Councillors should note in particular the requirement under section 451(1) to disclose the nature of the interest to the meeting as soon as practicable, and then to not be present at, or in sight of, the meeting of the Council or committee at any time during which the matter is being considered or discussed by the Council or committee.

Recommendation 3

All councillors are encouraged to review their current pecuniary interest return to ensure that it has been fully completed (including any nil responses).

Recommendation 4

All councillors should be reminded of their obligations to disclose pecuniary interests at the Council and committee meetings and to not be present at or within sight when matters in which they have a pecuniary interest are being discussed.

Recommendation 5

The Council is to consider inserting a standing item towards the beginning of its committee meetings regarding the disclosure of interests to assist councillors in complying with their obligations under the Local Government Act 1993.

Risk management

The Council has a Risk Management Plan dated January 2009 which it intends to review shortly. The Council has established an internal working party that assesses issues of risk on a regular basis. The Council has advised that it intends to create an Enterprise Risk Management system by June 2013.

Recommendation 6

The review team supports the Council's intention to create an Enterprise Risk Management system and encourages its implementation.

Fraud control

The Council has a 'Fraud and Corruption Prevention Policy' and a 'Fraud and Corruption Prevention Plan' both of which are dated January 2009. The Council is encouraged to review and update these documents as part of its response to Operation Jarek (See recommendation 2).

Business continuity

The Council does not have a Business Continuity Plan, however it does have a Disaster Recovery Plan.

Business continuity management is an integral part of business risk management, corporate governance and quality management. Councils should ensure that they have in place a well-developed business continuity plan to minimise the potential impact of emergencies such as floods, fire, acts of terrorism, utilities failures, chemical contamination and disease pandemics *(further information is available in the Division of Local Government Circular to Councils 07-12 – Business Continuity Plans)*.

Recommendation 7

With reference to the Division of Local Government Circular to Councils 07-12 – Business Continuity Plans, the Council is encouraged to develop a business continuity plan.

Legislative compliance

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

The Council advised that it does not have any systems or processes in place to ensure its legislative and regulatory obligations are met.

Recommendation 8

The Council should develop and implement a system or processes to guide its compliance with its legislative and regulatory obligations.

Procurement, disposal and tendering

The Council has a 'Purchasing Policy' and 'Purchasing Procedures', both of which are dated 2012. The Purchasing Procedures also deal with the disposal of surplus and obsolete goods.

The Council does not currently have in place a process or system for the monitoring and auditing of purchasing and tendering, disposal of assets or contractor performance. The Council should consider including this monitoring and performance function in its next review of its purchasing policy and procedures.

Recommendation 9

The Council should endeavour to include a process or system for the monitoring and auditing of purchasing and tendering, disposal of assets and contractor performance within its purchasing policy and/or procedure.

Records management

The Council has a separate 'Records Management for Councillors Policy' which requires councillors to comply with their obligations under the *State Records Act 1998* in the exercise of their functions.

The Council's website indicates that the majority of the councillors use their personal email accounts in exercising their official functions. The use by councillors of their personal email accounts for the purpose exercising their functions as a councillor may result in the Council and the councillors not complying with their obligations under the State Records Act.

If a councillor refuses to have an official Council email address, as a minimum the Council should introduce procedures to ensure that emails to and from councillors' personal email addresses involving the exercise of the councillors' civic functions are captured by the Council's records system. This may require councillors to forward any such emails to an appropriate officer within the Council for inclusion on the Council's records system. The Division notes, however, that such an approach falls short of good practice.

Recommendation 10

Councillors are reminded to familiarise themselves with and comply with the Council's records policies and their obligations under the State Records Act.

Recommendation 11

Councillors are encouraged to use an official Council email address for the purpose of exercising their civic functions and better comply with the State Records Act.

Council/committee meetings

The review team observed a number of committee meetings of which all members were councillors. Each committee was chaired by a different councillor thus providing those councillors with a valuable opportunity to improve their skills, knowledge and understanding of meeting procedures.

The review team makes the following comments in relation to the Sustainable Development Committee:

- During the Committee's consideration of a development application, the councillors appeared to publicly criticise the Council's planning staff who had recommended that the application be refused as it did not comply with a number of the provisions of the Council's Development Control Plan (DCP). In particular, one councillor appeared to suggest that the Council's planning staff should have made inquiries into alternative solutions (such as vertical landscaping) as alternatives to complying with the provisions of the DCP.

  In general, the role of the Council's planning staff is to assess development applications for compliance with the Council's planning instruments and applicable standards. Where a proposed development does not comply with the provisions of the Council's DCP, the onus is on the applicant (and not the Council's planning staff) to provide adequate justification or alternative solutions to support the application's approval despite its non-compliance with the DCP, which can then be assessed by the Council's planning staff and appropriate recommendations made.

- One of the councillors who was critical of the staff and spoke in favour of the development application also indicated that he had met with the applicant that morning. The term "lobbying" is used to cover those types of communication between local government councillors and the community that include representations to councillors by special interest groups, by individuals with a direct interest in a council decision and by advocates acting on behalf of others.

Lobbying is common in local government. Councillors should be mindful that their duty to consider issues fairly and properly is not compromised by participating in lobbying practices that are outside the bounds of appropriate or lawful behaviour. In order to ensure transparency when being lobbied, councillors are advised to keep records of meetings, hold meetings in locations such as the Council office, ensure other people are present, and make sure that any information obtained when being lobbied is available to council staff and other councillors. Further information on appropriate lobbying is available in the Guidelines for the Model Code of Conduct. The Independent Commission Against Corruption also has two publications relating to this issue on its website to guide councillors.

- During the meeting, councillors raised matters that did not directly relate to the matter being considered by the committee that could have been addressed more appropriately by other means. For example, during the Committee's consideration of the current works report (the purpose of which was to provide the Committee with an update on the progress of construction and maintenance works), one councillor raised the issue of a dip in a particular road while another raised the issue of a stretch of footpath on a particular road, neither of which were part of the current works report.

The Council staff advised the councillors that these matters would be better dealt with as part of the Delivery Program process. Overall, it reflects that councillors may be unclear of their roles and/or the appropriate processes to use.

Similarly, during the Services Policy Committee meeting, a councillor raised concern about the state of a particular property and about used syringes having been found within the property. This property was not on the agenda for discussion and occupied some time, including a lengthy discussion about the prospect of the Council acquiring

the property. Ultimately the Committee passed a resolution calling for a report on the issue. It appears that no notice was given of this item of business and no resolution of urgency under clause 241(3) of the Local Government (General) Regulation 2005 was made (the matter would be unlikely to have met the test of being "a matter of great urgency" for the purposes of clause 241(3)(b) as it is a recurrent issue).

In addition, to being inconsistent with clause 241 of the Regulation, the raising of matters of which no notice has been given (which are not urgent) during meetings is inconsistent with the efficient running of meetings.

Councillors should not be raising non-urgent matters of which no notice has been given. When a councillor raises such a matter it should be ruled out of order by the chairperson. Councillors should consider whether these types of issues are more appropriately addressed in accordance with the Council's 'Councillors access to information and their interaction with staff policy', adopted in January 2010 or via the Council's customer request system.

Recommendation 12

In order to improve the efficiency of Council meetings, it is recommended that councillors:

a. *refrain from raising non-urgent matters that are not on the agenda at Council and committee meetings and that councillors familiarise themselves with the Regulations regarding the transaction of urgent business.*

b. *familiarise themselves with the Council's 'Councillors access to information and their interaction with staff policy' to obtain information prior to meetings rather than inappropriately raising issues that are not on the agendas.*

c. *familiarise themselves with their obligations under the Model Code of Conduct to refrain from directing or influencing, or attempting to direct or influence, any member of staff of the Council in the exercise of their functions.*

d. *Ensure their conduct in meetings is fair and impartial taking care and not improperly influenced by inappropriate lobbying.*

Councillor/staff interaction and Access to information by councillors

The Council adopted a policy titled 'Councillors - Access to Information and their Interaction with Staff' in January 2009. This policy still refers to the repealed section 12 of the *Local Government Act 1993* rather than the current *Government Information (Public Access) Act 2009*. However the Council advised the review team that this will be amended in the next revision of the policy.

Recommendation 13

The 'Councillors - Access to Information and their Interaction with Staff' policy be revised to reflect the current legislative requirements.

Customer service/complaints handling

The Council has adopted a "Customer Service Guarantee", a "Customer Response Policy" and a "Customer Services Standards Policy" which outline how the Council will deal with difficult customers. However, it does not have a specific complaints handling policy. The Council has advised that it is in the process of developing a specific complaints policy. Information to support the development of such a policy is available in 'Practice Note No. 9 – Complaint management by councils' which is available on the Division's website.

