

CENTRAL TABLELANDS *Water*



Business Paper

Ordinary Meeting of Central Tablelands *Water*

8th August 2018

Blayney



4th August 2018

Notice to Members

Your attendance is requested at an Ordinary Meeting of Council to be held at the Blayney Water Filtration Plant on Wednesday, 8th August 2018 at 10.30am. Morning tea will be served at 10.00am.

Agenda

1. Public Forum
2. Apologies for non-attendance
3. Confirmation of Minutes - Ordinary Meeting held on 13.06.18
4. Disclosures of interests
5. Chairman's Minute
6. Councillor Representation
7. Notices of Motion
8. Reports of Staff
9. Adjourn Meeting and proceed into Committee of the Whole
10. Resume Ordinary Meeting & Report of Committee of the Whole
11. Next Meeting – Grenfell – 10th October 2018

Yours faithfully

G. Rhodes
General Manager

INDEX OF REPORTS
OF THE ORDINARY MEETING OF CENTRAL TABLELANDS WATER
HELD ON WEDNESDAY 8 AUGUST 2018

GENERAL MANAGER REPORTS

01	DISCLOSURE OF INTERESTS (GO.CO.3)	2
02	FUTURES STRATEGIC WORKSHOP (GO.CO.1)	3
03	CENTRAL TABLELANDS WATER REBRANDING PROJECT (GO.CO.1)	4
04	SAFE & SECURE WATER PROGRAM UPDATE (GR.SL.2)	6
05	ORGANISATIONAL STRUCTURE AND SALARY SYSTEM REVIEW PROJECT - UPDATE (PE.EC.1)	8
06	RECOGNITION OF STAFF SERVICE (PE.EC.1)	10
07	COUNCIL RESOLUTIONS UPDATE REPORT (GO.CO.1)	11

FINANCIAL & CORPORATE SERVICES REPORTS

08	FINANCIAL MATTERS (FM.BA.1)	15
09	UNCOMPLETED WORKS REVOTES OF EXPENDITURE AT 30 JUNE 2018 (FM.BA.1)	18
10	CANOWINDRA RESERVOIR ROOF REPLACEMENT – INSURANCE TENDERING REQUIREMENTS (RM.CM.2)	20
11	INTERNAL AUDIT COMMITTEE MEETING MINUTES AND NEW COMMITTEE CHARTER (CM.AU.1)	23

OPERATIONS & TECHNICAL SERVICES REPORTS

12	REGIONAL WATER SECURITY PIPELINE PROJECT UPDATE (WS.AM.1)	45
13	TRUNK MAIN K RENEWAL (WS.AM.1)	46
14	MAINTENANCE OF COUNCIL'S SYSTEMS (WS.MO.4)	47
15	PERFORMANCE OF COUNCIL'S SYSTEMS (WS.MO.4)	49

COMMITTEE REPORTS

16	QUESTIONS ON NOTICE	52
17	WATER LEAKAGE – ACCOUNT 60205000007 (CR.EQ.1) WATER LEAKAGE – ACCOUNT 273030007 (CR.EQ.1)	53
18	PROCEED TO COMMITTEE OF THE WHOLE	54
19	REPORT OF THE COMMITTEE OF THE WHOLE	55

01) DISCLOSURE OF INTERESTS (GO.CO.3)

Author: General Manager

IP&R Link: Strategic Priority 2 – An efficient, sustainable and customer focussed organisation – 2.5.5 Good governance in place with timely management of council meetings.

RECOMMENDATION:

That Council note the report.

REPORT

Section 449 (3) of the Local Government Act requires that:

“A councillor or designated person holding that position at 30 June in any year must complete and lodge with the general manager, within 3 months after that date, a return in the form prescribed by the regulations.”

Current councillors (and senior staff) are required to submit returns by 30 September 2018.

A copy of the Schedule 3 return was included with this business paper.

Councillors are respectfully requested to comply with the requirements of the Act by completing the return and lodging it with the General Manager either at this Council meeting or by 30 September 2018.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

02) FUTURES STRATEGIC WORKSHOP (GO.CO.1)

Author: General Manager

IP&R Link: Strategic Priority 2 – An efficient, sustainable and customer focussed organisation – 2.3 – Improving performance and managing risk - 2.3.6 Complete a strategic futures review of the operating model of CTW to maximise independence and relevance.

RECOMMENDATION:

That Council note the report.

REPORT

At the February 2017 Council meeting, the Chairman presented his Minute regarding the merger proposals by the State government. The Chairman further advised that if the mergers did not proceed, he would convene a meeting of councillors and representatives of CTW's constituent councils to plan for the development of CTW as a strong and independent local water utility.

As the merger between Blayney, Cabonne and Orange Councils did not proceed, a CTW Futures Strategic Workshop has been arranged.

CTW is subject to a range of obligations as a result of its structure and jurisdictional operating context. CTW wishes to better understand and manage the risks and challenges to its operations as a water utility, under its current and future operating circumstances.

As a result, a Futures Strategic Workshop will be held on 6 September 2018 to identify and manage the key identified risks for CTW. All CTW Councillors, senior management, constituent council's mayors and general managers have been invited to attend.

The Risk Edge team (Dr Annette Davison and Ms Sarah Loder of City Water Technology), have been engaged by CTW to facilitate and record the results of this workshop.

BUDGET IMPLICATIONS

September 2018 QBRS

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

03) CENTRAL TABLELANDS WATER REBRANDING PROJECT (GO.CO.1)

Author: General Manager

IP&R Link: Strategic Priority 2 – An efficient, sustainable and customer focussed organisation – 2.3.6 - Complete a strategic futures review of the operating model of CTW to maximise independence and relevance.

RECOMMENDATION:

1. That Council note the report, and
2. Council approve funding of \$12,000 to proceed with the initial approach of market research and brand development of Central Tablelands Water.

REPORT

During the website redevelopment presentation at the June Council meeting, rebranding of the Central Tablelands Water was raised. After a brief discussion between councillors and senior management staff, it was agreed to further investigate the process of rebranding and approximate costs.

The General Manager subsequently sought a proposal from a local industry marketing firm. The proposal suggested a two (2) stage approach being Market Research and Brand Development.

Market research was prescribed as the initial approach with any brand project with a full review and thorough research conducted to set the foundations for a new logo design.

The market research stage includes: project briefing; brand review; environmental scan; brand audit; brand workshop; and brand report. The brand report represents the findings, with both project viability and future direction in mind. This stage can take up to 6-8 weeks to complete with an approximate cost of \$7,000.00.

According to the marketing firm, this stage can be done stand-alone to establish the viability of the brand, however it cannot be omitted as it is a crucial stage of the branding process.

Based on the insights gained from the Market Research stage, this determines how the brand is seen and the direction to proceed with the logo. During this phase the logo is developed and ultimately, the brand identity. This stage takes approximately 4 weeks and costs approximately \$5,000.00.

It is to be noted that the above information (time and costs) only describes the initial approach to rebranding, with additional costs and time to be estimated (during the initial approach) to complete the entire rebranding project. This includes updating signage, stationery, uniforms, publications, etc.

CTW's website currently under redevelopment, is expected to be completed and ready to go live within the next month. The website can be easily updated if Council proceeds with rebranding of CTW in the future.

BUDGET IMPLICATIONS

Funding for rebranding is not currently in the FY18/19 Operational Budget

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

04) SAFE & SECURE WATER PROGRAM UPDATE (GR.SL.2)

Author: General Manager

IP&R Links: Strategy Priority 2 – An efficient, sustainable and customer focussed organisation – 2.2.7 Secure grant funding where available to support delivery and development of services and infrastructure.

Strategy Priority 3 – Regional Leadership and Collaboration – 3.1.1 Work closely with Central West JO (through Water Alliance) for regional water security – 3.1.2 - Participate in opportunities for resource, expertise and knowledge sharing with Central West JO – 3.1.4 - Develop a regional water security strategy.

RECOMMENDATION:

That Council note the report.

REPORT

As previously reported, the NSW Government announced in June 2017 the Safe and Secure Water Program (SSWP) targeting water and sewerage projects in regional NSW to ensure infrastructure meets contemporary standards for water security, public health, environmental and safety outcomes into the future. The SSWP provides co-funding to successful applicants for water and sewerage infrastructure.

Reservoir and Trunk Main K

On 27th November 2017, CTW submitted an Expression of Interest (EOI) for 50% funding for construction of a 12 ML reservoir at Carcoar Water Treatment Plant and completion of Trunk Main K. The construction of a 12 ML reservoir at the head of the network would enable CTW to provide contingency across the broad CTW network during normal operations as well as during emergencies, where regional linkages may be operated.

The General Manager was advised by the SSWP on 23 February 2018 that CTW's EOI had been considered eligible to proceed to the next stage of the assessment process, i.e. submission of a business case for detailed application assessment.

CTW Senior Management engaged Western Research Institute (WRI) Ltd in the preparation of the detailed business case. WRI have extensive experience in preparing and writing funding applications, and collating data and analysis to support successful bids.

