Governance

city of villages

contents

Good governance at the City of Sydney requires:

Good governance ensures that the community has trust and confidence in the decisions we make together.

Governance at the City of Sydney is the systems, processes, policies and practices developed to deliver efficient and effective decisions, services and facilities so that they meet the City's objectives.

1/ Councillors being elected by, representative of, and accountable to their community;

2/ The Lord Mayor and Councillors providing leadership to the community and reflecting the community's collective aspirations;

3/ Policies and programs reflecting the responsibilities Council has to the community;

4/ Actions to implement the City's strategic plan - Sustainable Sydney 2030 and the Corporate Plan;

5/ The provision of services which meet the community's needs (sometimes in partnership with other levels of government, business or community organisations);

6/ A management structure that implements the City's goals in accordance with priorities and within approved budget;

7/ Compliance with the City's obligations.

Role of Local Government

The City of Sydney has a number of roles including:
- **Representation**
- **Service delivery**
- **Strategic planning**
- **Policy development**
- **Advocacy**
- **Law-making and enforcement**
- **Stewardship of public assets**

Representation

Councillors represent the interests of residents, businesses and ratepayers and facilitate communication between the community and Council.

Service Delivery

The City must ensure the efficient delivery of good quality services.

Strategic Planning

The City has developed Sustainable Sydney 2030 as the long-term plan for its local government area. Setting the strategy, and then ensuring that it is achieved through performance management, is one of the City's most important roles.

Policy Development

The activities of the City are guided by policies. Developing and implementing policies is a key function of the City.

Advocacy

The Council has a role advocating on behalf of the community to other levels of government, statutory authorities and other agencies.

Law-making and Enforcement

The City legislates and makes decisions in areas over which it has legislative authority. The local laws made by the City cover such issues as the activities permitted on public land and the use of infrastructure. It enforces laws made by the State Government in many areas including public health and building regulation.

Stewardship

Effective stewardship of all City assets exists as a key element in ensuring that the City optimises the use of its financial, physical and intellectual resources for the benefit of its residents and ratepayers.

Local Government functions have expanded well beyond 'roads, rates and rubbish' to be responsible for a much wider range of community related activities and issues. Over the last 25 years, the core legislation governing local governments in the states has changed substantially. The intention is to provide local governments with greater autonomy, flexibility and discretion to implement policy for their local communities, while being subject to greater public accountability. [1]

1 (Australian Government Productivity Commission, *Role of Local Government as Regulator*, Draft Report, March 2012, p8) http://www.pc.gov.au/projects/study/regulationbenchmarking/localgov/draft

Governance Framework

The Governance Framework sets out the main components required for good governance at the City of Sydney.

The four components of the framework are:

Strategy and Leadership

Leadership includes strategic planning. The elected Council's role is to set strategic goals and the City's policies and oversee the City's role in service delivery and operational performance.
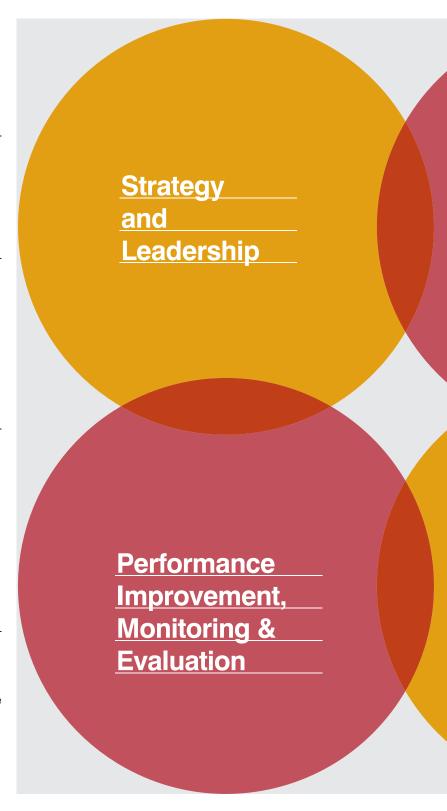
Structure and Relationships

Policies are most effective when they are linked with appropriate management practices and work processes. City of Sydney staff exercise their responsibilities through delegations of authority and following an appropriate organisational structure. Policies set the standards for City staff and inform decision making.

Compliance and Accountability

Compliance and accountability are exercised by adopting an annual budget and a strategic financial plan and by implementing financial controls and reporting processes that meet legislative requirements. Implementation of the enterprise wide risk management system, compliance program and assurance program, enables the City to appropriately identify and manage its risks while maximising opportunities.

Performance Improvement, Monitoring & Evaluation

Improving, monitoring and evaluating the performance of the City's operational functions against strategic goals is essential.

Strategy and Leadership

Performance Improvement, Monitoring & Evaluation

Governance Principles

The City's governance principles communicate to all stakeholders the City of Sydney's commitment to delivering best practice governance.

