



GOVERNANCE FRAMEWORK

JUNE 2020

PENRITH
CITY COUNCIL

PURPOSE

This document provides context to Penrith City Council's good governance practices and guides our compliance with governance responsibilities as required under various legislation, specifically the Local Government Act 1993.

The framework gives the community and stakeholders an overview of governance and encourages participation in good governance.

What is Governance?

Governance encompasses all the processes for making and implementing decisions that define expectations of the community, grant power or verify performance.

Governance is not an isolated concept or theory; rather, it is enduring, and is a combination of embracing good governance culture, following processes and procedures, and endeavouring to achieve good governance.

What is Good Governance?

The Audit Office of NSW define good governance as "those high-level processes and behaviours that ensure an organisation performs by achieving its intended purpose, and conforms by complying with all relevant laws, codes and directions while meeting community expectations of probity, accountability and transparency".

Good Governance has 8 characteristics:

Participatory	Responsive
Consensus oriented	Effective & efficient
Accountable	Equitable & inclusive
Transparent	Follows the rule of law

For Council, good governance means that the people of Penrith receive the services they need in an effective and efficient manner that is equitable and inclusive and delivered with honesty. We achieve this by having decision-making processes and structures in place that are participatory, consensus oriented, accountable and transparent. We also show integrity when interacting with the community, businesses and government departments.

Benefits of Good Governance

- Promotes community confidence**
 People are more likely to have confidence in Council if decisions are made in a transparent and accountable way. With good governance, the community will feel that Council acts in a way that is in their overall interest, regardless of differing opinions and in accordance with the appropriate legislative requirements.

- Encourages Councillors and Council officers to be confident**

Councillors and officers are confident about their roles when good governance and compliance is practised. Councillors can be sure they are across the issues, that they can trust the advice they are given and that their views will be respected, even if not everyone agrees with them.

Officers will feel more confident to provide frank and fearless advice that is acknowledged and respected by Councillors and fosters informed decision-making.

- Leads to better decisions**

Decisions that are informed by good information and data, by stakeholder views and by open and transparent debate will generally reflect the broad interests of the community.

Even if they don't agree with the decisions, the community is more likely to accept the outcomes of decisions if the process has been robust and consistent.



- **Supports ethical decision-making**

Good governance creates an environment where when making decisions, Councillors and officers ask themselves, 'Am I doing the right thing, in the right way?'