WRI have completed the cost benefit analysis on the 12 ML reservoir proposal and have drafted the detailed submission. CTW's Senior Management Team is currently reviewing the draft detailed submission and will submit to the SSWP Technical Review Panel for consideration.

WRI have also completed a draft detailed submission for the Trunk Main K (Stage 3) proposal and provided the draft to the CTW Senior Management Team to complete and submit. Senior Management are currently working on this submission.

Scoping Study - Lithgow to Kings Plains Water Transfer Pipeline

It was resolved at the Centroc Board meeting held in Condobolin on 22 February 2018 that funding be sought for a scoping study from the SSWP with CTW as proponent for a potential water transfer pipeline between Lithgow and Kings Plains with links to storage.

Subsequently, CTW in consultation with Centroc Executive staff, submitted an EOI to the SSWP on 23 March 2018, seeking funding for a scoping study to consider a water transfer pipeline project from Lithgow to Kings Plains.

The General Manager was advised by the SSWP on 22 May 2018 that CTW's EOI had been considered eligible to proceed to the next stage of the assessment process, i.e. submission of a detailed application (Phase 1). As timing is critical for this proposed Scoping Study, the detailed application was submitted to the SSWP on 8 June for assessment by the Technical Review Panel on 21 June 2018.

The scoping study is supported by Centroc as it has the potential to increase water security in the Central NSW region. If the detailed application is successful, the scoping study will be funded by the SSWP (50%), CTW (25%) and Centroc (25%).

CTW is still awaiting formal notification from the SSWP whether the application has been successful or not. The General Manager has been advised by the SSWP contact officer that the application still has to be considered by Infrastructure NSW, Treasury and the Expenditure Review Committee prior to formal notification being provided. Formal advice is expected to be received in August.

BUDGET IMPLICATIONS

FY 2018-19 Operational Plan

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

05) ORGANISATIONAL STRUCTURE AND SALARY SYSTEM REVIEW
PROJECT- UPDATE (PE.EC.1)

Author: General Manager

IP&R Link: Strategic Priority 2 – An efficient, sustainable and customer focussed organisation – 2.4 – A capable and motivated workforce.

2.4.1 - Develop and implement a workforce management strategy and plan including a review of salary and organisation structure.

RECOMMENDATION:

That Council note the report.

REPORT

As reported at the June Council meeting, a full salary system and organisational structure review will be undertaken during FY 2018/2019. The review is to be conducted by an independent human resources expert in consultation with all CTW employees, the United Services Union, and LGNSW.

Donna Galvin from Donna Galvin Consulting (DGC) has been appointed as the independent human resources expert to facilitate and complete the review.

Donna has over 26 years of experience in human resources (HR) and organisational improvement roles, with 17 years in local government holding senior HR and management positions. Donna has qualifications in HR Management and is a Professional Member of the Australian HR Institute.

The purpose of the review is to:

- Review current HR practices relating to annual performance appraisals, position descriptions, evaluations, salary frameworks and administration.
- Identify ways to enhance capability of staff through targeted training programs.
- Ensure that current practices and frameworks continue to align with the Local Government (State) Award requirements.
- Ensure CTW has the right structure, capability and capacity in its workforce to continue making CTW a capable and efficient water authority.

CTW Senior Management have met with Donna recently to finalise a timetable for the review identifying key milestones and deliverables, which will be issued to all staff this week.

As mentioned previously, this review will be conducted in consultation with all CTW employees, the United Services Union, and LGNSW Industrial Relations.

Regular updates will be provided to Council as the project progresses.

BUDGET IMPLICATIONS

Operational Plan 2018/2019

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

06) RECOGNITION OF STAFF SERVICE (PE.EC.1)

Author: General Manager

IP&R Link: Strategic Priority 2 – An efficient, sustainable and customer focussed organisation – 2.4 – A capable and motivated workforce.

RECOMMENDATION:

That Council note the report.

REPORT

The General Manager is pleased to report that four (4) staff members at Central Tablelands Water have reached significant service milestones this year. These staff members and their length of service are listed below:

- Rebecca Stammers, Revenue Officer, 30 years of service
- Lance Harvey, Meter Reader, 20 years of service
- Joshua Sligar, Water Quality Manager, 20 years of service
- Marilyn Death, Payroll and Creditors Clerk, 20 years of service

All four staff members are to be commended for their dedicated and loyal service to CTW, and have been invited to attend a presentation in recognition of their service at the completion of the Council meeting.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

07) COUNCIL RESOLUTIONS UPDATE REPORT (GO.CO.1)

Author: General Manager

IP&R Link: Strategy Priority 2 – An efficient, sustainable and customer focussed organisation – 2.5.5 Good governance in place with timely management of council meetings.

RECOMMENDATION:

That Council note the Council Resolutions Update Report to June 2018.

REPORT

The General Manager is responsible for ensuring that Council's resolutions, policies and decisions are implemented in a timely and efficient manner, progress monitored and variances reported.

The General Manager provides the management oversight in relation to all information progressing from appropriate staff to Council for consideration via the Business Paper.

After a Council meeting, each resolution is allocated to the General Manager or responsible officer to action in accordance with the Council resolution. The Senior Management Team (SMT) then discuss the progress of these resolutions at fortnightly SMT meetings.

Council have requested a Resolutions Update Report at each Council meeting.

The Council Resolutions Update Report includes Council Resolutions to June 2018.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

- 1 Council Resolutions Update table 3 Pages

COUNCIL RESOLUTIONS UPDATE

Council Resolutions Update – Meeting held 8 August 2018					
Resolution Ref.	Date of Meeting	Subject	Responsible Officer	Decision	Action Taken/Status
17/003	8/2/17	Chairman's Minute – Chairman to convene a CTW strategic planning workshop with councillors and representatives of constituent councils.	GM	That the Chairman's Minute, as read, be accepted and the contents therein be noted and endorsed.	A "Futures Strategic Planning" workshop to be undertaken early in FY18/19. 30/5/18 – Workshop planning meeting scheduled 14/6/18 with facilitator. 19/7/18 - Risk Edge have been appointed to facilitate the workshop. Workshop is scheduled for 6/9/18 in Blayney. All CTW Councillors, Directors and constituent Council Mayors and GMs have been invited to attend.
17/046	14/6/17	Innovation Fund	GM	That Council: 1. Endorse the Blayney Alliance Regional Renewable Energy Action Plan Project application developed by Blayney Shire Council in partnership with Central Tablelands Water and submitted under Round 2 of the NSW Government's Innovation Fund, and; 2. Approve the financial co-contribution of \$20,000 towards the Blayney Alliance Regional Renewable Energy Action Plan Project if the funding application is successful.	Letter sent to Blayney Shire Council on 14/6/17 advising BSC of Councils' resolution to partner and contribute towards the Energy Renewable application for the Innovation Fund. The funding application was successful in receiving partial funding. CTW's contribution was revised to \$13k in total with \$23k being allocated towards energy efficient projects. CTW have undertaken an Energy Audit of all CTW's sites with the report expected by the end of April 2018. Ref 18/007. 1/6/18 - Skillset Environmental to present Energy Audit presentation at CTW Council meeting 13/6/18.

1

					3/8/18 – Energy Audit Report received from Skillset Environmental. The report will be presented to Council at the October meeting.
17/052	14/6/17	Late Item – NBN Co Ltd – Amended Lease Agreement – Carcoar Reservoir	GM/DOTS	That Council authorise the Chairman and General Manager to sign and execute under Council's Common Seal the amended lease agreement between Council and the NBN Co Ltd for the telecommunications facility on the roof of Carcoar Reservoir, in a form satisfactory to Senior Council staff.	13/2/18 - Awaiting final lease agreement from solicitors containing "third party infrastructure" conditions as per the NSW Water Directorate recommendation. 31/5/18 & 17/7/18 – Follow up emails sent to solicitor regarding progress of lease. 19/7/18 - GM spoke with solicitor's secretary to follow up.
17/088	18/10/17	Proposed Boundary Readjustment	DOTS/GM	<ol style="list-style-type: none"> 1. That Council approve the proposed boundary readjustment in principle; 2. That a plan of the proposed boundary readjustment be reported to Council once completed, for endorsement, and 3. Council to contribute \$3,000 towards the cost of the boundary adjustment and Mr Whitehead to contribute \$3,000 for the cost of the land. 	13/11/17 – DOTS advised Mr Whitehead of Council's resolution. 14/12/17 – Mr Whitehead replied to DOTS accepting Council's in principle support to the boundary adjustment. 15/12/17 – DOTS resigned from CTW. New DOTS appointed in February 2018, commenced March 2018. 27/4/18 – GM & DOTS liaising with Mr Whitehead regarding proposed boundary adjustment.
18/023	2/5/18	Water Refilling Station Program within Cabonne LGA	GM	That Council contribute up to \$12,000 in total towards the installation of four (4) water refilling stations in the CTW water supply area only, provided that Cabonne Council are responsible for all ongoing operational costs and maintenance of the water refilling stations.	Letter sent to Cabonne Council on 16 May 2018 notifying commitment to contribute \$12,000. 19/6/2018 – Council paid \$12,000 contribution. Action completed.