Structure and Relationships

Compliance and Accountability

The City will:

Principle 1
Clearly define our purpose, roles and responsibilities.

Principle 2
Demonstrate our shared values through our people, performance and conduct.

Principle 3
Commit to continually improve and add value in all we do.

Principle 4
Demonstrate leadership in environmental, social, cultural and economic performance through all of the City of Sydney's operations and other activities.

Principle 5
Promote ethical and responsible decision making.

Principle 6
Have integrity in our financial management and reporting.

Principle 7
Comprehensively measure and report on our performance.

Principle 8
Maximise effectiveness through engagement of our stakeholders.

Principle 9
Build our risk management culture through ownership, oversight and internal control.

All City staff are bound by these principles, and accordingly follow the City's governance framework as the definitive guide for the performance of their roles.

Governance at the City of Sydney

Strategy & Leadership

Sustainable Sydney 2030
Corporate Plan
Strategic Plans
Business Plans
Purpose, Values & Culture

Structure & Relationships

Organisation Structure
Roles & Responsibilities
Policies & Procedures
Delegations
Code of Conduct
Industrial Agreements
Communications

Compliance & Accountability

External Audit
Internal Audit
Annual Report
Compliance Activities
Assurance Activities
Risk Management

Performance Improvement, Monitoring & Evaluation

Continuous Improvement
Performance Management
Community Indicators
Organisational Performance Reporting

Strategy and Leadership

The Council has defined its overall direction and goals for the community in 'Sustainable Sydney 2030', which is Council's long-term Community Strategic Plan.

The Operational Plan also contains the annual budget that details how some of the actions taken by the City to achieve its goals are going to be financed over the next 12 month period.

The City's Resource Strategy includes a 10 year Financial Plan, Asset Management Plan and Workforce Strategy.

These strategic documents form the basis for action by the City and demonstrate to the community where the City is going, what the City's priorities are and how they are funded.

Councillors and City staff should undertake their roles in a way that demonstrates that they understand they are governing on behalf of the community.

Decisions should be taken with the community interest in mind.

Sustainable Sydney 2030 has been the subject of public exhibition and community consultation processes and has been adopted by Council as its plan for the community.

The Council's strategic decisions are consistent with the directions set out in Sustainable Sydney 2030; this demonstrates accountability to the community.

The City understands that community engagement plays an important role in building trust and confidence in Council.

The community is engaged through participation and consultation and is well informed so that it is part of the City's governance process. This is further enhanced through a range of community activities that promote interactions between Council and the community.

Good decision making requires the best available information to assist in making that decision.

Good governance requires that processes are in place that give community groups and other stakeholders the opportunity to express their opinions and provide information to the decision makers, prior to significant decisions being made.

The City's governance framework is further enhanced through the adoption of a clearly defined, transparent decision-making process and by the appropriate use of delegations.

There are five influences in the decision-making process:

Composition of Council following an election, and the Councillors' policy positions and commitments.
What the community wants Council to do
Statutory obligations and powers
Staff expertise in finance, planning and development, communication, legal services, social and cultural development
What Council decides to do

Various activities of the City of Sydney Council are supported by advisory panels.

The function of an advisory panel is to provide advice and make recommendations in relation to the performance of a function or the exercise of a power of the City of Sydney. Advisory panels do not have decision-making power, but provide an expert consultative mechanism to inform the City on strategic matters.

Advisory Panels that currently assist the City include the following:

• Aboriginal and Torres Strait Islander Advisory Panel;
• Chinese New Year Advisory Committee;
• City Farm Advisory Group;
• Curatorial Advisory Panel;
• Cycling Advisory Committee;
• Design Advisory Panel;
• Public Art Advisory Group;
• Redfern Oval Advisory Group;
• Sydney Retail Advisory Panel; and
• Disability Inclusion Advisory Panel.

Structure and Relationships

Councils must look beyond physical and financial capital. Communities are more than good roads and drains, and balanced budgets. Councils must develop structures and policies to build better communities. [1]

Council and the City

Good governance at the City is based on the principle of the Council and Chief Executive Officer (CEO) having different roles and responsibilities which, when combined, create the environment for the effective management and operation of the City.

The Executive of the City of Sydney is comprised of the CEO and the divisional Directors.
It is responsible for the City's performance and:

- implements the City's strategic direction;
- monitors the City's performance; and
- manages the operations of the City.

It does this through

- a commitment to agreed values and an ethical culture;
- oversight of corporate planning and budgeting processes;
- providing operating standards and procedures for the organisation;
- supporting a risk management and assurance framework;
- supporting a policy and compliance framework;
- ensuring robust performance measurement;
- assessing the integrity of internal controls, financial and management information systems;
- reporting on management of Council assets; and
- delegation and succession planning.