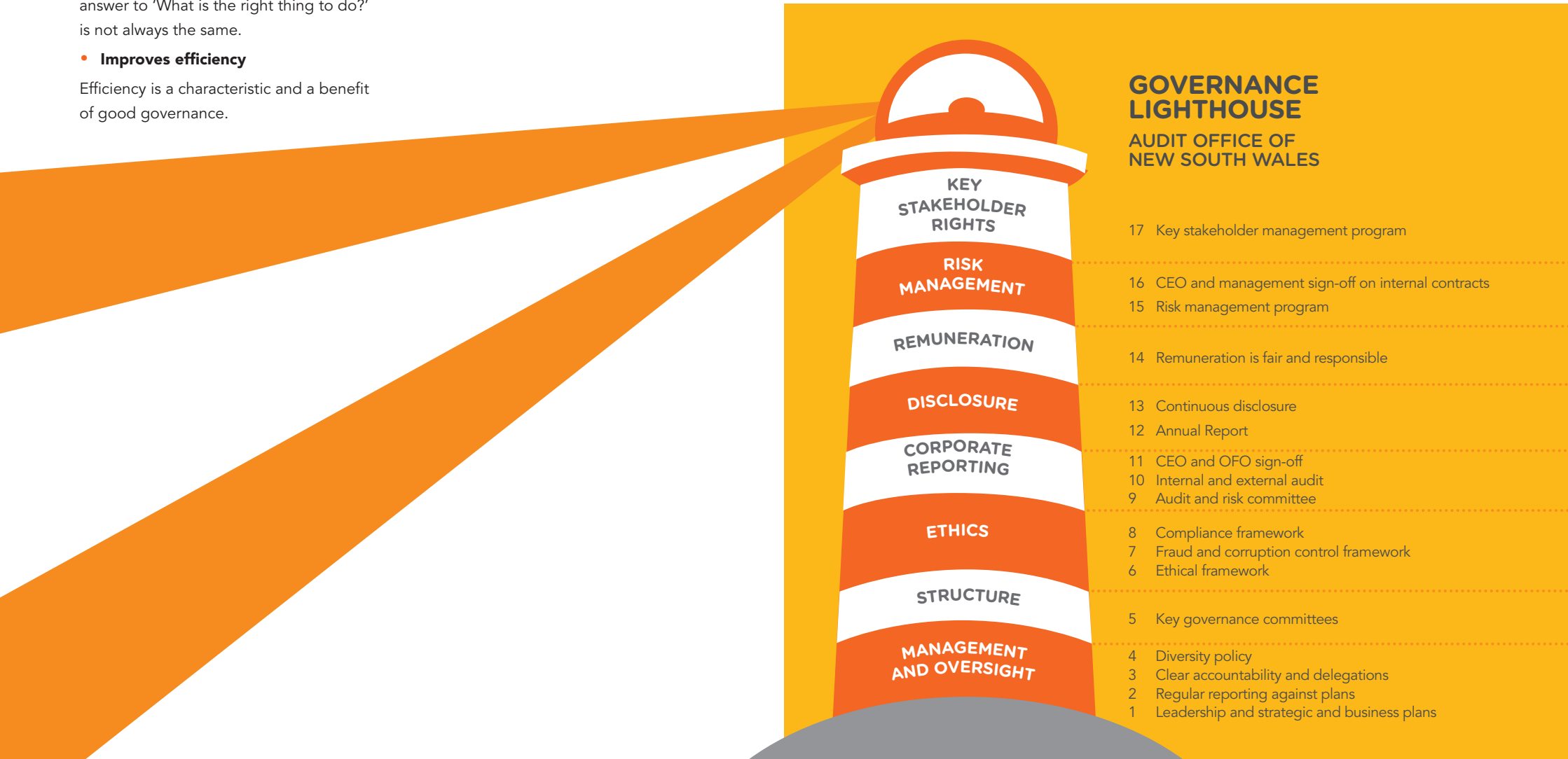
Having to account for choices in an open and transparent way encourages detailed consideration of those choices. Differing philosophical frameworks can mean the answer to 'What is the right thing to do?' is not always the same.

- **Improves efficiency**

Efficiency is a characteristic and a benefit of good governance.

GOVERNANCE FRAMEWORK

The Governance framework provides information about Council, Councillors and our administration, the relationships that exist and how they work together to achieve good governance. The Audit Office NSW's Governance Lighthouse provides a guide to implementing successful governance. Council uses this guide as a framework to promote public confidence. The framework is set across 8 principles and 17 components.



GOVERNANCE LIGHTHOUSE

AUDIT OFFICE OF NEW SOUTH WALES

- 17 Key stakeholder management program
- 16 CEO and management sign-off on internal contracts
- 15 Risk management program
- 14 Remuneration is fair and responsible
- 13 Continuous disclosure
- 12 Annual Report
- 11 CEO and OFO sign-off
- 10 Internal and external audit
- 9 Audit and risk committee
- 8 Compliance framework
- 7 Fraud and corruption control framework
- 6 Ethical framework
- 5 Key governance committees
- 4 Diversity policy
- 3 Clear accountability and delegations
- 2 Regular reporting against plans
- 1 Leadership and strategic and business plans

CORE VALUES

Penrith City Council's mission is to:

Deliver services, facilities and infrastructure that the community needs

Maintain long-term financial sustainability

Work with the community and partners to achieve more than we can alone

Provide an excellent customer experience to everyone who contacts us

Value and engage its staff

Council has adopted values to guide its behaviour in the workplace and how we relate to work colleagues, customers, communities, and stakeholders.

RESPECT

by being responsive to others' experiences, perspectives, values and beliefs, listening, being open and working to understand the perspectives of others

ACCOUNTABILITY

by behaving in an honest, ethical and professional way, identifying and following legislation, rules, policies, and codes of conduct, speaking out against misconduct, illegal and inappropriate behaviour, by working and leading by example

INNOVATION

by being open to new ideas and change, offering our opinions and making suggestions, adapting to new situations and not giving up easily

PRINCIPLE 1: MANAGEMENT AND OVERSIGHT

The management and oversight principle is put into effect through various strategies, leadership and delegation of responsibilities as well as regular reporting and training.