18/042	13/6/18	Local Government NSW Water Management Conference 2018 (3-5/9/18)	GM	That Council give approval for the Chairman, Deputy Chairman, General Manager, Director Operations & Technical Services and nominated Councillors to attend the 2018 LGNSW Water Management Conference in Armidale.	9/7/18 – Cr Somervaille, Cr Durkin, GM and DOTS registered for the conference. Action completed.
18/043	13/6/2018	Local Government NSW Annual Conference 2018 (21-23/10/18)	GM	That Council give approval for the Chairman, General Manager and one other Councillor to attend the 2018 Local Government NSW Conference in Albury, from Sunday 21 October 2018 to Tuesday 23 October 2018, and any Councillor interested in attending should contact the General Manager to arrange registration.	1/8/2018 – GM emailed all Councilors seeking interest in attending the conference. Early bird registrations close 17 September 2018.

08) FINANCIAL MATTERS (FM.BA.1)**Author:** Director Finance and Corporate Services**IP&R Link:** Strategy Priority 2 – An efficient, sustainable and customer focussed organisation – 2.3.1 monitoring of organisational and operational performance is regular, accessible and understandable**RECOMMENDATION:**

That the information be noted.

REPORT**Cash and Investments**

The investment summary below represents Council's total investments as at 30 June 2018 in accordance with clause 212 of the Local Government (General) Regulation 2005 and Section 625 of the Local Government Act 1993.

		Credit Rating	Term (Days)	Rate	Maturity Date	% of Portfolio
Short Term Deposits	\$6,000,000.00					88.00%
AMP - Curve Securities	500,000	A	182	2.60%	30/07/18	7.33%
Reliance Bank	500,000	Unrated	182	2.60%	3/08/18	7.33%
Reliance Bank	500,000	Unrated	182	2.60%	10/08/18	7.33%
AMP - Curve Securities	500,000	A	182	2.60%	4/09/18	7.33%
Reliance Bank	500,000	Unrated	183	2.60%	11/09/18	7.33%
BOQ - Curve Securities	800,000	BBB+	182	2.65%	23/10/18	11.73%
ME Bank - Curve Securities	500,000	BBB+	189	2.72%	19/11/18	7.33%
BOQ - Curve Securities	500,000	BBB+	182	2.55%	22/11/18	7.33%
BOQ - Curve Securities	700,000	BBB+	182	2.70%	4/12/18	10.27%
Commonwealth Bank	500,000	AA-	218	2.72%	29/01/19	7.33%
NAB - Rim Securities	500,000	AA-	273	2.60%	25/03/19	7.33%
At Call Deposits	\$ 818,539.65					12.00%
Commonwealth Bank General Account	\$ 185,202.07		At Call	1.30%	N/A	
Commonwealth Bank - BOS Account	\$ 633,280.76		At Call	1.40%	N/A	
Reliance Bank - Cheque Account	\$ 56.82		At Call	0.00%	N/A	
Total Value of Investment Funds	<u>\$6,818,539.65</u>					100%

90 Day BBSW for June 2018	2.11%
Average Rate on Portfolio	2.63%
Margin over 90 day BBSW	0.52%

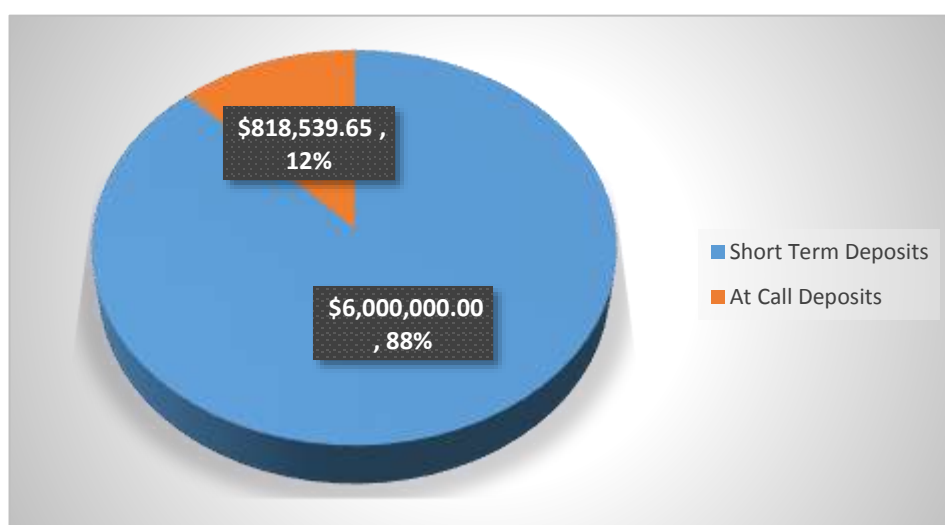
BANK RECONCILIATION

Balance as per Bank Statement	\$ 818,539.65
Less: Outstanding Cheque	\$ 2,998.52
Add: Outstanding Deposit	\$ 9.34
Balance as per Cash Book	\$ 815,560.47

GENERAL FUND

(a) Cash Book Balance	\$ 815,560.47
(b) Bank Balance	\$ 815,560.47

Short Term Deposits	\$ 6,000,000.00
At Call Deposits	\$ 818,539.65



The above investments have been made in accordance with the Local Government Act 1993, the Local Government General Regulation 2005 and Council's Investment Policy.

Peter McFarlane

Peter McFarlane
Director Finance & Corporate Services

Investment Commentary

The Reserve Bank has maintained the cash rate at 1.5% with an expectation that the next rate change is expected to be up, however any change is not expected until the second half of 2019.

Investment rates on deposits in the 6 to 12 month range have remained solid with some special rates offering good opportunities when funds are able to be rolled.

Council was able to take out some additional term deposits late in June, 2018 following strong cash flow from the final quarter billing and funding deferrals associated with the Trunk Main K and Carcoar to Orange Pipeline capital projects.

There were some good investment opportunities with the Commonwealth and National Australia Bank that suited Council's maturity profile. This was the first time for many months where the major banks were competitive with the second tier approved deposit institutions. The addition of these major banks added to the diversity of Council's portfolio.

The credit rating of the financial institutions in which Council has investments have been included in this report. This has been done to illustrate the overall credit quality of Council's investment portfolio. This disclosure will become a standard inclusion in Council's investment report.

Council's average return in June exceeded the 90 BBSW by 52 points (0.52%). This is a good result given the short maturity profile of Council's portfolio.

Council's investment portfolio continues to be sound and the rolling maturity profile is being monitored to better align to Council's liquidity requirements.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

09) UNCOMPLETED WORKS REVOTES OF EXPENDITURE AT 30 JUNE, 2018 (FM.BA.1)

Author: Director Finance and Corporate Services

IP&R Link: Strategy Priority 2 – An efficient, sustainable and customer focussed organisation – 2.2.2 Complete and Report on Quarterly Budget Reviews

RECOMMENDATION:

That the uncompleted works to be revoted and adjustments made to the adopted 2018/19 Operational Plan Budget.

REPORT

This report is to recommend the revoting of capital works projects that were not completed during the 2017/18 financial year. These revotes, if adopted by Council will then form part of the 2018/19 Operational Plan and will be incorporated into the September 2018 Quarterly Budget Review Statement.

These revotes have been considered in consultation with the relevant staff and by the Senior Management Team.

Revotes consist of costs that have already been committed by way of purchase order or contract, together with works that have not been completed within the 2017/18 Operational Budget financial year.

As a general rule unspent operational expenditure should not be revoted unless there is firm commitment by way of purchase order or contract outstanding or the funds relate to unexpended grant monies.

The recommended revotes are outlined in the table below:

Item	Amount	Funding Source	Comment
Trunk Main Renewal	\$500,000	Infrastructure Restriction – Unspent funds 17/18	Will be added to the 2018/19 adopted budget of \$2,900,000 to complete the tie in of stages 1 and 2 of trunk main K and the completion of stage 3 (14kms)
Orange to Carcoar Pipeline Project	\$100,000	Infrastructure Restriction – Unspent Funds 17/18	Final contribution to paid after Commissioning in November 2018
Asset Management Software	\$12,175	Infrastructure Restriction – Unspent Funds 17/18	Funds committed.
Total	\$612,175		

All these revotes are fully cash funded from the source detailed above. As these revotes relate to capital expenditure, there will be no impact upon the adopted 2018/19 operating result however the capital budget will increase by a further \$612,175. The amended 2018/19 capital budget will increase from \$4,364,301 to \$4,976,476.

BUDGET IMPLICATIONS

As outlined in the Report.

