ANALYSIS, ACTION & IMPROVEMENT

A Timeline Of Change @ Kempsey Shire Council

KEMPSEY
Shire Council

Overview of corporate improvement

2018 – REVIEW AND RESTRUCTURE

- Initiated by external review
- New GM and Directors commenced Feb 2018
- New organisational structure
- Reduced Directors positions by 2, Managers by 3
- Principles of structure:
    - Vision and Values
    - Customer Focus
    - Human Centred
    - Technology Enabled
    - Financially Sustainable
    - Planning focus
    - Adaptable
    - Responsibility and Accountability
    - Linkages
    - Business focus

2019 – 2020 CORPORATE IMPROVEMENT

- Improve corporate planning, systems, principles and governance frameworks, practices and procedures across organisation.
- Seven focus areas:
    - Corporate Governance
    - Financial Sustainability
    - Community Engagement
    - Assets Management
    - Workforce and Culture
    - Systems and Processes
    - Corporate Planning, reporting and performance management

2019 – 2024 DIGITAL TRANSFORMATION

Digital transformation
Ongoing analysis and upgrade of corporate business systems.
Defined by the principles of being:

- Customer Centric
- Digital by Design
- Open 24/7
- Innovation Focussed
- Transparent
- Accountable

2019 – 2023 FINANCIAL SUSTAINABILITY

- Delivering best value to the community
- Excellence in financial management
- Striving to deliver better practices
- 28 initiatives
- Reported quarterly to council and community
- Transparent and measurable working towards a sustainable position.

2019 Bushfires, 2020 Floods, 2020-21 Covid, 2021 Floods, 2022 Floods, 2023 Bushfires

Digital transformation – managing risk and efficiency

Core Business Systems Replacement

Civicview Retirement

2019
- SynergySoft
- Altus
- Definitiv (Altus Payroll)
- Vault
- My Recruitment+
- ESRI
- K2 Inspections App
- Magiq Upgrade

2020
- Learning Hub
- Temetra Water Meter Reading
- Macleay Valley Coast Website
- Fresh Service IT
- Assetic (Asset Management)
- Water Outlook
- Waste App

2021
- Greenlight (Main system)
- SynergySoft Customer Requests
- Roster System (VIC-SDC)
- IdealPos (SDC Point of sale)
- SynergySoft Pound Register
- KnowB4 IT Security Training
- Open Cities Council Website
- Fresh Service - Property-Facilities
- Pool Car Hire System
- New-Refreshed Intranet
- Learning Hub: New Modules
- Depart. Planning Integration
- NAB Online Payment Gateway

2022
- Greenlight Food Register
- Mandalay Waste POS
- Pulse Corporate Reporting
- SynergySoft Cemeteries
- Sharepoint Leases
- Definitiv - Plant and Equipment
- Internet Upgrade
- Altus Bank Reconciliation

2023-24
- Pulse Project Management
- Registers Project
- Pulse Strategies Module
- Pulse Risk Module
- Pulse Policies Module
- Pulse Claims Module
- Phone System Replacement
- Fresh Service for Business Units

*Unstable, un-supported, **high risk of failure and loss, inefficiencies, lack of reporting and data***

Stable, reliable, supported, risks managed, improved efficiencies, improved reporting outcomes
***Progress, not perfection***

Financial Sustainability Strategy

- Strategy adopted 2019 with clear actions, measurable results that are reported publicly
- Financial Sustainability Program integrated into LTFP, embedded into KSC operating model