Roles and Relationships

The *Local Government Act 1993* defines the Council's Charter and the role and responsibilities of Councillors and the CEO.

Roles and relationships are a key aspect of internal governance, with good governance relying on successful working relationships and an understanding of role differences.

The Composition of Council

The City is represented by a Lord Mayor and nine other Councillors. Each year the Councillors elect a Deputy Lord Mayor.

Local Government elections are held every four years in September, with candidates elected to the office of Councillor or Mayor, for terms of 4 years. The Local Government Act defines the role of the elected representatives as follows:

Section 226 – What is the role of the Lord Mayor?

The role of the Lord Mayor is:

- to exercise, in cases of necessity, the policy-making functions of the governing body of the council between meetings of the council;
- to exercise such other functions of the council as the council determines;
- to preside at meetings of the council; and
- to carry out the civic and ceremonial functions of the mayoral office.

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1 (NSW Department of Local Government, *Inquiry into the Structure of Eight Council Areas in the Inner City and Eastern Suburbs of Sydney, 2001*, p 4.)
http://www.dlg.nsw.gov.au/DLG/Documents/information/binqrep.pdf

Section 232 – What is the role of a Councillor?

(1) The role of a councillor is, as a member of the governing body of the council:

- to provide a civic leadership role in guiding the development of the community strategic plan for the area and to be responsible for monitoring the implementation of the council's delivery program;
- to direct and control the affairs of the council in accordance with this Act;
- to participate in the optimum allocation of the council's resources for the benefit of the area;
- to play a key role in the creation and review of the council's policies and objectives and criteria relating to the exercise of the council's regulatory functions; and
- to review the performance of the council and its delivery of services, and the delivery program and revenue policies of the council.

(2) The role of a councillor is, as an elected person:

- to represent the interests of the residents and ratepayers
- to provide leadership and guidance to the community
- to facilitate communication between the community and the council.

Councillors have a legislative requirement to fulfil this role.

Individually, Councillors have a responsibility to act as a conduit between the community and the City. Not only must they represent the interests of the broader community, but they must also act as community leaders and represent the interests of the City of Sydney within the broader community.

Support for Councillors

To support new Councillors, the CEO ensures that they are given the opportunity to undertake a comprehensive induction program. The program details the governance framework, relevant legislative requirements, the City's structure and operations and the respective roles/responsibilities of Councillors and staff in the decision making process.

In accordance with Council policy, Councillors are provided with appropriate resources during their term of office for use while representing the ratepayers, businesses and residents of the City.

Additionally, the City provides opportunities for new and continuing Councillors to participate in tailored training and ongoing learning and development programs.

Meetings and Reporting Structures

A number of factors contribute to the efficient operation of meetings and of reporting. These include the following:

Code of Meeting Practice

The Code of Meeting Practice sets out the procedures for all Council and Council Committee Meetings. The Code incorporates the meeting procedures requirements set out in the *Local Government Act 1993* and the Local Government (General) Regulation 2005. It also contains additional provisions specific to the City.

The Code of Meeting Practice is designed to result in:

- better decision making by Council;
- orderly conduct of meetings dealing with Council business;
- better understanding of the process of conducting meetings dealing with Council business; and
- more efficient and effective use of time at meetings.

Council Meetings

The Council meeting process is regulated through the *Local Government Act 1993* and Council meetings are chaired by the Lord Mayor.

The Council meeting is the primary means by which decisions are made.

The City of Sydney operates on a three weekly Council meeting cycle. Ordinary Council meetings are open to the public (except as otherwise prescribed under the Act) and are currently convened at 5.00pm on the Monday following Committee meetings. Dates are published on Council's website for each committee meeting and Council meeting.

In keeping with the City's commitment to openness and accountability and maintenance of community engagement, agendas are made publicly available on the City's website and in hard copy form, on the Thursday prior to a scheduled Council meeting.

Minutes of an ordinary Council meeting are submitted to the next ordinary Council meeting for confirmation. The Act provides scope for Council to release minutes in an unconfirmed form, in the interests of maintaining public information and accountability. Accordingly, the City endeavours to make unconfirmed minutes of its Council meetings publicly available by the Monday following the meeting.

Agenda and Minutes

As required under the *Local Government Act 1993*, the City prepares agendas for Council meetings.

"Meeting procedures contribute to good public decision-making and increase council's transparency and accountability to its community. Councillors are accountable to their communities for the decisions that they make. Those decisions should be based on sound and adequate information. The conduct of effective meetings is an indicator of good governance. Well run meetings reflect an effective partnership and relationship between the governing body of council and council administration. [1]

[1] http://www.olg.nsw.gov.au/sites/default/files/Practice-Note-16-Meetings-Practice-Note-August-2009.pdf

Committees

Functions of City of Sydney Council Committees.