POLICY IMPLICATIONS

Clause 211 (1) of the Local Government (General) Regulation 2005 requires that Council must not incur a liability for expenditure of money unless a meeting of Council has:

- a. approved the expenditure , and
- b. voted the money necessary to meet the expenditure

The adoption of the revoted works will allow funding for those works to be included in the 2018/19 Operational Plan.

10) CANOWINDRA RESERVOIR ROOF REPLACEMENT – INSURANCE TENDERING REQUIREMENTS (RM.CM.2)

Author: Director Finance and Corporate Services

IP&R Link: Strategy Priority 2 – An efficient, sustainable and customer focussed organisation – 2.3.2 Manage the risk management framework including a risk register

RECOMMENDATION:

1. That Council resolve not to undertake a tender process in accordance with Section 55 (3) (i) of the Local Government Act on the basis of extenuating circumstances.
2. That extenuating circumstances exist in respect of the contract as outlined in the report and it is considered that a satisfactory and timely result would not be achieved by inviting tenders.
3. That Council delegate to the General Manager the authority to enter into a contract to replace the Canowindra reservoir roof with the supplier recommended by Council's insurers.

REPORT

A major storm event at Canowindra on the 19 December, 2017 resulted in severe damage to the wooden framed roof at the reservoir located at Church Street, Canowindra.

After lodging a claim with Council's insurers, Statewide Mutual, the claim has now progressed to the point where a supplier needs to be contracted to undertake the work to place a new roof on the reservoir.

Council and its insurers have been through a rigorous process of removing the remaining wooden framed roof, arranging engineering inspections, undertaking both concept design and final design works. CTW insurers have indicated that they have approached two possible suppliers to quote for the construction and erection of the new roof. To reduce the risk of damage from future storm events, it has been decided that the replacement roof will be a stainless steel structure.

As the cost of the new roof may be in excess of \$150,000 GST Inc then the issue arises as to how the tendering regulations in Section 55 of the Local Government Act (LGA) would apply in this case. The circumstances being that any contract for the roof work would be between Council and the supplier, not the insurance company and the supplier. This being the case then Sec 55 of the LGA would apply to the contract.

Council undertook research and consultation with local government industry advisors to see if a full tender process would need to be undertaken. This process would delay the engagement of a supplier and delay completion of the works. Council insurers advised that as the contract would be between Council and the supplier then it is the responsibility of Council to ensure that the procurement process meets all policy and compliance requirements.

Council is required to have roofs on all its reservoirs in accord with its Drinking Water Management Plan and the National Drinking Water Guidelines. The Department of Health have also advised that the roof should be replaced as soon as possible to minimise the potential risk of any adverse impacts upon water quality. To mitigate potential risks, Council has increased its regular water quality sampling at the reservoir and is undertaking daily visual inspections.

Council has been advocating to have the roof replaced as soon as possible. Council has been working in co-operation with its insurers to achieve that outcome.

It is also noted that the nature of the works of replacing the roof on a major structure such as a reservoir is highly specialised with a limited number of suppliers having the capability and resources to undertake such work. It is also notable that potential suppliers capable of undertaking the work in rural and regional NSW are also limited.

Section 55 (3) of the LGA provides an exemption from the tender process based upon “extenuating circumstances”. The LGA does not define what amounts to “extenuating circumstances” and each situation must be based upon its own factual situation.

As indicated, Council has consulted other local government advisors and has researched the matter in some detail. Council is of the view that this contract, would, if greater than \$150,000 in value, could amount to extenuating circumstances on the following basis:

1. The proposed work is highly specialised with limited suppliers being available to undertake the work to the exacting standards required.
2. The Department of Health has indicated that Council needs to replace the roof as soon as possible in accordance with its Drinking Water Management policy.
3. The time to undertake a full tender process would cause further delays to completion of the works.
4. In order to minimise the risk of any potential disruption to water supplies, the optimum time window to undertake the works is prior to the higher demand late spring and summer periods making the timeline for practical completion quite critical.

Sec 55 (3) requires a Council resolution that states that a tender process will not be undertaken due to specific extenuating circumstances.

It should be noted that if the total contract value of the works is less than \$150,000 GST Inc then the General Manager could enter into a contract based upon the existing delegations.

However, if the contract value exceeds \$150,000 GST Inc, and Council does not resolve to proceed with the exempted procurement process based upon extenuating circumstances, then a full tender process would have to be undertaken. This would cause further delays to the project which is not desirable given the reasons outlined above.

BUDGET IMPLICATIONS

Council was responsible for a \$1,000 excess under its property insurance policy. The payments to the construction supplier will be undertaken directly by Council's insurers.

POLICY IMPLICATIONS

Sec 55 of the Local Government Act requires Councils to undertake a tender process if the expected value of a contract is greater than \$150,000 GST Inc unless an exemption applies. Sec 55 (3) permits contracts involving "extenuating circumstances" an exemption from the tendering requirements.

ATTACHMENTS

Nil

11) INTERNAL AUDIT COMMITTEE MEETING MINUTES AND NEW COMMITTEE CHARTER (CM.AU.1)

Author: Director Finance and Corporate Services

IP&R Link: Strategy Priority 2 – An efficient, sustainable and customer focussed organisation – 2.3.4 Implement internal audit processes for governance and compliance management

RECOMMENDATION:

1. That Council note the Internal Audit Committee meeting minutes dated 27 March 2017, 30 October 2017 and 27 April 2018.
2. That the revised Charter for the Internal Audit, Risk and Improvement Committee be adopted.
3. That Council nominate a Councillor to be a member of the Committee.

REPORT

It has been noted following a change in Council staff in 2017 a number of Internal Audit Committee Meeting minutes have been adopted have not been referred to Council.

These adopted minutes are attached for Council's notation. These include meetings held on the following dates:

1. 27 March 2017
2. 30 October 2017
3. 27 April 2018

Please note that a recent meeting occurred on the 12 July, 2018 and those minutes are yet to be adopted by the Committee. They will be presented to Council after adoption.

The constituent Councils of Cabonne and Blayney with whom Central Tablelands Water (CTW) shares independent Committee members have undertaken reviews of their respective Committee's charters.

CTW have undertaken the same process and the revised charter is attached for Council's consideration.

The most significant changes are:

1. The Committee name has changed from "CTW – Audit Committee" to "CTW –Audit, Risk and Improvement Committee". This is in line with early adoption of the changes made in the Local Government Amendment (Governance and Planning) Act 2016. These changes do not come into force until March, 2021 however early adoption is being encouraged.

2. The roles and responsibilities of the Committee have also been expanded to cover off the areas listed in the LGA Act 2016. The list of responsibilities is now quite extensive as outlined in clause 4 of the revised charter.
3. The Internal Audit Committee guidelines issued by the Office of Local Government (OLG - 2010) recommend that the Council representative on the Committee not be the Chairperson (the guidelines refer to Mayor which is the equivalent position in a general purpose council). Clause 3 of the Charter dealing with composition and tenure now specifically requires that the Council member should be a Councillor other than the Chairman.

Whilst the OLG guidelines are not mandatory they do represent what is considered to be the best practice approach to the composition of the Committee.
4. The term of the committee membership has now been changed from a fixed 4 years to the term of the Council. (Clause 3). This will mean that the committee members elected under the new charter will serve the remaining term of the current Council being 2 years. (to Sept 2020)

After adoption of the revised charter, expressions of interest will be prepared to seek new independent members for the new joint Committees covering Cabonne, Blayney and CTW.

BUDGET IMPLICATIONS

Council has a 2018/19 adopted budget of \$20,000 that covers the cost of the committees meeting costs and the conduct of at least one internal audit project each year. The operational costs of the committee are currently around \$3,000 per annum based upon 3 meetings per year.

POLICY IMPLICATIONS

As outlined in the report.

ATTACHMENTS

Minutes of Audit Committee Meeting 27 March 2017

Minutes of Audit Committee Meeting 30 October 2017

Minutes of Audit Committee Meeting 27 April 2018

Draft Audit, Risk and Improvement Committee Charter

Minutes of the Audit Committee Meeting of Central Tablelands Water Held at Central Tablelands Water on Monday 27th March 2017, commencing at 11.04am

PRESENT: Mr Steve Kent	(Chair - Independent Member - voting)
Mr Phillip Burgett	(Independent Member - voting)
Cr David Somerville	(Councillor - voting)
Mr John O'Malley	(External Auditor – Intentus)
Gavin Rhodes	(General Manager - Observer)
Raelene Mulligan	(Director Finance & Corporate Services - Secretariat)

1. Welcome

The Chair of the Committee Mr Steve Kent welcomed all attendees to the meeting which commenced at 11.04am.

2. Apologies for Non-attendance

There were no apologies for non-attendance.

3. Declarations of any Conflicts of Interest

Members declared that they had no conflicts of interest.

4. Confirmation of Minutes – Audit Committee Meeting 30th November 2016

The Minutes of the Audit Committee Meeting of Central Tablelands Water (CTW), held on 30th November 2016 were confirmed by the Audit Committee.