Delivering Best value to our Community

Program	Initiative	Outcome	Status
Asset Management	Implement actions from adopted Strategic Asset Management Plan	Decreased risk, informed asset decision making and improved financial outcome	Commenced
Community Surveys	Expand surveys to include questions on importance of financial sustainability	Meaningful feedback on community prioritisation	Complete
Development Contribution Plans	Review and refine to ensure future development pays for growth related infrastructure	Cost of future asset provision is balanced across current and future populations.	Commenced
Organisational Structure	Undertake review of organisational structure	Structure is financially affordable seeking to balance community service delivery expectations with employee health and wellbeing.	Complete
Procurement and Contract Management	Develop and implement a procurement strategy	Improved supplier relationships, reduced risks and lowered third party spend	Commenced
Service Reviews	Develop and implement prioritised service review framework	Efficient process within existing capacity demonstrating value for money	Behind
Special Rate Variation	Investigate SRV feasibility to address underlying financial sustainability	Detailed investigation report including engagement presented to Council	Complete
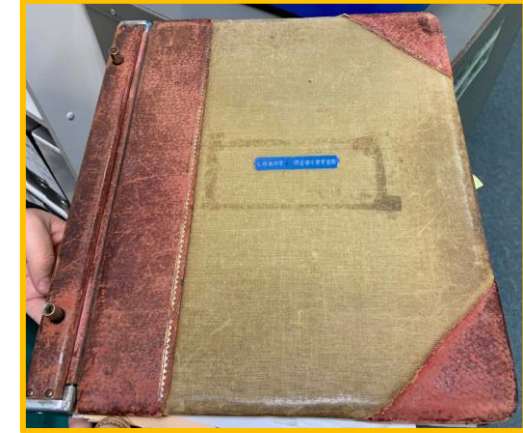
The 2018 starting point......
A loans book for record keeping and a typewriter for issuing updated rates notices.

Financial Sustainability Strategy

Excellence in Financial Management

Program	Initiative	Outcome	Status
Corporate Governance	Audit, Risk & Improvement Committee scope extended to focus on financial sustainability	ARIC plays an active governance role in Financial Sustainability Program	Complete
Financial Management	Continuous improvement to Council's budgeting and forecasting processes	Work towards surplus budget, scale capital program to workforce capacity, asset maintenance and renewal prioritised over new builds in accordance with SAMP	Commenced
Grants	Grant funding strategy, policy and framework developed to align with long term financial sustainability objectives.	Grant applications are prioritised, align with DP, consider impact on LTFP and are appropriately approved.	Behind
Treasury Management	Establish and adopt: • Restricted Assets Policy • Debt Policy • Investment Strategy	Adopted public commitment to a policy approach guiding optimum management of cash, use of debt and investment returns for Council.	Behind

Financial Sustainability Strategy

Striving to Deliver Better Practices

Program	Initiative	Outcome	Status
Innovation Portal	Capture, refine and implement staff generated business improvement and cost reduction initiatives.	Organisational value of innovation is recognised, staff empowered and financial value delivered across organisation.	Behind (ad hoc implementation)
Own Source Revenue	Investigate opportunities for new and increased own source revenue streams.	Further revenue streams identified, assessed and implemented to reduced operating deficit.	Commenced
Project Management	Embed the Project Management Office and associated operating framework to support delivery across the organisation.	Deliver projects on time, within budget, according to standards and in a more cost efficient manner.	Commenced

Case Study: Systems and Processes

PROCUREMENT STRATEGY 2023 - 2027

Vision: Empowering sustainable and inclusive growth through strategic procurement
Objective: Create a procurement and contract management system that is a beacon of sustainability, ethical practices and strategic efficiency

Current State:
- Decentralised immature model providing limited internal business support and lack of analysis
- Cultural challenge to change perception of procurement from red tape to business partner
- Requirement to establish continuous improvement focus

Actions:
- Define roles of procurement and contracts staff
- Implement robust project management tools and simplified procurement procedures
- Increase data management and procurement oversight
- Define and deliver appropriate training

Year 1 - 2023 Achievements:
- Developing a Procurement & Contract Management Framework, including a guided buying system to assist staff in value for money purchases
- Replacing Procurement Policy with the Sustainable Procurement and Contracts Policy
- Replacing Procurement Procedure with the Sustainable Procurement and Contracts Procedure
- Developing a Contract Management Guide
- Commenced internal provision of Procurement & Contract Management Framework training and Sustainability training to relevant staff

Table 1: Efficiency, Effectiveness and Productivity Improvements from Internal Auditing

The following table highlights key business improvements derived from Council's Internal Audit function over the past five years.