Strategic and business plans

It is a legislative requirement that all councils have an integrated planning and reporting framework (IP&RF) that recognises community aspirations and responds to those needs. This framework allows Council to draw various plans and strategies together in order to plan for the future.

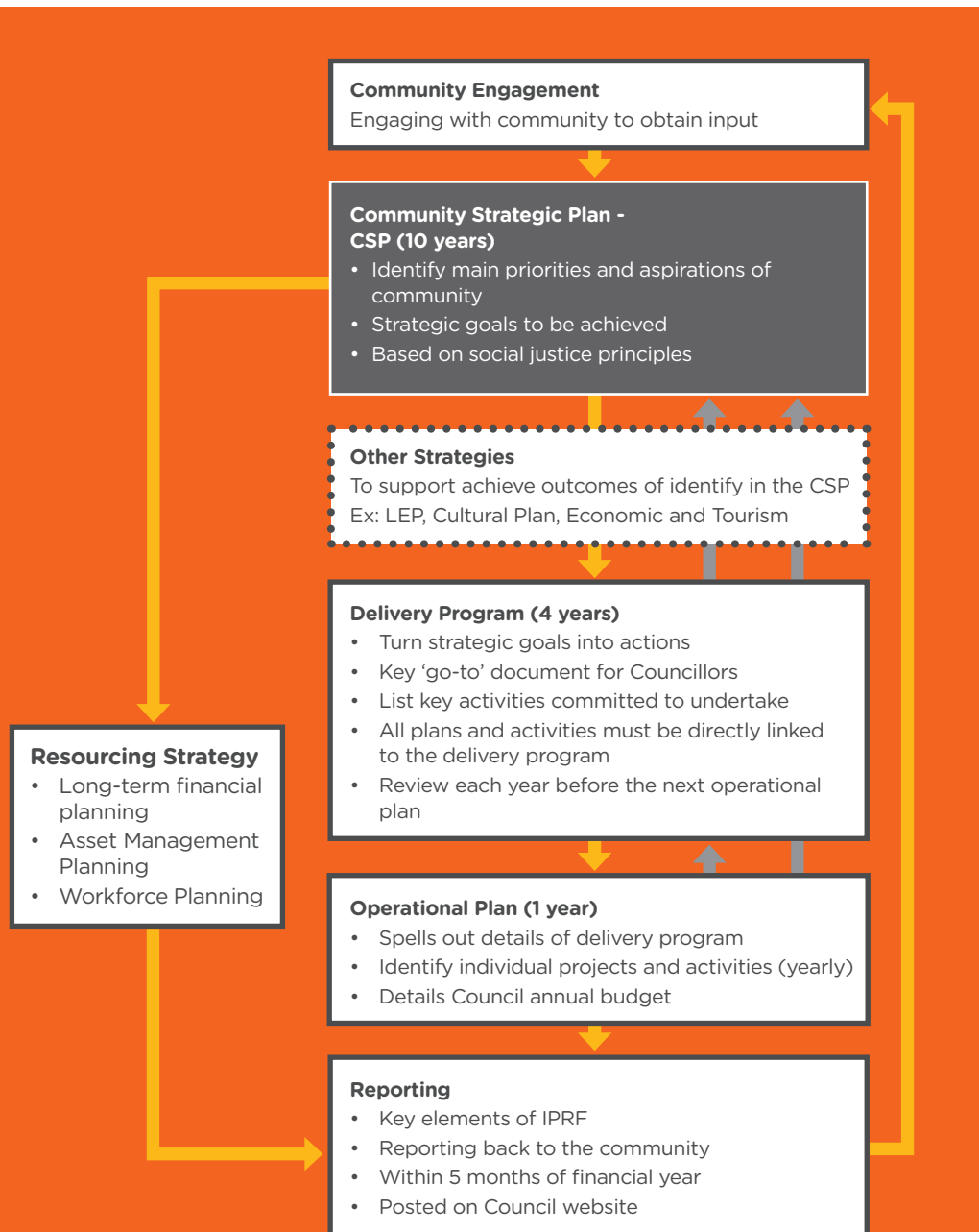
The Community Strategic Plan (CSP) is our highest strategic plan and provides the 'big picture' plan for the City. The CSP was developed through extensive community engagement via surveys, listening posts, activities, meetings and forums.