Committee	Responsibilities
Corporate, Finance, Properties and Tenders Committee	The City of Sydney Corporate, Finance, Properties and Tenders Committee deals with all matters relating to finance, industrial relations, tenders and more.
Environment Committee	The Environment Committee is responsible for dealing with all matters relating to parks and open spaces, graffiti removal, and other environmental issues within the City of Sydney local government area.
Cultural and Community Committee	The Cultural and Community Committee deals with matters relating to cultural, social and economic policies and programs including grants and sponsorships.
Planning and Development Committee	The Planning and Development Committee exists to exercise functions relating to development applications, planning instruments, applications for footway usage approvals and transport and access initiatives.

Committees

Functions of City of Sydney Council Committees
(continued)

Committee	Responsibilities
Local Pedestrian, Cycling and Traffic Calming Committee	The function of the Local Pedestrian Cycling and Traffic Calming Committee is to advise the City of Sydney Council on any proposal concerning a traffic control facility.
Central Sydney Planning Committee	The Central Sydney Planning Committee was established by the State Government in September 1988 to exercise the functions of the City Council in relation to the determination of applications for major developments with an estimated cost of more than $50 million.
Central Sydney Traffic and Transport Committee	The Central Sydney Traffic and Transport Committee coordinates transport policy and major transport related works between the City of Sydney and the NSW Government.

Committee and Council Reports

Committee and Council reports are the formal means for providing advice to Councillors, giving them the relevant information, issues, options and advice that will enable them to consider the matter at hand and make an informed decision.

Each quarter the City's annual financial statements and external auditor's reports are presented to the Councillors, and the public, as a report to the Corporate, Finance, Properties and Tenders Committee and to Council. The financial statements and auditor's reports are made available for public viewing and comment before adoption by Council.

Briefing Sessions

On the Monday prior to committee meetings, Councillors are offered a briefing session to ensure they are kept informed of upcoming matters.

Briefing sessions are offered to provide a forum within which Councillors may obtain further information in respect to any business that may be listed on the agenda. Briefing sessions are not open to the public.

Access to Information

The City creates and possesses a large range of documents for a variety of purposes. It is accepted that the public should have a general right of access to non-confidential Council documents. The City is committed to fostering high levels of public awareness of its activities, by providing its residents and ratepayers with the broadest possible access to information. In addition to meeting the state and local public notice requirements prescribed by the Local Government Act in respect to particular proposals and activities, the City also ensures that information is available via traditional and electronic means.

The City engages in a range of community consultation on important issues and also uses the local press for providing notification. Increasingly, the City's website is serving as the focal point for providing up to date information and service delivery to ratepayers and residents.

Public consultation involving residents and ratepayers is facilitated by the City through a range of mechanisms which includes; information provision, community consultation and opportunities for public comment.

Planning and Development Functions

In the Local Government context, planning and development matters constitute a significant proportion of Council decision-making.

A proportion of the City of Sydney local government area is subject to the control and management of State authorities, for example, Sydney Harbour Foreshore Authority. In these areas, the Minister administering the Environmental Planning and Assessment Act 1979 is usually, although not always, the consent authority.

The City of Sydney Act 1988 constitutes the Central Sydney Planning Committee (which is vested with planning power under the Environmental Planning and Assessment Act 1979) to determine development applications valued at more than $50m and developments which are not consistent with the Environmental Planning Instruments. Council is represented on the Committee by three Councillors, with the remaining four committee members appointed by the State Government. The Lord Mayor is Chair of the Central Sydney Planning Committee.

The provisions of the City's planning and development policies are formulated through a collaborative and consultative process involving the State Government, Local Government and the community. The State Government, through the Minister for Planning, provides final approval to the contents of Environmental Planning Instruments (Local Environmental Plan – LEP; State Regional Environmental Plan - SREP; State Environmental Planning Policy – SEPP). Once gazetted the Local Environment Plan comes into operation and has the force of law. The authority to operate the Local Environment Plan is delegated to Council by the State Government.

The Local Environment Plan requires review every five years. This is to ensure that the Plan continues to meet changing community needs and expectations. This review process is facilitated by Council and involves community input.

Council is provided with professional advice from specialist planning staff. While all decisions relating to development applications represent a decision of Council, most determinations are made by the City's professional planning staff under delegated authority.

The Roads Act 1993 establishes Council as a roads authority for roads in its local government area and sets out functions and responsibilities that arise from this role. The Act is complemented by the Roads (General) Regulation 2000, which includes provisions for the naming of roads and protection of roads.

Procurement and Contract Management Functions

The Local Government Act 1993 allows the City to procure goods, services and facilities, and carry out activities appropriate to the current and future needs within its local community and of the wider public. The Act also allows the City to enter into contracts and provides the legislative framework for tendering.