Internal Audit	Timing	Efficiency / Effectiveness Improvements	Productivity Improvements
Corporate Governance	March 2019	• New workforce diversity policy with measurable targets • New fraud and corruption control program • New corporate risk management plan	• Resourcing reviewed to support several major improvements to corporate governance processes • New remuneration policy and system • New Council website and Intranet
Corporate Credit Cards	January 2019	• Updated credit card procedure • New lack of supporting documentation form developed • New credit card exception report established	• New employee rewards and recognition principles developed • Increased number of credit cards distributed to reduce small dollar invoice processing
Fleet and Plant Management	July 2019	• Fleet Management Working Group (FMWG) established • New fleet strategy and policy and procedures developed • Key work, health and safety issues resolved	• Fleet utilisation and optimisation reviewed • Private and commuter use vehicles optimised • Automated follow-up of drivers licence renewals
Business Continuity	July 2019	• Issued business continuity resource kits to key locations • IT disaster recovery plan reviewed	• Online access to key resources
Airport Fuel System Management Project	May 2019	• Project governance and contract management issues identified • Public tender review and evaluation process improved	• New Project Management Office established • Project management training, reporting
IT Vision System Pre-Implementation Reviews	May 2019	• Business readiness for new system evaluated • Project governance improved • UAT, data migration optimised	• Key finance and payroll processes augmented with roll-out of new corporate system • Electronic timesheets introduced saving time and money
Electronic Funds Transfer Payment Controls Review	September 2019	• Review and update EFT payments form • Develop fraud and incident reporting checklist	• Enhanced staff training and awareness raising activities

Internal Audit	Timing	Efficiency / Effectiveness Improvements	Productivity Improvements
Payroll	October 2019	• New Payroll Manual developed • New weekly checklist and two-step reconciliation process started	• Employee allowance types reviewed • Facilitated further system productivity enhancements • Timesheet errors with financial impact rectified
Development Contributions	January 2020	• Development Contributions Working Group established • New contributions plans developed • Periodic reviews of complying developments	• New development contributions register (cross-functional) identified • Contribution rates and payments reviewed
Procurement	January 2020	• Procurement Advisory Committee (PAC) established • Procurement procedures improved • New procurement / accounts payable exception reporting	• New public tender eProcure system / templates implemented • Key procurement system enhancements • Encouraged panels and standing orders
Emergency Management	March 2020	• Emergency response plans for Civic Centre, Works Depot and Waste Management Facility implemented • Evacuation plans, signage reviewed/updated at all Council sites • Emergency preparedness meetings, governance improvements	• Clarified roles and responsibilities including local emergency management officer (LEMO) position • Training for key staff
COVID-19 Pandemic Response Review	May 2020	• Real time review (interim) of Council's COVID-19 pandemic response processes • Internal audit Industry case study written • Final report prepared in March 2021	• Lessons learned identified for future pandemics • New tools and progress monitoring templates developed
Bridges and Major Culvert Inspection Program	April 2020	• New operational procedures developed • Improved bridge inspection compliance process • Bridge asset information reconciled in key systems	• Replace Bridge Manager system with new asset management and GIS mapping systems • Periodic exception reporting developed
Pollution Incident Response Management Plan	June 2020	• Annual testing of plan required • Checklist developed to monitor compliance requirements	• Process flow diagrams developed with roles and responsibilities articulated
Work, Health and Safety	September 2020	• Work, Health & Safety Leadership Group established	• Improved monitoring of high-risk licences / qualifications,

Internal Audit	Timing	Efficiency / Effectiveness Improvements	Productivity Improvements
		• Updated WHS procedures • New WHS inspection program implemented	new skills / training matrix developed • New SharePoint site developed to ensure timely access to information • New Vault system tested and rolled out
Grants	October 2020	• New grant funding policy and procedures • New grants registers and reports • Recordkeeping improvements	• Improved financial tracking of grants • Roles and responsibilities defined
Section 355 Committees	October 2020	• Various governance improvements • Clarified roles and responsibilities • Updated policies and procedures	• Community facility assessments conducted • Review of facilities including optimisation or closure of unused facilities
Supplier Due Diligence	July 2020	• Council supplier watch and do not engage lists • Improved financial liability and business integrity checks • Awareness raising activities	• IT Vision system enhancements including automatic supplier prompts
Water and Sewer Facilities	December 2020	• Housekeeping, WHS, emergency preparedness improved at several key sites • Site audit and inspection process improved	• Ongoing inspection program by management team including forms set up in new system (Vault) established • Clarified fire safety contractor responsibilities
Rates	February 2021	• Review policies and procedures • Improve system user access rights with ongoing monitoring • Monitor audit logs	• Reinstate debt recovery processes to maximise Council revenues • IT Vision system improvements • Review rating categories
Payroll Follow-up	April 2021	• Payroll back-up and staff training • Strengthened Payroll system user access	• Minor timesheet errors with financial impact resolved • Employee allowances with financial impact reviewed • Improved excess leave and overtime reporting
Development Assessment	July 2021	• Policies and procedures reviewed • Local environment plan and development control plans to be reviewed • Development assessment review processes reviewed	• Inconsistent approach to estimating cost of building works • Team resourcing reviewed • New system required to improve productivity
Contractor Invoice Receiving Review Process	August 2021	• New checklists and templates developed • Strengthened invoice review processes	• Key internal resourcing changes to maximise productivity • Incorrect contractor charges rectified