While the Council has developed service standards, it has not put in place any procedures to collect and review information on its performance against these standards. Such performance measurement mechanisms will allow the Council to judge if its policy is achieving it intended outcomes, and will also allow the Council to report to the community about its customer service standards.

Recommendation 14

The Council is encouraged, if it hasn't already done so, to finalise the development of its complaints handling policy and put in place procedures to collect and review information on its customer service performance.

The Council's response

Best practice

Council's internal audit function is part of the alliance between Bathurst, Orange and Dubbo and offers an example of best practice. The three councils share a resource which undertakes internal audits, often sharing information and details of processes across the three councils to improve efficiencies. Recent projects have identified tendering processes for similar upgrades to internal phone systems resulting in the sharing of documentation and technical knowledge, plant utilisation processes and management techniques, sharing of policy development processes, sharing of procurement processes relating to pre-qualification of suppliers and Audit and Risk Committee member training.

Recommendation 1: Code of conduct

Council's review of the Code of Conduct, based on the new Model Code, was completed, with Council adopting the updated version in April 2013. The PBP review suggests a policy be developed so that the dress code components in its Code of Conduct can be excluded. Council reviewed the Code and has maintained the clause, although it has been amended to allow the General Manager to designate positions that are not required to wear a uniform. The Council has always maintained a strong position on the appropriate presentation of staff. The Council's decision on this issue is to retain the reference as part of the Code to continue to reinforce the importance the Council places on good presentation.

Recommendation 2: Corruption prevention policies

Since the review was completed, Council submitted a draft plan to ICAC with regard to the Operation Jarek findings. Additional tasks completed since the review include:

- Review of the Gifts and Benefits Policy
- Review of the Statement of Business Ethics
- Writing to over 2,000 suppliers outlining key elements in the Policy and Statement listed above

- Implementation of an online requisitioning system
- Review of delegations to create clear expenditure and authorisation levels

Recommendation 5: Disclosure of interest standing item on agendas

Since the 18 December 2012 Council has included Declarations of Interest as an agenda item before reports are discussed.

Recommendation 6: Risk Management Plan

Council has implemented its Enterprise Risk Management (ERM) System in April 2013 and has a full time resource recruited to implement the system across the Council. An updated Fraud Prevention Policy has been drafted for presentation to the Council in October 2013.

Recommendation 7: Business Continuity Plan

Council is using the ERM system to create its business continuity plan (BCP). The process has progressed to the point of the identification of corporate risks through the involvement of all management tier staff and the collation of the top 20 corporate risks. The next steps will be to assess these risks from a BCP point of view and thus create the plan.

Recommendation 8: Compliance system

Council has implemented a compliance system which provides the monitoring environment for compliance activities. The system will:

- Allocate delegations to individual staff positions based on expenditure limits and legislative requirements
- Assigns tasks as listed in the Delivery/Operational Plan (Council combined these two documents for the 2013/14 year onwards) so that monitoring of progress against target dates and outcomes can be undertaken on a quarterly basis.

Other elements in the system to be implemented in the future include performance management and position description management.

Recommendation 9: Procurement, disposal and tendering

Council implemented an online requisitioning system in June 2013. The system has been established to restrict expenditure in accordance with the delegations of individual positions. All purchases are approved by an officer in a superior position and the system checks against the budget allocated for the purchase. It has also been the impetus for a review of purchasing processes such that the procurement team are responsible for seeking quotations on briefs prepared by staff in operational areas to separate work design from procurement decisions. These changes align with the better practice processes proposed by ICAC in their reports on Operation Jarek.

Council has also identified the process of establishing via an expression of interest process some pre-qualified suppliers to assist in the procurement processes.

The current purchasing policy is currently being reviewed now that the procurement systems are in place. The policy section on the disposal of assets will be reviewed as part of this update.

Recommendation 10: Councillors' obligations under the State Records Act

Council reviewed its policy on Records Management and adopted it in May 2013. The update drew on information provided by State Records.

Recommendation 11: Councillor email addresses

Council provided all councillors with council based emails and these are captured in Council's email system.

Recommendation 12: Council meetings and Recommendation 13: Policy

Councillor Access to Information and their Interaction with Staff was reviewed by Council and then placed on exhibition from 3 September 2013 following amendments to update references to the Government Information (Public Access) Act and associated regulations.

Recommendation 14: Complaints handling

Council reviewed the three policies noted in the review and combined them into one policy which was adopted as the Customer Service Obligation Policy on 16 April 2013. This policy includes Council's service commitment and obligations to customers. The policy also includes how complaints can be made. The next review of the policy will contemplate the contents of the practice note DLG has identified.

PART III   PLANNING AND DELIVERING A SUSTAINABLE FUTURE

This part of the report focuses on determining how well the Council is planning and working with its community toward achieving a sustainable future. It consists of three interrelated sections:

- Strategic planning and delivery
- Financial and asset management
- Workforce management.

4   STRATEGIC PLANNING AND DELIVERY

SCOPE

This section examines the Council's implementation of the Integrated Planning and Reporting framework. This includes consideration of the quality and utility of the documents the Council is required to produce, and how well it has involved its communities and other stakeholders in developing long-term strategic plans.

The self-assessment checklist, completed by the Council, considers the minimum compliance requirements in relation to each component of the framework. The responses have been used as a basis for assessing the Council's performance in this area.

POLICY AND LEGISLATIVE FRAMEWORK

The Integrated Planning and Reporting framework for NSW local government was introduced to improve local councils' long-term community planning and asset management, as well as to streamline reporting to the community.

The framework aims to improve the sustainability of local communities by encouraging councils, residents and State agencies to work together on long-term plans and strategies. The Community Strategic Plan is supported by a four-year Delivery Program, annual Operational Plan and a Resourcing Strategy that includes long-term financial planning, asset management planning and workforce management planning.

THE INTEGRATED PLANNING AND REPORTING FRAMEWORK
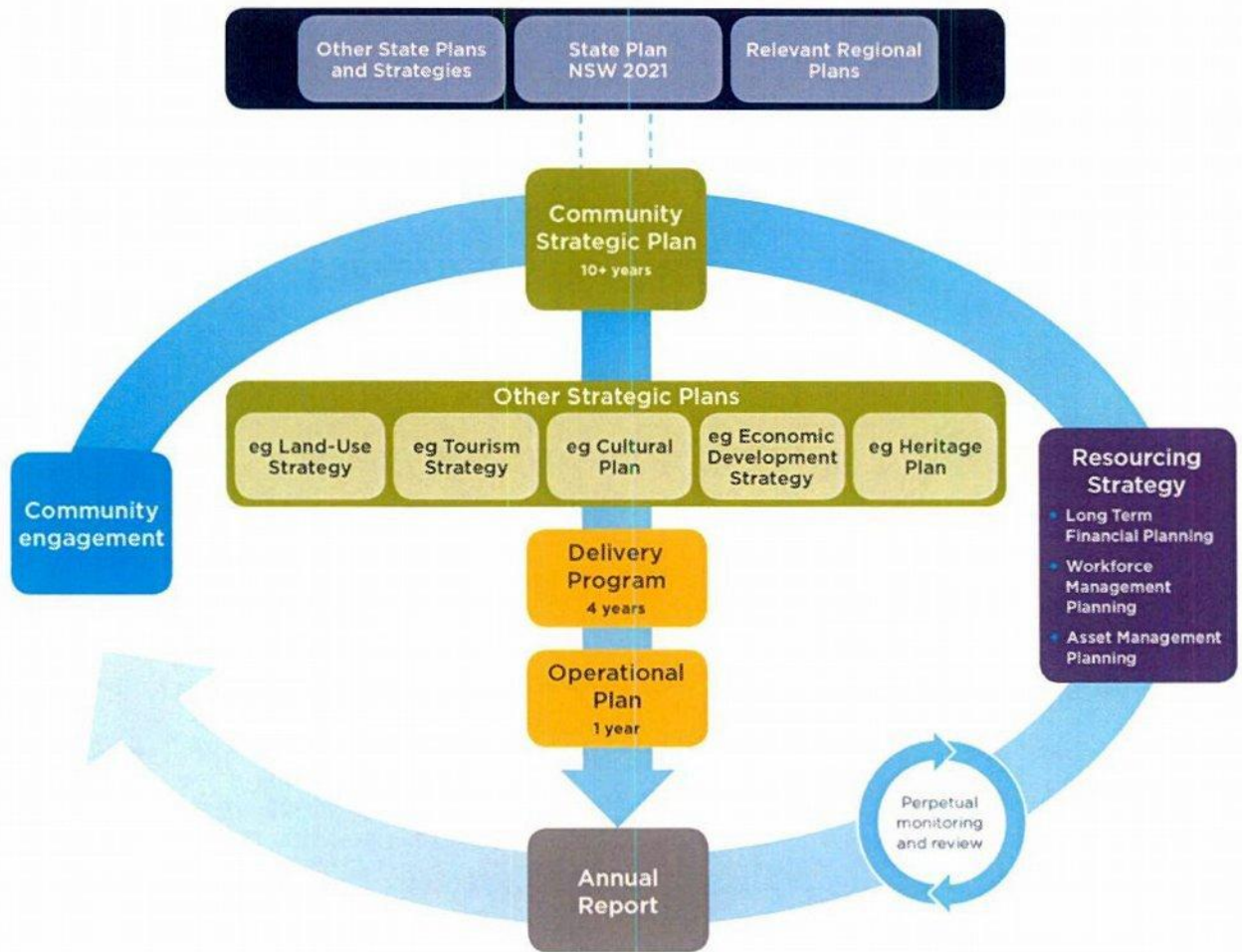
Community Strategic Plan