Procurement and contract management at the City involves the provision of goods, services, works and facilities while ensuring:

- value for money;
- compliance with legislation;
- probity and accountability; and
- appropriate use of public funds.

Procurement and contract management activities are conducted in a way that ensures the City satisfies legislative requirements and achieves best practice in its business operations, with due consideration for the effective and efficient management of resources.

"**Establishment of an Executive Team could be used to stimulate a culture of collective responsibility for the overall performance of the agency. Such a transparent demonstration of collegiate responsibility should both provide the encouragement and discipline for agency-wide adoption of governance principles and an ongoing forum to ensure their successful integration.**" [1]

Functions of the Chief Executive Officer (CEO)

The role of the CEO is to:

- manage the operations of the City;
- provide advice to Council;
- implement strategies, policies and decisions of Council;
- maintain the integrity of systems and processes required to ensure that all accountability and compliance obligations are met;
- lead the activities of employees.

This clear separation of Councillor and CEO roles and responsibilities, as identified in the Act, reinforces good governance principles.

It also ensures that the City adheres to all statutory requirements while meeting the expectations of its community.

However, it is also important for all parties to recognise and agree that maintenance of a close, effective and cooperative relationship between Councillors, the CEO and staff is critical to the achievement of key goals and objectives.

Functions of the Executive Management Team

The City is supported by the CEO and an Executive Management Team.

The primary purpose of the Executive Management Team is to assist the CEO in directing strategic and operational leadership for the City of Sydney in accordance with Sustainable Sydney 2030, the Corporate Plan and associated frameworks, and in line with relevant legislation.

The Executive Management Team plays three major roles:

1/ Implementing the City's strategic direction;
2/ Monitoring the City's performance; and
3/ Managing the operations of the City.

The Executive Management Team leads the effective implementation of Council decisions to ensure that the City provides necessary community services whilst working towards the longer-term delivery of Sustainable Sydney 2030.

The Australian National Audit Office articulates the important role of an Executive Management Team as follows:

All Executive Team members have a collective responsibility to respect the confidential meeting environment based on mutual trust, open and frank discussion in order to question, challenge and monitor the total operation of the City.

To achieve this, the City's Executive members must:

- ensure a 'big picture' approach;
- test decisions and results against the agreed vision;
- ensure outcomes achieve stakeholder expectations;
- vigorously challenge information presented to them;
- ensure appropriate measures and monitoring mechanisms are in place;
- be aware of emerging issues and major strategic and operational risks; and
- bring to the debate their diversity of experience.

In recognition of the CEO's accountability to the elected Council, the CEO may overturn a decision made by all members of the Executive Management Team.

1 Corporate Governance in Budget Funded Agencies
• Australian National Audit Office 1997, Page 7.

The Executive Management Team meets regularly as a basis for ensuring effective coordination of the City's operations and implementation of Council resolutions.

These meetings are complemented by the regular Directorate meetings and Unit Managers' meetings.

Such forums are important, both in enabling management information dissemination and feedback to staff, thereby promoting a whole of organisation approach in the fulfilment of the City's functions and responsibilities.

Policies, Management Practice and Delegations

The City has adopted a number of policies, delegations and management practices to guide the administration in the conduct of the City's operations. The policy and delegation regimes are key components of the City's governance framework.

The *Local Government Act 1993* outlines the process by which the City may adopt a regulatory regime that may be enforced through the courts, for example, by the issue of infringement notices or by performing other executive functions to enforce the law.

Council operates with the force of legislation and the City has a duty to enforce all applicable laws. For example, the City enforces laws relating to:

- parking enforcement;
- health and buildings;
- animal management;
- activities on roads;
- activities on public property;
- signs and advertising;
- special events;
- alfresco dining; and
- trees.

Policies provide the City's administration and stakeholders with guidance for the implementation of processes. They have been drafted in a manner that allows Council to adopt policies in accordance with its role of providing policy direction to the administration of the City.

These policies focus on setting standards in compliance with legislation, adopting values and/or guiding processes. These practices describe what is required to achieve each policy objective.

Delegations

Delegations of authority are required in order to provide staff of the City with the power to exercise duties and make decisions required by legislation.

Under the *Local Government Act 1993* both the Council and the CEO are given certain functions and duties to be discharged. Council may delegate authority to perform some of its functions and duties to the CEO.

The CEO may delegate to any other officer, the authority to perform functions and duties that are exercisable by the CEO under the Act, or that have been delegated to the CEO by the Council.

This delegation of authority accords with a governance framework whereby staff are responsible to the CEO and the CEO is responsible to Council.

Similarly, the implementation of Council decisions and instructions is conducted by the CEO, who may delegate some of this responsibility to other staff of the City.