5. John O'Malley, Intentus – Audit Office Client Service Plan

Mr John O'Malley presented the Audit Office's Client Service Plan for the audit of CTW's financial statements for the year ending 30th June 2017. Mr O'Malley outlined the scope of the audit, and the key issues and risks which may impact the 2016/2017 audit. The main topic of discussion was the revaluation of CTW's water supply assets, and the engagement of CTW's former Director of Operations and Technical Services, Mr Darrell Sligar. It was agreed that due to Mr Sligar's wealth of experience and technical water supply system knowledge, that he undertakes the valuation of CTW's trunk and reticulation water mains, pump stations and reservoirs. Lake Rowlands and CTW's water filtration plants are to be valued by a qualified valuer who specialises in the valuation of these assets.

The audit timetable was discussed, with Mr O'Malley reiterating the importance of adhering to the agreed timetable.

This is Page No. 1 of the Minutes of the Central Tablelands Water Audit Committee Meeting held 27th March 2017.

6. External Auditors Final Management Letter 2015/2016 and Status of Recommendations

The Audit Committee noted the Annual Financial Statements 2015/2016 Management Letter.

7. Audit Committee Annual Report 2016

The Audit Committee noted the Audit Committee Annual Report 2016, as circulated by the Chair and confirmed it had been reported to Council.

8. Draft Business Continuity Plan and Report update

The General Manager advised since presenting a draft Business Continuity Plan (BCP) to the Audit Committee in November 2016, no changes have been made. This was due to key staff resources being unavailable as a result of current major capital works projects, annual staff leave over Christmas holiday period (including WBC Executive Officer), and CTW's peak demand operational period. The General Manager further advised that the WBC Executive Officer's position was made redundant (effective 30th June 2017), as the role has achieved the objectives of the WBC Alliance.

It is envisaged that a completed BCP will be presented to the Audit Committee at the July 2017 meeting.

9. Updated Risk Register 2017

An updated risk register was presented to the Audit Committee, with changes discussed and endorsed. The Director of Finance and Corporate Services outlined that there was one addition to the register, notably the inclusion of "inadequate collection procedures in place to manage and maintain Council's assets". It was noted that the feasibility of employing a dedicated Asset Officer will be investigated as part of the 2017/2018 budget.

Discussion surrounded the three areas which CTW would like to focus internal audits on for the next year, notably procurement, WHS and asset management.

10. Internal Audit Plan 2017

After discussing the significant risk areas from the Risk Register, it was suggested that a draft Strategic Internal Audit Plan be created. The Plan will outline the internal audits/reviews CTW proposes to undertake over the next three financial years.

The General Manager advised that Mrs Donna Galvin has internal audit qualifications, and a working knowledge of CTW processes and procedures. The Chair requested that the Committee be presented with Mrs Galvin's internal audit qualifications as a possible option for future engagement.

This is Page No. 2 of the Minutes of the Central Tablelands Water Audit Committee Meeting held 27th March 2017.

11. Other Business

The Chair discussed the proposed changes to the Local Government Act in respect of Internal Audit requirements. The Chair suggested that the Committee take a proactive approach to the proposed changes by reviewing and updating the Audit Committee Charter.

12. Next Meeting – Blayney – 19th July 2017

There being no further business, the Chair of the Audit Committee declared the meeting closed at 12.30pm.

This is Page No. 3 of the Minutes of the Central Tablelands Water Audit Committee Meeting held 27th March 2017.

Minutes of the Audit Committee Meeting of Central Tablelands Water held at Blayney Community Centre on Monday 30th October, commencing at 11.03am

PRESENT: Mr Steve Kent (Chair - Independent Member - voting)
 Mr Phillip Burgett (Independent Member - voting)
 Cr Kevin Walker (Alternate Delegate for Cr David Somervaille - voting)

Gavin Rhodes (General Manager - Observer)
 Peter McFarlane (Director Finance & Corporate Services - Secretariat)

1. Welcome

The Chair of the Committee Mr Steve Kent welcomed all attendees to the meeting which commenced at 11.03am.

2. Apologies for Non-attendance

Apologies were accepted on behalf of Cr David Somervaille and Karen Taylor from the NSW Audit Office.

3. Declarations of any Conflicts of Interest

Members declared that they had no conflicts of interest.

4. Confirmation of Minutes – Audit Committee Meeting 27th March 2017

The Minutes of the Audit Committee Meeting of Central Tablelands Water (CTW), held on 27th March 2017 were confirmed by the Committee.

Mr Burgett raised some matters arising from the minutes and they were as follows:

- The status of the Business Continuity Plan (BCP). Mr Rhodes advised that the BCP had not progressed further due to the lack of resources following the resignation of the former Director of Finance and Corporate Services. The General Manager indicated that the BCP will be progressed and presented to the next Committee meeting. It was noted that Donna Galvin may be engaged to assist with this process.
- It was noted that an Asset Officer has been engaged by Council at the end of August, 2017.
- It was noted that the draft internal audit plan for 2017/18 is yet to be presented. The General Manager advised that the internal audit priorities will

This is Page No. 1 of the Minutes of the Central Tablelands Water Audit Committee Meeting held 30th October 2017.

Audit Committee Meeting – 30th October 2017

Page 2

be reviewed in conjunction with CTW's Risk Register and be distributed at the next meeting.

- Mr Burgett noted that an update of the Internal Audit Committee Charter will need to be conducted in consultation with Blayney and Cabonne Councils. This will provide clarity and certainty regarding the Committee's future role and functions.
- It was noted that Donna Galvin had presented a list of internal audit qualifications and experience to the General Manager last week. These qualifications were tabled at the meeting.

5. External Audit Interim Management Letter 2017

The Committee worked through each of the items listed as follows:

- Depot/Stores security. The General Manager advised that the security at the Blayney Depot will be strengthened through the use of CCTV Cameras and the installation of improved fencing and gates.
- Water Billing Sign Off. It was noted that the billing run total and billing file submitted to SEMA are now being reviewed and signed off.
- It was noted that issues identified with the receipting system have been resolved.
- It was noted that a new Asset System is being introduced that may resolve the issue of differences between the asset values in the existing BizeAsset system and the financial system. This difference is due to the use of unit reference rates in the asset system compared to actual costs.
- The General Manager advised that the Staff Delegation Authority listing is nearing completion. The General Manager also advised that Council will investigate the implementation of an on-line purchasing system and the issue of credit cards to outdoor supervisors to assist with the purchasing process.

6. Draft 2016/17 Financial Statements

A copy of the draft General Purpose Financial Statements were completed this morning and have been distributed to Committee members. It was noted that Council has an extension to lodge the Financial Statements until the 24 November, 2017. The date for the onsite final audit has yet to be confirmed however it is most likely to commence during the second week of November, 2017.

This is Page No. 2 of the Minutes of the Central Tablelands Water Audit Committee Meeting held 30th October 2017.

7. Draft Business Continuity Plan (BCP) Update

The General Manager advised that no progress had been made on the BCP since the last meeting due to the shortage of staff resources and time required to oversee major capital projects. It was noted that outside resources may be engaged to assist with the finalisation of this task. Upon completion, a copy of the new draft BCP will be distributed to Committee Members. The Chairman advised that once the BCP is completed it should be tested to assess its capacity to deliver against its objectives.

8. Updated Risk Register 2017

The General Manager advised that the Risk Register had not been updated at this time. It was noted that the March 2017 Risk Register will be reviewed and updated and then distributed prior to the next meeting. Mr Burgett advised that the updated Register should inform the audit plan thereby linking the risks to the internal audit plan proposed. The General Manager advised that the Risk Register will be tabled at the next Committee meeting.

9. Internal Audit Plan 2017/18

It was noted that a significant part of the 2017/18 financial had passed and the 2017/18 draft internal audit plan program had not been finalised. It was noted that at the March 2017 Committee meeting three areas had been identified. These were procurement, WHS and asset management.

It was agreed that the audit plan should be targeted to address the risks identified in the updated Risk Register. Mr Burgett stated that the internal audit program should illustrate that it is adding value to the Council by providing efficiencies, improved processes and better governance.

The General Manager advised that an updated audit plan will be proposed based upon the risks identified in the Risk Register. This proposed plan will be distributed to Committee members prior to the next meeting.

10. Major Developments since last meeting

The following significant events were noted by the Committee:

1. Resignation of the Director of Finance and Corporate Services on 23 June, 2017. The commencement of a new Director Finance and Corporate Services on 23 August 2017.
2. Council elections were held in September, 2017 for the constituent Councils of Blayney and Cabonne Shire.

This is Page No. 3 of the Minutes of the Central Tablelands Water Audit Committee Meeting held 30th October 2017.

3. The new Orange to Carcoar Pipeline is now 99% in the ground. The General Manager advised that Council will receive approximately \$14m to \$15m worth of new infrastructure for an outlay of \$2.5m.

