

Issue Paper

ISSUE **Governance**

1. Issue Name

Governance

2. Contributors

Ray Turner, Anne Roseler, John Musgrave, Warren Van Wyk, Grant Bennett, Ian Waters

3. Issue Definition and Scope

The purpose of this Paper is to inform Councillors and the Executive Leadership Group (ELG) of governance issues that should be considered as part of Redland Shire Council's (RSC) 2006-2010 Corporate Plan.

4. Executive Summary

It is a fundamental requirement of local government to ensure that good governance systems and processes underpin the way its decisions are taken and implemented.

The focus in the new Corporate Plan will be on the continued implementation of our governance framework through our six adopted governance principles.

Five main governance issues have been identified against these principles by the Contributors to this paper to be considered in the development of the 2006-2010 Corporate Plan. They are:

1. Commitment to continuous improvement in corporate governance (All principles)
2. Continued comprehensive reporting of RSC performance and governance processes (Accountability, Transparency and openness, Performance driven)
3. Asset management (Strong leadership, Stewardship)
4. Community engagement (Transparency and openness)
5. Organisational culture (Strong leadership, Integrity and ethical behaviour)

There is a strong relationship between this Issues Paper and other issues such as Financial Management and People Management.

5. Regional Cooperation

RSC works closely with neighbouring councils and within the south-east Queensland region on initiatives of regional and local benefit. At the highest level this includes leadership on the Council of Mayors, Southroc and the CEO's Forum. These forums provide a strategic focus to governance issues across the region.

At an operational level, specific disciplines have formed their own regional forums to share and keep abreast of latest governance issues. These forums include legals, communications and marketing, finance and accounting, auditing, corporate planning, procurement, human resources, information technology, and facilities management. RSC is actively involved in all these forums.

6. Background/Discussion

According to *Excellence in Governance for Local Government* (p.5, CPA Australia 2005), "excellent governance is important in the public sector generally and in local government particularly because

- It underpins the confidence that people have in their governments and public services
- It affects the quality of outputs
- It is a value-adding activity
- It ensures that local governments meet their legislative responsibilities

- It is a strong reminder to the government and public sector that they are ultimately accountable to the community they service.”

The Australian National Audit Office states that ‘Public sector governance aims to ensure that an organisation achieves its overall outcomes in such a way as to enhance confidence in the organisation, its decisions and its actions. Good governance therefore means that the organisation’s leadership, its staff, the Government, and the population can rely on the organisation to do its work well and with full probity and accountability.’

Good governance processes focus on two major requirements:

Performance – an organisation uses its governance systems and processes to contribute to its overall performance and the delivery of its goods, services and programs

Conformance – the organisation uses its governance systems and processes to ensure it meets the requirements of the law, regulations, standards, and the community expectations of probity, accountability, and openness

RSC’s definition of governance is found in our Governance Policy POL 3002 and states:

‘Corporate Governance is the way in which our organisation is controlled and governed to achieve our objectives. It encompasses leadership, accountability, transparency and openness, integrity and ethical behaviours, stewardship, and our commitment to performance.’

This Issues paper will consider issues in the context of RSC’s six adopted governance principles of:

- strong leadership
- accountability
- transparency and openness
- integrity and ethical behaviour
- stewardship
- performance driven

Within the context of what constitutes excellence in governance, the requirements for good governance, and Redland Shire Council’s governance principles, this paper has identified five issues that should be considered in formulating the Corporate Plan.

1. **Commitment to continuous improvement in governance**

Good governance through the development and implementation of performance and conformance requirements is an ongoing commitment. RSC is committed to continually reviewing its systems and practices against the suite of Australian Standards

- AS 8000-2003 Good Governance Principles
- AS 8001-2003 Fraud and Corruption Control
- AS 8002-2003 Organisational Codes of Conduct
- AS 8003-2003 Corporate Social Responsibility
- AS 8004-2003 Whistleblowers Protection Program

This includes

- Executive overview through the use of standing committees and general meetings of Council.
- Commitment to being a policy driven organisation.

- Strong commitment to independent oversight of performance with the maintenance of an effective Internal Audit and Audit Committee functions consistent with best practice.
- Expectation and strategies to ensure an unqualified annual audit report and continued reduction of issues raised by the external auditor.
- Continued implementation of risk management based on the Australian Standard for Risk Management, AS/NZS 4360-2004.

It is proposed that a commitment to continuous improvement in governance be supported by the new Corporate Plan.

2. Continued accountability through strong reporting of RSC performance and governance processes

This issue delivers particularly against the RSC governance principles of accountability, transparency and openness, and being a performance driven organisation.

Council has endorsed a Performance Management Framework that includes:

- quarterly reports against the Operational Plan
- quarterly reports against Service Level Agreements
- monthly and quarterly reports on progress against significant capital and operational projects
- monthly, quarterly, and annual performance scorecards for groups, departments, and the organisation
- monthly and annual financial performance reports
- quarterly budget reviews and an annual budget process
- quarterly compliance reports
- quarterly and annual performance appraisals for staff

As indicated, under point 1, our reporting processes will be continuously improved to best meet good governance requirements. It is proposed that this performance monitoring and reporting process continues to be supported by the new Corporate Plan.

3. Asset Management

This issue delivers particularly against the RSC governance principles of strong leadership, and stewardship.

Council owns assets with a gross value of around \$2 billion.

RSC has shown strong leadership in the effective management of its assets by the development of a Total Asset Management Plan (TAMP) as a framework for the development of 26 individual asset management plans with related ongoing actions plans over the 2004 to 2006 period. This is a key process in the stewardship of these assets for the community.

The implementation of these plans is critical to ensure that these assets are able to provide high quality services to the community over the long term.

It is imperative that the 2006-2010 Corporate Plan drives the appropriate management of these assets for the community.

4. Community Engagement

This issue delivers particularly against the RSC governance principles of transparency and openness.

As a reflection of transparency and openness in decision making, RSC has a commitment to consult with and engage the community on key issues.

The development of a community engagement framework incorporating policies, procedures and supporting software will be completed in 2005/06. To realise the full benefits of this framework, it is important for the 2006-2010 Corporate Plan to endorse this commitment and support the implementation of the framework.

It is proposed that the 2006-2010 Corporate Plan promotes community engagement in key decision making processes.

5. Culture

This issue delivers particularly against the RSC governance principles of strong leadership, transparency and openness, and integrity and ethical behaviour.

The culture of an organisation shapes the way it operates. A common description of culture is 'the way we do things around here.'

The CPA Australia document *Excellence in Governance for Local Government* suggests that an organisation seeking excellence in governance should have the following elements in its organisational culture:

- support for frankness, honesty and questioning
- innovation
- effective management structures and practices
- good communication
- learning and feedback
- ethical behaviour and codes of conduct

It is proposed that the 2006-2010 Corporate Plan promotes those elements that will reflect a positive culture for RSC.