Council realises the CSP through our four-year Delivery Program which includes a one-year Operational Plan. The Operational Plan includes services, activities and projects delivered by Council, annual budget and detailed work programs. It delivers on the four-year Delivery Program and overall objectives of the CSP.

Several other plans and strategies support the decision-making process, including (but not limited to) various planning, parking and open space strategies.

While the CSP is endorsed by Council on behalf of the community, the General Manager (through the Leadership Team) and staff are responsible for the implementation of the plan. Council recognises that it is also important to establish and maintain relationships with the NSW and Australian governments and community groups to better represent the aspirations of the community.

INTEGRATED PLANNING AND REPORTING FRAMEWORK - IP&RF



Leadership

Penrith City Council is governed by 15 elected Councillors (including the Mayor and Deputy Mayor) representing 3 wards: East, South and North. The Mayor is elected by the members of the Council following an ordinary election, and/ or after the conclusion of a two-year term or where a vacancy occurs. General elections for the whole of Council are held every four years on the second Saturday of September as set by the Local Government Act 1993. The functions, including roles and responsibilities, of the Council, Mayor, Deputy Mayor, and Councillors are also prescribed by the Act.

Council and its management must demonstrate leadership and commitment to the governance framework by:

- ensuring Council's compliance objectives are consistent with the values, objectives and the strategic direction of the organisation
- ensuring that Council policies and procedures are developed to achieve compliance objectives
- communicating the importance of an effective compliance system through words and actions
- ensuring alignment between operational targets and obligations, and
- promoting continual improvement.

The Local Government Act provides guidance to "enable Councils to carry out their functions in a way that facilitates local communities that are strong, healthy and prosperous".

1. Under these principles Council should:

- provide strong and effective representation, leadership, planning and decision- making
- carry out functions in a way that provides the best possible value for residents and ratepayers
- plan strategically, using the integrated planning and reporting framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community
- apply the integrated planning and reporting framework in carrying out their functions so as to achieve desired outcomes and continuous improvements
- work co-operatively with other councils and the State Government to achieve desired outcomes for the local community
- manage lands and other assets so that current and future local community needs can be met in an affordable way
- work with others to secure appropriate services for local community needs
- act fairly, ethically and without bias in the interests of the local community
- be responsible employers and provide a consultative and supportive working environment for staff.

2. When making decisions Council should:
- recognise diverse local community needs and interests
 - consider social justice principles
 - consider the long-term and cumulative effects of actions on future generations
 - consider the principles of ecologically sustainable development
 - ensure decisions are transparent, and that decision-makers are to be accountable for decisions and omissions.

3. Council should actively engage with its local communities, using the integrated planning and reporting framework (IP&RF) and other measures.

The General Manager undertakes day-to-day management responsibilities, advises the Mayor and Council on strategic plans and programs, ensures policies and lawful decisions endorsed by Council are carried out and any other functions conferred or imposed by the Local Government Act or any other legislation.

A COUNCIL'S STRUCTURE



Clear accountability and delegations

Council's Community Engagement Strategy, decision making, planning and reporting processes promote a culture of accountability to the local community. Regular reporting builds public trust and ensures Council is administered accordingly, resources are allocated to meet the objectives of the CSP, community interests are met, and the integrity of Council's overall conduct remains intact.

Under the Local Government Act, Council is required to either make decisions or delegate the decision-making power to a local board, a Council committee, a local government subsidiary or the General Manager. Delegations are a fundamental part of good governance and allow Council to carry out its functions and be accountable for decisions and actions taken under specific legislative provisions. Those tasked with carrying out a function need to have the corresponding authority.

Where appropriate, the General Manager has sub-delegated powers. The General Manager employs and delegates operational duties to Council staff who are responsible for implementing Council policies and other decisions. The General Manager remains the primary link between the Councillors and Council staff.