11. Other Business

The Director Finance and Corporate Services advised the Committee that a Local Government Regional Risk forum was conducted at Blayney on 19 October, 2017. One of the major topics discussed was the risks posed by the use of Remote Piloted Aircraft (drones). It was noted that Council has purchased a drone for use for inspections in some of the inaccessible parts of Lake Rowlands. It was noted that Statewide have provided access to all member Councils to an expert Company in the field of the risks associated with drone use, (AVCRM) , who can assist in understanding the regulatory compliance around drone use (CASA guidelines) and assist with staff training in this area.

12. Next Meeting

The next meeting date will be set in consultation with Blayney and Cabonne Councils. It was suggested that the meeting be held some time during February, 2018 with the subsequent meeting being held in May, 2018.

There being no further business, the Chair of the Audit Committee declared the meeting closed at 12.08pm.

Minutes of the Audit Committee Meeting of Central Tablelands Water held at Blayney Community Centre on Monday 27th April, 2018 commencing at 11.16am

PRESENT: Mr Steve Kent	(Chair - Independent Member - voting)
Mr Phillip Burgett	(Independent Member - voting)
Cr David Somerville	(Council Chairman - voting)
Gavin Rhodes	(General Manager - Observer)
Peter McFarlane	(Director Finance & Corporate Services - Secretariat)
Noel Wellham	(Director of Operations and Technical Services – Observer)

1. Welcome

The Chair of the Committee Mr Steve Kent welcomed all attendees to the meeting which commenced at 11.16am.

2. Apologies for Non-attendance

There were no apologies noted.

3. Declarations of any Conflicts of Interest

Members declared that they had no conflicts of interest.

4. Confirmation of Minutes – Audit Committee Meeting 30th October 2017

The Minutes of the Audit Committee Meeting of Central Tablelands Water (CTW), held on 30th October 2017 were confirmed by the Committee.

5. Major Developments since last previous meeting

A list of major developments which had occurred and impacted upon Central Tablelands Water since the last meeting was presented.

Extensive discussions regarding these issues followed.

The most significant issues were:

- The Director of Operations and Technical Services position becoming vacant on 15 December, 2017 after resignation of the incumbent. After an extensive recruitment program, Mr Noel Wellham commenced in the position on 1 March, 2018. The efforts of the operational staff during that peak summer demand period during the absence of a Director was noted.

This is Page No. 1 of the Minutes of the Central Tablelands Water Audit Committee Meeting held 27th April, 2018.

- A member of the Corporate Services team took extended leave in mid - December, 2017 following an accident involving a family member. It was noted that this had placed significant additional workload on the remaining Corporate Services staff. The position was able to be satisfactorily replaced by the beginning of March using a combination of casual and labour hire staff. The additional efforts of the Corporate Services team during this time was noted.
- A severe storm event in Canowindra on the 19 December, 2018 damaged the roof on the Canowindra reservoir. The remaining roof has subsequently been removed and the matter is now in the hands of Council's insurer.
- Work on the second stage of the Trunk Main K pipeline (Gooloogong to Grenfell) totalling 7.6kms commenced in March, 2018 with completion expected in late May, 2018. The third and final stage of Trunk Main K being a distance of approximately 14 kms is planned for completion in 2018/19.
- Work on commissioning the Carcoar to Orange pipeline is underway with an anticipated completion date of 29 June, 2018. It was noted that the commissioning of the pipeline will raise a number of financial reporting issues including asset recognition and impairment. These matters are being considered by both Councils and their Auditors.
- Work on reviewing and updating Council's Integrated Planning and Reporting documents has taken up considerable time and resources over recent times. Council has appreciated the support of Donna Galvin in assisting with this project.

The report on recent developments were noted by the Committee.

6. Final Completion and Lodgement of 2016/17 Financial Statements

The Committee noted that the 2016/17 Financial Statements were lodged prior to the extension deadline granted by the Office of Local Government.

It was noted that the Audit Management letter contained reference to the creation of a provision for doubtful debts. Mr McFarlane advised that this would be undertaken as part of the preparation of the 2017/18 Financial Statements. It was noted that any provision is expected to be small given Council's collection history.

7. 2017/18 Audit – Client Service Plan – NSW Audit Office

The Committee noted the contents of the Client Service Plan. It was noted that the Audit Fee had increased a further 10.7% over the 2016/17 audit fee and was now \$28,900. It was noted that the increase in Audit Fees was principally due to increased payments to sub contract auditors following concern that the previous fee levels were not commercially sustainable.

This is Page No. 2 of the Minutes of the Central Tablelands Water Audit Committee Meeting held 27 th April, 2018.

Mr Kent requested that the Audit Committee have an opportunity to review the Financial Statements prior to the resolution by Council to sign the Certificates. Mr McFarlane advised that the draft 17/18 financial statements will be distributed to Committee members by email when completed.

The Committee noted the logistical difficulties of getting all legislative requirements completed in a timely matter particularly for County Councils where Council meetings are only generally held every second month. Mr McFarlane pointed out that a special meeting may need be held to permit the completion of all legislative and regulatory requirements.

8. Office of Local Government Code of Accounting Practice Code Update 26

It was noted that the recent Code update contained a substantial number of changes that will present challenges for all practitioners involved in the preparation and audit of the 2017/18 Financial Statements. This includes statement template providers who will also need to make extensive changes to comply with the Code changes.

9. Update on Draft Business Continuity Plan (BCP)

Mr Rhodes updated the Committee of the status of the BCP. A draft plan has been developed and is in need of minor refinement. Mr Burgett emphasised the importance of getting this plan completed and tested. Mr Rhodes advised that the outstanding matters will be addressed as a matter of priority. Mr Rhodes indicated that Donna Galvin may be engaged to assist with the completion of the plan given her work on this area with the WBC alliance.

Mr Burgett requested that the updated BCP be prepared and tabled at the next Committee meeting.

10. Update Risk Register

The Committee noted the current risk register that was provided at the meeting.

Mr Kent noted that the overall structure of the risk register was sound. Mr Kent advised that the register could be enhanced by:

- A. More information regarding how the risks have been assessed and the proposed actions determined.
- B. The proposed actions and mitigation strategies could be explained in more detail.
- C. That the top 10 risks be determined and listed separately.

Mr Kent advised that the risk register should be monitored and updated regularly as additional matters are identified.

This is Page No. 3 of the Minutes of the Central Tablelands Water Audit Committee Meeting held 27th April, 2018.

11. Internal Audit Plan

It was noted an updated Internal Audit Plan is yet to be finalised. Mr Kent noted that the Audit Plan is best aligned to the risks identified in the risk register.

It was noted that the areas of procurement, WHS and asset management be considered as possible areas where internal audit work could be undertaken. Mr Burgett asked if it was possible that a scoping document be submitted at the next Committee meeting for a selected Internal Audit area.

12. Next Meeting

The next meeting date will be set in consultation with Blayney and Cabonne Councils. It was suggested that the meeting be held on 22 June, 2018 subject to the logistics of that date being agreed by all three Councils.

There being no further business, the Chair of the Audit Committee declared the meeting closed at 12.55pm.



**CENTRAL TABLELANDS WATER AUDIT, RISK AND
IMPROVEMENT COMMITTEE DRAFT CHARTER**

Central Tablelands Water Audit, Risk and Improvement Committee Charter

1. OBJECTIVE

The objective of the Audit Committee (Committee) is to provide independent assurance and assistance to the council of Central Tablelands Water on risk management, control, governance, improvements and external accountability responsibilities.

2. AUTHORITY

The Council authorises the Committee, within the scope of its roles and responsibilities, to:

- After consultation with the General Manager, obtain any information it needs from any employee or external party (subject to their legal obligations to protect information).
- Discuss any matters with the external auditor or other external parties (subject to confidentiality considerations).
- Request the attendance of any employee or councillor at Committee meetings.
- Obtain external legal or other professional advice considered necessary to meet its responsibilities.

3. COMPOSITION AND TENURE

The Committee structure will consist of the following:

Members (voting)

- Councillor (other than the Chairman)
- Two independent external members (not members of the Council) who have relevant experience or qualifications.

Attendee (non-voting)

- General Manager
- Director of Finance and Corporate Services/Secretariat of the Committee

Invitees (non-voting) for specific Agenda items

- Representatives of the external auditor
- Representatives of the internal auditor
- Other officers may attend by invitation as requested by the Committee.
- The independent external members will be appointed for the elected term of the Council, after which they will be eligible for extension or re-appointment following a formal review of their performance by the Chairman and General Manager. Council will develop Key Performance Indicators for independent external members that shall form the basis of performance review.

Central Tablelands Water Audit, Risk and Improvement Committee Charter

- The maximum number of terms an independent external member can sit on the committee without the need for further nominations is 2 terms.
- In the case of a vacancy arising on the committee of an independent external member, the Council is to appoint another independent external member as soon as is practicably possible, but no later than one month prior to the next meeting, so that there are always two independent external members on the committee.