The Community Strategic Plan is the highest level plan that a council will prepare. The purpose of the plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals.

In order to ensure priority services and infrastructure can be delivered efficiently and effectively, councils are encouraged to integrate all other strategic plans into this framework. For example, strategic land-use and economic development plans also contribute to maximising the capacity of communities, industries, the environment and local economies.

Community Engagement

Each council must prepare and implement a Community Engagement Strategy to work with the local community in developing and reviewing the Community Strategic Plan.

Delivery Program

The Delivery Program is a statement of commitment to the community from each newly elected council. The four-year Delivery Program translates the community's strategic goals into actions.

Operational Plan

An annual Operational Plan supports the Delivery Program and each council is required to develop an Operational Plan that articulates the details of the Delivery Program.

Resourcing Strategy

The Council is responsible for developing a long-term Resourcing Strategy to enable the achievement of the objectives and priorities established by the Community Strategic Plan. The Resourcing Strategy must include provision for long-term financial planning, workforce management planning and asset management planning.

Reporting

The reporting requirements under the Integrated Planning and Reporting framework are varied. Councils must report against the Delivery Program six monthly, prepare an Annual Report within five months of the end of each financial year, and prepare an end-of-term report at the end of each council term. The purpose of these reports is to encourage councils to keep their communities informed, and to be accountable for the decisions they make on behalf of the community.

LOCAL CONTEXT

Orange City Council elected to be a Group 3 council for the purpose of implementing the Integrated Planning and Reporting framework and submitted its suite of plans to the Division for review in 2012. Initial assessment of all plans indicates that the Council has met the requirements.

However, the newly elected Council (September 2012) is required to review, amend and endorse the Community Plan and other associated plans and strategies by 30 June 2013. In particular, the Delivery Program is a statement of commitment from each newly elected council to the community about how it will achieve the community's long-term goals captured in the Community Plan.

STRATEGIC PLANNING AND DELIVERY ASSESSMENT

An assessment of the Council's performance in strategic planning and delivery, in relation to the areas covered in the self-assessment checklist completed by the Council, is set out in Table 2, below:

Table 2:   Strategic Planning and Delivery Assessment

Area of assessment	Assessment of the Council's performance
Community engagement	✓ ⚠
Community Strategic Plan	✓
Delivery Program	✓
Operational Plan	✓
Resourcing Strategy • Workforce Management Plan	✓
• Asset Management Plan	⚠
• Long Term Financial Plan	⚠
Reporting	N/A

Table key: ⭐ Better practice   ⚠ Requires further development   ✓ Satisfactory

For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND

SIGNIFICANT OBSERVATIONS

Summary analysis

Overall, the Council's Integrated Planning and Reporting documents met the requirements, and were informative and easy to read. It is evident that a lot of effort was put into producing these reports.

However, further work is needed on asset management, long-term financial planning and community engagement.

Better practice

No examples of better practice were identified by the review team.

Requires further development

Community Engagement

Orange City Council's Community Engagement Strategy is very brief and fails to provide sufficient detail on how the Council will engage with the community to help it develop its Community Strategic Plan. After the review team discussed the lack of detail with the relevant staff members, it became apparent that the Council had consulted satisfactorily with its community, but had not provided details of its consultation process in its engagement strategy or the outcomes of the process in the Community Strategic Plan. The Council should include the detail about its intended community engagement processes it next updates its Community Engagement Strategy.

Recommendation 15

The Council is encouraged to document in more detail its consultation processes when it next updates its Community Engagement Strategy.

Asset Management Plans

The Asset Management Plans which were observed at the time of the review are detailed and well set out. However, the Council needs to undertake further work with the community to determine acceptable levels of service, as well as identifying asset maintenance requirements, asset replacements and depreciation levels. The outcome of this work will provide the information necessary to bring the Long-Term Financial Plan up to date, giving the Council a more accurate picture of its financial position now and into the future.

Recommendation 16

As a matter of priority, all aspects of its assets management planning are to be completed by the Council.

Long-Term Financial Plan

In order to meet all of the legislative requirements, the Council's Long-Term Financial Plan needs to include Key Performance Indicators, a Sensitivity Analysis, Balance Sheets and Cash Flow Statements for the ten-year period. The Council also needs to review its depreciation charges, as the Plan shows an increase in asset replacements while depreciation has not increased.

Recommendation 17

The Council is required to revise its Long-Term Financial Plan to include Key Performance Indicators, Sensitivity Analysis, Balance Sheets and Cash Flow Statement.

The Council's response

Council has completed an update of all the documents required in the Integrated Planning and Reporting framework since the PBP review was completed (December 2012) and the report was provided (August 2013). Council decided to combine the Delivery and Operation plans from 2013/14 onwards due to significant duplication.

Asset management plans and the Long Term Financial Plan (LTFP) have been further aligned and this is reflected in the 2013- 2017 version of the LTFP. A significant project has been underway since June 2013 to complete this integration. This project will be completed by December 2013.

Council sold a larger than normal amount of land in 2011/12 (the last year analysed by the review) so the level of disposal of assets should be considered to be abnormal as a result of this change.

Long Term Financial Plan

The version of the LTFP reviewed is now updated and shows an operating result from continuing operations as follows:

- *Water Fund – in surplus for the 10 year cycle*

- *Sewer Fund – in deficit (-$50,750) in 2013/14 and then surplus for all remaining years*
- *General fund – in surplus for all 10 years*
- *Consolidated position across all funds - in surplus for the 10 year cycle.*

Council has purchased a system to create and manage the LTFP which integrates with the Council's finance system. The LTFP environment offers the ability to build scenarios and model options including changes to fees and charges, loans and developer contributions based on population changes.

Assets Management Plans

Council has commenced a further alignment of its assets management plans and strategic business plans in water and sewer with the Long Term Financial Plan. This project is scheduled for completion in December 2013.

5 FINANCIAL AND ASSET MANAGEMENT

SCOPE

This section examines the Council's overall financial position and how it is managing its finances and assets in order to deliver the outcomes of its long-term Community Strategic Plan. It also considers the Council's Long-Term Financial Plan and Asset Management Strategy.

The self-assessment checklist, completed by the Council, considers the minimum compliance requirements in relation to each component of the Integrated Planning and Reporting framework. The responses have been used as a basis for assessing the Council's performance in this area.

A number of financial and asset management indicators have been examined to gain an appreciation of the Council's financial position, performance and long-term sustainability.

POLICY AND LEGISLATIVE FRAMEWORK

Councils in NSW are required to provide services, facilities and infrastructure through the effective and efficient use of resources.

Under the Charter[1], councils have a responsibility to raise funds for the purposes of carrying out their functions. This can be achieved by the fair imposition of rates, charges and fees, borrowings and grants. As the custodian and trustee of significant public assets, councils must also effectively account for and manage these assets.

As part of its Resourcing Strategy, each council must prepare a Long-term Financial Plan (covering a minimum of ten years). The Plan is an important part of a council's strategic planning process. This is the point where long-term community aspirations and priorities are tested against financial realities.

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[1] The Council's Charter Section 8 *NSW Local Government Act 1993 No 30*

Each council must also prepare an Asset Management Strategy which includes an overarching Asset Management Policy endorsed by the council. The Asset Management Policy sets the broad framework for undertaking asset management in a structured and coordinated way. The Policy underpins all asset management activities and the preparation of more detailed asset management plans for each class of assets which the council has responsibility for.