Council's Delegations Policy is a framework established for the delegation of authority to facilitate efficiency and ensure accountability of staff performing their duties. A delegation can be made to employees, authorised persons, committees and subcommittees or to a subsidiary. Council has delegated a broad range of powers, duties and functions under the Local Government Act and numerous other legislative instruments, except for matters that cannot be delegated and prescribed under the Act. Delegations are reviewed within 12 months of a local government election.

Regular reporting against plans

Council has several mechanisms in place to make sure performance is continually monitored, reviewed and reported, and that corrective action is taken when required. Council reports its performance in the following ways:

1. Financial Reporting

Quarterly financial reports and budget reviews are provided to Council.

Capital works reports are provided to Council to monitor progress of the annual capital works program.

The Leadership Team receives regular reports on the budget.

Audited annual statements are reviewed by Council's Audit, Risk and Improvement Committee before being considered by Council.

2. Performance reporting

Council has performance reporting in place to monitor the progress of the CSP against the Delivery Program and Operational Plan.

3. Annual Report

Requirements for the Annual Report are detailed in the Local Government Act 1993, and Local Government Regulations 2005. The Annual Report is to be published within 5 months of the end of the (financial) year.

4. Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee (ARIC) provides independent assurance and assistance to Council in the following key areas:

- compliance
- risk management
- fraud control
- internal control
- financial management
- implementation of Council's Strategic Plan, Delivery Programs, and strategies
- service reviews
- collection of performance management data
- other matters prescribed by regulations and execution of Council functions

The ARIC meets around four times a year and is an independent advisory committee that helps Council fulfil its oversight responsibilities.

Equal employment opportunity

Council's recruitment, onboarding, probation and training processes uphold the principles of Equal Employment Opportunity (EEO) and are conducted without any form of discrimination or unfavourable treatment.

Council's Equity, Diversity and Respect Policy outlines the standards and expectations of the organisation. It develops and enhances workplace behaviours that treat everyone with fairness and respect in order to foster a culture of zero tolerance. Council has also launched a 'Towards Zero' campaign to create a workplace culture where every staff member feels safe from violence, bullying and harassment.

PRINCIPLE 2: STRUCTURE AND KEY GOVERNANCE COMMITTEES

Council meetings

Council meetings are important because they are the forum in which Councillors evaluate plans, motions, strategies and other matters, and make well-informed decisions that benefit the Council and the community. Council decisions can only be made by a resolution at a properly convened meeting. Council meetings are conducted in accordance with the Local Government Act and are run under Council's adopted Code of Meeting Practice.

There are 3 main types of Council meetings:

- Ordinary Council meetings
- Extraordinary Council meetings, and
- Council committee meetings.

All Council meetings (except confidential sessions of the meetings) are recorded and placed on Council's website. The meetings are open to the public unless otherwise decided by the Council in line with limited circumstances listed in the Local Government Act. When this happens, the meeting is closed to the public to preserve confidentiality.

Ordinary Council meetings are public formal meetings where core business is conducted. Councillors attend Ordinary Council meetings each month and Extraordinary meetings are called when needed.

Council has established internal and external committees, working parties, and panels to further support the decision-making process. These provide Councillors with input and information to help them make better decisions in the interests of the community.

There are other meetings, such as briefings, that may involve the Councillors but these are not formal, nor open to the public. No decisions are made at these meetings, rather they are held to provide Councillors with complex information.

Advisory Committees differ from Council committees and membership can include community and stakeholder representatives. These committees can be permanent or established when there is a need. Though the Code of Meeting Practice does not apply to these committees, it is expected that good meeting protocols are maintained and governance standards met. In many cases, these meetings adopt the Code of Meeting Practice or a version of it.

COUNCIL MEETINGS



PRINCIPLE 3: ETHICS

Ethical behaviour is a key aspect of good governance and its supporting principles. The local community expects the highest standards of conduct from Councillors and staff. Unethical behaviour may lead to a lack of community confidence in Council.

Council policies and procedures

Ethical conduct is upheld through various Council endorsed policies and procedures. These are documented in the Council's Policy Register. Policies and procedures are reviewed and updated regularly in line with a policy review schedule as well as required by legislative, technology, policy and service changes.