The members of the Committee, taken collectively, will have a broad range of skills and experience relevant to the operations of Central Tablelands Water. At least one member of the Committee shall have accounting or related financial management experience, with understanding of accounting and auditing standards in a public sector environment. Experience and knowledge of the Local Government sector is desirable but not essential to be an independent external member of the Committee.

4. ROLES AND RESPONSIBILITIES

The Committee has no executive powers, except those expressly provided by the Council. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of Council rests with the Council and the General Manager as defined by the Local Government Act 1993, as amended.

The responsibilities of the Committee may be revised or expanded by the Council from time to time. The Committee's responsibilities are:

Risk Management

- Review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud.
- Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- Review the impact of the risk management framework on its control environment and insurance arrangements; and
- Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

Internal Control framework

- Review whether management has adequate internal controls in place, including over external parties such as contractors and advisors;
- Review whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated;
- Progressively review whether appropriate processes are in place to assess whether policies and procedures are complied with;
- Review whether appropriate policies and procedures are in place for the management and exercise of delegations; and

Central Tablelands Water Audit, Risk and Improvement Committee Charter

- Review whether management has taken steps to embed a culture which is committed to ethical and lawful behavior.

External Accountability

- Satisfy itself the annual financial reports comply with applicable Australian Accounting Standards and the Local Government Code of Accounting Practice and Reporting, including all relative legislative requirements and supported by appropriate management sign-off on the financial statements and the adequacy of internal controls.
- Review the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments.
- To consider contentious financial reporting matters in conjunction with Council's management and external auditors.
- Review the processes in place designed to ensure financial information included in the annual report is consistent with the signed financial statements.
- Satisfy itself there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations.
- Satisfy itself there is a performance management framework linked to organisational objectives and outcomes.

Internal Audit

- Act as a forum for communication between Council, General Manager, senior management, internal audit and external audit.
- Review the internal audit coverage and internal audit plan, including consideration of the risk management plan to inform internal audit priorities, and approve the plan.
- Consider the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan.
- Review all audit reports and consider significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of better practices.
- Monitor the implementation of internal audit recommendations by management.
- Periodically review the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place.
- Periodically review the performance of internal audit.

External Audit

- Act as a forum for communication between the Council, General Manager, senior management, internal audit and external audit.
- Provide input and feedback on the external audit coverage proposed by the External Auditor, and provide feedback on the external audit services provided.
- Review all external plans and reports in respect of planned or completed external audits, and monitor the implementation of audit recommendations by management.
- Consider significant issues raised in relevant external audit reports and better practice guides, and ensure appropriate action is taken.

Central Tablelands Water Audit, Risk and Improvement Committee Charter

Compliance

- Oversee Council's compliance arrangements including legislative compliance and :
- Determine if management has appropriately considered legal and compliance risks as part of risk assessment and management arrangements.
- Review the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies.

Fraud and corruption prevention

- Oversee Council 's fraud and corruption prevention arrangements and:
- Review and discuss with management their philosophy with respect to business ethics and corporate conduct, its written Code of Conduct and the programme it has in place to monitor compliance with that code.
- Monitor the level of and issues raised in relation to Public Interest Disclosures, customer complaints, and internal and external conduct investigations (for example by the Independent Commission Against Corruption).
- Review Council's assessment of the level of exposure to fraud and corruption.
- Review management's strategies and controls to manage fraud and corruption risks.

Business Improvement

Oversee Council's business improvement activities by:

- Reviewing the overall approach and arrangements in place that support management implementing a successful culture of continuous improvement to drive productivity and efficiency gains;
- Monitoring business improvement initiatives, programmes , projects etc. including :
 1. Organisational reviews.
 2. Service delivery reviews.
 3. Strategic plans.
 4. Development of performance criteria / data requirements and the collection of data for performance reporting against such criteria.
- Reviewing the annual performance of Council against its documented key performance criteria and providing advice to the General Manager on the adequacy of Council's performance against the documented criteria;
- Reviewing Council's community survey results and providing advice to the General Manager on the adequacy of Council's performance in terms of community satisfaction; and
- Identifying and recommending to the General Manager Council activities, services, business processes, systems etc. that may benefit from a review, through the Committee's exercise of its functions.

Central Tablelands Water Audit, Risk and Improvement Committee Charter

Accountability

The key requirements are:

- The Committee is accountable for ensuring that it meets the requirements as set out in this Charter;
- All members are accountable to ensure that they abide by the Council Code of Conduct at all times;
- All members are accountable to ensure that they act in accordance with the conflicts of interest section of this Charter;
- All members of the Committee are individually accountable for:
 - Understanding the relevant legislative and regulatory requirements appropriate to Council;
 - Contributing the time needed to study and understand the papers provided;
 - Applying good analytical skills, objectivity and good judgment;
 - Expressing opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.
- Acting honestly and in good faith;
- Actively participating in the work of the Committee;
- Performing their duties in a manner that engenders public trust in the integrity, objectivity, and impartiality of the Committee;
- Conducting the business of the Committee with the care, diligence and skill appropriate to the role;
- Declaring any change in employment status; and
- Complying with the Committee's Charter.

Transparency

- The Committee will provide advice to Management on the public disclosure of records relating to the internal audit function, consistent with relevant legislation (such as The Privacy and Personal Information Protection Act 1998 and the Government Information (Public Access) Act 2009), including the redaction of any sensitive information;
- Due to the inherent risks associated with the disclosure of potentially sensitive and/or confidential information, the Committee will give due consideration to each item presented at a Committee meeting on a merit (case by case) basis;
- In some instances, the Committee may recommend the non-release, or delayed release, of a particular report, at least until such time as the findings contained within it are sufficiently managed so as not to jeopardise Council's financial, legal safety or other risks;
- The Committee may seek input or advice from Council's nominated GIPA and PPIPA specialists in relation to any public disclosures; and
- The Committee will ensure that generally, all agendas and minutes of Committee meetings will be made publicly available subject to privacy and confidentiality considerations.

Central Tablelands Water Audit, Risk and Improvement Committee Charter

RESPONSIBILITIES OF MEMBERS

Members of the Committee are expected to:

- Understand the relevant legislative and regulatory requirements appropriate to the council of Central Tablelands Water;
- Contribute the time needed to study and understand the information provided;
- Apply good analytical skills, objectivity and good judgment; and
- Express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.

5. REPORTING

At the first Committee meeting after 30 June each year, the Committee will provide a report of:

- The performance of Internal Audit for the financial year as measured against agreed key performance indicators;
- The approved Internal Audit Plan of work for the previous financial year showing the current status of each audit;
- The Committee may, at any time, consider any other matter it deems of sufficient importance to do so. In addition, at any time an individual Committee member may request a meeting with the Chair of the Committee.

6. MEETINGS

The audit committee should meet a minimum of 3 times per year to meet its obligations), for the following reasons:-

1. Create and adopt an audit schedule for the following 12 months;
2. Review completed audits;
3. Review developments that have impacted Council's operations during the course of the year;
4. Consider results and agree to action plans and monitor and review ongoing actions;
5. Consider legislative or regulatory changes to review the impact upon Council.
6. Report actions and update.

The need for any additional meetings will be decided by the Chair of the Committee, though other Committee members may make requests to the Chair for additional meetings.

Central Tablelands Water Audit, Risk and Improvement Committee Charter

A forward meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The forward meeting plan will cover all Committee responsibilities as detailed in this Charter.

7. ATTENDANCE AT MEETINGS AND QUORUMS

A quorum will consist of a majority of Committee members, including at least one independent member. Meetings can be held in person, by telephone, video or web conference.

A person/team conducting the internal audit will be invited to attend each meeting unless requested not to do so by the Chair of the Committee. The Committee may also request the Director of Finance and Corporate Services or the Secretariat of the Audit Committee as appointed or any other employees to participate for certain agenda items, as well as the external auditor.

8. SECRETARIAT

As Council does not have the resources and needs to support a dedicated internal auditor position, role of Secretariat to the Committee will be undertaken by a nominated staff member of Council.

The Secretariat is the link between the Committee and the day to day operations and staff of the Council. They act as coordinator for the internal audit function.

The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, at least one week before the meeting, and ensure minutes of the meetings are prepared and maintained. Minutes shall be approved by the Chair and circulated to each member within 30 days of the meeting being held.

9. CONFLICTS OF INTEREST

Committee members must declare any conflicts of interest at the start of each meeting or before discussion of a relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

Where members or invitees at Committee meetings are deemed to have a real or perceived conflict of interest, it may be appropriate they be excused from Committee deliberations on the issue where the conflict of interest may exist. The final arbiter of such a decision is the Chair of the Committee.

10. INDUCTION

New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities. Training and professional development opportunities for Committee Members will be advised if available.

11. ASSESSMENT ARRANGEMENTS

The Chair of the Committee will initiate a review of the performance of the Committee at least once every 2 years. The review will be conducted on a self-assessment basis (unless otherwise determined by

the Chair), with appropriate input from management and any other relevant stakeholders, as determined by the Chair.