LOCAL CONTEXT

Councils provide the Division of Local Government with a range of information related to their financial position and performance on an annual basis via the Financial Data Return. Orange City Council's financial results for the last four financial years are summarised in Table 3.

The table shows that the Council:

- has reported an operating surplus before capital grants in three of the last four financial years.
- relies heavily on grants and contributions.
- earns considerable revenue in selling/disposing of its assets.
- has increased rates and annual charges by $5.091M in four years.
- has reduced borrowing costs by close to 50% in four years.

The Council has an even mix of revenue streams, which appears to be consistent over the last four years. The highest revenue item is grants and contributions, which attributed 35% of the Council's income for 2011/12 (33.6% in 2010/11).

Table 3 below shows the consolidated revenue and expenses of the Council. It should be noted that included in these results are deficits incurred by the Council's Water Supply Activity ($1.084M in 2011/12), and its Sewerage Business of $276K ($1.134M in 2010/11).

While the Council has reported surpluses, it should also be noted that, as is the case with most NSW councils, it is not maintaining its assets to the required level (shortfall $3.593M in 2011/12), and not replacing its assets as they are being consumed.

Table 3:   Orange City Council's financial results (*)

Consolidated results	2011/12	2010/11	2009/10	2008/09
Income Statement (Financial Performance)	$'000	$'000	$'000	$'000
Rates & Annual Charges	30,875	29,184	27,296	25,784
User Charges & Fees	21,101	19,767	18,149	18,476
Interest and Investment revenue	6,615	6,134	3,341	3,929
Other Revenues	3,940	6,859	3,830	4,447
Grants & Contributions for Op. purposes	15,035	15,587	14,045	15,896
Grants & Contributions for Cap Purposes	20,575	16,178	11,154	22,679
Net gain from the Asset Disposal	3,632	814	0	1,184
Total income from continuing operations	**101,773**	**94,523**	**77,815**	**92,395**
Employee Costs & on-costs	25,221	24,200	24,019	21,387
Borrowing Costs	595	827	1,415	1,092
Materials & Contracts	25,082	25,791	22,524	24,823
Depreciations & Amortisation	13,366	13,480	13,398	12,881
Other Expenses	6,080	5,721	5,109	5,229
Share of interests in joint ventures & assoc.	0	0	27	0
Net loss from disposal of assets	0	0	1,129	0
Total expenses from continuing operations	**70,344**	**70,019**	**67,621**	**65,412**
Operating result from cont. operations	**31,429**	**24,504**	**10,194**	**26,983**
Net Operating result for the year before Grants and Contributions	**10,854**	**8,326**	**-960**	**4,304**

*The table reflects the consolidated results obtained from the Financial Data Return which is issued each year is by the Division of Local Government for completion and return by each NSW council.

FINANCIAL AND ASSET MANAGEMENT ASSESSMENT

Overall Assessment

An overall assessment of the Council's financial and asset management performance in relation to the areas covered in the self-assessment checklist is set out in Table 4.

Table 4:   Financial and Asset Management Assessment

Area of assessment	Assessment of the Council's performance
Financial management	⭐ ⚠️
Asset management	✓ ⚠️
Land assets	⚠️
Council businesses	✓ ⚠️

Table key: ⭐ *Better practice*   ⚠️ *Requires further development*   ✓ *Satisfactory*

For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND

TCorp (NSW Treasury Corporation) Assessment

As part of the Local Infrastructure Renewal Scheme (LIRS) application process, the NSW Treasury Corporation (TCorp) provided an independent assessment of the Council's financial capacity and its ability to undertake additional borrowings. Overall, TCorp assessed the Council's current rating as sound and its outlook as negative. The assessment confirms the Division's financial assessment that over the longer-term the Council faces financial sustainability issues, and recommends that strategies to resolve this need to be developed and actioned in the short to medium term.

The TCorp assessment report concludes that:

"...The Council has been well managed over the review period. This is based on the following observations:

- *Total revenues increased by 12.7% between 2009 and 2012, and total expenses have grown by 7.5% over the same period*
- *Council's operating results(excluding capital grants) have been positive over the review period with Council posting operating surpluses in each of the past four years*
- *Council's EBITDA has improved since 2010 driven by higher annual charges, investment revenue and prepayment of operating grants*

- *Depreciation has grown by 3.7% over the four year period, while the value of IPP&E has grown by 50.7%. (p4)*

In addition to this, the Council reported $3.7m of Infrastructure Backlog in 2012 which represents less than 0.01%of its infrastructure asset value of $672.1m.

Overall, TCorp considers the Council to be in a sound position in respect of its existing and forecast financial position and has a sound Sustainability outlook.

The Council's key ratios were analysed and compared to other councils in DLG Group 4. Orange City performed favourably against a number of benchmarks. Key TCorp observations included:

- *"...Council's financial flexibility was mixed with above benchmark and group average Operating Ratio and below average and benchmark Own Source Operating Revenue Ratio*
- *Council's liquidity position was sound with generally above average Cash Expense Ratio and Unrestricted Current Ratio*
- *Council's debt servicing capacity was sound and generally above the peer group*
- *Council's performance in terms of level of Infrastructure Backlog and capital expenditure was on average above the peer group. Council's spending on maintenance of assets was generally higher than the peer group but it deteriorated in 2012. Council's performance in terms of asset renewal was weak compared to the benchmark and peer group." (p4)*

A copy of TCorp's report is available on the Division's website.

SIGNIFICANT OBSERVATIONS

Better practice

Financial management and planning

The Council actively and aggressively chases grants and contributions from both Federal and State government agencies. The Council's success is reflected by the high amounts received per annum ($35.6 million in 2011/12). The Council's grants ratio to total income for the last five years averaged 34.5%.

Requires further development

Financial management and planning

1. Quarterly Budget Review Statement

Clause 203(1) of the *Local Government (General) Regulation 2005* requires a council's responsible accounting officer to prepare and submit a quarterly budget review statement to the governing body of the council. The quarterly budget review statement must show, by reference to the estimated income and expenditure that is set out in the operational plan adopted by the council for the relevant year, a revised estimate of income and expenditure for that year.

The Council's quarterly budget review statement is non-compliant with the Division's guidelines. The document prepared by the Council does not include a signed responsible accounting officer's statement, a list of contractor and consultant expenses for the quarter, or include key performance indicators.

Recommendation 18

The Council is required to prepare its future Quarterly Budget Review Statements in line with the Division of Local Government's minimum Quarterly Budget Review Guidelines.

Asset management and planning

1. Asset Rationalisation process

It is important for a council to review the assets that it holds, and to liquidate those that are deemed to be surplus. This brings in much-needed income that can be directed to addressing the Council's and the community's priorities. The Council currently does not have an asset rationalisation policy to support its decision-making in this regard.

Recommendation 19

It is recommended that the Council prepare an Asset Rationalisation Policy.

2. Plant Replacement Policy

A Plant Replacement Policy should form part of a council's asset management plans. Orange City Council does not have a Plant Replacement Policy, and such a policy does not exist in individual asset management plans.

Recommendation 20

As part of the Council's ongoing asset management planning and development, it is recommended that the Council prepare and adopt a Plant Replacement Policy.

3.   Overdraft Facility Policy

The Council, although having overdraft facilities in place, does not have an Overdraft Policy.

Recommendation 21

The Council is encouraged to formalise its overdraft facilities and practices in a policy adopted by Council.

Land assets

The Council does not have any plans of management for its community land. Under Part 2 of Chapter 6 of the *Local Government Act 1993*, a council must prepare and adopt plans of management for its community land.

Recommendation 22

In accordance with the Local Government Act 1993, the Council is required to prepare appropriate plans of management for its community land.

Council businesses

Both the Council's water and sewerage businesses are making trading losses. It is noted that the area has experienced droughts for a period of time, and that as a consequence, the community has been educated to use less water. However, the National Competition Policy and the NSW Office of Water's publication 'Best Practice-

Management of Water and Sewerage Guidelines' require water and sewerage funds to at least 'break even.'

The Division also has a publication titled 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality' that may provide further guidance to the Council in addressing the trading losses being experienced by the water and sewerage funds..

Recommendation 23

As a matter of priority, the Council is encouraged to review its pricing policies for both its water and sewerage funds with a view to moving these businesses to a break-even status.

The Council's response

Council notes the comments on the level of grants achieved over the four years examined. Council will continue to seek, wherever possible, any funding opportunities to supplement the program of works that can be afforded in the financial year. This is an active and targeted approach to continue to develop the assets of the Council.