Directors, Managers and the Governance team provide administrative support to develop, monitor and review the contents of policy documents. Relevant Council officers are also consulted during the development review process. The Leadership Team will consider and endorse a policy prior to sending it to Council or the General Manager for adoption. In some cases, policies are put out for public exhibition.

Policies and procedures are developed through relevant approval authorities, as outlined below:

				REVIEW RECOMMENDATION			
APPROVAL MATRIX	Consult	Endorse	Approval Authority	Approve Minor Change	Approve Material Change	Approve No Change	Approve Redundancy
Council Policy	LT / ARIC / Public	GM	Council	Council	Council	Council	Council
Organisational Policy	LT / ARIC	GM	GM	GM	GM	GM	GM
Organisational Operational Procedure	LT	GM	GM	GM	GM	GM	GM
Standard Department Procedure	Team / Director	Director	Director	Director	Director	Director	Director

*GM = General Manager

Policies and procedures are communicated to Council employees through the induction process and further education on specific policies is provided when needed.

Fraud and corruption prevention

Council's Fraud and Corruption Prevention Policy ensures Council has a healthy and sustainable ethical culture. Its integrity framework and preventative methods are designed to eliminate and prevent fraud and corruption against Council. In line with Council's Model Code of Conduct, Council is committed to maintaining high standards of legal, ethical and moral behaviour, and has zero tolerance to fraud and corruption within Council's work environment. Council officials should "comply with standards of conduct expected of them, fulfil their statutory duty, and act in a way that enhances public confidence in local government". Any act of fraud or corrupt behaviour will be dealt with accordingly by the Council and disciplinary action may be taken.

Council's Chief Governance Officer has overall responsibility for implementing and overseeing Council's fraud and corruption control program. The Chief Governance Officer is supported by the Governance Manager and Governance Coordinator, Human Resources, Legal, Risk and Audit and ARIC.

Records management

Corporate records are managed in accordance with Council's Record Management

Policy to maintain transparency and accountability.

All Councillors, employees and contractors are responsible for maintaining complete, accurate and reliable evidence of all business transactions. They must also ensure all corporate documents, regardless of the form, are retained within Council's official record keeping system at the point of creation in accordance with the:

- a. State Records Act 1998
- b. Evidence Act 1995
- c. Government Information (Public Access) Act 2009
- d. Local Government Act 1993.

PRINCIPLE 4: CORPORATE REPORTING

Council has developed indicators to measure progress towards community outcomes. Performance measures are in place to track Council's progress towards achieving these goals, and the reports outline the progress Council has made against the Operational Plan and Delivery Program.

- The Annual Report provides an account of our achievements and performance over the past 12 months as required under the Local Government Act 1993.
- Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year.
- Half-yearly reports and quarterly reports track Council's delivery of the community's vision and the progress towards Council's four-year Delivery Program and yearly Operational Plan.

Financial statements, half-yearly, quarterly and annual reports are tabled at relevant meetings each year as per statutory requirements and are adopted by the Council.

PRINCIPLE 5: DISCLOSURES

Council's Annual Reports are required by the Integrated Planning and Reporting Framework and are available to the public to ensure they are aware of Council's performance. Council also openly discloses performance information at various Council meetings.

Council has policies and procedures to manage personal interests of staff, Councillors and designated persons via disclosures. The disclosure of conflicts of interest is a standing item on every Council meeting agenda. It requires Councillors to declare any conflicts they have in relation to any item on the Council meeting agenda. The Councillors' conflict of interest declarations are recorded in the meeting minutes.

Council staff are also required to declare in writing to their manager any conflict of interest that arises in the course of them conducting their duties. This includes gifts and benefits (accepted, offered but refused, or surrendered) and secondary employment. These disclosures are captured and managed by the Governance team.

Where Councillors or staff declare a pecuniary or significant non-pecuniary interest, they must remove themselves from the decision-making process (for example, Councillors are required to leave the Council Chamber and not vote on a matter; staff must step aside, and another staff member will be responsible for the decision making).

Councillors and designated persons are required to complete an annual pecuniary interest return, disclosing interests relating to real property, sources of income, gifts, contribution to travel, interests and positions in corporations, whether they are a property developer or a close associate of a property developer, positions in trade unions and professional associations, debts, disposition of property and other discretionary disclosures.