12. REVIEW OF AUDIT COMMITTEE CHARTER

At least once every Council term the Committee will review this Committee Charter. The Council will approve any changes to the Charter.

Approved:	Committee Meeting	Date: 12/7/2018
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12) REGIONAL WATER SECURITY PIPELINE PROJECT UPDATE (WS.AM.1)

Author: Director Operations & Technical Services

IP&R Link: Strategy Priority 1 – Providing a high quality and reliable drinking water supply – 1.1.1 Deliver capital works program based on asset management data.

RECOMMENDATION:

That the information be noted.

REPORT

In 2015, Central Tablelands Water (CTW) agreed to proceed with the Regional Water Security Pipeline Project. The project aims to improve water security and contingency through the connection of CTW and Orange City Council (OCC) water systems.

Pumping through the completed pipeline commenced in January 2018 for disinfection and flushing purposes.

Pumping continued, on an ad-hoc basis, to allow pre-commissioning checks of the automatic control systems relevant to the different operating scenarios. These pre-commissioning checks highlighted some design flaws which the major subcontractor has addressed.

Delivery and installation of materials to overcome these design issues were planned to be completed by mid-May 2018, however the major contractor has since changed this date to October 2018 due to parts availability. Once parts have been delivered and installed, the nominated five (5) week pipeline commissioning plan may be implemented, enabling the pipeline to be completed in November 2018.

The Contractor has recently confirmed that the parts are on track for delivery in October 2018.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

13) TRUNK MAIN K RENEWAL (WS.AM.1)

Author: Director Operations & Technical Services

IP&R Link: Strategy Priority 1 – Providing a high quality and reliable drinking water supply – 1.1.1 Deliver capital works program based on asset management data.

RECOMMENDATION:

That the information be noted.

REPORT

Trunk Main K supplies Grenfell with water from the Central Tablelands Water (CTW) system. Built in 1946, Trunk Main K stretches across 34 kilometres from Gooloogong to Grenfell. The pipeline is cast iron, and while the main has reliably delivered water to the town of Grenfell for the last 70 years, there are some areas of the pipeline that are beginning to fail. The Capital Works budget for replacement of Trunk Main K is \$6,182,364 extending across the 2015/16 – 2018/19 financial years.

Stage 1 construction of 12.6km pipeline between McDonald's Lane pump station and Grenfell North reservoir, was completed in June 2017. Stage 2 construction was due to commence in August 2017, however, was delayed owing to the CTW resources required during construction of the Regional Water Security Pipeline Project with Orange City Council.

Stage 2 construction 7.2km of the Trunk Main K Project was completed in May 2018, leaving a remaining 400 metres to be completed when tying into McDonalds Lane Pump Station.

Tying in of Stage 1 construction works at McDonalds Lane Pump Station had commenced end July 18. Commissioning and full service of Stage 1 pipeline into Grenfell North reservoir is now due for completion end Aug 2018.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

14) MAINTENANCE OF COUNCIL'S SYSTEMS (WS.MO.4)

Author: Director Operations & Technical Services

IP&R Link: Strategy Priority 1 – Providing a high quality and reliable drinking water supply – 1.1.2 Develop and deliver maintenance program.

1.1.4 Undertake regular water meter replacement program.

RECOMMENDATION:

That the information be noted.

REPORT

a) *Meter Reading*

The first meter read for the 2018/19 financial year commenced on 12th July 2018 at Blayney and will be completed by 6th August.

b) *Meter Change Program*

There have been 11 meter changes undertaken since the previous reporting period from May 2018.

c) *Water Filtration Plants*

A control actuator was designed and fabricated for the Carcoar Water Filtration Plant Trunk Main C take-off valve. It is now installed and functioning well. .

d) *Pump Stations*

Cleaning of Pump Stations listed under general maintenance has occurred throughout our network over the past 3 months.

Gooloogong Bore Pumps

- No.1 Bore Pump has been replaced with a new submersible pump in April 2018.
- No.2 Bore pump has been diagnosed as having a faulty column thus making it inoperable. A report from Mr Mark Lazarow, bore specialist has been provided as is under consideration.

e) *Drinking Water Quality*

No reportable incidences of exceeding our Critical Control Points for delivery of drinking water from our Water Treatment Plants.

f) *Trunk Mains*

Inspections were carried out on Trunk Mains U, B, C, D, G, & Q, Canowindra & Eugowra Rurals over the past 3 months.

g) *Hydrants*

Inspections were carried out on hydrants throughout all towns (excluding Quandialla) of the CTW supply network over the past 3 months.

h) *Rural Scheme renewals*

Nil undertaken since previous report.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

15) PERFORMANCE OF COUNCIL'S SYSTEMS (WS.MO.4)**Author:** Director Operations & Technical Services

IP&R Link: Strategy Priority 1 – Providing a high quality and reliable drinking water supply – Strategy Priority 2 – An efficient, sustainable and customer focussed organisation – 2.1.4 Establish service levels and monitor and report on performance.

RECOMMENDATION:

That the information be noted.

REPORT**a) *Main Breaks***

The main failures recorded during the past two months are listed in the table below.

Location		Date	Size	Comment
Blayney	Martha St	4/7/2018	150mm	R&RP
Canowindra	Wenz Lane	11/6/2018	100mm	DNR
Grenfell	Adelargo Rd	17/7/2018	200mm	DNR
Gooloogong	Casuarina Dr	20/6/2018	150mm	R&RP
Cudal	Flood St	12/6/2018	100mm	R&RP

b) *Service Complaints and Requests*

A summary of service complaints and requests received for the past month are as follows:

Row Labels	Count of Town/Village
BLAYNEY	27
BURST METER	8
CUSTOMER DAMAGED METER	2
DIRTY WATER COMPLAINT	1
LEAKING METER	2
LEAKING SERVICE	3
LOW PRESSURE COMPLAINT	1
MAIN BREAK	1
MAINTENANCE - GENERAL	2
METER NEW/REPLACEMENT	1
METER NOT SHUTTING OFF	3
NO WATER COMPLAINT	1
PATHCOCK FAILURE	1
QUALITY COMPLAINT	1
CANOWINDRA	13

BURST METER	4
LEAKING SERVICE	5
MAIN BREAK	1
MAINTENANCE - GENERAL	1
METER NOT SHUTTING OFF	1
PRV ISSUE/MAINTENANCE	1
CARCOAR	2
LEAKING METER	1
NO WATER COMPLAINT	1
CARGO	2
LEAKING METER	1
NO WATER COMPLAINT	1
CUDAL	4
LEAKING METER	1
LEAKING SERVICE	2
MAIN BREAK	1
EUGOWRA	11
BURST METER	1
LEAKING METER	4
LEAKING SERVICE	1
MAIN BREAK	1
METER NEW/REPLACEMENT	1
METER NOT SHUTTING OFF	1
PATHCOCK FAILURE	1
QUALITY COMPLAINT	1
GRENFELL	5
BURST METER	2
LEAKING METER	1
MAIN BREAK	1
METER NOT SHUTTING OFF	1
LYNDHURST	4
LEAKING SERVICE	1
METER NOT SHUTTING OFF	1
NO WATER COMPLAINT	1
PATHCOCK FAILURE	1
MANILDRA	5
BURST METER	2
CUSTOMER DAMAGED METER	1
LEAKING SERVICE	1
PRV ISSUE/MAINTENANCE	1
MILLTHORPE	5
BURST METER	1
LEAKING METER	2
LEAKING SERVICE	2
Grand Total	78

c) Lake Rowlands

The level of Lake Rowlands has increased from 61% (08.06.18) to its present level of 64% (01.08.18).

d) New Water Services

Since 11th June 2018 there have been eight (8) new domestic water services connected to Council's mains.

BUDGET IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

ATTACHMENTS

Nil

16) QUESTIONS ON NOTICE

(General Manager)

No questions on notice were received.

ATTACHMENTS

Nil

17) WATER LEAKAGE - ACCOUNT 60205000007 (CR.EQ.1)
WATER LEAKAGE – ACCOUNT 27303007 (CR.EQ.1)

(General Manager)

RECOMMENDATION:

1. That, as these matters deal with items that are subject to the affairs of an individual, Council consider those matters in the Committee of the Whole and that in terms of Section 10A (2) of the Local Government Act, the press and the public be excluded from the meeting of the Committee of the Whole.

ATTACHMENTS

Nil

18) PROCEED TO COMMITTEE OF THE WHOLE

(General Manager)

RECOMMENDATION:

1. That, as business for the Ordinary Meeting has now concluded, Council proceed into Committee of the Whole to discuss the items referred to in the report.

Council should exclude the press and public at this point, for confidential discussion on the items referred to Committee

ATTACHMENTS

Nil

19) REPORT OF THE COMMITTEE OF THE WHOLE

(General Manager)

RECOMMENDATION:

1. That the recommendations of the Committee of the Whole be adopted.

ATTACHMENTS

Nil