

## Hepburn Shire management slammed in report

RENEE ROBINSON

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HEPBURN Shire Council management was named and shamed in a Victorian Auditor-General's report tabled in parliament on September 14.

Hepburn Shire Council was one of four councils across Victoria to be randomly audited by the Victorian Auditor-General's Office this year.

The 50-page report concluded that Hepburn Shire Council required considerable improvement before its executive could provide adequate assurance to ratepayers that their rates were being spent appropriately and effectively.

The report stated that "The absence of robust strategic, operational and financial plans supporting annual budget decisions means Hepburn Shire Council cannot demonstrate they are effectively managing their costs or that their expenditure decisions are sound."

Hepburn Shire Council CEO, Kaylene Conrick, said the audit wasn't about financial performance or financial practices; rather the audit was specifically about mapping the business planning processes.

"We recognise the findings are valid in ensuring best practice in areas of planning for major capital works and recurrent services," Ms Conrick said.

The report found there was substantial room for improvement in Hepburn Shire Council's strategic, operational and financial plans.

It stated "Strategic and operational objectives were not clearly specified, nor were they supported by soundly developed strategies, actions and performance indicators. Operational plans also lacked sufficient detail on the service levels, resources and responsibilities required for achieving objectives."

The report also found "Expenditure and asset investment decisions were driven primarily by a focus on improving financial ratios, rather than by priorities emanating from service and asset planning."

Cr Don Henderson said the report had highlighted the issues.

"There are certainly concerns about processes," Cr Henderson said. "It's good that the Auditor-General had a forensic look at it and made recommendations.

"We will be implementing this and putting processes in place to keep a closer eye on things."

The report said Hepburn's performance indicators were not specific and had no targets.

It stated "Hepburn did not adequately integrate their council plans and budgets to assure councillors could make fully informed and sound decisions."

Cr Henderson said that councillors should be able to leave the bookwork to professional accountants and staff.

"Our role is governance and to see we have got policies in place and that they're followed," he said.

Perhaps most damning of all, the report highlighted Hepburn's decision to invest in the construction of three elderly persons units without a business case, which resulted in it committing \$591,000 in its 2010-2011 capital budget to a project that it later discovered was not feasible on the selected site.

The report stated that "The risks and costs associated with the project were not sufficiently considered in identifying the preferred option, resulting in the need for an additional \$150,000 for unforeseen remedial works on the chosen site rendering the project impractical".

"The initial proposal was not soundly based, and to date Hepburn has spend \$15,000, including staff time, on the original plans.

"A comprehensive business case developed at the outset could have averted this situation."

Ms Conrick said the findings would be of benefit in providing guidance to council on mapping the business planning process.

"As recognised by VAGO in its audit report, Hepburn Shire Council is working towards a more robust set of strategic, operational and financial planning processes and frameworks for the future," she said.

Cr Henderson said there were no problems in the report that he had identified that could not be fixed.

Senate F&PA Committee

Tabled Document

Inquiry: Supp. Budget estimates 2011-12  
Date / Time: 8:30pm, 18/10/11  
Witness Name: Sen. Joyce  
Organisation: .....