The Public Interest Disclosures Internal Reporting Systems Policy establishes an internal reporting system for Council officials to report wrongdoing without reprisal. The policy facilitates the disclosure and reporting of corrupt conduct, maladministration, serious and substantial waste of public money, breach of the GIPA Act and local government pecuniary interest contravention. Under the policy, Councillors and staff can report such conduct to the Mayor, General Manager, disclosures coordinator and disclosures officers as appropriate. The Public Interest Disclosures Internal Reporting Systems Policy is reviewed every two years.

PRINCIPLE 6: REMUNERATION

Council has implemented the Local Government (State) Award 2017 to ensure staff are remunerated appropriately. Staff are paid in accordance with the provisions of the Award. Additionally, policies and procedures are in place to ensure the administration of salaries is consistent and in accordance with the Local Government (State) Award.

Councillor fees are independently set by the Local Government Remuneration Tribunal each year and determined by a range of criteria and categories of councils and mayoral offices.

PRINCIPLE 7: RISK MANAGEMENT

Risk management is an integral part of good management practice and a valuable support to good governance. It is also necessary to successfully achieve Council's vision, objectives of the CSP and ensure community confidence. To this end, Council has a dedicated Risk and Audit section and is committed to an integrated approach to risk management to protect Council's staff, assets, liabilities and the community against potential exposures, to minimise uncertainty and to maximise opportunities.

The General Manager regularly reviews operational processes and procedures and implements corrective action when necessary to ensure the effectiveness of Council's internal controls. Council engages the assistance of external advisers when necessary, to monitor and evaluate activities and internal controls. This ensures our assets are safeguarded and that the decision-making capabilities, accuracy of reporting and financial results are maintained at a high level.

The risk management process is not considered as an isolated function, but rather an integrated part of good management practice. Council has an Enterprise Risk Management Policy and a framework to apply risk management thinking, principles and practices to reduce risks and uncertainties. According to the framework, Council will ensure:

- Council's risk appetite and risk tolerance are defined and communicated
- managers identify operational risks
- identified risks are recorded, assessed, and treated in a timely manner
- operational risks are recorded in risk registers and reviewed periodically
- strategic risks are managed by Directors and Council
- highest risks are given priority and resources allocated
- risk management training is provided
- day-to-day conversations about risk implications are encouraged
- risk analysis and opportunities for improvement are seized and promoted

Council's Business Continuity Framework is in place to respond effectively and efficiently to crisis situations and lessen the impacts on service delivery to the community. The Business Continuity Framework consists of a Crisis Management Plan, Business Continuity Plan for the Civic Centre and Kingswood Depot and an IT Disaster Recovery Plan.

PRINCIPLE 8: KEY STAKEHOLDER RIGHTS

Council upholds key stakeholder rights, primarily through fair and inclusive communications and Community Engagement Strategies, via transparent policies, customer experience, consultation, research, community workshops, social media platforms, online panels and surveys. These are conducted at several levels and provide

opportunities for the community to influence the decision-making process.

These levels:

- Inform
- Consult
- Involve
- Collaborate
- Empower



Council's Community Engagement Strategy includes values that guide and form our approach to community consultation:

Inclusive participation	Opportunities for all people who are potentially affected by, or interested in, projects or activities to participate.
Commitment	Identify, understand and work to engage relevant communities.
Build Relationships	Build trust through personal contact and keeping promises. Effective relationships between Council and its communities. Respecting stakeholder values and interests.
Transparency	Community engagement processes will be undertaken in a clear and transparent manner.
Partnership Approach	The needs and priorities of Council and the community will be respected in the design and implementation of any community engagement processes.
Feedback	Inform participants how their input contributed to the decision-making process.

Community members can access contact details for the Mayor, Deputy Mayor and Councillors on Council's website.

Formal Council meetings are open to the public. Anyone can request permission to address a meeting about an issue or matter on the agenda. The number of speakers is limited to three in support of any proposal and three against. All Ordinary Council meetings and Committee meetings where all Councillors are members (except confidential sessions of the meetings) are recorded and placed on Council's website. Council has processes in place that provide a consistent framework for receiving, managing and responding to complaints in a fair and timely manner and to make sure all parties are treated fairly and equally.