Recommendation 18: Quarterly reporting

Council has already updated the quarterly report so that the responsible accounting officer statement is included. The other components will be included in the September 2013 quarterly review.

Recommendation 20: Plant replacement

The Council shows best practice through the initiative between the Bathurst/Orange/Dubbo Alliance to jointly develop best practice plant utilisation and rationalisation management. A plant replacement reserve has also been created to show best practice in future planning

Recommendation 22: Plans of Management for community land

Council has Plans of Management and these are displayed on Council's website. Ten (10) plans in total have been written. A further plan is currently on exhibition. Council has secured a specific resource to complete the plans of management and the project is slotted for completion in June 2014.

Recommendation 23: Water and Sewer services

As noted above, only the sewer fund will be in deficit for one year only of the next 10 year cycle.

6 WORKFORCE MANAGEMENT

SCOPE

This section examines the Council's implementation of its four-year Workforce Management Strategy.

The self-assessment checklist, completed by the Council, considers the minimum compliance requirements in the workforce area. The Council's responses and a range of human resource systems, policies and procedures were examined to assess how well the Council is managing its workforce and the overall organisational culture.

POLICY AND LEGISLATIVE FRAMEWORK

Councils have a number of legislative responsibilities in relation to their role as an employer. As part of its Resourcing Strategy, each council is to develop and maintain a four-year Workforce Management Strategy.

An effective Workforce Management Strategy is essential to ensure that the Council is able to address the human resource requirements associated with achieving the aspirations, goals and service standards expressed in its Community Strategic Plan and Council's Delivery Program.

By identifying workforce capabilities on hand now, considering what will be needed in the future and planning systematically, the Council can limit the workforce risks associated with unanticipated events and ensure it is appropriately resourced to handle the changes and challenges in the coming years.

In short, workforce planning aims to have the right people in the right places with the right skills and motivation, doing the right jobs at the right time so that the Council can deliver appropriate services effectively and efficiently.

LOCAL CONTEXT

As outlined in Diagram 3 below, Orange City Council is organised into five directorates. The Council employed 563 staff (including casual and temporary employees) at the time of the review, with a full-time equivalent staff of 326.

The Council currently has eleven enterprise bargaining agreements and six Council agreements in place. In order to simplify its salary system, the Council is currently in negotiations with staff and their unions (with assistance from its Consultative Committee) to form one salary system. The negotiations are well advanced and a new agreement was expected to commence in the near future.

Diagram 3 The Council's Senior Management Organisational Structure

```
                        General Manager
  ┌──────────┬──────────────┬──────────────┬──────────────┬──────────────┐
  Director      Director Corporate   Director Community      Director          Director
  Technical       & Commercial        & Cultural Services   Development       Enterprise Services
  Services          Services                                  Services
```

Diagram 2 highlights that the Council employs more women than men, except for the 65+ category.

Diagram 4   Workforce Profile
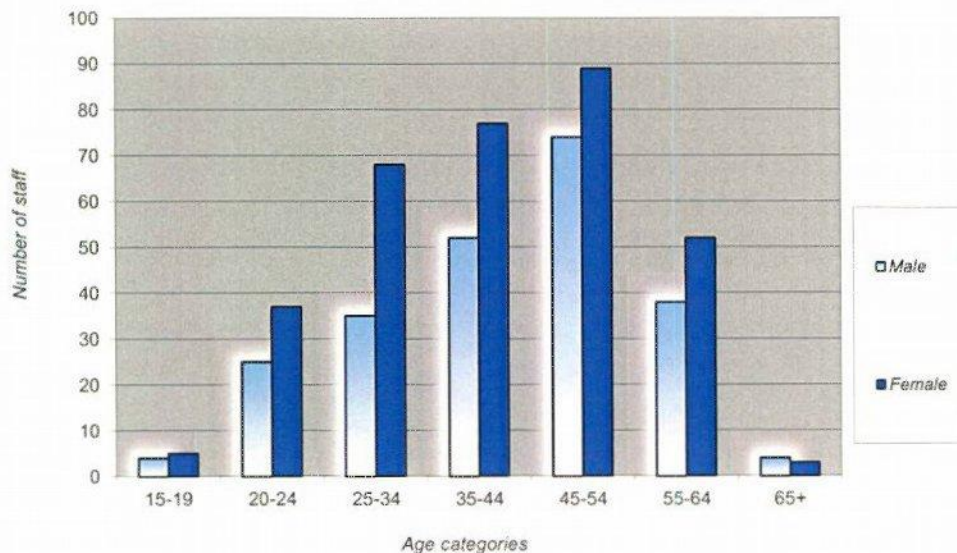
WORKFORCE MANAGEMENT ASSESSMENT

An overall assessment of the key workforce areas of the self-assessment checklist completed by the Council is included in Table 6 below:

Table 5:   Workforce Management Assessment

Area of assessment	Assessment of the Council's performance
Workforce Management planning	✔ ⚠
Workforce Management	⭐ ⚠
Employee surveys	✔
Employment contracts	✔
Consultative Committee	✔
Recruitment and selection	✔
Job descriptions and evaluation	✔
Employee remuneration	✔
Enterprise bargaining	✔
Equal Employment Opportunity	⚠
Staff induction	✔
Grievance management	✔
Work Health and Safety	⭐
Secondary employment	✔
Exit of staff	✔

Table key: ⭐ Better practice   ⚠ Requires further development   ✔ Satisfactory

For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND

SIGNIFICANT OBSERVATIONS

Overall, the Council appears to have a positive organisational culture with a motivated workforce. The cross-section of employees interviewed during the Promoting Better

Practice review all demonstrated enthusiasm and commitment to deliver quality services to the community.

The Council's Workforce Management Plan includes a comprehensive action plan, with a sound analysis of internal and external factors impacting on the workforce.

Better practice

Workforce management

Orange City Council and the Mt Hagen Local Government Council (Papua New Guinea) formed a Good Practice Scheme partnership in 2000, a venture based on a Sister City relationship andfunded by AusAid. The funding concluded in 2012/13. The scheme involved Orange City Council sending a senior and junior officer to Mt Hagen twice a year to assist the local employees in building skills and knowledge in local government matters.

Work Health and Safety

In 2011, Orange City Council's Technical Services Division became the first local Government entity in Australia to gain accreditation under the Australian Government Building and Construction Work Health and Safety Accreditation Scheme, administered by the Office of the Federal Safety Commissioner. The Council received its accreditation in June 2011.

Implementation of this Work Health and Safety quality system, based around AS/NZS 4801:2001 Occupational Health and Safety Management Systems, has led to a much greater level of work health and safety awareness and compliance among staff at all levels of the Technical Service Division, as well as among contractors working for the Council. The system has been in operation for some time, undergoing further refinement and improvement, and is now being implemented across other areas of the Council.

Requires further development

<u>Workforce management</u>

1. Succession planning

The Council's Workforce Management Plan does not consider succession planning. As the Council has a number of staff, including senior positions within the organisation, who are nearing retirement, this in an important area of workforce planning that the Council should address.

Recommendation 24

The Council should incorporate targeted succession planning as part of the next revision of its Workforce Management Strategy.

2. Human Resources Records Management

The Council currently keeps its human resources records on a series of spreadsheets. As the Council utilises 'Civica' software already as part of its suite of software programs, it would be more efficient to incorporate the human resources records into this same system.

Recommendation 25

The Council is encouraged to activate and implement the Civica Human Resources software for all of its human resources records.

<u>Equal Employment Opportunity</u>

The Council does not have an employment strategy for people from social justice groups in its EEO Management Plan. The inclusion of an employment strategy into its EEO Management Plan is important, as 4.6% of the local government area identifies as being Aboriginal or Torres Straight Islanders, and 7.7% identified that they were born overseas (source: Australian Bureau of Statistics).

The Council may wish to consider incorporating a revision to its EEO Management Plan within the Workforce Management Strategy.

Recommendation 26

The Council should include an employment strategy for people from social justice groups in its Equal Employment Opportunity Management Plan, and incorporate this within its Workforce Management Strategy.

The Council does not include information about its EEO strategies and outcomes in its Annual Report, as required by legislation.

Recommendation 27

The Council should include information about its Equal Employment Opportunity strategies and outcomes in its Annual Reports.

Best practice

Council has an induction program that aligns to the recruitment processes to ensure staff receive induction on their first day of work. Intake of new staff occurs twice monthly to streamline the scheduling of induction processes and to ensure staff are given the necessary induction when they first join our Council. Council has also re-inducted all staff in the 2012/13 year to ensure they are aware of required policy and operational issues such as the Code of Conduct, Councillors Access to information and Interaction with staff, WHS requirements and responsibilities and general staff matters.

