



JANUARY 2022

COUNCILLOR RENKEMA-LANG'S RESPONSE TO THE STATE OF THE ORGANISATION PAPER (ABRIDGED)

I'll begin with congratulations to our CEO on the professionalism brought to Kiama Council and the proactive steps taken to identify our challenges. Preparing the State of the Organisation (SOO) paper has enabled councillors to gain a good understanding of these issues and the work in progress to address them.

Many of these issues are very serious and some require stronger evidence to be substantiated, while others require further clarification.

The SOO focuses on what's wrong but beneficial next steps (and an informative way to identify options) should include an analysis of what has worked well in the past both for Blue Haven Terralong and for other parts of the organisation which work effectively (eg Library and Kiama College).

FINANCIALS

A further grouping of issues, challenges and financials differentiating Blue Haven Terralong and Blue Haven Bonaira may clarify where the major challenges and opportunities are.

An examination of the following in relation to Blue Haven Terralong may provide useful insights:

- Financial viability of Terralong prior to commencement of Blue Haven Bonaira
- Financial trends between 2012-2016.
- Business model and accreditation of the aged care facility in Terralong pre 2016.

It would be helpful to see cost per service compared to other Councils.

A breakdown of staff costs attributed to Blue Haven Terralong, Blue Haven ACF and ILUs, and Council operations would be useful, showing spend by:

- Emergency consultancies
- General consultancies
- Full Time Employees
- Part Time Employees

APPLICATION OF ROBUST PROJECT & RISK MANAGEMENT

I support investment in improving skills and expertise in project, risk and issue management within Council more broadly. I commend the Blue Haven COO's intention to establish a project plan & team specifically to achieve compliance against the Aged Care Standards.

I see value in managing the work and activities identified in the State of the Organisation paper (pages 16-18) as a discrete program of work eg the creation of a Strategic Improvement Plan.

As part of the planned regular reporting to Councillors detailed in the SOO, these reports should include a roadmap showing the budget, timeframes, activities and progress – along the lines of a project status report.

BLUE HAVEN BONAIRA

I am concerned at the amount of emergency spending and number of audits and consultancies that have been undertaken (eg Pride Living, Moving on, Critical Success Solutions – Aug and Jan). It is unclear what benefit or improvement has been achieved and how sustainable this is.

In Dec 21, the Blue Haven Board requested a report on the impact and cost of additional services on Council's budget as detailed in the profit improvement assessment report. However, to adequately address these serious issues in a sustainable way, a definition of the future state business model is required (Organisational structure, processes and procedures, staffing models etc.), and a costed plan of what it will take to transition to the new business model. Likewise, with major changes and reforms that are happening with the broader Council business operations.

In the short term there is merit in examining consultancy contracts to ensure sustainable improvements are part of the consultancy, and/or to advise on the cost and impact of the improved or additional services they recommend.

TechnologyOne PROJECT

It is surprising and concerning that Blue Haven accounts are totally merged with Council's general ledger, particularly as financial statements prior to 2016 reported on these separately. **Resolving this matter is a high priority.**

An investigation into the TechnologyOne implementation, focusing on project management, contract management, and the terms of the contract agreement would allow lessons learned to be identified and not repeated in future.

GOVERNANCE

Some of the statements in the SOO report require stronger evidence.

In particular, the following statements on pages 2 and 3:

Across the board there has been a lack of planning, governance, staffing, and quality systems and procedures to help inform quality Council decisions.

...the matters that are impacting on the business have taken decades to arrive at their current state.

And page 3 ...significant operational mismanagement, underreporting to the ARIC and BH board has historically occurred..

These statements are very serious and need to be substantiated. I see two major issues:

1. There must have been systemic failures (over decades?). This needs to be examined at the NSW local government and planning levels, as well as within Council.
2. There was a serious breakdown in Governance and communications between boards, committees and the Council, and also with regard to traceability of Council acting on this advice.

To substantiate the claims that *significant operational mismanagement, underreporting to the ARIC and BH board has historically occurred* an audit of the minutes of the relevant Boards and Committees is required. It would also require an audit of the minutes of Council's meetings to determine what was put before them, and what action was taken.

We need to know why and how this has happened before measures can be taken to ensure Council is returned to a sustainable state, and that strong and appropriate Governance is applied.

A Governance framework that identifies the relevant committees and boards that make up our Governance model, showing lines of reporting and accountability, with the Terms of Reference of each reflecting their roles and accountabilities would significantly strengthen Governance and ensure clarity, while eliminating ambiguity or overlap.

The role of the new **Financial Advisory Committee** must also be properly defined. The draft Terms of Reference currently seem nebulous; their role & fit needs clarification.

ACCOUNTABILITY & TRANSPARENCY

As the new Council we have a responsibility to be accountable and transparent with the information that has come to light.

I am very supportive of considered, regular and frequent media releases, to inform the community with as much detail as possible, and as soon as possible.

The community must have assurances and confidence that Council is addressing the issues. This will assist with managing community responses, avoiding 'surprises' and reducing backlash, in the event of serious malpractice being identified.

Yours Sincerely

Councillor Renkema-Lang