Internal Audit	Timing	Efficiency / Effectiveness Improvements	Productivity Improvements
OLG Credit Card Guidelines Review	September 2021	• Increased Council's credit card facility limited in accordance with procedures • Updated procedures	• Improved end user system training
Customer Service	November 2021	• Roles and responsibilities to be clarified • Updated policies and procedures • Complaints management procedures updated	• Implement consistent customer service processes including lodging customer requests in one system • Centralised monitoring and reporting • New key performance indicators established
Recruitment	November 2021	• Recruitment procedure reviewed • Selection panel membership reviewed • Casual and fixed term positions reviewed	• Recruitment processes in the MR+ system augmented and streamlined • Training and user guides to accompany new system
Insurance	January 2022	• New building notification process improved • Insurance claims procedure updated	• Incorporate asset notifications into new PMO processes • Claims reporting improved
Tree Management	April 2022	• Updated policies and procedures • Tree inspection processes improved • Tree inventory of significant and high-risk trees	• Team resourcing and staff training and qualifications reviewed • Incorporate K2 tree database into robust asset management systems with improved reporting • Prioritise overdue tree assessments / defects
Contract Management	June 2022	• New policies and procedures • Ensuring contracts in place for notable procurement • Contract extensions and variations process improved • New templates developed	• Capacity and capability for contract management reviewed • Roles and responsibilities reviewed • New Altus contracts register system utilised
Waste Cell 4 Project Governance Review	June 2022	• MoU Project Execution forms signed with contract partners • Risk registers, project status reports updated	• Waste management projects to follow Council's new capital governance procedures
Asset Management	October 2022	• Review and update key asset management plans • Prioritise asset maintenance program improvements • Develop new procedures	• Roll-out cloud-based asset register to key stakeholders • Review resource model for asset management • New state of the assets report
Drinking Water Management System	November 2022	• Water tests to be undertaken according to plans	• Standard operating procedures reviewed to

Internal Audit	Timing	Efficiency / Effectiveness Improvements	Productivity Improvements
		• Develop water quality reporting procedure • Calibrate water testing equipment	ensure consistency and maximise staff productivity
GIPA Act Compliance	January 2023	• Review and update Council's GIPA Act Disclosure Log on its website • Update information on Council's website and fees and charges schedule	
Credit Cards	March 2023	• Review and update credit card procedure • Review acquittal and approval timeframes • Strengthen breach reporting processes	• Review unused or underutilised credit cards to save Council resources • Review low value purchases (accounts payable)
Road Asset Maintenance	May 2023	• Develop a plan to prioritise outstanding road asset defects based on risk • Outdated staff training and qualifications to be resolved • Finalise road management plan	• Work scheduling to be rolled out through new Reflect system to maximise resourcing and defect prioritisation • Review roles, responsibilities and team resourcing to maximise productivity and staff development
Stores and Inventory	June 2023	• Review and update Council's outdated Stores Manual • Initiate a random quarterly stocktake process • Improve Stores security, housekeeping and WHS processes	• Review financial rates applied to South Kempsey gravel stockpiles • Improve monitoring and reporting • Implement Stores system enhancements to save staff time
Payment Card Industry Data Security Standards Review	July 2023	• Credit card details not to be stored in Council's key systems • Undertake annual self-assessment questionnaire and network scan by accredited service provider	
Implementation of 2023 Local Government Award Changes	August 2023	• Payroll and recruitment forms and procedures to be updated	• First aid allowances for staff working from home to be reviewed
Cyber security	October 2023	• Finalise cyber security policies and procedures • Implement improvements in accordance with the Essential Eight program	• Streamline current cyber security training program to maximise resources • Document cyber security incident response process
Wastewater Discharge and Pollution Monitoring and reporting	December 2023	• Outdated risk register to be updated • Water samples to be recorded in systems and depot books	• Standard operating procedures to be reviewed and updated

Internal Audit	Timing	Efficiency / Effectiveness Improvements	Productivity Improvements
		• Update website data and improve recordkeeping	• Implement new Water Outlook system module to maximise productivity

Internal Audit

13/12/23