Recommendation 24: Succession Planning

The Workforce Management Plan identified a project to consider succession planning. This project has commenced with the ERM tool being used to identify the risk issues associated with not doing succession planning. This project includes the identification of critical roles and holders of key information where a gap would arise if the an incumbent left. The process has also considered the succession planning needed to replace positions as technology or requirements for services change and this is being handled in the review of the recruitment process council has also commenced.

Recommendation 25: Human Resources system in Civica

Council has already completed some of the conversion to systems to manage human resources materials. Civica will be one tool along with others specifically designed to manage performance appraisals and position description drafting.

PART IV   SERVICES TO THE COMMUNITY

This part of the review focused on the Council's community, social, sporting and recreational facilities and services, as identified in its Delivery Program and Operational Plans. Services and advice in relation to land-use planning, such as development applications, as well as environmental management initiatives, are also considered.

7   COMMUNITY SERVICES AND FACILITIES

SCOPE

This section focuses on examining the range and quality of the services and facilities the Council provides for the community. Social planning and services provided to cater to the needs of social justice groups within its community are also considered.

The self-assessment checklist, completed by the Council, considers minimum compliance requirements in this area. The responses, along with site visits and meetings with relevant staff, have been used as a basis for assessing the Council's performance this area.

POLICY AND LEGISLATIVE FRAMEWORK

A council's Charter requires that it:

* provides services after due consultation
* engage its stakeholders in the development, improvement and coordination of local government (for example, councillors, members of the public, users of facilities and services, and council staff)
* actively promotes the principles of multiculturalism
* plans, promotes and provides for the needs of children
* keep the local community and State government informed about its activities.

The Community Strategic Plan prepared by each council captures the main priorities and aspirations of its community and includes strategies for achieving those goals.

LOCAL CONTEXT

The Orange Community Information and Services Centre is a community resource centre that offers a variety of services and information to the residents of Orange and surrounding district.

The Council's community services team is located at the Centre and deliver a range of community services such as:

- children's services including community-based Family Day Care Scheme, play groups and early childhood services
- youth Services
- migrant support services to newly arrived and socially isolated migrants
- with a disability. information and referral to local community services

COMMUNITY SERVICES AND FACILITIES ASSESSMENT

An assessment of the Council's performance in relation to the community services areas as per the self-assessment checklist completed by the Council is at Table 7.

Table 6: Community Services and Facilities Assessment

Area of assessment	Assessment of the Council's performance
Social and community planning	✓
Ageing population	✓
Community participation and engagement	✓
Communication policy	✓
Reporting to the community	✓
Cultural planning	✓
Multiculturalism	⚠ ✓
Tourism	✓
Economic development	★

Table key: ★ Better practice   ⚠ Requires further development   ✓ Satisfactory

For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND

SIGNIFICANT OBSERVATIONS

Better practice

Economic development

The Council is involved with Evocities, a major marketing campaign that highlights the lifestyle, work and investment opportunities available in the Orange local government area. Orange City Council joined six other regional cities in New South Wales to form a cooperative alliance to encourage capital city residents to relocate to regional centres. Each participating 'Evocity' has dedicated resources to the campaign to attract people living in metropolitan Sydney to move to these regional cities. The Commonwealth Government also provided funding for the first year. The campaign is also financially supported by the NSW Government and corporate sponsors.

Requires further development

Multiculturalism

The Council does not have a formal multiculturalism policy. Approximately 4.6% of the local population identifies as being Aboriginal or Torres Straight Islanders, and 7.7% of residents report they were born overseas (source: Australian Bureau of Statistics).

The Council advised that it makes use of an interpreter service for non-English speaking residents when needed.

Recommendation 28

The Council is encouraged to formalise its existing multicultural practices in a policy.

The Council's response

Economic Development

Council does more than the Evocities campaign in the economic development area. It is really a tool to deliver part of the Economic Development Strategy which was completed in February 2011 and fully integrated into the Delivery/Operational Plan in 2013/14. Council has one of the four sections of the Delivery/Operational Plan dedicated to the

activities to develop our economy. Better practice elements in economic development also include:

- a project to identify the region's imports and exports to enable OCC to link businesses through supply chain analysis and build import and export trade
- Cluster groups drawn from Agribusiness, Manufacturing, Tourism, Mining and Health. These groups are comprised of leaders in each sector. The groups were determined following analysis of the sectoral structure of the local economy using location quotient methodology.

Council has also commissioned an economic model of the Orange and surrounding region. This model can be manipulated to illustrate the impact of changing economic conditions. Council has modelled the broader area as the City is a service centre for a number of neighbouring communities.

Council is very active in driving economic development and leads the Centroc working parties on digital economy planning and regional economic development.

Tourism

Council considers its performance in the tourism area as best practice. Council has had a very active role in the re-establishment of the Regional Tourism Organisation and has held two Board positions since its inception. Council has also completed a comprehensive tourism strategy to provide the basis for the development of this significant part of the region's economy.

8   LAND-USE PLANNING

SCOPE

This section focuses on examining how the Council manages its land-use planning in the Orange local government area. For example, the Council's role involves strategic planning to decide what buildings are permissible within certain areas, setting appropriate controls (e.g. building heights), and assessing the impact on the environment and neighbours (e.g. noise, traffic, shadowing, trees being removed).

POLICY AND LEGISLATIVE FRAMEWORK

Councils must undertake their strategic land-use planning and development assessment functions in accordance with the *Environmental Planning and Assessment Act 1979*. State Environmental Planning Policies (SEPPs), which deal with issues significant to the State and people of New South Wales and are made by the Minister for Planning, may also be relevant.

Appropriate zoning and development controls are important to protecting the environment and heritage areas, controlling growth and helping to support the objectives of the Community Strategic Plan.

Section 94 and Section 94A of the Environmental Planning and Assessment Act allow councils to levy developers for contributions towards public amenities and services required as a consequence of development. This may be the provision of new facilities for an area or the expansion of existing facilities where an area is growing.

LOCAL CONTEXT

Orange City Council's strategic land-use planning instruments/documents include:
- Orange City Local Environmental Plan 2011
- Development Control Plan 2004
- Development Contributions Plan 2012
- Development Contributions Plan 2010
- Development Contributions Plan 1999

It has also developed a range of strategic policies such as the Blayney Cabonne Orange Sub-Regional Rural and Industrial Land Use Strategy Sustainable Settlement Strategy and Local Environmental Study.

LAND-USE PLANNING ASSESSMENT

An assessment of the Council's performance in relation to the land-use planning areas covered in the self-assessment checklist completed by the Council is set out in Table 8 below:

Table 7: Land-use Planning Assessment

Area of assessment	Assessment of the Council's performance
Strategic land-use instruments	✓
Development applications process	✓ ⚠
Contribution plans and planning agreements	⭐
BASIX	✓

Table key: ⭐ Better practice   ⚠ Requires further development   ✓ Satisfactory

For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND

SIGNIFICANT OBSERVATIONS

Better practice

Contribution plans and planning agreements

In 2012, the Council conducted a review of planning approvals for which section 94 development contributions had been levied, under the *Environmental Planning and Assessment Act 1979*. In response to this review, the Council implemented a number of changes to its processes regarding the management of levying, collection, recording and spending of development contributions.

In particular, the Council established a 'Contribution Management Group'. This Group meets regularly to track collections and expenditure, and completion of projects in contribution plans and planning agreements. It also assists in the annual budgeting of community infrastructure projects, makes decisions on the timing of the delivery of infrastructure, makes recommendations to Directors on the need for review of

contribution plans, oversees the preparation of annual reports, and provides advice on the review, amendment or preparation of contribution plans and planning agreements.

The Council has also entered into a number of voluntary planning agreements for significant developments including a Woolworths development, a nursing home development, a club development and the gold mine development.

Requires further development

Development applications process

More than 94% of development applications are approved by the General Manager, with little delegation below that level. While this does not result in any delays, when next the General Manager's delegations are being reviewed, consideration should be given to whether there is scope to further delegate the consideration of appropriate development applications below the level of General Manager. Such further delegation may further improve the Council's efficiency in this area and have a flow-on effect to other areas by freeing up time for the General Manager to deal with other matters.

The Council's average processing time for development applications has been distorted by a small number of development applications that remained undetermined for a significant period of time. In order to minimise the effect on average processing times caused by this small number of deferred matters, the Council recently introduced a system to ensure matters are not deferred indefinitely. When a matter is deferred, the Council now sets a time when the matter must come back before the Council for further consideration.