The City will delegate legislative requirements through a 'delegations register'. All other activities involving the devolution of responsibility from the CEO will occur through the issuance of Administrative Instructions/Orders or are incorporated into policies, procedures and/or position descriptions.

Communication

It is important that there is ongoing dialogue between Councillors and the administration.

Roles, communication on how to achieve outcomes, policy development and implementation, are all complex and dynamic issues.

A shared and continually developing understanding about these concepts and practices will enhance good governance at the City.

Protocols for communication between Councillors and the administration include such practices as regular CEO briefing sessions with Councillors.

This free flow of information encourages communication between Councillors and the administration in terms of Council's objectives and desired outcomes while progress on the development of policy and program options for Council's consideration is occurring.

Corporate Standards

The City is strongly committed to the principles of transparency, consultation and accountability. In setting its governance and strategic frameworks, the City has committed to conduct its business according to these principles.

As the City's leaders, the Lord Mayor, Councillors and CEO are committed to ensuring that these principles are created and sustained through:

- establishing and communicating the City's vision and strategic plan as articulated in Sustainable Sydney 2030 The Vision;
- creating and sustaining a supportive environment, which encourages all staff to achieve their full potential; and
- demonstrating the principles through their behaviour.

Vision, Values and Purpose

The City of Sydney believes an engaged workforce is central to achieving its vision of Sustainable Sydney 2030 by developing a 'Green, Global and Connected' city and continuing to provide valued community services.

The City's staff are custodians of public trust and confidence. In recognising this, the City is committed to building a high performing culture built on the values of collaboration, courage, integrity, innovation, quality and respect. These values guide staff in how they work, interact with each other and the community, and make decisions. They help staff deliver on the City's purpose to 'Lead, Govern and Serve.'

Purpose Statement
Lead, Govern and Serve

Values
Innovation
Integrity
Courage
Collaboration
Quality
Respect

Code of Conduct

The City of Sydney's Code of Conduct establishes the minimum appropriate standards for the honest and ethical behaviour of Councillors and staff. It contains the key principles and standards of behaviour the City expects of all Councillors and staff. The Code provides guidance for employees on how to conduct themselves when dealing with customers, colleagues, businesses, representatives of Government, the media, community groups and others.

The City of Sydney's Code of Conduct has been adopted by the City in accordance with the legislative requirements of the *Local Government Act 1993*. It is available for public inspection both online and at the Council's offices.

Compliance and Accountability

Compliance and accountability are achieved through ensuring the integrity of the key operational and financial planning and reporting mechanisms that underpin the City's operations.

The Annual Report and Operational Plan (which includes the annual budget) provide this information, and are supplemented by internal performance measurement instruments.

The City operates according to the Integrated Planning and Reporting Framework requirements issued by the Division of Local Government in January 2010.

Statutory Compliance

Compliance with key financial and statutory requirements is assessed through the annual external audit conducted in accordance with the Local Government Act by a professionally qualified external party appointed by Council.

The City recognises the importance of ensuring that matters involving deliberations of Council, the implementation of resolutions and reporting of performance / outcomes are fully compliant with all legislation and regulations applicable to NSW local government.

The City adheres to the following core principles and practices:

- compliance is about our responsibilities as employees, our culture, and the systems and processes we use every day;
- complying with both the letter and spirit of regulatory obligations is an essential part of an ethical culture and is critical to our success as a leading local government agency;
- we ensure that the letter and spirit of regulatory obligations are embedded into how we do business, how we conduct ourselves, how our systems and processes are designed and how they operate;
- compliance with regulatory obligations is the responsibility of everyone in every area of the City;
- visibility and accountability of senior management encourages a strong compliance culture;

- the role of senior management is to guide the organisation in embedding compliance into how we do business; and
- actively engage with regulatory bodies and industry forums to maintain high standards.

Key components of a compliance framework that supports these principles are:

- **Environment:** Council and Executive management oversight and accountability, culture and independent review;
- **Identification:** identifying obligations and developing and maintaining compliance plans as part of business planning;
- **Controls:** policies, processes, procedures, communication, training and documentation; and
- **Monitoring and reporting:** monitoring, incident and breach escalation, reporting, issues management and managing regulatory relationships.

As with other forms of risk, business line management is primarily responsible for managing compliance risk and is provided with the following support:

- infrastructure to facilitate compliance planning and reporting;
- specialist advice in implementing regulatory initiatives and policies, and establishing compliance programs;
- analytical tools and advice for independent oversight of areas of strategic compliance risk; and
- reports on potential weaknesses across the division.

The City measures the effectiveness of its compliance program by adopting an enterprise-wide risk management approach, which includes internal audit; contract management and other operational reviews; mystery shopper exercises; customer surveys; and operational risk assessments.

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> "The three aspects of accountability are the need for and value of information, honest values and legal enforcement. " [1]

Risk Management Program

Effective risk management requires taking an integrated and balanced approach to risk and reward, and helps us to both optimise financial growth opportunities and mitigate potential loss or damage.

