

DETAILS OF ISSUES DISCUSSED AT THE
GOVERNANCE COMMITTEE MEETING HELD - 14 NOVEMBER 2007

AUC 20 - Matters Arising from Minutes of previous meeting

- * Financial statement process for 2008 needs to take account of learnings from 2007. A more formal procedure needs to be in place to ensure that the Governance Committee reviews the final set of financial statements before they are signed.
- * Draft minutes and accompanying notes of the Governance Committee will in future be circulated to members of the Committee for comment prior to their incorporation into the following fortnight's business papers.
- * Resolutions of Council arising from any Governance Committee agenda item should be circulated to the independent members of the Governance Committee.

AUC21 - Enterprise Risk Management and Update on Extreme and High Corporate Risks

- * The independent members of the Committee commended Council on the progress it had made in raising the level of awareness of risk management at both a management and Councillor level.
- * It was noted that the risk management process continues to be refined. Risks at an operational level are to be more closely considered through the operational plan and management self assessment processes.
- * The Committee requested that risks for two operational units be discussed at the February 2008 meeting in order to facilitate committee members gaining a greater appreciation of the effectiveness of the risk management process at an operational level. One of the operational units selected for review should have asset management as a major part of its operations.

AUC22 - Key Issues

- * The General Manager noted that documentation of the key issues has been a valuable process and will enable the Committee and other councillors to better focus on current matters of most importance to Council. Transparency to councillors and the community is also significantly enhanced through this process.
- * The independent members of the Committee and external auditor commented that the Key Issues report is an excellent report and a major step in the right direction to further improve the reporting to Council.
- * Matters of note in regard to the key issues included:
 - **Section 94 Contributions**
 - There is still significant uncertainty as regards what the financial impact on council of proposed changes to development levies by the State Government. Early interpretation of media reports and NSW Government circulars indicate that the funding impact on council could be up to \$64 million in the Warnervale area alone and exceed \$100m plus on a shire wide basis.

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➤ **Performing Arts Centre**

- The proposal is undergoing further rigorous internal review before holding another briefing with Councillors.
- The external auditor noted the importance of having the funding in place before proceeding with a project of such magnitude.

➤ **Long Term Strategic Plan**

- It was noted that the positive change in direction in regard to the development of the strategic plan was in a large part attributable to the discussions on the matter at the August 2007 Governance Committee meeting.
- It was noted that the briefing on the project outline to be held on 14 November 2007 will examine issues such as timeframe and the integration of other aspects such as asset management and long term financial plans.
- The independent members of the Committee and external auditor commented that it was important to have a strategic plan in place as soon as possible.

➤ **Asset Management**

- The poor results of the review of asset management processes were noted with some surprise, especially for water.
- The General Manager indicated that a process is to be put in place to ensure that all areas of asset management are to work to achieving at a least a competent level by December 2008.
- The process will involve early identification of the infrastructure funding shortfall.
- The Committee requested that an update of the status of the asset management process be provided to the Committee each quarter.

➤ **Water**

- The need for a fuller understanding of the financial impacts of the loss of the water operations was considered as being necessary to make an informed decision on the way forward.
- Preliminary findings of the review being conducted by PWC indicate that there are wide range of factors to be considered in determining the impact including overheads not able to be shared, staff related costs, investments and the agreed terms and conditions of any final arrangement.

➤ **Staffing**

- It was noted that action plans will be prepared for the productivity/efficiency opportunities identified in the report.

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➤ **Other Issues**

- It was noted that the WYCRA matter was scheduled for discussion at a confidential session of Council this evening. It was agreed that a summary of this matter be provided to the next Governance Committee meeting.

AUC23 - 2007/08 Management Plan – September 2007 Quarter Review

- * It was noted that the form and content of reports generally to this Committee and Council be reviewed in conjunction with the external auditor with a view to improving focus and streamlining content.
- * It was noted that progress on all Management Plan targets was generally on track to be delivered with few exceptions noted in the report.
- * With regard to financial management it was noted that normal variability in day to day operations was being managed within existing budgets. However, it was also noted that several significant budget areas were at risk and would be monitored closely. The only budget variation proposed was the result of a reduction in the Financial Assistance Grant.

AUC24 - Internal Auditor's Report

- * It was noted that the Councils Online syndicate has agreed to conduct a post implementation review of Councils Online. The Committee requested feedback on the post implementation review when it is completed.
- * The Committee requested on going updates on the status of the implementation of the management self assessment process.
- * The Committee requested an update on the status of recommendations of previous internal audits to be provided to the next meeting.
- * The councillor members of the Committee agreed that that it was appropriate for the independent members of the Governance Committee to be indemnified in respect of their activities associated with the Committee as if they covered under the NSW Local Government Scheme pending their naming on the policy.

AUC26 – Election of Governance Committee Chair

- * Councillor Rose noted that he was very pleased with the progress that the Governance Committee had made since its establishment in 2003 and in particular its advancement within the term of this council. He noted that the expertise of the Committee has been significantly strengthened with the addition of the independent members and that it is now ready to go to the next step with an independent chair.
- * The Committee unanimously elected Mr David Holmes as the new chair of the Governance Committee.
- * Councillor Best congratulated Councillor Rose for his contribution to the development of the Governance Committee and achieving the important milestone of moving to an independent chair.