Recommendation 29

The General Manager should consider whether there is scope to further delegate the consideration of appropriate development applications.

The Council's response

Recommendation 29: Delegations

Council has completed a review of delegations and implemented an online tool to ensure staff are aware of their levels of authority, Given the current delegations do not unnecessarily delay the process of development applications as acknowledged in the report, Council has determined the delegations will not be widely varied. However, with the online tool it is now a simple process to review delegations as required annually and this issue will be reconsidered at the next review.

9 REGULATORY AND ENVIRONMENTAL MANAGEMENT

SCOPE

This section examines how the Council is enforcing or ensuring compliance with laws to protect the community and the environment. Areas enforced by local councils include: unauthorised land use, signage and building work, storm water pollution, backyard fires, removal of noxious weeds, collection of stray dogs, breaches of 'Council Tree and Bushland Preservation Orders', and abandoned shopping trolleys.

This section also considers how the Council manages the environment of the Orange local government area and addresses issues of environmental sustainability.

POLICY AND LEGISLATIVE FRAMEWORK

Councils have a responsibility for managing the whole of the environment within its area. With the help of the community, councils are expected to manage and maintain the environment to make sure that it can be enjoyed for many years to come.

Councils must regulate a wide range of matters across a range of legislation such as:

- *Environmental Planning and Assessment Act 1979*
- *Swimming Pools Act 1992*
- *Local Government Act 1993*
- *Roads Act 1993, Road Transport (General) Act 2005, Road Rules 2008*
- *Impounding Act 1993*
- *Noxious Weeds Act 1993*
- *Protection of the Environment Operations Act 1997*
- *Companion Animals Act 1998*
- *Smoke-Free Environment Act 2000*
- *Food Act 2003*
- *Public Health Act 2010.*

Legislative requirements also require councils to prepare a number of policies and plans such as a Companion Animals Plan. Regulation is important to support a wide range of social, economic and environmental goals as identified in the Community Strategic Plan.

REGULATORY AND ENVIRONMENTAL MANAGEMENT ASSESSMENT

An assessment of the Council's performance in relation to the regulatory and environmental management areas covered in the self-assessment checklist completed by the Council is set out in Table 10 below:

Table 8:   Regulatory and Environmental Assessment

Area of assessment	Assessment of the Council's performance
Graffiti	⚠️
Enforcement	✓
Environmental management	✓
Companion animals	✓ ⚠️
Water safety (Swimming pools)	⚠️

Table key: ⭐ Better practice   ⚠️ Requires further development   ✓ Satisfactory

For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND

SIGNIFICANT OBSERVATIONS

Better practice

No examples of better practice were identified by the review team.

Requires further development

Graffiti

The Council currently uses its customer request system to schedule graffiti removal work. The Council has identified that it will develop a register of graffiti removal work within its corporate records system in the future.

Recommendation 30

The Council is required to develop its register of graffiti removal work so that it complies with section 13 of the Graffiti Control Act 2008.

Water safety (swimming pools)

The Council has not taken any action in response to the Division's *Practice Note 15 – Water Safety*. This Practice Note is designed to assist councils in NSW to carry out their water safety functions and responsibilities in public places such as public swimming pools and beaches.

Recommendation 31   *The Council is encouraged to use 'Practice Note 15 – Water Safety' to assist in the management of aquatic recreation facilities and services in its area.*

Companion animals

The Council's rate of lifetime registration of cats is 20%, which is well below the State average for 2010/11 of 43%. More work could be done to increase the registration rate for cats, and in doing so promote responsible pet ownership in the local community.

Recommendation 32

The Council is encouraged, in conjunction with the local RSPCA (which runs the Council's pound), to promote the registration of cats in the local community.

The Council's response

Recommendation 30: Graffiti Register

Council has a graffiti register and it is already published on the website.

Recommendation 32: Management of cats

Council has implemented a regime for the management of cats. A new contract is to be issued in the current financial year for animal management services. The issue of the management of cats will be considered in developing tender documents.

PART V   RECOMMENDATIONS AND ACTIONS

10   RISK RATINGS

The recommendations made in this report are listed in the Action Plan in the following section. The Council is encouraged to use the matrix below to assess the risk associated with each recommendation and provide a risk ranking of High, Medium or Low in the Action Plan.

CONSEQUENCE		
Significant	**Moderate**	**Minor**
Significant risk to the operations of the council and if not addressed could cause public outrage, non-compliance with the council's statutory responsibilities, severe disruption to the council's operations and the council's ability to meet its goals.	*Moderate risk to the operations of the council and if not addressed could cause adverse publicity, some disruption to the council's operations and the council's ability to meet its goals.*	*Minimal risk to the operations of the council, little disruption to the council's operations and will not limit the council's ability to meet its goals.*

PRIORITY RANKING			
Almost certain	High	High	Medium
Possible	Medium	Medium	Low
Rare	Medium	Low	Low

(LIKELIHOOD)

Risk factors to be considered could include:

- Risk to reputation
- Compliance with statutory requirements
- Fraud/corruption

- Financial risk
- Legal liability
- Workforce Health and Safety.

11 ACTION PLAN

The Action Plan is to be completed and adopted by the Council to guide the implementation and monitoring of the recommendations in this report. The Council is encouraged to include a risk rating in the priority column using the matrix on the previous page or its own risk management tools.

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
1. As part of the next review of the Code of Conduct, the Council should remove the references to a dress code and transfer these requirements to a separate policy.		None			Council updated the Code of Conduct in November 2012. The clause relating to uniforms was changed to enable the General Manager to designate positions that do not have to wear the uniform. However, the Council wishes to maintain this within the Code as a sign of the significance the Council places on the appropriate presentation of staff.

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
2. *Pursuant to the Council finalising its response to 'Operation Jarek', it should implement any necessary improvements to its corruption-prevention policies and practices.*	*High*	*Council complete the activities in the Jarek Action Plan submitted to ICAC in March 2013.*	*June 2015*	*Manager Administration and Governance*	Orange City Council has submitted an Action Plan as required by the ICAC. The Plan is currently being implemented, in accordance with the recommendations in the Jarek Report. Key tasks to date have been the review of Council's Gifts and Benefits Policy, Statement and Business Ethics, and writing to over 2000 suppliers outlining key elements of these documents. Training is being organised with key staff on relational selling, and Council's e-procurement process is being implemented.
3. *All councillors are encouraged to review their current pecuniary interest return to ensure that it has been fully completed (including any nil responses).*	*High*	*Distribution of Promoting Better Practice report when finalised and provision of information to Councillors to assist in their completion of the forms.*	*December 2013*	*Manager Administration and Governance*	*Councillors have been provided with information on how to complete their pecuniary interest returns, and have been requested to note "nil" responses are required.*

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
4. All councillors should be reminded of their obligations to disclose pecuniary interests at the Council and committee meetings and to not be present at or within sight when matters in which they have a pecuniary interest are being discussed.	High	Inclusion on all Policy and Council meetings of a standing item at the beginning of agendas for declarations. Information provided to Councillors on the Promoting Better Practice recommendations and information on the issue	December 2013	Manager Administration and Governance	
5. 0 The Council is to consider inserting a standing item towards the beginning of its committee meetings regarding the disclosures of interest to assist councillors in complying with their obligations under the Local Government Act 1993.		Already completed			Council added the standing item on Policy Committee and Council meetings agendas for Declarations of Interest from 18 December 2012 to remind Councillors of the need to declare interests. ACTION COMPLETED

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
		Complete the implementation of the ERM System project plan.	Dec 2014	Manager Administration and Governance.	Council has already implemented the ERM. The project plan includes the following key milestones: • Finalise Action Plans for priority corporate risks (Dec 2013) • Development of Operational Risk Register (March 2014) • Link Risk Registers with Performance Management System (March 2014) • Business Continuity Planning Finalised March 2014 • Development of other corporate risk action plans (Sep 2014) • Development of operational risk action plans (Dec 2014)
6. The review team supports the Council's intention to create an Enterprise Risk Management system and encourages its implementation.	High				
7. With reference to the Division of Local Government Circular to Councils 07-12 – Business Continuity Plans, the Council is encouraged to develop a business continuity plan.	Low	Being delivered as part of the ERM system	Dec 2014	Manager Administration and Governance.	Business Continuity Planning is being done through the ERM system and has already been commenced

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
		Consideration will be made for a system.	July 2015	Manager Administration and Governance	Council will investigate what other councils are doing as this must be a common issue across all councils. As part of Council's submission on the Local Government review, a suggestion that a system such as this be developed by the NSW Government to ensure commonality was made. IPART provided a tool as part of the reducing red tape project which was highlighted as a possible starting point.
8. The Council should develop and implement a system or processes to guide its compliance with its legislative and regulatory obligations.	Low				The Delegations Register provides for legislative requirements to be outlined and allocated to positions. Work is progressing on developing this as Council's legislative compliance system.