The City of Sydney has implemented a Risk Management Program incorporating the following:

- Risk Management training program;
- Risk Management Planning (as part of annual business planning);
- Risk Register;
- Risk Reporting;
- Audit Risk and Compliance Committee;
- Fraud and Corruption Prevention Strategy;
- Code of Conduct;
- Emergency Management Committee and response centre;
- Business Continuity Plan (including Disaster Recovery Plan); and
- Insurance Program

The risk management strategy involves the City collating and reporting on all the identified risk management initiatives to ensure adoption of a coordinated approach that will effectively minimise business, financial and physical risks to the City's assets and operations.

The Legal and Governance Division advises on legal and governance issues and is responsible for identifying and protecting the City of Sydney against legal and governance risks.

The City's performance in implementing effective risk management strategies and following sound business practice is reinforced through access to independent legal advice, the conduct of annual compliance audits and the annual financial audit undertaken by professional, external auditors.

External Audit

The External Auditor:

- provides independent audit opinions on both the general and special purpose financial reports of Council;
- audits statutory returns relating to a number of Council activities (including the ratings return, domestic waste return, parking enforcement gain share); and
- reports to the Council and the CEO of the conduct of audits, issues a management letter detailing any matters that arise during the course of audits and provides any supplementary reports where required.

The External Auditor also contributes to Council's Audit, Risk and Compliance Committee meetings when required.

Internal Audit

Internal audit is an important part of the City's risk management processes.

Internal audit is directed to identify performance or compliance gaps to enable improvements to the City's efficiency, effectiveness and compliance. It also helps improve processes and makes them more rigorous and corruption resistant.

1 (Kluvers, R and Tippett, J (2010), *Mechanisms of Accountability in Local Government - An Exploratory Study*, International Journal of Business and Management, Vol 5, No 7, July 2010) http://ccsenet.org/journal/index.php/ijbm/article/view/6625/5229

Audit Risk and Compliance Committee

The Audit, Risk and Compliance Committee plays a pivotal role in the Council's governance framework. The primary objectives of the committee are to:

1/ Assist the Council in discharging its responsibilities relating to:

- financial reporting practices;
- business ethics, policies and practices;
- accounting policies;
- risk management and internal controls; and
- compliance with laws, regulations, standards and best practice guidelines

2/ Provide a forum for communication between the Council, senior management and both the internal and external auditors; and

3/ Ensure the integrity of the internal audit function.

The Audit Risk and Compliance Committee Charter sets out the Committee's roles and responsibilities and its oversight of the internal and external audit functions, including any statutory duties. This committee is made up of two members of the Council and three independent members, one of whom is the Chair of the Committee.

The Audit Risk and Compliance Committee is responsible for directing the annual internal audit work program. The committee meets at least five times a year to consider any matters relating to the financial affairs and risk management issues of the City of Sydney.

Performance Improvement, Monitoring & Evaluation

The City is accountable for improving and monitoring performance in the achievement of strategic directions, goals and financial outcomes. To do this, the City has developed performance indicators to monitor its performance across the various service categories such as:

Infrastructure and assets – services relating to asset management such as plans and policies for roads, footways, drainage, buildings, street trees and other significant operational assets.

Development and Planning – statutory planning, transport (including traffic management, bikes), and parking.

Community Services – family, youth and children's services, aged and disability care.

Sustainability and Environment – waste management, street cleaning, and corporate environmental responsibility.

Recreation and Open Space – libraries, parks and sporting facilities.

Regulation – emergency management, public health, animal control, enforcement.

Economic development – tourism, industry support.

Communication – information and accessibility, request and complaint handling.

Annual Report

The *Local Government Act 1993* requires the City to make an Annual Report on its achievements with respect to the objectives and performance targets set out in its corporate plan for that year. The Act lists various items to be included in the Annual Report.

The Annual Report also serves as the vehicle by which the City can monitor, control and report on the outcome of its activities over a particular financial year.

Both the Annual Budget and the Annual Report are strongly aligned to *Sustainable Sydney 2030*.

Developed as part of sound business management, the Annual Budget provides a framework for allocation of financial, physical and administrative resources required in pursuing the City's objectives for the proceeding 12 month period.

Performance Management

The CEO is the only officer directly responsible to the Council and is the only position to be appointed by the Councillors. Council is accountable for setting the CEO's performance plan and subsequently monitoring performance.

The CEO is responsible for reporting to Council quarterly on progress, established performance criteria and for ensuring that the City has a system for the monitoring of the performance of individual Council employees. Performance management helps ensure individual accountability and the achievement of Council's objectives.