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
9. The Council should endeavour to include a process or system for the monitoring and auditing of purchasing and tendering, disposal of assets and contractor performance within its purchasing policy and/or procedure.	High	Purchasing policy review to be completed once the online requisitioning process is in place.	July 2014	Manager Financial Services	Online requisitioning system being rolled out across departments between July 2014 - Dec 2013. Policy has been drafted. Delegations and levels of expenditure have been determined. Disposal of assets is a component in the purchasing policy and will be reviewed when the policy is finalised. Council has a project management framework project in place to review from project concept, through procurement, delivery and finally assessing the outcomes against aims that will be finalised by July 2014.
10. Councillors are reminded to familiarise themselves with and comply with the Council's records policies and their obligations under the State Records Act.	Low	Information will be distributed to Councillors. Promoting Better Practice report recommendations will be provided to Councillors.	November 2013	Manager Administration and Governance	The Policy has been updated and adopted by Council on 21 May 2013.

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
11. *In order to improve the efficiency of Council meetings, it is recommended that councillors:* *a. refrain from raising non-urgent matters that are not on the agenda at Council and committee meetings and that councillors familiarise themselves with the Regulations regarding the transaction of urgent business.* *b. familiarise themselves with the Council's 'Councillors access to information and their interaction with staff policy' to obtain information prior to meetings rather than inappropriately raising issues that are not on the agendas.* *c. familiarise themselves with their obligations under the Model Code of Conduct to refrain from directing or influencing, or attempting to direct or influence, any member of staff of the Council in the exercise of their functions.* *d. Ensure their conduct in meetings is fair and impartial taking care and not improperly*	*High*	*Promoting Better Practice report recommendations will be provided to Councillors.* *Reminder of the works request processes will be provided to Councillors.* *Additional copy of the policy on Councillors access to information and their interaction with staff will be distributed.*	*November 2013*	*Manager Administration and Governance*	*Council's Policy for Councillor Access to Information and Their Interaction with Staff has been reviewed and put to Council on 3 September 2013 to go on public exhibition. Is currently on exhibition and will go back to Council for adoption in November.*

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
influenced by inappropriate lobbying.					
12. The Councillors Access to Information and their Interaction with Staff policy be revised to reflect the current legislative requirements.					This occurred in September 2013
13. The Council is encouraged, if it hasn't already done so, to finalise the development of its complaints handling policy and put in place procedures to collect and review information on its customer service performance.	Medium	Policy review and implementation of customer service performance assessment	Jan 2014	Manager Administration and Governance	Council has rationalised its policy in relation to customer service, adopting a Customer Service Obligation policy (following exhibition) in April 2013.
14. The Council is encouraged to document in more detail its consultation processes when it next updates its Community Engagement Strategy.	Low	Community Engagement Strategy to be reviewed	December 2013	Director Corporate and Commercial Services	
15. As a matter of priority, all aspects of its asset management planning are to be completed by the Council.	High	Completion of next rounds of AMPs	December 2013	Director Corporate and Commercial Services	Processes have already made significant inroads in the alignment of the LTFP and AMP's . Additional resourcing has been sourced and recruited for this project

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
16. The Council is required to revise its Long-Term Financial Plan to include Key Performance Indicators, Sensitivity Analysis, Balance Sheets and Cash Flow Statement.	High	Completion of the online tool for the creation of future LTFP and update of the next Plan with all components.	July 2014	Manager Financial Services	The 2013/1/4 LTFP included most required components. Additional work will be undertaken to add the necessary items for the 2014/15 LTFP.
17. The Council is required to prepare its future Quarterly Budget Review Statements in line with the Division of Local Government's minimum Quarterly Budget Review Guidelines.	High	The format of the quarterly report will be reviewed.	November 2013	Manager Financial Services	The report has been amended to provide all requirements. The September 2014 review will include all components..
18. It is recommended that the Council prepare an Asset Rationalisation Policy.	Medium	Policy development to be considered. Assets rationalisation is included in the Asset Management Plans creation processes.	July 2014	Manager Financial Services	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
19. As part of the Council's ongoing asset management planning and development, it is recommended that the Council prepare and adopt a Plant Replacement Policy.	Medium	Policy development to be considered	July 2014	Manager Financial Services	A plant replacement reserve has already been created. The Manager Plant and Depot has aging schedules and regularly assesses the resale/trade-in value of all plant items. Council has also used the alliance with Bathurst and Dubbo to create a joint planning group to look at plant utilisation processes
20. The Council is encouraged to formalise its overdraft facilities and practices in a policy adopted by Council.	Low	Policy development to be considered	July 2014	Manager Financial Services	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
21. In accordance with the Local Government Act 1993, the Council is required to prepare appropriate plans of management for its community land.	Medium	Complete Plans of Management.	July 2014	Director Community, Recreation and Cultural Services	Plans of Management have been prepared by Council and can be found on the Council web site These include • Lake Canobolas • Ploughmans Valley • Rural Parks within Orange City Council • Major Sports Grounds • Orange Showground • Civic Square • Cook Park • Botanic Gardens • Other Local and Neighbourhood Parks • Spring Creek Reservoir The remaining PoMs are scheduled with specific resourcing allocated to the project.

	RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
22.	As a matter of priority, the Council is encouraged to review its pricing policies for both its water and sewerage funds with a view to moving these businesses to a break-even status.	Low	The pricing processes are already adequate and have achieved this recommendation.	July 2014	Manager Financial Services	The 2013 -2023 Long Term Financial Plan already achieves better than break even result in all years except 2013/14 in Sewer where a minor deficit ($50K) is budgeted ACTION COMPLETED.
23.	The Council should incorporate targeted succession planning as part of the next revision of its Workforce Management Strategy.	Low	Implement succession planning project that is included in the action plan of the Workforce Management Plan	July 2014	Manager Human Resources.	Consideration of succession planning risks has been done within the ERM framework. Key areas where the risks associated with succession planning have been done.
24.	The Council is encouraged to activate and implement the Civica Human Resources software for all of its human resources records.	Low	Complete HR systems project	Dec 2015	Manager Human Resources	Council has identified a range of solution components which will be used to create the HR management systems. The intention is not to only use one supplier in order to achieve the best suite of tools.

Promoting Better Practice Report – Orange City Council

	RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
25.	*The Council should include an employment strategy for people from social justice groups in its Equal Employment Opportunity Management Plan, and incorporate this within its Workforce Management Strategy.*	*Low*	*The EEO Management Plan and Workforce Plan will be reviewed to consider the recommendation*	*July 2014*	*Manager Human Resources*	
26.	*The Council should include information about its Equal Employment Opportunity strategies and outcomes in its Annual Reports.*	*Low*	*The Annual report will be amended when published for 2012/13*	*Nov 2013*	*Manager Corporate and Community Relations*	*The 2012/13 Annual report has been drafted with the inclusion.* ACTION COMPLETED
27.	*The Council is encouraged to formalise its existing multicultural practices in a policy.*	*Low*	*Review Strategic Policy ST002 Access for People from Culturally and Linguistically Diverse Background. Consider the development of a Council Statement of Commitment to Multiculturalism.*	*July 2014*	*Manager Community Services*	

	RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
28.	The General Manager should consider whether there is scope to further delegate the consideration of appropriate development applications.	Low	The delegations are reviewed annually.	Nov 2014	Director Corporate and Commercial Services	The GM's delegations were reconsidered by Council on 18 December 2012, and amended 21 May 2013. The report notes that the assessment is not unduly inhibited by the current delegations. The level of delegations will be reconsidered when the delegations are next presented to Council.
29.	The Council is required to develop its register of graffiti removal work so that it complies with section 13 of the Graffiti Control Act 2008.					Register is already on Council's website ACTION COMPLETED
30.	The Council is encouraged to use 'Practice Note 15 – Water Safety' to assist in the management of aquatic recreation facilities and services in its area.	Medium	The management of recreational aquatic facilities will be reviewed.	Nov 2013	Director Development Services	
31.	The Council is encouraged, in conjunction with the local RSPCA (which runs the Council's pound), to promote the registration of cats in the local community.	Low	The management of cats will be reviewed.	December 2014	Director Development Services	Information on website.