Performance management is a principal tool in achieving corporate objectives in that it links those objectives with employee goals and achievements. It focuses on improving performance through matching outcomes against individual, team, directorate and Council's objectives, and to the training and development needs of employees at all levels.

Integrated Planning and Reporting

The NSW State Government has introduced an integrated planning and reporting framework for local government. The City of Sydney has adopted a number of strategic, financial and corporate plans to enable it to provide regular reports under this statutory framework.

These plans are:

- Community Strategic Plan - this is an updated version of the City of Sydney's adopted vision and long-term plan Sustainable Sydney 2030. The plan identifies the community's goals and main priorities and sets strategies for achieving those goals.

- Resourcing Strategy - identifies how the City's resources - financial, workforce and asset management - will be used to achieve the goals set in the Community Strategic Plan.

- Corporate Plan - sets out a four-year program of major activities and financial estimates to implement the strategies established by the Community Strategic Plan.

- Operational Plan - sets out projects and programs to be undertaken by the City over the next 12 months, and details the annual budget, rates model and fees and charges.

Complaints handling

The City is committed to delivering quality customer service, and to communicating effectively with the community.

To assist the process, the City has adopted the Complaints and Feedback Guidelines.

The Complaints and Feedback Guidelines:

- ensure the community's right to comment is protected and promoted;

- inform the community of the external and internal procedures for the handling of complaints and compliments;

- ensure the feedback received is handled in an appropriate, effective and systemic way allowing corrective actions to be put in place where necessary; and

- increase the level of community satisfaction with Council services and in turn contribute to increased job satisfaction of staff.

The City considers complaints to be a valuable source of information to enable improvement of its services and to help retain stakeholder support for Council activities.

Community Feedback

The City employs various mechanisms for collecting community feedback, including by phone, letter and email in person and through Council's websites. The City also conducts an annual communication satisfaction survey within its community. Regular reporting on community feedback and outcomes ensure confidence in the Council's services.
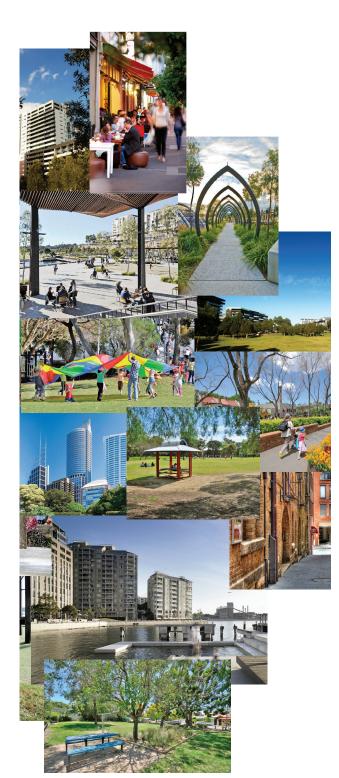
Registers

Registers serve as important evidence to show that individual Council employees, Councillors and the City are doing the right thing.

Registers are a critical component to show transparency in the way the City conducts its affairs. Without registers there may be some doubt as to whether or not people followed the appropriate practices and acted ethically.

Some registers are required to be kept by law while other registers are kept as a result of the City's policy decision, for example, to require declarations by staff of gifts and benefits they have been offered.

Some of the Registers held by the City include:
- Gifts and Benefits Register;
- Pecuniary Interests Register;
- Register of Planning Decisions; and
- Policy Register

Customer Consultation

The City has developed a Customer Service Charter which includes its values:

- Integrity;
- Innovation;
- Courage;
- Respect;
- Collaboration; and
- Quality.

These are important elements in serving the needs of residents and ratepayers.

The Charter promotes flexibility, innovation and responsiveness in the delivery of services, with openness, transparency and cooperation between the City and its customers being key to achieving positive outcomes.

The Charter establishes minimum standards for City staff to attend to customer enquiries, complaints and information requests.

Continuous Improvement

The City is committed to ensuring the effectiveness and efficiency of its operations through a program of review.

Conclusion

The City of Sydney is committed to ensuring that the organisation continues to develop and maintain an effective governance framework and governance processes. The City's governance structures and focus need to be consistent with best practice governance frameworks across both the corporate and government sectors to confirm its place as a leader in national and international local government.

In order to achieve this the City expects that its staff will demonstrate a strong work ethic and exhibit a high level of commitment to continuous improvement in governance as they do their work.

The City is committed to revisiting and re-evaluating its governance in an ongoing dynamic process by improving the co-ordination of the various governance elements and testing the existing governance processes for effectiveness. This requires cooperation between Councillors and staff in developing and evolving effective governance practices and procedures, and thereby reinforcing the continued delivery of strong effective governance by the City.

The City recognises that in its endeavours to effectively lead, govern and serve, it must have in place a governance system of robust checks and balances to direct, control, monitor and ensure accountability and transparency in the provision of the City's operations.

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